Consolidated Annual Report and Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

Company Registration nº 08818211

Atlantica Yield plc

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Strategic Report

This Strategic Report has been prepared to provide information to shareholders to assess the Group's strategies and the potential for the strategies to succeed.

The Strategic Report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The directors, in preparing this Strategic Report, have complied with Section 414C of the Companies Act 2006.

The Strategic Report discusses the following areas:

- Nature of the business.
- Business model, strategy and objectives.
- Fair review of the business.
- Key performance indicators.
- Principal risks and uncertainties.
- Corporate social responsibility.
- Future developments.
- Going concern basis.

Nature of the business

Atlantica Yield plc (hereinafter "we", "our", the "Company" or "Atlantica"), a Company registered in England and Wales and incorporated in the United Kingdom, is a sustainable total return company that owns and manages renewable energy, efficient natural gas power, transmission and transportation infrastructures and water assets. We currently have operating facilities in North America (United States and Mexico), South America (Peru, Chile and Uruguay) and EMEA (Spain, Algeria and South Africa). The Company intends to expand our portfolio, maintaining North America, South America and Europe as our core geographies.

As of December 31, 2018, we own or have an interest in a portfolio of high-quality and diversified assets in terms of type of asset, technology and geographic footprint. Our portfolio consists of 24 assets with 1,496 MW of aggregate renewable energy installed generation capacity, 300 MW of efficient natural gas-fired power generation capacity, 10.5 M ft3 per day of water desalination and 1,152 miles of electric transmission lines. All of our assets have contracted revenues (regulated revenues in the case of our Spanish assets and Chile TL3) and are underpinned by long-term contracts. As of December 31, 2018, our assets had a weighted average remaining contract life of

approximately 18 years. Most of the assets we own or in which we have an interest have project-finance agreements in place.

We intend to take advantage of, and leverage our growth strategy on, favourable trends in the clean power generation, transmission and transportation infrastructures and water sectors globally, including energy scarcity and the focus on the reduction of carbon emissions. Our portfolio of operating assets and our strategy focuses on sustainable technology including renewable energy, efficient natural gas, and transmission networks as enablers of a sustainable power generation mix and on water infrastructure. Renewable energy is expected to represent in most markets the majority of new investments in the power sector, according to Bloomberg New Energy Finance 2018, approximately 50% of the world's power generation by 2050 is expected to come from renewable sources, which indicates that renewable energy is becoming mainstream. We believe regions will need to complement investments in renewable energy with investments in efficient natural gas, in transmission networks and in storage. We believe that we are well positioned to benefit from the expected transition towards a more sustainable power generation mix. In addition, we believe that water is going to be the next frontier in a transition towards a more sustainable world. New sources of water are needed worldwide and water desalination and water transportation infrastructure should help make that possible. We currently participate in two water desalination plants with a 10 million cubic feet capacity.

We are focused on high-quality and long-life facilities as well as long-term agreements that we expect will produce stable, long-term cash flows. We intend to grow our cash available for distribution and our dividend to shareholders through organic growth and by acquiring new assets from AAGES, Abengoa, third parties and potential new future partners.

The address of our registered office is Great West House, GW1, 17th floor, Great West Road, Brentford, United Kingdom TW8 9DF.

Events during the period

Change in our largest shareholder

As of December 31, 2017, Abengoa S.A. was our largest shareholder, in this report we refer to Abengoa S.A. and its subsidiaries as "Abengoa". On November 1, 2017, Algonquin Power and Utilities Corp. ("Algonquin") announced that it had reached an agreement with Abengoa to acquire 25.0% of our shares from Abengoa. Along with the 25.0% of our shares Algonquin acquired from Abengoa in November 2017, Algonquin acquired the remaining 16.5% of our shares held by Abengoa on November 27, 2018, bringing its total equity interest in Atlantica up to 41.5%. After this, to our knowledge, Abengoa no longer owns any equity interest in Atlantica.

In the context of this transaction, in November 2017 we signed several agreements with Algonquin which became effective in March 2018 upon completion of the 25% acquisition. We signed a Right of First Offer ("ROFO") agreement with AAGES, the joint venture created between Algonquin and Abengoa to invest in the development and construction of clean energy and water infrastructure contracted assets. Additionally, we have signed a ROFO agreement with Algonquin. We also plan to collaborate with Algonquin on several co-investment opportunities in assets. In addition, Algonquin agreed to provide, subject to its board approval, an incremental equity investment of up to $100 million through the subscription of our ordinary shares for the acquisition of new assets

during 2019. Furthermore, Algonquin agreed to periodically discuss with us the possibility of offering for sale interests in certain assets owned by Algonquin companies in Canada and the United States.

2018 acquisitions

In February 2018, we completed the acquisition of a 4 MW mini-hydroelectric power plant in Peru for a cash consideration of approximately $9 million. The plant reached Commercial Operation Date ("COD") in 2012. It has a fixed-price concession agreement denominated in U.S. dollars with the Ministry of Energy of Peru and the price is adjusted annually in accordance with the U.S. Consumer Price Index..

In October 2018 we reached an agreement to acquire PTS, a natural gas transportation platform located in the Gulf of Mexico, close to ACT, our efficient natural gas plant. PTS will have an installed compression capacity of 450 million standard cubic feet per day and is currently under construction. The service agreement signed with Pemex on October 18, 2017 is a "take-or-pay" 11-year term contract denominated in U.S. dollars starting in 2020, with a possibility of future extension at the discretion of both parties. The share purchase agreement is structured to acquire the asset in stages. On October 10, 2018, we acquired a 5% ownership in the project; once the project begins operation, we will acquire an additional 65% stake; finally, we will acquire the remaining 30% one year after COD, subject to final approvals. The total equity investment is estimated to be approximately $150 million.

In December 2018, we completed the expansion of our ATN transmission line by acquiring a 220-kV power substation and two small transmission lines in Peru. The substation connects our line to the Shahuindo mine located nearby. The asset has a U.S. dollar-denominated 15-year contract in place with Shahuindo mine, a fully owned subsidiary of Tahoe Resources Inc., a company listed in the Toronto and New York stock exchanges. Construction finished on December 28, 2018, and part of the price is expected to be paid after the technical connection tests are finished. The total purchase price is expected to be approximately $16 million.

In December 2018, we completed the acquisition of Chile TL3, a transmission line currently in operation in Chile. The asset has a tariff under the regulation in place in Chile, denominated in U.S. dollars and indexed to U.S. and Chilean inflation rates. Our investment amounted to approximately $6 million.

In December 2018, we completed the acquisition of Melowind, a 50 MW wind plant in Uruguay, from Enel Green Power S.p.A. The asset has been in operation since 2015 and has a 20-year US$-denominated PPA in place for 100% of the electricity produced. The off-taker is the state-owned power company UTE, which has an investment grade credit rating. The total purchase price for this asset was approximately $45 million.

In October 2018, we reached a preliminary agreement for another expansion of ATN consisting of certain transmission assets in Peru. The assets are currently in operation and will receive revenues under a long-term contract denominated in US dollars. Our total investment is expected to be approximately $20 million. The final purchase agreement has not been signed yet.

In January 2019 we entered into an agreement with Abengoa under the Abengoa ROFO Agreement for the acquisition of Befesa Agua Tenes, S.L.U., a holding company which owns a 51% stake of Tenes, a water desalination plant in Algeria, similar in several aspects to our Skikda and Honaine plants. Tenes has a capacity of 7 million cubic feet per day to provide water under a water purchase agreement in place with Sonatrach and ADE (Algerienne des Eaux), with a remaining term of approximately 22 years. It has been in operation since 2015. The tariff structure is based upon plant capacity and water production and price is adjusted monthly based on indexation mechanisms that include local inflation, U.S. inflation and the exchange rate between the U.S. dollar and local currency. Closing of the acquisition is subject to conditions precedent, including the approval by the Algerian administration. At this stage, we cannot guarantee that we will obtain this approval nor the expected timing of such approval. The price agreed for the equity value is $24.5 million, of which $19.9 million was paid in January 2019 as an advanced payment and the rest is expected to be paid once the conditions precedent are fulfilled. If all the conditions precedent were not fulfilled by September 30, 2019, the advanced payment shall be progressively reimbursed by Abengoa through a full cash-sweep of all the dividends to be received and in any case no later than September 30, 2031, together with an annual 12% interest.

Chapter 11 by PG&E, the off-taker of our Mojave plant

On January 29, 2019, PG&E, the off-taker for Atlantica with respect to the Mojave plant, filed for reorganization under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Northern District of California (the "Bankruptcy Court"). As a consequence, PG&E has not paid the portion of the invoice corresponding to the electricity delivered for the period between January 1 and January 28, 2019, which was due on February 25, given that the services relate to the pre-petition period and any payment therefore would require approval by the Bankruptcy Court. However, PG&E has paid the portion of the invoice corresponding to the electricity delivered after January 28. A default of the PPA agreement with PG&E occurred with the PG&E bankruptcy filing and such default could trigger an event of default under our Mojave project finance agreement if certain other conditions were met, namely if (i) such default could reasonably be expected to result in a material adverse effect to Mojave or (ii) PG&E failed to assume the PPA within 60 days of its chapter 11 filing, extendable to 180 days provided that PG&E continues to perform under the PPA. As of December 31, 2018, Mojave had $739 million outstanding under its project financing agreement with the Federal Financing Bank, with a guarantee from the DOE. Additionally, Mojave represents approximately 13.5% of 2018 project level cash available for distribution. Chapter 11 bankruptcy is a complex process and we do not know at this time whether PG&E will seek to reject the PPA or not. However, PG&E has continued to be in compliance with the remaining terms and conditions of the PPA, including with all payment terms of the PPA up through the date hereof with the exception of services for prepetition services that became due and payable after the chapter 11 filing date. It remains possible that at any time during the chapter 11 proceeding, PG&E may decide to cease performing under the PPA and attempt to reject or renegotiate the terms of its contract with us. If PG&E rejected the contract and stopped making payments in accordance with the PPA, Mojave could fail in servicing its debt under its project finance agreement, which would also cause a default under the project finance agreement. If not cured or waived, an event of default in the project finance agreement could result in debt acceleration and, if such amounts were not timely paid, the DOE could decide to foreclose on Mojave's assets. As we discuss in Note 6 to our consolidated financial statements, this situation could also cause an impairment of the value of the Mojave asset in the future. The PG&E bankruptcy has heightened the risk that project level cash

distributions could be restricted for an undetermined period of time, thereby impacting our corporate liquidity and corporate leverage. Mojave project cash distributions to the corporate level normally takes place at the end of the year, the last distribution received at the corporate level took place in December 2018. Unless the event or default is cured or waived, distributions may not be made during the pendency of the bankruptcy. Such events may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Asset portfolio and operations

Our portfolio consists of 15 renewable energy assets, an efficient natural gas cogeneration facility, several electric transmission lines and minority stakes in two water desalination plants, all of which are fully operational. We expect that the majority of our cash available for distribution over the next three years will be in U.S. dollars, indexed to the U.S. dollar or in euros. We intend to maintain a ratio of over 80% of our cash available for distribution denominated in U.S. dollars or euros and to hedge the euros for the upcoming 24 months on a rolling basis strategy. As of December 31, 2018, approximately 93% of our project-level debt was hedged against changes in interest rates through an underlying fixed rate on the debt instrument or through interest rate swaps, caps or similar hedging instruments.

The following table provides an overview of our current assets as of December 31, 2018:

Assets	Type	Ownership	Location	Currency[(1)]	Capacity (Gross)	Offtaker	Counterparty Credit Rating[(2)]	COD	Contract Years Left[(3)]
Solana	Renewable (Solar)	100% Class B[(4)]	Arizona (USA)	USD	280 MW	APS	A-/A2/A-	2013	25
Mojave	Renewable (Solar)	100%	California (USA)	USD	280 MW	PG&E	D/WR/D	2014	21
Solaben 2/3[(5)]	Renewable (Solar)	70%[(6)]	Spain	EUR	2x50 MW	Wholesale market/Spanish Electric System	A-/Baa1/A-	2012	19 / 18
Solacor 1/2[(7)]	Renewable (Solar)	87%[(8)]	Spain	EUR	2x50 MW	Wholesale market/Spanish Electric System	A-/Baa1/A-	2012	18 / 18
PS10/20[(9)]	Renewable (Solar)	100%	Spain	EUR	31 MW	Wholesale market/Spanish Electric System	A-/Baa1/A-	2007 & 2009	13 / 15
Helioenergy 1/2[(10)]	Renewable (Solar)	100%	Spain	EUR	2x50 MW	Wholesale market/Spanish Electric System	A-/Baa1/A-	2011	18 / 18
Helios 1/2[(11)]	Renewable (Solar)	100%	Spain	EUR	2x50 MW	Wholesale market/Spanish Electric System	A-/Baa1/A-	2012	19 / 19
Solnova 1/3/4[(12)]	Renewable (Solar)	100%	Spain	EUR	3x50 MW	Wholesale market/Spanish Electric System	A-/Baa1/A-	2010	16 / 16 / 17
Solaben 1/6[(13)]	Renewable (Solar)	100%	Spain	EUR	2x50 MW	Wholesale market/Spanish Electric System	A-/Baa1/A-	2013	20 / 20
Seville PV	Renewable (Solar)	80%[(14)]	Spain	EUR	1 MW	Wholesale market/Spanish Electric System	A-/Baa1/A-	2006	17
Kaxu	Renewable (Solar)	51%[(15)]	South Africa	ZAR	100 MW	Eskom	BB/Baa3/ BB+[(16)]	2015	16
Palmatir	Renewable (Wind)	100%	Uruguay	USD	50 MW	Uruguay	BBB/Baa2/ BBB-[(17)]	2014	15
Cadonal	Renewable (Wind)	100%	Uruguay	USD	50 MW	Uruguay	BBB/Baa2/ BBB-[(17)]	2014	16

Melowind	Renewable (Wind)	100%	Uruguay	USD	50 MW	Uruguay	BBB/Baa2/ BBB-(17)	2015	17
Mini-hydro Peru	Renewable (Hydro)	100%	Peru	USD	4 MW	Peru	BBB+/A3/ BBB+	2012	14
ACT	Efficient Natural Gas Power	99.99%(18)	Mexico	USD	300 MW	Pemex	BBB+/ Baa3/ BBB-	2013	14
ATN	Transmission Line	100%	Peru	USD	365 miles	Peru	BBB+/A3/ BBB+	2011	22
ATS	Transmission Line	100%	Peru	USD	569 miles	Peru	BBB+/A3/ BBB+	2014	25
ATN2	Transmission Line	100%	Peru	USD	81 miles	Minera Las Bambas	Not rated	2015	14
Quadra 1/2	Transmission Line	100%	Chile	USD	49 miles/32 miles	Sierra Gorda	Not rated	2014	16 / 16
Palmucho	Transmission Line	100%	Chile	USD	6 miles	Enel Generacion Chile	BBB+/Baa1/ BBB+	2007	19
Chile TL3	Transmission Line	100%	Chile	USD	50 miles	CNE (National Energy Commision)	A+/A1/ A	1993	Regulated
Honaine	Water	25.5%(19)	Algeria	USD	7 M ft^3/day	Sonatrach/ ADE	Not rated	2012	19
Skikda	Water	34.2%(20)	Algeria	USD	3.5 M ft^3/day	Sonatrach/ ADE	Not rated	2009	15

Notes:

(1) Certain contracts denominated in U.S. dollars are payable in local currency.

(2) Reflects the counterparty's issuer credit ratings issued by Standard & Poor's Ratings Services, or S&P, Moody's Investors Service Inc., or Moody's, and Fitch Ratings Ltd, or Fitch.

(3) Number of years remaining on contract as at December 31, 2018.

(4) On September 30, 2013, Liberty agreed to invest $300 million in Class A shares of Arizona Solar Holding, the holding company of Solana, in exchange for a share of the dividends and the taxable loss generated by Solana.

(5) Solaben 2 and Solaben 3 are separate special purpose vehicles with separate agreements, but they are treated as a single platform.

(6) Itochu Corporation, a Japanese trading company, holds 30.0% of the shares in each of Solaben 2 and Solaben 3.

(7) Solacor 1 and Solacor 2 are separate special purpose vehicles with separate agreements but they are treated as a single platform.

(8) JGC Corporation, a Japanese engineering company, holds 13.0% of the shares in each of Solacor 1 and Solacor 2.

(9) PS10 and PS20 are separate special purpose vehicles with separate agreements but they are treated as a single platform.

(10) Helioenergy 1 and Helioenergy 2 are separate special purpose vehicles with separate agreements but they are treated as a single platform.

(11) Helios 1 and Helios 2 are separate special purpose vehicles with separate agreements but they are treated as a single platform.

(12) Solnova 1, Solnova 3 and Solnova 4 are separate special purpose vehicles with separate agreements but they are treated as a single platform.

(13) Solaben 1 and Solaben 6 are separate special purpose vehicles with separate agreements, but they are treated as a single platform.

(14) Instituto para la Diversificacion y Ahorro de la Energia, or IDEA, a Spanish state-owned company, holds 20.0% of the shares in Seville PV.

(15) Industrial Development Corporation of South Africa owns 29.0% and Kaxu Community Trust owns 20.0% of Kaxu.

(16) Refers to the credit rating of the Republic of South Africa.

(17) Refers to the credit rating of Uruguay, as UTE is unrated.

(18) 1 share is owned by Abengoa México, S.A. de C.V. and 1 share is owned by Abener Energía, S.A., both wholly owned by Abengoa.

(19) Algerian Energy Company, SPA owns 49.0% of the shares in Honaine and Valoriza Agua, S.L.U., and a subsidiary of Sacyr S.A. owns the remaining 25.5%.

(20) Algerian Energy Company, SPA owns 49.0% of the shares in Skikda and Valoriza Agua, S.L.U., and a subsidiary of Sacyr S.A. owns the remaining 16.8%.

Business model, strategy and objectives

Atlantica is a sustainable total return company that owns and manages renewable energy, efficient natural gas power, transmission and transportation infrastructures and water assets. We currently have operating facilities in, North America (United States and Mexico), South America (Peru, Chile and Uruguay) and EMEA (Spain, Algeria and South Africa). We intend to expand our portfolio, maintaining North America, South America and Europe as our core geographies.

Our primary business strategy is to generate stable cash flows through our portfolio of assets under long term contracts or under regulation. We intend to distribute a stable cash dividend to our shareholders. Our objective is to increase the dividend, while ensuring the ongoing stability and sustainability of our business.

We will seek to grow our cash available for distribution and our dividend to shareholders through organic growth and by acquiring new assets. We believe that our diversification by business sector and geography provides us with access to different sources of growth. We expect to deliver organic growth through the optimization of the existing portfolio and through investments in the expansion of our current assets, particularly in our transmission lines sector. In addition, we expect to acquire assets from AAGES and Abengoa through our existing ROFO agreements. We expect to complement this with acquisitions from third parties and potential new future partnerships. We intend to grow our business in the segments where we are already present, maintaining renewable energy as our main segment and with a focus in North and South America.

We intend to take advantage of, and leverage our growth strategy on, favourable trends in the clean power generation, transmission and transportation infrastructures and water sectors globally, including energy scarcity and the focus on the reduction of carbon emissions. Our portfolio of operating assets and our strategy focuses on sustainable technology including renewable energy, efficient natural gas, and transmission networks as enablers of a sustainable power generation mix and on water infrastructure. Renewable energy is expected to represent in most markets the majority of new investments in the power sector, according to Bloomberg New Energy Finance 2018, approximately 50% of the world's power generation by 2050 is expected to come from renewable sources, which indicates that renewable energy is becoming mainstream. We believe regions will need to complement investments in renewable energy with investments in efficient natural gas, in transmission networks and in storage. We believe that we are well positioned to benefit from the expected transition towards a more sustainable power generation mix. In addition, we believe that water is going to be the next frontier in a transition towards a more sustainable world. New sources of water are needed worldwide and water desalination and water transportation infrastructure should help make that possible. We currently participate in two water desalination plants with a 10 million cubic feet capacity and we have reached an agreement to acquire a third.

We are focused on high-quality and long-life facilities as well as long-term agreements that we expect will produce stable, long-term cash flows. We intend to grow our cash available for distribution and our dividend to shareholders through organic growth and by acquiring new assets from AAGES, Abengoa, third parties and potential new future partners.

We believe we can achieve organic growth through the optimization of the existing portfolio, price escalation factors in many of our assets the expansion of current assets, particularly our transmission lines, to which new assets can be connected. We currently own three transmission lines in Peru and four in Chile. We believe that current regulations in Peru and Chile provide a growth opportunity by expanding transmission lines to connect new clients. Additionally, we believe we will have repowering opportunities in certain existing generation assets once their contracted life has expired.

In addition, we have in place exclusive agreements with AAGES, Algonquin and Abengoa. The AAGES ROFO Agreement provides us with a right of first offer on any proposed sale, transfer or other disposition of certain of AAGES's assets. The Algonquin ROFO Agreement provides us a right of first offer on any proposed sale, transfer or other disposition of any of Algonquin's contracted facilities or with infrastructure facilities located outside of the United States or Canada which are developed under expected long-term revenue agreements or concession agreements. Additionally, we plan to collaborate with Algonquin on several co-investment opportunities for assets in operation and for assets under development or construction, and it could represent another source of future growth. In addition, under the Algonquin ROFO Agreement, Algonquin agreed to periodically discuss with us the possibility of offering for sale interests in certain assets owned by Algonquin companies in Canada and the United States. The Abengoa ROFO Agreement provides us with a right of first offer on any proposed sale, transfer or other disposition of any of Abengoa's contracted renewable energy, efficient natural gas power, electric transmission or water assets in operation and located in the United States, Canada, Mexico, Chile, Peru, Uruguay, Brazil, Colombia and the European Union, as well as four assets in selected countries in Africa, the Middle East and Asia.

Additionally, we intend to enter into similar agreements or enter into partnerships with other developers or asset owners to acquire assets. We may also invest directly or through investment vehicles with partners in assets under development or construction, ensuring that such investments are always a small part of our total investments. Finally, we also expect to acquire assets from third parties leveraging the local presence and network we have in the geographies and sectors in which we operate.

With this business model, our objective is to pay a consistent and growing cash dividend to shareholders that is sustainable on a long-term basis. We expect to distribute a significant percentage of our cash available for distribution as cash dividends and we will seek to increase such cash dividends over time through organic growth and through the acquisition of assets. Pursuant to our cash dividend policy, we intend to pay a cash dividend each quarter to holders of our shares.

In general, we expect to acquire assets that are developed and operational. We also might make investments in assets that are under development or construction. We also might acquire assets or businesses where revenues are not contracted.

We intend to use the following investment guidelines in evaluating prospective acquisitions in order to successfully execute our growth strategy:

- high quality off-takers or regulation, with long-term contracted revenue;

- project financing in place at each project or mechanisms to obtain it at COD;
- management and operational systems and processes at an adequate level;
- focus on regions and countries that provide an optimal balance between growth opportunities and security and risk considerations, including the United States, Canada, Mexico, Chile, Peru, Uruguay, Colombia and the European Union; and
- preference for U.S. dollar-denominated revenues, but we could also acquire assets or business that generate revenues in other currencies.

Our plan for executing this strategy includes the following key components:

(1) Focus on stable, long-term contracted or regulated assets in the power and water sectors, including renewable energy, efficient natural gas power generation and transmission and transportation infrastructures and water assets. We intend to focus on owning and operating stable, long-term contracted assets, for which we believe we possess extensive experience and proven systems and management processes, as well as the critical mass to benefit from operating efficiencies and scale. We expect that this will allow us to maximize value and cash flow generation. We intend to maintain a diversified portfolio in the future, as we believe these technologies will undergo significant growth in our targeted geographies.

(2) Maintain geographic diversification across three principal geographic areas. Our focus on three core geographies, North America, South America and Europe, helps to ensure exposure to markets in which we believe the renewable energy, efficient natural gas power and transmission and transportation sectors will continue growing significantly.

(3) Increase cash available for distribution through the optimization of the existing portfolio, price escalation factors and through the investments in the expansion of our current assets, particularly in our transmission lines, to which new assets can be connected. We intend to grow our cash available for distribution to shareholders through organic growth that we expect to deliver through the optimization of the existing portfolio, price escalation factors in many of our assets as well as through investments in the expansion of our current assets, particularly in our transmission lines sector. We intend to increase production in our assets through further management and optimization initiatives and in some cases through repowering. We currently own three transmission lines in Peru and four in Chile. Current regulations in Peru and Chile provide a growth opportunity by expanding transmission lines to connect new clients. We have identified several opportunities to grow organically in Peru and Chile by expanding our current assets. These opportunities consist of (i) new clients that need to use our current assets, in situations where virtually no investments are required from us, while we will get additional revenues from these new business opportunities and (ii) expansion of current transmission lines to grant access to new clients. In this case, certain investments are required to build new assets that connect the new clients to our current backbone transmission lines. We would expect that in some cases these new assets would become part of our concession assets contract with the State, for which we would be remunerated.

(4) Increase cash available for distribution through the acquisition of new assets in the power and water sectors, including renewable energy, efficient natural gas power, and transmission and

transportation infrastructures and water sectors. We will seek to grow our cash available for distribution to shareholders by acquiring new assets, typically contracted or regulated. We have an exclusive ROFO agreement with AAGES and a ROFO agreement with Abengoa. We further expect to execute similar agreements with other developers or asset owners or enter into partnerships with such developers or asset owners in order to acquire assets in operation or to invest directly or through investment vehicles in assets under development or construction, ensuring that such investments are always a small part of our total investments. Finally, we expect to acquire assets from third parties leveraging the local presence and network we have in the geographies and sectors where we operate. Additionally, we plan to collaborate with Algonquin on several co-investment opportunities for assets in operation and for assets under development or construction. We believe that our know-how and operating expertise in our key markets together with a critical mass of assets in several geographic areas and the access to capital provided by being a listed company will assist us in realizing our growth plans.

(5) Foster a low-risk approach. We intend to maintain a portfolio of contracted assets with a low-risk profile for all or part of our revenues by engaging in most cases with creditworthy offtake counterparties and entering into long-term contracted revenue agreements. Over 80% of cash available for distribution is in U.S. dollars or euros, and we hedge euros for the upcoming 24 months on a rolling basis. We further mitigate the risk of our investments by pursuing proven technologies in which we have significant experience, located in countries where we believe conditions to be stable and safe. In certain situations, we could invest in assets before they enter into operation, in assets with shorter or partially contracted revenue period, or subject to regulation, or in assets with revenue in currencies other than U.S. dollar or euro. Additionally, our policies and management systems include thorough risk analysis and risk management processes that we apply whenever we acquire an asset, and which we are obligated to review monthly throughout the life of the asset. Our policy is to insure all of our assets whenever economically feasible.

(6) Maintain financial strength and flexibility. We intend to maintain a solid financial position through a combination of cash on hand and undrawn credit facilities. Our conservative cash management is designed to assist us in mitigating any unexpected economic downturns or corporate shortfalls that may reduce our cash flow generation. Our current intention is to maintain a net corporate debt compared to cash available for distribution before corporate interests at or below 3.0x. This is an internal target and not a limit imposed by our agreements with third parties. It is therefore subject to change and we may from time to time exceed this limit temporarily or during prolonged periods of time, for example to finance acquisitions until the time when we obtain long term financing, or otherwise amend our internal target. The foregoing information constitutes a "forward-looking statement."

Lastly, we believe that we are well positioned to execute our business strategies because of the following competitive strengths:

- Stable and predictable long-term cash flows with attractive tax profiles.
- Highly diversified portfolio by geography and technology.

- New ownership structure and contractual arrangements with Algonquin which support our expectation of a sustainable growth strategy.
- Strong corporate governance with a majority independent board and an experienced management team.

A fair review of the business

During the year 2018 our assets performed largely according to expectations. Production increased in our solar assets in the U.S., particularly during the summer, when they reached above average production levels. In Spain, solar radiation was below usual levels the entire year. Impact on revenues was limited, since most of our revenues are based on availability according to the regulation in place for these assets. In Kaxu, our asset in South Africa, production was significantly higher in 2018 partially because the previous year was affected by a technical problem with the water pumps which was resolved during 2017. Our availability-based assets continued to deliver solid performance with high availability levels in ACT, in transmission lines and in water assets.

In addition, during the year 2018 our largest shareholder changed. In March 2018, Algonquin closed the acquisition of a 25% stake in us. In the context of this agreement, the DOE provided a waiver for the change of ownership clause related to Abengoa in the project financing agreement of Solana. In Solana, the EPC guarantee period expired without it reaching the expected production levels and Abengoa, as the EPC supplier, agreed to provide certain compensation to the Solana project. As a result, and in the context of the DOE consent to decrease Abengoa's ownership in Atlantica to 16.5%, Solana received an aggregate amount of $120 million in payments from Abengoa ($42.5 million in December 2017 and $77.5 million in March 2018). Of the received sums, $95 million was used to repay project debt and $25 million was set aside to cover other Abengoa obligations.

In addition, in November 2018 Algonquin closed the acquisition of the remaining 16.5% stake in us. The DOE provided a consent to allow Abengoa to sell entirely its stake in Atlantica and in the context of this agreement Solana received $16.5 million, of which $9 million were used to repay project debt and $7.5 million was set aside to cover potential repairs and other Abengoa obligations.

In the context of the Algonquin transaction, we signed several agreements with Algonquin which became effective in March 2018. We signed a Shareholders Agreement with Algonquin, which limits Algonquin's ownership in us to a maximum of 41.5% of our outstanding shares (with a certain exception where such ownership may be temporarily increased up to 46%) and limits the number of directors they can appoint to a maximum of 50% less one. In addition, Algonquin agreed to provide, subject to board approval, incremental equity investment of up to $100 million through the subscription of our ordinary shares for the acquisition of new assets during 2019, with the possibility of increasing Algonquin's ownership in us up to 41.5% (and up to 46% in certain cases). Additionally, we have agreed to maintain a target payout ratio of at least 80%. We agreed with Algonquin to periodically discuss the potential acquisition of assets from Algonquin pursuant to the Algonquin ROFO agreement.

We also signed a ROFO agreement with AAGES and Algonquin, as we previously discussed.

Factors that affect comparability of our results of operations

- Acquisitions mentioned previously
- Agreement to repurchase long-term operation and maintenance variable services

  The operation and maintenance services received in some of our Spanish solar assets include a variable portion payable in the long-term. On April 26, 2018, we purchased from Abengoa the long-term operation and maintenance payable accrued until December 31, 2017, which amounted to $57.3 million. We paid $18.3 million for this payable and as a result, in the second quarter of 2018, we recorded a one-time gain for the difference, amounting to $39.0 million.

- Project debt refinancing

  In the second quarter of 2018, we refinanced Helios 1/2 and Helioenergy 1/2. Under the new IFRS 9, Financial Instruments, when there is a refinancing with a non-substantial modification of the original debt, there is a gain or loss recorded in the income statement. This gain or loss is equal to the difference between the present value of the cash flows under the original terms of the former financing and the present value of the cash flows under the new financing, each discounted at the original effective interest rate. As a result, we recorded non-cash financial income of $36.6 million in the second quarter of 2018.

- Impairment of Solana

  In the fourth quarter of 2018, we recorded an impairment of $42.7 million relating to Solana due to the underperformance of the plant in the past few years and the uncertainty of the production level expected in the future. See Note 6 of our Annual Consolidated Financial Statements.

- Change of ownership under Section 382 of the U.S. Internal Revenue Code

  Under section 382 of the IRC, an "ownership change" would occur if our direct and indirect "5-percent shareholders," as defined under Section 382 of the IRC, collectively increased their ownership in us by more than 50 percentage points over a rolling three-year period. In 2017, as a result of Abengoa's restructuring and the change in its shareholder base, we experienced a change of ownership as defined under section 382 of the IRC, which caused an annual limitation on the use of the pre-ownership change U.S. NOLs generated by our U.S. solar assets equal to the equity value of the asset immediately before the ownership change, multiplied by the long-term tax-exempt rate for the month in which the ownership change occurs, and increased by a certain portion of any "built-in-gains." In addition, because we had recorded tax credits for the U.S. tax loss carry forwards in the past, the limitation to our ability to use net operating loss carry forwards in the United States resulted in writing off tax credits previously recognized equal to $96 million in 2017. This one-time income tax expense did not have any cash impact in 2017.

- U.S. Tax Reform

  In December 2017, the TCJA was enacted in the United States. The measures adopted include, among other measures, a decrease in the federal corporate tax rate from 35.0% to 21.0% effective January 1, 2018. We therefore adjusted the deferred tax assets and liabilities of our U.S. entities using the new enacted corporate tax rate as of December 31, 2017, resulting in a one-time non-cash income tax expense of $19 million recorded in the consolidated income statement for the year ended December 31, 2017.

Regulation in Spain

Our solar assets in Spain receive revenues under a regulation based on a reasonable rate of return which is subject to review every six years, with the first regulatory period ending at the end of 2019. On July 27, 2018, CNMC (the regulator for the electric system in Spain) issued a draft proposal for the calculation of the reasonable rate of return for the regulatory period 2020-2025. The draft reasonable rate of return proposed by CNMC was 7.04%. On November 2, 2018, CNMC issued its final report with a proposed reasonable rate of return of 7.09%. In December 2018 the government issued a draft project law proposing a reasonable rate of return of 7.09%. This draft also contemplates the possibility of maintaining the current reasonable rate of return for certain assets under certain circumstances for two consecutive regulatory periods. This draft is non-binding, open to comments and would have to be approved by the Spanish parliament. In addition, since elections are scheduled in April in Spain, the draft may not be approved.

Detail of the changes on Revenue, Operating Profit and Profit for the Year attributable to the Parent Company are detailed below:

$ in millions	2018	2017
Revenue	1,043.8	1,008.4
Operating Profit	487.9	458.0
Profit/(loss) for the Year	55.3	(104.9)
Profit / (Loss) for the Year Attributable to the Parent Company	41.6	(111.8)

The Group implemented IFRS 9, 15 and 16 on 1 January 2018 and have not restated the prior year results. Therefore the 2018 results are not comparable to those of 2017.

Revenue and Operating Profit increased in 2018 compared to the previous year. In 2017, the main reason for the Loss for the Year was a significant Income Tax expense. As explained above, an ownership change under Section 382 of the U.S. Internal Revenue Code caused a limitation to our ability to use net operating loss carry forwards. As a result, we wrote off tax credits previously recognized amounting to $96 million in 2017. In addition, the tax reform in the US resulted in an additional one-time non-cash income tax expense of $19 million in 2017.

Liquidity

As of 31 December 2018, our cash and cash equivalents at the project company level were $524.8 million compared with $520.9 million as of 31 December 2017. In addition, our cash and cash equivalents at the Atlantica level were $106.7 million as of 31 December 2018 compared to $148.5

million as of 31 December 2017. Additionally, as of December 31, 2018, we had approximately $105 million available under our Revolving Credit Facility and therefore total corporate liquidity of $211.7 million. On January 25, 2019, we entered into an amendment to our Revolving Credit Facility under which the total amount was increased from $215 million to $300 million. Considering this increase, availability under our Revolving Credit Facility would have been $190 million and therefore our total corporate liquidity would have been $296.7 million. As of December 31, 2017, we had $71.0 million available under our Former Revolving Credit Facility and our total corporate liquidity was $219.5 million.

We expect our ongoing sources of liquidity to include cash on hand, cash generated from our operations, project debt arrangements, corporate debt and the issuance of additional equity securities, as appropriate, given market conditions. Our financing agreements consist mainly of the project-level financings for our various assets, the 2019 Notes, the Revolving Credit Facility, the Note Issuance Facility and the line of credit with a local bank.

On November 17, 2014, we issued the 2019 Notes in an aggregate principal amount of $255 million The 2019 Notes accrue annual interest of 7.000% payable semi-annually beginning on May 15, 2015 until their maturity date of November 15, 2019. As required by the Indenture governing the 2019 Notes, we have obtained a public credit rating for the 2019 Notes from S&P and Moody's.On 10 February 2017, we signed a Note Issuance Facility, a senior secured note facility with a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of €275 million, with three series of notes: series 1 notes worth €92 million mature in 2022; series 2 notes worth €91.5 million mature in 2023; and series 3 notes worth €91.5 million mature in 2024. Interest on all three series accrues at a rate per annum equal to the sum of 3-month EURIBOR plus 4.90%. The proceeds of the Note Issuance Facility were used to repay and subsequently cancel the tranche B under our Former Revolving Credit Facility. We fully hedged the Note Issuance Facility with a swap that fixed the interest rate at 5.5%.

On May 10, 2018, we entered into a $215 million Revolving Credit Facility with a syndicate of banks that matures in December 2021. The facility was increased by $85 million to $300 million in January 2019. The loans under the facility accrue interest at a rate per annum equal to: (A) for Eurodollar rate loans, LIBOR plus a percentage determined by reference to our leverage ratio, ranging between 1.60% and 2.25% and (B) for base rate loans, the highest of (i) the rate per annum equal to the weighted average of the rates on overnight U.S. Federal funds transactions with members of the U.S. Federal Reserve System arranged by U.S. Federal funds brokers on such day plus 1/2 of 1.00%, (ii) the prime rate of the administrative agent under the Revolving Credit Facility and (iii) LIBOR plus 1.00%, in any case, plus a percentage determined by reference to our leverage ratio, ranging between 0.60% and 1.00%. As of December 31, 2018, we had approximately $110.0 million outstanding under the Revolving Credit Facility. On January 25, 2019, we entered into an amendment to our Revolving Credit Facility under which the total amount was increased from $215 million to $300 million. Considering this increase, availability under our Revolving Credit Facility would have been $190 million and therefore our total corporate liquidity would have been $296.7 million. The Revolving Credit Facility replaced tranche A of the Former Revolving Credit Facility, which was repaid and cancelled ahead of its maturity.

As mentioned previously, on January 29, 2019, PG&E, the off-taker of Mojave filed for reorganization under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court. The PG&E bankruptcy has heightened the risk that project level cash distributions could be restricted for an

undetermined period of time, thereby impacting our corporate liquidity and corporate leverage. Mojave project cash distributions to the corporate level normally takes place at the end of the year, the last distribution received at the corporate level took place in December 2018. Unless the event or default is cured or waived, distributions may not be made during the pendency of the bankruptcy.

Based on our current level of operations, we believe our cash flow from operations, available cash and available borrowings under our financing agreements will be adequate to meet our future liquidity needs for at least the next twelve months.

In 2018, we paid total dividends of $1.33 per share to our shareholders (see the "Directors' Report-Dividends" for amount of each quarterly dividend). In 2017, we paid $1.05 per share and from that amount we retained $10.4 million of the dividend attributable to Abengoa in accordance with the provisions of the agreements reached with Abengoa in relation to our preferred equity investment in ACBH.

As previously stated within this Consolidated Annual Report, all our assets have contracted revenues (regulated in the case of Spain and Chile TL3) and collectively have a weighted-average remaining contract life of approximately 18 years as of December 31, 2018. To gain an overall fair review of the business we enclose below a detailed breakdown of our results of operations for the years ended as of December 31, 2018 and 2017:

$ in millions	2018	2017
Revenue	1,043.8	1,008.4
Other operating income	132.5	80.8
Raw materials and consumables used	(10.6)	(17.0)
Employee benefit expenses	(15.1)	(18.8)
Depreciation, amortization and impairment charges	(362.7)	(311.0)
Other operating expenses	(300.0)	(284.5)
Operating profit	**$ 487.9**	**$ 458.0**
Financial income	36.4	1.0
Financial expense	(425.0)	(463.7)
Net exchange differences	1.6	(4.1)
Other financial (expense)/income, net	(8.2)	18.4
Financial expense, net	**$ (395.2)**	**$ (448.4)**
Share of profit of associates carried under the equity method	5.2	5.3
Profit before income tax	**$ 97.9**	**$ 14.9**
Income tax	(42.6)	(119.8)
Profit/(Loss) for the year	**$ 55.3**	**$ (104.9)**
(Loss) attributable to non-controlling interests	(13.7)	(6.9)
Profit/(Loss) for the year attributable to the parent company	**$ 41.6**	**$ (111.8)**

Revenue

Revenue increased by 3.5% to $1,043.8 million for the year ended December 31, 2018, compared to $1,008.4 million for the year ended December 31, 2017. The increase was primarily due to higher production at Kaxu in South Africa and at our solar plants in the United States as well as to the

appreciation of the euro against the U.S. dollar. On a constant currency basis, revenue for the year ended December 31, 2018 would have been $1,024.4 million, representing an increase of 1.6% compared to the year ended December 31, 2017. In Kaxu, production was significantly higher for the year ended December 31, 2018 partially because the previous year was affected by a technical problem with the water pumps which was resolved during 2017. In the United States, revenues increased for the year ended December 31, 2018 compared to the previous year, due in part to a very good summer in terms of production.

The constant currency presentation is an Alternative Performance Measure, not a measure recognized under IFRS and excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations. We calculate constant currency amounts by converting our current period local currency revenue using the prior period foreign currency average exchange rates and comparing these adjusted amounts to our prior period reported results. This calculation may differ from similarly titled measures used by others and, accordingly, the constant currency presentation is not meant to substitute for recorded amounts presented in conformity with IFRS as issued by the IASB nor should such amounts be considered in isolation.

Other operating income

The following table sets forth our other operating income for the years ended December 31, 2018 and 2017:

	Year ended December 31,	
	2018	**2017**
Other operating income	**$ in millions**	
Grants	59.4	59.7
Income from various services	73.1	21.1
Total	**132.5**	**80.8**

"Other operating income" increased by 64.0% to $132.5 million for the year ended December 31, 2018, compared to $80.8 million for the year ended December 31, 2017. The operation and maintenance services received by some of our Spanish solar assets include a variable portion payable in the long-term. On April 26, 2018, we purchased from Abengoa the long-term operation and maintenance payable accrued until December 31, 2017, which amounted to $57.3 million. We paid $18.3 million for this and as a result in the second quarter of 2018 we have recorded a one-time gain for the difference, amounting to $39.0 million. The increase was also due to the one-off payments to Solana from Abengoa in connection with the consent from the DOE. In the context of this agreement, Solana received an aggregate of $120 million of payments in December 2017 and March 2018. From an accounting perspective, as the payment resulted from Abengoa's obligations under the EPC contract, most of the amounts received were recorded as reducing the asset value of Solana. The remainder, approximately $25 million, has been recorded in the income statement in 2018, partially increasing income from various services and partially reducing Other operating expenses. In addition, Solana received approximately $10 million from an insurance claim in the third quarter of 2018. Grants represent the financial support provided by the U.S. government to

Solana and Mojave and consist of ITC Cash Grants and an implicit grant related to the below market interest rates of the project loans with the Federal Financing Bank.

Raw materials and consumables used

"Raw materials and consumables used" decreased by 37.3% to $10.6 million for the year ended December 31, 2018, compared to $17.0 million for the year ended December 31, 2017, primarily due to fewer spare parts and consumables used at Solana and Mojave.

Employee benefits expenses

"Employee benefit expenses" decreased by 19.8% to $15.1 million for the year ended December 31, 2018, compared to $18.7 million for the year ended December 31, 2017, mainly due to a $4.7 million reversal of the accrual of our 2016-2018 LTIP. The plan covered the three-year period 2016 to 2018 and is payable in March 2019. Without this effect, employee benefit expenses would have increased slightly, mainly due to the appreciation of the euro against the U.S. dollar in 2018 compared to 2017, since a large part of our personnel costs are denominated in euros and due to an increase of our headcount in Peru and South Africa following termination of the local services agreements with Abengoa in these countries. As a result, we no longer pay any fee to Abengoa for these services.

Depreciation, amortization and impairment charges

"Depreciation, amortization and impairment charges" increased by 16.6% to $362.7 million for the year ended December 31, 2018, compared with $311.0 million for the year ended December 31, 2017, mainly due to the recognition of a $42.7 million impairment relating to Solana during the fourth quarter of 2018. Considering the lower production in Solana compared with the run-rate production expected due to technical issues experienced and the uncertainty around the level of production in the future, we identified a triggering event of impairment which resulted in an impairment loss of $42.7 million (see Note 6 to our Annual Consolidated Financial Statements).

The increase was also due in part to the appreciation of the euro against the U.S. dollar in 2018 compared to the same period during 2017, which caused an increase in the depreciation and amortization of our Spanish assets when converted to U.S. dollars, as well as to the application of the new accounting standard IFRS 9 in effect since January 2018. The new accounting standard requires impairment provisions based on the expected credit losses on financial assets instead of incurred credit losses as was the case under IAS 39. These effects were partially offset by a decrease in the amortization of Solana arising from the reduction in the asset value resulting from the amount received from Abengoa as part of DOE's consent.

Other operating expenses

The following table sets forth our other operating expenses for the years ended December 31, 2018 and 2017:

Other operating expenses	Year ended December 31, 2018 $ in millions	% of revenue	2017 $ in millions	% of revenue
Leases and fees	1.7	0.2%	6.6	0.7%
Operation and maintenance	145.8	13.8%	129.9	12.9%
Independent professional services	43.2	4.1%	36.2	3.6%
Supplies	26.0	2.3%	20.4	2.0%
Insurance	24.2	2.6%	24.3	2.4%
Levies and duties	37.5	3.5%	52.4	5.2%
Other expenses	21.6	2.0%	14.7	1.5%
Total	**300.0**	**28.7%**	**284.5**	**28.2%**

"Other operating expenses" increased by 5.5% to $300.0 million for the year ended December 31, 2018, compared to $284.5 million for the year ended December 31, 2017. The increase was mainly due to the higher operation and maintenance costs at ACT incurred in connection with major maintenance scheduled for the beginning of 2019. In ACT, the operation and maintenance costs increase in the quarters prior to a major maintenance. Operation and maintenance expenses also increased due to the appreciation of the euro against the US dollar in our solar assets in Spain, whose expenses are denominated in euros and converted to U.S. dollars at an average currency exchange rate for the year. Levies and duties decreased mainly due to a one-time provision for property taxes recorded at some plants in Spain in the second quarter of 2017 with no corresponding amount during the same period of 2018.

Operating profit

As a result of the above factors, operating profit increased by 6.5% to $487.9 million for the year ended December 31, 2018, compared with $458.0 million for the year ended December 31, 2017.

Financial income and financial expense

Financial income and financial expense	Year ended December 31, 2018	2017
	$ in millions	
Financial income	36.4	1.0
Financial expense	(425.0)	(463.7)
Net exchange differences	1.6	(4.1)
Other financial income, net	(8.2)	18.4
Financial expense, net	**(395.2)**	**(448.4)**

Financial income

Financial income increased to $36.4 million for the year ended December 31, 2018, compared to $1.0 million for the year ended December 31, 2017. The increase was due in part to non-cash financial income of $36.6 million resulting from the refinancing of Helios 1/2 and Helioenergy 1/2 in the second quarter of 2018. Under IFRS 9, when there is a refinancing with a non-substantial

modification of the original debt, there is a gain or loss recorded in the income statement. This gain or loss is equal to the difference between the present value of the cash flows under the original terms of the former financing and the present value of the cash flows under the new financing, discounted both at the original effective interest rate.

Financial expense

The following table sets forth our financial expense for the years ended December 31, 2018 and 2017:

	Year ended December 31,	
	2018	**2017**
Financial expense	**$ in millions**	
Expenses due to interest:		
Loans with credit entities	(256.7)	(253.7)
Other debts	(100.1)	(137.6)
Interest rates losses derivatives: cash flow	(68.2)	(72.4)
Total	**(425.0)**	**(463.7)**

Financial expense decreased by 8.3% to $425.0 million for the year ended December 31, 2018, compared to $463.7 million for the year ended December 31, 2017. Financial expense in loans with credit entities increased mainly due to an increase in Libor denominated project debt, which was partially offset by a decrease in interest rate losses in derivatives, caused by an increase in Libor. The interest on other debts consisted of Interest on the notes issued by ATS, ATN, ATN2, Atlantica, Solaben 1/6, on the 2019 Notes and financial expense related to the Solana's investments from Liberty. In 2017 we updated the accounting model used to calculate this liability considering past underperformance of Solana and recorded a non-cash expense; in 2018 we also updated the model, which resulted in a lower non-cash expense, which explains the decrease in 2018.

Other financial income/(expense), net

	Year ended December 31,	
	2018	**2017**
Other financial income/(expenses)	**$ in millions**	
Dividend from ACBH	-	10.4
Other financial income	14.4	28.8
Other financial losses	(22.6)	(20.8)
Total	**(8.2)**	**18.4**

"Other financial income/(expense), net" was a net expense of $8.2 million for the year ended December 31, 2018, compared to a net income of $18.4 million for the year ended December 31, 2017. The change resulted in part from the $10.4 million ACBH retained dividend compensation recorded in the first quarter of 2017 with no corresponding amount in 2018. We no longer own any shares in ACBH and will not retain any additional dividends. In addition, the decrease in Other

financial income was mainly due to the gain in 2017 resulting from the cancelation of the currency swap agreement with Abengoa with no corresponding amount in 2018.

"Other financial losses" include expenses from guarantees, letters of credit, wire transfers, other bank fees and other minor financial expenses.

Share of profit of associates carried under the equity method

Share of profit of associates carried under the equity method remained stable, amounting to $5.2 million in the year ended December 31, 2018, compared to $5.3 million in the year ended December 31, 2017. This includes mainly the income from Honaine, which we account for by the equity method.

Profit/(loss) before income tax

As a result of the previously mentioned factors, we reported a profit before income taxes of $97.9 million for the year ended December 31, 2018, compared to a profit before income taxes of $14.9 million for the year ended December 31, 2017.

Income tax

The effective tax rate for the periods presented has been established based on management's best estimates. For the year ended December 31, 2018, income tax amounted to an expense of $42.6 million, with a profit before income tax of $97.9 million. For the year ended December 31, 2017, income tax amounted to a $119.8 million of expense, with a profit before income tax of $14.9 million. In 2017, we recorded a one-time income tax of $96 million mainly due to the change of ownership under Section 382 of the Internal Revenue Code. The effective tax rate differs from the nominal tax rate mainly due to permanent differences and tax losses for which we do not record a tax credit in some jurisdictions.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests was $13.7 million for the year ended December 31, 2018 compared to $6.9 million for the year ended December 31, 2017. The change was mainly due to higher profit at Kaxu, a project in which our partner holds a 49% stake and which reported a loss in 2017.

Profit / (loss) attributable to the parent company

As a result of the previously mentioned factors, profit attributable to the parent company was $41.6 million for the year ended December 31, 2018, compared to a loss of $111.8 million for the year ended December 31, 2017.

Key Performance Indicators

In addition to the factors described above, we closely monitor the following key drivers of our business sectors' performance to plan for our needs, and to adjust our expectations, financial budgets and forecasts appropriately.

	As of December, 31	
	2018	**2017**
Renewable Energy		
MW in operation[1]	1,496	1,442
GWh produced[2]	3,058	3,167
Efficient Natural Gas Power		
MW in operation	300	300
GWh produced[2]	2,318	2,372
Availability (%)[3]	99.8%	100.5%
Electric Transmission		
Miles in operation[1]	1,152	1,099
Availability (%)[4]	99.9%	97.9%
Water		
Mft^3 in operation[1]	10.5	10.5
Availability (%)[4]	102.0%	101.8%

[1] Represents total installed capacity in assets owned at the end of the period, regardless of our percentage of ownership in each of the assets.

[2] Includes curtailment in wind assets for which we receive compensation.

[3] Electric availability refers to operational MW over contracted MW with PEMEX.

[4] Availability refers to actual availability divided by contracted availability.

During 2018, our renewable assets continued to generate solid operating results. Production decreased by 3.7% compared to the previous year mainly due to a decrease in production in Spain for the year ended December 31, 2018. The decrease was due to lower solar radiation, particularly during the second quarter of 2018. However, impact on revenues was limited, since most of the revenues is based on the availability of assets and not their actual production. This decrease was partially offset by an increase in production in the US and South Africa. The U.S. solar portfolio delivered a strong performance in 2018, with increased production from both Solana and Mojave, reaching its highest yearly production ever, with a capacity factor of 28.2% in 2018. Operating performance in 2018 of Kaxu (South Africa) was also very good, after resolving its technical issues from 2017, reaching a capacity factor of 36.0% (compared with 24.9% in 2017). Finally, production of our wind assets in 2018 was in line with 2017.

Total installed capacity in all our segments remained stable since we did not close significant acquisitions in 2018 until the end of the year 2018, with no significant impact in results of operations.

In addition to what we disclose on the table above, our main KPIs are Revenues and Further Adjusted EBITDA, discussed below.

Regarding the assets for which revenues are based on availability, they delivered solid performance in 2018, with high availability levels in ACT, in transmission lines and in water assets.

Our Segment Reporting

As of December 31, 2018, we organize our business into the following three geographies where the contracted assets and concessions are located:

- North America;
- South America; and
- EMEA.

In addition, we have identified the following business sectors based on the type of activity:

- Renewable Energy, which includes our activities related to the production electricity from solar power and wind plants;
- Efficient natural gas power, which includes our activities related to the production of electricity and steam from natural gas;
- Electric transmission, which includes our activities related to the operation of electric transmission lines; and
- Water, which includes our activities related to desalination plants.

As a result, we report our results through the year ended December 31, 2018 in accordance with both criteria.

In our segment discussion, we use Further Adjusted EBITDA, which is an Alternative Performance Measure. Our management believes Further Adjusted EBITDA is useful to investors and other users of our financial statements in evaluating our operating performance because it provides them with an additional tool to compare business performance across companies and across periods. This measure is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired. This measure is widely used by other companies in the same industry. Our management uses Further Adjusted EBITDA as a measure of operating performance to assist in comparing performance from period to period on a consistent basis and to readily view operating trends, as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations, and in communications with our board of directors, shareholders, creditors, analysts and investors concerning our financial performance.

Reconciliation of profit/(loss) for the year to Further Adjusted EBITDA	As of December 31, 2018	2017
	($ in millions)	
Profit/(loss) for the year attributable to the parent company	41.6	(111.8)
Profit/(loss) attributable to non-controlling interest from continued operations	13.7	6.9
Income tax	42.6	119.8
Share of loss/(profit) of associates carried under the equity method	(5.2)	(5.3)
Financial expenses, net	395.2	448.4
Operating profit/(loss)	**487.9**	**458.0**
Depreciation, amortization and impairment charges	362.7	311.0
Dividend from preferred equity investment	-	10.3
Further Adjusted EBITDA	**850.6**	**779.3**

Revenue by geography	Year ended December 31, 2018 $ in millions	% of revenue	2017 $ in millions	% of revenue
North America	357.2	34.2%	332.7	33.0%
South America	123.2	11.8%	120.8	12.0%
EMEA	563.4	54.0%	554.9	55.0%
Total revenue	**1,043.8**	**100.0%**	**1,008.4**	**100.0%**

Further Adjusted EBITDA by geography	Year ended December 31, 2018 $ in millions	% of revenue	2017 $ in millions	% of revenue
North America	308.8	86.4%	282.3	84.9%
South America	100.2	81.3%	108.8	90.0%
EMEA	441.6	78.4%	388.2	70.0%
Further Adjusted EBITDA[1]	**850.6**	**81.5%**	**779.3**	**77.3%**

Note:

(1) Further Adjusted EBITDA is an Alternative Performance Measure. Further Adjusted EBITDA is calculated as profit/(loss) for the year attributable to the parent company, after adding back loss/(profit) attributable to non-controlling interest from continued operations, income tax, share of profit/(loss) of associates carried under the equity method, finance expense net, depreciation, amortization and impairment charges of entities included in the Annual Consolidated Financial Statements, and dividends received from our preferred equity investment in ACBH. Further Adjusted EBITDA for the year ended December 31, 2017 includes compensation received from Abengoa in lieu of ACBH dividends. Further Adjusted EBITDA is not a measure of performance under IFRS as issued by the IASB, and you should not consider Further Adjusted EBITDA as an alternative to operating income or profits or as a measure of our operating performance, cash flows from operating, investing and financing activities or as a measure of our ability to meet our cash needs or any other measures of performance under generally accepted accounting principles. We believe that Further Adjusted EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate us. Further Adjusted EBITDA and similar measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. Further Adjusted EBITDA may not be indicative of our historical operating results, nor is it meant to be predictive of potential future results.

	Volume produced/availability Year ended December 31,	
	2018	2017
Volume by geography		
North America (GWh)	3,700	3,695
South America (miles in operation)	1,152	1,099
South America (GWh)	340	325
EMEA (GWh)	1,326	1,519
EMEA (capacity in M ft^3 per day)	10.5	10.5

North America

Revenue increased by 7.4% to $357.2 million for the year ended December 31, 2018 compared to $332.7 million for the year ended December 31, 2017. The increase was primarily due to higher revenues generated by our solar assets in California and Arizona which had an above average year in terms of production. Additionally, revenue increased in ACT in the portion of the tariff related to the operation and maintenance services, driven by the higher operation and maintenance costs for the year ended December 31, 2018. Further Adjusted EBITDA increased by 9.4% to 308.8 million for the year ended December 31, 2018, compared to $282.3 million for the year ended December 31, 2017. Further Adjusted EBITDA margin increased to 86.4% for the year ended December 31, 2018 compared to 84.9% in the same period in the previous year mainly due to certain one-off items recorded in Solana and to the positive performance of our U.S. solar assets.

South America

Revenue increased by 2.0% to $123.2 million for the year ended December 31, 2018, compared to $120.8 million for the year ended December 31, 2017 with production and availabilities in line with the same period of last year. Further Adjusted EBITDA decreased by 7.9% to $100.2 million for the year ended December 31, 2018, compared to $108.8 million for the year ended December 31, 2017. Further Adjusted EBITDA margin decreased to 81.3% for the year ended December 31,2018 compared to 90.0% for the year ended December 31, 2017. Pursuant to the agreement reached with Abengoa in the third quarter of 2016, we were acknowledged as the legal owner of the dividends retained from Abengoa prior to the ACBH agreement settlement. As a result, we recorded $10.4 million income in the first quarter of 2017 in our financial statements, in accordance with the accounting treatment given previously to the ACBH dividend. We no longer own any shares in ACBH and will not retain any additional dividends.

EMEA

Revenue increased by 1.5% to $563.4 million for the year ended December 31, 2018, compared to $554.9 million for the year ended December 31, 2017. The increase was mainly due to higher production levels at Kaxu, our solar plant in South Africa which experienced technical problems during 2017 and performed significantly better in 2018 following the repairs completed during 2017. Revenue also increased due to a more favourable foreign exchange rate between the U.S. dollar and euro. On a constant currency basis, revenue for the year ended December 31, 2018 would have been $544.0 million, representing a decrease of 2.0% compared to the same period of 2017. Further Adjusted EBITDA increased by 13.6% to $441.6 million for the year ended December 31, 2018, compared to $388.2 million for the year ended December 31, 2017. Further Adjusted

EBITDA margin increased to 78.4% for the year ended December 31, 2018, compared to 70.0% for the same period in 2017. The increase was mainly attributable to the one-time $39.0 million gain we recognized related to the long-term operation and maintenance payables accrued in Spain.

	Year ended December 31,			
	2018		2017	
Revenue by business sector	**$ in Millions**	**% of revenue**	**$ in millions**	**% of revenue**
Renewable energy	793.5	76.0%	767.2	76.1%
Efficient natural gas power	130.8	12.5%	119.8	11.9%
Electric transmission lines	96.0	9.2%	95.1	9.4%
Water	23.5	2.3%	26.3	2.6%
Total revenue	**1,043.8**	**100.0%**	**1,008.4**	**100.0%**

	Year ended December 31,			
	2018		2017	
Further Adjusted EBITDA by business sector	**$ in Millions**	**% of revenue**	**$ in millions**	**% of revenue**
Renewable energy	664.4	83.7%	569.2	74.2%
Efficient natural gas power	93.9	71.8%	106.1	88.6%
Electric transmission lines	78.4	81.7%	87.7	92.2%
Water	13.9	59.1%	16.3	62.0%
Further Adjusted EBITDA(1)	**850.6**	**81.5%**	**779.3**	**77.3%**

Note:

(1) Further Adjusted EBITDA is calculated as profit/(loss) for the year attributable to the parent company, after adding back loss/(profit) attributable to non-controlling interest from continued operations, income tax, share of profit/(loss) of associates carried under the equity method, finance expense net, depreciation, amortization and impairment charges of entities included in the Annual Consolidated Financial Statements, and dividends received from our preferred equity investment in ACBH. Further Adjusted EBITDA for the year ended December 31, 2017 includes compensation received from Abengoa in lieu of ACBH dividends. Further Adjusted EBITDA is not a measure of performance under IFRS as issued by the IASB, and you should not consider Further Adjusted EBITDA as an alternative to operating income or profits or as a measure of our operating performance, cash flows from operating, investing and financing activities or as a measure of our ability to meet our cash needs or any other measures of performance under generally accepted accounting principles. We believe that Further Adjusted EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate us. Further Adjusted EBITDA and similar measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. Further Adjusted EBITDA may not be indicative of our historical operating results, nor is it meant to be predictive of potential future results.

Volume by business sector	Volume produced/availability Year ended December 31, 2018	 2017
Renewable energy (GWh)	3,049	3,167
Efficient natural gas power (GWh)	2,318	2,372
Electric transmission lines (miles in operation)	1,152	1,099
Water (Mft3 in operation)	10.5	10.5

Renewable energy

Revenue increased by 3.4% to $793.5 million for the year ended December 31, 2018, compared with $767.2 million for the year ended December 31, 2017. The increase was due in part to a more favourable foreign exchange rate between the U.S. dollar and the euro and the South African Rand. On a constant currency basis, revenue for the year ended December 31, 2018 would have been $773.2 million, representing an increase of 0.8% compared to the same period in 2017. The increase was also due to the higher production in Kaxu and in our U.S. solar assets. Further Adjusted EBITDA increased by 16.7% to $664.4 million for the year ended December 31, 2018, compared to $569.2 million for the year ended December 31, 2017. Further Adjusted EBITDA margin increased to 83.7% for the year ended December 31, 2018 compared to 74.2% for the year ended December 31, 2017 principally due to the one-off $39.0 million gain on the long-term operation and maintenance agreement.

Efficient natural gas power

Revenue increased by 9.2% to $130.8 million for the year ended December 31, 2018, compared to $119.8 million for the year ended December 31, 2017. The increase was due in part to the higher revenues in the portion of the tariff related to the operation and maintenance services, driven by the higher operation and maintenance costs in 2018. Operation and maintenance costs are typically higher in the quarters prior to a major maintenance, which is scheduled to take place at the beginning of 2019. As a result, Further Adjusted EBITDA margin decreased from 88.6% in the year ended December 31, 2017, compared to 71.8% in the year ended December 31, 2018. Further Adjusted EBITDA decreased by 11.6% to $93.9 million for the year ended December 31, 2018, compared to $106.1 million for the year ended December 31, 2017.

Electric transmission lines

Revenue remained stable at $96.0 million for year ended December 31, 2018, compared with $95.1 million for the year ended December 31, 2017. Further Adjusted EBITDA decreased to $78.4 million in the year ended December 31, 2018 from $87.7 million in the year ended December 31, 2017, primarily due to the ACBH dividend recorded in the first quarter of 2017. Pursuant to the agreement reached with Abengoa in the third quarter of 2016, we were acknowledged as the legal owner of the dividends retained from Abengoa prior to the ACBH agreement settlement. As a result, we recorded $10.4 million income in the first quarter of 2017 in our financial statements, in accordance with the accounting treatment given previously to the ACBH dividend. We no longer own any shares in ACBH and will not retain any additional dividends. Further Adjusted EBITDA

margin decreased from 92.2% in the year ended December 31, 2017, compared to 81.7% in the year ended December 31, 2018.

Water

Revenue and Further Adjusted EBITDA for the year ended December 31, 2018 decreased to $23.5 million and $13.9 million from $26.3 million and $16.3 million, respectively, for the year ended December 31, 2017. This decreased was mainly due to one-off gains recorded in 2017. Further Adjusted EBITDA margin decreased from 62.0% in the year ended December 31, 2017, compared to 59.1% in the year ended December 31, 2018.

Principal risks and uncertainties

The Company and its underlying assets are subject to a number of risks ranging from operating, regulatory, financial and connection to Abengoa. The processes and systems implemented have been designed to mitigate those risks to the extent possible. We include the following table as a summary of some of those risks and action plans carried out to mitigate them:

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
Poor performance of assets	▪ Loss of revenues and cash flows at the project company level, which has subsequent impact on cash returns to the Company. ▪ In addition, we rely on third parties for the supply of services and equipment, including technologically complex equipment and operation and maintenance services. ▪ We use insurance to seek coverage against inherent risks in our markets. Insurance policies are subject to periodic review by our insurers. We may not be able to renew our insurance policies in the terms required by our power purchase agreements and project financing agreements, which could require a waiver from those parties. Insurance premiums may increase in the future, or certain types of insurance coverage may not be available, or deductibles may increase. These events could have an adverse effect on our ability to comply with our project financing obligations.	▪ In the last few years, we had technical problems in Solana and Kaxu. Repairs and improvements were carried out at these two assets, but we cannot guarantee we will reach expected performance. ▪ We filed several insurance claims in recent periods. In summer 2017, Solana experienced problems with its transformers for which significant portion of the insurance proceeds for property damages were received in 2017. At Kaxu, we filed a claim for property damage and loss of revenue following technical problems with the plants water pumps at the end of 2016. We received insurance compensation in 2017.	▪ Dedicated supervisory and management teams. ▪ Reporting and monitoring systems in place. ▪ Proven technology through years of experience. ▪ Operation and maintenance contracted with specialists. ▪ Tracked down alternative O&M opportunities in the market. ▪ Use the provisions of the EPC guarantee where possible.
▪ Liquidity risk	▪ Not being able to meet our financial obligations as they fall due	As of December 31, 2018, our Corporate debt consists of: ▪ The 2019 bonds for $255 million, maturing in November 2019. ▪ A note issuance facility signed in February 2017 for €275 million (approximately $316 million) with three series maturing in 2022 (€92	▪ Cash on hand: as of December 31, 2018, we had $106.7 million at the corporate level plus $105 million available under our revolving credit facility. Considering the increase on the limit of the revolving credit facility we did in January, availability under our Revolving Credit Facility would have been $190 million.

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
		million), in 2023 (€91.5 million) and 2024 (€91.5 million). ▪ The revolving credit facility which was refinanced in 2018 for a total amount of $215 million, of which $110 million were drawn as of December 31, 2018 and $105 million were available. On January 25, 2019, we entered into an amendment to our Revolving Credit Facility under which the total amount was increased to $300 million.	▪ A portion of cash flows generated and distributed by our project companies to the holding company are retained at the holding company level. ▪ Refinancing of bullet-maturity corporate debt. We are currently in the process of evaluating options to refinance the 2019 bonds. ▪ Processes and systems in place. ▪ Possibility to change dividend policy. ▪ Refinancing or extension of maturities of the revolving facilities.
▪ Credit risk	▪ Not being able to collect our revenues.	▪ On January 29, 2019, PG&E, the off-taker of Mojave, filed for reorganization under Chapter 11 of the Bankruptcy Code in the U.S. A default of the PPA agreement with PG&E occurred with the PG&E bankruptcy filing and such default could trigger an event of default under our Mojave project finance agreement if certain other conditions were met. If not cured or waived, an event of default in the project finance could result in debt acceleration and, if such amounts were not timely paid, the DOE could decide to foreclose on the asset. If not cured or waived, an event of default could also result in restrictions to make cash distributions from Mojave to the holding level. Such events may have a material adverse effect on our business, financial condition, results of operations and cash flows. ▪ During the recent months the credit rating of Eskom has also weakened and is currently CCC+ from S&P, B2 from Moody's and BB- from Fitch. Eskom is the off-taker of our Kaxu solar plant, a state-owned, limited liability company, wholly-owned by the government of the Republic of South Africa.	▪ Most of our clients are investment grade off-takers (based on Moody's rating). ▪ According to public information, the main reason for PG&E's bankruptcy are the California wildfires in 2017 and 2018. PG&E intends to continue servicing its clients and paying its suppliers. PG&E has continued to be in compliance with the remaining terms and conditions of the PPA, including with all the payments terms of the PPA up through the date hereof with the exception of prepetition services payable after the bankruptcy filing date. • In the case of Kaxu, Eskom's payment guarantees to our solar plant Kaxu are underwritten by the South African Department of Energy, under the terms of an implementation agreement. The credit rating of the Republic of South Africa as of the date of this report is BB/Baa3/BB+ by S&P, Moody's and Fitch, respectively. ▪ We maintain a diversified portfolio where the weight of each client is limited. In addition, we expect that our growth strategy will further permit us to dilute the weight of each client. ▪ As of December 31, 2018, and 2017, we did not have trade receivables outstanding for more than three months.
▪ Climate change	▪ Climate change is causing an increasing number of severe and extreme weather events which are a risk to our facilities, including days of extremely high temperatures, severe winds and rains, hurricanes,	▪ Rising temperatures are increasing the frequency and intensity of droughts and risk of fire. For example, in California, the size and ferocity of fires has increased significantly in the last 20 years, which have also been very hot and dry years. California wildfires have	▪ A large majority of our business is clean, including renewable electricity generation, water desalination and transmission lines. We are a sustainable company and intend to continue to be sustainable. In order to have a positive impact on climate change, we have a set a limit of 80%

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
	droughts, fires, cyclones and floods, among others. ▪ Our business may be adversely affected by rising mean temperatures caused by climate change.	been especially catastrophic, causing human fatalities and significant material losses. Our transmission lines, including transmission lines and substations which are part of our solar assets, could cause fires, which can create significant liabilities if the fire damaged third parties. ▪ Severe floods could damage our plants, especially our transmission lines or our generation assets. ▪ Severe winds could cause damage in the solar fields in our solar assets. ▪ Severe droughts could result in water restrictions or in a deterioration of water properties. ▪ Changes in temperature extremes could also affect to feed water process temperature in desalination plants, causing an increase of the chemical products consumption and generating a risk of growth of algae and molluscs within the facilities. ▪ Storms with intense lightning activity could damage our plants, especially our wind assets. Our wind farms in Uruguay have already experienced some damages in the past and our assets could be affected again. Although we have insurances in place which cover these type of events, it is extremely difficult to assess the economic financial impact this may have. All these events could cause a material adverse effect in our business, results of operations and cash flows. In addition, to the physical risks mentioned previously, rising temperatures could cause an increase in our operation and maintenance costs. Rising temperatures are associated to the reduction of the cycle efficiency of our turbines, a reduction of efficiency in solar photovoltaic modules, lower efficiency in wind facilities and higher consumption of chemicals used for operational purposes in our desalination plants, among others.	of our revenues generated from renewables, transportation and transmission infrastructures and water assets. ▪ We intend to set an internal system to identify, monitor and manage climate related risks and opportunities.
▪ Access to future acquisitions.	▪ Impede our ability to execute our growth strategy.	▪ Our growth strategy depends on our ability to successfully identify and evaluate acquisition opportunities and consummate acquisitions on favourable terms. The number of acquisition opportunities may be limited. We cannot be certain that AAGES, Algonquin or Abengoa will offer us assets under the ROFO	▪ We have diversified our sources of growth, which now include organic opportunities (optimizing the existing portfolio, price escalation factors and through expansions of our assets), our ROFO agreements, other partnerships and acquisitions from third parties. We recently

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
		Agreements that fit within our portfolio of assets or contribute to our growth strategy. Our ability to acquire future renewable energy projects or businesses depends on the viability of renewable energy projects generally. These projects currently are in many cases contingent on public policy mechanisms including, among others, ITCs, cash grants, loan guarantees. Furthermore, we will compete with other companies for acquisition opportunities from third parties, which may increase our cost of making acquisitions or cause us to refrain from making acquisitions from third parties. Some of our competitors for acquisitions are much larger than us, with substantially greater resources. ▪ In order to grow, we depend on financing availability, including access to capital markets. ▪ In order to grow our business, we may acquire assets and businesses which may have a higher risk profile than the assets we currently own. We may consider investing in assets which are not currently in operation and which are subject to development and construction risk. In addition, we may consider acquiring businesses which are not contracted, including regulated businesses, which are subject to demand risk. We may also consider acquiring assets which are not contracted or not fully contracted, or subject to merchant risk. Furthermore, we may consider acquiring assets with revenues not denominated in US dollars or Euros, which would increase our exposure to local currency.	announced acquisitions including examples of all these types of assets. ▪ Dedicated supervisory and management teams to locate opportunities within the market. ▪ Co-investment opportunities with Algonquin. ▪ Limiting exposure to construction risk, for example, acquiring a minority stake when the asset is under construction and taking control once it is in operation.
▪ International operations including in emerging markets.	We operate our activities in a range of international locations and we may expand our operations to certain countries within the regions where we are already present. Accordingly, we face a number of risks including adapting to the regulatory requirements of such countries, the uncertainty of judicial processes, and the absence, loss or non-renewal of favourable treaties, or similar agreements, with local authorities or political, social and economic instability. Our activities and	▪ No significant changes in the year.	▪ We intend to grow our portfolio mainly in countries that we consider stable in North America, Europe and South America. We expect that investments in countries with a higher risk profile such as Algeria and South Africa represent always a small portion of our portfolio. ▪ Local presence and knowledge of the region.

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
	investments in emerging markets involve a number of risks that are more prevalent than in developed markets, such as economic and governmental instability, the possibility of significant amendments to, or changes in, the application of governmental regulations, the nationalization and expropriation of private property, payment collection difficulties, social problems, substantial fluctuations in interest and exchange rates, changes in the tax framework or the unpredictability of enforcement of contractual provisions, currency control measures, limits on the repatriation of funds and other unfavorable interventions or restrictions imposed by public authorities.		
▪ Regulation - legal, environmental and general compliance - of each asset	▪ Uncertainty or changes to any such regulation could adversely affect the profitability of our current plants and our ability to refinance projects.	▪ Revenues in Spain are mainly defined by regulation and some of the parameters defining the revenues are subject to review every six years, with the next review taking place at the end of 2019. ▪ In the U.S., the current administration's proposed environmental and tax policies may create regulatory uncertainty in the clean energy sector and may lead to a reduction or removal of various clean energy programs and initiatives designed to curtail climate change. ▪ Other markets in which we operate are subject to different tax regimes. Changes, such as reduction or elimination of tax benefits, or reduction of tax rates could adversely affect the market for investment in our projects by third parties and limit our ability to grow our business.	▪ Strong power purchase agreement or concession contracts in many assets. ▪ Investment grade credit ratings in many of our clients. ▪ Management and specialized compliance teams continuously tracking down any potential change. ▪ Reporting and monitoring system.
▪ Regulation - Tax	▪ Uncertainty or changes to tax regulations could adversely affect the profitability of our current plants and our ability to refinance projects.	▪ Tax reform recently enacted in the United States includes, among other things, a limitation on the deductibility of interest and a limitation on the deduction for new NOLs which could adversely affect us. In addition, certain measures included in the tax reform such as a reduction in the enacted income tax rate and the new base erosion anti-abuse tax may impact the cost and availability of tax equity investors, which could have a negative impact in our growth prospects in the U.S.	▪ According to our analysis, the cash impact of the U.S. tax reform is considered limited since we continue to expect not to pay significant taxes in the U.S. in the upcoming years. ▪ NOL limitation under section 382 is partially mitigated by a certain portion of any "built-in-gains". ▪ Management and specialized compliance teams continuously tracking down any potential change.

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
		▪ A change of ownership as defined under section 382 of the IRC in the United States, including direct and indirect shareholders, may limit our ability to use net operating loss carry forwards in the United States, which could negatively affect our cash flows. In 2017, Abengoa restructuring caused a change of ownership limiting our ability to use net operating loss carry forwards in the United States. The sale by Abengoa of their stake in us could, or other changes in our shareholders could, cause another change of ownership. ▪ We are also subject to changes in tax regulations in the rest of the jurisdictions where we have assets.	
▪ Brexit	Political, social and macroeconomic uncertainty.	The exit of the United Kingdom from the EU or prolonged periods of uncertainty could result in macroeconomic deterioration, negative impacts on stock exchanges and decreased GDP in the European Union. Under Article 50, the Treaty on the European Union and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances. The United Kingdom and the European Union have not reached an agreement on the future terms of the United Kingdom's relationship with the European Union. There is the potential that the United Kingdom and the European Union may not agree to a withdrawal arrangement before the date the United Kingdom leaves the European Union. Regardless of the eventual timing or terms of the United Kingdom's exit from the EU, the result of the 2016 referendum continues to create significant political, regulatory and macroeconomic uncertainty. EU exit negotiations continue to have limited impact to our markets. However, longer term effects remain difficult to predict. Our business operates through its owned assets mainly outside the UK, therefore we have not been required to consider any changes to our business model. There could be changes to tax regulation affecting the repatriation	▪ Strategic focus on market spread, geographical capability and diversification to protect against the cyclical effect of individual markets ▪ Management and specialized compliance teams continuously tracking down any potential change. ▪ Reporting and monitoring system.

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
		of dividends from other countries, which may negatively affect us. Additionally, the impact of potential changes to the United Kingdom's migration policy could adversely impact our employees of non-U.K. nationality currently working in the United Kingdom as well as have an uncertain impact on cross-border labour, all of which could have an adverse effect on our operations.	
▪ Financing agreements in each contract	▪ Potential restrictions to distribute cash out of project companies ▪ Declare project finance debt to be due and payable immediately if there is an event of default	▪ As of December 31, 2018, Solana met the minimum debt service coverage ratio, however it did not meet the operating and performance thresholds for distributions. The asset may not meet those thresholds in 2019. ▪ Kaxu had a reduced production during the year 2017 and did not reach the minimum debt coverage ratios required by the project financing which, according to the lending agreement, represented a technical default event. Project financing lenders had agreed to waive the instance from causing default. In 2018, although Kaxu's debt coverage reached the minimum threshold, distributions were delayed as a consequence of the extension of the Guarantee Period in October 2018. ▪ In 2019, the bankruptcy of PG&E could result in a potential event of default under the project financing agreement (see details above).	▪ Reporting and monitoring of covenants in each contract ▪ Management and specialized compliance and legal teams continuously tracking down any change
▪ Connection to Algonquin	▪ Our reputation is closely related to Algonquin's reputation.	▪ Algonquin beneficially owns and is entitled to vote approximately 41.5% of our ordinary shares. As a result of this ownership, Algonquin has substantial influence on our affairs and their ownership interest and voting power constitute a significant percentage of the shares eligible to vote on any matter requiring the approval of our shareholders. Such matters include the election of directors, the adoption of amendments to our articles of association and approval of mergers or sale of all or a high percentage of our assets. There can be no assurance that the interests of Algonquin will coincide with the interests of the rest of shareholders or that Algonquin will act in a manner that is in our best interests. ▪ Our ownership structure may give rise to certain conflicts of interest	▪ A majority of our board is formed by independent directors. ▪ Any transaction between us and AAGES or Algonquin (including the acquisition of any ROFO assets or any co-investment with AAGES or Algonquin or any investment on an Algonquin asset) is subject to our related party transaction policy, which requires prior approval of such transaction by a majority of the non-conflicted directors, typically our independent directors. The existence of our related party transaction approval policy may not insulate us from derivative claims related to related party transactions and the conflicts of interest described in this risk factor.

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
		between us, Algonquin, and the rest of our shareholders. Currently, two of our directors are affiliated with Algonquin. Regardless of the merits of such claims, we may be required to spend significant management time and financial resources in the defense thereof. Additionally, to the extent we fail to appropriately deal with any such conflicts, it could negatively impact our reputation and ability to raise additional funds and the willingness of counterparties to do business with us, all of which may have a material adverse effect on our business, financial condition, results of operations and cash flows.	
▪ Connection to Abengoa	▪ Our reputation is still closely related to Abengoa's reputation, since Abengoa was until recently our largest shareholder and is currently our largest supplier. ▪ Abengoa has obligations with us under operation and maintenance agreements, some EPC agreements, as well as other indemnities and obligations. We have operation and maintenance contracts with Abengoa at most of our assets. We cannot guarantee that Abengoa and its subcontractors will be able to continue performing with the same level of service and under the same terms and conditions, including prices. Although we have long-term O&M agreements in most of our assets, if Abengoa cannot continue performing current services at the same prices, this could cause a change of supplier and we cannot guarantee the prices and conditions will be maintained. ▪ Cross-default provisions related to future defaults by Abengoa could trigger default under the project finance arrangement of Kaxu.	▪ During the year 2018 Abengoa ceased to be our largest shareholder. Although certain relations remain, Abengoa is no longer our largest shareholder.	▪ We have agreements in place which have reinforced Abengoa's obligations with us. ▪ We believe we could find alternative suppliers for operation and maintenance services if required, as we have already done in certain countries.
▪ Interest rate and foreign currency exchange rate	▪ Increases in rates would raise our finance expenses at project companies or corporate level. ▪ Revenues and expenses of our solar assets in Spain and our solar asset in South Africa are denominated in euros and South African rand, respectively. Depreciation in the value of euro or South African rand against U.S. dollar may have a negative impact on our operating	▪ No material changes.	▪ In our assets revenues, debt and most of the expenses are always denominated in the same currency, creating a natural hedge. ▪ Our solar power plants in Spain have their revenues and expenses denominated in euros. At the corporate level, we have some general and administrative expenses and debt denominated in euros. Our

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
	results and our cash available for distribution.		strategy is to hedge the exchange rate for the distributions from our Spanish assets after deducting euro-denominated interest payments and euro-denominated general and administrative expenses. Through currency options, we hedge 100% of the net euro net exposure for the next 12 months and 75% of the net euro net exposure for the following 12 months. ▪ We intend to maintain a ratio of over 80% of our cash available for distribution denominated in U.S. dollars or euros and to hedge the euros for the upcoming 24 months on a rolling basis strategy. ▪ Over 90% of our total interest risk exposure is fixed or hedged.

Financial Risk Management

Interest rates

We incur significant indebtedness at the corporate level and asset level. The interest rate risk arises mainly from indebtedness with variable interest rates. Most of our debt consists of project debt. As of December 31, 2018, approximately 93% of our project debt has either fixed interest rates or has been hedged with swaps or caps.

Regarding our corporate debt, in November 2014, we incurred indebtedness at the corporate level through the issuance of the 2019 Notes, which have a fixed interest rate of 7.00% and mature in November 2019.

On February 10, 2017, we signed a Note Issuance Facility, a senior secured note facility with a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of €275 million (approximately $315.7 million), with three series of notes. Series 1 notes worth €92 million mature in 2022; series 2 notes worth €91.5 million mature in 2023; and series 3 notes worth €91.5 million mature in 2024. Interest on all three series accrues at a rate per annum equal to the sum of 3-month EURIBOR plus 4.90%. We fully hedged the Note Issuance Facility with a swap that fixed the interest rate at 5.5%.

On May 10, 2018, we entered into a $215 million Revolving Credit Facility with a syndicate of banks that matures in December 2021. The facility was increased by $85 million to $300 million in January 2019. The loans under the facility accrue interest at a rate per annum equal to: (A) for Eurodollar rate loans, LIBOR plus a percentage determined by reference to our leverage ratio, ranging between 1.60% and 2.25% and (B) for base rate loans, the highest of (i) the rate per annum equal to the

weighted average of the rates on overnight U.S. Federal funds transactions with members of the U.S. Federal Reserve System arranged by U.S. Federal funds brokers on such day plus 1/2 of 1.00%, (ii) the prime rate of the administrative agent under the Revolving Credit Facility and (iii) LIBOR plus 1.00%, in any case, plus a percentage determined by reference to our leverage ratio, ranging between 0.60% and 1.00%. As of December 31, 2018, we had $110.0 million outstanding under the Revolving Credit Facility. On January 25, 2019, we entered into an amendment to our Revolving Credit Facility under which the total amount was increased from $215 million to $300 million. Considering this increase, availability under our Revolving Credit Facility would have been $190 million and therefore our total corporate liquidity would have been $296.7 million.

To mitigate the interest rate risk, we primarily use long-term interest rate swaps and interest rate options which, in exchange for a fee, offer protection against a rise in interest rates and we apply hedge accounting. We estimate that approximately 91% of our total interest risk exposure is fixed or hedged. Nevertheless, our results of operations can be affected by changes in interest rates with respect to the unhedged portion of our indebtedness that bears interest at floating rates, which typically bears a spread over EURIBOR or LIBOR.

Exchange rates

Our functional currency is the U.S. dollar, as most of our revenues and expenses are denominated or linked to U.S. dollars. All our companies located in North America, South America and Algeria have their PPAs, or concessional agreements, and financing contracts signed in, or indexed to, U.S. dollars. Our solar power plants in Spain have their revenues and expenses denominated in euros. Revenues and expenses of Kaxu, our solar plant in South Africa, are denominated in South African Rand. While fluctuations in the value of the euro and the South African rand may affect our results of operations. Fluctuations in the value of the euro may affect our operating results, however we hedge cash distributions from our Spanish assets. Our strategy is to hedge the exchange rate for the distributions from our Spanish assets after deducting euro-denominated interest payments and euro-denominated general and administrative expenses. Through currency options, we have hedged 100% of our euro-denominated net exposure for the next 12 months and 75% of our euro-denominated net exposure for the following 12 months on a rolling basis.

In subsidiaries with functional currency other than the U.S. dollar, assets and liabilities are translated into U.S. dollars using end-of-period exchange rates; revenue, expenses and cash flows are translated using average rates of exchange. Although we hedge cash-flows in euros, fluctuations in the value the euro in relation to the U.S. dollar may affect our operating results. Fluctuations in the value of the South African rand in relation to the U.S. dollar may also affect our operating results.

Credit risk

On January 29, 2019, PG&E Corporation and its regulated utility subsidiary, Pacific Gas and Electric Company (collectively "PG&E"), the off-taker for Atlantica with respect to the Mojave plant, filed for reorganization under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Northern District of California.

During recent months, the credit rating of Eskom has also weakened and is currently CCC+ from S&P, B2 from Moody's and BB- from Fitch. Eskom is the off-taker of our Kaxu solar plant, a state-

owned, limited liability company, wholly owned by the government of the Republic of South Africa. Eskom's payment guarantees to our solar plant Kaxu are underwritten by the South African Department of Energy, under the terms of an implementation agreement. The credit ratings of the Republic of South Africa as of the date of this report are BB/Baa3/BB+ by S&P, Moody's and Fitch, respectively.

Apart from these two situations, we consider that in general we have limited credit risk with clients as revenues are derived from PPAs and other revenue contracted agreements with electric utilities and state-owned entities.

Liquidity risk

The objective of Atlantica's liquidity and financing policy is ensure that the Company maintains sufficient funds to meet our financial obligations as they fall due. Project finance borrowing permits the Company to finance projects through project debt and thereby insulate the rest of its assets from such credit exposure. The Company incurs in project-finance debt on a project-by-project basis. The repayment profile of each project is established on the basis of the projected cash flow generation of the business. This ensures that sufficient financing is available to meet deadlines and maturities, which mitigates the liquidity risk significantly. The Company has also corporate debt. Our 2019 Notes mature in November 2019 and we are currently working on the refinancing of such notes.

Corporate and social responsibility

Sustainability and health and safety in our business model and activities as key values of Atlantica

Sustainability is one of our five Core Values and for us it represents a holistic approach that includes financial, operational, health and safety, environmental, governance and social performance. We believe that by investing in sustainable sectors and managing our assets in a sustainable manner we will create more value over time.

Atlantica has been firmly committed to sustainability since its incorporation. We view sustainable development as a powerful source of competitive advantage to generate economic value that also adds value for society by addressing environmental and social challenges and safeguarding the transition to a low-carbon economy.

By the nature of its business, Atlantica has been at the core of, and intends to expand further, the renewable energy footprint in energy generation and contribute to the global economy while contributing to the sustainability of our environment.

We produce clean electricity, desalinated water and provide electricity transmission in a safe, reliable and environmentally responsible way. We focus mainly on greenhouse gas emissions, water management, health & safety, human capital and governance.

In 2018, we acquired a wind farm in Uruguay and a renewable hydro asset in Peru, thus, consolidating Atlantica efforts to continue promoting a low-carbon energy industry and a business model based on a sustainable development. Atlantica intends to take advantage of favourable

trends in the power generation, electric transmission, and water sectors globally, related to the energy scarcity and a focus on the reduction of carbon emissions.

In February 2019, Sustainalytics rated Atlantica with “Low Risk”, ranked in 1st position within the Renewable Power Production subindustry, 2nd position within the Utilities industry group and top 3% within the global universe. Sustainalytics considers that Atlantica has a low risk of experiencing material financial impacts from ESG factors due to its medium exposure and strong management of material ESG issues.

In addition, Atlantica has been ranked in the Clean 200™ which ranks the largest publicly listed companies by their total clean energy revenues to help ensure that the companies are indeed building the infrastructure and services needed in a just and equitable way.

In 2018, Atlantica joined the United Nations Global Compact (“UN Global Compact”), the world’s largest corporate sustainability initiative with more than 9,700 participating companies from 160 countries. As part of its commitment with sustainability, Atlantica has formally adopted the UN Global Compact ten basic principles in the fields of human rights, labour, environment and anticorruption. We are determined to make the UN Global Compact and its principles an integral part of the strategy, culture and day-to-day operations of the Company.

Environmental Policy

We are committed to invest in assets that are environmentally sustainable and managed in a sustainable manner. We follow policies that analyse, evaluate and propose measures to minimize the environmental impact of our business activity.

Our Environmental and Quality Management System complies with the standards ISO 14001 and ISO 9001. These certifications cover management and acquisition of contracted assets. They were obtained for the first time in 2015 and are valid until May 2021. Our Environmental and Quality Management System is audited annually by an external third party (DNV GL).

Our management system guarantees that we comply with the regulations in force and with our policies in each of the markets we operate. In this sense, we measure and monitor the environmental impact of our activities and we define and implement action plans to reduce this impact, in relation with:

- Emissions. We calculate and monitor our GHG emissions from Scope 1 and Scope 2.
- Water. We make a rational and sustainable use of water, regardless we use it for desalination of for energy generation.
- Waste: Hazardous and non-hazardous waste is generated in the operation of our assets. Our environmental management system includes actions aimed at minimization and improvement of waste management *(identification, segregation, recycling, prevention and reporting).*

As part of our certified quality management system, Atlantica sets quality and environmental targets. The achievement of these targets is reviewed by top management in our Environment and Health and Safety Committee, which is held once a month. We also inform our Board of Directors on a quarterly basis.

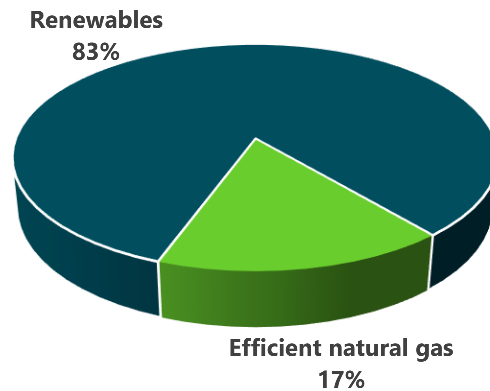
In addition, we perform annual internal audits in our assets aimed at reviewing compliance with our best practices and promoting constant improvement. These audits are focused on a broad range of areas of asset management and include the environmental aspects. The purpose of these audits is to review the operational, maintenance and environmental indicators, as well as compliance and reporting requirements. We intend to assure compliance with our best practices. In 2018, 11 of our assets were audited and 188 improvement actions were identified. Action plans have been set to reach the internal standards required and are currently ongoing.

Greenhouse gas emissions

Atlantica complies with the requirements of the United Kingdom Climate Change Act 2008 for greenhouse gas emissions reporting and with the requirements of the Commission Regulation (EU) No 601/2012. The emissions data presented in this section corresponds to emissions in the annual periods ended December 31, 2018 and 2017.

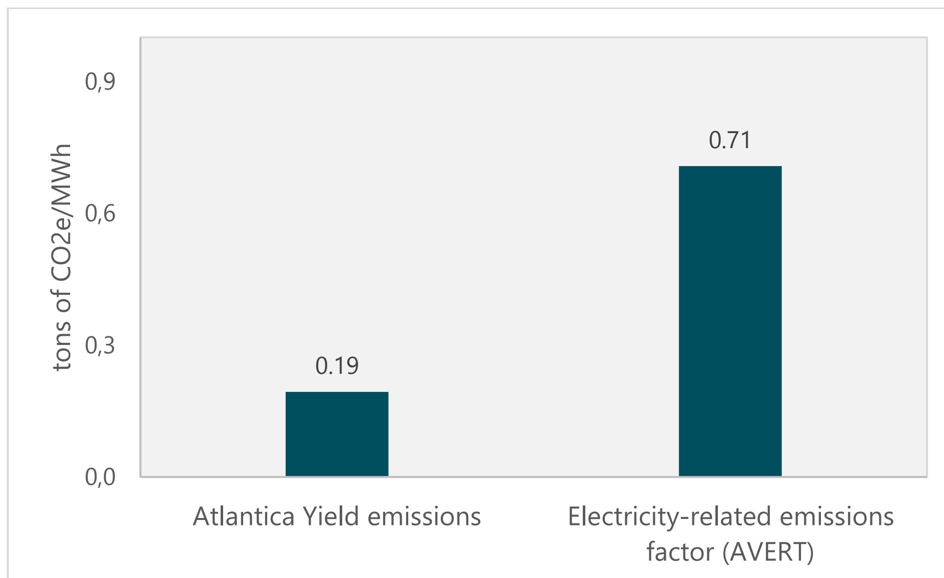
Our focus on renewables and sustainable technologies allows us to have greenhouse gas emissions rates significantly lower than those traditional utilities whose portfolio is mainly based in fossil fuels. As on December 31, 83% of our installed capacity corresponds to renewable assets and 17% corresponds to ACT, our efficient natural gas plant in Mexico.

ACT has the status of an "efficient cogeneration facility" according to the Comision Reguladora de Energia (CRE), the Mexican energy regulator. The CRE categorises as efficient plants those facilities which can deliver energy above a defined efficiency threshold. This status, at the same level of renewables according to the Mexican regulation, allows ACT to benefit from certain favorable conditions with regard to interconnection and transmission.



Graph 1: Capacity installed in generation assets, MW

If we compare our emissions with emissions rates of traditional utilities where generation is based in fossil fuels, approximately 5 million tons of equivalent CO_2 are saved to the atmosphere compared with a 100% fossil fuel-based generation.



Graph 2: Comparison of Atlantica's GHG emission ratio[1] and fossil-fired generation GHG emissions ratio [2]

Emissions figures on this report are quantified and reported according to the guidelines of the Greenhouse Gas (GHG) Protocol, as follows:

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[1] Emission rate calculated taking into account emissions and energy generation of our power assets, both electric and thermal energy.

[2] The Greenhouse Gas Equivalences Calculator uses the Avoided Emissions and Generation Tool (AVERT) U.S. national weighted average CO2 marginal emissions rate to convert reductions of Kilowatt-hours into avoided units of carbon dioxide emissions.

- Scope 1: Emissions of greenhouse gas from sources that are owned or controlled by the Company.

- Scope 2: Indirect emissions of greenhouse gas from consumption of purchased electricity, heat or steam.

Scope 3 emissions, which are emissions associated to the supply chain or to transport, are not required to be reported according to United Kingdom regulation (Climate Change Act 2008). At this point, we have not implemented a reliable internal system to evaluate Scope 3 emissions. However, we consider that these emissions should not be significant in comparison with Scope 1 and 2 emissions.

Scope 1 GHG emissions for our efficient natural gas asset and our solar plants in Spain, which represent approximately a 93% of the total, have been verified by external auditors. This verification includes information used for its calculation, such as emission factors and activity data.

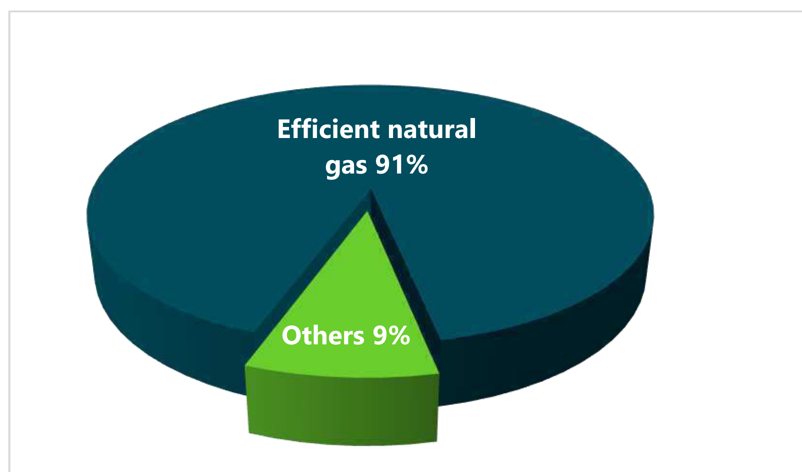
The emissions are calculated based on the criteria defined by the Greenhouse Gas Protocol, according to the operational control approach. Our reported emissions include emissions of methane (CH_4), and nitrous oxide (N_2O) as CO_2 equivalents. We use the GHG inventories conversion factors indicated by the organizations listed below:

- Intergovernmental Panel on Climate Change (the "IPCC")

- United States Environmental Protection Agency (the "EPA")

- 2018 GHG National Inventory from the Ministry of Ecological Transition in Spain

91% of the GHG emissions generated in 2018 come from our efficient natural gas plant in Mexico as shown in Graph 3.

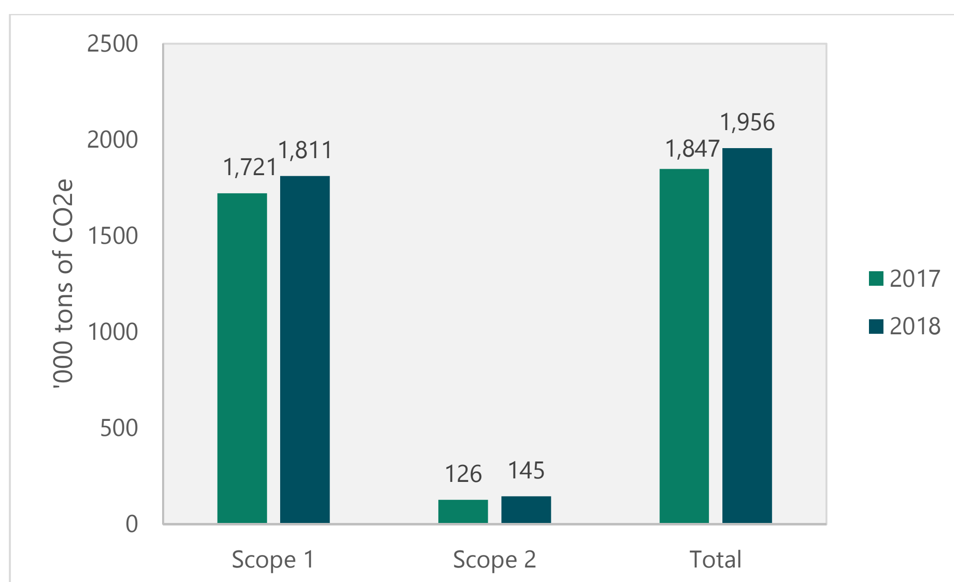


Graph 3: GHG emissions by technology

Atlantica is committed to promote a low-carbon generation in its portfolio. We plan to reduce our carbon emissions footprint mainly with the acquisition of renewable assets that will increase our generation base keeping emission rates controlled. We intend to maintain an 80% of our revenues generated from low-carbon footprint including our renewable, transportation and transmission infrastructures and water assets.

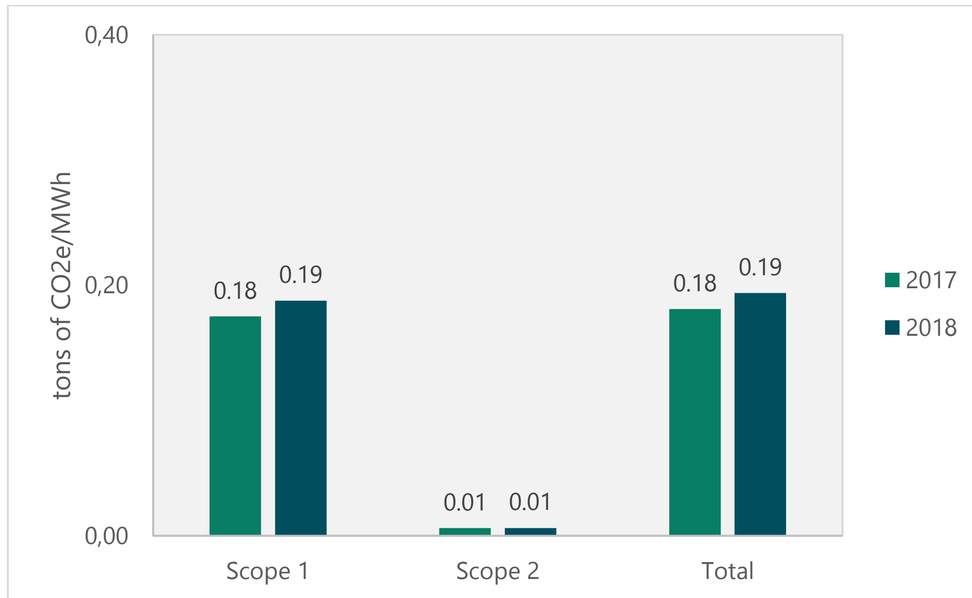
Given that our largest business sector since our incorporation is renewable energy, our GHG emissions have always been significantly lower than those of a company generating electricity from fossil fuel sources. As previously explained, the emissions of our generation assets are 0.19 tons of CO2 per MWh of electricity produced, compared to 0.71 tons of CO2 per MWh in a 100% fossil fuel-based generation. Reducing emissions is significantly more challenging for a renewable business than, for example, for a traditional utility with a business largely based on fossil fuel generation transitioning progressively to renewables. Our goal is to reduce our emission rate per unit of energy generated by 10% by 2030.

Graph 4 shows tons of carbon dioxide equivalent generated in 2018 and 2017 corresponding to each of the previously described scopes.



Graph 4: Greenhouse gas emissions breakdown by scope

Total carbon dioxide equivalent emissions generated by the Company in 2018 reached 1,956 thousand tons, compared to 1,847 thousand tons generated in 2017. Scope 1 GHG emissions have increased mainly due to an increase in natural gas consumption in ACT, our efficient natural gas plant, which generates approximately 90% of our total emissions. In 2018, this plant has been operating at partial load for a higher number of hours due to the request of our client. In ACT we have a tolling agreement according to which we receive water and natural gas from the client and give them back electricity and steam, in the amount they request.



Graph 5: Greenhouse gas emissions ratio from generation assets per energy generation by scope[3]

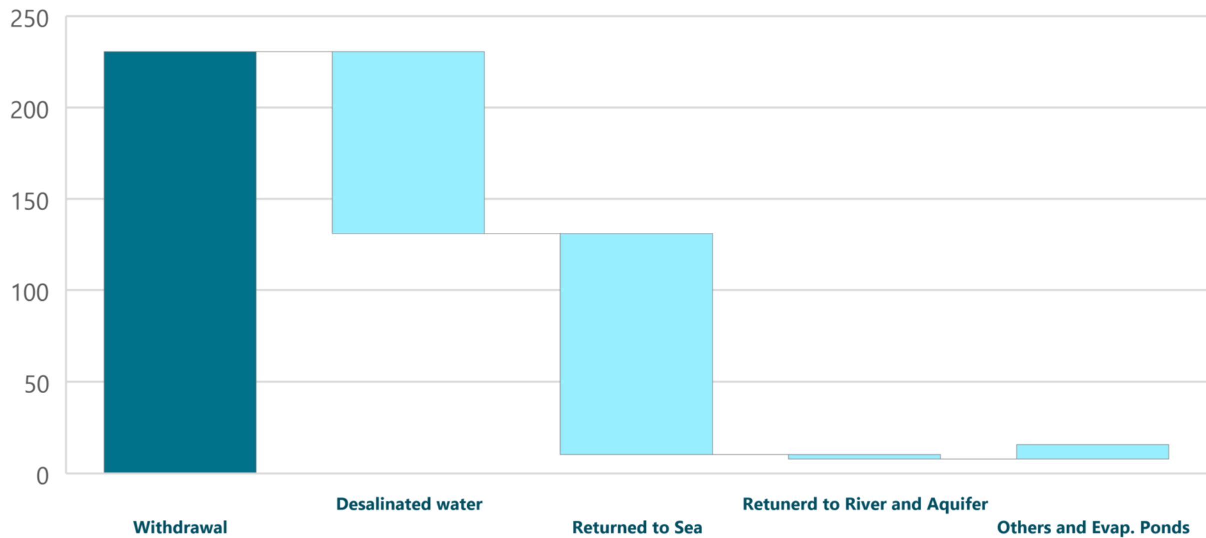
The rate of equivalent tons of Carbon Dioxide (CO_2) emissions per energy generation is 0.19 in 2018 versus 0.18 in 2017. This ratio applies for generation assets (solar, wind, hydro, efficient natural gas). GHG emissions have increased mainly due to do the increase in emissions caused by client requests in ACT, as described above and also due to a lower total production in 2018, mainly due to lower solar radiation in Spain.

Water management

We are committed to make an efficient use of water in our operations. There are two main types of water use in our operations:

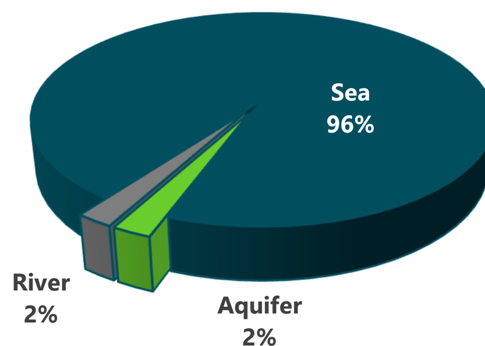
- Generation of drinking water for local communities and industries through desalination of seawater.
- Power generation from our renewable assets, which use cycle water in the turbine circuit and for refrigeration purposes.

[3] The ratio has been calculated considering electric and thermal energy generated by our efficient natural gas plant. The prior period has been restated to conform with the 2018 calculation.



Graph 6: 2018 Water withdrawal sources and destinations

In 2018, we withdrew 231 million cubic meters of water of which 96% was sea water. We discharged 123 million cubic meters, of which 120 million cubic meters (98%) was returned to the sea. In 2017, we withdrew 227 million cubic meters of water, of which 95% was sea water, we discharged 120 million cubic meters of which 117.0 million cubic meters (98%) was returned to the sea.



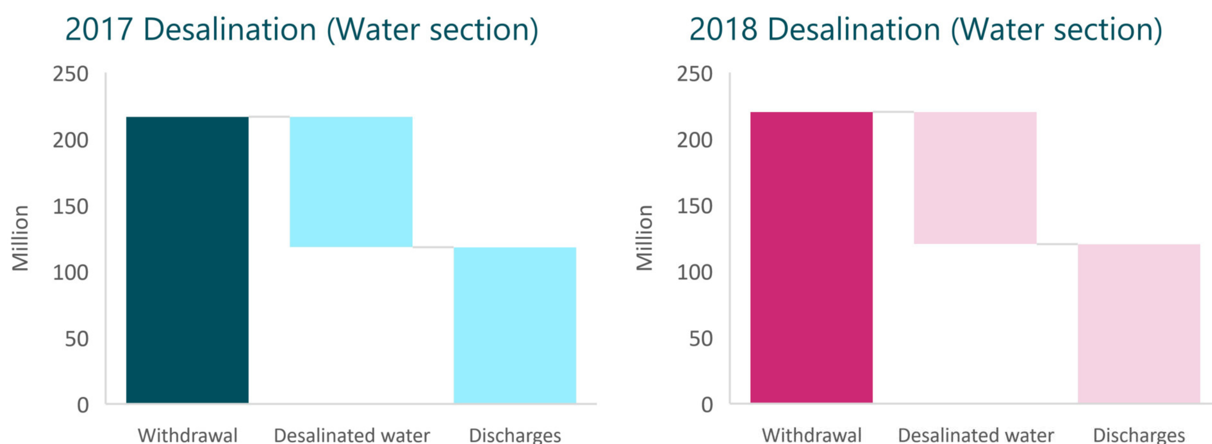
Graph 7: Withdrawal by source

Desalination

Some parts of the world suffer from current drought conditions which, combined with a water supply that is unfit for human consumption, can foster disease and death. Scarcity of water also results in reduced availability for food production. Sea water desalination can provide a climate-independent source of drinking water.

Our Water segment includes two desalination plants. We withdraw sea water for desalination purposes as specified in the concession agreements of our two desalination plants. Thus, in 2018, we withdraw 220.2 million cubic meters of sea water, which went through the desalination process of salt and minerals removal in our water treatment facilities to prepare it for human use. We

cubic meters (54%) back to the sea. The difference between water withdrawn from and returned to the sea is the desalinated potable water delivered to the water utility, as specified by our take-or-pay concession agreements for consumption needs of approximately 2.2 million people.



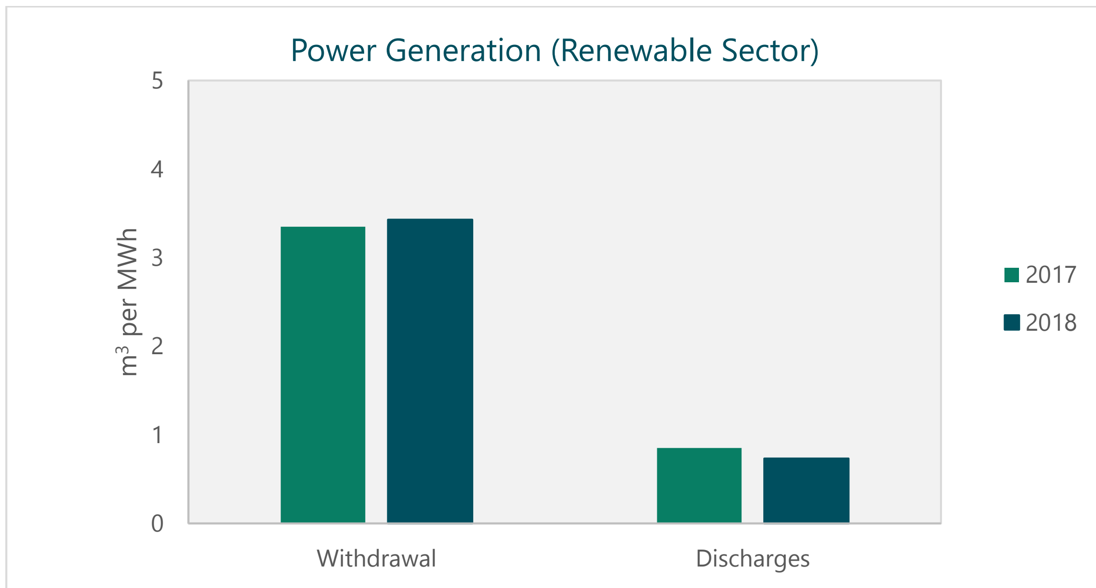
Graph 8: Our desalination plants' water withdrawal, discharge and potable water production

Power generation

Renewable segment is another part of our business that utilizes water in its power generation. We primarily use water for cooling of condensers during power generation in our facilities. The fresh water is primarily drawn from rivers and aquifers. We hold permits to withdraw water from these sources and adhere to regulations on water quality. The difference between water withdrawn from and returned to its source is our water consumption which occurs largely due to evaporation.

The amount of water we withdraw and return is measured by the installed water meters at the pumping equipment of the plants. The reported volumes represent the total readings measured by the water meters of all our assets without adjusting for our interest in the assets. The water meters are sealed and are normally subject to audit by the inspector representing the local water authorities. We have met the requirements and regulations of the applicable local regulatory authorities in geographies in which we operate. We report the results of our water statistics to local water agencies on a periodic basis.

Finally, we have implemented an air-dry cooling system, instead of cooling towers, to refrigerate the condensers in one of our solar plants. This plant is placed in an area with water scarcity problems and this system reduces the water demand.



Graph 9: Water withdrawal and discharge ratios

In 2018, we withdrew 10.4 million cubic meters of fresh water at our power generation plants and we returned 2.2 million cubic meters (21%) back to the source. In 2017, we withdrew 10.6 million cubic meters of fresh water and returned 2.7 million cubic meters (24%) back to the source. The water returned to the environment is tested by independent external laboratories on a period basis to ensure its quality.

Our efforts to improve our water management beyond compliance is a main factor behind the reduction of withdrawal volumes in 2018 compared to 2017. We implemented better practices for use of water in operation and maintenance of our solar plants, such as adjustments in the operating cycles of the water cooling towers. In 2018, we withdrew 10.4 million cubic meters which represented 47% of the limits allowed by our water permits. In 2017, we withdrew 10.6 million cubic meters which represented 49% of the limits allowed by our water permits. The difference between the water permit limits and actual water withdrawn represents water savings.

Waste management

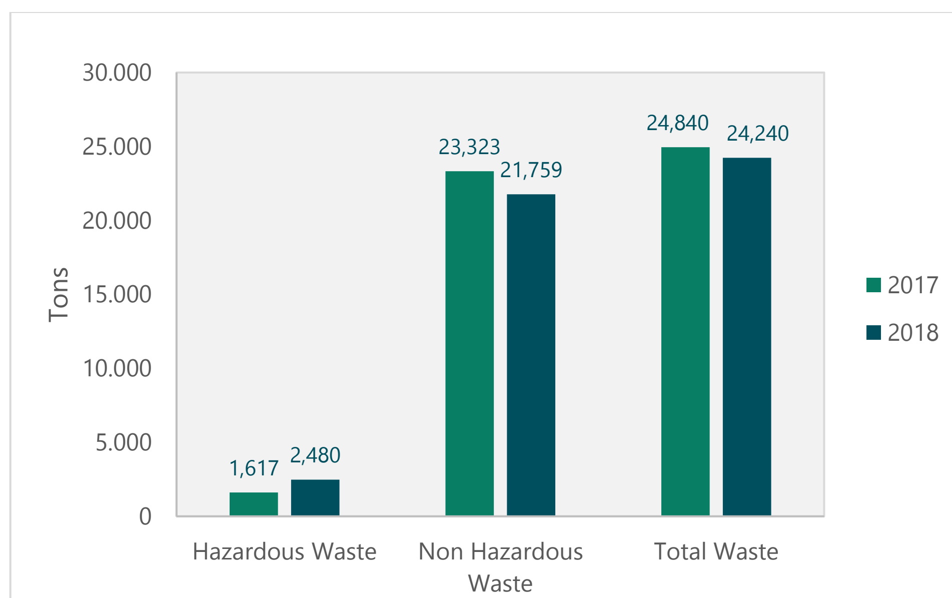
Our assets produce two main types of waste, hazardous and non-hazardous, which come from the operation and maintenance activities. The waste included in the category of hazardous are those from industrial processes related with the use of chemical products. On the other hand, all material that does not contain substances that might be harmful to human health or the environment are non-hazardous waste. Atlantica has a comprehensive waste control to ensure they are correctly managed.

In our case, hazardous waste consists mainly of heat transfer fluid (HTF) used in our solar plants. Also, sub products from our water treatment plants are considered as non-hazardous.

The management of hazardous waste is directly related to the occurrence of accidents, which are the main generators of this type of waste. In 2018 we have made additional efforts in the remediation of potentially contaminated soils in the mitigation of impacts derived from accidents.

As a result, we had an increase in the disposal of contaminated soil waste, which is the main metric used to measure waste.

The non-hazardous wastes produced in our assets derive from the waste water treatment plants and the reuse of the waste water before the discharges.



Graph 10: Hazardous and Non-hazardous Waste removed

Our commitment is being oriented to improve the management and to fulfill all legal requirements related to waste.

Human rights

We are committed to conducting our business in a manner that respects the rights and dignity of our employees and the rest of the people related to our activities. We respect internationally recognized human rights, as set out in the International Bill of Human Rights and the International Labour Organization´s Declaration on Fundamental Principles and Rights at Work. Labour practice at Atlantica and the professional activities of its employees, directors and executives are governed by the United Nations Universal Declaration of Human Rights and its protocols, as well as by International Agreements signed by the UN and the International Labour Organization (ILO) on social rights, as well as the principles of the United Nations Global Pact.

We respect personal dignity, privacy and personal rights of every individual. We do not tolerate discrimination against anyone based on any personal characteristic (ethnic background, culture, religion, sexual identity, races, gender, etc.)

Freedom of association is a human right as defined by international declarations and conventions. In this context, freedom of association refers to the right of employers and workers to form, to join and to run their own organizations without prior authorization or interference by the state or any other entity. The right of workers to collectively bargain the terms and conditions of work is also an internationally recognized human right. Collective bargaining refers to all negotiations which take place between one or more employers or employers' organizations, on the

one hand, and one or more workers' organizations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers.

Atlantica joined the United Nations Global Compact, whose principles derivate from, among others, the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. By joining the UN Global Compact, we are determined to adopt the ten principles, a part of which relate to human rights and we are determined to make the principles an integral part of our strategy, culture and day-to-day operations. Our code of conduct references the policy, requiring the employees, officers and directors to report any illegal behaviour or violations of laws, rules or regulations. Finally, we are fully aware of the diversity of the local communities where we operate. In this sense, we are fully committed to respect and create value in these local communities. We are delivering on our human rights policy by implementing it into the processes that govern our business activities in all the geographies where we are present.

Occupational Health and Safety

Within Atlantica's Values, the first one is "Integrity, Compliance and Safety". Atlantica and its management are committed to prioritize and actively promote health and safety as a tool to protect the integrity and health of our employees, subcontractors and partners involved in our business activity. We promote a safe operating culture across Atlantica and encourage a preventive culture in the operation and maintenance ("O&M") activities of our subcontractors as reflected in our corporate health and safety policy.

Annually, we conduct internal and external audits to evaluate our health and safety management system in accordance with the OHSAS:18001 standard requirements. The external audit is carried out by an independent third party. These efforts have resulted in the certification of the Occupational Health and Safety Management System in OHSAS: 18001 obtained in 2015. This certification has been successfully renewed in the last three years. Additionally, we perform periodic health and safety audits to our O&M contractors to promote the compliance with our safety best practices in our assets.

We also develop an annual training programme to train managers and employees on safety awareness. This annual plan has been designed in accordance with the risk in work positions and work centres as well as with local regulations.

One of the key tools that we promote is our Health & Safety Best Practices programme. This programme aims to define world class safety standards for our assets operations. Our H&S Best Practices are based in the following pillars:

Management System and Procedures:

- Safety policies and safety objectives are published in all safety boards of our assets and work centres.
- Annual objectives are defined for our asset managers.

- Operation and maintenance suppliers develop their daily activities using adequate safety procedures and we encourage them to have their operations certified under the OHSAS:18001 standard.
- Safety procedures compliance is enforced through annual audits and inspections in all our assets, identifying deviations and developing corrective plans with our subcontractors.

Safety Culture:

- Workers safety observations (Walks & Talks) are promoted to allow O&M employees to identify unsafe acts and conditions in our assets. In 2018, we gave 32 awards to O&M employees based on Walks & Talks.
- A zero accidents policy is promoted. We celebrate with our operation and maintenance suppliers the achievement of 1,000 and 1,500 days without loss time injury accidents. In 2018 one asset reached the 1,000 days milestone and two assets the 1,500 days milestone.
- Safety Days are celebrated in all our assets with our O&M contractors to promote safety culture and share lessons learnt.

Images: 2018 Safety days pictures

Training

- An annual training plan is established for our employees and O&M contractor's employees.
- The effectiveness of this training is evaluated and reviewed periodically.

Improvement of safety conditions

- Process safety analysis are performed in our assets to identify hazards and develop preventive strategies in collaboration with O&M contractors.
- Our asset managers monitor safety conditions in our assets and workers compliance with safety rules by standardised check-lists.

Drills and Emergency Plan

- An annual emergency drills plan is defined in all our assets to evaluate and improve emergency procedures and to train employees on these procedures. 67 drills were performed during 2018.
- An emergency plan is developed in our assets with an evaluation of potential emergency scenarios and the associated emergency procedures.
- An emergency response team is defined and trained in all our assets and work centres.

KPIs and lessons learned

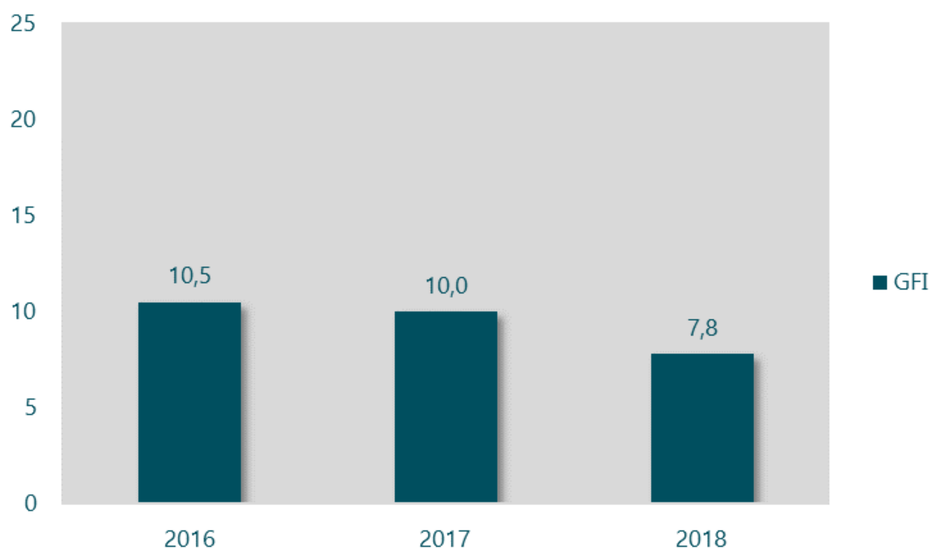
- Standardized key performance indicators are defined and evaluated against yearly targets to monitor the performance in health and safety of our assets.
- Safety KPIs of our assets are benchmarked monthly to develop continuous improvement.
- Incidents are investigated to identify root causes to implement corrective measures. Lessons learned are shared among our assets.
- A monthly health and safety committee is carried out with the CEO and our regional VPs to review H&S performance and to share lessons learned. With the same purpose a monthly committee is done with our asset managers.
- In each meeting, the Board of Directors reviews the main Health and Safety indicators recorded in the last month as the first point of the agenda and main safety programme and tools to be implemented by Atlantica are discussed

2018 Health and Safety performance has continued to improve versus previous years and have resulted in our main KPIs being well below the defined objectives.

Fatality rate has been zero since our creation. In addition, no major injuries have been recorded since our creation.

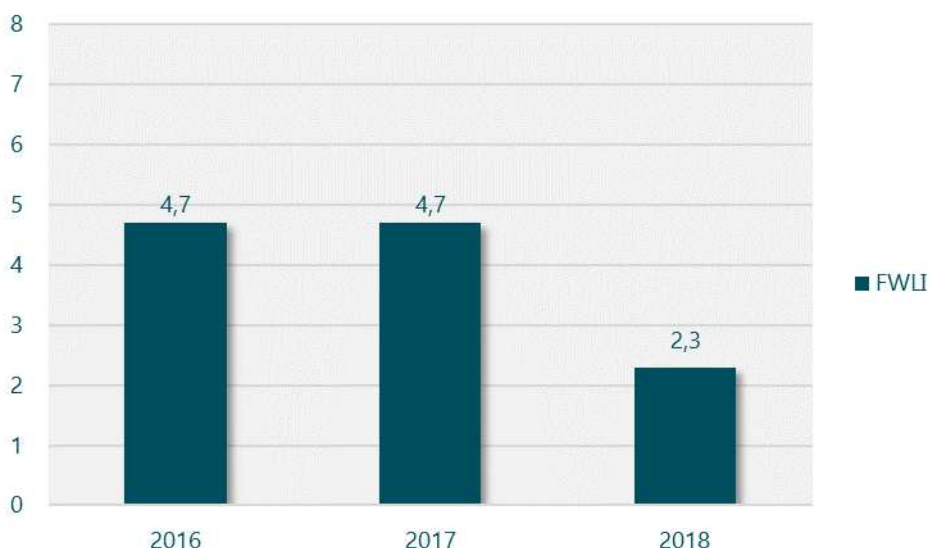
Our General Frequency Index (GFI), that represents the total number of recordable accidents with and without leave (loss time) recorded in the last 12 months per million of worked hours, has ended

at 7.8, 54% below our objective for the year (16.8). 2018 GFI, as can be observed on the following graph, delivered a 22% improvement versus 2017.



Graph 12: General Frequency Index

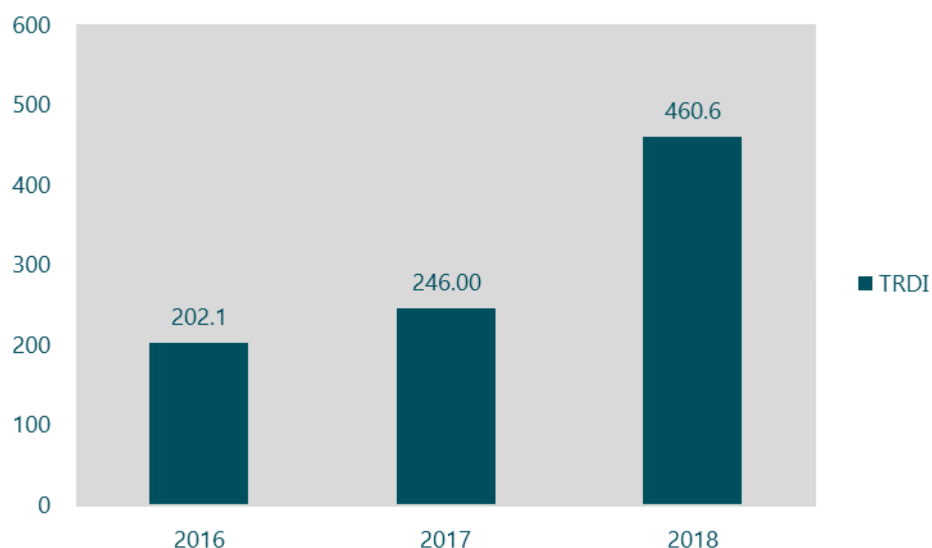
Our Frequency with Leave Index (FWLI), that represents the total number of recordable accidents with leave (loss time) recorded in the last 12 months per million of worked hours, also presents a great performance. The index was 2.3, 56% below the objective for the year (5.2). As can be observed on the following graph, the 2018 index presents an improvement versus 2017 of more than 50%.



Graph 13: Frequency with Leave Index

We also monitor near-misses and unsafe acts and conditions through our Total Recordable Deviation Index (TRDI). This index represents the number of near-misses and unsafe acts and conditions recorded in the last 12 months per million of worked hours. The goal of this KPI is to encourage the identification and communication of near misses and unsafe acts and conditions by the employees of our O&M subcontractors. As it serves to identify risks and to implement the

adequate preventive measures, the higher the rate is, the better. The following graph shows the relevant improvement obtained in the last years.



Graph 15: Our Total Recordable Deviations Index

As explained above, in 2018 we have continued improving our H&S performance, finalising the year for our two key H&S indexes well below our targets. In 2019, we will continue dedicating our efforts to continue to promote a health and safety culture and we will seek to continue improving our H&S performance with the use of our existing tools and the implementation of new ones.

Business ethics

Atlantica is building a sustainable and successful business for our customers, colleagues, partners and investors. This success must be delivered in the right way, doing the right things.

Integrity, Compliance and Safety are our main core values and they prevail over the rest. We continuously strive for the highest standards of business conduct, safety and professionalism even if it means making difficult choices. We are strongly committed to comply with all rules and regulations.

Atlantica is committed to maintaining the highest standards of honesty, integrity and ethical conduct. We are also committed to promote ethical business practice and comply with all relevant laws and regulations.

In this regard, the Company has adopted a Code of Conduct to ensure consistent and effective commitment with Integrity and Compliance. The Code is applicable to all directors, officers and employees of Atlantica plc and each of its subsidiaries, wholly owned entities, and joint ventures.

The Whistleblowing channel is an essential part of Atlantica's commitment to fighting fraud, irregularities and corruption. The Whistleblowing Channel, which has been in operation since the Initial Public Offering, is available on our website to all employees and stakeholders of the Company and serves as a tool to report any complaints and concerns about management, as well as any breaches of the Code of Conduct or any conduct contrary to ethics, law or company's standards,

without any risk of reprisals for any claims made in good faith. The channel is managed by the Audit Committee comprised of independent directors who oversee investigations of the reported matters maintaining confidentiality and anonymity of complainants.

Confidentiality and no retaliation are the essential operating principles of the Channel. These principles may be suspended only in cases where the claim was not made in good faith.

Our Code of Conduct requires the highest standards for honest and ethical conduct and explicitly states that we do not tolerate bribery and corruption in any of its forms. We also promote and strengthen the measures to prevent and combat corruption more effectively and efficiently. Our anti-bribery and corruption policy applies to all Atlantica business.

In particular, the business activities of Atlantica are governed by laws that prohibit bribery in order to support global efforts to fight corruption. Specifically, the U.S. Foreign Corrupt Practices Act ("FCPA") and the UK Bribery Act 2010 make it a criminal offense for companies as well as their officers, directors, employees, and agents, (or any other person) to give, request, promise, offer or authorize the payment of anything of value (such as money, any advantage, benefits in kind, or other benefits) to a foreign official, foreign political party, officials of foreign political parties, candidates for foreign political office or officials of public international organizations for the purpose of obtaining or retaining business. Similar laws have been, or are being, adopted by other countries. Private bribery is also illegal under U.S. laws, the UK Bribery Act, and the laws of other jurisdictions. Payments of this nature are strictly against Atlantica's policy even if the refusal to make them may cause Atlantica to lose business.

Finally, Atlantica is committed to supporting fair and open securities markets. On this purpose, Directors, Officers or employees are not permitted to deal on the basis of inside information or engage in any form of market abuse.

Atlantica's code of conduct

"We always do what is right. We continuously strive for the highest standards of business conduct, safety, professionalism and governance even if it means making difficult choices. We are strongly committed to comply with all rules and regulations – no question asked- ".

Atlantica is committed to maintaining the highest standards of honesty, integrity and ethical conduct. We are committed to promoting ethical business practice and complying with all relevant laws and regulations but also to behave fairly with colleagues, customers, partners and investors.

The Company has adopted a Code of Conduct to ensure consistent and effective commitment with Integrity and Compliance. The Code of Conduct is intended to help everyone recognize ethics and compliance issues before they arise and to deal appropriately with those issues that do occur.

The Code applies to all directors, officers and employees of Atlantica and each of its subsidiaries, wholly owned entities, and in joint ventures ("JVs") to the extent possible and reasonable given Atlantica ´s level of participation.

We also seek to work with third parties who operate under principles that are similar to those set out in this Code. In this sense, the Company has developed a Supplier Code of Conduct with the minimum standards we expect third parties to adhere to.

No one has authority to order or approve any action contrary to this Code or against the law. This Code and its standards will never be compromised for the sake of business performance or results.

Our Code of Conduct encompasses the high standards of integrity we are committed to upholding including principles on:

- Personal & Business Integrity (Conflicts of interest, Bribery & Corruption, Insider Trading, etc.);
- Human & Labour Rights (Dignity & Respect, Equality & Diversity, Labour Standards, Occupational Health & Safety, etc.);
- Corporate Assets & Financial Integrity (Accounting & Reporting, Anti-Money Laundering, Confidentiality & Information Security, etc).

The Code of Conduct includes, as well, information on the channels available to report or communicate a breach of the Code of Conduct.

The Code of Conduct was approved by the Board of Directors and is publicly available on our website at www.atlanticayield.com.

Sustainable suppliers

At Atlantica, we have a strong commitment to operating to the highest standard of corporate conduct. According to our Code, we also seek to work with third parties who operate under principles that are similar to those set in the Code of Conduct. We have a Supplier Code of Conduct and we expect our suppliers to adhere to it. We include our requirements in our contractual arrangements with suppliers. Nevertheless, we understand that some suppliers may face significant challenges in immediately meeting every aspect of the Code. In this sense, our commitment is also to working together over time to help those supplies achieve adherence with this Code.

Our main O&M suppliers are large corporations that, we believe, follow strong corporate policies. One of the main suppliers of Atlantica is Abengoa who is contracted as an O&M supplier at many of our assets across geographies (except for ACT, ATN, ATS, Seville PV, Quadra 1, Quadra 2 and Palmucho). In Mexico our O&M Operators are General Electric and NAES Corp.

In 2019 we intend to reinforce the environmental certification of our suppliers.

Anti-Slavery and Human Trafficking Statement

Given the nature of our business, we believe the risk of modern slavery is low. However, we do not intend to be complacent and will continue to work to improve our policies and procedures to ensure slavery and human trafficking is not taking place anywhere in our supply chain. In November 2018 the Board of Directors approved the "UK Anti Modern Slavery & Human Trafficking Statements" under which we have carried out an analysis of our supply chains across the jurisdictions in which we operate.

Most of our suppliers are financial and professional services organizations, including operation and maintenance services providers for our plants, banks, legal advisors, accountants, consultants and insurers. Other suppliers include providers of information technologies, software, office and

stationary equipment, office cleaning and other facilities management providers. Since our activities do not directly involve operations where modern slavery or human trafficking are known to occur, we consider the risk of modern slavery and/or human trafficking in our supply chains and procurement processes to be very low. In fact, the goods and services providers are mainly large multinational companies who have their own ethical standards of behavior in place.

All new suppliers, however, are subject to internal due diligence and required to confirm that their organization will comply with our Supplier Code of Conduct (available at www.atlanticayield.com), which includes expectations with regards to sustainable development in the following areas: business integrity and ethical standards, human rights and labor standards, environmental sustainability, and reporting concerns and compliance monitoring. Through our Supplier Code of Conduct, Atlantica encourages its suppliers to conduct their operations respectfully with fundamental human rights, as affirmed by the Universal Declaration of Human Rights. In this regard, Atlantica was the first yieldco to join the United Nations Global Compact (the "UNGC") initiative in January 2018 and to formally adopt the UN Global Compact Ten Principles in the fields of human rights, labor, environment and anticorruption. We are determined to make the UNGC and its principles an integral part of the strategy, culture and day-to-day operations of Atlantica and its suppliers.

We further provide our employees, shareholders and others with the whistleblower channel (available at www.atlanticayield.com), a specific channel of communication with management and the governing bodies that serves as an instrument to report any misconduct, instances of non-compliance with our compliance policy framework, as well as unethical or unlawful behavior, including any suspected or actual form of modern slavery taking place within the business or supply chain.

Atlantica has a zero-tolerance approach to modern slavery and thus we are proud of the effective steps we have taken to combat slavery and human trafficking that allow us to confirm that no incidents of modern slavery were reported or identified during 2018.

We have also provided training in 2018 to members of senior management as part of our annual training on our Code of Conduct and corporate policies, which includes specific content related to human and labor rights, in order to promote the policy throughout our organization.

Additionally, all employees are required to read, understand and commit to follow our corporate governance policies.

Employees

Our values and code of conduct set out the expected qualities and actions of all our people. The honesty, integrity and sound judgment of our employees, officers and directors is essential to Atlantica's reputation and success. We seek employees who have the right skills and who understand and embody the values and expected behaviours that guide our business activity.

The average number of employees for the year 2018 was 207 compared to 182 in 2017.

The following table shows the average number of employees for the year 2018 and 2017 on a consolidated basis:

Average Number of Employees per Geography	2018	2017
EMEA	57	54
North America	30	29
South America	33	14
Corporate	87	85
Total	**207**	**182**

Average Number of Employees per Category	2018	2017
Management	16	16
Middle Management	39	31
Engineers and Graduates	115	102
Assistants and Professionals	15	11
Interims	22	22
Total	**207**	**182**

Average Number of Employees per Gender	2018	2017
Male	122	103
Female	85	79
Total	**207**	**182**

The increase in the average number of employees for the year ended December 31, 2018 as compared to the year ended December 31, 2017 is mainly due to the personnel working in the Mini-Hydro plant acquired in Peru and the increase of headcount in our subsidiaries in Peru and South Africa, where we have terminated our services agreements with Abengoa.

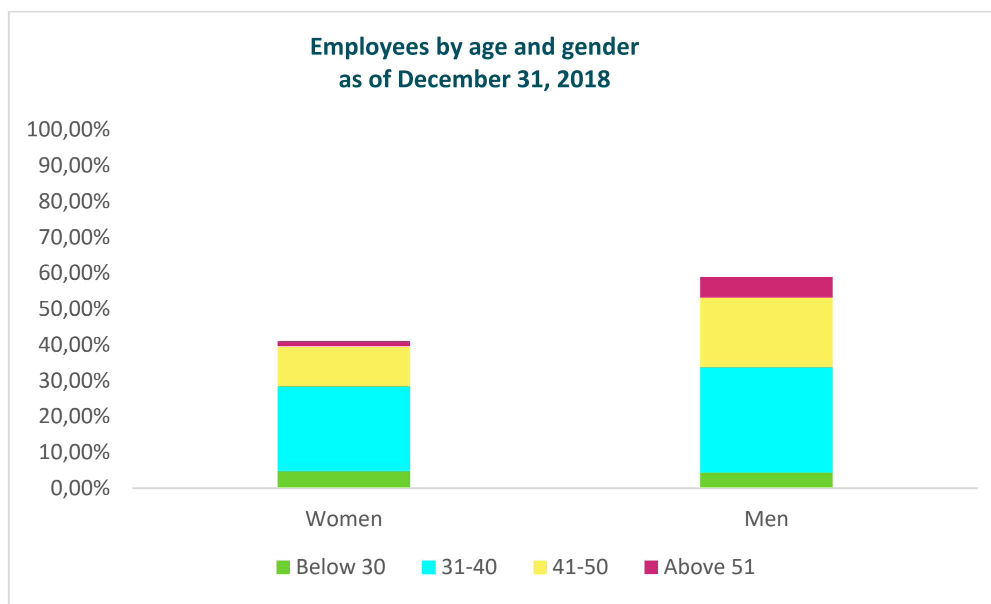
As of December 31, 2018, 85 out of 207 average employees were women, representing 41% of the Group personnel. As of December 31, 2017, 79 out of 182 employees were women, or 43% of the total headcount.

In 2018 our consolidated Employee benefit expense was $15.1 million, of which $12.5 million corresponded to wages and salaries, $2.1 to social security costs incurred by the Company and the rest to other expenses. In 2017 our consolidated Employee benefit expense was $18.9 million, of which $16.5 million corresponded to wages and salaries, $1.9 to social security costs incurred by the Company and the rest to other expenses. The decrease was mainly due to a $4.7 million reversal of the accrual of our 2016-2018 LTIP in 2018.

In terms of management, as of December 31, 2018 one of 7 members of senior management team, or 14.3% were women. As of December 31, 2018 one of 8 members of senior management team, or 12.5% were women

In terms of our board of directors, there were no women in our 8-member board as of December 31, 2018 and 2017. See the “Directors’ Report-Directors” for information about the directors.

The graph below summarizes the age and gender diversity of our people as of December 31, 2018:



Below is the table of our senior management team:

Name	Position	Year of birth
Santiago Seage	Chief Executive Officer	1969
Francisco Martinez-Davis	Chief Financial Officer	1963
Emiliano Garcia	Vice President North America	1968
Antonio Merino	Vice President South America	1967
David Esteban	Vice President EMEA	1979
Irene M. Hernandez	General Counsel	1980
Stevens C. Moore	Vice President Corporate Strategy and Development	1973

Our people

Our career development program, performance assessment and skill training programs are aimed at talent retention and development.

To receive feedback and engage our employees, we perform periodically an employee climate survey to assess employees' satisfaction. The survey is managed by a third-party and results are aggregated, shared and discussed with supervisors. Employee confidentiality is maintained.

We utilize a platform, called Meta4, as our global system for human resources management. Meta4 is accessible for all Atlantica employees. It is an interactive tool that allows employees to access and manage their development, reviews, benefits, compensation, work time planning.

During 2018, we continued to have a low employee turnover of 5.8% which increased from 3.8% in 2017. In terms of prolonged absences, 7 of our employees took parental leave in 2018, of which 4 were men and 3 were women, and 17 employees enjoyed a parental leave in 2017. In both years, all employees returned to work.

Our compensation policy is based on three pillars:

- Predefined remuneration structure ranges based on market surveys
- Performance evaluation
- Long term incentive plan for certain employees

Our human resources department receives remuneration data from two separate external consultants for certain positions detailed by position and location.

Future Developments

We intend to grow our cash available for distribution and our dividend to shareholders through organic growth and by acquiring new contracted assets from AAGES, Abengoa, third parties and potential new future partners. At the end of 2018 and beginning of 2019, we have announced several acquisitions, some of which are already closed. We intend to close the rest of these acquisitions in 2019. We also expect to continue executing on our growth strategy through additional acquisitions.

In addition, on February 13, 2019 the board of directors approved a new committee named Strategic Review Committee with the purpose of evaluating a wide range of strategic alternatives available to the Company to optimize the value of the Company and to improve returns to shareholders. The committee has been mandated to review a wide range of alternatives and to make proposals in this regard to the board of directors. We have not set a timetable for the conclusion of the review of alternatives. There can be no assurance that a review of alternatives will result in any change or any other outcome.

Going Concern Basis

The directors have, at the time of approving the Consolidated Financial Statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational

existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

The Group has a formal process of budgeting, reporting and review, which provides information to the directors which is used to ensure the adequacy of resources available for the Group to meet its business objectives.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out within this report. During the period, the Group generated $401.0 million from operating activities, used $14.9 million from investing activities and $405.2 million in financing activities. All of these resulted in a $19.1 million decrease on our cash position by the year end, with a closing cash position of $631.5 million.

As of December 31, 2018, all our debt has long-term maturity except for $268.9 million corresponding to $11.6 million drawn under a credit line with a local bank and 257.3 corresponding to the 2019 Notes that have a maturity date of November 15, 2019. We intend to refinance the notes in the upcoming months and to extend the credit line. As of December 31, 2017, our corporate cash position amounted to $148.5 million. Additionally, as of December 31, 2018, we had approximately $105 million available under our Revolving Credit Facility and therefore a total corporate liquidity $211.7 million. On January 25, 2019, we entered into an amendment to our Revolving Credit Facility under which the total amount was increased from $215 million to $300 million. Considering this increase, availability under our Revolving Credit Facility would have been $190 million and therefore our total corporate liquidity would have been $296.7 million.

The directors believe that this is above the level of cash needed to operate the business for the foreseeable future and to meet the Group's liabilities as they fall due, as well as to be a significant source of funding of future acquisitions.

Approval

This Strategic Report was approved by the board of directors and signed on its behalf by Santiago Seage, Director and Chief Executive Officer on February 26, 2019.

Director and Chief Executive Officer

Santiago Seage

March 11, 2019

Directors' Report

The directors present their Consolidated Annual Report on the affairs of the Company and its subsidiaries, together with the Consolidated Financial Statements and Auditor's Report, for the year ended December 31, 2018.

Details of significant events since the balance sheet date are contained in note 26 to the Consolidated Financial Statements. An indication of likely future developments in the business of the Company is included in the Strategic Report.

Information about the use of financial instruments by the Company is given in note 23 to the Consolidated Financial Statements. Refer to the sections "Principal risks and uncertainties" and "Financial Risk Management" of our Strategic report for a detailed analysis of risk, including liquidity, interest rate, foreign exchange and credit risks.

Information related to the corporate and social responsibility such as our greenhouse gas emissions is given in the "Strategic Report-Corporate and social responsibility-Greenhouse gas emissions."

Dividends

We intend to distribute to holders of our shares a significant portion of our cash available for distribution less all cash expense including corporate debt service and corporate general and administrative expenses and less reserves for the prudent conduct of our business (including, among other things, dividend shortfall as a result of fluctuations in our cash flows), on an annual basis. We intend to distribute a quarterly dividend to shareholders. Our board of directors may, by resolution, amend the cash dividend policy at any time. The determination of the amount of the cash dividends to be paid to holders of our shares will be made by our board of directors and will depend upon our financial condition, results of operations, cash flow, long-term prospects and any other matters that our board of directors deem relevant. Our cash available for distribution is likely to fluctuate from quarter to quarter and, in some cases significantly, as a result of the seasonality of our assets, the terms of our financing arrangements maintenance and outage schedules among other factors. Accordingly, during quarters in which our projects generate cash available for distribution in excess of the amount necessary for us to pay our stated quarterly dividend, we may reserve a portion of the excess to fund cash distributions in future quarters. In quarters in which we do not generate sufficient cash available for distribution to fund our stated quarterly cash dividend, if our board of directors so determines, we may use retained cash flow from other quarters, as well as other sources of cash.

On February 27, 2018, the board of directors declared a dividend of $0.31 per share corresponding to the fourth quarter of 2017, which was paid on March 27, 2018. On May 11, 2018, our board of directors declared a quarterly dividend corresponding to the first quarter of 2018 amounting to $0.32 per share, which was paid on June 15, 2018. On July 31, 2018, our board of directors approved a quarterly dividend corresponding to the second quarter of 2018 amounting to $0.34 per share, which was paid on September 15, 2018. On October 31, 2018, our board of directors approved a quarterly dividend corresponding to the third quarter of 2018 amounting to $0.36 per share, which was paid on December 14, 2018.

On February 26, 2019, our board of directors approved a dividend of $0.37 per share which is expected to be paid on or about March 22, 2019 to shareholders of record on March 12, 2019.

Risks Regarding Our Cash Dividend Policy

We do not have a significant operating history as an independent company upon which to rely in evaluating whether we will have sufficient cash available for distribution and other sources of liquidity to allow us to pay dividends on our shares at our initial quarterly dividend level on an annualized basis or at all. There is no guarantee that we will pay quarterly cash dividends to our shareholders. We do not have a legal obligation to pay our initial quarterly dividend or any other dividend. While we currently intend to grow our business, and increase our dividend per share over time, our cash dividend policy is subject to all the risks inherent in our business and may be changed at any time as a result of certain restrictions and uncertainties, including the following:

- The amount of our quarterly cash available for distribution could be impacted by restrictions on cash distributions contained in our project-level financing arrangements, which require that our project-level subsidiaries comply with certain financial tests and covenants in order to make such cash distributions. Generally, these restrictions limit the frequency of permitted cash distributions to semi-annual or annual payments, and prohibit distributions unless specified debt service coverage ratios, historical and/or projected, are met. When forecasting cash available for distribution and dividend payments we have aimed to take these restrictions into consideration, but we cannot guarantee future dividends. In addition, restrictions or delays on cash distributions could also happen if our project finance arrangements are under an event of default. On January 29, 2019, PG&E, the off-taker with respect to the Mojave plant, filed for reorganization under Chapter 11 of the Bankruptcy Code. This situation could cause, among other consequences, restrictions to make cash distributions to the holding company.

- Additionally, indebtedness we have incurred under the 2019 Notes, the Revolving Credit Facility and the Note Issuance Facility contain, among other covenants, certain financial incurrence and maintenance covenants, as applicable. In addition, we may incur debt in the future to acquire new projects, the terms of which will likely require commencement of commercial operations prior to our ability to receive cash distributions from such acquired projects. These agreements likely will contain financial tests and covenants that our subsidiaries must satisfy prior to making distributions. Should we or any of our project-level subsidiaries be unable to satisfy these covenants or if any of us are otherwise in default under such facilities, we may be unable to receive sufficient cash distributions to pay our stated quarterly cash dividends notwithstanding our stated cash dividend policy.

- We and our board of directors have the authority to establish cash reserves for the prudent conduct of our business and for future cash dividends to our shareholders, and the establishment of or increase in those reserves could result in a reduction in cash dividends from levels we currently anticipate pursuant to our stated cash dividend policy. These reserves may account for the fact that our project-level cash flows may vary from year to year based on, among other things, changes in prices under offtake agreements, operational costs and other project contracts, compliance with the terms of project debt including debt repayment schedules, the transition to market or re-contracted pricing following the expiration of offtake agreements, working capital requirements and the

operating performance of the assets. Our board of directors may increase reserves to account for the seasonality that has historically existed in our assets' cash flows and the variances in the pattern and frequency of distributions to us from our assets during the year. Furthermore, our board of directors may in the future increase reserves in light of the uncertainty associated with potential negative outcomes resulting from PG&E bankruptcy filing on January 29, 2019, including a potential technical event of default under the Mojave project finance agreement. If not cured or waived, an event of default in the project finance could result in debt acceleration and, if such amounts were not timely paid, the DOE could decide to foreclose on the asset. If not cured or waived, an event of default could also result in restrictions to make cash distributions from Mojave to the holding level. Our board of directors may increase reserves in light of the uncertainty associated with Abengoa's financial condition to account for potential costs that we may incur or limitations that may be imposed upon us as a result of cross-defaults under our Kaxu project financing arrangements.

- We may lack sufficient cash to pay dividends to our shareholders due to cash flow shortfalls attributable to a number of operational, commercial or other factors, including low availability, unexpected operating interruptions, legal liabilities, costs associated with governmental regulation, changes in governmental subsidies, changes in regulation, as well as increases in our operating and/or general and administrative expenses, principal and interest payments on our and our subsidiaries' outstanding debt, income tax expenses, failure of Abengoa to comply with its obligations under the agreements in place, working capital requirements or anticipated cash needs at our project-level subsidiaries.

- We may pay cash to our shareholders via capital reduction in lieu of dividends in some years.

- Our project companies' cash distributions to us (in the form of dividends or other forms of cash distributions such as shareholder loan repayments) and, as a result, our ability to pay or grow our dividends, are dependent upon the performance of our subsidiaries and their ability to distribute cash to us. The ability of our project-level subsidiaries to make cash distributions to us may be restricted by, among other things, the provisions of existing and future indebtedness, applicable corporation laws and other laws and regulations.

- Our board of directors may, by resolution, amend the cash dividend policy at any time. Our board of directors may elect to change the amount of dividends, suspend any dividend or decide to pay no dividends even if there is ample cash available for distribution.

Our Ability to Grow our Business and Dividend

We intend to grow our business primarily through the improvement of existing assets and the acquisition of contracted power generation assets, electric transmission lines and other infrastructure assets, which, we believe will facilitate the growth of our cash available for distribution and enable us to increase our dividend per share over time. Our policy is to distribute a significant portion of our cash available for distribution as a dividend. However, the final determination of the amount of cash dividends to be paid to our shareholders will be made by our board of directors and will depend upon our financial condition, results of operations, cash flow, long-term prospects and any other matters that our board of directors deems relevant.

We expect that we will rely primarily upon external financing sources, including commercial bank borrowings and issuances of debt and equity securities, to fund any future growth capital expenditures. To the extent we are unable to finance growth externally, our cash dividend policy could significantly impair our ability to grow because we do not currently intend to reserve a substantial amount of cash generated from operations to fund growth opportunities. If external financing is not available to us on acceptable terms, our board of directors may decide to finance acquisitions with cash from operations, which would reduce or even eliminate our cash available for distribution and, in turn, impair our ability to pay dividends to our shareholders. To the extent we issue additional shares to fund our business, our growth or for any other reason, the payment of dividends on those additional shares may increase the risk that we will be unable to maintain or increase our per share dividend level. Additionally, the incurrence of additional commercial bank borrowings or other debt to finance our growth would result in increased interest expense, which in turn may impact our cash available for distribution and, in turn, our ability to pay dividends to our shareholders.

Capital Structure

Details of the share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 13 to the Consolidated Financial Statements. The Company has one class of ordinary shares which are listed on the NASDAQ Global Select Market under the symbol "AY." Our shares carry no right to fixed income and each share provides the owner the right to one vote at general meetings of the Company.

On November 1, 2017, Algonquin announced that it had reached an agreement with Abengoa to acquire 25.0% of our shares from Abengoa, with an option to acquire the remaining 16.5% held by Abengoa. The acquisition of the 25% stake in us closed in March 2018. On November 27, 2018, Algonquin announced that it completed the purchase of a 16.5% equity interest, bringing its total equity interest in Atlantica up to 41.5%. After this, Abengoa no longer owns any equity interest in Atlantica. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the SEC listing rules, the UK Companies Act 2006 and related legislation. The Articles of Association may be amended by special resolution of the shareholders.

Change of Control

If a buyer or another investor acquired more than 50.0% of our shares, we might need to refinance all or part of our corporate debt or obtain waivers from the lending financial institutions, due to customary change of control provisions included in the corporate debt financing agreements. Additionally, we could see an increase in the yearly state property tax payment in Mojave, which would be evaluated by the tax authority at the time the change of control potentially occurred.

In addition, in order to protect the Company's know-how and to ensure continuity in terms of attainment of business objectives, the policy approved by our shareholders at the 2017 Annual General Shareholders Meeting, introduced certain termination payments to key executives, including the Chief Executive Officer in the case of a change of control. The Company agreed with certain executives with strategic and key responsibilities in the Company ("Key Managers"), including the Chief Executive Officer, to make payments for loss of office or employment in addition to the severance payment under the prevailing labour and legal conditions in their contracts or countries where they are employed if they should leave (by loss of office or employment) the Company within 2 years of a change in control. The payment would represent six months of remuneration and would be adjusted to ensure that total payment including severance payment required under prevailing laws represent at least 12 months of remuneration (including salary, benefits, long-term incentive plans and variable pay), but never more than 24 months of remuneration, unless required by local law. A change of control means that a third party or coordinated parties: (i) acquire directly or indirectly by any means a number of shares in the Company which (together with the shares that such party may already hold in the Company) amount to more than 50% of the share capital of the Company; or (ii) appoint or have the right to appoint at least half of the members of the board of directors of the Company ("Board").

Directors

The directors, who served throughout the year 2018, and to the date of this report, were as follows:

Name	Position	Appointment
Daniel Villalba	Director and Chairman of the Board, independent	Chairman of the Board: appointed on November 27, 2015 Director, independent: appointed June 13, 2014, re-elected June 23, 2017
Santiago Seage	Director and Chief Executive Officer	Appointed on December 17, 2013, resigned March 9, 2018, re-appointed December 19, 2018
Ian Robertson	Director	Director: Appointed March 12, 2018, and elected on May 11, 2018
Christopher Jarratt	Director	Director: appointed March 12, 2018, and elected on May 11, 2018.
Jackson Robinson	Director, independent	Appointed June 13, 2014, and elected on June 23, 2017
Robert Dove	Director, independent	Appointed on June 23, 2017
Andrea Brentan	Director, independent	Appointed on June 23, 2017
Francisco J. Martinez	Director, independent	Appointed on June 23, 2017
Joaquin Fernandez de Pierola	Director	Appointed on November 11, 2016, elected on June 23, 2017, resigned on March 9, 2018
Gonzalo Urquijo	Director	Appointed on November 22, 2017, and resigned on December 19, 2018

The Board is committed to promoting the success of the Company. The Board is responsible to shareholders for its performance and for the strategy and management of the Company, its values, its governance, and its business.

Directors are obliged, among other duties, to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. All directors are expected to spend the time and effort necessary to properly discharge their responsibilities.

Main objectives of the Board may be summarized as follows:

- Providing entrepreneurial leadership;
- Setting strategy;
- Ensuring the human and financial resources are available to achieve objectives;
- Reviewing management performance;
- Setting the company’s values and standards; and

- Ensuring that obligations to shareholders and other stakeholders are understood and met.

Under English law, the board of directors is responsible for management, administration and representation of all matters concerning the relevant business, subject to the provisions of relevant constitutional documents, applicable law and regulations, and resolutions duly adopted at general shareholders' meetings.

In addition, the board of directors is entitled to delegate its powers to an executive committee or other delegated committee or to one or more persons, unless the shareholders, through a meeting, have specifically delegated certain powers to the Board and have not approved the board of director's delegation to others.

The Board has established four Board Committees:

- Audit Committee, with responsibilities including monitoring the integrity of the company's financial statements, reviewing internal control and risk management system, as well as the Company's relationship with external auditors;
- Compensation Committee, mainly responsible for setting the remuneration for executive directors and recommending and monitoring remuneration for senior management;
- Nominating and Corporate Governance Committee, responsible for leading the process for board appointments; and
- Related Party Transactions Committee, responsible for identifying and evaluating existing relationships between counterparties and transactions with related parties.

On February 13, 2019 the board of directors approved a new committee named Strategic Review Committee with the purpose of evaluating a wide range of strategic alternatives available to the Company to optimize the value of the Company and to improve returns to shareholders. The committee has been mandated to review a wide range of alternatives and to make proposals in this regard to the board of directors. We have not set a timetable for the conclusion of the review of alternatives. There can be no assurance that a review of alternatives will result in any change or any other outcome.

The Board has delegated certain responsibilities to these committees. Membership, roles, duties and authority of these committees are described in their Terms of Reference, available in the website of the Company (www.atlanticayield.com). Terms of Reference are reviewed and updated by the Board on a yearly basis.

Membership and Attendance

Director	Membership		Role	Attendance / Eligible to attend [(1)]
	Since	Until		
Mr. Daniel Villaba	Jun'14	n.a	Director, Independent and Chairman of the Board	12 / 12
Mr. Jackson Robinson	Jun'14	n.a	Director, Independent	12 / 12
Mr. Andrea Brentan	Jun'17	n.a	Director, Independent	12 / 12
Mr. Robert Dove	Jun'17	n.a	Director, Independent	12 / 12
Mr. Francisco J. Martinez	Jun'17	n.a	Director, Independent	12 / 12
Mr. Santiago Seage [(4)]	Dec'18	n.a	Director and Chief Executive Officer	3 / 3
Mr. Ian Robertson [(3)]	Mar'18	n.a	Director	9 / 10
Mr. Christopher Jarratt [(3)]	Mar'18	n.a	Director	10 / 10
Mr. Gonzalo Urquijo [(2)]	Nov'17	Dec'18	Director	11 / 11
Mr. Joaquin Fernández de Pierola [(2)]	Nov'16	Mar'18	Director	2 / 2

(1) Does not include matters approved by Director's Written Resolution;
(2) Mr. Gonzalo Urquijo and Mr. Joaquin Fernández de Pierola resigned to be members of the Board of Directors on December 18, 2018 and March 12, 2018 respectively. The Board wishes to express its appreciation for the work done during their appointment;
(3) Mr. Ian Robertson and Mr. Christopher Jarratt joined the Board of Directors on March 12, 2018;
(4) Mr. Santiago Seage joined the Board of Directors on December 2018 as executive director. Mr. Seage was previously a director since our formation in 2014 until March 2018.

Senior management attend meetings by invitation of the Board.

2018 Key Activities

In 2018, the Board of Directors held 12 meetings and adopted several written resolutions.

Major areas of focus of the Board during 2018 have been as follows:

- Review of health and safety issues;
- Review and approval of the strategy of the Company: growth plan, key priorities and risks;
- Review of assets performance and main technical issues;
- Approval and review of the budget of the Company;
- Review and approval of quarterly and annual accounts;
- Approval of significant transactions (acquisitions, partnerships, etc.);
- Review of capital markets updates; and

- Approval of dividends.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and are in force at the date of this report.

Research and Development

The Group did not engage in any research and development activities during the reported period.

Political contributions

No political donations were made during 2018 nor 2017.

Substantial shareholdings

Name	Ordinary Shares Beneficially Owned	Percentage
5% Beneficial Owners		
"Algonquin (AY Holdco) B.V." (1)., ...	41,557,663	41.47%
Morgan Stanley Investment Management Inc.(2)	6,582,577	6.5%

Note:

(1) This information is based solely on the Schedule 13D filed with the U.S. Securities and Exchange Commission on November 27, 2018 by Algonquin Power & Utilities Corp, a corporation incorporated under the laws of Canada. The direct beneficial owner of the shares is "Algonquin (AY Holdco) B.V.

(2) This information is based solely on the Schedule 13G filed with the U.S. Securities and Exchange Commission on February 12, 2019 by Morgan Stanley Investment Management Inc.

Auditors

Each person who is a director at the date of approval of this Consolidated Annual Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte S.L. and Deloitte LLP have been our principal accountants providing the audit services to the Company during 2018. Deloitte, S.L. and other member firms of Deloitte were appointed as

external auditor of the Group in June 2014. In February 2018, the Audit Committee decided to extend its appointment for one year.

In addition, the Audit Committee decided to appoint Ernst & Young ("EY") as external auditor of the Group for the period 2019 – 2022.

Events after the balance sheet date

On February 26, 2019, our board of directors approved a dividend of $0.37 per share which is expected to be paid on or about March 22, 2019 to shareholders of record on March 12, 2019.

This report was approved by the board of directors on February 26, 2019 and signed on its behalf by Santiago Seage, Director and Chief Executive Officer.

Director and Chief Executive Officer

Santiago Seage

March 11, 2019

Audit Committee Report

The objective of this Audit Committee Report is to describe how the Committee has carried out its responsibilities during 2018

The purpose of the Audit Committee is to monitor and review: 1) the integrity of the financial statements; 2) the design, implementation and effectiveness of the Internal Control and Risk Management systems; 3) the Internal Audit function; 4) the Whistleblowing Channel of the Company; and 5) the external audit work.

Membership and Attendance

Director	Membership		Role	Attendance / Eligible to attend (1)
	Since	Until		
Mr. Francisco J. Martinez	Jun'17	n.a	Director, independent and Chairman of the Audit Committee. Financial Expert	4/4
Mr. Daniel Villaba	Jun'14	n.a	Director, Independent and Chairman of the Board	4/4
Mr. Jackson Robinson	Jun'14	n.a	Director, Independent	4/4

Notes:

(1) Does not include matters approved by Audit Committee's Written Resolutions

All members of the Audit Committee independent are non-executive directors in accordance with the definition provided by Rule 5605 of the NASDAQ Stock Market ("NASDAQ") who meet the criteria for independence set forth in Rule 10A-3(b)(1) under the United States Securities Exchange Act of 1934, as amended.

Senior management, such as the Head of Internal Audit, Head of Consolidation, Head of Investor Relations and Chief Financial Officer attend meetings by invitation.

The Audit Committee meets with the External Auditors at least on a quarterly basis.

The Committee Chairman provides regular updates to the Board of Directors on the key issues discussed at the Committee's meetings.

Role of the Audit Committee

The Board of Directors approved Terms of Reference for the Audit Committee which are available on the website of the Company (www.atlanticayield.com).

These Terms of Reference provide the roles and responsibilities of the Audit Committee, which are reviewed by the Board of Directors on a yearly basis. In accordance with this document, the Committee's responsibilities include, but are not limited, to the following matters:

1. Monitor the integrity of the financial statements of the Company, including its annual and quarterly reports and reporting to the Board on significant financial reporting issues
2. Review the effectiveness of the Company's Internal Controls and Risk Management, including the information to be included in the Annual Report;
3. Evaluate Compliance, Whistleblowing and Fraud policies, procedures and tools implemented by the Company;
4. Review and evaluate the Internal Audit function's performance and its effectiveness;
5. Make all decisions regarding the appointment, compensation, retention, oversight and replacement, if necessary, of the external, independent auditor. The Audit Committee shall meet external auditors at least once per year.

2018 Key Activities

Financial Reporting

The Audit Committee has reviewed all significant issues concerning the financial statements and how these issues were addressed. The Committee reviewed all filed quarterly interim financial statements. They have also reviewed the Annual Report (UK Annual Report) and the Annual Report on Form 20-F.

This review included the accounting policies and significant judgements, estimates and disclosures underpinning the financial statements.

Particular attention was paid to the following significant issues related to 2018 financial statements:

(1) Recoverability of Contracted Concessional Assets;

(2) Covenants Compliance; and

(3) Significant one-off transactions, including acquisitions, partnerships and other significant agreements, etc.

Internal Control System and Risk Management

Atlantica has implemented Risk Management and Internal Control systems. These systems, therefore, provides reasonable assurance against material misstatements or losses.

The Audit Committee assists the Board of Directors in reviewing the effectiveness of the Risk Management and Internal Control systems annually. Effective management of risks and opportunities is essential for the delivery of strategic objectives and meeting the requirement of good corporate governance.

- Risk Management:

Atlantica has developed a Risk Map, a system to identify and assess all business risks based on a standardized methodology. This system allows the Company to identify different risk categories (strategic, legal, financial, and operational).

All risks are assessed at the Group and subsidiary levels by likelihood of occurrence and its potential impact on the Company.

All significant risks have been properly addressed by the Company. Mitigation plans have been implemented in order to reduce or eliminate, when possible, the exposure to risk. All risks are re-assessed on a quarterly basis.

- Internal Control System:

The Audit Committee has primary responsibility for the oversight of the Internal Control system.

Atlantica has deployed its Internal Control system with Atlantica SOX Procedures, (the "ASP"). This system is essential to help the Company to meet Sarbanes-Oxley Act requirements. In particular, the Committee reviews the application of the requirements under Section 404 of the U.S. Sarbanes-Oxley Act of 2002 with respect to Internal Controls over Financial Reporting (the "ICFR").

Atlantica SOX Procedures have been designed in accordance with the internal control framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which is widely used. It is recognized as a leading framework for designing, implementing and conducting an internal control system and assessing its effectiveness.

The Audit Committee reviews the process followed by the management to assess the effectiveness of the Internal Control System. This process includes: i) quarterly self-assessment performed by control owners regarding the design; ii) implementation and effectiveness of control activities they are responsible for; and iii) annual certifications by Senior Management, including the Chief Financial Officer and the Chief Executive Officer.

The Internal Control system is updated on a yearly basis. In 2018, the Atlantica SOX Procedures have been enhanced to include new control activities implemented to mitigate new risks or to increase the effectiveness of the system.

In order to fulfil its oversight responsibilities, the Committee meets regularly with senior management members. In particular the Committee is assisted by the Internal Audit department.

As a result of the procedures performed and internal assessment conducted by Internal Audit, the Audit Committee concludes that the Internal Control System of the Company is properly designed, implemented and that it has been operating effectively during 2018.

<u>Compliance, Whistleblowing and Fraud</u>

In September 2014, following Section 301 in the Sarbanes Oxley Act, the Audit Committee implemented the Whistleblower Channel for:

a) The receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters; and
b) The submission by employees of Atlantica, on a confidential and anonymous basis, of good faith concerns regarding questionable accounting or auditing matters.

Atlantica's Whistleblower Channel is available at Company's website www.atlanticayield.com.

The Audit Committee is responsible for the management of this Channel. According to the Code of Conduct, any allegation received through the Whistleblower Channel will be received by the Chairman of the Audit Committee, the General Counsel and the Head of Internal Audit.

All allegations are managed by the Compliance Committee according to a specific Fraud Response Protocol. Main procedures performed, conclusions and proposed corrective measures are communicated to the Audit Committee.

The Audit Committee is also responsible for overseeing procedures performed by the Internal Audit department:

- Internal Control procedures and activities implemented by management in order to prevent fraud and corruption, in particular the US Foreign Corrupt Practice Act and the UK Bribery Act; and
- Procedures performed and conclusions reached by Internal Audit in order to detect fraud and any breach of any regulation.

All the information received through the Whistleblower Channel in 2018 has been properly addressed according to the Investigation Protocol adopted by the Executive Compliance Committee.

Internal Audit

Internal Audit is an independent, objective assurance and consulting function designed to add value to the Company. The Internal Audit function must be independent, and all internal auditors must be objective in performing their work. In Atlantica, the Internal Audit function reports to the Audit Committee.

In accordance with the Audit Committee's terms of reference, the Committee is responsible for the supervision of the Internal Audit function.

In particular, the Audit Committee:

- Approves the Internal Audit Plan for the year.
- This plan is prepared in accordance with the conclusions of the Audit Risk Assessment, which is prepared according to PCAOB Auditing Standards. The Committee also reviews the progress of the Internal Audit Plan on a quarterly basis.
- Reviews Internal Audit work, their main findings, recommendations and its implementation on a periodic basis.
- Reviews and monitors management's responsiveness to the internal auditor's findings and recommendations.

- Meets regularly with the Head of Internal Audit.

External Audit

The Audit Committee has primary responsibility for overseeing the relationship with the external auditor. This responsibility includes, at least:

- The selection and appointment of the external auditor. The Committee shall consider and make recommendations to the Board, to be put to shareholders for approval at the AGM. At least once every ten years the audit services contract shall be put out to tender.

  Deloitte, S.L. and other member firms of Deloitte was appointed as external auditor of the Group in June 2014. In March 2017, the Audit Committee decided to extend its appointment for one year.

In addition, the Audit Committee decided to appoint Ernst & Young as external auditor of the Group for the period 2019 – 2022.

- The Audit Committee is responsible for overseeing the remuneration of the external auditor for both audit services and non-audit services. The Audit Committee approves all services contracted with the external auditor.

  The Committee has established a policy to safeguard the independence and objectivity of external auditors. In general, external auditors may be engaged to provide services only if their independence and objectivity are not impaired. In September 2014, the Committee considered it appropriate to establish the Pre-Approval Policy for Audit services rendered by the Statutory Auditor. According to this Policy, audit services, audit-related services, tax services and other services are pre-approved by the Audit Committee.

  All other services must be approved explicitly by the Audit Committee

  All services performed by Deloitte are approved by the Audit Committee. All fees received by Deloitte in 2018 have been approved by the Committee.

In thousand USD	**Deloitte**	**Other**	**Total**
Audit Fees	1,722	74	1,796
Audit-Related Fees*	705	-	705
Tax Fees	-	-	-
All Other Fees	46	-	46
Total	**2,473**	**74**	**2,547**

(*) Audit-Related Fees includes fees paid to Deloitte, S.L. during 2018 that were related to capital market transactions of our major shareholder, which were re-invoiced.

- The Audit Committee is responsible for overseeing the work of the external auditor.

  In 2018, Deloitte attended four Audit Committee meetings. Deloitte has communicated to the Committee all relevant information related to the audit process in accordance to Auditing Standard Nº16 issued by the PCAOB.

Furthermore, during 2018, EY attended two meetings of the Audit Committee. EY had the opportunity to share with the Committee relevant information related to the transition plan that was agreed with the management, their audit strategy and the composition of the global audit team.

In particular, the following issues were covered in those meetings:

  - Independence issues, services provided to the Group or to be provided;
  - Summary of their work (scope, procedures performed, results of their work, summary of uncorrected misstatements, etc.);
  - Significant and/or critical accounting policies applied by the Company;
  - New Accounting Standards and new auditing standards applicable; and
  - Material written communications.

As a result of the audit procedures performed by Deloitte, they have issued the following audit reports:

- Unqualified Audit Report on Review of Consolidated Financial Information (IFRS – IASB) under PCAOB standards (U.S. SEC filing);
- Unqualified Audit Report on Internal Control over Financial Reporting under PCAOB standards (U.S. SEC filing); and
- Unqualified Audit Report on Review of Consolidated Financial Information (IFRS – IASB) under ISA (UK Companies House filing).

Directors' Remuneration Report

Introduction

This report is on the remuneration of the directors of Atlantica for the period to 31 December 2018. It sets out the remuneration policy and remuneration details for the executive and non-executive directors of the Company. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013.

The report is split into three main areas:

- the statement by the chair of the Compensation Committee;
- the annual report on remuneration; and
- the policy report.

The remuneration report and remuneration policy will be submitted to the Annual Shareholders' Meeting in 2019.

The Companies Act 2006 requires the auditors to report to the shareholders on certain parts of the Directors' Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the Annual Report on remuneration that are subject to audit are indicated in that report. The statement by the chair of the Compensation Committee and the policy report are not subject to audit.

Atlantica has a Nominating and Corporate Governance Committee, responsible for reviewing the structure, size and composition of the Board and succession planning for directors and senior executives. It also reviews and advises the Board on the strategy and corporate governance responsibility objectives of the Company. The Compensation Committee, is mainly focused on setting the remuneration policy for directors and senior management.

Statement by the Chair of the Compensation Committee

I am pleased to present the remuneration report for 2018. The constant and transparent dialogue with shareholders and investors is a vital element in our way of operating and, through this remuneration report, we aim to increase the awareness of our shareholders of the principles of our remuneration policy,

The Company´s remuneration policy is set in accordance with the applicable law and reflecting the principles of the UK Corporate Governance Code, with the aim of attracting and retaining highly skilled professional and managerial resources and aligning the interests of management with the priority objective of value creation for shareholders, for the Company and the members of the Company as a whole in the medium to long term.

During 2018, the Compensation Committee convened three times during the year. All members of the Committee attended each meeting that they were eligible to attend.

Among the activities conducted by the Compensation Committee, it addressed three key objectives:

- Periodically reviewing the fixed and variable remuneration for the Chief Executive Officer;
- Periodically reviewing the remuneration policy and overall levels of remuneration for the Chief Executive Officer and senior management team, including the long-term incentive plans, in accordance with the following criteria:
    - seeking an alignment between incentives, business performance and creation of value for shareholders;
    - consistency with the principles of the UK Corporate Governance Code; and
    - retention in the medium to long term of high quality resources for the achievement of ambitious targets and to face the challenges that the Company will have to face in the current and future market context.
- Periodically reviewing the remuneration levels of independent non-executive directors;

During the year 2018, most of the objectives defined for the Chief Executive Officer's variable bonus were met or exceeded and the Compensation Committee decided to approve a bonus corresponding to 101.8% of the potential variable compensation, which will be payable in 2019. In 2017 most of the objectives defined for the Chief Executive Officer's variable bonus were met and a bonus corresponding to 96.25% of the potential variable compensation was paid in 2018. To finalise, I would like to thank our shareholders for their strong vote in favour of approving the directors' remuneration report last year, demonstrating their support on Atlantica's remuneration arrangements. I look forward to welcoming you and receiving your support again at the annual general meeting this year.

Annual Report on Remuneration

Single total figure of remuneration for each director

The information provided in this part of the report is subject to audit.

Atlantica paid remuneration only to independent non-executive directors and Santiago Seage (Chief Executive Officer and Executive Director), other directors were not paid remuneration. Since August 2018, each independent director receives an annual compensation of $134,000 (approximately €113,444). As chairman of the audit committee, Mr. Francisco J. Martinez receives an additional $15,000 (approximately €12.7 thousand) per year. As chairman of the Nominating and Corporate Governance Committee and Compensation Committee, Mr. Dove and Mr. Robinson receive an additional $10,000 (approximately €8.5 thousand) per year. As chairman of the board of directors, Mr. Villalba receives an additional $61,000 (approximately €51.6 thousand) per year.

Until August 2018, each independent director received a total annual compensation of $100,000 (approximately €86.7 thousand) and as chairman of the board of directors, Mr. Villalba received an additional $35,000 (approximately €29.6 thousand) per year. In 2018, each independent director received a total annual compensation detailed in the table below.

The table below provides a breakdown of the various elements of Director pay for the year ended 31/12/2018 and for prior years. This comprises the total remuneration earned in respect of the period from 01/01/2018 to 31/12/2018 and from the period 01/01/2017 to 31/12/2017.

Name	Salary and fees €´000		All taxable benefits €´000		2016-2018 LTIP €´000		Annual bonuses €´000		Total for 2018 €´000	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Santiago Seage	650.0	600.0	-	-	655.0	-	865.3	818.1	2,170.3	1,418.1
Daniel Villalba	135.5	119.5	-	-	-	-	-	-	135.5	119.5
Jackson Robinson	100.2	88.5	-	-	-	-	-	-	100.2	88.5
Robert Dove	100.2	44.3	-	-	-	-	-	-	100.2	44.3
Andrea Brentan	96.7	44.3	-	-	-	-	-	-	96.7	44.3
Francisco J. Martinez	101.9	44.3	-	-	-	-	-	-	101.9	44.3
Eduardo Kausel		44.3			-	-			-	44.3
Enrique Alarcon		44.3			-	-			-	44.3
Juan del Hoyo		44.3			-	-			-	44.3
Total	**1,184.5**	**1,073.8**	**-**	**-**	**655.0**	**-**	**865.3**	**818.1**	**2,704.8**	**1,891.9**

Only directors who received remuneration are included in the table above.

None of the directors received any pension remuneration in 2017 nor 2018. The CEO received the 2016-2018 LTIP compensation in 2018, payable in March 2019.

Each member of our board of directors will be indemnified for his actions associated with being a director to the extent permitted by law.

During the year 2018, most of the objectives defined for the Chief Executive Officer's variable bonus were met or exceeded and the Compensation Committee decided to approve a bonus corresponding to 101.8% of the potential variable compensation, which will be payable in 2019. In 2017, most the objectives defined for the Chief Executive Officer's variable bonus were met and the Compensation Committee decided to approve a bonus corresponding to 96.25% of the potential variable compensation, which was paid in 2018.:

	Percentage weight	Achievement
• CAFD (cash available for distribution) – Equal or Higher than $170 million	(50%)	100.8%
• EBITDA – Equal or Higher than $782 million	(10%)	109.0%
• Present and close value creating and accretive investment opportunities	(15%)	100.0%
• Achieve health and safety targets - (Loss Time Injury frequency index below 5.2 and General frequency index below 16.4) based on reliable targets and consistent measure metrics	(10%)	120.0%
• Improve the technical performance of Solana and Kaxu as per approved plan	(10%)	85.0%
• Prepare and implement a complete succession plan	(5%)	100.0%

The 2016-2018 Long-Term Incentive Plan (LTIP) was in place for the three-year period 2016 to 2018 ended. The award corresponding to the Chief Executive Officer was a 21.95% of the maximum potential award, which amounted to €655 thousand, which is payable in 2019.

A new long-term incentive plan was proposed by the Compensation Committee, and approved by the board of directors the "Long-Term Incentive Plan" or the "LTIP". The LTIP is detailed under the section "Long-Term Incentive Plan" of this report.

Remuneration of the Chief Executive Officer

The information provided in this part of the report is not subject to audit.

The table enclosed within the "Single total figure of remuneration for each director" sets out the details for Mr. Seage who serves in the role of the Chief Executive Officer.

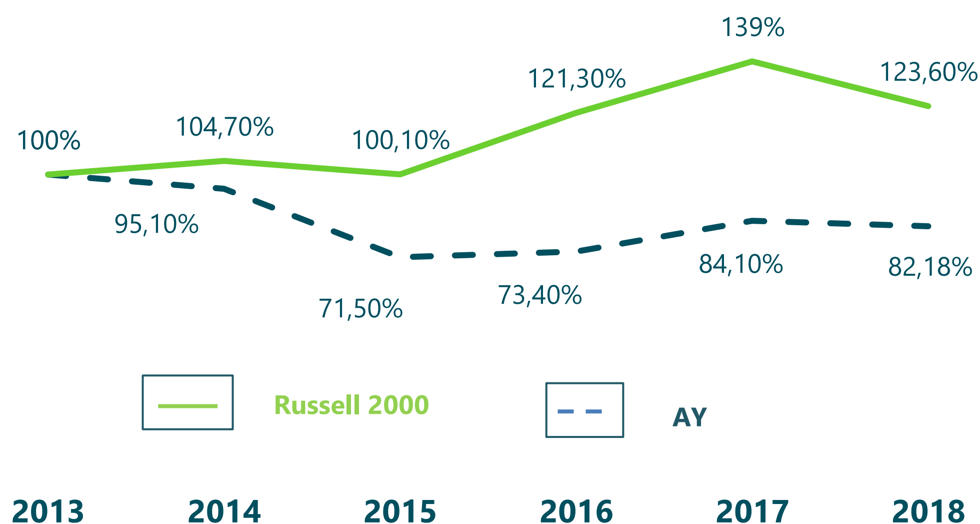
In 2018, he accrued €865.3 thousand as a bonus payment in accordance with his service agreement, payable in 2019. In 2017, Mr. Seage accrued €818.1 thousand as a bonus payment in accordance with his service agreement, payable in 2018.

Total Shareholder Return and Chief Executive Officer Pay

The chart below shows the Company's total shareholder return since June 2014, the date of our Initial Public Offering ("IPO"), until the end of 2018 compared with the total shareholder return of the companies in the Russell 2000 Index. The chart represents the progression of the return, including investment, starting from the time of the IPO at a 100%-point. In addition, dividends are assumed to have been re-invested at the closing price of each dividend payment date.

We believe the Russell 2000 Index is an adequate benchmark as it represents a broad range of companies of similar size.

TSR is calculated in US dollars.



The table below shows the total remuneration of the Chief Executive Officer and his bonuses and 2016-2018 LTIP grants expressed as a percentage of the maximum he is likely to be awarded. We have also included an additional reference point to show the maximum remuneration receivable assuming a share price appreciation of 50%.

Year	Total Pay (€ 000)	Bonus		2016-2018 LTIP awards	
		Percentage of maximum	Amount of bonus	Percentage of maximum	Value
2018	2,170.3	101.8%	865.3	21.95%	655.0
2017	1,418.1	96.25%	818.1	-	-
2016	1,329.1(1)	100%	850.0	-	-
2015	1,440.9(2)	-	-	-	-
2014	130.9	-	-	-	-

(1) This amount differs from the one detailed in previous UKAR because CEO's fixed salary is applicable only after approved by shareholders meeting

(2) Includes a 1,189.5 thousand euros termination payment received by Mr. Garoz after leaving the Company on 25 November 2015.

The chief executive officer did not receive any variable remuneration for service provided to the Company for the years ended 31 December 2015 and 2014. Santiago Seage occupied that office between January and May 2015, and again since late November 2015. Meanwhile, Mr. Garoz held that position between May and November 2015, when he left the Company.

In 2017, the Company accrued €818.1 thousand of the bonus paid to the Chief Executive Officer in 2018. In 2018, the Company accrued €865.3 thousand of the bonus payable to the Chief Executive Officer in 2019, in accordance with his service agreement.

If in 2018 the share price had increased by 50%, the remuneration for the CEO for the year 2018 would have been €4,449.1 million, which would have included the hypothetical 2016-2018 LTIP award in the case that the share price had increased by 50% in 2018 plus the actual fixed and variable remuneration for that year

Chief Executive Officer Pay vs. Employee Pay

The table below sets out the percentage change between the year 2017 and 2018 in salary, benefits and bonus (determined on the same basis as for the Single Total Figure table) for the Chief Executive Officer/Managing Director and *the average per capita change* for employees of the Group as a whole.

The average number of employees in the year 2018 was 207 compared to an average number of 182 in 2017.

Element of remuneration	Percentage change for Chief Executive Officer	Percentage change for employees
Salary	8.3%	4.7%
Benefits	n/a	n/a
Bonus	5.8%	7.5%

Relative Importance of Spend on Pay

The following table sets out the change in overall employee costs, directors' compensation and dividends.

€ in million	Amount in 2018	Amount in 2017 (2)	Difference
Spend on pay for all employees of the group(1)	12.8	16.7	(3.9)
Total remuneration of directors	2.7	1.9	0.8
Dividends paid(2)	112.8	84.0	28.8

(1) The decrease is mainly due to the reversal of the accrual of our LTIP

(2) Dividend paid does not include amounts retained to Abengoa.

The company has not made any share repurchases during 2018 nor 2017.

The average number of employees in 2018 in the Group was 207 employees, compared to 182 employees in 2017. The decrease in spend on pay is due to the reversal of the accrual corresponding to the 2016-2018 Long-Term Incentive Plan.

Directors' shareholdings

The following table includes information with respect to beneficial ownership of our ordinary shares as of December 31, 2018 by each of our directors and executive officers as well as their connected persons.

Directors not included in the table below do not hold shares.

	Shares	Shares
	December 31, 2018	December 31, 2017
Santiago Seage	20,000	20,000
Daniel Villalba	60,000	60,000
Jackson Robinson	8,647	5,690
Francisco J. Martinez	5,700	-
Robert Dove	10,347	-
Ian Robertson	2,500	-
Andrea Brentan	1,300	-

There have been no changes in the holdings of the directors between the year end and the date of issuance of this report.

Directors currently do not hold share options or awards. On July 31, 2018, the Board approved a share ownership requirement applicable to independent non-executive directors pursuant to which they shall achieve within a period of three years a minimum share ownership in the Company equal in value to 1.5 times the annual retainer paid to independent directors.

Termination Payments

No termination payments were made in 2018 nor 2017. The policy for termination remuneration is detailed under the section “Policy on payments for loss of office” of this report.

Statement of Implementation of Policy in 2019

The targets for bonuses are detailed under the section “Remuneration Policy” of this report. The current policy was approved at our 2018 Annual General Meeting, held in May 2018.

For 2019, the bonus measures for the remuneration of the Chief Executive Officer, will focus on 5 areas: financial targets, value creating growth/investments, strategic review, health and safety and a succession plan.

This approach is intended to provide a balanced assessment of how the business has performed over the course of the year against stated objectives. Targets are aligned with the annual plan and strategic and operational priorities for the year.

For 2019 the bonus objectives are the following:

	Percentage weight
CAFD (cash available for distribution) – Equal or higher than $190 million	40%
EBITDA– Equal or Higher than $827 million	10%
Present and close value creating and accretive investment opportunities	15%
Lead the works of the strategic review and plan	20%
Achieve health and safety targets - (Frequency with Leave / Lost Time Index below 4.5 and General frequency index below 13.8) based on reliable targets and consistent measure metrics	10%
Implement the succession plan	5%

Compensation Committee

The Compensation Committee was created in February 2016, together with the Nominating and Corporate Governance Committee. These two committees replaced the Appointments and Remuneration Committee which was in place since the IPO.

The Compensation Committee is responsible for determining the remuneration policies and the remuneration of the Chief Executive Officer and other senior members of management.

In 2018, the Committee focused its activities on the following key remuneration topics:

- Periodically reviewing Long Term Incentive Plans;
- Deciding on the Chief Executive Officer's remuneration;
- Reviewing Independent non-executive director's remuneration; and
- Analysing peers and comparable remuneration structures.

Membership and Attendance

All members of the Compensation Committee are Non-Executive Directors. No director or Senior Manager shall be involved in any decision as to their own remuneration.

Director	Membership		Role	Attendance / Eligible to attend [1]
	Since	Until		
Mr. Jackson Robinson	Jun'14	n.a	Director, Independent	3/3
Mr. Andrea Brentan	Jun'17	n.a	Director, Independent	3/3
Mr. Robert Dove[2]	Jun'17	n.a	Director, Independent	3/3
Mr. Christopher Jarratt [1]	Mar'18	n.a	Director	2/2

Notes

(1) On March 12, 2018, Mr. Christopher Jarratt was appointed as director and member of the Compensation Committee.
(2) On December 19, 2018, Mr. Robert Dove resigned from the Compensation Committee.

The Chief Executive Officer and members of senior management, such as the Head of Human Resources, may attend the meetings by invitation.

The Committee Chairman provides regular updates to the Board of Directors on the key issues discussed at the Committee's meetings.

The Committee held three meetings during the year 2018.

Role of the Compensation Committee

The Board of Directors approved Terms of Reference for the Compensation Committee which are available on the website of the Company (www.atlanticayield.com).

These Terms of References provide the roles and responsibilities of the Committee, which are reviewed by the Committee itself and the Board of Directors on a yearly basis. In accordance with this document, the Committee's responsibilities include, but are not limited, to the following matters:

1. To analyse, discuss and make recommendations to the Board regarding the setting of the remuneration policy for all directors and senior management;
2. To analyse and discuss proposals made by the Board regarding the Company's remuneration policy;
3. To obtain reliable and updated information about remuneration in other companies of comparable scale and complexity;
4. To review the Chief Executive Officer's annual compensation package and performance objectives;
5. To review the design of long-term incentive plans for approval by the board and shareholders; and
6. To review and approve the compensation payable to executive Directors, and the Chief Executive Officer for any loss or termination of office or appointment.

2018 Key Activities

In 2018, the Compensation Committee continued its work on revising our remuneration structure to ensure that the Company has in place an effective Remuneration Policy which:

- Allows the Company to attract and retain top quality talent; and
- Rewards and compensates sustainable performance to the benefit of both shareholders and stakeholders.

Remuneration Analysis

The Committee has re-assessed the Remuneration Policy implemented by the Board of Directors and approved in the Annual General Meeting. At least once a year, the Compensation Committee reviews compensation practices for independent non-executive directors in similar companies.

The Committee has been particularly focused on reviewing the remuneration for independent non-executive directors and Chief Executive Officer, based on the information collected from external consultants that provided independent advice on remuneration best practices and market practice on directors´ minimum ownership requirements.

The Compensation Committee has the responsibility to propose the remuneration of the Chief Executive Officer and the overall remuneration of the senior management to the Board of Directors, including any kind of compensation (fixed salary, performance-related bonuses, long-term incentive plans, etc.).

Regarding performance-related bonuses or variable remuneration, the Committee has the following duties:

- Definition of specific targets for the Chief Executive Officer and overall structure for senior management.

- Evaluation of the accomplishment of those objectives in the case of the Chief Executive Officer.

Long Term Incentive Plans

The Company had a long-term incentive plan for the period 2016-2018 (the "2016-2018 Long-Term Incentive Plan" or "2016-2018 LTIP") for the executive team approved at the 2016 Annual General Meeting. The 2016-2018 LTIP ended in 2018 and the amount payable under the LTIP amounts to 21.95% of the maximum potential amount, which will result in a total payment of €1,411 thousand that we expect to pay in March 2019.

In April 2018, a new long-term incentive plan (the "Long-Term Incentive Plan" or "LTIP") has been approved by the Board of Directors for the year 2019. This plan will be submitted for approval to the Annual General Meeting in June 2019.

Voting at the 2018 Annual General Meeting

The Company takes an active interest in voting outcomes. In the event of a substantial vote against a resolution in relation to director´s remuneration, the Company would seek to understand the

reasons for any such vote and would set out in the following Annual Report any actions in response to it.

At the 2018 Annual General Meeting, votes in relation to the directors' remuneration report were as follows:

	Remuneration Report	
	Number of votes	%
For	75,408,187	75.2
Against	4,046,390	4.0
Withheld	895,456	0.9

The remuneration policy was approved by the 2017 Annual General Meeting, votes in relation to the directors' remuneration policy were as follows:

	Remuneration Policy	
	Number of votes	%
For	82,508,325	82.5
Against	5,472,388	5.5
Withheld	86,346	0.0

Remuneration Policy

The current policy was approved at our 2018 Annual General Meeting, held in June 2017.

For independent non-executive directors, the Company's policy is to compensate in cash for the time dedicated, subject to a maximum total annual compensation for non-executive directors in aggregate of two million dollars. Once a year, the Compensation Committee reviews compensation practices for independent non-executive directors in similar companies and the skills and experience required and may propose an adjustment in the current compensation. For other non-executive directors, the policy is not to compensate for the time dedicated.

The policy for executive directors, which is only applicable to the Chief Executive Officer as the only executive director so far, is as follows:

Name of component	Description of component	How does this component support the company's (or group's) short and long-term objectives?	What is the maximum that may be paid in respect of the component?	Framework used to assess performance
Salary/fees	Fixed remuneration payable monthly	Helps to recruit and retain executive directors and forms the basis of a competitive remuneration package	Maximum amount €700 thousand, may be increased by 5% per year Salary levels for peers are considered	Not applicable No retention or clawback
Benefits	Opportunity to join existing plans for employees but without any increase in remuneration			
Annual bonus	Annual bonus is paid following the end of the financial year for performance over the year. There are no retention or forfeiture provisions	Helps to offer a competitive remuneration package and align it with company's objectives	200% of base salary	40%-50% of CAFD 10% of EBITDA 40%-50% of other operational or qualitative objectives No retention or clawback
Long Term Incentive Awards	Restricted stock units and share options subject to certain vesting periods	Align executive directors and shareholders interests	70% of target annual target salary + bonus Special one-off plan in 2019 for 50% of 2019 salary + bonus	75% share units subject to 5% average annual TSR, 25% options Share units

As further discussed below, the new Long Term Inventive awards are a change to our remuneration policy approved by the Compensation Committee and by the Board of Directors. The Company is seeking shareholder approval to extend the Long-Term Incentive Plan to the CEO in line with other senior executives. There will need to be a shareholder vote on any change to the current policy

CAFD, EBITDA and TSR have been selected as key parameters to measure company's performance due to their importance for our shareholders. These measures are considered standard indicators of financial performance in the YieldCo sector.

Committee discretions

The committee has discretion, consistent with market practice, in respect of, but not limited to participants, timing of payments, size of the award subject to policy, performance measures and when dealing with special situations, such as change of control or restructuring.

The annual bonus is a variable cash bonus, based on the objectives described above. Those objectives include Cash Available for Distribution (CAFD) and EBITDA, as these are key financial metrics for our industry sector. Additionally, the annual bonus includes 2-3 objectives that reflect some of the key projects, initiatives or key objectives.

For the management team and key personnel, our policy is to use two external consultants to estimate market conditions for similar positions in terms of fixed and variable remuneration and,

based on a performance appraisal, set a target remuneration, as a general rule, within that market practice. Variable payments are based on a number of specific measurable targets in relation to the measures described herein, which are defined by the Compensation Committee at the beginning of the year. For the rest of its employees, the Company establishes predefined remuneration ranges for different positions and reviews each individual remuneration depending on performance appraisal and within two ranges without employee consultation.

2016-2018 Long-Term Incentive Plan

The Company had a Long-Term Incentive Plan for the period 2016-2018 for the executive team approved at the 2016 Annual General Meeting. The plan included twelve executives, including our Chief Executive Officer, who were eligible under the 2016-2018 Long-Term Incentive Plan. The 2016-2018 Long-Term Incentive Plan provided that each eligible executive would be entitled to the payment of a long-term incentive cash bonus in March 2019 calculated as a function of Total Annual Shareholder's Return, or TSR, objectives over the 2016-18 period, a metric intended to align management and shareholder interests. The maximum bonus would be 50% (or, in the Chief Executive Officer's case, 70%) of the total remuneration received by the executive over the period from 2016-18. Specifically, 50% of the bonus would be based on our TSR and 50% on the relative performance in terms of TSR versus a group of similarly structured companies selected by the Compensation Committee. In case of a change of control, the long-term incentives would become due and would be calculated using the offer price or the last price based on TSR up to and including the change of control. Given the actual TSR in the three-year period from January 1, 2016 and December 31, 2018 and the TSR versus the peer group during that same period, the amount payable under the 2016-2018 LTIP amounts to 21.95% of the maximum potential amount, which amounts to €1,411 thousand in total and which is expected to be paid in March 2019.

Long-Term Incentive Plan

In April 2018, the Board of Directors approved the implementation of a long-term incentive plan for the 2019 period (the "Long-Term Incentive Plan" or "LTIP") which permits the grant of share options and restricted stock units ("Awards") to the executive team of the Company (the "Executives"). The LTIP applies to approximately 14 executives and the Board of Directors would also like to include the Chief Executive Officer, who is also a Director. The Chief Executive Officer's participation in the LTIP will be submitted for shareholders' approval at the 2019 annual general meeting.

The purpose of this LTIP is to attract and retain the best talent for positions of substantial responsibility in the Company, to encourage ownership in the Company by the executive team whose long-term service the Company considers essential to its continued progress and, thereby, encourage recipients to act in the shareholders' interest and to promote the success the Company.

The aggregate number of shares which may be reserved for issuance under the LTIP must not exceed 2% of the number of the shares outstanding at the time of the Awards are granted but is expected to be significantly less. However, the Company may decide that, instead of issuing or transferring shares, the Executives may be paid in cash.

The value of the Awards will be defined as 50% of the Executives' total annual compensation for the year closed before the date upon which an Award is granted and, in the case of the Chief

Executive Officer, would be 70% of the same previous year total compensation at the grant date ("Awards Value"). The share options will represent 25% of the Award Value and the restricted stock units will represent 75% of the Award Value.

Main terms of the LTIP

	Share Options	Restricted Stock Units
Nature	Option cost shall be calculated by a third party using the Black-scholes or some other accepted methodology.	Conditions shall be based on continuing employment (or other service relationship) and achievement of a minimum 5% average annual total shareholders return ("TSR").
Exercisability and vesting period	One-third of the total number of options awarded shall vest on each anniversary of the date upon which an award was granted. The Company will decide at vesting if cash or shares are given as payment.	The shares will vest on the third anniversary of the grant date but only if the total annual shareholders return ("TSR") has been at least a 5% yearly average over such 3-year period.
Ownership and dividends	The participant shall have the rights of a shareholder only as to shares acquired upon the exercise of an option and not as to unexercised options. Until the Shares are issued or transferred, no right to vote at any meeting or to receive dividends or any other rights as a shareholder shall exist.	The participant will be entitled to receive, for each share unit, a payment equivalent to the amount of any dividend or distribution paid on one share between the grant date and the date on which the share unit vests.

Effect on termination of employment

If a participant's employment terminates by reason of involuntary termination (death, disability, retirement dismissal rendered unfair, etc.), any portion of his/her Award shall thereafter continue to vest and become exercisable according to the terms of the LTIP but such participant shall be no longer entitled to be granted Awards under the LTIP.

If a participant incurs a termination of employment for cause or voluntary resignation or withdrawal, options that have vested on the termination date will be exercisable within the period of 30 days from such termination date but any unvested Awards (options or restricted stock units) shall lapse.

Change in control

If there is a change in control, all Awards shall vest in full on the date of the change in control. The participants must exercise their options within a period of 30 days.

Delisting

If the Company is delisted, all outstanding Awards shall vest in full on the date of delisting and will be settled in cash. The cash payment for restricted stock units will be the last quoted share price of the Company and the cash payment for any outstanding share options will be the difference between the last quoted share price and the exercise price for the applicable option. Such cash payments will be made after applicable tax deductions within 30 days of the delisting.

In addition to the LTIP, in February 2019 the Board of Directors approved a special one-off plan which permits the grant of stock units to certain members of the Management and certain members of the Middle Management, consisting of approximately 25 managers. The value of the award will be defined as 50% of 2019 target remuneration (including salary and variable bonus). The share units will vest in 3 years, one third each year, provided that the manager is still an employee of the company.

The Chief Executive Officer LTIP, including the special one-off plan, will be submitted for shareholders' approval at the 2019 annual general meeting expected to be held in June 2019.

Executive directors do not receive any pension contributions.

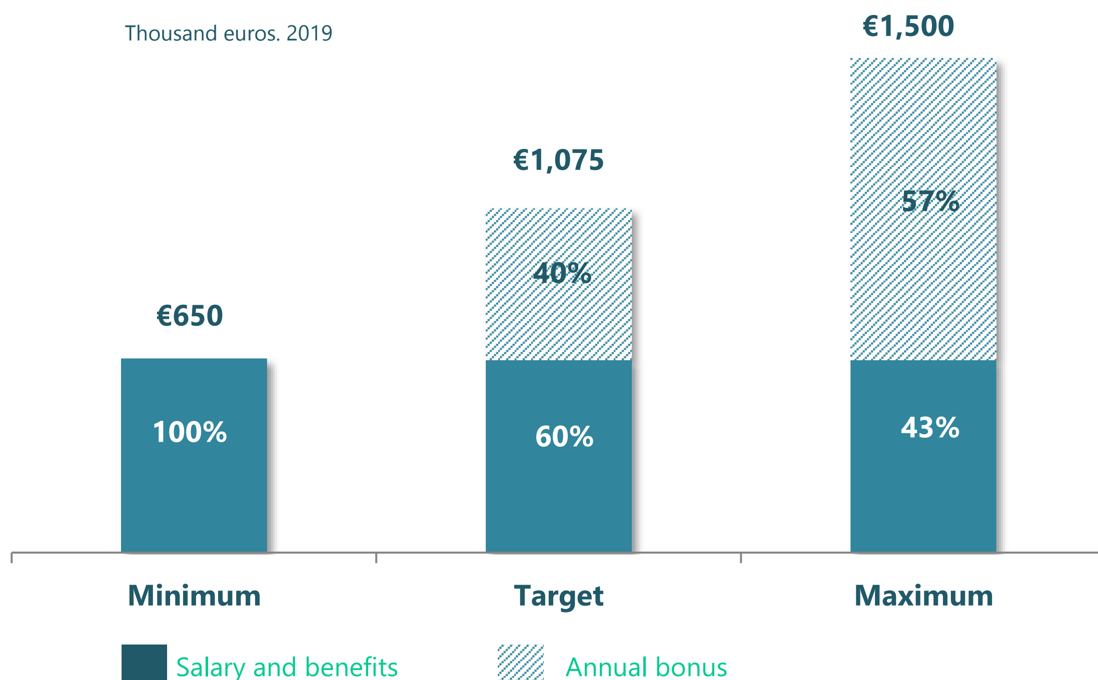
None of the non-executive directors receive bonuses, long-term incentive awards, pension or other benefits in respect of their services to the Company.

There are no provisions for the recovery of sums paid or the withholding of any sum.

Chief Executive Officer remuneration policy

The Compensation Committee approved a fixed remuneration of €650 thousand for the Chief Executive Officer for 2019, with no changes versus 2018.

Total remuneration of the only executive director for a minimum, target and maximum performance in 2019 is presented in the chart below.



Assumptions made for each scenario are as follows:

- Minimum: fixed remuneration only
- Target: fixed remuneration plus half of maximum annual bonus
- Maximum: fixed remuneration plus maximum annual bonus

LTIP is not included as it would not vest in 2019 and is subject to achieving targets but it is proposed that, subject to shareholder approval, the Chief Executive Officer will be eligible for a 2019 LTIP award of 70% of this total compensation for 2018, being €752.5 if we consider the Target total compensation above.

For 2019, the bonus measures for the remuneration of the Chief Executive Officer, will focus on 5 areas: financial targets, value creating growth/investments, strategic review, health and safety and implementing the succession plan.

This approach is intended to provide a balanced assessment of how the business has performed over the course of the year against stated objectives. Targets are aligned with the annual plan and strategic and operational priorities for the year.

For 2019 the bonus objectives are the following:

	Percentage weight
CAFD (cash available for distribution) – Equal or higher than $190 million	40%
EBITDA– Equal or Higher than $827 million	10%
Present and close value creating and accretive investment opportunities	15%
Lead the works of the strategic review and plan	20%
Achieve health and safety targets - (Frequency with Leave / Lost Time Index below 4.5 and General frequency index below 13.8) based on reliable targets and consistent measure metrics	10%
Implementation of the succession plan	5%

Approach to recruitment

As previously stated within this report, the recruitment of managers is largely based on the estimates of two external consultants of the market conditions for similar positions, in terms of fixed and variable remuneration.

In addition, the remuneration policy reflects the composition of the remuneration package for the appointment of new executive directors. We expect to offer a competitive fixed remuneration, an annual bonus not exceeding 200% of the fixed remuneration and a participation in the LTIP plan.

Lastly, whenever needed, the Company can contract an external advisor to hire key personnel.

As stated in the "Single total figure of remuneration for each director", since August 2018, each independent director receives an annual compensation of $134,000 (approximately €113,444). The chairman of the Audit Committee receives an additional $15,000 (approximately €12.7 thousand) per year. The chairman of the Nominating and Corporate Governance Committee and the chairman of the Compensation Committee receive an additional $10,000 (approximately €8.5 thousand) per year. The chairman of the Board of Directors receives an additional $61,000 (approximately €51.6 thousand) per year.

Until August 2018, each independent director received a total annual compensation of $100,000 (approximately €86.7 thousand) and the chairman of the board of directors received an additional $35,000 (approximately €29.6 thousand) per year.

Nominee directors did not receive any compensation from us.

The stated above remuneration will be offered in recruitment of independent directors.

Policy on payments for loss of office

In order to protect the Company's know-how and to ensure continuity in terms of attainment of business objectives, the policy approved by our shareholders at the 2017 Annual General Shareholders Meeting, introduced certain termination payments to key executives, including the Chief Executive Officer.

The Company agreed with certain executives with strategic and key responsibilities in the Company ("Key Managers"), including the Chief Executive Officer, to make payments for loss of office or employment in addition to the severance payment under the prevailing labour and legal conditions in their contracts or countries where they are employed if they should leave (by loss of office or employment) the Company within 2 years of a change in control. The payment would represent six months of remuneration and will be adjusted to ensure that total payment including severance payment required under prevailing laws represent at least 12 months of remuneration (including salary, benefits, long term incentive plans and variable pay), but never more than 24 months of remuneration, unless required by local law.

A change of control means that a third party or coordinated parties (i) acquire directly or indirectly by any means a number of shares in the Company which (together with the shares that such party may already hold in the Company) amount to more than 50% of the share capital of the Company; or (ii) appoint or have the right to appoint at least half of the members of the Board of Directors of the Company.

No payments would be made to Key Managers for dismissal for breach of contract, breach of fiduciary duties or gross misconduct, determined (in the event of a dispute) by a court of competent jurisdiction to reach a final determination.

Consideration of employee conditions elsewhere

For the management team and key personnel, our policy is to use two external consultants to estimate market conditions for roles of a similar level of managerial responsibilities and complexity in terms of fixed and variable remuneration and, based on a performance appraisal, set a target remuneration, as a general rule, within that market practice.

The annual variable remuneration payment is calculated with reference to the achievement of a number of specific measurable targets defined at the previous year. Each specific target is measured on a performance scale of 0%-120%.

For the rest of its employees, the Company establishes predefined remuneration ranges for different positions and reviews each individual remuneration depending on performance appraisal within two ranges without employee consultation.

The remuneration of all employees, including the members of the management team, may be adjusted periodically in the framework of the annual salary review process which is carried out for all employees.

Overall, we expect that, following the implementation of our policies, remunerations of the Company's employees will increase in line with the market with the exception of individuals that have been recently promoted or whose remuneration is above market conditions.

Statement of consideration of shareholder views

There are no comments in respect of directors' remuneration expressed to the Company by shareholders. The next Annual Shareholders' Meeting is expected to be held in June 2019.

Summary of Policy for Non-Executive Directors

Name of component	How does the component support the company's objective?	Operation	Maximum
Independent Non-Executive Directors:			
Fees	Attract and retain the high-performing independent non-executive directors	Reviewed annually by the committee and board The lead independent director/chairman of the Board and the chair of each committee receive additional fees	Annual total compensation for -independent non-executive directors, in any case, will not exceed two million dollars
Benefits	Reasonable travel expenses to the Company's registered office or venues for meetings	Customary control procedures	Real costs of travel with a maximum of one million dollars for all directors
Other Non-Executive Directors:			
Fees	Attract and retain the high-performing non-executive directors	Directors appointed by shareholders receive no fees	No prescribed maximum annual increase
Benefits	Reasonable travel expenses to the Company's registered office or venues for meetings	Customary control procedures	Real costs of travel

Service Contracts

Mr. Seage has a service contract with Atlantica that includes a 6-month notice period.

The non-executive directors do not have a service contract and were elected for a period of three years starting June 2017.

Employee Benefit Trusts

The Company has not established employee trusts for share plans.

Key Management Compensation for 2018

€ in thousands	2018	2017[1]
Short-term employee benefits	3,648.8	3,472.8
2016-2018 LTIP Awards	1,152.6	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
Total	**4,801.4**	**3,472.8**

Key management includes Directors, Chief Executive Officer, CFO and 5 key executives

(1) Prior period remuneration has been restated to conform the current list of key managers

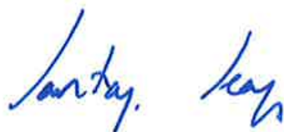
2016-2018 LTIP is payable in March 2019.

Statement of Voting at General Meetings

The remuneration report and the remuneration policy will be submitted to the Annual Shareholders' Meeting in 2019.

Approval

This report was approved by the board of directors on February 26, 2019 and signed on its behalf by Santiago Seage, Director and Chief Executive Officer.



Director and Chief Executive Officer

Santiago Seage

March 11, 2019

Directors' Responsibilities Statement

The directors are responsible for preparing the Consolidated Annual Report and the Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the International Accounting Standards Board (IASB) and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- In preparing the group financial statements, International Accounting Standard 1 requires that directors:
    - properly select and apply accounting policies;
    - present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
    - provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
    - make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility statement

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

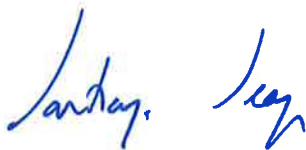
The Consolidated Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;

The Strategic Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

The Consolidated Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

This responsibility statement was approved by the board of directors on February 26, 2019 and is signed on its behalf by:

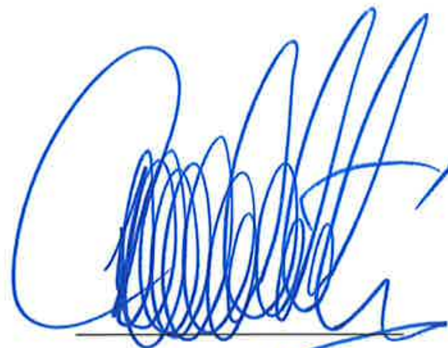
By order of the Board



Director and Chief Executive Officer

Santiago Seage

March 11, 2019



Chief Financial Officer

Francisco Martinez-Davis

March 11, 2019

Independent Auditor’s Report to the Members of Atlantica Yield plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTICA YIELD PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- **the financial statements of Atlantica Yield plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;**
- **the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);**
- **the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.**

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 30 of the group financial statements and notes 1 to 7 of the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • *Impairment of concessional assets* • *Revenue recognition* No new key audit matters have been included in this report compared to the prior year report. Key audit matters have been updated for the current year where required.

Materiality	The materiality that we used for the group financial statements was $40.0m, which was determined on the basis of Earnings, before interest, taxation, depreciation and amortisation ("EBITDA").
Scoping	We consider the individual concessional assets to reflect the components of the group and this is how management monitors and controls the business. We performed specified audit procedures on 23 legal entities and full scope audit procedures on the parent company, covering 7 countries. Together, these account for 93% EBITDA.
Significant changes in our approach	There have been no significant changes to the audit approach in the current year other than the use of a valuations specialist to undertake audit work on the impairment recognised following the trigger event analysis prepared by management for one of the US assets

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

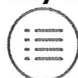
We considered as part of our risk assessment the nature of the group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of concessional assets	
Key audit matter description	The Group holds contracted concessional assets and price purchase agreements (PPAs), including fixed assets financed through project debt, and mainly recorded in accordance with International Financial Reporting Interpretations Committee 12 ("IFRIC 12").

	The total value of these assets at 31 December 2018 was $8,549 million (31 December 2017: $9,084 million). In 2018 the Group recognised an impairment of $42.7 million due to the underperformance of Solana in the past few years and the uncertainty of the production level expected in the future. These underlying assets are held across a range of Environmental infrastructures (including Renewable Energy) and a range of geographies including the Europe, Africa, North, Central and South America. The recoverability of concessional assets is a significant judgement underpinned by a number of key assumptions and estimates. Key judgements include the discount rates adopted, the volatility of forecast project cash-flows and macro-economic assumptions such as future inflation, deposit rates and energy prices. More information on the impairment review performed by management can be found on page 19 of the financial statements and in note 3 to the financial statements.
How the scope of our audit responded to the key audit matter 	Our audit is directed to considering the evidence available to support these assumptions and the sensitivity of the recoverability analysis to challenge the reasonableness of these assumptions. Our procedures included: • Identification and challenging of impairment triggering events through the review of the performance of the assets against budget and discussions with management; • For assets where impairment triggers were identified, we challenged the assumptions used in the impairment model which calculates the recoverable amount of assets, described in note 3 to the financial statements. Our challenge focused on; o assessing the appropriateness of the design and implementation of the controls surrounding the impairment model; o assessing the appropriateness and recoverability of cash flow inputs including generation, relative to previous and future performance; tax; WACC and cost of repairs; o benchmarking against the wider peer group; o recalculating the discount rates and perpetuity rates used; o recalculation and benchmarking of discount rates applied, with the involvement from Deloitte industry valuations specialists; and o evaluating management's sensitivity analysis on the cash flow projections through the performance of stress. We checked the mechanical accuracy of the models, performed our own sensitivity analysis and utilised our internal valuation experts to assist in the assessment of the appropriateness of the discount rates.

Key observations	We found that the assumptions used were reasonable and had been determined and applied on a consistent basis across the Group. For the assets where impairment triggers were identified, Mojave and Solana, management's impairment analysis and its key assumptions were within the reasonable range and that no impairment was identified except for Solana. Overall, we are satisfied that the recoverable amount of the assets have been determined and impairment charges have been recognised in accordance with the requirements of IAS 36 *Impairment of Assets*.

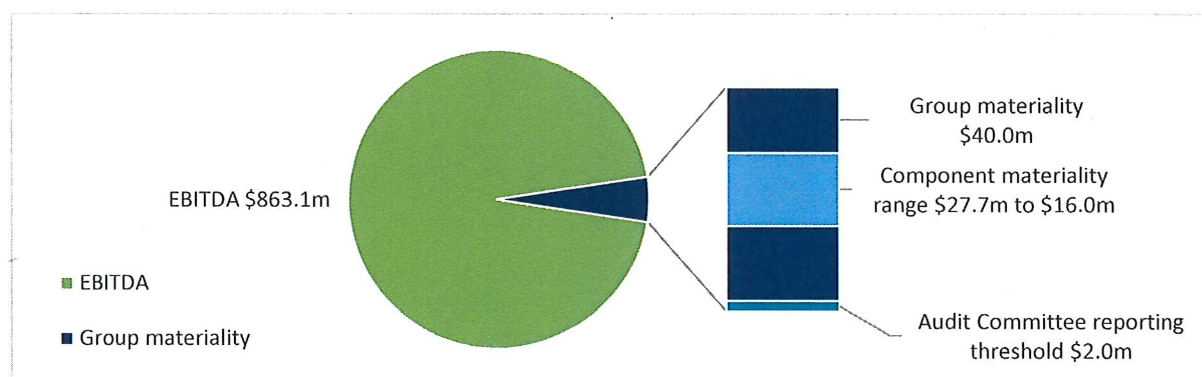
Revenue recognition	
Key audit matter description	ISAs (UK) require that, as part of our overall response to the risk of fraud, when identifying and assessing the risks of material misstatement due to fraud, we evaluate which types of revenue or revenue transactions might give rise to potential fraud risks. We have specifically focused this key audit matter to whether sales of $1,043.8 million (2017: $1,008.4 million) are accurate and have been confirmed by a third party. More information on revenues for the year can be found on page 17 and 25 and notes 2, 3 and 4 of the financial statements.
How the scope of our audit responded to the key audit matter	Our audit response consisted of several procedures including those summarised below: • Tested the design and operating effectiveness of key controls • Reconciliation of revenue recognised to amounts invoiced to customers and subsequent receipt of payments from those customers ; • Reconciliation between revenue recognised during the year and agreements signed with customers ; • Reconciliation of prices included in amounts invoiced to underlying agreement for the sale of energy; • Reconciliation of volume of energy included in amounts invoiced to supporting third party confirmations; We gained a thorough understanding of the revenue cycle through a variety of procedures performed in analysing the risk associated with potential fraud. Our procedures included testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
Key observations	We are satisfied that the revenue had been recognised appropriately.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	$40.0m (2017: $40.0m)	$27.7m (2017: $28.5m)
Basis for determining materiality	5% of EBIDTA (2017: 5% of EBIDTA)	1% of total assets (2017: 1% of total assets)
Rationale for the benchmark applied	We used EBITDA as the metric with the greatest importance to investors in a yield company, particularly given is at its early stages and EBITDA is a more stable benchmark than profit before tax.	As the parent company is a non-trading entity and a cost centre, it is considered appropriate to use total assets as the basis for determining materiality.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $2.0m (2017: $2.0m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

Based on this assessment, our Group audit scope focused primarily on the audit work at the significant components which were selected based on our assessment of the identified risks of material misstatement identified above. We performed specified audit procedures on 23 legal entities and full scope audit procedures on the parent company, covering 7 countries. These represent the principal business units within the Group's reportable segments. We have performed work on components which comprised 93% of the Group's EBITDA and 92% of the Group's concessional assets.

We requested component teams to complete specified audit procedures and obtained component reporting for all of them. The remaining components were subject to analytical review procedures by the Group audit team. Our audit work on components, with the exception of the parent company, was executed to a lower level of materiality of $16 million (2017: $16 million).

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement in the aggregated financial information of the remaining subsidiaries not subject to audit of specified account balances.

The Group audit team held a Group wide planning meeting to discuss the risk assessment at the start of the audit and subsequently hold regular update calls throughout the audit. The Senior Statutory Auditor or another senior member of the Group audit team participated in all of the close meetings, both at the interim and final visits, of the Group's components. The Senior Statutory Auditor or another senior member of the Group audit team carried out a review of the component auditor files. Given the significance of the US component, which comprised 23% of the Group's EBITDA and 32% of the Group's concessional assets, a site visit was performed in the current year in line with the site visit programme that was initiated in prior years with a focus on visiting the Group's largest investments by value.

Other information

We have nothing to report in respect of these matters.

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Opinion on other matter prescribed by our engagement letter

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Makhan Chahal ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11th March 2019

Consolidated Financial Statement

Consolidated Income Statement

Amounts in thousands of U.S. dollars

	Note (1)	For the year ended December 31, 2018	2017
Revenue	4	1,043,822	1,008,381
Other operating income	8	132,557	80,844
Raw materials and consumables used		(10,648)	(16,983)
Employee benefit expenses	7	(15,130)	(18,854)
Depreciation, amortization, and impairment charges	12	(362,697)	(310,960)
Other operating expenses		(299,994)	(284,461)
Operating profit		**487,910**	**457,967**
Finance income	9	36,444	1,007
Finance expenses	9	(425,019)	(463,717)
Net exchange gains/(losses)		1,597	(4,092)
Net other finance (expenses)/income	9	(8,235)	18,434
Net finance costs		**(395,213)**	**(448,368)**
Share of profit/(loss) of associates carried under the equity method	13	5,231	5,351
Profit before income tax		**97,928**	**14,950**
Income tax	10	(42,659)	(119,837)
Profit/ (Loss) for the year		**55,269**	**(104,887)**
Profit attributable to non-controlling interests		(13,673)	(6,917)
Profit/ (Loss) for the year attributable to owners of the Company		**41,596**	**(111,804)**
Weighted average number of ordinary shares outstanding (thousands)	29	100,217	100,217
Basic and diluted earnings per share (U.S. dollar per share)	29	0.42	(1.12)

(1) Notes 1 to 30 are an integral part of the consolidated financial statements

All results are derived from continuing operations.

Consolidated Statement of other comprehensive income

Amounts in thousands of U.S. dollars	**Year Ended December 31, 2018**	**Year Ended December 31,2017**
Profit / (Loss) for the year	**55,269**	**(104,887)**
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of cash flow hedges	(40,220)	(28,535)
Less: reclassification adjustments for gains / (losses) transferred to profit or loss	67,519	70,953
Exchange differences on translation of foreign operations	(57,628)	121,924
Income tax relating to items that may be reclassified subsequently to profit or loss	(10,685)	(13,312)
Other comprehensive income/(loss) for the year net of tax	**(41,014)**	**151,030**
Total comprehensive income for the year	**14,255**	**46,143**
Total comprehensive income/ (loss) attributable to:		
Owners of the Company	2,301	31,370
Non-controlling interests	11,954	14,773

Consolidated Balance Sheet

Amounts in thousands of U.S. dollars	Note (1)	As of December 31, 2018	As of December 31, 2017
Assets			
Non-current assets			
Contracted concessional assets	12	8,549,181	9,084,270
Investments carried under the equity method	13	53,419	55,784
Financial investments	22	52,670	45,242
Deferred tax assets	10	136,066	165,136
Total non-current assets		**8,791,336**	**9,350,432**
Current assets			
Inventories		18,924	17,933
Trade and other receivables	14&22	236,395	244,449
Financial investments	22	240,834	210,138
Cash and cash equivalents	15&22	631,542	669,387
Total current assets		**1,127,695**	**1,141,907**
Total assets		**9,919,031**	**10,492,339**
Equity			
Share capital		10,022	10,022
Parent company reserves		2,029,940	2,163,229
Other reserves		95,011	80,968
Accumulated currency translation reserve		(68,315)	(18,147)
Retained earnings		(449,274)	(477,214)
Equity attributable to the Company		1,617,384	1,758,858
Non-controlling interests		138,728	136,595
Total equity	20	**1,756,112**	**1,895,453**
Non-current liabilities			
Long-term corporate debt	16	415,168	574,176
Long-term project debt	17	4,826,659	5,228,917
Grants and other liabilities	18	1,658,126	1,636,060
Related parties	26	33,675	141,031
Derivative liabilities	22	279,152	329,731
Deferred tax liabilities	10	211,000	186,583
Total non-current liabilities		**7,423,780**	**8,096,498**
Current liabilities			
Short-term corporate debt	16	268,905	68,907
Short-term project debt	17	264,455	246,291
Trade payables and other current liabilities	19	192,033	155,144
Income and other tax payables		13,746	30,046
Total current liabilities		**739,139**	**500,388**
Total equity and liabilities		**9,919,031**	**10,492,339**

(1) Notes 1 to 30 are an integral part of the consolidated financial statements

The consolidated financial statements of Atlantica Yield plc, company registration no. 08818211, were approved by the board of directors and authorised for issue on 26 February 2019.

They were signed on its behalf by:

Director and Chief Executive Officer

Santiago Seage

March 11, 2019

Consolidated Statement of changes in equity

Amounts in thousands of U.S. dollars	Share Capital	Parent company reserve*	Other reserves	Retained earnings	Accumulated currency translation differences	Total equity attributable to the Company	Non-controlling interest	Total equity
Balance as of December 31, 2017	**10,022**	**2,163,229**	**80,968**	**(477,214)**	**(18,147)**	**1,758,858**	**136,595**	**1,895,453**
Application of new accounting standards (See Note 2)	-	-	1,326	(11,812)	-	(10,846)	-	(10,846)
Balance as of January 1, 2018	**10,022**	**2,163,229**	**82,294**	**(489,026)**	**(18,147)**	**1,748,372**	**136,595**	**1,884,967**
Profit for the year after taxes	-	-	-	41,596	-	41,596	13,673	55,269
Change in fair value of cash flow hedges	-	-	21,474	(236)	-	21,238	6,061	27,299
Currency translation differences	-	-	-	-	(50,168)	(50,168)	(7,460)	(57,628)
Tax effect	-	-	(8,757)	(1,608)	-	(10,365)	(320)	(10,685)
Other comprehensive loss	-	-	12,717	(1,844)	(50,168)	(39,295)	(1,719)	(41,014)
Total comprehensive income	-	-	12,717	39,752	(50,168)	2,301	11,954	14,255
Dividend distribution	-	(133,289)	-	-	-	(133,289)	(9,821)	(143,110)
Balance as of December 31,2018	**10,022**	**2,029,940**	**95,011**	**(449,274)**	**(68,315)**	**1,617,384**	**138,728**	**1,756,112**
Balance as of January 1, 2017	**10,022**	**2,268,457**	**52,797**	**(365,410)**	**(133,150)**	**1,832,716**	**126,395**	**1,959,111**
Loss for the year after taxes	-	-	-	(111,804)	-	(111,804)	6,917	(104,887)
Change in fair value of cash flow hedges	-	-	41,242	-	-	41,242	1,176	42,418
Currency translation differences	-	-	-	-	115,003	115,003	6,921	121,924
Tax effect	-	-	(13,071)	-	-	(13,071)	(241)	(13,312)
Other comprehensive income	-	-	28,171	-	115,003	143,174	7,856	151,030
Total comprehensive income	-	-	28,171	(111,804)	115,003	31,370	14,773	46,143
Dividend distribution	-	(105,228)	-	-	-	(105,228)	(4,573)	(109,801)
Balance as of December 31, 2017	**10,022**	**2,163,229**	**80,968**	**(477,214)**	**(18,147)**	**1,758,858**	**136,595**	**1,895,453**

*Parent company reserve consists of both Distributable reserves as well as the Share Premium. Refer to company statement of changes in equity on page 190 for the composition of these.

Notes 1 to 30 are an integral part of the consolidated financial statements

Consolidated Cash flow statement

Amounts in thousands of U.S. dollars	Note (1)	For the year ended 2018	2017
Profit/(Loss) for the year		**55,269**	**(104,887)**
Non-monetary adjustments			
Depreciation, amortization and impairment charges	12	362,697	310,960
Finance costs		396,411	443,517
Fair value losses on derivative financial instruments		399	759
Shares of (profits)/losses from associates		(5,231)	(5,351)
Income tax	10	42,659	119,837
Changes in consolidation and other non-monetary items		(99,280)	(20,882)
Profit for the year adjusted by non-monetary items		**752,924**	**743,953**
Variations in working capital			
Inventories		(1,991)	(2,548)
Trade and other receivables		5,564	(23,799)
Trade payables and other current liabilities		(4,898)	22,474
Financial investments and other current assets/liabilities		(17,019)	(4,924)
Variations in working capital		**(18,344)**	**(8,797)**
Income tax paid		(12,525)	(4,779)
Interest received		6,726	4,139
Interest paid		(327,738)	(348,893)
Net cash provided by operating activities		**401,043**	**385,623**
Investments in entities under the equity method		4,432	3,003
Investments in contracted concessional assets*		68,048	30,058
Other non-current assets/liabilities		(16,668)	8,183
(Acquisitions) / sales of subsidiaries and other financial instruments		(70,672)	30,124
Net cash (used in) / provided by investing activities		**(14,860)**	**71,368**
Proceeds from Project & Corporate debt		123,767	296,398
Repayment of Project & Corporate debt		(385,964)	(613,242)
Dividends paid to Company´s shareholders		(143,034)	(99,483)
Net cash used in financing activities		**(405,231)**	**(416,327)**
Net increase / (decrease) in cash and cash equivalents		**(19,048)**	**40,664**
Cash, cash equivalents and bank overdrafts at beginning of the year	15	669,387	594,811
Translation differences cash or cash equivalent		(18,797)	33,912
Cash and cash equivalents at the end of the year	15	**631,542**	**669,387**

* Includes proceeds for $72.6 million and $42.5 million for the years ended December 31, 2018 and 2017, respectively (See Note 12)

(1) Notes 1 to 30 are an integral part of the consolidated financial statements

Notes to the consolidated financial statements

1. General information

Atlantica Yield plc. ('Atlantica' or the Company) is a company incorporated in the United Kingdom under the Companies Act. The Company is a public Company limited by shares and is registered in England and Wales. The address of the registered office is Great West Road, Brentford TW8 9DF, Greater London (United Kingdom). The nature of the Group's operations and its principal activities are set out in the strategic report on pages 3 to 62.

These financial statements are presented in US Dollars because that is the primary currency in which the Group operates. Foreign operations are included in accordance with the policies set out in Note 3.

In addition, in Solana and Mojave, in November 2017, in the context of the agreement reached between Abengoa and Algonquin for the acquisition by Algonquin Power & Utilities ("Algonquin") of 25% of the shares of the Company and based on the obligations of Abengoa under the EPC contract, the Company signed a consent with the DOE which reduced this minimum ownership required by Abengoa in Atlantica Yield to 16%, which became effective upon closing of the transaction on March 9, 2018, when Abengoa announced it made effective the sale of a 25% stake in Atlantica to Algonquin. In addition, the DOE approved on November 27, 2018 the sale to Algonquin of the residual stake of 16.47% in the Company held by Abengoa, cancelling any residual change of ownership clause of previous agreements.

Algonquin is the largest shareholder of the Company which currently owns a 41.47% stake in Atlantica. Algonquin does not consolidate the Company, in its consolidated financial statements.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB, and on a basis consistent with the prior year.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Basis of consolidation

a) Controlled entities

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;

- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee when facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The Company uses the acquisition method to account for business combinations of companies controlled by a third party. According to this method, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any contingent consideration is recognized at fair value at the acquisition date and subsequent changes in its fair value are recognized in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Acquisition related costs are expensed as incurred. The Company recognizes any non-controlling interest in the acquire either at fair value or at the noncontrolling interest's proportionate share of the acquirer's net assets on an acquisition by acquisition basis.

All assets and liabilities between entities of the group, equity, income, expenses, and cash flows relating to transactions between entities of the group are eliminated in full.

b) Investments accounted for under the equity method

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company share of the profit or loss and other comprehensive income of the associate.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements. Further detail is contained in the Strategic Report on page 61.

2. Adoption of new and revised Standards

a) Standards, interpretations and amendments effective from January 1, 2018 under IFRS-IASB, applied by the Company in the preparation of these consolidated financial statements:

- IFRS 9 'Financial Instruments'.
- IFRS 15 'Revenues from contracts with Customers'.
- IFRS 15 (Clarifications) 'Revenues from contracts with Customers'.
- IFRS 16 'Leases'. This Standard is applicable for annual periods beginning on or after January 1, 2019 under IFRS-IASB, earlier application is permitted, but conditioned to the application of IFRS 15.
- IFRS 2 (Amendment) 'Classification and Measurement of Share-based Payment Transactions'.
- IFRS 4 (Amendment). Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'.
- Annual Improvements to IFRSs 2015-2017 cycles.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- IAS 40 (Amendment). Transfers of Investment Property.
- IAS 28 (Amendment). Long-term Interests in Associates and Joint Ventures.

The applications of these amendments have not had any material impact on these consolidated financial statements.

In relation to IFRS 15, IFRS 9 and IFRS 16, the Company performed the following analysis:

<u>IFRS 15 'Revenues from contracts with Customers'</u>

In May 2014, the IASB (International Accounting Standards Board) published IFRS 15 "Recognition of Revenue from Contracts with Customers". This Standard brings together all the applicable requirements and replaces the current standards for recognizing revenue: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programme, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services.

The new requirements may lead to changes in the current revenue profile, since the Standard's main principle is that the Company must recognize its revenue in accordance with the transfer of goods or services to the customers in an amount which reflects the consideration that the Company expects to receive in exchange for these goods or services. The model laid out by the Standard is structured in five steps:

- Step 1: Identifying the contract with the customer.
- Step 2: Identifying the performance obligations.
- Step 3: Determining the transaction price.

- Step 4: Assigning the transaction price in the performance obligations identified in the contract.

- Step 5: Recognition of revenue when (or as) the Company performs the performance obligations.

Contracted concessional assets and price purchase agreements (PPAs) include fixed assets financed through project debt, related to service concession arrangements recorded in accordance with International Financial Reporting Interpretations Committee 12 ("IFRIC 12"), except for Palmucho, which is recorded in accordance with IAS 17 Leases and PS10, PS20, Seville PV, Mini-hydro and Chile TL3, which are recorded as tangible assets in accordance with IAS 16. Property, Plant and Equipment. The infrastructures accounted for by the Company as concessions are related to the activities concerning electric transmission lines, solar electricity generation plants, efficient natural gas plants, wind farms and water plants.

Currently, assets recorded in accordance with IFRIC 12 are classified as intangible assets or as financial assets, depending on the nature of the payment entitlements established in the contracts.

According to IFRS 15, the Company should assess the goods and services promised in the contracts with the customers and shall identify as a performance obligation each promise to transfer to the customer a good or service (or a bundle of goods or services).

In the case of contracts related to financial assets, the Company has identified two performance obligations (construction and operation of the asset). The contracts state that each service (construction and operation) has its own transaction price. For this reason, both performance obligations are separately identifiable in the context of the contract. The Company must allocate the total consideration to be received by the contract to each performance obligation. As mentioned above, the different services performed have been identified as two different performance obligations (construction and operation). Each performance obligation has its own transaction price stated in the contract. Such transaction prices are agreed in the contract by the parties in an orderly transaction, with no interrelation between both transaction prices and therefore correspond to the fair value of the goods and services provided in each case. As a result, for IFRS 15 purposes, the total transaction price will be allocated to each performance obligation in accordance with the two transaction prices stated within the contract, as they represent the respective fair values of the identified performance obligations.

For the assets classified as intangible assets, the Company has identified the same performance obligations, (construction and operation), but in this case , instead of a monetary consideration in exchange of the construction service, the Company received a license. The grantor makes a non-cash payment for the construction services by giving the operator an intangible asset. When allocating fair value for IFRS 15 purposes, the Company will recognize as revenue for the first performance obligation the fair value of the construction services, and the amount

corresponding to the sales of energy as the fair value of second performance obligation (operation).

Additionally, in both cases, the services are satisfied over time. All the concessional assets of the Company are in operation and the Company satisfies the performance obligations and recognizes revenue over time. The same conclusion applies to concessional assets that are classified as tangible assets or leases.

IFRS 15 also incorporates specific criteria to determine which costs relating to a contract should be capitalized by distinguishing between incremental costs of obtaining a contract and costs associated with fulfilling a contract. No significant costs of obtaining a contract or compliance (other than those that are already capitalized) have been identified.

As the practice for revenue recognition applied until December 31, 2017, is consistent with the analysis above under IFRS 15, the Company considers that the adoption of this standard has no impact in the consolidated financial statements of the Company.

Also, the Company adopted IFRS 15 applying the full retrospective method to each prior reporting period presented, but without changes in the comparative reporting periods as the adoption of the standard has no effect in the consolidated financial statements.

IFRS 9 'Financial Instruments'

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Company adopted the standard as of January 1, 2018, including the new requirements for hedge accounting. The Company adopted retrospectively without restating comparative periods. The analysis performed by the Company is as follows:

- Classification and measurement of financial instruments:

  a) Financial assets: IFRS 9 classifies all financial assets that are currently in the scope of IAS 39 into two categories: amortized cost and fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (fair value through profit or loss, "FVTPL"), or recognized in other comprehensive income (fair value through other comprehensive income, "FVTOCI"). The new guidance has no significant impact on the classification and measurement of the financial assets of the Company as the vast majority of financial assets (except for derivatives) are currently measured at amortized cost, and meet the conditions for classification at amortized cost under IFRS 9. As a result, the Company maintained this classification.

  b) Financial liabilities: IFRS 9 does not change the basic accounting model for financial liabilities under IAS 39. Two measurement categories continue to exist: FVTPL and amortized cost. Financial liabilities held for trading are measured at FVTPL, and all

other financial liabilities are measured at amortized cost unless the fair value option is applied. As a result, the Company concluded that there is no significant impact on the consolidated financial statements.

-The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under IAS 39. The Company reviewed its portfolio of financial assets subject to the new model of impairment under the new methodology (using credit default swaps, rating from credit agencies and other external inputs in order to estimate the probability of default), and recorded an adjustment to the opening balance sheet of these consolidated financial statements as detailed below in the table showing the adjustments arising from the application of IFRS 9.

-The accounting for certain modifications and exchanges of financial liabilities measured at amortized cost (e.g. bank loans and issued bonds) changes on the transition from IAS 39 to IFRS 9. This change arises from a clarification by the IASB in the Basis for Conclusions of IFRS 9. Under IFRS 9 it is now clear that there can be an effect in the income statement for modification and exchanges of financial liabilities that are considered "non-substantial" (when the net present value of the cash flows, including any fees paid net of any fees received, is lower than 10% different from the net present value of the remaining cash flows of the liability prior to the modification, both discounted at the original effective interest rate). The Company reviewed retrospectively these transactions and recorded an adjustment to the opening balance sheet of these consolidated financial statements as detailed below in the table showing the adjustments arising from the application of IFRS 9.

-IFRS 9 also introduces changes in hedge accounting. The hedge accounting requirements in IFRS 9 are optional and tend to facilitate the use of hedge accounting by preparers of financial statements. As a result, the Company reviewed its portfolio of derivatives and recorded an adjustment to the opening balance sheet of these consolidated financial statements as detailed below in the table showing the adjustments arising from the application of IFRS 9.

The impact of applying IFRS 9 to the consolidated financial statements for the year ended December 31, 2018 is not significant.

IFRS 16 'Leases'

The IASB issued a new lease accounting standard, IFRS 16, in January 2016, which requires the recognition of lease contracts on the consolidated statement of financial position.

IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalized' by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use of assets) or together with contracted concessional assets. If lease payments are made over time, a company also recognizes a financial liability representing its obligation to make future lease payments.

In the income statement, IFRS 16 replaces the straight-line operating lease expense for those leases applying IAS 17, with a depreciation charge for the lease asset (included within operating expenses) and an interest expense on the lease liability (included within finance expenses). IFRS 16 also impacts the presentation of cash flows related to former off-balance sheet leases.

The Company performed its assessment of the impact on its consolidated financial statements. The most significant impact identified is that the Company recognizes new assets and liabilities for its existing operating leases of land rights, buildings, offices and equipment.

The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. The Company decided to early adopt the standard as of January 1, 2018.

An entity shall apply this standard using one of the following two methods: full retrospectively approach or a modified retrospective approach. The Company has chosen the latter and accounted for assets as an amount equal to liability at the date of initial application. The impact on the opening balance sheet of these consolidated financial statements is shown in the table below.

The impact of applying IFRS 16 to the consolidated financial statements for the year ended December 31, 2018 is not significant.

Summary of adjustments arising from application of IFRS 9 and IFRS 16 as of December 31, 2017

($ in thousands)		IFRS 9 Adjustments				
	As reported	**Expected credit losses (*)**	**Modification of financial liabilities**	**Hedge accounting**	**IFRS 16 Adjustments**	**Restated at January 1, 2018**
Contracted concessional assets	9,084,270	(53,048)	—	—	62,982	9,094,204
Deferred tax assets	165,136	14,866	(3,055)	—	—	176,947
Long- term project debt	5,228,917	—	(39,599)	—	—	5,189,318
Grants and other liabilities	1,636,060	—	—	—	62,982	1,699,042
Deferred tax liabilities	186,583	—	8,849	—	—	195,432
Other Reserves	80,968	—	—	1,326	—	82,294
Retained Earnings	(477,214)	(38,182)	27,695	(1,326)	—	(489,027)

(*) The expected credit losses provision only applies to the contracted concessional assets recorded as financial assets for an amount before provision of $936,004 thousand as of December 31, 2017 (see Note 12).

b) Standards, interpretations and amendments published by the IASB that will be effective for periods beginning on or after January 1, 2019:

· IFRS 9 (Amendments to IFRS 9): Prepayment Features with Negative Compensation. This Standard is applicable for annual periods beginning on or after January 1, 2019 under IFRS-IASB, earlier application is permitted.

· IFRS 17 'Insurance Contracts'. This Standard is applicable for annual periods beginning on or after January 1, 2021 under IFRS-IASB, earlier application is permitted.

· IAS 19 (Amendment). Amendments to IAS 19: Plan Amendment, Curtailment or Settlement. This amendment is mandatory for annual periods beginning on or after January 1, 2019 under IFRS-IASB, earlier application is permitted.

· IFRIC 23: Uncertainty over Income Tax Treatments. This Standard is applicable for annual periods beginning on or after January 1, 2019 under IFRS-IASB.

· IAS 28 (Amendment). Long-term Interests in Associates and Joint Ventures. This amendment is mandatory for annual periods beginning on or after January 1, 2019 under IFRS-IASB, earlier application is permitted.

· IFRS 3 (Amendment). Definition of Business. This amendment is mandatory for annual periods beginning on or after January 1, 2020 under IFRS-IASB, earlier application is permitted.

· IAS 1 and IAS 8 (Amendment). Definition of Material. This amendment is mandatory for annual periods beginning on or after January 1, 2020 under IFRS-IASB, earlier application is permitted.

· Amendments to References to the Conceptual Frameworks in IFRS Standards. This Standard is applicable for annual periods beginning on or after January 1, 2020 under IFRS-IASB.

The application of these accounting standards is not expected to have a material impact on the consolidated financial statements of the Company.

3. Significant accounting judgements

Critical accounting judgements and estimates

The critical judgements which have been made in the process of applying the accounting policies are detailed below:

- Contracted concessional assets and purchase price agreements

The application of IFRIC 12 requires judgement to (i) the identification of certain infrastructures and contractual agreements in the scope of IFRIC 12; (ii) the understanding of the nature of the payments in order to determine the classification as a financial asset or as an intangible asset, and (iii) the timing and recognition of the revenue for construction and concessional activity.

Key sources of estimation uncertainty

The Group does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, expect for the uncertainty regarding credit outlooks of PG&E that may trigger an impairment of the Mojave concessional asset further to the reorganization process under Chapter 11, in which PG&E is involved (see Note 12 and Note 25).

Contracted concessional Assets and price purchase agreements

Contracted concessional assets and price purchase agreements (PPAs) include fixed assets financed through project debt, related to service concession arrangements recorded in accordance with International Financial Reporting Interpretations Committee 12 (“IFRIC 12”), except for Palmucho, which is recorded in accordance with IAS 17 Leases and PS10, PS20, Mini-Hydro, Chile TL 3 and Seville PV, which are recorded as tangible assets in accordance with IAS 16 Property, Plant and Equipment. The infrastructures accounted for by the Company as concessions are related to the activities concerning electric transmission lines, solar electricity generation plants, cogeneration plants, wind farms and water plants. The useful life of these assets is approximately the same as the length of the concession arrangement. The infrastructure used in a concession can be classified as an intangible asset or a financial asset, depending on the nature of the payment entitlements established in the agreement.

The application of IFRIC 12 requires extensive judgment in relation with, among other factors, (i) the identification of certain infrastructures and contractual agreements in the scope of IFRIC 12, (ii) the understanding of the nature of the payments in order to determine the classification of the infrastructure as a financial asset or as an intangible asset and (iii) the timing and recognition of the revenue from construction and concessionary activity.

Under the terms of contractual arrangements within the scope of this interpretation, the operator shall recognize and measure revenue in accordance with IAS 11 Construction Contract and IFRS 15 for the services it performs. If the operator performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable shall be allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

a) Intangible assets

The Company recognizes an intangible asset to the extent that it receives a right to charge final customers for the use of the infrastructure. This intangible asset is subject to the provisions of IAS 38 Intangible Assets and is amortized linearly, taking into account the estimated period of commercial operation of the infrastructure which coincides with the concession period.

Once the infrastructure is in operation, the treatment of income and expenses is as follows:

- Revenues from the updated annual revenue for the contracted concession, as well as operations and maintenance services are recognized in each period according to IFRS 15 "Revenue from contracts with customers".
- Operating and maintenance costs and general overheads and administrative costs are recorded in accordance with the nature of the cost incurred (amount due) in each period.
- Financing costs are expensed as incurred.

b) Financial assets

The Company recognizes a financial asset when demand risk is assumed by the grantor, to the extent that the concession holder has an unconditional right to receive payments for the asset. This asset is recognized at the fair value of the construction services provided, considering upgrade services in accordance with IAS 11 Construction Contracts, if any.

The financial asset is subsequently recorded at amortized cost calculated according to the effective interest method. Revenue from operations and maintenance services is recognized in each period according to IFRS 15. The remuneration of managing and operating the asset resulting from the valuation at amortized cost is also recorded in revenue.

Financing costs are expensed as incurred.

According to IFRS 9, Atlantica recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

There are two main approaches to applying the ECL model according to IFRS 9: the general approach which involves a three stage approach, and the simplified approach, which can be applied to trade receivables, contract assets and lease receivables. Atlantica has elected to apply the simplified approach. Under this approach, there is no need to monitor for significant increases in credit risk and entities will be required to measure lifetime expected credit losses at each end of reporting period.

The key elements of the ECL calculations are the following:

- the Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. Atlantica calculates PD based on Credit Default Swaps spreads ("CDS");
- the Exposure at Default ("EAD") is an estimate of the exposure at a future default date;
- the Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is expressed as a percentage of the EAD.

c) Property, plant and equipment

Property, plant and equipment includes property, plant and equipment of companies or project companies. Property, plant and equipment is measured at historical cost, including all expenses directly attributable to the acquisition, less depreciation and impairment losses, with the exception of land, which is presented net of any impairment losses. Once the infrastructure is in operation, the treatment of income and expenses is the same as the one described above for intangible assets.

Borrowing costs

Interest costs incurred that are directly attributable to the construction of any qualifying asset are capitalized over the period required to complete and prepare the asset for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its internal use or sale, which is considered to be more than one year. Remaining borrowing costs are expensed in the period in which they are incurred.

Asset impairment

Atlantica reviews its contracted concessional assets to identify any indicators of impairment at least annually.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, defined as the present value of the estimated future cash flows to be generated by the asset. In the event that the asset does not generate cash flows independently of other assets, the Company calculates the recoverable amount of the Cash Generating Unit (‘CGU’) to which the asset belongs. When the carrying amount of the CGU to which these assets belong is lower than its recoverable amount, the assets are impaired.

Assumptions used to calculate value in use include a discount rate, growth rate and projections considering real data based in the contracts terms and projected changes in both selling prices and costs. The discount rate is estimated by Management, to reflect both changes in the value of money over time and the risks associated with the specific CGU. For contracted concessional assets, with a defined useful life and with a specific financial structure, cash flow projections until the end of the project are considered and no terminal value is assumed.

Contracted concessional assets have a contractual structure that permits the Company to estimate quite accurately the costs of the project (both in the construction and in the operations periods) and revenue during the life of the project.

Projections take into account real data based on the contract terms and fundamental assumptions based on specific reports prepared internally and supported by specialists, assumptions on demand and assumptions on production. Additionally, assumptions on macro-economic conditions are taken into account, such as inflation rates, future interest rates, etc. and sensitivity analyses are performed over all major assumptions which can have a significant impact in the value of the asset.

Cash flow projections of CGUs are calculated in the functional currency of those CGUs and are discounted using rates that take into consideration the risk corresponding to each specific country and currency. Taking into account that in most CGUs the specific financial structure is linked to the financial structure of the projects that are part of those CGUs, the discount rate used to calculate the present value of cash-flow projections is based on the weighted average cost of capital (WACC) for the type of asset, adjusted, if necessary, in accordance with the business of the specific activity and with the risk associated with the country where the project is performed.

In any case, sensitivity analyses are performed, especially in relation to the discount rate used and fair value changes in the main business variables, in order to ensure that possible changes in the estimates of these items do not impact the possible recovery of recognized assets.

Accordingly, the following table provides a summary of the discount rates used (WACC) and growth rates to calculate the recoverable amount for CGUs with the operating segment to which it pertains:

Operating segment	Discount Rate	Growth Rate
EMEA	4% - 6%	0%
North America	5% - 6%	0%
South America	5% - 7%	0%

In the event that the recoverable amount of an asset is lower than its carrying amount, an impairment charge for the difference would be recorded in the income statement under the item “Depreciation, amortization and impairment charges”. Pursuant to IAS 36, an impairment loss is recognized if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate.

Loans and accounts receivable

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments, not listed on an active market. In accordance with IFRIC 12, certain assets under concessions qualify as financial assets and are recorded as is described in note 12. Pursuant to IAS 36 Impairment of Assets, an impairment loss is recognized if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate. Loans and accounts receivable are initially recognized at fair value plus transaction costs and are subsequently measured at amortized cost in accordance with the effective interest rate method. Interest calculated using the effective interest rate method is recognized under other financial income within financial income.

Derivative financial instruments and hedging activities

Derivatives are recorded at fair value. The Company applies hedge accounting to all hedging derivatives that qualify to be accounted for as hedges under IFRS-IASB.

When hedge accounting is applied, hedging strategy and risk management objectives are documented at inception, as well as the relationship between hedging instruments and hedged items. Effectiveness of the hedging relationship needs to be assessed on an ongoing basis. Effectiveness tests are performed retrospectively at inception and at each reporting date, following the dollar offset method or the regression method, depending on the type of derivatives and the type of tests performed.

Atlantica applies cash flow hedging. Under this method, the effective portion of changes in fair value of derivatives designated as cash flow hedges are recorded temporarily in equity and are subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss. Any ineffective portion of the hedged transaction is recorded in the consolidated income statement as it occurs.

When interest rate options are designated as hedging instruments, the intrinsic value and time value of the financial hedge instrument are separated. Changes in intrinsic and time value which are highly effective are recorded in equity and subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss. Any ineffectiveness is recorded as financial income or expense as it occurs.

When the hedging instrument matures or is sold, or when it no longer meets the requirements to apply hedge accounting, accumulated gains and losses recorded in equity remain as such until the forecast transaction is ultimately recognized in the income statement. However, if it becomes unlikely that the forecast transaction will actually take place, the accumulated gains and losses in equity are recognized immediately in the income statement.

Fair value estimates

Financial instruments measured at fair value are presented in accordance with the following level classification based on the nature of the inputs used for the calculation of fair value:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: Fair value is measured based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value is measured based on unobservable inputs for the asset or liability.

In the event that prices cannot be observed, the management shall make its best estimate of the price that the market would otherwise establish based on proprietary internal models which, in the majority of cases, use data based on observable market parameters as significant inputs

(Level 2) but occasionally use market data that is not observed as significant inputs (Level 3). Different techniques can be used to make this estimate, including extrapolation of observable market data. The best indication of the initial fair value of a financial instrument is the price of the transaction, except when the value of the instrument can be obtained from other transactions carried out in the market with the same or similar instruments, or valued using a valuation technique in which the variables used only include observable market data, mainly interest rates. Differences between the transaction price and the fair value based on valuation techniques that use data that is not observed in the market, are not initially recognized in the income statement.

Atlantica derivatives correspond primarily to the interest rate swaps designated as cash flow hedges which are classified as Level 2.

Description of the valuation method

Interest rate swap valuations are made by valuing the swap part of the contract and valuing the credit risk. The methodology used by the market and applied by Atlantica to value interest rate swaps is to discount the expected future cash flows according to the parameters of the contract. Variable interest rates, which are needed to estimate future cash flows, are calculated using the curve for the corresponding currency and extracting the implicit rates for each of the reference dates in the contract. These estimated flows are discounted with the swap zero curve for the reference period of the contract.

The effect of the credit risk on the valuation of the interest rate swaps depends on the future settlement. If the settlement is favourable for the Company, the counterparty credit spread will be incorporated to quantify the probability of default at maturity. If the expected settlement is negative for the Company, its own credit risk will be applied to the final settlement.

Classic models for valuing interest rate swaps use deterministic valuation of the future of variable rates, based on future outlooks. When quantifying credit risk, this model is limited by considering only the risk for the current paying party, ignoring the fact that the derivative could change sign at maturity. A payer and receiver swaption model is proposed for these cases. This enables the associated risk in each swap position to be reflected. Thus, the model shows each agent's exposure, on each payment date, as the value of entering into the 'tail' of the swap, i.e. the live part of the swap.

Variables (Inputs)

Interest rate derivative valuation models use the corresponding interest rate curves for the relevant currency and underlying reference in order to estimate the future cash flows and to discount them. Market prices for deposits, futures contracts and interest rate swaps are used to construct these curves. Interest rate options (caps and floors) also use the volatility of the reference interest rate curve.

To estimate the credit risk of the counterparty, the credit default swap (CDS) spreads curve is obtained in the market for important individual issuers. For less liquid issuers, the spreads curve

is estimated using comparable CDSs or based on the country curve. To estimate proprietary credit risk, prices of debt issues in the market and CDSs for the sector and geographic location are used.

The fair value of the financial instruments that results from the aforementioned internal models takes into account, among other factors, the terms and conditions of the contracts and observable market data, such as interest rates, credit risk and volatility. The valuation models do not include significant levels of subjectivity, since these methodologies can be adjusted and calibrated, as appropriate, using the internal calculation of fair value and subsequently compared to the corresponding actively traded price. However, valuation adjustments may be necessary when the listed market prices are not available for comparison purposes.

Trade and other receivables

Trade and other receivables are amounts due from customers for sales in the normal course of business. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less allowance for doubtful accounts. Trade receivables due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

An allowance for doubtful accounts is recorded when there is objective evidence that the Company will not be able to recover all amounts due as per the original terms of the receivables.

Grants

Grants are recognized at fair value when it is considered that there is a reasonable assurance that the grant will be received and that the necessary qualifying conditions, as agreed with the entity assigning the grant, will be adequately complied with.

Grants are recorded as liabilities in the consolidated statement of financial position and are recognized in "Other operating income" in the consolidated income statement based on the period necessary to match them with the costs they intend to compensate. In addition, grants correspond also to loans with interest rates below market rates, for the initial difference between the fair value of the loan and the proceeds received.

Loans and borrowings

Loans and borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost and any difference between the proceeds initially received (net of transaction costs incurred in obtaining such proceeds) and the repayment value is recognized in the consolidated income statement over the duration of the borrowing using the effective interest rate method.

Loans with interest rates below market rates are initially recognized at fair value in liabilities and the difference between proceeds received from the loan and its fair value is initially recorded within "Grants and Other liabilities" in the consolidated statement of financial position, and

subsequently recorded in "Other operating income" in the consolidated income statement when the costs financed with the loan are expensed.

Bonds and notes

The Company initially recognizes ordinary notes at fair value, net of issuance costs incurred. Subsequently, notes are measured at amortized cost until settlement upon maturity. Any other difference between the proceeds obtained (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the term of the debt using the effective interest rate method.

Income taxes

Current income tax expense is calculated on the basis of the tax laws in force as of the date of the consolidated statement of financial position in the countries in which the subsidiaries and associates operate and generate taxable income.

Deferred income tax is calculated in accordance with the liability method, based upon the temporary differences arising between the carrying amount of assets and liabilities and their tax base. Deferred income tax is determined using tax rates and regulations which are expected to apply at the time when the deferred tax is realized.

Deferred tax assets are recognized only when it is probable that sufficient future taxable profit will be available to use deferred tax assets.

Trade payables and other liabilities

Trade payables are obligations arising from purchases of goods and services in the ordinary course of business and are recognized initially at fair value and are subsequently measured at their amortized cost using the effective interest method. Other liabilities are obligations not arising in the normal course of business and which are not treated as financing transactions. Advances received from customers are recognized as "Trade payables and other current liabilities".

Foreign currency transactions

The consolidated financial statements are presented in U.S. dollars, which is Atlantica functional and reporting currency. Financial statements of each subsidiary within the Company are measured in the currency of the principal economic environment in which the subsidiary operates, which is the subsidiary's functional currency.

Transactions denominated in a currency different from the subsidiary's functional currency are translated into the subsidiary's functional currency applying the exchange rates in force at the time of the transactions. Foreign currency gains and losses that result from the settlement of these transactions and the translation of monetary assets and liabilities denominated in foreign currency at the year-end rates are recognized in the consolidated income statement, unless they

are deferred in equity, as occurs with cash flow hedges and net investment in foreign operations hedges.

Assets and liabilities of subsidiaries with a functional currency different from the Company's reporting currency are translated to U.S. dollars at the exchange rate in force at the closing date of the financial statements. Income and expenses are translated into U.S. dollars using the average annual exchange rate, which does not differ significantly from using the exchange rates of the dates of each transaction. The difference between equity translated at the historical exchange rate and the net financial position that results from translating the assets and liabilities at the closing rate is recorded in equity under the heading "Accumulated currency translation differences".

Results of companies carried under the equity method are translated at the average annual exchange rate.

Equity

The Company has recyclable balances in its equity, corresponding mainly to hedge reserves and translation differences arising from currency conversion in the preparation of these consolidated financial statements. These balances have been presented separately in Equity.

Non-controlling interest represents interest from other partners in entities included in these consolidated financial statements which are not fully owned by Atlantica as of the dates presented. Parent company reserves together with the Share capital represent the Parent's net investment in the entities included in these consolidated financial statements.

Provisions and contingencies

Provisions are recognized when:

- there is a present obligation, either legal or constructive, as a result of past events;
- it is more likely than not that there will be a future outflow of resources to settle the obligation; and
- the amount has been reliably estimated.

Provisions are initially measured at the present value of the expected outflows required to settle the obligation and subsequently valued at amortized cost following the effective interest method. The balance of Provisions disclosed in the Notes reflects management's best estimate of the potential exposure as of the date of preparation of the consolidated financial statements.

Contingent liabilities are possible obligations, existing obligations with low probability of a future outflow of economic resources and existing obligations where the future outflow cannot be reliably estimated. Contingences are not recognized in the consolidated statements of financial position unless they have been acquired in a business combination.

Some companies included in the group have dismantling provisions, which are intended to cover future expenditures related to the dismantlement of the solar plants and it will be likely to be settled with an outflow of resources in the long term (over 5 years).

Such provisions are accrued when the obligation for dismantling, removing and restoring the site on which the plant is located, is incurred, which is usually during the construction period. The provision is measured in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" and is recorded as a liability under the heading "Grants and other liabilities" of the Financial Statements, and as part of the cost of the plant under the heading "Contracted concessional assets."

4. Financial information by segment

Atlantica's segment structure reflects how management currently makes financial decisions and allocates resources. Its operating and reportable segments are based on the following geographies where the contracted concessional assets are located:

- North America
- South America
- EMEA

Based on the type of business, as of December 31, 2018 the Company had the following business sectors:

Renewable energy: Renewable energy assets include two solar plants in the United States, Solana and Mojave, each with a gross capacity of 280 MW and located in Arizona and California, respectively. The Company owns eight solar platforms in Spain: Solacor 1 and 2 with a gross capacity of 100 MW, PS10 and PS20 with a gross capacity of 31 MW, Solaben 2 and 3 with a gross capacity of 100 MW, Helioenergy 1 and 2 with a gross capacity of 100 MW, Helios 1 and 2 with a gross capacity of 100 MW, Solnova 1, 3 and 4 with a gross capacity of 150 MW, Solaben 1 and 6 with a gross capacity of 100 MW and Seville PV with a gross capacity of 1 MW. The Company also owns a solar plant in South Africa, Kaxu with a gross capacity of 100 MW. Additionally, the Company owns three wind farms in Uruguay, Palmatir, Cadonal and Melowind, with a gross capacity of 50 MW each, and a hydroelectric power plant in Peru with a gross capacity of 4MW.

Efficient natural gas: The Company´s sole efficient natural gas asset is ACT, a 300 MW cogeneration plant in Mexico, which is party to a 20-year take-or-pay contract with Pemex for the sale of electric power and steam.

Electric transmission lines: Electric transmission assets include (i) four lines in Peru,

ATN, ATS and ATN2, spanning a total of 1,015 miles; and (ii) four lines in Chile, Quadra 1, Quadra 2, Palmucho and Chile TL3, spanning a total of 137 miles.

Water: Water assets include a minority interest in two desalination plants in Algeria, Honaine and Skikda with an aggregate capacity of 10.5 M ft3 per day.

Atlantica's Chief Operating Decision Maker (CODM) assesses the performance and assignment of resources according to the identified operating segments. The CODM considers the revenues as a measure of the business activity and the Further Adjusted EBITDA as a measure of the performance of each segment. Further Adjusted EBITDA is calculated as profit/(loss) for the period attributable to the parent company, after adding back loss/(profit) attributable to non-controlling interests from continued operations, income tax, share of profit/(loss) of associates carried under the equity method, finance expense net, depreciation, amortization and impairment charges of entities included in these consolidated financial statements, and compensations received from Abengoa in lieu of Abengoa Concessoes Brasil Holding ("ACBH") dividends (for the years 2017 and 2016 only).

In order to assess performance of the business, the CODM receives reports of each reportable segment using revenues and Further Adjusted EBITDA. Net interest expense evolution is assessed on a consolidated basis. Financial expense and amortization are not taken into consideration by the CODM for the allocation of resources.

In the year ended December 31, 2018, Atlantica Yield had four customers with revenues representing more than 10% of the total revenues, i.e., three in the renewable energy (42%, 12% and 11% of total revenues respectively) and one in the efficient natural gas business sectors (12% of total revenues), and on December 31, 2017, Atlantica Yield had three customers with revenues representing more than 10% of the total revenues, i.e., two in the renewable energy (45% and 11% of total revenues respectively) and one in the efficient natural gas business sectors (12% of total revenues).

a) The following tables show Revenues and Further Adjusted EBITDA by operating segments and business sectors for the years 2018 and 2017:

	Revenue $'000		Further Adjusted EBITDA $'000	
	For the twelve-month period ended December 31,		For the twelve-month period ended December 31,	
Geography	**2018**	**2017**	**2018**	**2017**
North America	357,177	332,705	308,748	282,328
South America	123,214	120,797	100,234	108,766
EMEA	563,431	554,879	441,625	388,216
Total	**1,043,822**	**1,008,381**	**850,607**	**779,310**

	Revenue $'000		Further Adjusted EBITDA $'000	
	For the twelve-month period ended December 31,		For the twelve-month period ended December 31,	
Business sector	**2018**	**2017**	**2018**	**2017**
Renewable energy	793,557	767,226	664,428	569,193
Efficient natural gas	130,799	119,784	93,858	106,140
Electric transmission lines	95,998	95,096	78,461	87,695
Water	23,468	26,275	13,860	16,282
Total	**1,043,822**	**1,008,381**	**850,607**	**779,310**

The reconciliation of segment Further Adjusted EBITDA with the loss attributable to the parent company is as follows:

	For the twelve-month period ended December 31,	
	2018	2017
	$'000	$'000
Profit/(Loss) attributable to the Company	41,596	(111,804)
Profit attributable to non-controlling interests	13,673	6,917
Income tax	42,659	119,837
Share of profits/(losses) of associates	(5,231)	(5,351)
Dividend from exchangeable preferred equity investment in ACBH	-	10,383
Financial expense, net	395,213	448,368
Depreciation, amortization, and impairment charges	362,697	310,960
Total segment Further Adjusted EBITDA	**850,607**	**779,310**

b) The assets and liabilities by operating segments (and business sector) at the end of 2018 and 2017 are as follows:

Assets and liabilities by geography as of December 31, 2018:

	North America	South America	EMEA	Balance as of December 31, 2018
Assets allocated				
Contracted concessional assets	3,453,652	1,210,624	3,884,905	8,549,181
Investments carried under the equity method	-	-	53,419	53,419
Current financial investments	147,213	61,959	30,080	239,252
Cash and cash equivalents (project companies)	195,678	41,316	287,456	524,450
Subtotal allocated	**3,796,543**	**1,313,899**	**4,255,860**	**9,366,302**
Unallocated assets				
Other non-current assets				188,736
Other current assets (including cash and cash equivalents at holding company level)				363,993
Subtotal unallocated				**552,729**
Total assets				**9,919,031**

	North America	South America	EMEA	Balance as of December 31, 2018
Liabilities allocated				
Long-term and short-term project debt	1,725,961	900,801	2,464,352	5,091,114
Grants and other liabilities	1,527,724	7,550	122,852	1,658,126
Subtotal allocated	**3,253,685**	**908,351**	**2,587,204**	**6,749,240**
Unallocated liabilities				
Long-term and short-term corporate debt				684,073
Other non-current liabilities				523,827
Other current liabilities				205,779
Subtotal unallocated				**1,413,679**
Total liabilities				**8,162,919**
Equity unallocated				**1,756,112**
Total liabilities and equity unallocated				**3,169,791**
Total liabilities and equity				**9,919,031**

Assets and liabilities by geography as of December 31, 2017:

	North America	South America	EMEA	Balance as of December 31, 2017
Assets allocated				
Contracted concessional assets	3,770,169	1,100,778	4,213,323	9,084,270
Investments carried under the equity method	-	-	55,784	55,784
Current financial investments	116,451	59,831	31,263	207,545
Cash and cash equivalents (project companies)	149,236	42,548	329,078	520,862
Subtotal allocated	**4,035,856**	**1,203,157**	**4,629,448**	**9,868,461**
Unallocated assets				
Other non-current assets				210,378
Other current assets (including cash and cash equivalents at holding company level)				413,500
Subtotal unallocated				**623,878**
Total assets				**10,492,339**

	North America	South America	EMEA	Balance as of December 31, 2017
Liabilities allocated				
Long-term and short-term project debt	1,821,102	876,063	2,778,043	5,475,208
Grants and other liabilities	1,593,048	810	42,202	1,636,060
Subtotal allocated	**3,414,150**	**876,873**	**2,820,245**	**7,111,268**
Unallocated liabilities				
Long-term and short-term corporate debt				643,083
Other non-current liabilities				657,345
Other current liabilities				185,190
Subtotal unallocated				**1,485,618**
Total liabilities				**8,596,886**
Equity unallocated				**1,895,453**
Total liabilities and equity unallocated				**3,381,071**
Total liabilities and equity				**10,492,339**

Assets and liabilities by business sectors as of December 31, 2018:

	Renewable energy	Efficient natural gas	Electric transmission lines	Water	Balance as of December 31, 2018
Assets allocated					
Contracted concessional assets	6,998,020	580,997	882,980	87,184	8,549,181
Investments carried under the equity method	10,257	-	-	43,162	53,419
Current financial investments	15,396	147,192	61,102	15,562	239,252
Cash and cash equivalents (project companies)	453,096	45,625	14,043	11,686	524,450
Subtotal allocated	**7,476,769**	**773,814**	**958,125**	**157,594**	**9,366,302**
Unallocated assets					
Other non-current assets					188,736
Other current assets (including cash and cash equivalents at holding company level)					363,993
Subtotal unallocated					**552,729**
Total assets					**9,919,031**

	Renewable energy	Efficient natural gas	Electric transmission lines	Water	Balance as of December 31, 2018
Liabilities allocated					
Long-term and short-term project debt	3,868,626	545,123	647,820	29,545	5,091,114
Grants and other liabilities	1,656,146	161	1,025	794	1,658,126
Subtotal allocated	**5,524,772**	**545,284**	**648,845**	**30,339**	**6,749,240**
Unallocated liabilities					
Long-term and short-term corporate debt					684,073
Other non-current liabilities					523,827
Other current liabilities					205,779
Subtotal unallocated					**1,413,679**
Total liabilities					**8,162,919**
Equity unallocated					**1,756,112**
Total liabilities and equity unallocated					**3,169,791**
Total liabilities and equity					**9,919,031**

Assets and liabilities by business sectors as of December 31, 2017:

	Renewable energy	Efficient natural gas	Electric transmission lines	Water	Balance as of December 31, 2017
Assets allocated					
Contracted concessional assets	7,436,362	660,387	897,269	90,252	9,084,270
Investments carried under the equity method	12,419	-	-	43,365	55,784
Current financial investments	17,249	116,430	59,289	14,577	207,545
Cash and cash equivalents (project companies)	452,792	39,064	15,325	13,681	520,862
Subtotal allocated	**7,918,822**	**815,881**	**971,883**	**161,875**	**9,868,461**
Unallocated assets					
Other non-current assets					210,378
Other current assets (including cash and cash equivalents at holding company level)					413,500
Subtotal unallocated					**623,878**
Total assets					**10,492,339**

	Renewable energy	Efficient natural gas	Electric transmission lines	Water	Balance as of December 31, 2017
Liabilities allocated					
Long-term and short-term project debt	4,162,596	579,173	698,346	35,093	5,475,208
Grants and other liabilities	1,635,508	552	-	-	1,636,060
Subtotal allocated	**5,798,104**	**579,725**	**698,346**	**35,093**	**7,111,268**
Unallocated liabilities					
Long-term and short-term corporate debt					643,083
Other non-current liabilities					657,345
Other current liabilities					185,190
Subtotal unallocated					**1,485,618**
Total liabilities					**8,596,886**
Equity unallocated					**1,895,453**
Total liabilities and equity unallocated					**3,381,071**
Total liabilities and equity					**10,492,339**

c) The amount of depreciation, amortization and impairment charges recognized for the years ended December 31, 2018 and 2017 are as follows:

	For the twelve-month period ended December 31, $'000	
Depreciation, amortization and impairment by geography	**2018**	**2017**
North America	(166,046)	(123,726)
South America	(42,368)	(40,880)
EMEA	(154,283)	(146,354)
Total	**(362,697)**	**(310,960)**

	For the twelve-month period ended December 31, $'000	
Depreciation, amortization and impairment by business sectors	**2018**	**2017**
Renewable energy	(323,438)	(282,376)
Electric transmission lines	(28,925)	(28,584)
Efficient natural gas	(10,334)	
Total	**(362,697)**	**(310,960)**

5. Changes in the scope of the consolidated financial statements

For the year ended December 31, 2018

On February 28, 2018, the Company completed the acquisition of a 100% stake in Hidrocañete, S.A. (Mini-Hydro). Total purchase price for this asset amounted to $9,327 thousand. The purchase has been accounted for in the consolidated accounts of Atlantica, in accordance with IFRS 3, Business Combinations.

On October 10, 2018, the Company completed the acquisition of a 5% stake in Gas CA-KU-A1, S.A.P.I de C.V. (Pemex Transportation System or "PTS"). The purchase has been accounted for in the consolidated accounts of Atlantica, in accordance with IAS 28, Investments in Associates. Consideration for the initial 5%, which amounts to approximately $7 million will be disbursed progressively as construction progresses. Once the project enters into operation, which is expected for late 2019 or early 2020, the Company expects to acquire an additional 65%. Finally, the Company expects to acquire the remaining 30% one year after COD, subject to final approvals. The total equity investment is estimated to amount to approximately $150 million.

On December 11, 2018, the Company completed the acquisition of a transmission line in Chile (Chile TL3). The total purchase price for this asset amounted to $6,000 thousand. The purchase has been accounted for in the consolidated accounts of Atlantica, in accordance with IFRS 3, Business Combinations.

On December 13, 2018, the Company completes the acquisition of a 100% stake in Estrellada, S.A. (Melowind). Total purchase price for this asset amounted to $45,276 thousand. The purchase has been accounted for in the consolidated accounts of Atlantica, in accordance with IFRS 3, Business Combinations.

On December 28, 2018, the Company completed the acquisition of a power substation and two small transmission lines in Peru, being an expansion of the ATN transmission line ("ATN expansion 1"). Total purchase price for this asset amounted to $16,000 thousand. The purchase has been accounted for in the consolidated accounts of Atlantica, in accordance with IFRS 3, Business Combinations.

Impact of changes in the scope in the consolidated financial statements

The amount of assets and liabilities integrated at the effective acquisition date for the aggregated change in scope is shown in the following table:

	Asset Acquisition for the year ended December 31, 2018 $'000
Concessional assets (Note 12)	155,909
Investments carried under the equity method (Note 13)	1
Current assets	5,646
Project debt long term (Note 17)	(79,016)
Deferred tax liabilities (Note 10)	(590)
Project debt short term (Note 17)	(2,346)
Other current and non-current liabilities	(3,000)
Asset acquisition - purchase price	(76,604)
Net result of the asset acquisition	**-**

As a result of the acquisitions being made effective near to year end, the allocation of the purchase prices is provisional as of December 31, 2018. As such, the amounts indicated may be adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized as of December 31, 2018. The measurement period will not exceed one year from the acquisition dates.

The amount of revenue contributed by the acquisitions performed during 2018 to the consolidated financial statements of the Company for the year 2018 is $1.8 million, and the amount of loss after tax is $0.3 million. Had the acquisitions been consolidated from January 1, 2018, the consolidated statement of comprehensive income would have included additional revenue of $13.3 million and additional loss after tax of $0.7 million.

Costs related to these acquisitions are not material and have all been recorded within the line "Other operating expenses" in the consolidated income statement when incurred.

For the year ended December 31, 2017

There is no change in the scope of the consolidated financial statement in the year 2017.

6. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 2018 $'000	Year ended 2017 $'000
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	891	871
Fees payable to the company's auditor and their associates for other services to the group		
–The audit of the company's subsidiaries	905	833
Total audit fees	**1,796**	**1,704**
- Audit-related services	705	303
- Other services	46	25
Total non-audit fees	**751**	**328**
	2,547	**2,032**

The fee payable to the Company's auditor for the audit of the Company's annual accounts amounts to $12,000 (2017: $12,000).

"Audit Fees" are the aggregate fees billed for professional services in connection with the audit of our Annual Consolidated Financial Statements, quarterly reviews of our interim financial statements and statutory audits of our subsidiaries' financial statements under the rules of England and Wales and the countries in which our subsidiaries are organized. The increase in audit fees is mainly due to foreign exchange differences.

"Audit-Related Fees" include fees charged for services that can only be provided by our auditor, such as audits of non-recurring transactions, consents, comfort letters, attestation services and audit services required for SEC or other regulatory agencies. Audit-Related fees also includes assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. Fees paid during 2018 related to comfort letters and consents required for capital market transactions of our major shareholder are also included in this category.

The Audit Committee approved all of the services provided by Deloitte, S.L. and by other member firms of Deloitte.

"Other services" comprises fees billed in relation to financial advisory services and other services which cannot be comprised under other categories.

7. Staff costs

The average monthly number of employees (including executive directors) was:

	2018 Number	2017 Number
Executives	16	16
Middle Managers	39	31
Engineers and Graduates	115	102
Assistants and Professionals	15	11
Plant technicians	22	22
	207	**182**

Their aggregate remuneration comprised:

	Year ended 2018 $'000	Year ended 2017 $'000
Wages and salaries	(12,677)	(16,685)
Social security costs	(2,082)	(1,877)
Other staff costs	(371)	(292)
	(15,130)	**(18,854)**

8. Other operating income

Other Operating income	For the twelve-month period ended December 31, 2018 $'000	For the twelve-month period ended December 31, 2017 $'000
Grants	59,421	59,707
Income from various services and insurance proceeds	34,181	21,137
Income from the purchase of the long-term operation and maintenance payable to Abengoa (see Note 26)	38,955	-
Total	**132,557**	**80,844**

Grants income mainly relate to ITC cash grants and implicit grants recorded for accounting purposes in relation to the FFB loans with interest rates below market rates in Solana and Mojave projects (see Note 18).

9. Finance income and expenses

The following table sets forth our financial income and expenses for the years ended December 31, 2018 and 2017:

	For the twelve-month period ended December 31, 2018 $'000	For the twelve-month period ended December 31, 2017 $'000
Finance income		
Interest income from loans and credits	36,296	325
Profit on interest rate derivatives: cash flow hedges	148	682
TOTAL	**36,444**	**1,007**

	For the twelve-month period ended December 31, 2018 $'000	For the twelve-month period ended December 31, 2017 $'000
Finance expenses		
Expenses due to interest:		
- Loans from credit entities	(256,736)	(253,660)
- Other debts	(100,057)	(137,562)
Losses on interest rate derivatives: cash flow hedges	(68,226)	(72,495)
TOTAL	**(425,019)**	**(463,717)**

Financial income from loans and credits primarily includes a non-monetary financial income of $36.6 million resulting from the refinancing of the debts of Helios 1&2 and Helioenergy 1&2 in the second quarter of 2018.

Interest from other debts are primarily interest on the notes issued by ATS, ATN, ATN2, Atlantica and Solaben Luxembourg and interest related to the investment from Liberty. The decrease in 2018 is primarily due to a lower increase of the amortized cost of the Liberty debt of $23 million compared to the year 2017 (see Note 18). Losses from interest rate derivatives designated as cash flow hedges correspond primarily to transfers from equity to financial expense when the hedged item is impacting the consolidated income statement.

	For the twelve-month period ended December 31, 2018 $'000	For the twelve-month period ended December 31, 2017 $'000
Other finance income / (expenses)		
Dividend from ACBH (Brazil)	-	10,383
Other finance income	14,431	28,809
Other finance expenses	(22,666)	(20,758)
TOTAL	**(8,235)**	**18,434**

According to an agreement reached with Abengoa in the third quarter of 2016, Abengoa acknowledged that Atlantica is the legal owner of the dividends declared on February 24, 2017 and retained from Abengoa amounting to $10.4 million. As a result, the Company recorded $10.4 million as Other financial income on 2017 in accordance with the accounting treatment previously given to the ACBH dividend.

Other financial income in 2018 are primarily interests on deposits and on loan granted to third parties. In 2017, it included a $16.2 million income as a result of the termination of the currency swap agreement with Abengoa.

Other financial losses primarily include expenses for guarantees and letters of credit, wire transfers, other bank fees and other minor financial expenses.

10. Tax

All the companies included in the Company file income taxes according to the tax regulations in force in each country on an individual basis or under consolidation tax regulations.

The consolidated income tax has been calculated as an aggregation of income tax expenses of each individual company. In order to calculate the taxable income of the consolidated entities individually, the accounting profit is adjusted for temporary and permanent differences, recording the corresponding deferred tax assets and liabilities. At each consolidated income statement date, a current tax asset or liability is recorded, representing income taxes currently refundable or payable. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates.

Income tax payable is the result of applying the applicable tax rate in force to each tax-paying entity, in accordance with the tax laws in force in the country in which the entity is registered. Additionally, tax deductions and credits are available to certain entities, primarily relating to inter-company trades and tax treaties between various countries to prevent double taxation.

As of December 31, 2018, and 2017, the analysis of deferred tax assets and deferred tax liabilities is as follows:

	Year ended 2018 $'000	Year ended 2017 $'000
Net tax credits for operating losses carry forwards	55,835	71,219
Temporary differences derivatives financial instruments	79,865	93,719
Other temporary differences	366	198
Total deferred tax assets	**136,066**	**165,136**

Most of the net tax credits for operating losses carry forwards corresponds to Peru, South Africa and solar plants in Spain as of December 31, 2018.

Temporary differences for derivatives financial instruments are mainly due to ACT ($13 million) and solar plants in Spain ($62 million).

In relation to tax loss carry forwards and deductions pending to be used recorded as deferred tax assets, the entities evaluate its recoverability projecting forecasted taxable income for the

upcoming years and taking into account their tax planning strategy. Deferred tax liabilities reversals are also considered in these projections, as well as any limitation established by tax regulations in force in each tax jurisdiction.

	Year ended 2018 $'000	Year ended 2017 $'000
Temporary differences tax/book amortization	126,792	113,432
Other temporary differences tax/book value of contracted concessional assets	73,793	66,247
Other temporary differences	10,415	6,904
Total deferred tax liabilities	**211,000**	**186,583**

As of December 31, 2018, and 2017, temporary differences as a result of accelerated tax amortization resulted in a net deferred tax liability position. These are primarily due to Solana and Mojave ($55 million in 2018 and $63 million in 2017) and solar plants in Spain ($74 million in 2018 and $51 million in 2017).

In the year ended as of December 31, 2017 there was an impact on the U.S. entities as a result of the tax reform and U.S. Internal Revenue Code Section 382 described as follows:

- In December 2017 a tax reform, the Tax Cuts and Jobs Act, was enacted in the U.S., consisting mainly in a decrease in the corporate tax rate from 35% to 21% effective January 1st, 2018. The Company therefore adjusted the deferred tax assets and liabilities of its U.S. entities using the new enacted corporate tax rate as of December 31, 2017, resulting in a loss of $19 million recorded in the consolidated income statement for the year ended December 31, 2017;

- In addition, the U.S. Internal Revenue Code ("IRC") Section 382 establishes an annual limitation on the use of U.S. Net Operating Losses ("NOLs") as a result of an ownership change. An "ownership change" would occur if the direct and indirect "5-percent shareholders", as defined under Section 382 of the IRC, collectively increased their ownership in the Company by more than 50 percentage points over a rolling three-year period. The Company experienced during 2017 an ownership change due to Abengoa´s restructuring and changes in its shareholders´s base. As a result, the U.S. NOLs carry forwards generated through the date of change are subject to an annual limitation under Section 382, which resulted in a derecognition of deferred tax assets previously recognized amounting to $96 million corresponding to an amount of $387 million of NOLs and also taking into consideration the newly enacted corporate tax rate of 21%. This loss has been recorded in the consolidated income statement for the year ended December 31, 2017.

Other temporary differences tax/book value of contracted concessional assets, which resulted in a net deferred tax liability position relate primarily to ACT in both years.

The movements in deferred tax assets and liabilities during the years ended December 31, 2018 and 2017 were as follows:

Deferred tax assets	Amount
As of January 1, 2017	202,891
Increase/(decrease) through the consolidated income statement	(31,421)
Increase/(decrease) through other consolidated comprehensive income (equity)	(13,312)
Other movements	6,978
As of December 31, 2017	**165,136**
First application of IFRS 9 as of December 31, 2017 (Note 2)	11,811
Increase/(decrease) through the consolidated income statement	(24,195)
Increase/(decrease) through other consolidated comprehensive income (equity)	(10,685)
Other movements	(6,001)
As of December 31, 2018	**136,066**

Deferred tax liabilities	Amount
As of January 1, 2017	95,037
Increase/(decrease) through the consolidated income statement	86,418
Increase/(decrease) through other consolidated comprehensive income (equity)	-
Other movements	5,128
As of December 31, 2017	**186,583**
First application of IFRS 9 as of December 31, 2017 (Note 2)	8,849
Increase/(decrease) through the consolidated income statement	17,996
Increase/(decrease) through other consolidated comprehensive income (equity)	-
Change in the scope of the consolidated financial statements (Note 5)	590
Other movements	(3,018)
As of December 31, 2018	**211,000**

Details for income tax for the years ended December 31, 2018 and 2017 are as follows:

	Year ended 2018 $'000	Year ended 2017 $'000
Current tax	**(468)**	**(1,998)**
Deferred tax	**(42,191)**	**(117,839)**
- relating to the origination and reversal of temporary differences	(42,191)	(98,508)
- relating to changes in tax rates	-	(19,331)
Total income tax benefit/(expense)	**(42,659)**	**(119,837)**

The reconciliation between the theoretical income tax resulting from applying an average statutory tax rate to income/(loss) before income tax and the actual income tax expense recognized in the consolidated income statements for the years ended December 31, 2018 and 2017 are as follows:

	Year ended 2018 $'000	Year ended 2017 $'000
Profit before tax	97,928	14,950
Tax at the average statutory tax rate of 30% (2017: 30 %)	(29,378)	(4,485)
Tax effect of share of results of associates	1,639	1,765
Permanent differences	5,385	19,324
Incentives, deductions, and unrecognized tax losses carry forwards	(22,972)	(20,994)
Change in corporate income tax	-	(19,331)
Effect of different tax rates of subsidiaries operating in other jurisdictions	752	3,304
U.S Internal Revenue Code Section 382	-	(96,328)
Other non-taxable income/(expense)	1,915	(3,092)
Tax charge for the year	**(42,659)**	**(119,837)**

Permanent differences in 2018 and 2017 are mainly due to ACT (Mexico).

The main implications derived from the Tax Cuts and Jobs Act enacted in December 2017 in the U.S. entities are:

- A reduction of the Federal income tax rate from 35% to 21%, effective since January 1, 2018. This measure will imply a reduction of the tax burden of the Company. The effect on the deferred tax assets and liabilities has resulted in a $19 million loss;
- A limitation of the deduction for net interest expense of all businesses in the U.S. The new limitation is imposed on net interest expense that exceeds 30% of EBITDA from 2018 to 2021, and 30% of EBIT from 2022 onwards. Interests disallowed would be deducted in the future in the event that those limits are not exceeded. After having considered the impacts of Section 382 commented above, the Company does not expect significant negative effects from this net interest expense limitation;
- NOLs arising in tax years beginning after 2017 would be limited to 80% of taxable income. For new NOLs recognized after 2017, an indefinite carry forward would be allowed. The limitation of 80% is not applicable for NOLs generated before 2018. For existing NOLs before 2018, a carry forward of 20 years is still applicable. The new limitation does not trigger adverse tax effects to the U.S. subsidiaries of the Company considering the amount

of NOLs to be generated in upcoming years and the projected amount of taxable income of these entities after having considered the impacts of Section 382;

- Base erosion anti-abuse tax (BEAT): The BEAT applies to certain U.S. corporations that make relevant deductible payments to foreign affiliates. The excess of 10% of a corporation's taxable income increased by those payments to foreign related parties over its regular tax liability, will be the base erosion tax due. BEAT provisions do not trigger adverse tax consequences for the U.S. subsidiaries of the Company considering the amount of payments made to foreign affiliates for management and support services;
- Potential tax erosion in the U.S.: The Company does not expect to have material adverse tax consequences in the U.S. subsidiaries as a result of the measures previously described.

11. Dividends

	Year ended 2018 $'000	Year ended 2017 $'000
Amounts recognised as distributions to equity holders in the period:	(133,289)	(109,801)

The dividends indicated above fully relate to the dividends declared by Atlantica Yield Plc. to its shareholders. These have been declared as follows:

- On February 27, 2018, the Board of Directors declared a dividend of $0.31 per share corresponding to the fourth quarter of 2017. The dividend was paid on March 27, 2018.
- On May 11, 2018, the Board of Directors of the Company approved a dividend of $0.32 per share corresponding to the first quarter of 2018. The dividend was paid on June 15, 2018.
- On July 31, 2018, the Board of Directors of the Company approved a dividend of $0.34 per share corresponding to the second quarter of 2018. The dividend was paid on September 15, 2018.
- On October 31, 2018, the Board of Directors declared a dividend of $0.36 per share corresponding to the third quarter of 2018. The dividend was paid on December 14, 2018.

12. Contracted concessional assets

Contracted concessional assets include fixed assets financed through project debt, related to service concession arrangements recorded in accordance with IFRIC 12, except for Palmucho, which is recorded in accordance with IAS 17 Leases, and PS10, PS20, Seville PV, Mini-Hydro and Chile TL3 which are recorded as property plant and equipment in accordance with IAS 16

Property, Plant and Equipment. Concessional assets recorded in accordance with IFRIC 12 are either intangible of financial assets. As of December 31, 2018, contracted concessional financial assets amount to $843,291 thousand ($936,004 thousand as of December 31, 2017).

a) The following table shows the movements of contracted concessional assets included in the heading "Contracted Concessional assets" for 2018:

	2018 $'000
Cost	
At 1 January 2018	10,633,769
Additions	10,463
Application of IFRS 16 – Leases (Note 2)	62,982
Substractions	(92,814)
Change in the scope of the consolidated financial statements (Note 5)	170,040
Translation differences	(280,680)
Reclassification and other movements	(27,932)
At 31 December 2018	**10,475,828**
Accumulated amortization losses	
At 1 January 2018	(1,549,499)
Adjustments arising from application of IFRS9 - Expected Credit Losses (Note 2)	(53,048)
Additions	(362,697)
Change in the scope of the consolidated financial statements (Note 5)	(14,131)
Translation differences	52,728
At 31 December 2018	**(1,926,647)**
Carrying amount	
At 1 January 2018	9,084,270
At 31 December 2018	8,549,181

During 2018, contracted concessional assets decreased primarily due to the effect of the depreciation of the Euro against the U.S. dollar for the year ended December 31, 2018 compared to the year ended December 31, 2017 and to the amortization charge for the year.

Other relevant movements in the cost of contracted concessional assets are an increase for the

acquisition of new concessional assets (see Note 12), the impact of the application of IFRS 16, ´Leases´ from January 1, 2018 (see Note 2), partially offset by a decrease for the payments received by Solana from Abengoa in March and December 2018 further to Abengoa´s obligation as EPC Contractor (see Note 26).

Amortization and impairment amount includes the recognition of impairment provisions based on expected credit losses due to the application of IFRS 9, ´Financial instruments´ from January 1, 2018 (see Note 2).

The decrease included in "Reclassification and other movements" is mainly due to the reclassification from the long to the short term of the current portion of the contracted concessional financial assets.

Considering the lower production compared with the run-rate production expected for Solana due to the technical issues experienced since COD in the asset and the uncertainty around level of production in the future, the Company identified a triggering event of impairment during the year 2018 in compliance with IAS 36, Impairment of Assets. As a result, an impairment test has been performed resulting in the recording of an impairment loss of $42,721 thousand as of December 31, 2018.

The impairment has been recorded within the line "Depreciation, amortization and impairment charges" of the consolidated income statement, decreasing the amount of "Contracted concessional assets" pertaining to the Renewable energy sector and North America geography. The recoverable amount considered is the value in use and amounts to $1,141,209 thousand for Solana, as of December 31, 2018. A specific discount rate has been used in each year considering changes in the debt/equity leverage ratio over the useful life of this project, resulting in the use of a range of discount rates between 5.0% and 5.8%. An adverse change in the key assumptions which are individually used for the valuation could lead to future impairment recognition; specifically, a 5% decrease in generation over the entire remaining useful life (PPA) of the project would generate an additional impairment of approximately $72 million. An increase of 50 basis points in the discount rate would lead to an additional impairment of approximately $50 million.

In addition, the Company identified a triggering event of impairment for Mojave as a result of the negative credit outlooks of Pacific Gas and Electric Company, the off-taker of the plant, as of December 31, 2018 (see Note 25 for further details). This project is within the Renewable energy sector and North America geography. The Company therefore performed an impairment test as of December 31, 2018, which resulted in the recoverable amount (value in use) exceeding the carrying amount of the asset by 10%. To determine the value in use of the asset, a specific discount rate has been used in each year considering changes in the debt/equity leverage ratio over the useful life of this project, resulting in the use of a range of discount rates between 4.6% and 5.8%.

An adverse change in the key assumptions which are individually used for the valuation would not lead to future impairment recognition; neither in case of a 5% decrease in generation over the entire remaining useful life (PPA) of the project nor in case of an increase of 50 basis points in the discount rate.

b) The following table shows the movements of contracted concessional assets included in the heading "Contracted Concessional assets" for 2017:

	2017 $´000
Cost	
At 1 January 2017	10,067,596
Additions	15,426
Substractions	(42,500)
Translation differences	593,247
At 31 December 2017	**10,633,769**
Accumulated amortization losses	
At 1 January 2017	(1,143,324)
Charge	(309,846)
Translation differences	(96,329)
At 31 December 2017	**(1,549,499)**
Carrying amount	
At 1 January 2017	8,924,272
At 31 December 2017	9,084,270

During 2017 contracted concessional assets increased primarily due to the effect of appreciation of the Euro against the U.S. dollar for the year ended December 31, 2017 compared to the year ended December 31, 2016, this effect has been partially compensated by "the amortization charge for the year".

The decrease fully relates to the indemnity received from Abengoa by Solana in December 2017 further to Abengoa´s obligation as EPC Contractor (see Note 26).

No losses from impairment of contracted concessional assets were recorded during the year ended December 31, 2017.

13. Investments carried under the equity method

The table below shows the breakdown and the movement of the investments held in associates for 2018 and 2017:

Investments in associates	2018 $'000	2017 $'000
Initial balance	55,784	55,009
Share of profit/(loss)	5,231	5,351
Dividend distribution	(4,463)	(2,454)
Equity distribution	(122)	(549)
Currency translation differences	(3,011)	(1,573)
Final balance	**53,419**	**55,784**

Details of the Group's associates at the end of the reporting period are as follows:

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest / voting rights held by the Group	
			31/12/2018	31/12/2017
Evacuación Valdecaballeros, S.L.	Connection Facilities	Cáceres (Spain)	57.16%	57.16%
Myah Bahr Honaine, S.P.A.	Water plant	Dély Ibrahim (Algeria)	25.50%	25.50%
Pectonex, R.F. Proprietary Limited	Connection Facilities	Pretoria (South Africa)	50.00%	50.00%
Evacuación Villanueva del Rey, S.L	Connection Facilities	Sevilla (Spain)	40.02%	40.02%
Ca Ku A1, S.A.P.I de CV (PTS)	Efficient natural gas	Mexico D.F. (Mexico)	5.00%	-

All of the above associates are accounted for using the equity method in these consolidated financial statements as set out in the group's accounting policies in note 3.

There are no significant movement in the investments held in associates during the years 2018 and 2017.

The tables below show a breakdown of stand-alone amounts of assets, revenues and profit and loss as well as other information of interest for the years 2018 and 2017 for the associated companies:

	% Shares	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Operating profit/ (loss)	Net profit/ (loss)	Investment under the equity method
Evacuación Valdecaballeros, S.L.	57.16	19,679	820	381	420	320	(668)	(693)	8,773
Myah Bahr Honaine, S.P.A. (*)	25.50	186,484	63,224	81,942	13,184	50,118	25,778	22,193	43,161
Pectonex, R.F. Proprietary Limited	50.00	3,186	-	-	2	-	(209)	(209)	1,485
Evacuación Villanueva del Rey, S.L	40.02	3,190	257	2,021	383	-	44	-	-
Ca Ku A1, S.A.P.I de CV (PTS)	5.00	50,547	13	-	50,625	-	(83)	(624)	-
As of December 31, 2018		**263,086**	**64,314**	**83,344**	**64,614**	**50,438**	**24,862**	**20,667**	**53,419**

	% Shares	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Operating profit/ (loss)	Net profit/ (loss)	Investment under the equity method
Evacuación Valdecaballeros, S.L.	57.16	21,306	841	373	451	298	(708)	(730)	9,175
Myah Bahr Honaine, S.P.A. (*)	25.50	195,275	64,114	91,205	12,649	46,767	28,468	24,464	43,365
Pectonex, R.F. Proprietary Limited	50.00	3,904	-	-	2	-	(206)	(206)	3,244
Evacuación Villanueva del Rey, S.L	40.02	3,526	53	2,265	190	-	37	-	-
As of December 31, 2017		**240,011**	**65,008**	**93,843**	**13,292**	**47,065**	**27,591**	**23,528**	**55,784**

The Company has no control over Evacuación Valdecaballeros, S.L. as all relevant decisions of this company require the approval of a minimum of shareholders accounting for more than 75% of the shares.

None of the associated companies referred to above is a listed company.

(*) Myah Bahr Honaine, S.P.A., the project entity, is 51% owned by Geida Tlemcen, S.L. which is accounted for using the equity method in these consolidated financial statements. Share of profit of Myah Bahr Honaine S.P.A. included in these consolidated financial statements amounts to $5,659 thousand in 2018 and $6,238 thousand in 2017.

14. Trade and other receivables

Trade and other receivables as of December 31, 2018 and 2017, consist of the following:

	Balance as of December 31, 2018 $'000	Balance as of December 31, 2017 $'000
Trade receivables	163,856	186,728
Tax receivables	54,959	39,607
Prepayments	5,521	6,375
Other accounts receivable	12,059	11,739
Total	**236,395**	**244,449**

As of December 31, 2018, and 2017, the fair value of clients and other accounts receivable does not differ significantly from its carrying value.

The Group has not provided for these debtors as they are all considered to be fully recoverable.

Trade receivables in foreign currency as of December 31, 2018 and 2017, are as follows:

	Balance as of December 31, 2018 $'000	Balance as of December 31, 2017 $'000
Euro	91,303	109,165
Rand	25,193	23,792
Other	9,884	7,363
Total	**126,380**	**140,320**

The following table shows the maturity of Trade receivables as of December 31, 2018 and 2017:

	Balance as of December 31, 2018 $'000	Balance as of December 31, 2017 $'000
Up to 3 months	163,855	186,728
Total	**163,855**	**186,728**

15. Cash and cash equivalents

The following table shows the detail of cash and cash equivalents as of December 31, 2018 and 2017:

	2018 $'000	2017 $'000
Cash and cash equivalents	631,542	669,387
	631,542	**669,387**

Cash includes funds held to satisfy the customary requirements of certain non-recourse debt agreements within the Company´s projects amounting to $296 million.

The following breakdown shows the main currencies in which cash and cash equivalent balances are denominated:

	2018 $'000	2017 $'000
US Dollar	328,716	319,400
Euro	228,036	288,625
Algerian Dinar	11,602	13,628
South African Rand	55,257	40,999
Others	7,931	6,735
	631,542	**669,387**

16. Corporate debt

The breakdown of the corporate debt as of December 31, 2018 and 2017 is as follows:

Non-current	Balance as of December 31, 2018 $'000	Balance as of December 31, 2017 $'000
Credit Facilities with financial entities	415,168	320,783

Notes and Bonds	-	253,393
Total Non-current	**415,168**	**574,176**

Current	**Balance as of December 31, 2018 $'000**	**Balance as of December 31, 2017 $'000**
Credit Facilities with financial entities	11,580	65,833
Notes and Bonds	257,325	3,074
Total Current	**268,905**	**68,907**

On November 17, 2014, the Company issued the Senior Notes due 2019 in an aggregate principal amount of $255,000 thousand (the "2019 Notes"). The 2019 Notes accrue annual interest of 7.00% payable semi-annually beginning on May 15, 2015 until their maturity date. As of December 31, 2018 the amount of 2019 Notes has been classified as Current, considering its maturity is November 15, 2019.

On December 3, 2014, the Company entered into a credit facility of up to $125,000 thousand with Banco Santander, S.A., Bank of America, N.A., Citigroup Global Markets Limited, HSBC Bank plc and RBC Capital Markets, as joint lead arrangers and joint bookrunners (the "Former Revolving Credit Facility" or "Former RCF"). On December 22, 2014, the Company drew down $125,000 thousand under the Former RCF. $71,000 thousand of the Former RCF were partially repaid in 2017. The remaining $54,000 of nominal of the Former RCF has been entirely repaid on May 16, 2018 and the credit facility cancelled.

On February 10, 2017, the Company issued Senior Notes due 2022, 2023, 2024 (the "Note Issuance Facility"), in an aggregate principal amount of €275,000 thousand. The 2022 to 2024 Notes accrue annual interest, equal to the sum of (i) EURIBOR plus (ii) 4.90%, as determined by the Agent. Interest on the Notes are payable in cash quarterly in arrears on each interest payment date. The Company pays interest to the holders of record on each interest payment date. The interest rate on the Note Issuance Facility is fully hedged by two interest rate swaps contracted with Jefferies Financial Services, Inc. with effective date March 31, 2017 and maturity date December 31, 2022, resulting in the Company paying a net fixed interest rate of 5.5% on the Note Issuance Facility. Changes in fair value of these interest rate swaps have been recorded in the consolidated income statement. The Note Issuance Facility is a € denominated liability for which the Company applies net investment hedge accounting. When converted to US$ at US$/€ closing exchange rate, it contributes to reduce the impact in translation difference reserves generated in the equity of these consolidated financial statements by the conversion of the net assets of the Spanish solar assets into US$.

On July 20, 2017, the Company signed a credit facility (the "2017 Credit Facility") for up to €10 million, approximately $11.5 million, which is available in euros or U.S. dollars. Amounts drawn down accrue interest at a rate per year equal to EURIBOR plus 2.25% or LIBOR plus 2.25%, depending on the currency. As of December 31, 2017, the Company drew down the credit facility in full and used the entire proceeds to prepay a part of the Tranche A of the Credit Facility. The credit facility had a maturity date in July 2018. It was renewed during the month of July 2018 and the new maturity date is July 20, 2019.

On May 10, 2018, the Company entered into a $215 million revolving credit facility (the "New Revolving Credit Facility") with Royal Bank of Canada, as administrative agent and Royal Bank of Canada and Canadian Imperial Bank of Commerce, as issuers of letters of credit. Amounts drawn down accrue interest at a rate per year equal to (A) for Eurodollar rate loans, LIBOR plus a percentage determined by reference to the leverage ratio of the Company, ranging between 1.60% and 2.25%; and (B) for base rate loans, the highest of (i) the rate per annum equal to the weighted average of the rates on overnight U.S. Federal funds transactions with members of the U.S. Federal Reserve System arranged by U.S. Federal funds brokers on such day plus ½ of 1.00%, (ii) the U.S. prime rate and (iii) LIBOR plus 1.00%, in any case, plus a percentage determined by reference to the leverage ratio of the Company, ranging between 0.60% and 1.00%. Letters of credit may be issued using up to $70 million of the Revolving Credit Facility. The maturity of the Revolving Credit Facility is December 31, 2021. As of December 31, 2018, the Company had drawn down an amount of $108 million (net of debt issuance costs). During the month of January 2019, the amount of the New Revolving Credit Facility has been increased from $215 million to $300 million.

Current Corporate debt corresponds mainly to the nominal and accrued interest of the 2019 Notes and to the nominal of the 2017 Credit Facility.

The repayment schedule for the Corporate debt at the end of 2018 is as follows:

	2019	2020	2021	2022	2023	Subsequent years	Total
New Revolving Credit Facility	—	—	107,560	—	—	—	107,560
Note Issuance Facility	128	—	—	102,908	102,350	102,350	307,736
2017 Credit Facility	11,452	—	—	—	—	—	11,452
2019 Notes	257,325	—	—	—	—	—	257,325
Total	**268,905**	**—**	**107,560**	**102,908**	**102,350**	**102,350**	**684,073**

The following table details the movement in Corporate debt for the year 2018, split between cash and non-cash items:

	January 1, 2018	Cash Flow	Non- cash changes	December 31, 2018
Corporate debt	643,083	14,403	26,587	684,073

17. Project debt

The main purpose of the Company is the long-term ownership and management of contracted concessional assets, such as renewable energy, efficient natural gas and electric transmission line assets, which are financed through project debt. This note shows the project debt linked to the contracted concessional assets included in note 12 of these consolidated financial statements.

Project debt is generally used to finance contracted assets, exclusively using as guarantee the assets and cash flows of the company or group of companies carrying out the activities financed. In most of the cases, the assets and/or contracts are set up as guarantee to ensure the repayment of the related financing.

Compared with corporate debt, project debt has certain key advantages, including greater leverage period permitted and a longer tenor.

The variations for 2018 and 2017 of project debt have been the following:

	Project debt - long term $'000	Project debt - short term $'000	Total $'000
Balance as of December 31, 2017	5,228,917	246,291	5,475,208
Increases	105,466	288,541	393,007
Decreases	(98,450)	(522,317)	(620,767)
First time application of IFRS 9 (Note 2)	(39,599)	-	(39,599)
Debt refinancing IFRS 9 impact	(36,642)	-	(36,642)
Change in the scope of the consolidated financial statements (Note 5)	79,016	2,346	81,362
Currency translation differences	(150,019)	(12,436)	(162,455)
Reclassifications	(262,030)	262,030	-
Balance as of December 31, 2018	**4,826,659**	**264,455**	**5,091,114**

	Project debt - long term $´000	Project debt - short term $´000	Total $´000
Balance as of December 31, 2016	4,629,184	701,283	5,330,467
Increases	52,027	304,707	356,734
Decreases	(42,560)	(509,131)	(551,691)
Currency translation differences	316,646	23,052	339,698
Reclassifications	273,620	(273,620)	-
Balance as of December 31, 2017	**5,228,917**	**246,291**	**5,475,208**

The line "Increases" includes primarily accrued interest for the year.

Main variations in Project debt during the year 2018 are the result of:

- A net decrease primarily due to the contractual payments of debt for the year and the partial repayment of Solana debt using the indemnity received from Abengoa during the year 2018 for $61.5 million (see Note 26). Interests accrued are offset by a similar amount of interests paid during the year;

- The impact of the first application of IFRS 9, ´Financial instruments´ from January 1, 2018 (see Note 2);

- The impact of the refinancing of the debts of Helios 1/2 and Helioenergy 1/2 on May 18, 2018 and June 26, 2018 respectively. The terms of the new debts are not substantially different from the original debts refinanced and therefore the exchange of debts instruments does not qualify for an extinguishment of the original debts under IFRS 9, ´Financial instruments´. When there is a refinancing with a non-substantial modification of the original debt, there is a gain or loss recorded in the income statement. This gain or loss is equal to the difference between the present value of the cash flows under the original terms of the former financing and the present value of the cash flows under the new financing, discounted both at the original effective interest rate. In this respect, the Company recorded a $36.6 million financial income in the profit and loss statement of the consolidated financial statements (see Note 9);

- The acquisition of assets and the consolidation of its debt during the year (see Note 5).

The repayment schedule for Project debt in accordance with the financing arrangements, at the end of 2018 is as follows and is consistent with the projected cash flows of the related projects.

2019		2020	2021	2022	2023	Subsequent years	Total
Interest Repayment	Nominal repayment						
21,916	242,538	257,012	268,625	299,840	326,413	3,674,770	5,091,114

The following table details the movement in Project debt for the year 2018, split between cash and non-cash items:

	January 1, 2018	Cash Flow	Non- cash changes	December 31, 2018
Project debt	5,475,208	(579,598)	195,504	5,091,114

The non-cash changes primarily relate to interests accrued and to currency translation differences.

Current and non-current loans with credit entities include amounts in foreign currencies for a total of $2,464,352 thousand as of December 31, 2018 ($2,778,043 thousand as of December 31, 2017).

18. Grants and other liabilities

	Balances as of December 31, 2018 $'000	Balances as of December 31, 2017 $'000
Grants	1,150,805	1,225,877
Other liabilities	507,321	410,183
Grant and other non-current liabilities	**1,658,126**	**1,636,060**

As of December 31, 2018, the amount recorded in Grants corresponds primarily to the ITC Grant awarded by the U.S. Department of the Treasury to Solana and Mojave for a total amount of $739 million ($771 million as of December 31, 2017), which was primarily used to fully repay the Solana and Mojave short-term tranche of the loan with the Federal Financing Bank. The amount recorded in Grants as a liability is progressively recorded as other income over the useful life of the asset.

The remaining balance of the "Grants" account corresponds to loans with interest rates below market rates for Solana and Mojave for a total amount of $410 million ($452 million as of December 31, 2017). Loans with the Federal Financing Bank guaranteed by the Department of

Energy for these projects bear interest at a rate below market rates for these types of projects and terms. The difference between proceeds received from these loans and its fair value, is initially recorded as "Grants" in the consolidated statement of financial position, and subsequently recorded in "Other operating income" starting at the entry into operation of the plants. Total amount of income for these two types of grants for Solana and Mojave is $59.3 million and $59.6 million for the year ended December 31, 2018 and 2017, respectively.

Other liabilities mainly relate to the investment from Liberty Interactive Corporation ('Liberty') made on October 2, 2013 for an amount of $300 million. The investment was made in class A shares of Arizona Solar Holding, the holding of Solana Solar plant in the United States. Such investment was made in a tax equity partnership which permits the partners to have certain tax benefits such as accelerated depreciation and ITC. Liberty has the right to receive 61.20% of taxable losses and distributions until such time as Liberty reaches a certain rate of return, or the Flip Date, and 22.60% of taxable losses and distributions thereafter. Given the underperformance of the asset in the last years, there is uncertainty regarding the Flip Date, regarding when it will occur, if so. The Company expects potential cash distributions from Solana to go mostly or entirely to Liberty in the upcoming years.

According to the stipulations of IAS 32 Financial Instruments and in spite of the fact that the investment of Liberty is in shares, it does not qualify as equity and has been classified as a liability as of December 31, 2018 and 2017. The liability is recorded in Grants and other liabilities for a total amount of $358 million ($352 million as of December 31, 2017) and its current portion is recorded in other current liabilities for the remaining amount (see Note 19). This liability has been initially valued at fair value, calculated as the present value of expected cash-flows during the useful life of the concession, and is then measured at amortized cost in accordance with the effective interest method, considering the most updated expected future cash-flows.

Additionally, other liabilities include $57 million of finance lease liabilities as of December 31, 2018, further to the application of IFRS 16, Leases from January 1, 2018 (see Note 2).

19. Trade and other payables

Item	Balance as of December 31, 2018 $'000	Balance as of December 31, 2017 $'000
Trade accounts payable	109,430	107,662
Down payments from clients	6,289	6,466
Liberty (see Note 18)	37,119	-
Other accounts payable	39,195	41,016
Total	**192,033**	**155,144**

Trade accounts payables mainly relate to the operating and maintenance of the plants.

Nominal values of Trade payables and other current liabilities are considered to approximately equal to fair values and the effect of discounting them is not significant.

20. Equity

Atlantica's shares began trading on the NASDAQ Global Select Market under the symbol "ABY" on June 13, 2014. The symbol changed to "AY" on November 11, 2017.

As of December 31, 2018, the share capital of the Company amounts to $10,021,726 represented by 100,217,260 ordinary shares completely subscribed and disbursed with a nominal value of $0.10 each, all in the same class and series. Each share grants one voting right. Algonquin completed in 2018 the acquisition from Abengoa of its entire stake in Atlantica, 41.47% of the total shares of the Company, becoming the largest shareholder of the Company.

Atlantica reserves as of December 31, 2018 are made up of share premium account and distributable reserves.

Retained earnings primarily include results attributable to Atlantica in the years 2018 and 2017.

Non-controlling interests fully relate to interests held by JGC in Solacor 1 and Solacor 2, by Idae in Seville PV, by Itochu Corporation in Solaben 2 and Solaben 3, by Algerian Energy Company, SPA and Sacyr Agua S.L. in Skikda and by Industrial Development Corporation of South Africa (IDC) and Kaxu Community Trust in Kaxu Solar One (Pty) Ltd.

Dividends declared during the year 2018:

- On February 27, 2018, the Board of Directors declared a dividend of $0.31 per share corresponding to the fourth quarter of 2017. The dividend was paid on March 27, 2018.
- On May 11, 2018, the Board of Directors of the Company approved a dividend of $0.32 per share corresponding to the first quarter of 2018. The dividend was paid on June 15, 2018.
- On July 31, 2018, the Board of Directors of the Company approved a dividend of $0.34 per share corresponding to the second quarter of 2018. The dividend was paid on September 15, 2018.
- On October 31, 2018, the Board of Directors declared a dividend of $0.36 per share corresponding to the third quarter of 2018. The dividend was paid on December 14, 2018.

In addition, as of December 31, 2018, there was no treasury stock and there have been no transactions with treasury stock during the period then ended.

21. Notes to the cash flow statement

Analysis of changes in net debt

	January 1, 2018 $´000	Cash Flow $´000	Non monetary items $´000	December 31, 2018 $´000
Cash and bank balances	669,387	(19,048)	(18,797)	631,542
Borrowings	6,118,291	(565,195)	(222,091)	5,775,187
Net debt	**5,448,904**	**(546,147)**	**(240,888)**	**5,143,645**

22. Financial instruments by category

Financial instruments are primarily deposits, derivatives, trade and other receivables and loans. Financial instruments by category (current and non-current), reconciled with the statement of financial position as of December 31, 2018 and 2017 are as follows:

Category	Notes	Amortized Cost $´000	Fair Value Through Other Comprehensive Income $´000	Fair value Through profit or loss $´000	Balance as of 12.31.18 $´000
Derivative assets	23	-	-	11,571	11,571
Investment in Ten West Link		-	6,034	-	6,034
Other financial investments		275,899	-	-	275,899
Trade and other receivables		236,395	-	-	236,395
Cash and cash equivalents	15	631,542	-	-	631,542
Total financial assets		**1,143,836**	**6,034**	**11,571**	**1,161,441**
Corporate debt	16	684,073	-	-	684,073
Project debt	17	5,091,114	-	-	5,091,114
Related parties – non-current	26	33,675	-	-	33,675
Trade and other current liabilities	19	192,033	-	-	192,033
Derivative liabilities	23	-	-	279,152	279,152
Total financial liabilities		**6,000,895**	**-**	**279,152**	**6,280,047**

Category	Notes	Amortized Cost $'000	Fair Value Through Other Comprehensive Income $'000	Fair value Through profit or loss $'000	Balance as of 12.31.17 $'000
Derivative assets	23	-	-	8,230	8,230
Investment in Ten West Link		-	2,088	-	2,088
Abengoa debt and Equity instruments		-	-	1,715	1,715
Other financial investments		243,347	-	-	243,347
Trade and other receivables		244,449	-	-	244,449
Cash and cash equivalents	15	669,387	-	-	669,387
Total financial assets		**1,157,183**	**2,088**	**9,945**	**1,169,216**
Corporate debt	16	643,083	-	-	643,083
Project debt	17	5,475,208	-	-	5,475,208
Related parties – non-current	26	141,031	-	-	141,031
Trade and other current liabilities	19	155,144	-	-	155,144
Derivative liabilities	23	-	-	329,731	329,731
Total financial liabilities		**6,414,466**	**-**	**329,731**	**6,744,197**

Other financial investments include primarily the short-term portion of contracted concessional assets (see Note 12).

Investment in Ten West Link as of December 31, 2018 is a 12.5% interest in a 114-mile transmission line in the U.S.

23. Derivative financial instruments

The breakdowns of the fair value amount of the derivative financial instruments as of December 31, 2018 and 2017 are as follows:

	Balance as of 12.31.18		Balance as of 12.31.17	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Derivatives - cash flow hedge	11,571	279,152	8,230	329,731

The derivatives are primarily interest rate cash-flow hedges. All are classified as non-current assets or non-current liabilities, as they hedge long-term financing agreements.

Additionally, the Company owns currency options with leading international financial institutions, which guarantee minimum Euro-U.S. dollar exchange rates. The strategy of the Company is to hedge the exchange rate for the distributions from its Spanish assets after deducting euro-denominated interest payments and euro-denominated general and

administrative expenses. Through currency options, the strategy of the Company is to hedge 100% of its euro-denominated net exposure for the next 12 months and 75% of its euro denominated net exposure for the following 12 months, on a rolling basis.

As stated in Note 24 to these consolidated financial statements, the general policy is to hedge variable interest rates of financing agreements purchasing call options (caps) in exchange of a premium to fix the maximum interest rate cost and contracting floating to fixed interest rate swaps.

As a result, the notional amounts hedged, strikes contracted and maturities, depending on the characteristics of the debt on which the interest rate risk is being hedged, can be diverse:

·Project debt in Euros: the Company hedges between 81% and 100% of the notional amount, maturities until 2030 and average guaranteed interest rates of between 0.60% and 4.87%.

·Project debt in U.S. dollars: the Company hedges between 70% and 100% of the notional amount, including maturities until 2034 and average guaranteed interest rates of between 2.32% and 5.27%.

The table below shows a breakdown of the maturities of notional amounts of derivatives designated as cash flow hedges as of December 31, 2018 and 2017.

Notionals	Balance as of 12.31.18 $'000		Balance as of 12.31.17 $'000	
	Cap	Swap	Cap	Swap
Up to 1 year	42,826	93,440	42,324	139,939
Between 1 and 2 years	45,603	119,568	45,422	94,285
Between 2 and 3 years	48,774	234,572	48,215	103,536
Subsequent years	535,774	1,858,061	620,378	1,893,850
Total	**$ 672,997**	**$ 2,305,061**	**$ 756,339**	**$ 2,231,611**

The table below shows a breakdown of the maturity of the fair values of interest rate derivatives designated as cash flow hedges as of December 31, 2018 and 2017. The net position of the fair value of caps and swaps for each year end reconciles with the net position of derivative assets and derivative liabilities in the consolidated statement of financial position:

Fair value	Balance as of 12.31.18		Balance as of 12.31.17	
	$'000		$'000	
	Cap	Swap	Cap	Swap
Up to 1 year	493	(11,848)	347	(13,224)
Between 1 and 2 years	2,172	(13,231)	978	(14,378)
Between 2 and 3 years	562	(15,151)	396	(15,923)
Subsequent years	8,344	(238,922)	6,509	(286,206)
Total	**$11,571**	**$(279,152)**	**$ 8,230**	**$(329,731)**

During 2018, fair value of derivatives increased mainly due to an increase in the fair value of interest rate cash-flow hedges resulting from the increase in future interest rates.

The net amount of the fair value of interest rate derivatives designated as cash flow hedges transferred to the consolidated income statement in 2018 is a loss of $67,519 thousand (loss of $70,953 thousand in 2017). Additionally, the net amount of the time value component of the cash flow derivatives fair value recognized in the consolidated income statement for the year 2018 and 2017 has been a loss of $560 thousand and a loss of $860 thousand.

The after-tax result accumulated in equity in connection with derivatives designated as cash flow hedges at the years ended December 31, 2018 and 2017, amount to a $95,011 thousand gain and a $80,968 thousand gain respectively.

24. Financial risk management

Atlantica's activities are exposed to various financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk is managed by the Company's Risk Finance and Compliance Departments, which are responsible for identifying and evaluating financial risks quantifying them by project, region and company, in accordance with mandatory internal management rules. Written internal policies exist for global risk management, as well as for specific areas of risk. In addition, there are official written management regulations regarding key controls and control procedures for each company and the implementation of these controls is monitored through internal audit procedures.

a) Market risk

The Company is exposed to market risk, such as movement in foreign exchange rates and interest rates. All of these market risks arise in the normal course of business and the Company does not carry out speculative operations. For the purpose of managing these risks, the Company uses a series of interest rate swaps and options, and currency options. None of the derivative contracts signed has an unlimited loss exposure.

b) Interest rate risk

Interest rate risk arises when the Company's activities are exposed to changes in interest rates, which arises from financial liabilities at variable interest rates. The main interest rate

exposure for the Company relates to the variable interest rate with reference to the Libor and Euribor. To minimize the interest rate risk, the Company primarily uses interest rate swaps and interest rate options (caps), which, in exchange for a fee, offer protection against an increase in interest rates. The Company does not use derivatives for speculative purposes.

As a result, the notional amounts hedged, strikes contracted and maturities, depending on the characteristics of the debt on which the interest rate risk is being hedged, are very diverse, including the following:

1. Project debt in Euros: the Company hedges between 81% and 100% of the notional amount, maturities until 2030 and average guaranteed interest rates of between 0.60% and 4.87%.

2. Project debt in U.S. dollars: the Company hedges between 70% and 100% of the notional amount, including maturities until 2034 and average guaranteed interest rates of between 2.32% and 5.27%.

In connection with the interest rate derivative positions of the Company, the most significant impacts on these consolidated financial statements are derived from the changes in EURIBOR or LIBOR, which represent the reference interest rate for the majority of the debt of the Company. In the event that Euribor and Libor had risen by 25 basis points as of December 31, 2018, with the rest of the variables remaining constant, the effect in the consolidated income statement would have been a loss of $2,731 thousand (a loss of $1,066 thousand in 2017) and an increase in hedging reserves of $32,928 thousand ($39,142 thousand in 2017). The increase in hedging reserves would be mainly due to an increase in the fair value of interest rate swaps designated as hedges.

A breakdown of the interest rates derivatives as of December 31, 2018 and 2017 is provided in Note 23.

c) Currency risk

The main cash flows in the entities included in these consolidated financial statements are cash collections arising from long-term contracts with clients and debt payments arising from project finance repayment. Given that financing of the projects is always closed in the same currency in which the contract with client is signed, a natural hedge exists for the main operations of the Company.

In addition, the Company policy is to contract currency options with leading financial institutions, which guarantee a minimum Euro-U.S. dollar exchange rate on the net distributions expected from Spanish solar assets. The net Euro exposure is 100% covered for the coming 12 months and 75% for the following 12 months on a rolling basis.

d) Credit risk

The Company considers that it has a limited credit risk with clients as revenues derive from power purchase agreements with electric utilities and state-owned entities. The Company has investment grade off-takers in all the assets except for Quadra 1&2, ATN2, Skikda and Honaine, which represent a low percentage of the cash available for distribution on a run-rate basis. In the case of Kaxu, the off-taker has a counter-guarantee from the Republic of South Africa.

e) Liquidity risk

Atlantica's liquidity and financing policy is intended to ensure that the Company maintains sufficient funds to meet our financial obligations as they fall due.

Project finance borrowing permits the Company to finance the project through project debt and thereby insulate the rest of its assets from such credit exposure. The Company incurs in project-finance debt on a project-by-project basis.

The repayment profile of each project is established on the basis of the projected cash flow generation of the business. This ensures that sufficient financing is available to meet deadlines and maturities, which mitigates the liquidity risk significantly.

f) Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings disclosed in note 16 and 17 after deducting cash and bank balances) and equity of the group (comprising issued capital, reserves and retained earnings). The board of directors review the capital structure on a regular basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at the year-end is as follows:

	Balance as of December 31, 2018 $'000	Balance as of December 31, 2017 $'000
Debt	5,775,187	6,118,291
Cash and cash equivalents	631,542	669,387
Net Debt	5,143,645	5,448,904
Equity	1,756,112	1,895,453

Net debt to equity ratio	293%	288%

25. Events after the balance sheet date

On February 26, 2019, the Board of Directors of the Company approved a dividend of $0.37 per share, which is expected to be paid on or about March 22, 2019.

On January 29, 2019, PG&E Corporation and its regulated utility subsidiary, Pacific Gas and Electric Company (collectively "PG&E"), the off-taker for Atlantica Yield with respect to the Mojave plant, filed for reorganization under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Northern District of California (the "Bankruptcy Court"). As a consequence, PG&E has not paid the portion of the invoice corresponding to the electricity delivered for the period between January 1 and January 28, 2019, which was due on February 25, given that the services relate to the pre-petition period and any payment therefore would require approval by the Bankruptcy Court. However, PG&E has paid the portion of the invoice corresponding to the electricity delivered after January 28. A default of the PPA agreement with PG&E occurred with the PG&E bankruptcy filing and such default could trigger an event of default under our Mojave project finance agreement if certain other conditions were met, namely if (i) such default could reasonably be expected to result in a material adverse effect to Mojave or (ii) PG&E failed to assume the PPA within 60 days of its chapter 11 filing, extendable to 180 days provided that PG&E continues to perform under the PPA. As of December 31, 2018, Mojave had $739 million outstanding under its project financing agreement with the Federal Financing Bank, with a guarantee from the DOE. Additionally, Mojave represents approximately 13.5% of 2018 project level cash available for distribution. Chapter 11 bankruptcy is a complex process and the Company does not know at this time whether PG&E will seek to reject the PPA or not. However, PG&E has continued to be in compliance with the remaining terms and conditions of the PPA, including with all payment terms of the PPA up through the date hereof with the exception of services for prepetition services that became due and payable after the chapter 11 filing date. It remains possible that at any time during the chapter 11 proceeding, PG&E may decide to cease performing under the PPA and attempt to reject or renegotiate the terms of its contract with the Company. If PG&E rejected the contract and stopped making payments in accordance with the PPA, Mojave could fail in servicing its debt under its project finance agreement, which would also cause a default under the project finance agreement. If not cured or waived, an event of default in the project finance agreement could result in debt acceleration and, if such amounts were not timely paid, the DOE could decide to foreclose on the asset. The PG&E bankruptcy has heightened the risk that project level cash distributions could be restricted for an undetermined period of time, thereby impacting the corporate liquidity and corporate leverage of the Company. Mojave project cash distributions to the corporate level normally takes place at the end of the year, the last distribution received at the corporate level took place in December 2018. Unless the event or default is cured or waived, distributions may not be made during the pendency of the bankruptcy. Such events may have a material adverse effect on the business, financial condition, results of operations and cash flows of the Company.

On January 29, 2019, the Company entered into an agreement with Abengoa under the ROFO Agreement for the acquisition of Befesa Agua Tenés, S.L.U., a holding company which in turn owns a 51% stake of Tenes, a water desalination plant in Algeria, similar in several aspects to the Skikda and Honaine plants. Closing of the acquisition is subject to conditions precedent, including the approval by the Algerian administration. At this stage, the Company cannot guarantee it we will obtain this approval nor the expected timing of such approval. The price agreed for the equity value is $24.5 million, of which $19.9 million were paid in January 2019 as an advanced payment and the rest is expected to be paid once the conditions precedent are fulfilled. If all the conditions precedent were not fulfilled by September 30, 2019, the advanced payment shall be progressively reimbursed by Abengoa through a full cash-sweep of all the dividends to be received and in any case no later than September 30, 2031, together with an annual 12% interest.

26. Related party transactions

During the normal course of business, the Company has historically conducted operations with related parties consisting mainly of Abengoa´s subsidiaries and non-controlling interests. The transactions were completed at market rates.

Further to the sale of its remaining 16.47% stake in the Company to Algonquin on November 27, 2018, Abengoa ceased to fulfil the conditions to be a related party as per IAS 24 - Related Parties Disclosures. Algonquin on its side is a related party since it completed the acquisition of a 25% stake in the Company in March 2018.

Details of balances with related parties as of December 31, 2018 and 2017 are as follows:

	Balance as of December 31, 2018	Balance as of December 31, 2017
	$'000	$'000
Credit receivables (current)	5,328	11,567
Total current receivables with related parties	**5,328**	**11,567**
Credit receivables (non-current)	-	2,108
Total non-current receivables with related parties	**-**	**2,108**
Trade payables (current)	19,352	63,409
Total current payables with related parties	**19,352**	**63,409**
Credit payables (non-current)	33,675	141,031

Total non-current payables with related parties	**33,675**	**141,031**

Receivables and payables as of December 31, 2018 fully relate to debts with non-controlling interest partners in Kaxu, Solaben 2&3 and Solacor 1&2.

Payables to related parties as of December 31, 2017 included mainly payables to Abengoa, mainly for Operation and Maintenance services. The operation and maintenance services received in some of the Spanish solar assets of the Company include a variable portion payable in the long term. On April 26, 2018, Atlantica plc purchased from Abengoa the long-term operation and maintenance payable accrued for the period up to December 31, 2017, which was recorded for an amount of $57.3 million at the date of repayment. The Company paid $18.3 million for this extinguishment of debt and accounted for the difference of $39.0 million with the carrying amount of the debt as an income in the profit and loss statement.

Total payables to Abengoa as of December 31, 2018 amount to $35.3 million, primarily made up of Operation and Maintenance services, but are not considered as related party balance anymore.

The transactions carried out by entities included in these consolidated financial statements with related parties not included in the consolidation perimeter of Atlantica, primarily with Abengoa and with subsidiaries of Abengoa, during the twelve-month periods for the years ended December 31, 2018, 2017 and 2016 have been as follows:

	For the twelve-month period ended December 31,	
	2018	**2017**
	$'000	**$'000**
Services rendered	-	3,495
Services received	(101,582)	(114,416)
Financial income	3,721	74
Financial expenses	(398)	(1,154)

Services received primarily include operation and maintenance services received by some assets.

As of December 31, 2017, the figures detailed in the table above do not include the compensation received from Abengoa in lieu of dividends from ACBH for $10.4 million.

In addition, Abengoa maintains a number of obligations under EPC, O&M and other contracts, as well as indemnities covering certain potential risks. Additionally, Abengoa represented that further to the accession to the restructuring agreement, Atlantica would not be a guarantor of any obligation of Abengoa with respect to third parties and agreed to indemnify the Company for any penalty claimed by third parties resulting from any breach in such representations. The Company has contingent assets, which have not been recognized as of December 31, 2018,

related to the obligations of Abengoa referred above, which result and amounts will depend on the occurrence of uncertain future events. In particular as of April 26, 2018 and November 27, 2018 Abengoa agreed to pay Atlantica certain amounts subject to conditions which are beyond the control of the Company.

In November 2017, in the context of the agreement reached between Abengoa and Algonquin for the initial acquisition by Algonquin of 25.0% of the shares of the Company and based on the obligations of Abengoa under an EPC contract, the DOE signed a consent in relation to the Solana and Mojave projects which reduced the minimum ownership required by Abengoa in the Company from 30.0% to 16.0%. Solana received an aggregate amount of $120 million in payments from Abengoa ($42.5 million in December 2017 and $77.5 million in March 2018). Of the received sums, $95 million was used to repay Solana project debt and $25 million was set aside to cover other Abengoa obligations. In addition, in November 2018 in the context of the DOE consent to allow Abengoa to sell entirely its stake in Atlantica, Solana received $16.5 million, of which $9 million was used to repay project debt and $7.5 million were set aside to cover potential repairs and other Abengoa obligations. Additionally, the long-term payments schedule signed between Abengoa and Solana was amended to include $7.4 million payable semi-annually over 2 years and $10.3 million payable semi-annually over the subsequent 4 years, beginning in January 2019. Solana also received a parcel of land adjacent to the Solana site accounted for at a fair value of $7.3 million. Furthermore, Abengoa agreed to pay $13 million to fund a reserve account progressively in 2020 and 2021. If Abengoa were not to make these payments, the Company would need to make them and in return will reduce the future bonus payments to Abengoa under the operation and maintenance agreements in the corresponding amounts. The aforementioned amounts result of Abengoa's obligations as EPC contractor. Likewise, in November 2018, and after satisfying all conditions precedent to completion, the DOE signed a consent in relation to the Solana and Mojave projects for the sale of the remaining Abengoa's 16.47% interest in the Company to Algonquin. The share sale was completed on November 27, 2018. The main part of the aforementioned amounts are based on the EPC Contract guarantee for liquidated damages considering the average production during the first three years of ramp-up period of the plant which is a service-concession arrangement under IFRIC 12 (intangible asset). For these amounts, the Company reduced the value of the intangible asset since this amount was a variable consideration. In addition, the amortization of the plant is adjusted accordingly.

The Company entered into a Financial Support Agreement on June 13, 2014 under which Abengoa agreed to maintain any guarantees and letters of credit that have been provided by it on behalf of or for the benefit of Atlantica and its affiliates for a period of five years. As of December 31, 2018, the aforementioned guarantees amounted to $23 million. In the context of that agreement, in July 2017, Atlantica replaced guarantees amounting to $112 million previously issued by Abengoa, out of which $55 million were canceled in June 2018.

Aggregate directors' remuneration

The total amounts for directors' remuneration in accordance with Schedule 5 of the Accounting Regulations were as follows:

	2018 $'000	2017 $'000
Salaries, fees, bonuses and benefits in kind	3,200	2,137
	3,200	**2,137**

The directors received no other benefits in respect of their services to the company, including any share option or pension schemes. Further information about the remuneration of individual directors is provided in the audited part of the Directors' Remuneration Report on pages 78 to 98.

27. Contingent liabilities

Contingent liabilities are possible obligations, existing obligations with low probability of a future outflow of economic resources and existing obligations where the future outflow cannot be reliably estimated. The Company had no contingent liabilities as of 31 December 2018.

28. Guarantees and commitments

Third-party guarantees

At the close of 2018 the overall sum of Bank Bond and Surety Insurance directly deposited by the subsidiaries of the Company as a guarantee to third parties (clients, financial entities and other third parties) amounted to $32,412 thousand attributed to operations of technical nature ($32,428 thousand as of December 31, 2017). In addition, the Company issued guarantees related to operations of technical nature amounting to $60 million as of December 31, 2018 ($112 million as of December 31, 2017).

Contractual obligations

The following table shows the breakdown of the third-party commitments and contractual obligations as of December 31, 2018 and 2017:

2018

$'000	Total	2019	2020 and 2021	2022 and 2023	Subsequent
Corporate debt	684,073	268,905	107,560	205,258	102,350
Loans with credit institutions (project debt)	4,314,307	233,214	476,191	571,374	3,033,528
Notes and bonds (project debt)	776,807	31,241	49,445	54,879	641,242
Purchase commitments	3,082,495	131,417	264,461	259,775	2,426,842
Accrued interest estimate during the useful life of loans	2,743,132	314,984	565,040	492,932	1,370,176

2017 $'000	Total	2018	2019 and 2020	2021 and 2022	Subsequent
Corporate debt	643,083	68,907	253,393	107,316	213,467
Loans with credit institutions (project debt)	4,628,289	215,117	457,853	539,466	3,415,853
Notes and bonds (project debt)	846,919	31,174	53,620	54,395	707,730
Purchase commitments	3,149,813	141,867	230,014	259,845	2,518,087
Accrued interest estimate during the useful life of loans	3,129,321	340,481	630,108	559,856	1,598,876

The figures shown in the tables above do not include equity investments that the Company may be committed to realize in the future, if certain conditions are met, such as equity investments in the PTS project (see Note 5).

Legal Proceedings

On October 17, 2016, ACT received a request for arbitration from the International Court of Arbitration of the International Chamber of Commerce presented by Pemex. Pemex was requesting compensation for damages caused by a fire that occurred in their facilities during the construction of the ACT cogeneration plant in December 2012, for a total amount of approximately $20 million. On July 5, 2017, Seguros Inbursa, the insurer of Pemex, joined as a second claimant in the process. In September 2018, ACT was notified that an agreement was reached between insurance companies according to which ACT would not have to pay any amount in relation to this arbitration. On December 19, 2018 the parties of the arbitration executed a settlement agreement to finalize the claim without any financial impact for ACT.

A number of Abengoa's subcontractors and insurance companies that issued bonds covering Abengoa's obligations under such contracts in the United States have included some of the non-recourse subsidiaries of the Company in the United States as co-defendants in claims against Abengoa. Generally, the subsidiaries of the Company have been dismissed as defendants at early stages of the processes but there remain pending cases including Arb Inc. with a potential total claim of approximately $33 million and a group of insurance companies that have addressed to a number of Abengoa's subsidiaries and to Solana (Arizona Solar One) a potential claim for Abengoa related losses of approximately $20 million that could increase, according to the insurance companies, up to a maximum of up to approximately $200 million if all their exposure resulted in losses. The Company reached an agreement with Arb Inc. and all but one of the above-mentioned insurance companies, under which they agreed to dismiss their claims in exchange for payments of approximately $6.6 million, which have been made in 2018. The insurance company which did not join the agreement has temporarily stopped legal actions against the Company and the Company does not expect to have a material adverse effect.

In addition, an insurance company covering certain Abengoa's obligations in Mexico has claimed certain amounts related to a potential loss. This claim is covered by existing indemnities from Abengoa. Nevertheless, the Company has reached an agreement under which Atlantica´s maximum theoretical exposure would in any case be limited to approximately $35 million, including $2.5 million to be held in an escrow account. On January 2019, the insurance company executed $2.5 million from the escrow account and Abengoa reimbursed such amount according to the existing indemnities in force between Atlantica and Abengoa. The payments by Atlantica would only happen if and when the actual loss has been confirmed, Abengoa has not fulfilled their obligations and after arbitration, if the Company initiates it.

The Company is not a party to any other significant legal proceeding other than legal proceedings arising in the ordinary course of its business. The Company is party to various administrative and regulatory proceedings that have arisen in the ordinary course of business. While the Company does not expect these proceedings, either individually or in the aggregate, to have a material adverse effect on its financial position or results of operations, because of the nature of these proceedings the Company is not able to predict their ultimate outcomes, some of which may be unfavourable to the Company.

29. Earnings per share

Basic earnings per share for the years 2018 and 2017 has been calculated by dividing the Loss attributable to equity holders of the company by the number of shares outstanding. Diluted earnings per share equals basic earnings per share for the period presented.

Item	For the twelve-month period ended December 31, 2018 $'000	For the twelve-month period ended December 31, 2017 $'000
Profit/(Loss) from continuing operations attributable to Atlantica Yield Plc.	41,596	(111,804)
Profit/(loss) from discontinuing operations attributable to Atlantica Yield Plc.	-	-
Average number of ordinary shares outstanding (thousands) - basic and diluted	**100,217**	**100,217**
Earnings per share from continuing operations (US dollar per share) - basic and diluted	0.42	(1.12)
Earnings per share from discontinuing operations (US dollar per share) - basic and diluted	-	-
Earnings per share from profit for the period (US dollar per share) - basic and diluted	**0.42**	**(1.12)**

30. Service concessional arrangements

Below is a description of the concessional arrangements of the Atlantica group.

Solana

Solana is a 250 MW net (280 MW gross) solar electric generation facility located in Maricopa County, Arizona, approximately 70 miles southwest of Phoenix. Arizona Solar One LLC, or Arizona Solar, owns the Solana project. Solana includes a 22-mile 230kV transmission line and a molten salt thermal energy storage system. The construction of Solana commenced in December 2010 and Solana reached COD on October 9, 2013.

Solana has a 30-year, PPA with Arizona Public Service, or APS, approved by the Arizona Corporation Commission (ACC). The PPA provides for the sale of electricity at a fixed price per MWh with annual increases of 1.84% per year. The PPA includes limitations on the amount and condition of the energy that is received by APS with minimum and maximum thresholds for delivery capacity that must not be breached.

Mojave

Mojave is a 250 MW net (280 MW gross) solar electric generation facility located in San Bernardino County, California, approximately 100 miles north east of Los Angeles. Abengoa commenced construction of Mojave in September 2011 and Mojave reached COD on December 1, 2014.

Mojave has a 25-year, PPA with Pacific Gas & Electric Company, or PG&E, approved by the California Public Utilities Commission (CPUC). The PPA began on COD. The PPA provides for the sale of electricity at a fixed base price per MWh without any indexation mechanism, including limitations on the amount and condition of the energy that is received by PG&E with minimum and maximum thresholds for delivery capacity that must not be breached.

Palmatir

Palmatir is an on-shore wind farm facility in Uruguay with nominal installed capacity of 50 MW. Palmatir has 25 wind turbines and each turbine has a nominal capacity of 2 MW. UTE (Administracion Nacional de Usinas y Transmisiones Electricas), Uruguay's state-owned electricity company, has agreed to purchase all energy produced by Palmatir pursuant to a 20-year PPA.

Palmatir reached COD in May 2014. The wind farm is located in Tacuarembo, 170 miles north of the city of Montevideo.

Palmatir signed a PPA with UTE on September 14, 2011 for 100% of the electricity produced, approved by URSEA (Unidad Reguladora de Servicios de Energia y Agua). UTE will pay a fixed-price tariff per MWh under the PPA, which is denominated in U.S. dollars and will be partially adjusted in January of each year according to a formula based on inflation.

Cadonal

Cadonal is an on-shore wind farm facility in Uruguay with nominal installed capacity of 50 MW. Cadonal has 25 wind turbines and each turbine has a nominal capacity of 2 MW each. UTE

(Administracion Nacional de Usinas y Trasmisiones Electricas), Uruguay´s state-owned electricity company, has agreed to purchase all energy produced by Cadonal pursuant to a 20-year PPA.

Cadonal reached COD in December 2014. The wind farm is located in Flores, 105 miles north of the city of Montevideo.

Cadonal signed a PPA with UTE on December 28, 2012 for 100% of the electricity produced, approved by URSEA (Unidad Reguladora de Servicios de Energia y Agua). UTE pays a fixed tariff per MWh under the PPA, which is denominated in U.S. dollars and will be adjusted every January considering both US and Uruguay´s inflation indexes and the exchange rate between Uruguayan pesos and U.S. dollars.

Solaben 2 & 3

The Solaben 2 and Solaben 3 are two 50 MW Concentrating Solar Power facilities and are part of Abengoa's Extremadura Solar Complex. The Extremadura Solar Complex consists of four Concentrating Solar Power plants (Solaben 1, Solaben 2, Solaben 3 and Solaben 6), and is located in the municipality of Logrosan, Spain. Abengoa commenced construction of Solaben 2 and Solaben 3 in August 2010. Solaben 2 reached COD in June 2012 and Solaben 3 reached COD in October 2012. Solaben Electricidad Dos, S.A., or SE2, owns Solaben 2 and Solaben Electricidad Tres, S.A., or SE3, owns Solaben 3.

Renewable energy plants in Spain, like Solaben 2 and Solaben 3, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Solaben 2 and Solaben 3 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Solacor 1 & 2

The Solacor 1 and Solacor 2 are two 50 MW Concentrating Solar Power facilities and are part of Abengoa's El Carpio Solar Complex, located in the municipality of El Carpio, Spain. The Carpio Solar Complex consists of a conventional parabolic trough Concentrating Solar Power system to generate electricity. Abengoa commenced construction of Solacor 1 and Solacor 2 in September 2010. The COD was reached in two phases, the first one, Solacor 1, was reached in February 2012 and the second one, Solacor 2, was reached in March 2012. JGC Corporation holds 13% of Solacor 1 & Solacor 2, a Japanese engineering company.

Renewable energy plants in Spain, like Solacor 1 and Solacor 2, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Solacor 1 and Solacor 2 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

ACT

The ACT plant is a gas-fired cogeneration facility with a rated capacity of approximately 300 MW and between 550 and 800 metric tons per hour of steam. The plant includes a substation and an approximately 52 mile and 115-kilowatt transmission line.

On September 18, 2009, ACT Energy México entered into the Pemex Conversion Services Agreement, or the Pemex CSA, with Petroleos Mexicanos, or Pemex. Pemex is a state-owned oil and gas company supervised by the Comision Reguladora de Energía (CRE), the Mexican state agency that regulates the energy industry. The Pemex CSA has a term of 20 years from the in-service date and will expire on March 31, 2033.

According to the Pemex CSA, ACT must provide, in exchange for a fixed price with escalation adjustments, services including the supply and transformation of natural gas and water into thermal energy and electricity. Part of the electricity is to be supplied directly to a Pemex facility nearby, allowing the Comision Federal de Electricidad (CFE) to supply less electricity to that facility. Approximately 90% of the electricity must be injected into the Mexican electricity network to be used by retail and industrial end customers of CFE in the region. Pemex is then entitled to receive an equivalent amount of energy in more than 1,000 of their facilities in other parts of the country from CFE, following an adjustment mechanism under the supervision of CFE.

The Pemex CSA is denominated in U.S. dollars. The price is a fixed tariff and will be adjusted annually, part of it according to inflation and part according to a mechanism agreed in the contract that on average over the life of the contract reflects expected inflation. The components of the price structure and yearly adjustment mechanisms were prepared by Pemex and provided to bidders as part of the request for proposal documents.

ATN

ATN, or the ATN Project, in Peru is part of the SGT (Sistema Garantizado de Transmision), which includes all transmission line concessions allocated by a bidding process by the government and is comprised of the following facilities:

(i) the approximately 356 miles, 220kV line from Carhuamayo-Paragsha-Conococha-Kiman-Ayllu-Cajamarca Norte;

(ii) the 4.3 mile, 138kV link between the existing Huallanca substation and Kiman Ayllu substations;

(iii) the 1.9 mile, 138kV link between the 138kV Carhuamayo substation and the 220kV Carhuamayo substation;

(iv) the new Conococha and Kiman Ayllu substations; and

(v) the expansion of the Cajamarca Norte, 220kV Carhuamayo, 138kV Carhuamayo and 220kV Paragsha substations.

Additionally, on December 28, 2018 ATN completed the acquisition of a 220-kV power substation and two small transmission lines to connect the lines of the Company to the Shahuindo mine located nearby.

Pursuant to the initial concession agreement, the Ministry of Energy, on behalf of the Peruvian Government, granted ATN a concession to construct, develop, own, operate and maintain the ATN Project. The initial concession agreement became effective on May 22, 2008 and will expire 30 years after COD of the first tranche of the line, which took place in January 2011. ATN is obliged to provide the service of transmission of electric energy through the operation and maintenance of the electric transmission line, according to the terms of the contract and the applicable law.

The laws and regulations of Peru establish the key parameters of the concession contract, the price indexation mechanism, the rights and obligations of the operator and the procedures that have to be followed in order to fix the applicable tariff, which occurs through a regulated bidding process. Once the bidding process is complete and the operator is granted the concession, the pricing of the power transmission service is established in the concession agreement. ATN has a 30-year concession agreement with a fixed-price tariff base denominated in U.S. dollars that is adjusted annually after COD of each line, in accordance with the U.S. Finished Goods Less Food and Energy Index published by the U.S. Department of Labor.

ATS

ABY Transmision Sur, or ATS Project, in Peru is part of the Guaranteed Transmission System, or (Sistema Garantizado de Transmisión) which includes all transmission line concessions allocated by a bidding process by the government, and is comprised of:

(i) one 500kV electric transmission line and two short 220kV electric transmission lines, which are linked to existing substations;

(ii) three new 500kV substations; and

(iii) three existing substations (two existing 220kV substations and one existing 550/220kV substation), through the development of new transformers, line reactors, series reactive compensation and shunt reactions in some substations.

Pursuant to the initial concession agreement, the Ministry of Energy, on behalf of the Peruvian Government, granted ATS a concession to construct, develop, own, operate and maintain the ATS Project. The initial concession agreement became effective on July 22, 2010 and will expire

30 years after COD, which took place in January 2014. ATS is obliged to provide the service of transmission of electric energy through the operation and maintenance of the electric transmission line, according to the terms of the contract and the applicable law.

The laws and regulations of Peru establish the key parameters of the concession contract, the price indexation mechanism, the rights and obligations of the operator and the procedure that has to be followed in order to fix the applicable tariff, which occurs through a regulated bidding process. Once the bidding process is complete and the operator is granted the concession, the pricing of the power transmission service is established in the concession agreement. ATS has a 30-year concession agreement with fixed-price tariff base denominated in U.S. dollars that is adjusted annually after COD of each line, in accordance with the U.S. Finished Goods Less Food and Energy Index published by the U.S. Department of Labor.

Quadra 1 & Quadra 2

Transmisora Mejillones, or Quadra 1, is a 49-miles transmission line project and Tranmisora Baquedano, or Quadra 2, is a 32-miles transmission line project, each connected to the Sierra Gorda substations.

Both projects have concession agreements with Sierra Gorda SCM. The agreements are denominated in U.S. dollars and are indexed mainly to CPI. The concession agreements each have a 21-year term that began on COD, which took place in April 2014 and March 2014 for Quadra 1 and Quadra 2, respectively.

Quadra 1 and Quadra 2 belong to the Northern Interconnected System (SING), one of the two interconnected systems into which the Chilean electricity market is divided and structured for both technical and regulatory purposes.

As part of the SING, Quadra 1 and Quadra 2 and the service they provide are regulated by several regulatory bodies, in particular: the Superintendent's office of Electricity and Fuels (Superintendencia de Electricidad y Combustibles, SEC), the Economic Local Dispatch Center (Centro de Despacho Economico de Cargas, CDEC), the National Board of Energy (Comision Nacional de Energia, CNE) and the National Environmental Board (Comision Nacional de Medio Ambiente, CONAMA) and other environmental regulatory bodies.

In all these concession arrangements, the operator has all the rights necessary to manage, operate and maintain the assets and the obligation to provide the services defined above, which are clearly defined in each concession contract and in the applicable regulations in each country.

Helioenergy 1&2

The Helioenergy 1/2 project is located in Ecija, Spain. Abengoa started the construction of Helioenergy in 2010, and reached COD in 2011. Since COD, the projects have obtained good generation results achieving systematically year after year results aligned or above the target productions defined.

Helioenergy relies on a Conventional parabolic trough Concentrating Solar Power system to generate electricity. Helioenergy evacuates its electricity through an aerial underground line 220 kV from the substation of the plant to a 220 kV line that ends in SET Villanueva del Rey (owned by Red Eléctrica de España), where the connection point of the plant is located.

Renewable energy plants in Spain, like Helionergy 1 and Helionergy 2, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Helionergy 1 and Helionergy 2 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Helios 1&2

The Helios 1/2 project is a 100 MW Concentrating Solar Power facility known as Plataforma Solar Castilla la Mancha, located in the municipality of Arenas de San Juan, Puerto Lápice and Villarta de San Juan, Spain. Helios 1 COD was reached in 2Q 2012, Helios 2 COD was reached in 3Q 2012. Since COD, the projects have obtained good generation results aligned or above the production targets.

Helios 1/2 relies on a Conventional parabolic trough Concentrating Solar Power system to generate electricity. The technology is identical to the one used at Solaben 2/3 and Solacor 1/2.

Renewable energy plants in Spain, like Helios 1 and Helios 2, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Helios 1 and Helios 2 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Solnova 1, 3&4

The Solnova 1/3/4 project is a 150 MW Concentrating Solar Power facility, part of the Sanlucar Solar Platform, located in the municipality of Sanlucar la Mayor, Spain. Solnova 1 COD was reached in 2Q 2010, Solnova 3 COD was reached in 2Q 2010 and Solnova 4 COD was reached in 3Q 2010. Since COD, the projects have obtained good generation results achieving results aligned with the target production numbers.

Solnova 1/3/4 relies on a Conventional parabolic trough Concentrating Solar Power system to generate electricity. The technology is identical to the one used at Solaben 2/3 and Solacor 1/2.

Solnova 1/3/4 evacuates its electricity through an aerial-underground line 66 kV from the substation of the plant to a 220 kV line that ends in SET Casaquemada, where the connection point of the plant is located.

Renewable energy plants in Spain, like Solnova 1, Solnova 3 and Solnova 4, are regulated by the

Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Solnova 1, Solnova 3 and Solnova 4 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Honaine

The Honaine project is a water desalination plant located in Taffsout, Algeria, near three important cities: Oran, to the northeast, and Sidi Bel Abbés and Tlemcen, to the southeast. Myah Bahr Honaine Spa, or MBH, is the vehicle incorporated in Algeria for the purposes of owning the Honaine project. Algerian Energy Company, SPA, or AEC, owns 49% and Sacyr Agua S.L., a subsidiary of Sacyr, S.A., owns the remaining 25.5% of the Honaine project.

AEC is the Algerian agency in charge of delivering Algeria's large-scale desalination programme. It is a joint venture set up in 2001 between the national oil and gas company, Sonatrach, and the national gas and electricity company, Sonelgaz. Each of Sonatrach and Sonelgaz owns 50% of AEC.

The technology selected for the Honaine plant is currently the most commonly used in this kind of project. It consists of desalination using membranes by reverse osmosis. Honaine has a capacity of seven M ft3 per day of desalinated water and it is under operation since July 2012. The project represents approximately 9.0% of Algeria's total desalination capacity and serves a population of 1.0 million.

The water purchase agreement is a U.S. dollar indexed 25-year take-or-pay contract with Sonatrach / Algérienne des Eaux, or ADE. The tariff structure is based upon plant capacity and water production, covering variable cost (water cost plus electricity cost). Tariffs are adjusted monthly based on the indexation mechanisms that include local inflation, U.S. inflation and the exchange rate between the U.S. dollar and local currency.

Skikda

The Skikda project is a water desalination plant located in Skikda, Algeria. Skikda is located 510 km east of Alger. Aguas de Skikda, or ADS, is the vehicle incorporated in Algeria for the purposes of owning the Skikda project. AEC owns 49% and Sacyr Agua S.L. owns the remaining 16.83% of the Skikda project.

AEC is the Algerian agency in charge of delivering Algeria's large-scale desalination program. It is a joint venture set up in 2001 between the national oil and gas company, Sonatrach, and the national gas and electricity company, Sonelgaz. Each of Sonatrach and Sonelgaz owns 50% of AEC.

The technology selected for the Skikda plant is currently the most commonly used in this kind of project. It consists of the use of membranes to obtain desalinated water by reverse osmosis. Skikda has a capacity of 3.5 M ft3 per day of desalinated water and is in operation since February

2009. The project represents approximately 4.5% of Algeria's total desalination capacity and serves a population of 0.5 million.

The water purchase agreement is a U.S. dollar indexed 25-year take-or-pay contract with Sonatrach / ADE. The tariff structure is based upon plant capacity and water production, covering variable cost (water cost plus electricity cost). Tariffs are adjusted monthly based on the indexation mechanisms that include local inflation, U.S. inflation and the exchange rate between the U.S. dollar and local currency.

ATN 2

ATN 2, in Peru, is part of the Complementary Transmission System, or Sistema Complementario de Transmision, SCT, and is comprised of the following facilities:

(i) The approximately 130km, 220kV line from SE Cotaruse to Las Bambas;

(ii) The connection to the gate of Las Bambas Substation;

(iii) The expansion of the Cotaruse 220kV substation (works assigned to Consorcio Transmantaro).

The Client is Las Bambas Mining Company, a company owned by a partnership conformed by a subsidiary of China Minmetals Corporation (62.5%), a wholly owned subsidiary of Guoxin International Investment Co. Ltd (22.5%) and CITIC Metal Co. Ltd (15.0%). China Minmetals Corporation is the fifth largest metals company included in the Fortune Global 500 list.

Abengoa started the permitting phase of ATN2 Project in May 2011; and the plant reached COD during May 2015.

The ATN2 Project has an 18-year contract period, after that, ATN2 assets will remain as property of the SPV and therefore it is likely a new contract could be negotiated. The ATN2 Project has a fixed-price tariff base denominated in U.S. dollars, partially adjusted annually in accordance with the U.S. Finished Goods Less Food and Energy Index as published by the U.S. Department of Labor. The receipt of the tariff base is independent from the effective utilization of the transmission lines and substations related to the ATN2 Project. The tariff base is intended to provide the ATN2 Project with consistent and predictable monthly revenues sufficient to cover the ATN2 Project's operating costs and debt service and to earn an equity return. Peruvian law requires the existence of a definitive concession agreement to perform electricity transmission activities where the transmission facilities cross public land or land owned by third parties. On May 31, 2014, the Ministry of Energy granted the project a definitive concession agreement to the transmission lines of the ATN2 Project.

Kaxu

Kaxu Solar One, or Kaxu, is a 100MW solar Conventional Parabolic Trough Project located in Paulputs in the Nothern Cape Province of South Africa, approximately 30 km north east of the small town of Pofadder. Atlantica, through Abengoa Solar South Africa (Pty) Ltd., owns 51% of the Kaxu Project. The Project Company, named Kaxu Solar One (Pty) Ltd., is owned by a consortium composed by Abengoa Solar South Africa (51%), Industrial Development Corporation of South Africa (29%) and Kaxu Community Trust (20%).

The project reached COD in February 2015.

Kaxu has a 20-year PPA with Eskom SOC Ltd., or Eskom, under a take or pay contract for the purchase of electricity up to the contracted capacity from the facility. Eskom purchases all the output of the Kaxu Plant under a fixed price formula in local currency subject to indexation to local inflation which protects the Company from potential devaluation over the long term. Being the project COD February 2015, the PPA expires on February 2035.

Solaben 1&6

The Solaben 1&6 is a 100MW Concentrated Solar Power facility part of the Extremadura Solar Platform, located in the municipality of Logrosán, Spain. Solaben 1/6 COD was reached on September 1, 2013. Since COD, the projects have obtained good generation aligned with the target production figures.

Solaben 1&6 relies on a Conventional Parabolic through Concentrating Solar Power system to generate electricity. The technology is identical to the one used at Solaben 2/3 and Solacor 1/2 projects.

Renewable energy plants in Spain, like Solaben 1 and Solaben 6, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Solaben 1 and Solaben 6 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comisión Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Melowind

Melowind is an on-shore wind farm facility wholly owned by the Company, located in Uruguay with nominal installed capacity of 50 MW. Melowind has 20 wind turbines of 2.5 MW each. The asset reached COD in November 2015.

The wind farm is located in Cerro Largo, 200 miles north of the city of Montevideo. Nordex supplied the turbines.

Melowind is not expected to pay significant corporate taxes in the next 10 years due to the specific tax exemptions established by the Uruguayan government for renewable assets.

Melowind signed a 20-year PPA with UTE in 2015, for 100% of the electricity produced. UTE pays a fixed tariff under the PPA, which is denominated in U.S. dollars and is partially adjusted every year based on a formula referring to U.S. CPI, the Uruguay’s Indice de Precios al Productor de Productos Nacionales and the applicable UYU/U.S. dollars exchange rate.

Melowind signed an agreement with Nordex, covering the maintenance tasks of the wind turbines. The scope of works of this agreement is complete, as it includes operation, scheduled and unscheduled maintenance. In addition, Melowind signed a O&M agreement with Ingener covering the maintenance tasks of the civil works and electrical infrastructure.

Company Financial Statements

Company Balance Sheet

Amounts in thousands of U.S. dollars

	Notes (1)	2018	2017
Non Current assets			
Intangible and tangible assets		147	85
Investments in subsidiaries	3	1,883,964	2,044,967
Amounts owed by group undertakings	4	605,779	647,911
Derivatives assets		1,648	605
		2,491,538	**2,693,568**
Current assets			
Trade and other receivables		268	244
Amounts owed by group undertakings	4	4,813	169
Short-term financial investments		-	1,723
Derivatives assets		1,581	878
Cash and bank balances		106,734	148,525
		113,396	**151,539**
Total assets		**2,604,934**	**2,845,107**
Creditors: Amounts falling due within one year			
Trade and other payables	6	8,953	9,015
Amounts owed to group undertakings	4	1,616	3,892
Borrowings	5	268,905	68,907
		279,474	**81,814**
Net current assets/(liabilities)		**(166,078)**	**69,725**
Total assets less current liabilities		**2,325,460**	**2,763,293**
Creditors: Amounts falling due after more than one year			
Borrowings	5	415,168	574,176
Amounts owed to group undertakings	4	136,606	99,904
Derivatives liabilities		4,447	2,154
Other liabilities		93	-
		556,314	**676,234**
Total liabilities		**835,788**	**758,048**
Net assets		**1,769,146**	**2,087,059**

(1) Notes 1 to 7 are an integral part of the financial statements

Company balance sheet
31 December 2018

Capital and Reserves			
Share capital		10,022	10.022
Share premium account		1,481,881	1,981,881
Distributable reserves		548,059	181,348
Other Reserves		-	181
Retained earnings	7	(270,816)	(86,373)
Shareholders' funds		**1,769,146**	**2,087,059**

(1) Notes 1 to 7 are an integral part of the financial statements

The Company recorded a loss after tax of $184.4 million for the period ended 31 December 2018 (2017: profit after tax of $52.6 million).

The financial statements of Atlantica Yield plc, company registration no. 08818211, were approved by the board of directors and authorised for issue on 26 February 2019. They were signed on its behalf by:

Chief Executive Officer

Santiago Seage

March 11, 2019

Company Statement of changes in equity

Amounts in thousands of U.S. dollars

	Share Capital	Share Premium Account	Distributable Reserves	Retained earnings	Other Reserves	Total Shareholder´s funds
Balance at 1 January 2017	**10,022**	**1,981,881**	**286,576**	**(138,938)**	**13,879**	**2,153,420**
Profit for the year	-	-	-	52,565	-	52,565
Dividends	-	-	(105,228)	-	-	(105,228)
Change in fair value of cash flow hedges (net of deferred taxation)	-	-	-	-	(13,698)	(13,698)
Balance at 31 December 2017	**10,022**	**1,981,881**	**181,348**	**(86,373)**	**181**	**2,087,059**
Loss for the year	-	-	-	(184,443)	-	(184,443)
Dividends	-	-	(133,289)	-	-	(133,289)
Change in fair value of cash flow hedges (net of deferred taxation)	-	-	-	-	(181)	(181)
Reduction of Share Premium	-	(500,000)	500,000	-	-	-
Balance at 31 December 2018	**10,022**	**1,481,881**	**548,059**	**(270,816)**	**-**	**1,769,146**

Notes to the Company financial statements

1. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the re measurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments in subsidiaries and impairment

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined

had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Critical accounting policies and estimates

The most critical accounting policies, which reflect significant management estimates and judgement to determine amounts in the Company's financial statements, are as follows:

- Impairment of investments; and
- Derivative financial instruments and fair value estimates.

2. Profit/(Loss) for the year

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The Company reported a loss for the financial year ended 31 December 2018 of $184.4 million (2017: profit of $52.6 million).

The auditor's remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements.

3. Investments in subsidiaries

Details of the Company's subsidiaries at 31 December 2018 are as follows:

Name	Place of incorporation and principal place of business	Proportion of ownership interest	Proportion of voting power held	Registered office
		%	%	
Palmucho, S.A.	Chile	100.00%	100.00%	Avda. Apoquindo, 3600, Piso 5, Oficina 517, Las Condes, Santiago de Chile
ABY Servicios Corporativos, S.L.	Spain	99.99%	99.99%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Transmisora Baquedano, S.A.	Chile	100.00%	100.00%	Avda. Apoquindo, 3600, Piso 5, Oficina 517, Las Condes, Santiago de Chile
Transmisora Mejillones, S.A.	Chile	100.00%	100.00%	Avda. Apoquindo, 3600, Piso 5, Oficina 517, Las Condes, Santiago de Chile
ASUSHI Inc.	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)

ACT Holdings, S.A. de C.V.	Mexico	99.99%	99.99%	Avda. Jaime Balmes, 11, Piso 10, Torre C, Fracción C, Oficina 1001, Col. Los Morales Polanco, 11510, Ciudad de México
ABY Concessions Perú, S.A.	Peru	100.00%	100.00%	Av. El Derby 55, Edificio Cronos, Torre 3, Piso 6; oficina 608. Santiago de Surco Lima (Peru).
ABY Concessions Infrastructure, S.L.U.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
ASHUSA Inc	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
ABY South Africa (Pty) Ltd	South Africa	100.00%	100.00%	Office 103 Ancorley Building; 45Scott Street Upington 8801 (South Africa)
ATN 2, S.A.	Peru	100.00%	100.00%	Av. El Derby 55, Edificio Cronos, Torre 3, Piso 6; oficina 608. Santiago de Surco Lima.
Mojave Solar Holdings, Llc	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Mojave Solar, Llc	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
ASO Holdings Company, LLC	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Arizona Solar One, LLC (USA)	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
ATN, S.A.	Peru	99.99%	99.99%	Av. El Derby 55, Edificio Cronos, Torre 3, Piso 6; oficina 608. Santiago de Surco Lima.
ABY Transmisión Sur, S.A.	Peru	100.00%	100.00%	Av. El Derby 55, Edificio Cronos, Torre 3, Piso 6; oficina 608. Santiago de Surco Lima.
ACT Energy Mexico, S.A. de C.V.	Mexico	99.99%	99.99%	Avda. Jaime Balmes, 11, Piso 10, Torre C, Fracción C, Oficina 1001, Col. Los Morales Polanco, 11510, Ciudad de México
Kaxu Solar One (Pty) Ltd	South Africa	51.00%	51.00%	Office 103 Ancorley Building; 45Scott Street Upington

Company balance sheet
31 December 2018

				8801 (South Africa)
Sanlucar Solar, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solar Processes, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Palmatir, S.A	Uruguay	100.00%	100.00%	Avda. Luis Alberto de Herrera, 1248, Montevideo
Cadonal, S.A.	Uruguay	100.00%	100.00%	Avda. Luis Alberto de Herrera, 1248, Montevideo
Banitod, S.A.	Uruguay	100.00%	100.00%	Avda. Luis Alberto de Herrera, 1248, Montevideo
Ecija Solar Inversiones, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Helioenergy Electricidad Uno, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Helioenergy Electricidad, Dos, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Carpio Solar Inversiones, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solacor Electricidad Uno, S.A.	Spain	87.00%	87.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solacor Electricidad Dos, S.A.	Spain	87.00%	87.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Logrosán Solar Inversiones, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solaben Electricidad Dos, S.A.	Spain	70.00%	70.00%	Plataforma Solar Extremadura, Carretera EX-116 PK 17,560, 10120 Logrosán (Cáceres, Spain)
Solaben Electricidad Tres, S.A.	Spain	70.00%	70.00%	Plataforma Solar Extremadura, Carretera EX-116 PK 17,560, 10120 Logrosán (Cáceres, Spain)
Hypesol Energy Holding, S.L.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Helios I Hyperion Energy Investments, S.L.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Helios II Hyperion Energy Investments, S.L.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solnova Solar Inversiones, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solnova Electricidad Uno, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solnova Electricidad Tres, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solnova Electricidad Cuatro, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Logrosan Solar Inversiones Dos, S.L.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n

				41092, Sevilla (Spain)
Solaben Luxembourg S.A.	Luxembourg	100.00%	100.00%	6, rue Eugène RuppertL-2453 Luxembourg
Logrosan Equity Investment S.a.r.l.	Luxembourg	100.00%	100.00%	6, rue Eugène RuppertL-2453 Luxembourg
Extremadura Equity Investment S.a.r.l.	Luxembourg	100.00%	100.00%	6, rue Eugène RuppertL-2453 Luxembourg
Solaben Electricidad Uno, S.A.	Spain	100.00%	100.00%	Plataforma Solar Extremadura, Carretera EX-116 PK 17,560, 10120 Logrosán (Cáceres, Spain)
Solaben Electricidad Seis, S.A.	Spain	100.00%	100.00%	Plataforma Solar Extremadura, Carretera EX-116 PK 17,560, 10120 Logrosán (Cáceres, Spain)
Geida Tlemcen, S.L.	Spain	50.00%	50.00%	Francisco Silvela, 42 - 4th Floor, 28028 Madrid
Myah Bahr Honaine, S.P.A.	Algeria	25.50%	25.50%	162 Bois des Cars III DelyIbrahim — Alger - Algerie
Geida Skikda, S.L.	Spain	67.00%	67.00%	Paseo de la Castellana 83-85, 28046 Madrid (Spain)
Aguas de Skikda, S.P.A.	Algeria	34.17%	34.17%	162 Bois des Cars III DelyIbrahim — Alger - Algerie
ABY Infrastructures USA, LLC.	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Fotovoltaica Solar Sevilla, S.A.	Spain	80.00%	80.00%	C/ Energía Solar nº 1 41014, Sevilla (Spain)
RRHH Servicios Corporativos	Mexico	100.00%	100.00%	Avda. Jaime Balmes, 11, Piso 10, Torre C, Fracción C, Oficina 1001, Col. Los Morales Polanco, 11510, Ciudad de México
ABY Infraestructuras, S.L.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
ABY Holding USA, LLC.	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
ABY Chile, S.P.A.	Chile	100.00%	100.00%	Avda. Apoquindo, 3600, Piso 5, Oficina 517, Las Condes, Santiago de Chile
Atlantica Yield South Africa Ltd	UK	100.00%	100.00%	Great West House, GW1 Great West Road Brentford TW8 9DF London, UK
Ca Ku A1 Servicios Compresión de Gas S.A.P.I	Mexico	5.00%	5.00%	Jose Luis Lagrange 103 Piso 8 Col. Los Morales Polanco Mexico D.F. CP: 11510
CKA1 Holding S. de R.L. de C.V	Mexico	100.00%	100.00%	Avda. Jaime Balmes, 11, Piso 10, Torre C, Fracción C, Oficina

				1001, Col. Los Morales Polanco, 11510, Ciudad de México
Hidrocañete, S.A.	Peru	100.00%	100.00%	Av. El Derby 55, Edificio Cronos, Torre 3, Piso 6; oficina 608. Santiago de Surco Lima.
AY Holding Uruguay S.A	Uruguay	100.00%	100.00%	Avda. Luis Alberto de Herrera 1248, Torre I, Piso 10, Oficina 1001 Santiago de Lima.
Estrellada S.A	Uruguay	100.00%	100.00%	Avda. Luis Alberto de Herrera 1248, Torre I, Piso 10, Oficina 1001 Santiago de Lima (Uruguay

The investments in subsidiaries are all stated at cost. Information on the investments acquired in the year is disclosed in Note 5 in the consolidated financial statements. As of 31 December 2018, the carrying value of the direct investments was as follows:

	2018 $'000	2017 $'000
Palmucho, S.A.	-	-
ABY Servicios Corporativos, S.L.	11,357	11,357
Transmisora Baquedano, S.A.	-	-
Transmisora Mejillones, S.A.	-	-
ASUSHI Inc.	146,572	317,950
ACT Holdings, S.A. de C.V.	98,543	98,543
ABY Concessions Perú, S.A.	261,920	261,920
ABY Concessions Infrastructure, S.L.U.	887,039	887,039
ASHUSA, Inc	380,193	380,193
ATN, S.A. (*)	7,521	1,098
ABY Transmisión Sur, S.A. (*)	11,847	11,847
ABY South Africa (Pty) Ltd (*)	-	56,998
Atlantica Yield South Africa Ltd	56,998	-
ATN 2, S.A.	15,897	15,897
ABY Infrastructure USA, LLc.	5	5
ABY Holding USA, LLc.	6,066	2,120
CKA1 Holding S. de R.L. de C.V	6	-
Total investments in subsidiaries	**1,883,964**	**2,044,967**

(*) Includes interest free loans accounted for at amortized cost (classified as amounts owed by group undertakings, see note 5) and initial difference with nominal value of the loans accounted for as capital contribution in accordance with IFRS 9.

Movements in the carrying value of investments during the years 2018 and 2017 were as follows:

	$ ´000
As at 1 January 2018	2,044,967
Increase	10,375
Impairment	(171,378)
As at 31 December 2018	**1,883,964**

	$ ´000
As at 1 January 2017	2,035,598
Increase	9,369
As at 31 December 2017	**2,044,967**

The increase in 2018 mainly relates to a capital increase in ABY Holding USA LLC for $3.9 million and in ATN, S.A. for $6.4 million. The impairment for $171.4 million fully relates to ASUSHI Inc.

The increase in 2017 mainly relate to a capital increase in ABY Servicios Corporativos, S.L. in December 2017 for $5.8 million and to the incorporation of ABY Holding USA, Llc for $2.1 million in February 2017.

4. Amounts owed by/to group undertakings

	2018 $'000	2017 $'000
Non-current receivables from group companies	605,779	647,911
Non-current amounts owed by group undertakings	**605,779**	**647,911**
Current amounts owed by group undertakings	4,813	169
Total amounts owed by group undertakings	**610,592**	**648,080**
Current amounts owed to group undertakings	1,616	3,892
Non-Current amounts owed to group undertakings	136,606	99,904
Total amounts owed to group undertakings	**138,222**	**103,796**

As at 31 December 2018, the detail of the non-current amounts owed by group undertakings was as follows:

	2018 $'000	2017 $'000
ATN, S.A.	43,771	4,705
ABY Concessions Infrastructure, S.L.U.	301,182	311,629
Carpio Solar Inversiones, S.A.	42,562	61,284
ABY Transmisión Sur, S.A.	34,457	40,715
Logrosán Solar Inversiones, S.A.	-	235
ACT Holdings, S.A. de C.V.	4,860	4,860
Ecija Solar Inversiones, S.A.	41,067	55,782
Solnova Solar Inversiones, S.A.	24,471	25,841
Hypesol Energy Holding, S.L.	-	110
ABY South Africa (Pty) Ltd.	54,529	69,298
ATN 2, S.A.	-	4,307
ASUSHA, Inc.	52,296	49,590
ABY Servicios Corporativos, S.L.	-	17,101
Other	6,584	2,454
Amounts owed by group undertakings	**605,779**	**647,911**

The principal features of the main loans to subsidiary undertakings are as follows:

	Interest Rate	Maturity
ATN, S.A.	0%	Not applicable
ABY Concessions Infrastructure, S.L.	5%	31 December 2030
ABY Servicios Corporativos, S.L.	5%	31 December 2030
Carpio Solar Inversiones, S.A.	2.5% to Euribor 12 months	31 July 2031
ABY Transmisión Sur, S.A.	0%	Not applicable
Logrosán Solar Inversiones, S.A	2.5% to Euribor 12 months	15 December 2030
Ecija Solar Inversiones, S.A.	4.25% to Euribor 12 months	27 December 2030
Solnova Solar Inversiones, S.A.	4.25% to Euribor 12 months	25 June 2030
Hypesol Energy Holding, S.L.	4.5% to Euribor 12 months	Not applicable
ATN 2, S.A.	8.96%	Not applicable
ABY South Africa (Pty) Ltd.	-	Not applicable
ASUSHI Inc.	5.9%	Not applicable

As at 31 December 2018, the amounts owed to group undertakings primarily relate to ACT Energy Mexico, S.A. de C.V. for $136.3 million ($81 million as at 31 December 2017) and to ABY Servicios Corporativos S.L. for $0.3 million ($18.9 million as at 31 December 2017).

5. Borrowings

As at 31 December 2018, the details of the amounts owed to third parties were as follows:

	2018 $'000	2017 $'000
Secured borrowing at amortised cost		
Bonds	257,325	256,468
Borrowings	426,748	386,615
Total borrowings	684,073	643,083
Amount due for settlement within 12 months	**268,905**	**68,907**
Amount due for settlement after 12 months	**415,168**	**574,176**

The principal features of the borrowings and bonds are as follows:

On November 17, 2014, the Company issued the Senior Notes due 2019 in an aggregate principal

amount of $255,000 thousand (the "2019 Notes"). The 2019 Notes accrue annual interest of 7.00% payable semi-annually beginning on May 15, 2015 until their maturity date. As of December 31, 2018 the amount of 2019 Notes has been classified as Current, considering its maturity is November 15, 2019.

On December 3, 2014, the Company entered into a credit facility of up to $125,000 thousand with Banco Santander, S.A., Bank of America, N.A., Citigroup Global Markets Limited, HSBC Bank plc and RBC Capital Markets, as joint lead arrangers and joint bookrunners (the "Former Revolving Credit Facility" or "Former RCF"). On December 22, 2014, the Company drew down $125,000 thousand under the Former RCF. $71,000 thousand of the Former RCF were partially repaid in 2017. The remaining $54,000 of nominal of the Former RCF has been entirely repaid on May 16, 2018 and the credit facility cancelled.

On February 10, 2017, the Company issued Senior Notes due 2022, 2023, 2024 (the "Note Issuance Facility"), in an aggregate principal amount of €275,000 thousand. The 2022 to 2024 Notes accrue annual interest, equal to the sum of (i) EURIBOR plus (ii) 4.90%, as determined by the Agent. Interest on the Notes are payable in cash quarterly in arrears on each interest payment date. The Company pays interest to the holders of record on each interest payment date. The interest rate on the Note Issuance Facility is fully hedged by two interest rate swaps contracted with Jefferies Financial Services, Inc. with effective date March 31, 2017 and maturity date December 31, 2022, resulting in the Company paying a net fixed interest rate of 5.5% on the Note Issuance Facility. Changes in fair value of these interest rate swaps have been recorded in the consolidated income statement.

On July 20, 2017, the Company signed a credit facility (the "2017 Credit Facility") for up to €10 million, approximately $11.5 million, which is available in euros or U.S. dollars. Amounts drawn down accrue interest at a rate per year equal to EURIBOR plus 2.25% or LIBOR plus 2.25%, depending on the currency. As of December 31, 2017, the Company drew down the credit facility in full and used the entire proceeds to prepay a part of the Tranche A of the Credit Facility. The credit facility had a maturity date in July 2018. It was renewed during the month of July 2018 and the new maturity date is July 20, 2019.

On May 10, 2018, the Company entered into a $215 million revolving credit facility (the "New Revolving Credit Facility") with Royal Bank of Canada, as administrative agent and Royal Bank of Canada and Canadian Imperial Bank of Commerce, as issuers of letters of credit. Amounts drawn down accrue interest at a rate per year equal to (A) for Eurodollar rate loans, LIBOR plus a percentage determined by reference to the leverage ratio of the Company, ranging between 1.60% and 2.25% and (B) for base rate loans, the highest of (i) the rate per annum equal to the weighted average of the rates on overnight U.S. Federal funds transactions with members of the U.S. Federal Reserve System arranged by U.S. Federal funds brokers on such day plus ½ of 1.00%, (ii) the U.S. prime rate and (iii) LIBOR plus 1.00%, in any case, plus a percentage determined by reference to the leverage ratio of the Company, ranging between 0.60% and 1.00%. Letters of credit may be issued using up to $70 million of the Revolving Credit Facility. The maturity of the Revolving Credit Facility is December 31, 2021. As of December 31, 2018, the Company had drawn down an amount of $108 million (net of debt issuance costs). During the month of January 2019, the amount of the New Revolving Credit Facility has been increased from $215 million to $300 million.

6. Trade and other payables

As at 31 December 2018, Trade and other payables primarily relate to independent professional services.

7. Retained earnings

Retained earnings	$'000
Balance at 1 January 2018	(86,373)
Net loss for the year	(184,443)
Balance at 31 December 2018	(270,816)

Retained earnings	$'000
Balance at 1 January 2017	(138,938)
Net profit for the year	52,565
Balance at 31 December 2017	(86,373)