

Company number 10982736

CONTOURGLOBAL



Generating greater energy

Annual Report 2018



We are ContourGlobal

Guided by our values, we develop, acquire, own and operate wholesale power generation assets around the world.

We currently have 101 Thermal and Renewable power generation assets in 18 countries across Europe, Latin America and Africa. Our assets have a total installed capacity of 4.3 GW.

We believe that we can create value through best-in-class operations both in our existing portfolio and those new assets we develop or acquire.

The energy we generate has a positive impact for people, businesses and communities around the world – powering cities, providing heat and light, enabling businesses to run around the clock. And through our social investing program we invest in making the places where we live and work better.

We're proud of our positive impacts and will build on these as ContourGlobal continues to grow well.

Telling our story through the eyes of our people

For the second year running we are very pleased to include in our report the winner, 2nd and 3rd place for our annual staff photography competition. The competition is open to everyone in ContourGlobal and this year we had over 50 entries. Employees were invited to submit photographs that tell the ContourGlobal story in ways that really strike home with the viewer. We hope you enjoy these great images, on pages 47, 52, and 54.

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Financial and operational highlights

**We aim to excel financially and operationally,
exceeding our targets and outperforming our peers.**

Revenue

2018 Change +23%

\$1,253.0m**Income from Operations**

2018 Change -3%

\$261.9m**Adjusted EBITDA¹**

2018 Change +19%

\$610.1m**Proportionate
Adjusted EBITDA¹**

2018 Change +23%

\$536.1m**Funds from Operations¹**

2018 Change +18%

\$302.3m**Installed capacity**

2018 Change +4%

4,317 MW

¹ Refer to page 34 for definition.

We pursue a highly disciplined and focused growth strategy. Our strategic report tells our story – what we do, why it works, and how we performed in 2018.

Strategic report

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Our business at a glance

Our mission is to develop, acquire and operate electricity generation businesses worldwide, creating economic and social value through better operations, and making the communities where we work better because we are there.

ContourGlobal was founded in 2005 and since then has grown successfully into a global platform of contracted power generation with expertise across wind, solar, hydro and various thermal technologies.

We develop, acquire, own and operate wholesale power generation businesses.

We have 101 Thermal and Renewable power generation assets in Europe, Latin America and Africa with a total installed capacity of 4.3 GW. We have a differentiated business model, with a proven growth track record focused on long-term and wholesale contracted or regulated power generation across different technologies, geographies and stages of development.

We are organized into two divisions: Thermal and Renewable.

Our Thermal portfolio uses conventional fossil fuels, specifically natural gas, biogas, coal and liquid fuels.

Our Renewable portfolio uses renewable resources of wind, photovoltaic solar, concentrated solar and hydropower.

We actively manage risk.

We manage risk by underpinning the vast majority of our revenues with long-term contracts or long-term regulated tariffs, with creditworthy counterparties delivering predictable cash flows (over 90% of revenues contracted over the next five years).

Our core values and principles underpin everything that we do. They are the key drivers of our activities, from growth to employee empowerment, and ultimately create shareholder value.

Values

- We care about our people's health, safety, well-being and development.
- We expect, embrace and enable excellence and continuous learning through humility, and the knowledge that we will fail but when we do, we will learn.
- We act transparently and with moral integrity.
- We honor the commitments of those who have placed their trust in us.
- We work hard and without boundaries as a multinational, integrated team.

Principles

- Operate safely and efficiently and minimize environmental impacts.
- Grow well.
- Manage our business responsibly.
- Enhance our operating environment.

About us

4.3 GW

Total installed capacity¹

2,665 MW

Total installed capacity in Europe

1,424 MW

Total installed capacity in Latin America¹

228 MW

Total installed capacity in Africa

c.1,500

Employees

101

Assets

18

Operating countries, across three continents

¹ Excludes 518 MW relating to the Mexican CHP acquisition which is expected to close in the first half of 2019.

Energy

Capacity split by source

Breakdown ¹	Capacity
Natural gas	23%
Solar	23%
Coal	20%
Wind	16%
Hydro	10%
Liquid fuels	8%

Capacity split by energy type

Breakdown ²	Capacity
Thermal	51%
Renewable	49%

Capacity split by geographic region

Breakdown	Capacity
Europe	2,665 MW
Latin America	1,424 MW
Africa	228 MW

¹ Weighted by 2018 Adjusted EBITDA before corporate costs.

² Weighted by 2018 Adjusted EBITDA before corporate and holding company costs.

Reliability and efficiency

Thermal Fleet availability factor³ (%)

90.2%⁵

Against a benchmark of 92.3%⁴

Renewable Fleet availability factor³ (%)

96.8%⁵

Against a benchmark of 97.9%⁴

Efficiency Net efficiency (%)

Total Thermal (excluding Solutions)
Total solutions

³ Sources for benchmarking: Navigant Consulting (Thermal), MAKE, AWST, DNV GL (Renewable).

⁴ Benchmark is top decile of peers.

⁵ Although the Thermal fleet availability was impacted by an outage at a CCGT facility in Spain, there was no financial impact. Renewable fleet availability was impacted by the integration of new assets and technology as a result of the Spanish CSP acquisition as well as an integration and maintenance program.

Our business at a glance *continued*

Our portfolio and assets

21

Thermal operational plants

80

Renewable operational plants

Key construction activity

-  Kosovo: pages 44 and 45
-  Austrian repowering: pages 48 and 49
-  Vorotan: pages 50 and 51

Remaining Contracted /
Regulated Life by Asset (Years)

Current contracts /
regulated revenues
have a weighted
average remaining
term of c.11 years²

	Operational plants	Geographic location	Energy type	Gross capacity (MW)
Thermal				
1	Maritsa	Bulgaria		908
2	Arrubal	Spain		800
3	Termoemcali	Colombia		240
4	Sochagota	Colombia		165
5	Togo	Togo		100
6	Cap des Biches I & II	Senegal		86
7	Solutions Brazil	Brazil (4)		76
8	Bonaire Engines	Dutch Antilles		17
9	KivuWatt	Rwanda		26
10	Energies Antilles	French Territory		21
11	Energies Saint Martin	French Territory		14
12	Solutions Knockmore Hill	Northern Ireland		15
13	Solutions Ikeja	Nigeria		10
14	Solutions Nogara	Italy		9
15	Solutions Benin	Nigeria		7
16	Solutions Ploiesti	Romania		6
17	Solutions Radzymin	Poland		6
18	Solutions Oricola	Italy		3
				2,509
Renewable				
19	Vorotan	Armenia		404
20	CSP	Spain (5)		250
21	Chapada I	Brazil		205
22	Chapada II	Brazil		173
23	Hydro Brazil	Brazil (9)		167
24	Asa Branca	Brazil		160
25	Austria Wind	Austria (10)		155
26	Inka	Peru – Cupisnique		83
27	Solar Italy	Italy (44)		65
28	Chapada III	Brazil		60
29	Solar Slovakia	Slovakia (3)		35
30	Inka	Peru – Talara		31
31	Bonaire Wind	Dutch Antilles		11
32	Romania Photovoltaic	Romania		7
33	Italy Biogas	Italy		2
				1,808

Portfolio

-  Liquid Fuels
-  Coal
-  Natural Gas
-  Wind
-  Hydro
-  Biogas
-  Solar

(#) Number of power plants

¹ For assets with multiple PPAs, numbers shown based on midpoint of the expiration dates for such PPAs.

² Weighted by 2018 adjusted EBITDA before corporate and holding company costs.

Our six largest assets¹



438 MW
CHAPADA COMPLEX
(I, II & III)
BRAZIL – WIND



800 MW
ARRUBAL
SPAIN – NATURAL GAS



908 MW
MARITSA
BULGARIA – COAL



160 MW
ASA BRANCA
BRAZIL – WIND



250 MW
CSP
SPAIN – SOLAR



404 MW
VOROTAN
ARMENIA – HYDRO

¹ Measured by capacity.

Chairman's letter

I am pleased to provide an update on ContourGlobal's exciting and largely successful first full calendar year following our IPO in November 2017.

Financially, 2018 was a year of strong progress for the Company – Adjusted EBITDA grew 19% to \$610.1 million, which was consistent with our guidance at the half year. Strategically, we made significant progress pursuing and executing on our pipeline of attractive acquisition, development and repowering opportunities – we are ahead of the timeline we presented in our IPO prospectus and remain excited about future prospects for growth. We also continued to achieve an outstanding health and safety record, added capability to our already strong management team, and continued to add expertise to our Board. We took advantage of the robust private capital markets in infrastructure and sold minority stakes in two Renewable portfolios at attractive premiums to cost. Public equity markets, however, have been challenging – while we have ample liquidity and can be patient, we are disappointed that the Company's share price does not reflect our view of the intrinsic value of the Company and the progress we have made since our IPO. We remain confident that if we continue to execute value-creating projects, the share price will begin to reflect ContourGlobal's intrinsic value.

In last year's letter, I highlighted the importance of two aspects of ContourGlobal's approach and both proved crucial to our success in 2018.

1. Disciplined, opportunistic approach to allocating capital

The merger and acquisition environment in the power market remains active and this provides the Company with the opportunity to deliver high value growth as long as we remain disciplined and selective in our approach. We are also starting to realize potential in our greenfield projects.

In May 2018, we completed the acquisition of a 250 MW concentrated solar power (CSP) operating portfolio in Spain – our largest acquisition to date. Because the seller was confident that ContourGlobal would close in a timely manner, we were able to negotiate the transaction on a bilateral basis and avoid an auction process. This resulted in both certainty for the seller and an attractive risk-adjusted investment for ContourGlobal. This acquisition is expected to generate strong, regulated cash flows for the next 17 years. In part because of this transaction, our Renewable division accounted for about half of our 2018 Adjusted EBITDA.

We also made significant progress on our 500 MW Kosovo greenfield lignite development project in 2018. Our next milestones will be the award of the engineering, procurement and construction (EPC) contract and the finalization of the project financing arrangements. Construction of this project, which is critical to the improvement in Kosovo's air quality and economic growth, is expected to begin by the end of 2019.

In January 2019 we announced the acquisition of two natural gas-fired combined heat and power plants in Mexico with a capacity of 518 MW. This investment advances our strategy to pursue high-quality accretive growth in contracted cash flows from creditworthy counterparties – in this case, Mexican industrial companies. Subject to shareholder approval, the transaction is expected to close in the first half of 2019 and I look forward to reporting on the team's progress with the integration of this acquisition in next year's report.

All three of these projects are consistent with our disciplined, opportunistic approach to investing capital and they should produce strong risk-adjusted returns for the Company's shareholders for many years to come. We expect our pipeline to remain robust for the next several years. However, if that changes, we will not hesitate to meaningfully accelerate the return of capital to shareholders.

THE MERGER AND ACQUISITION ENVIRONMENT IN THE POWER MARKET REMAINS ACTIVE AND THIS PROVIDES THE COMPANY WITH THE OPPORTUNITY TO DELIVER HIGH-VALUE GROWTH.

2. Proven ability to create value post acquisition

The combination of (a) our focus on generating long-term contracted and regulated cash flows, and (b) our team's proven ability to create incremental value post-acquisition, has generated significant interest from financial investment partners seeking to make passive, minority investments in some of our assets. These 'farm-downs' significantly bolster our project returns and produce a meaningful amount of cash. Depending on the timing and the magnitude of the cash produced from these 'farm-downs', it will either be re-invested into our robust pipeline or returned to shareholders.

Subsequent to the acquisition of our Spanish CSP portfolio, in December 2018 we entered into an agreement with Credit Suisse Energy Infrastructure Partners (CSEIP), one of the leaders in infrastructure investing in Europe, to sell 49% of the portfolio at an attractive premium to our cost. We expect the transaction to be completed in the first half of 2019; this achievement will allow us to crystallize significant value shortly after acquisition. This transaction followed the successful completion of the sale of 49% of our Italian and Slovakian solar photovoltaic portfolio to the same partner. In both cases, we will retain operational control and receive ongoing operational and maintenance services fees.

We also entered into a development agreement with CSEIP which provides mutually beneficial opportunities for value creation in the Italian and Slovakian solar sector. We welcome the opportunity to collaborate with a long-term financial partner that values our strong operational capabilities.

Board appointments

As mentioned in last year's report, we appointed Ruth Cairnie as an independent Non-Executive Director in January 2018, and we recently appointed Mariana Gheorghe as an additional independent Non-Executive Director with effect from 30th June 2019. Mariana has significant experience in the energy sector and in eastern Europe. I am confident that the Board has the right balance of skills and experience to support the Company in the next stage of its development.

Corporate governance

ContourGlobal has always had a strong culture of compliance but we recognize that we can never be complacent. Our systems, policies and procedures, upgraded in 2017 to support the robust governance structure required of a listed company, continued to develop throughout the year.

Dividend

Given the strong performance in 2018 and taking into account the strength of our balance sheet, the Board is proposing a final dividend above the high end of our previous guidance. The Board is pleased to propose a final dividend of 9.4 cents (US dollar) per ordinary share. The dividend will be paid, subject to shareholder approval, on 30th May 2019 to shareholders on the register at 3rd May 2019.

On behalf of the Board, I would like to thank our management team and all of our employees for their continued dedication and hard work.

Craig A. Huff
Chairman

WE EXPECT OUR PIPELINE TO REMAIN ROBUST FOR THE NEXT SEVERAL YEARS. HOWEVER, IF THAT CHANGES, WE WILL NOT HESITATE TO MEANINGFULLY ACCELERATE THE RETURN OF CAPITAL TO SHAREHOLDERS.

CEO's review

ContourGlobal, the operating business, had a strong year. GLO, our publicly traded stock, did not. As you will read in my letter and this report, an abundance of good things happened in 2018.

Performance review

We had another extraordinary year for our most important objective – to work safely. We equaled our record year in 2017 with our key lagging indicator, our Lost Time Incident Rate¹, ending the year at 0.03 despite nearly six million hours worked including, as in 2017, at several recently acquired businesses.

Although for the second year in a row we had only one lost time incident (LTI), we failed to achieve 'Target Zero'. We ended the year with at least top decile H&S performance.² Not too surprisingly, our one LTI occurred at one of our new businesses, our CSP facilities in Spain. A speck of airborne grit, floating through the air and into one of our employee's eyes. Wind, sunshine, a large solar field, missing safety glasses...a corneal abrasion, fortunately not too serious, but a few days off work. The anatomy of an LTI. But also a good learning experience for our new joiners to ContourGlobal about our approach to health and safety and more importantly our response to failure. Talk about it, examine it, 'Five Whys' it.³ Don't blame, certainly don't blame the injured worker. And start over. And Target Zero for 2019.

We had a good year in the power plants. Thermal performance was not what it should have been, but it had little impact on financial performance because the minimum availabilities in our PPAs were met. The Availability Factor (AF) was below previous years' excellent performance although the shortfall primarily impacted the gas turbine and coal fleet, with our Solutions and liquid fuel fleet performing at or better than plan.⁴ 2018 was a very good year for the AF in the Renewable fleet. Karl Schnadt and I are very proud of our Renewable team for improving the technical performance of the global wind fleet in 2018.

As a reminder, in our Renewable business, strong technical availabilities are a necessary but not sufficient condition for reaching targeted financial performance. We need the cooperation of mother nature to provide wind, sun and water.

In 2018, we asked our Chief Information Officer Michael Kuperman to run our Renewable business. Why our CIO? The selection reflected both Mike's five successful years as a project manager par excellence, building out our operational and corporate IT network, but also reflected the accelerating reality of the Renewable energy business – a data-intensive, people-light business whose technical success increasingly depends upon sophisticated monitoring of equipment and meteorological variables and using this data to increase performance and drive down costs. We asked Mike to focus on the Brazil wind fleet, our largest, and one that did not perform well in 2017. Mike led an impressive turnaround, materially increasing availabilities by 5% in our Brazil wind farms and executing to plan an ambitious organizational, commercial and technical improvement plan.

Elsewhere in the Renewable fleet, we performed better than our already stretched targets in the hydro, PV solar and CSP fleet.

Renewable resource performance was mixed. The wind did not blow well anywhere we had a wind turbine, and this was consistent with the entire industry's experience in 2018. As such, we experienced much lower than expected capacity factors in Peru, Brazil, Austria and Bonaire. Other than foreign currency fluctuations, wind resource was the largest detractor from Adjusted EBITDA.

Both solar technologies were slightly below plan but performed well. Our hydroelectric facilities were above plan in Brazil and below plan in Armenia.

Despite the challenging weather conditions, our financial performance remained robust reflecting the diversification benefits of our multi-technology and multi-fuel portfolio.

Financial results in 2018 followed operations and reflected our operationally led acquisition model. Adjusted EBITDA and FFO were up 19% and 18% respectively, and reflected operational performance, capacity additions and strategic minority sales. Thermal Adjusted EBITDA reflected good performance in our operating fleet in all three core regions. A very slight decrease in financial results primarily reflected a one-off provision release in 2017. The 47% growth in Adjusted EBITDA in the Renewable fleet despite poor global wind resource reflected capacity additions in Spain and Italy. Our financial results were produced by over 100 individual power plants thereby reducing over dependency upon any one asset, technology type or country. Fixed cost control was excellent both at the asset level and at the corporate level (overhead).

We also did a good job getting cash up to the parent company – the entity that services the publicly-traded Eurobonds, pays dividends and provides capital for new investment. We believe that the cash distributions to the parent, and the ratio of the outstanding Eurobond debt to those cash distributions, is the best measure of our financial leverage.

Growth, capital and market outlook

We grew well in 2018 and capitalized on opportunities to recycle capital that had started to emerge as the year progressed. It was an extremely active year with meaningful capacity additions in both the greenfield and acquisition segments of our development efforts.⁵

During the IPO process, we highlighted two large potential acquisitions that fit squarely within our strategy of growing with operationally led, opportunistic acquisitions. We achieved important milestones with both, signing and closing the acquisition of five CSP plants in Spain and, just over year-end 2018, signing the acquisition of two cogeneration plants in Mexico. These successful acquisitions show the strength of being able to participate in broad market trends within both the Renewable and Thermal sectors.

2018 also saw us capitalize on opportunities to recycle capital by selling minority interests at a very attractive valuation in our Italian and Slovakian solar portfolio to Credit Suisse Energy Infrastructure Partners (CSEIP) and entering into a partnership with them to further grow our solar portfolio in Italy. Later in the year we once again teamed up with CSEIP by signing an agreement to sell to them a minority interest in our Spanish CSP portfolio that we acquired from Acciona earlier in the year.

Bonaire and the future of hybrid generation

Integrating thermal generation with renewables and advanced battery storage as we have done in Bonaire provides another illustration of the opportunities that exist across the thermal-renewable continuum in the aspiring low carbon world. In many emerging markets where access to electricity has not been guaranteed, thermal generation is a necessary condition for deploying renewable technologies. In Senegal, for example, a recent high impact Solar PV project would have been impossible without placing Cap des Biches I and II into service over the past three years.

ContourGlobal is at the forefront of these trends. 2018 saw us begin a multi-year plan to modernize the unique hybrid facility that we own and operate on the island of Bonaire. The Bonaire business is much more important to us than its size would indicate. An integrated renewable, storage and thermal generation facility that produces nearly 100% of Bonaire's electricity, it is a good model for island nations and decentralizing electricity systems. Renewable generation technologies provide the opportunity to generate electricity at a much lower cost but their variability means that they require efficient and reliable complementary production from other sources – namely thermal generation and, increasingly, battery storage.

¹ LTIR measures recordable lost time incident (LTI) rates on the basis of 200,000 working hours.

² Meredith Armstrong Whiting, Charles J. Bennett, 'Driving Toward '0': Best Practices in Corporate Safety and Health, The Conference Board Research Report R-1334-03-RR (2003)

³ 'Five Whys' is a technique for performing failure analysis originally developed by Sikiichi Toyoda of 'Toyota Production System' fame. The technique involves asking five times why a failure occurred thereby arriving at the root cause and enabling the development of a proportional response.

⁴ Thermal Fleet Equivalent Availability Factor for 2018 was 90.2% for the year, which was 2.6% below 2017. The most significant underperformance occurred in our Combined Cycle Gas Turbine facility in Spain which was 5.1% worse than the previous year albeit with little financial impact.

⁵ Our business is international with a concentration in three primary regions: Europe, Latin America and, to a lesser extent, Sub-Saharan Africa. We operate in the market for electricity generation infrastructure and participate in that market through our own development ('greenfield' development which involves creating an asset by taking it through the permitting, financing and construction processes) as well as the acquisition of existing power plants. We operate, develop and acquire power plants using conventional fuel-based technologies as well as those using renewable technologies (currently wind, solar and hydro). Within both categories, we focus on two broad categories of customers: national grids and the utilities that supply these grids and commercial, and industrial customers with substantial energy needs who prefer to procure their electricity supply directly from on-site facilities.

WE GREW WELL IN 2018 AND CAPITALIZED ON OPPORTUNITIES TO RECYCLE CAPITAL THAT HAD STARTED TO EMERGE AS THE YEAR PROGRESSED.

CEO's review *continued*

ContourGlobal's 2018 highlights

1 Record Low LTIR**2 Adjusted EBITDA growth****3 Successful acquisition and integration of Spanish CSP assets****4 Extremely good year for Renewable operations****5 Refinancing of Corporate Bond at 3 3/8% (5 year) and 4 1/8% (7 year) saving \$9.8 million in interest expense****6 Successful repowering of Austrian wind farms****7 Record year for Five Whys**

We are not yet at the point when battery storage can displace thermal generation. That seems a long way off. But today we can use the energy storage system to enable us to maximize the low cost renewable production and buffer the 'swings' when the wind dies down before the thermal generation can kick in. We have upgraded this buffering by installing a new lithium ion battery that increases our capacity by 100% and storage from 0.15 MWh to 6 MWh equivalent to improving the buffering from 3 minutes to 60 minutes. The improved storage enables us to further increase wind generation by 10%.

Additionally, as we are doing in Austria, we will begin to repower the wind farm in Bonaire this year to enable us to produce much more electricity with the existing wind resources. As you may recall, last year in Austria we began repowering our first two wind farms, a process that involves replacing older wind towers and turbines with newer technology.⁶ These two projects offer a startling illustration of the dramatic improvements that have been achieved in wind turbine technology in the thirteen years that have passed since these wind farms first entered operations. Using the same physical footprint as before, new tower and turbine technology will enable us to capture more wind and thereby produce 80% more energy annually than what was achievable just over a decade ago. We made excellent progress in 2018 on our Austrian repowering initiatives. By early in the new year 2019, our first repowering was complete and we expect the second to be placed into service shortly.

An innovative hydroelectric refurbishment in Armenia

As a world-class operator with a reputation for reliability and innovation, we see opportunity to bring these capabilities to many over-looked areas of the world. We have enjoyed collaborative relationships with many of the world's leading Development Finance Institutions ('DFIs') and together mobilized investment and innovation in many marquee projects in the developing world. One of these is the Vorotan hydro-electric complex located in southwestern Armenia, a spectacular 404 MW facility that we acquired in 2015 and simultaneously entered into a substantial commitment to rehabilitate in a unique collaboration with the Government of Armenia, the International Finance Corporation, the Dutch (FMO) and German development banks (KfW and DEG).

⁶ Myles McCormick, 'Wind Farmers Look to the New Wave of Turbines' Financial Times, 12th March 2019.

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Phase one of the rehabilitation commenced in 2018 with the upgrading of the control systems, turbines and generators. This work was executed safely, on time and on budget despite the remote conditions and significant mobilization of people and material. In addition to financing provided by DFIs who support private sector projects such as this one, we achieved a very innovative solution with the development bank of Germany (KfW) and the Government of Armenia to enable the German bank, which usually lends directly to sovereign states, to enable the Armenian government to on-lend a very long duration, low interest rate concessionary loan to the project. This unique arrangement enables us to substantially upgrade the facility – a facility that represents 15% of the energy generated in Armenia – while keeping the price of generated electricity in our Power Purchase Agreement at a very low 2.8 USD cents per kWh.

2018 saw steady progress on our Kosovo project with much preparatory work conducted during the year that will provide the background for major contracting actions in 2019. We expect to announce the equipment and EPC contractor and financing parties this year and then to commence construction on this much-needed project.

The existing coal fired power plant is Europe's single most polluting source with emissions, particularly of particulate matter, which would not be tolerated in any developed country. The reality of our project to develop a modern efficient coal plant is that we will directly, and dramatically reduce CO₂ emissions (40%), particulate matter (93%), Sox (85%) and NOx (93%). These improvements will have an immediate, dramatic and positive impact on the population.

In the area of greenfield development, we believe that extending our existing platforms in the Caribbean with renewable, thermal and storage, converting liquid fuel equipment to burn natural gas and developing natural gas fired power generation in Mexico offer the most compelling new greenfield development opportunities. In Africa, we continue to develop extensions of existing businesses and have begun to see some new development opportunities with renewables and natural gas.

How we are making a positive impact around the world

1

Principle

Operate safely and efficiently and minimize environmental impacts



Page 17

2

Principle

Grow well



Page 18

3

Principle

Manage our business responsibly



Page 21

4

Principle

Enhance our operating environment



Page 22

CEO's review *continued*

THE CONTOURGLOBAL TEAM TAKES PERFORMANCE MANAGEMENT VERY SERIOUSLY. THEY ARE UNAFAID TO TALK ABOUT FAILURE, LEARN FROM IT AND SHARE THEIR LEARNINGS WITH ONE ANOTHER.

People, organization and learning

The ContourGlobal team takes performance management very seriously. They are unafraid to talk about failure, learn from it and share their learnings with one another. Measure, adjust and improve – it starts with being willing to recognize that there has in fact been a failure. Uniquely, every function and operation at ContourGlobal shares their internal targets and their progress against those targets with the rest of the company. Our performance management engine starts up on Sundays when our Thermal Chief Operating Officer and Renewable Chief Operating Officer publish their weekly operating statistics focusing on AF, EFOR and major events. Unexpected outages or production deviations are highlighted, explained and lessons learned are presented. Every week this document is distributed to the top 150 people in the company. The culture encourages you to get comfortable quickly with failure.

In many companies, particularly industrial ones, failure analysis is a one-sided affair – because of the transparency produced by modern information systems, the industrial operations are under minute by minute scrutiny but the corporate services – the functions representing areas such as finance, legal, compliance, IT, human resources – work in comfortable anonymity. Not at ContourGlobal. Corporate service plans, performance and failure are shared within the corporate service group as well as with our operations teams in the power plants.

This sharing produces amazing benefits – a common vocabulary for talking about performance, failure and experience and a sense of belonging to a company in which learning is embraced by everyone.

For six years, we have been committed to the Five Whys methodology for performing failure analysis. The embrace of the methodology and the benefits were displayed prominently in 2018.

Our Five Whys performance was excellent across the board but particularly so in our corporate functions where Amanda Schreiber our General Counsel and Laurent Hullo our Controller and interim Chief Financial Officer led a significant increase in high quality Five Whys, whose volume was equally met with quality and depth of analysis. Gionata Visconti led 27 Five Whys for us in 2018 while also overseeing the operations of Cap des Biches I and II in Senegal, a business that hit every one of its operational and financial metrics in 2018.⁷

⁷ Francisco Javier Martinez Garcia, our plant manager at the Alvarado CSP participated in 11 Five Whys which, on a pro-rata basis, was the most in the company since he was part of the acquisition of the five CSP plants from Acciona and didn't even join until May!

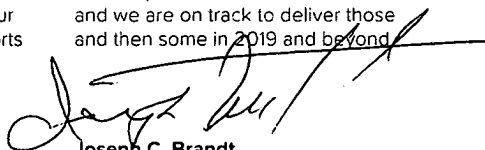
In 2018, we welcomed over 100 new employees from our newly acquired Concentrating Solar Power facilities in Spain. I would like to thank our new Spanish colleagues for their strong performance and enthusiasm as they integrated into a company that does things a bit differently than they were accustomed to before. This is a great team and I see many future leaders for our global business coming out of Spain.

On a similar note, early in 2018 we bid farewell to our colleagues in Kramatorsk, Ukraine, as the reality of trying to conduct business in the destabilized eastern Ukraine overwhelmed our ability to work safely and manage the business responsibly. Kramatorsk was one of our earliest acquisitions, a prototype of sorts for the 'acquire, rehabilitate, improve' model that we bring to many of our acquisitions.

The business will live on in ContourGlobal through its people. Over the years, Ukraine has produced some amazing ContourGlobal people, five of whom – Andrew Berezhnoy (September 2006), Oleksii Liakhovetskyi (October 2006), Olena Stetsenko (March 2008), Tatyana Kosarchuk (2008) and Olesya Kulikova (August 2009) – have been over a decade at ContourGlobal and have risen to positions of prominent leadership.

Outlook

As we commence our second year as a public company, I am confident that we will continue to deliver the ambitious results expected of us and to hold ourselves accountable when we fail. In 2019, we will deliver marked increases in earnings and capacity as we close and integrate our Mexican cogeneration business into the company and expand through additional development and acquisition globally. We expect significant operational performance achievements beginning with Health & Safety. Maybe this is the year that we reach Target Zero. We made substantial commitments to new investors during the IPO process. We delivered in 2018 and we are on track to deliver those and then some in 2019 and beyond.



Joseph C. Brandt
Chief Executive Officer

4th April 2019

IN 2018 WE WELCOMED
OVER 100 NEW EMPLOYEES
INTO CONTOURGLOBAL
WITH OUR ACQUISITION OF
THE FIVE CONCENTRATING
SOLAR POWER FACILITIES
IN SPAIN AND I WOULD LIKE
TO THANK OUR NEW
SPANISH COLLEAGUES
FOR WORKING SO WELL
LAST YEAR.

1

Principle

Operate safely and efficiently and minimize environmental impacts

We embrace 'stretch' targets in our operations beginning with health and safety.

Safety is our number 1 priority and is reflected in this principle as well as our values. Our commitment to safety is absolute as evidenced by our global Target Zero program – zero harm, zero injuries.

Efficiently managing our operations is a key element of this principle.

We rigorously manage the performance and costs of our power plants, and we measure our performance against set targets and industry benchmarks. We achieve this by closely communicating across teams and utilizing matrix reporting.

We minimize our environmental impacts by carefully assessing our risks and managing these proactively. We set environmental objectives and report against these to ensure our targets are achieved.

0.03

Lost Time Incident Rate

123,195

Health & Safety training hours

0.56

Net CO₂ emissions tonnes/MWh

2

Principle

Grow well

We are committed to growing our capacity around the world.

Growing well means prudently allocating capital and respecting rigorous return targets for risk adjusted returns. Our investment process has yielded strong growth throughout the company's history and in 2018 resulted in an additional 250 MW of capacity from the acquisition of the CSP plants in Spain. We also saw double-digit growth in our Adjusted EBITDA during the year, positioning us to successfully achieve the targets set out during the IPO.

1,425 MW

MW added to portfolio since 1st January 2015
(acquired or commenced operations)

1,030 MW

Further committed growth in 2019 (Kosovo, CHP Mexico and new Italy solar acquisition)

19%

Growth in Adjusted EBITDA in 2018

3

Principle

Manage our business responsibly

From our inception, we have been committed to managing our business responsibly.

We have always sought to set and live up to the highest standards of corporate governance and business ethics.

We benchmark our performance against other companies, so that we can compare our performance to that of our peers and refocus our efforts when we discover gaps.

It is a dynamic process. We use a broad array of internal and external audits to actively seek out areas of underperformance and bring them into line with our standards. As the Company continues to grow, with the acquisition of new people and businesses, we will continue to manage our business responsibly.

1,016

Number of employees who completed our online anti-corruption training course in 2018

1,091

Number of employees who re-certified to our compliance policies in 2018

3,087

Number of third parties submitted to compliance for due diligence in 2018

4

Principle

Enhance our operating environment

As well as operating our business to the highest standards, we also seek to improve the regulatory, commercial and social environment we are in.

Enhancing the operating environment means looking beyond our immediate operations to see where we can add value to, or improve, the electricity sector and business environment. For example, we don't stop at developing and applying health and safety best practices within the confines of our plans. Instead, we actively look for ways to share this knowledge in our communities through activities such as safe driving programs.

Enhancing the operating environment includes strengthening institutions and the private sector, and also entering into strategic partnerships with NGOs, governments, and associations.

Our activities are designed to share our expertise in all facets of the business and improve the quality of lives where we work. We are focused on long-term sustainable improvement of the electricity sector, key organizations, and the communities. For example, in Armenia we share business best practices with local chambers of commerce.

16,000

Hours devoted to community education activities (+39% vs 2017)

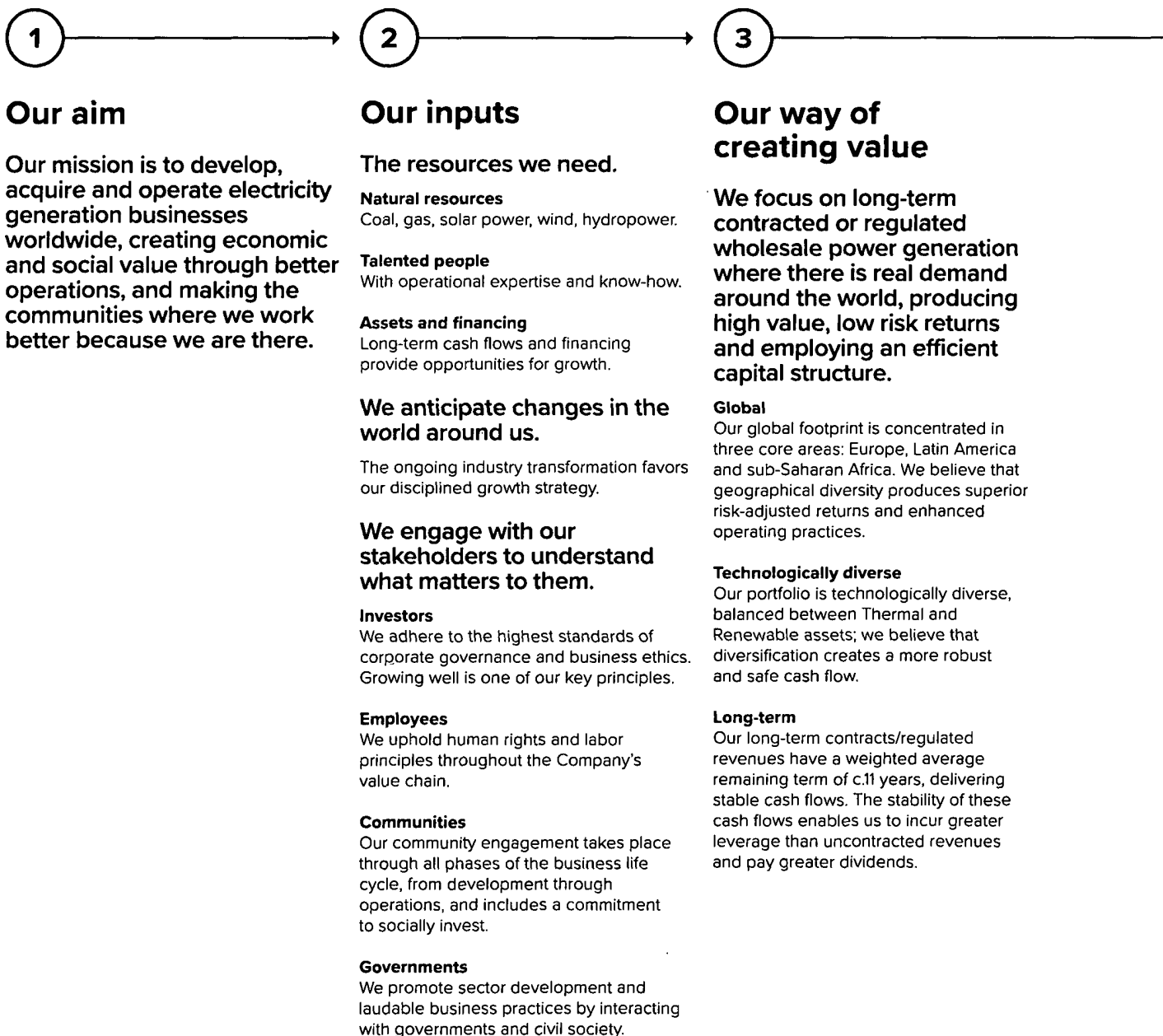
990,000

Beneficiaries of social initiatives (+102% vs 2017)

19,000

Hours invested in community engagement projects

Our business model



Our values and principles underpin everything we do

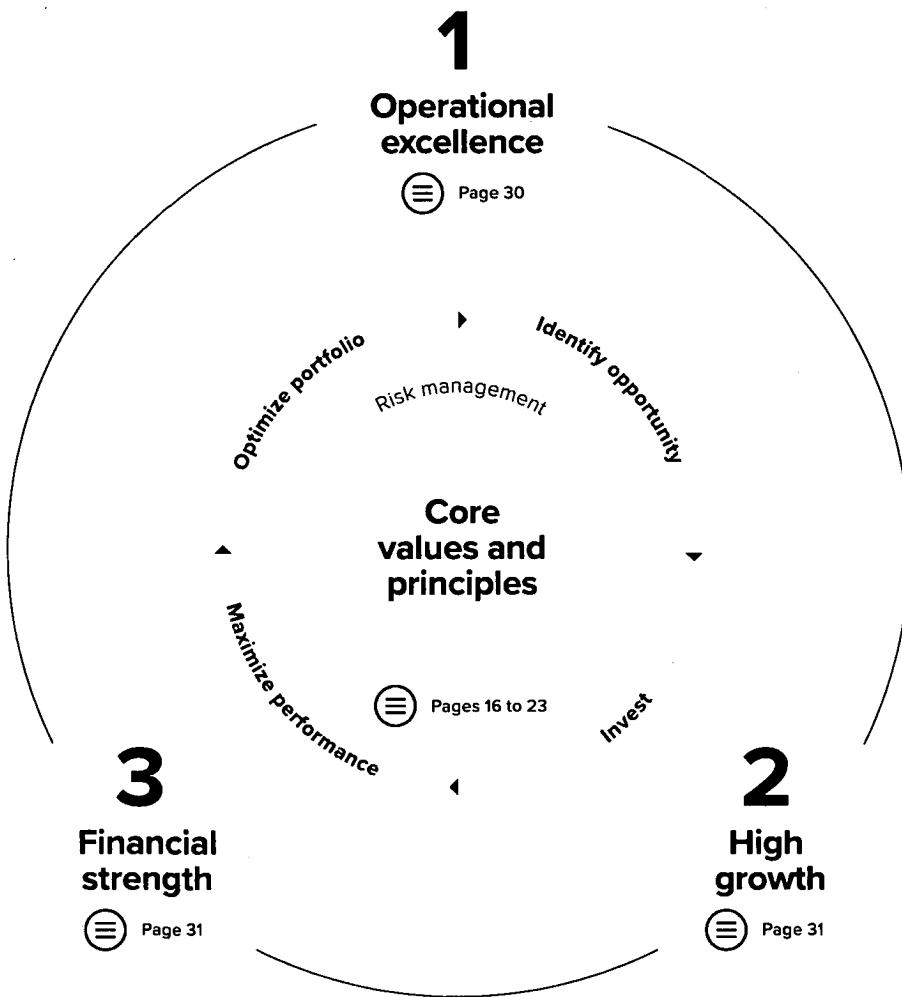
Our values

- To care about our people's health, safety, well-being and development.
- To expect, embrace and enable excellence and continuous learning through humility, and the knowledge that we will fail but when we do, we will learn.
- To act transparently and with moral integrity.
- To honor the commitments of those who have placed their trust in us.
- To work hard and without boundaries as a multinational, integrated team.

Our principles

- Operate safely and efficiently and minimize environmental impacts.
- Grow well.
- Manage our business responsibly.
- Enhance our operating environment.

Our disciplined approach to executing our strategy



Our positive impact

We create a positive impact for...

...talented people

1,489

Employees engaged and motivated to reach their full potential.

...knowledge

123,195

Training hours to develop our employees and contractors.

...shareholders

\$44.1m

Dividends paid in 2018.

...assets

4.3 GW

Installed capacity across 101 sites in 18 countries. +4% compared to 2017.

...community

16,600

Hours devoted to community education activities.

...environment

0.56

Net CO₂ emissions tonnes/MWh. Strongly reduced by 88% since 2015.

Our business performance is data-driven with KPIs measured

Financial

- Income from Operations
- Adjusted EBITDA
- Proportionate Adjusted EBITDA
- Funds from Operations
- Net leverage ratio

Non-Financial

- Lost Time Incident Rate
- Availability Factor
- Equivalent Forced Outage Rate

Our role in the electricity value chain

We are an operator and growth company that develops and acquires power generation businesses. We operate two lines of business:

Renewable



Solar

Photovoltaic solar power is generated using solar cells to convert energy from the sun into a flow of electrons. The cells produce a direct current which can be used to power equipment. Concentrated solar power generates power by concentrating sunlight onto a small area using mirrors or lenses. Electricity is generated when this is converted to heat, which produces steam for a turbo-generator.

- Total capacity **358 MW**
- Number of plants **54**



Wind

Wind turbines harness the kinetic energy of the wind and redirect it to generate electrical power.

- Total capacity **878 MW**
- Number of plants **16**



Hydro

Hydropower is produced by moving water. Electrical generators are attached to turbines which spin at speed as a result of the rushing water.

- Total capacity **571 MW**
- Number of plants **10**

Thermal



Natural gas and biogas

Natural gas consists mainly of methane and is created as a result of underground decomposition. Biogas can be produced from many biological raw materials. The gas is used as fuel for different technologies to produce electricity.

- Total capacity **1,298 MW**
- Number of plants **15**



Coal

Coal is burnt in a furnace to produce heat. This produces steam which is then piped to a turbine.

- Total capacity **1,073 MW**
- Number of plants **2**



Liquid fuels

Liquid fuels are used in reciprocating engines to produce electricity.

- Total capacity **139 MW**
- Number of plants **4**

We focus on the wholesale power generation part of the electricity value chain

Power generation

The electricity supply chain has four main segments: generation, transmission, distribution and retail. We focus on the wholesale power generation segment, generating power using both thermal and renewable technologies.

Thermal and Renewable

Our Thermal portfolio includes natural gas and biogas, liquid fuels and coal. Our Renewable portfolio includes wind, hydro, concentrated solar power and photovoltaic solar power.

Contracted

Power generation can be defined as either merchant or contracted. Contracted plants have minimal exposure to market prices for the duration of the underlying contract because the price is negotiated and fixed upfront. This is done either through long-term power purchase agreements (PPAs), which typically have more stable margins than projects fully exposed to market prices, or prices set under a regulatory regime and subject to periodic review. PPAs also typically de-risk the generator from demand volume volatility and other changes in market conditions such as changes in electricity, fuel and CO₂ prices.

Our portfolio

Our business is international with a concentration in three primary regions: Europe, Latin America and, to a lesser extent, sub-Saharan Africa. We operate in the electricity generation market and engage in all phases of a power plant's life. In the development of a project, we secure contracts, obtain permits, and arrange financing for assets that we will build or acquire. Once an asset has been constructed or purchased, we operate the power plant using either thermal or renewable fuel sources.

Our customers include national grids and utilities that supply these grids, as well as commercial and industrial customers that receive electricity, steam, water, or CO₂ directly from on-site facilities.

ONCE AN ASSET HAS
BEEN CONSTRUCTED
OR PURCHASED,
WE OPERATE THE
POWER PLANT USING
EITHER THERMAL
OR RENEWABLE
FUEL SOURCES.

Key power market trends

We see certain trends running through the power market that favor our disciplined growth strategy.

The increase in demand and supply around the world

According to one of the scenarios presented in the International Energy Agency (IEA) World Energy Outlook 2018, global electricity demand will increase by approximately 60% between 2017 and 2040, from 22.2 TWh to 35.5 TWh. The majority of this rise in demand will occur in developing markets, especially in Asia, Latin America and parts of Africa that are experiencing urbanization, increasing electrification rates and economic and population growth. Lower growth in electricity demand is expected for developed markets such as Europe and the United States, due to lower economic growth, energy efficiency policies and stabilized energy consumption patterns.

Our footprint enables us to benefit from changes in global demand, particularly the accelerated growth in developing markets. We also have the necessary in-house operational experience and the know-how to capitalize on the wide range of opportunities in different technologies. By 2040, to meet the growing demand, global installed capacity is expected to increase from 6,961 GW to approximately 12,466 GW, with coal dropping to approximately 18% of the capacity mix as a result of de-carbonization policies and the further penetration of renewables that are expected to account for 37% of the global capacity. Natural gas and hydro technologies remain an important share of the expected installed capacity with 22% and 15%, respectively.

Market dynamics are creating new trends

Today's electricity space is dynamic, with new technological and commercial approaches creating opportunities and challenges in both developed and developing markets. Within established markets such as Western Europe, incumbents have embarked upon broad reviews of strategy leading to a redefinition of their core businesses and accompanying divestitures of power assets, many of which are in markets that we know and like.

Global electricity generation mix

Expected electricity generation mix

GDP, PPP¹ (constant 2011 international \$)

2017

2040

8.7% Renewables
16.0% Hydro
22.8% Gas
38.4% Coal
10.3% Nuclear
3.7% Oil

26.2% Renewables
15.3% Hydro
22.4% Gas
25.6% Coal
9.2% Nuclear
1.3% Oil

International Energy Agency (2018),
World Energy Outlook 2018, OECD/IEA, Paris

Source: World Bank

¹ GDP: gross domestic product
PPP: purchasing power parity.

The demand for new power and the transformation of governance in developing markets

In emerging markets, rapid electrification and expanding demand result in significant need for investment across all types of generation, providing interesting opportunities for power generation players. Especially in Africa and Eastern Europe, there are few international operators actively pursuing opportunities and we expect to grow in these regions given our strong operational presence, track record and ability to creatively structure our projects both financially and contractually. In these markets we will continue using Political Risk Insurance (PRI) to protect our investment.

The changing relative value of different generation assets creates new opportunities for flexible investors

The value of generation assets varies over time depending on numerous factors including size, geography, technology and the differing strategies of potential investors. Opportunities constantly evolve and the areas with the best risk-adjusted returns in the future are likely to be different from today. This gives advantage to investors, such as ContourGlobal, with the flexibility to invest opportunistically across markets and technologies. Our disciplined investment framework allows for internal competition for capital and the ability to deliver high value growth by remaining selective, in a very active greenfield and M&A environment.

Markets periodically suffer micro-cyclical

The generation sector in some jurisdictions can be micro-cyclical driven by economic fluctuations, availability of domestic capital and financing/capital markets volatility. The fluctuations can create a downward or upward pressure on returns. We remain flexible around geographies, associated presence in and knowledge of high growth markets, and creativity on structuring projects which create above-market returns when cyclical pressures return upwards.

The cost of wind and solar technologies continues a decreasing trend which, associated with a low interest rate environment, has driven energy prices down in several markets. The expected massive growth of these technologies on the global installed capacity will require a significant volume of investment in the next couple of decades. We also believe the renewable greenfield and M&A spaces will remain highly competitive.

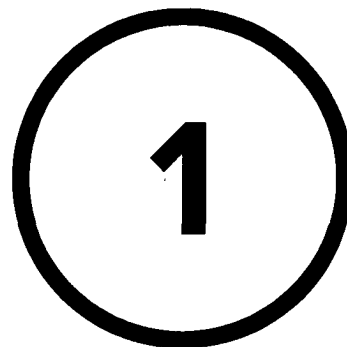
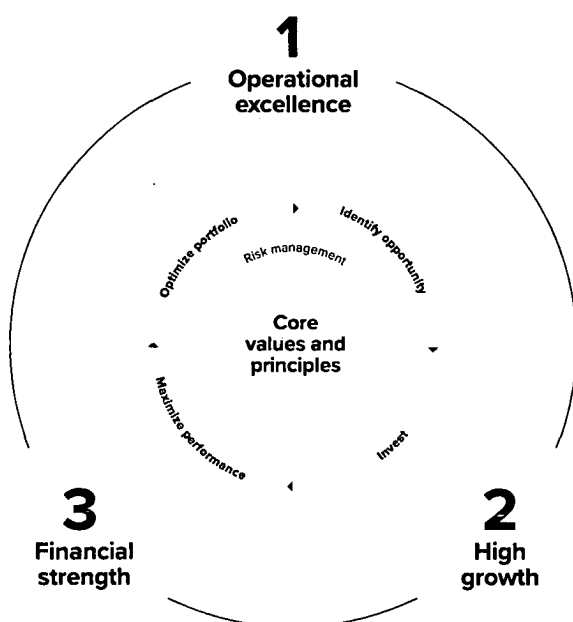
However, we see that hydro and thermal generation, mostly gas-fired power plants, will continue to play an important role in providing the required balance to systems where renewable penetration is increasing. For example, in 2018 spot prices increased in Spain as well as the dispatch of our Arrubal CCGT that was needed to provide reliability to the system given the intermittence of the renewable power generation.

Our flexible strategy, based on financial discipline and operational excellence, enables us to benefit from future trends by taking advantage of opportunities to invest in thermal technologies, which will remain needed and deliver attractive returns in a space with less competition, at the same time as selectively pursuing renewable investments when we are able to secure adequate returns to our investors, thus maintaining the balance of our portfolio.

Our strategy for growth

We have a highly disciplined, proven strategy that we apply to capital allocation. We seek out the highest risk-adjusted returns, competing projects against one another, and refuse to invest in growth opportunities that we do not believe appropriately reward the risks.

Our disciplined approach to executing our strategy



Operational excellence

We have a culture of operational excellence and safety that drives strong operational performance and continues to create significant value through operational improvements and fixed cost reduction. We bring these capabilities to our growth activities.

Our commitment to providing a safe working place for employees, contractors and sub-contractors is reflected in our Target Zero commitment (zero harm, zero injuries, tracked by our LTIR and other Health and Safety metrics – see pages 36 and 37) and driven by a culture of continuous improvement.

Our relentless focus on continued cost reduction ensures a nimble corporate structure with low fixed costs:

- Businesses, acquisitions and developments are subject to continuous intense review
- Any position in business must be justified on an ongoing basis in the annual budget process
- A lean and flat organization structure results in significantly reduced fixed costs, enhanced operational transparency and communication and a strengthened ability to recruit high quality talent

We continuously improve operational performance by benchmarking ourselves against top industry performers, intensely analyzing our failures, and communicating transparently. Senior management, for example, reports weekly about availability factor and equivalent forced outage and regularly reports progress against objectives.

In addition, we have made significant investments in corporate platforms to allow us to achieve greater scale with minimal incremental growth in selling, general and administrative (SG&A) expenses; minimize corporate costs, and enhance M&A integration.



High growth

We adopt five core investment approaches, all focused on contracted or regulated wholesale power generation across different technologies and geographies.

1. Greenfield development

Developing a project from the ground up makes sense when we can take advantage of cyclical under-supply of capital and create opportunities for higher returns.

2. Greenfield acquisitions

Purchasing assets without existing contracts, subject to the ability to put contracts in place. Involves similar, customized contractual risk profiles to our development assets but has the benefit of an operating history.

3. Strategic acquisitions

Purchasing assets with existing contracts where we have both: (i) a clear competitive advantage due to asset size, technology, asset diversity or complexity of process or market; and (ii) an ability to improve operations.

4. Development in partnership projects

Developing projects with customized contracts in partnership with governments, utilities and corporations. These are in regions where there is need for reliable power infrastructure but insufficient capital and expertise.

5. Platform expansions

Developing expansion of existing projects leverages existing relationships with governments, off takers, lenders and suppliers, replicating the same technology and structure. Platform expansions are typically low risk and high return, given the expertise already acquired, the synergies and cost reductions achieved by expanding the platform.



Financial strength

We focus on maximizing cash flow distributions from each of our projects to ensure that we can fund new greenfield developments, M&A opportunities, corporate costs and dividends organically without having to rely on capital markets funding.

We also benefit from a highly efficient capital structure with non-recourse project-level debt at each project company and attractive corporate level bond debt that maximizes the Company's financial flexibility.

We seek to maintain industry standard leverage levels and to balance growth and financial risk. Our focus is on parent company leverage, which we define as cash distributions to the parent to net debt at the parent. Together, these factors contribute to attractive shareholder returns.

Combining strong operational performance, flexible and agile corporate strategy and an efficient capital structure has enabled us to deliver superior project level returns. As at 31st December 2018, our weighted average financing cost (excluding inflation adjustments on Brazilian assets) was 4.5%.

In addition, we enable financial investment partners to make passive, minority investments in some of our assets on attractive terms for ContourGlobal. These *farm-downs* significantly bolster our project returns and our strategy is to continue to seek similar opportunities.

Our financial KPIs are detailed on pages 34 and 35 and 56 to 59.

Our strategy in action

Our performance in 2018 continued a trend of quality performance.

Worldwide

2 3

Target Zero on Lost Time Incidents remains ContourGlobal's core priority

Lost Time Incident Rate (LTIR)

No.1

Industry Leader in Health and Safety

¹ Month rolling average.

0.03

Lost Time Incident Rate

0.17

Total Recordable Incident Rate (target 0.16)

Worldwide

2

Improving Health & Safety

As with last year, we had one LTI, missing our Target Zero but achieving a record low LTIR.

Total Recordable Incident Rate¹

¹ The recordable incidents category gathers the following Health & Safety incidents – Medical Treatment Incidents, Restricted Workday Case Incidents and Lost Time Incidents.

Italy and Spain

1 3

Growing in solar

We continued to grow our solar photovoltaic portfolio in Italy.

We also added a new type of solar technology to our portfolio when we acquired five concentrated solar power plants in Spain. As a result, our solar Adjusted EBITDA grew by \$99 million in 2018. In both countries, we entered into attractive farm-down agreements with Credit Suisse Energy Infrastructure Partners. We expect to close our Spanish CSP farm-down in the first half of 2019. Our total European solar portfolio is now 356 MW.



Armenia**2****Modernizing a critical hydro asset**

Our work to modernize the Vorotan hydro cascade has been progressing well – in line with budget, ahead of the schedule and in accordance with our high quality standards. Unit 1 of Tatev hydro plant – the first among seven units to be refurbished – has undergone a replacement of key electromechanical components and is back in operation. The second and third units of Tatev, as well as the Spandaryan and Shamb hydro plants, will follow shortly. Some of the installed equipment – like the MV switchgear and the 110kV switchyard equipment – are completely new for the Armenian energy market, serving as leading examples for other energy producers.



Page 50

Kosovo**1****Investing in Kosovo**

We achieved progress on our major project to build a modern 500 MW lignite power plant in Kosovo. In 2018 we focused on all key project development areas, including raising financing through a combination of Direct Foreign Investment and Export Credit Agency debt, tendering a highly competitive and qualified EPC contractor, undertaking the Environmental and Social Impact Assessment, and applying for relevant permits to construct the power plant. We are on track to start construction in 2019.



Page 44

Austria**2****Repowering wind farms**

We pressed on with repowering our old turbines and deploying new technologies on existing sites. Two repowering projects (28 MW) are on track and will be placed in operation before the end of Q2 2019. By reducing the number of turbines and therefore minimizing their footprint, we achieved a production increase of 80%. Additional repowering projects of 53-60 MW are planned in the coming years.



Page 48

KPIs

We measure our performance against eight financial and non-financial key performance indicators (KPIs).

Financial KPIs

Income from Operations (\$m)	Income from Operations (IFO) is derived from the IFRS consolidated statement of income and corresponds to the sum of the following line items: Revenue, Cost of sales, Selling, general and administrative expenses, Other operating income – net and acquisition-related items. This is a measure of profitability that includes depreciation and amortization expenses as well as development costs.	In 2018, IFO slightly decreased due to a number of non-recurring items including a non-recurring provision release in the Caribbean Islands in 2017, extraordinary acquisition costs incurred principally in relation to the Spanish CSP and Mexico CHP acquisitions, and poor wind resource in Brazil.
Adjusted EBITDA (\$m)	Adjusted EBITDA is the combined profit from continuing operations for all controlled assets before income taxes, net finance costs, depreciation and amortization, acquisition-related expenses and specific items adjusted for their size, nature or incidence, less ContourGlobal's share of the profit from unconsolidated entities accounted for using the equity method, plus the Company's pro-rata portion of Adjusted EBITDA for such entities.	This is the key measure of the Company's profitability. Adjusted EBITDA continued to grow significantly as a result of additional growth in Spain and Italy, and the positive impact of the farm-down of the solar portfolio in Italy and Slovakia, partially offset by lower than expected wind resources in Brazil and Austria.
Proportionate Adjusted EBITDA (\$m)	Proportionate Adjusted EBITDA is presented using Adjusted EBITDA calculated on a proportionally consolidated basis based on applicable ownership percentage of the assets.	In 2018, Proportionate Adjusted EBITDA grew significantly in the same proportions as Adjusted EBITDA and for similar reasons. The main change in ownerships related to the sale of 49% of the Solar Italy and Slovakia portfolios.
Funds from Operations (\$m)	Funds from Operations is the cash flow from operating activities, excluding changes in working capital, less interest paid, maintenance capital expenditure ¹ and distribution to minorities. This is the key measure of the Company's strength of cash flow.	Strong operational performance and highly contracted cash flows allowed us to maintain the Group's cash conversion at a very high level.
Net Leverage ratio² (x)	The Company net leverage ratio is measured as total net indebtedness (reported as the difference between Borrowings and Cash and Cash Equivalent under the IFRS statement of financial position) to Adjusted EBITDA.	This is the key credit measure of the Company. The 2018 leverage ratio, pro forma for the full year Adjusted EBITDA of the Spanish CSP portfolio reached 4.4x compared to 4.1x in 2017. The 2018 leverage ratio does not take into account the positive impact of the Spanish CSP farm-down, expected to close in H1 2019.

¹ Maintenance capital expenditure is defined on page 58.

² IFRS net debt derived from consolidated statement of financial position, adjusted for the Company's share of net debt at Termoemcali and Sochagota.

³ Pro forma for full year Adjusted EBITDA of CSP Spain.

Non-Financial KPIs

Lost Time Incident Rate (%)

The Lost Time Incident (LTI) Rate shows the recordable lost time injuries per labor hours so they can be compared across any industry. The chart presents our performance over the past years.

This is the key measure for our Health and Safety performance.

Our LTI rate remained very low at 0.03, corresponding to one LTI. We are fully committed to our Target Zero objective for the next year.

Availability Factor (%)

The Availability Factor (AF) is the percentage of time a power plant was available to generate electricity over a set time period.

It is widely used in the industry to track the technical performance of power plants and for benchmarking. We use it as a primary KPI for our assets.

Availability factor decrease in 2018 is mainly linked with the EFOR increase.

Equivalent Forced Outage Rate (%)

The Equivalent Forced Outage Rate (EFOR) is the ratio between hours of unit failure given as a percentage of the total hours in a set period.

Like the AF, the EFOR is widely used in the industry to measure technical performance.

2018 was principally impacted by technical issues in certain plants. Thermal fleet availability was impacted by an outage at a CCGT facility in Spain, without any financial impact. Renewable fleet availability was impacted by the integration of new assets and technology as a result of the Spanish CSP acquisition as well as an integration and maintenance program.

Business review

This section provides a graphical and textual overview of our performance in 2018.

Our successes include growing Adjusted EBITDA¹ by 19% to \$610.1 million, developing technology to improve Health and Safety, refurbishing vital assets ahead of schedule, and investing in artificial intelligence to predict and prevent problems at power plants.

A number of key themes characterize our performance through the year:

- 1 **Striving to continuously improve operations**
- 2 **Continuing to grow well around the world**
- 3 **Advancing renewable growth**
- 4 **Doing business responsibly**

We explore each of these themes in turn, highlighting along the way our performance across the core areas of operations, Health and Safety, environment, people and communities.

Our performance in numbers

Health and Safety

Safety inspections – target met

+2%

(2017: 0.0024)

We achieved the target rate of Level 2 Safety Inspections at all sites.

Hazard identification – target far exceeded

+10%

(2017: 64%)

We achieved a Hazard Identification Rate of 74%, far exceeding the target of 30%.

Corrective and preventive actions – target exceeded

We achieved a CAPA (Corrective And Preventive Actions) closure rate of 93% against our target of 80%.

¹ Refer to page 34 for definition.

Lost Time Incident Rate

Total Recordable Incident Rate¹**-5.5%**

reduction in TRIR from 2016

¹ The recordable incidents category gathers the following Health & Safety incidents – Medical Treatment Incidents, Restricted Workday Case Incidents and Lost Time Incidents.

Training hours – target exceeded

We achieved a Training Hours rate of 2.8%, exceeding the target of 2% by almost 50%.

Availability

Thermal Fleet
availability factor¹ (%)Renewable Fleet
availability factor¹ (%)**90.2%³**Against a benchmark of 92.3%²**96.8%³**Against a benchmark of 97.9%²

¹ Sources for benchmarking: Navigant Consulting (Thermal), MAKE, AWST, DNV GL (Renewable).

² Benchmark is top decile of peers.

³ Thermal fleet availability was impacted by an outage at a CCGT facility in Spain; there was no financial impact. Renewable fleet availability was impacted by the integration of new assets and technology as a result of the Spanish CSP acquisition as well as an integration and maintenance program.

Social engagement

122 projects**+31%**

on 2017

16,600 hours**+39%**

on 2017

Devoted to community education activities

\$2.4 million**+135%**

on 2017

Total investment

Communities

Social investment projects

122
projects

45% Europe
40% Latin America
14% Africa
1% America

Environment

CO₂ emissions ratio**0.56**

-9.6% on 2017

1 Striving to continuously improve our operations

We are committed to the theory and practice of continuous improvement, and embrace failure analysis as one of our core values. We performed well in 2018 but with room for improvement.

Improving Health and Safety

Health and Safety (H&S) is absolutely fundamental to ContourGlobal. It is our highest value and we take great pride in our performance and commitment to our world-class H&S standards.

Looking to go further

Looking to 2019, we will leverage big data and AI to improve performance. We have a wealth of data throughout the business and by analyzing it in smart ways we plan, for example, to improve the quality of our training. We already lead our peers in terms of the quantity of H&S training we give our employees – in 2018 our target was 2% of all working hours. We plan to use big data analysis to understand better the effectiveness of this training so we can create ways to improve it.

We carried out ten H&S audits in 2018, all of them pre-announced. In 2019, we plan to carry out a number of short notice audits at sites around the world. This will yield fresh insights into Health and Safety across our portfolio, further deepening our understanding and enabling us to explore even more improvements.

Targeting zero incidents

We continue our commitment to Target Zero – a workplace in which people are free from injuries and 'everyone goes home safe, every day, everywhere.'

We continue to set the highest standards of H&S among our peers and in 2018 we worked over 3.8 million hours without a Lost Time Incident (LTI). Unfortunately towards the end of the third quarter one LTI occurred. In one of our recently acquired Spanish CSP plants, a contractor removed his safety glasses to put on his prescription glasses. The site is prone to volatile dust and some foreign particles were blown into the contractor's eye. The contractor was put on sick leave for three days while the foreign particles were removed by a doctor and ophthalmologist.

Improving even from a high base

Through 2018 we have been focusing on a number of initiatives to improve our H&S procedures and performance. The feeling was that, by 2017, we had reached a high plateau – we were leading our peers in H&S by some margin but were not moving on from our own high standards as far or as quickly as we wanted. So we started a number of initiatives in 2018 to push on and go further.

Introducing wearable tags

In Italy we piloted wearable tags, adding them to personal protective equipment such as shoes, helmets and glasses. This relatively low-cost technology ensured that operators could only use equipment if they were wearing the right protection. An electronic chip is attached to the protective equipment, and is detected by a controlling system. If the worker does not wear the right equipment or if the worker falls, an alarm is automatically triggered. A smart, simple move making an immediate difference to Health and Safety.

Strong H&S strategy; healthy H&S culture

To ensure world-class H&S performance throughout ContourGlobal, we:

- Comply with the strictest regulations and standards
- Maintain a 'one company, one people, one standard' policy
- Train, train, train
- Ensure transparent communication inside and outside the organization
- Learn from mistakes
- Embrace a healthy H&S culture

Making solo working safer

We also piloted a lone working device. Working on your own is sometimes unavoidable but it is also relatively high risk, so we introduced a smartphone app that enables solo workers to be monitored remotely as well as giving them a simple way to call for help if need be.

Encouraging safer behavior

In addition, we piloted Behavior Based Safety (BBS). This focuses on encouraging people to appreciate and choose safe behavior rather than taking shortcuts that might seem worthwhile but ultimately reduce safety. We piloted this program at two sites with good results and plan to roll it out across ContourGlobal in 2019. It's another great example of building on and improving our healthy H&S culture.

Raising awareness of safe driving

We held a number of safety and awareness days across ContourGlobal to raise awareness of specific issues. For example, we had a major campaign on safe driving, rolling out special training on defensive driving around the world. We also added technology to all our company cars, such as dash cameras and GPS, to monitor safe driving and any incidents.

Focusing on contractor safety

We had a safety day focused on contractor management. In some of our plants, many of the people working there are contractors and we want to make sure they understand and comply with our high H&S standards and practices. So we focused on encouraging and enabling all our employees to become ambassadors of contractor safety.

Mobilizing Health and Safety

We introduced a mobile app that records our hazards and Health and Safety events and makes them easily available for everyone to see. Being able to see and share everything is a critical part of strong transparent Health and Safety. Putting the information on everyone's smartphone is a neat and simple solution.

Business review *continued***1** **Striving to improve our operations** *continued***Operational excellence**

Operationally, the Thermal division faced several technical challenges, although they had no financial impact on performance. The Renewable division performed in line with operational targets and successfully deployed a number of planned initiatives on performance improvement. The technical issues that we had in the year enabled us to obtain valuable lessons learned and deploy those preventively across the fleet, operating according our Continuous Improvement ideology and corporate values, and with a view to increasing overall fleet reliability.

Monitoring and managing performance is key to the successful execution of our strategy. To this end, we have a range of KPIs which correlate with the goals and objectives of the business units and the Company as a whole. As operational excellence is one of our core values, the Company has developed an integrated strategy for pushing improvement. For example, in KivuWatt, the permanent monitoring of activities was established for all processes. The 24/7 online monitoring of the lake parameters allowed KivuWatt not only to comply with the local environmental regulations but to sustainably harvest biogas from the depths of Lake Kivu with an efficiency that exceeded expectations.

We further improved our organization by developing an internal talent pool, promoting expertise from within the Company. We are committed to developing global careers and accelerating the professional development of our top talent. The Worker Exchange Program is a way for workers to benefit from the knowledge sharing and best practices of other parts of the ContourGlobal world. In doing so, we are building a base of future leaders and enabling global sharing of knowledge and best practices across the board.

In parallel, working towards the Operational Excellence goal, we are deploying several 'new era' projects within our fleet, including machine-learning tools, H&S high-tech, data analytics and others. Having those tools and solutions deployed will allow us to substantially improve the level of technical performance of our fleet across all technologies and maintain our H&S top decile performance. We strongly believe that investment in such technology today is a must for efficient and safe operations tomorrow.

Committed to organizational learning

In 2018, we successfully deployed several organizational projects, which allowed us to further pursue a lean organizational design and obtain next level of organization and technical synergies. In particular, we have created an operational cluster based in Spain, leveraging the expertise of our 800 MW Arrubal CCGT facility to our newly acquired 250 MW CSP portfolio; further developed our Engines cluster located in Sub-Saharan Africa and successfully integrated our four newly-acquired Solutions Brazil cogeneration facilities into our European Solutions fleet.

INTERVENING TO
IMPROVE – IN 2018 WE
CARRIED OUT SAFETY
INTERVENTIONS AT TWO
SITES, WITH OUR H&S
EXPERTS COMING IN
TO WORK CLOSELY WITH
SITE PERSONNEL TO
SECURE IMPROVEMENTS.

Developing new battery technology on the island of Bonaire

On the island of Bonaire in the Caribbean, we are responsible for 98% of the country's electricity supply. Reliability is paramount; power plant outages that would be an inconvenience in other locations would, on an island, black out customers.

At the same time, electricity has traditionally been very expensive on islands. We are investing in new battery technology to support cheaper, more reliable renewable energy. Since arriving in Bonaire, we have transformed the provision of energy, ensuring greater reliability. Blackouts used to be practically a weekly event but there haven't been any for almost three years. We solved the technical issues and have also succeeded in decreasing costs. With our investment in battery technology we plan to build further on our success, adding solar power to the current mix of wind generation and liquid fuel.

Using Artificial Intelligence to optimize performance in Bulgaria

We piloted an artificial intelligence (AI) project at our Maritsa plant in Bulgaria to explore new ways of predicting failures before they occur. The results have been very promising and we plan to expand the project across the fleet in 2019. Investing in preventative failure technology will help us to optimize our performance even further.

2 Continuing to grow well around the world

We are confident in maintaining our growth rate despite our increasing scale. In 2018 we had a number of key growth achievements around the world.



Increasing our solar power in Italy and Spain

For the last four years in Italy, we have been implementing a Solar Rollup strategy to grow our solar photovoltaic portfolio. In line with the strategy, we adopt an industrialized approach to M&A to acquire new assets, implement a quick integration plan for new plants and insource all the operations and maintenance (O&M) activities within the first few months of acquisition. It's an approach rooted in the ContourGlobal way of growing well.

Forging a long-term partnership

In October 2018 we executed a successful transaction with Credit Suisse Energy Infrastructure Partners (CSEIP) to sell 49% of our Italian and Slovakian solar photovoltaic portfolio at an attractive premium, contributing \$20.9 million to 2018 Adjusted EBITDA. We also signed an asset management agreement for existing and prospective facilities, and a development agreement with a view to seeking new acquisition opportunities.

CSEIP is one of the European leaders in direct energy infrastructure investment and our partnership marks the next milestone in our Solar Rollup strategy. Our collaboration with a long-term financial partner who values our world-class asset management and O&M capabilities provides us with the opportunity to create further value through asset management and development fees. Our objective is to grow the portfolio to 250 MW over the next five years.

Extending the partnership into Spain

Our partnership with CSEIP extended beyond Italy into Spain in 2018. In December 2018, we entered into another 49% 'farm-down' agreement in relation to our five concentrated solar power (CSP) plants in South-West Spain with a total capacity of 250 MW. This transaction is expected to close in the first half of 2019 and will allow us to crystallize significant value shortly after acquiring the assets in the first half of 2018. As in Italy, we continue to provide asset management and O&M services to the power plants.

Growing the solar portfolio in Italy

Back in 2014, we had a 13 MW solar photovoltaic portfolio in Italy. With the latest 15 MW acquisition of a further six assets in 2018, we grew the portfolio to above 65 MW, bringing our total European PV portfolio to 106 MW and our total European solar portfolio to 356 MW.

Investing in an attractive technology

In 2017 we identified the Spanish CSP portfolio as an overlooked asset class which would provide a premium return, room for significant potential operational improvements and the opportunity to refinance assets and create value.

We closed the transaction in May 2018. It is the largest ContourGlobal acquisition to date and involved the largest financing on an asset level in the history of the Company. We put in place an innovative structured loan fully underwritten by Goldman Sachs, with an 18-year duration.

Following the acquisition, Spain is now our biggest contributor to Adjusted EBITDA, representing c.\$200 million on a full-year basis. We see new greenfield development opportunities for CSP in Spain and elsewhere, as well as additional M&A transactions.

Implementing our own way of excelling

As soon as the assets were acquired we began implementing our operational and Health and Safety standards, improving performance and paving the way for the subsequent 'farm-down'.

We continue to see CSP as an attractive niche technology for us. Following our first acquisition we are looking to use this as a platform to explore and acquire other CSP assets, in Spain and elsewhere.

A MAJOR SOLAR PLAYER
IN EUROPE – WITH OUR
GROWTH IN ITALY AND
SPAIN, OUR TOTAL
EUROPEAN SOLAR
PRESENCE IS NOW
356 MW.

Italy and Slovakia PV sell-down**Solar growth (MW)**

Partnership with CSEIP marks the next milestone for our European solar roll-up strategy as it combines extensive industry network, considerable transaction experience and sector-specific knowledge of two leading institutions.

Proceeds from sale

€63m for a 49% stake. Net Equity Multiple: 2.3x and implied EV of €334 million

Operation

Solar PV

Location

Italy and Slovakia

Capacity

99 MW – total installed capacity

Duration

Closed October 2018

Over the next three years, European PV Portfolio is expected to grow to over

250 MW

Business review *continued*2 Continuing to grow well around the world *continued*

Helping Kosovo modernize and grow

In Kosovo, we are developing a modern 500 MW lignite power plant that will provide much needed reliable, affordable energy to fuel the growth of the country while significantly reducing current emissions which are hazardous to health. We signed the commercial agreements with the Government of Kosovo on 20th December 2017. Under this agreement, we will build and operate the plant to the highest EU standards, and then hand the plant over to the Government after 20 years.

The expected €1.3 billion investment will be at the heart of Kosovo's developing economy. It will be the biggest foreign direct investment (FDI) ever made in the country. Planned to start operating in 2023, Kosovo e Re will replace the existing inefficient, highly unreliable and heavily polluting Kosovo A Plant, which is beyond its design life. Kosovo e Re will be based on the latest EU environmental directives and the highest technical global standards as set by the OECD. An ultra super-critical plant, it will have net efficiency of above 40%. Kosovo B, which will reach the end of its design life in 2024, has frequent outages but currently provides the base load for the country. Kosovo B will undergo an environmental and technical rehabilitation as well as lifetime extension. After commissioning, Kosovo e Re will provide the base load power for Kosovo's electricity needs.

Boosting economic development

The new plant will help boost and sustain the economic development of Kosovo, one of the poorest countries in Europe. The World Bank has forecasted a 4.5% annual GDP growth for Kosovo until 2022, the highest in the region. However, businesses in Kosovo suffer an estimated €330 million loss annually due to the currently unreliable power supply. The IMF estimates that the new plant could boost Kosovo's growth by up to 2% of GDP in the medium term. Moreover, the IMF projected Kosovo's FDI for 2018 at €141 million. We will significantly boost this FDI by investing €325 million during the four years of construction.

Improving health dramatically

Kosovo A is the most polluting plant in Europe. Replacing Kosovo A with the new Kosovo e Re plant will significantly contribute to improving the health of people in Kosovo. Air quality will be greatly improved by reducing specific emissions – reducing mg/kWh of Dust by 93%, SOx by 85%, NOx by 93% and CO₂ by 38%.

BRINGING ENOUGH
AFFORDABLE, RELIABLE
HOME-GROWN
ELECTRICITY TO POWER
THE NEEDS OF 1.5 MILLION
KOSOVANS WHILE
DRAMATICALLY CUTTING
EMISSIONS – THE NEW
PLANT WILL BE A GAME
CHANGER FOR KOSOVO.

STRONG PARTNERS –
WE HAVE BEEN WORKING
IN CLOSE PARTNERSHIP
WITH THE GOVERNMENT
OF KOSOVO TO REALIZE
THEIR VISION OF CLEAN
AIR AND RELIABLE
ELECTRICITY FOR THE
COUNTRY BY OUR JOINT
DEDICATION TO QUALITY,
LONG-TERM THINKING AND
INDEPENDENT SPIRITS.

So the new plant will not only be key in ensuring security of supply for Kosovo's growing energy needs, it will also be instrumental in increasing people's quality of life.

Securing reliable, affordable energy

The core purpose of the new plant is to supply reliable base load to meet Kosovo's growing national electricity demand self-sufficiently, without having to rely on imports. Using the latest technology and abundant domestic fuel sources, it will be one of the world's most modern coal-fired power plants. Moreover, it will provide the critical foundation for Kosovo to explore and develop further renewable energy solutions in future years.

Selecting the contractor

A key task was to work towards identifying the turnkey engineering, procurement and construction (EPC) contractor for the project. We started with a pre-qualification process in June 2018 and announced four pre-qualified entities in August. We are pleased to say we attracted the interest of some of the highest quality and strongest players in the sector. In November we received the first stage technical proposal, and in February 2019 we received the commercial proposals. During the first half of 2019 we will select the EPC contractor. Throughout, a great deal of work has been done to make the whole process as smooth and quick as possible.

Progress in finalizing the financing

We asked all EPC bidders to come up with potential financing options, including commitments from various export credit agencies around the world. This financing will be combined with other Development Finance Institutions financing, and our own 30% equity. The financial arrangements will be finalized in line with the EPC contract so that construction can begin as planned.

Gaining permits

In 2018 we focused on gaining all the necessary permits for the project in good time, submitting high quality applications well in advance. Our target is to have all necessary permits in place by the construction start date.

Preparatory site works

We have conducted necessary site investigations so that construction can start as planned. We analyzed the geotechnical, geological, seismic and other technical aspects of the site that allows the proper design of the plant. We took this task on directly in order to enable it to be done as quickly and efficiently as possible in partnership with the Government. At the same time we have thoroughly analyzed the site for existing environmental conditions and have initiated the process of engaging a contractor that will clean up and prepare the site prior to start of construction.

Assessing environmental and social impact

The project has also been going through a rigorous environmental and social impact assessment (ESIA). This has included engaging heavily with the local community through many public discussions and consultations to explain the project and understand people's needs and concerns. We finalized the ESIA in November and it is now being reviewed by international financial institutions.

Enjoying strong community support

We continue to see strong support from the community, not least because of the significant health benefits, the stable source of power for local homes and businesses and the employment opportunities. According to a recent survey by the US Agency for International Development (USAID), 8 out of 10 respondents supported the construction of Kosovo e Re. Approximately 10,000 jobs will be created during the construction phase alone. We are looking forward to recruiting more talent from the local community, providing great opportunities for Kosovans and adding to our global pool of highly skilled and dedicated people around the world.

Kosovo major milestones

Commercial close effective date
May 2018

Reception of technical proposals
November 2018

EPC Selection
April 2019

Commercial Operational Date (COD)
2023

We have allocated a €10 million fund for community projects. We are exploring potential projects in education, entrepreneurship, health and the environment and will begin investing as soon as construction starts in 2019.

Looking ahead

As we were implementing our performance targets for 2018, we had a clear eye on even more ambitious targets for 2019. 2019 will be the year when we break ground on this landmark project which has been under preparation by the Government since 2005. We intend to start the construction activities of the site preparation (site remediation) in Q2 2019, and to sign the financing agreements before the end of Q3 2019. We will diligently manage the EPC contractor that will immediately start conducting the detailed design and manufacturing of major equipment, and finalize site mobilization by Q3 of 2019.

Business review *continued*2 Continuing to grow well around the world *continued*

Expanding our Solutions business into Mexico

In January 2019 we reached agreement with Alpek S.A.B. de C.V. ('Alpek') to acquire its portfolio of two natural gas-fired combined heat and power (CHP) plants with a gross installed capacity of 518 MW, together with development rights and permits for a third plant, for \$724 million in cash plus \$77 million of refundable VAT. The two plants will provide electricity and steam under long-term contracts to subsidiaries of Alfa Group, a leading Mexican industrial conglomerate, and other commercial and industrial customers.

The expansion of our cogeneration Solutions business into Mexico is another big step forward in our strategy to pursue high quality partner-led growth around the world using 'corporate PPAs'.

We expect the acquisition to add \$110 million to our Adjusted EBITDA in the first full year of operations.

Second (right)

Photographer: Larissa Testoni

Title: Cupisnique Wind

Location: Cupisnique Wind Farm, Perú

This photo captures the sea breeze in the afternoon with the wind farm on the horizon.

The judges liked the mood created by the end-of-day light and the good use of scale in Larissa's image.



Wind and hydro

Frequently, the lines between ‘operations’ and ‘growth’ are blurred. Such is the case when we rehabilitate or ‘repower’ older facilities. This is dynamic and cutting-edge work that harnesses new power and information technology to produce dramatically more electricity at a lower cost.

Business review *continued*2 Continuing to grow well around the world *continued*

Repowering wind plants in Austria

Repowering is an opportunity to deploy new wind generation technology on existing sites to increase production. Project Velm-Götzendorf commenced operations in January 2019, on time and budget. Project Scharndorf is currently under construction and will go into operation before the end of Q2 2019.

Making the most of our Austrian assets

We currently have a total installed wind capacity in Austria of 155 MW – 5.1% of the overall total in the country. Our fleet consists of both old and new turbines. Our new wind farms have an industry-leading high average availability of around 99%. Our old wind farms also have a high average availability for their age, around 98%.

We are always looking to optimize the performance of these assets. If we see the right opportunities, we will also add to the portfolio in line with our Group-wide commitment to continuous improvement and high growth.

One key way we are increasing both capacity and efficiency is by repowering our old portfolio of wind assets. We acquired our Velm and Scharndorf wind farms in 2015 and throughout 2018 have been focusing on successfully repowering them.

Increasing production by 63% at Velm

At the time of acquisition Velm consisted of 10 DeWind D6 turbines with a capacity of 1.25 MW each and a total capacity of 12.5 MW. The average annual production was 20.9 GWh, providing electricity for 5,300 households.

We began planning the repowering of wind park Velm in August 2017. The removal of the ten old wind turbines took just two months, starting in March 2018. It was a fast, efficient process that was also completed safely, with no Lost Time Incidents (LTIs) or environmental incidents. Strong project management and well-organized scheduling was key to ensure the project stayed below budget. We were also able to resell certain components, adding further value.

The construction of four new Vestas V126 turbines started in June 2018. Each has a capacity of 3.3 MW and a total annual production of 34.1 GWh, which can provide electricity for 8,525 households. All four turbines reached the Commercial Operation Date (COD) of 31st January 2019 within budget and on time.

This repowering has reduced the number of turbines from ten to four, minimizing the wind farms' footprint while significantly increasing production by 63%.

Increasing production by 96% at Scharndorf 1A

Wind park Scharndorf consisted of 12 turbines with a capacity of 2 MW each and a total capacity of 24 MW. In Phase I, for Scharndorf 1A five turbines are repowered. The average annual production of Scharndorf 1A was 23.9 GWh, enough to provide green energy to 5,900 households.

In 2018 we pressed on with repowering the turbines. Rather than scrap the old turbines, we succeeded in reselling them, not only providing financial benefits for us but also prolonging their useful life.

We are replacing the old turbines with five new Servion M122 turbines with a capacity of 3.4 MW each, providing a total annual energy production of 46.8 GWh. The new turbines are in the same location as the old ones, so no additional areas will be affected.

MORE ENVIRONMENTALLY
FRIENDLY ENERGY –
BY REPOWERING OUR
AUSTRIAN WIND TURBINES
WE ARE SIGNIFICANTLY
INCREASING PRODUCTION
AND EFFICIENCY WHILE
ALSO REDUCING
ENVIRONMENTAL IMPACT.

Rapid progress on the wind repowering in Austria

Repowering of four Austrian wind parks is halfway there

Overview - Phase I Projects

- The construction of Velm-Götzendorf (VG) and Scharndorf 1A (SD 1A) started in March and June 2018
- The net capacity after repowering will be of 28 MW in total: VG – 12 MW VG and SD 1A – 16 MW
- The total investment is €43 million. The projects are fully equity funded due to the highly attractive unlevered returns, however we keep the option to refinance post COD
- Commercial operation was achieved in January 2019 for VG, and is expected on Q2 2019 for SD 1A
- Secured Feed-in-Tariff (FiT)

Overview - Phase II Projects

- The development of four additional repowering projects is on track and all permits were received in 2018 for Berg and Trautmannsdorf, and are expected in 2019 for the other projects
- Net capacity is expected to be 53-60 MW after repowering
- Based on the current regulation these repowering projects will benefit from a 13 year FiT contract
- The total investment is estimated to be between €71-82 million
- ContourGlobal is exploring a number of additional projects in Austria in pre-feasibility phase

Applying the ContourGlobal way

The repowering is enabling us to increase production at Velm and Scharndorf. But we have also improved existing operations. When we acquired the assets back in 2015 almost everything was outsourced. As with all our acquisitions around the world, we insourced plant management, brought knowledge and control inside, and applied our own high global standards and processes to increase performance and decrease costs. At the end of 2017, availability factor was higher by 2.2% and fixed costs had reduced by 20% compared to when it was acquired.

In 2018 we focused on yaw alignment of our turbines. By making sure our turbines are aligned properly we can squeeze more power out of them. We could confirm an average yaw misalignment on our turbines in Berg, Scharndorf and Hagn of 3.36° which equals a yearly production loss of 0.3%. Compared to the industry average of 6°, ContourGlobal turbines are adjusted precisely. Nevertheless, the misalignment has been corrected. Considering implementation costs, amortization time of the LIDAR campaign is three years. This is even more important when, in a year such as 2018, wind levels are relatively low.

Investing in communities

Every year we plan a number of social projects for our communities in Austria. In 2018, for example we supported a winter project with Caritas to help homeless people, which involved providing sleeping bags, a warm safe place to sleep and hot meals. We supported the municipality of Scharndorf with its day trip for 108 retirees, improving the quality of life of the elderly. In Trautmannsdorf we helped the municipality to publish its yearly, complimentary calendar. We also took part in Vienna Red Nose Day, running to raise money for sick children.

Business review *continued***2** Continuing to grow well around the world *continued*



Refurbishing a prominent hydro asset in Armenia

We acquired the Vorotan hydro cascade in 2015, a 404 MW hydro cascade that dates back to the 1970s and plays a critical part in Armenia's energy. Vorotan is the main contributor of Armenia's hydropower, which provides about a third of the country's total energy production. ContourGlobal Armenia Hydropower's yearly energy production is 1.0 TWh, approximately 15% of the total production in the country. The rehabilitation is a result of our collaboration with the Government of Armenia and some of Europe's most prominent development finance institutions (DFI) – FMO¹, the DFI of the Netherlands, DEG² the DFI of Germany and KfW³.

Investing in a major modernization

Our acquisition of the Vorotan hydro cascade in 2015 was a unique transaction which saw the Government of Armenia welcome us as the country's first western investor in the power sector and entrusting us to rehabilitate one of the country's most important assets. In 2018 we began the refurbishment as planned. The work covers two aspects of the plant – the electromechanical and electrical systems. Each element is being undertaken by a different world-class specialist contractor. Voith is responsible for the electromechanical refurbishment; the electrical systems refurbishment is being carried out by Efavec.

There are three plants with a total of seven units in the Vorotan cascade. All seven units will be refurbished as part of the plan, which is due to be completed in 2020. Work began on Tatev Unit 1, the first unit, in June 2018, four months ahead of schedule. It was commissioned in March 2019. The €62.9 million investment includes civil works, rehabilitating turbines, generators, auxiliary systems, main transformers, auxiliary transformers, as well as replacing control and protection systems, switchgear equipment and cabling and auxiliary electrical systems.

Progressing well

Our work to modernize the Vorotan hydro cascade has been progressing well – in line with budget, ahead of schedule and in accordance with our high quality standards. Unit 1 of Tatev hydro plant – the first of the seven units to be refurbished – has undergone a change in key electromechanical components and is back into operation. The second and third units of Tatev, as well as the Spandaryan and Shamb hydro plants, will follow shortly. Some of the installed equipment – like the MV switchgear and the 110kV switchyard equipment – are completely new for the Armenian energy market, serving as leading examples for other energy producers.

There are very strict obligations regarding the environmental impact of the refurbishment. In 2018 we implemented a multi-year monitoring program to ensure the rehabilitation will in no way affect the fish in the reservoirs and the river itself.

We are also ensuring that any asbestos on the site is removed and contained in line with the highest standards of safety and best practice.

Ensuring daily operations run smoothly

We are aligning the refurbishment work with the day-to-day operations of the three plants, to ensure maximum availability so this critical asset continues to play its part in providing energy for Armenia.

2018 was our best year for operational performance, with availability of 98.6%, 1.3% ahead of budget. This great performance is the result of the complete reorganization and build-up of operational expertise in Vorotan since acquisition.

We have implemented the ContourGlobal way of working while investing in local talent, so that today 100% of Vorotan's employees operating the cascade are from Armenia – all of them trained in and committed to our global way of excelling.

In 2019, the refurbishment work will increase in intensity, with a number of units unavoidably out of operation. We have prepared a plan for this and are working closely with the Government and regulators to ensure both the refurbishment and daily operations continue to run smoothly.

Increasing efficiency and reliability

Once the three plants have been refurbished, they will be the most modern hydro facilities in Armenia. Key benefits will flow. The plants will be more reliable, with fewer forced outages and unpredictable trips and stops. They will be more efficient, so we will be able to produce more power with the same amount of water. They will also be more environmentally friendly. Overall the refurbishment will have a large positive impact for Armenia and for us.

Looking to grow further in Armenia

In Vorotan we have a very strong base for our presence in Armenia. It is a great asset that we are transforming for the 21st century and we have a very strong partnership with the Government. Building on this foundation, we are looking to grow further in Armenia, for example through new hydro projects and other renewable and thermal energy opportunities.

¹ Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden DEG.

² Deutsche Investitions- und Entwicklungsgesellschaft KfW.

³ Kreditanstalt für Wiederaufbau.

3

Advancing in renewable growth

2018 was punctuated by an extraordinary level of activity in the Renewable division. We grew in many ways: from expansion of our business through solar acquisitions in Italy and Spain, to re-powering of our wind assets in Austria so we can take advantage of the latest, highly efficient wind turbines, to modernization of our Vorotan facility in Armenia where we are replacing aging equipment with new components at the latest technological standards (all described in more detail on the previous pages).

Growth in 2018

Renewables – an integrated platform

Application of technology, strong focus on continuous improvement and data-driven decision making are critical in ensuring that our renewable power plants operate as a well-integrated platform and create a strong foundation enabling us to scale effectively and efficiently when we grow. In 2018, we introduced a number of technology solutions based on systems such as Microsoft Business Intelligence for advanced analytics, workflow solutions based on Microsoft Sharepoint and financial enhancements in SAP. Our technology platforms enable us to apply in-depth analytics in both strategic management and day-to-day operational decisions, closely monitor performance, manage operations projects effectively and, critically, integrate newly acquired businesses quickly and efficiently. All integrations in 2018 were completed on time and on budget.

We complement our focus on technology with a strong commitment to continuous improvement. Our approach to the latter, which we base on the Five Whys methodology, enables us to drill down to the root causes of issues in a consistent, highly effective way so we can identify and implement valuable long-term improvements.

Winner (left)

Photographer: Victor Hugo Melo Brito
Title: New landscape in the hinterland
Location: Asa Branca Wind Farm, Brazil

This photo shows technology and nature together creating a new landscape.

The judges were particularly taken with the juxtaposition and depth of field of Victor's image.

Focus on technology

As we move into 2019, we continue to drive our digital technology strategy to further underpin our operational platform with best-in-class analytical systems.

After carrying out market research, we selected a partner, Bahwan Cybertek, to implement a new system called Retina across the whole Renewable fleet.

This state-of-the-art system will deliver a comprehensive suite of centralized operational, management and predictive analytics, with algorithmic learning, trend analysis and risk management across the whole portfolio.

For example, using the predictive capabilities of the platform we will be able to evaluate the risk of component failure over time, and optimize our maintenance activities while achieving improvements in operational performance.

Using sophisticated technology platforms to support our culture of continuous improvement will enable us to continue operating and growing in a sustainable way while achieving our targets for operational excellence.

GETTING TO THE HEART
OF IMPROVEMENTS –
IN 2018 WE CARRIED OUT
88 FIVE WHYS ACROSS THE
RENEWABLE DIVISION –
A 110% INCREASE THAT HAS
HELPED US POWER AHEAD
WITH IDENTIFYING THE
ROOT CAUSES OF ISSUES
AND, IN TURN, MAKE
VALUABLE LONG-TERM
IMPROVEMENTS.

4 Being responsible

We strive for social and environmental excellence.

At ContourGlobal, social and environmental excellence requires a deep understanding of the impact electricity generation has on our people, our communities and the natural world. We believe our people are our greatest resource and we embrace diversity and invest in capacity building. We strive to make the communities where we work better because we are there and undertake social impact assessments to ensure we know and understand the places where we operate. Power generation by its nature impacts many environmental aspects – air, water and biodiversity, for example – and we seek to minimize negative environmental impacts and, where possible, repair or reverse existing degradation.

Our social and environmental governance is centered around our Policy on Social Responsibility and Environmental Sustainability, a policy aligned with the International Finance Corporation Performance Standards. Our policy, and accompanying social and environmental strategy frameworks, set out how we will achieve social and operational excellence and include:

2014-2018 CO₂ Emissions summary¹

¹ CO₂ emissions includes emissions from combustion of fuel, purchase of electricity, heat, steam and cooling, including a power plant's own use.

- Compliance with regulations and legislation and alignment to global best practice
- Maintaining or decreasing our carbon, air and waste footprint
- Training and development for our workforce
- Launching targeted social investments aligned to our core business objectives

One of the most significant environmental impacts of our Thermal portfolio is our CO₂ emissions. We set a target in 2014 to maintain or reduce our intensity of carbon emissions, i.e. the carbon emissions in tonnes/MWh. We have achieved this through growth in our Renewable portfolio and promoting efficiency in power plant operations.

Third (above)

Photographer: Victor Hugo Melo Brito

Title: Overview Goiandra

Location: PCH Goiandra, Brazil

This photo shows a powerhouse and substation blending into the natural landscape of rocks and river.

The judges were struck by the composition of Victor's image showing how human ingenuity and engineering can work with the natural world to create energy for local communities.

Our people

A diverse and inclusive workforce drives our excellence, providing a broad range of technical expertise, cultural sensitivity and different approaches to problem solving. We promote gender diversity across our business and have had great success at achieving a good balance in our management team.

Diversity

	Male	Female	Total
Board of Directors	7	1	8
Senior management	4	5	9
Total Company	1,200	289	1,489

Learning and improving together

We know that to get the best out of our people we need to invest in them, both professionally and personally. One of the ways in which we do this is through our Worker Exchange Program (WEP), which enables our employees to work at other business locations to share business practices and gain technical experience.

Supporting local communities

We're committed to making a positive difference in the communities where we work. In 2018, 283 ContourGlobal employees spent more than 20,500 hours on our social investment initiatives and an additional 2,800 hours volunteering in our communities.

Our financial contribution to social investment projects was almost \$2.4 million in 2018, an increase of 102% compared to 2017. Our social investment projects, including projects to improve education (42 projects), promote health and well-being (28 projects) and improve community infrastructure (13 projects) impacted approximately 990,000 beneficiaries.

Social investment projects

122
projects

45% Europe
40% LatAm
14% Africa
1% America

Finance Director's report

LOOKING AHEAD, WE WILL
REMAIN VERY ACTIVE IN
DEVELOPING AND ACQUIRING
NEW PROJECTS AT ATTRACTIVE
SHAREHOLDER RETURNS.

Indicator	2018
Revenue	\$1,253.0m
	2017: \$1,022.7m
	2018
Income from Operations	\$261.9m
	2017: \$269.0m
	2018
Adjusted EBITDA	\$610.1m
	2017: \$513.2m
	2018
Proportionate Adjusted EBITDA	\$536.1m
	2017: \$434.2m
	2018
Fund from Operations	\$302.3m
	2017: \$255.9m
	2018
Leverage ratio	4.4x¹
	2017: 4.1x
	2018
Availability factor	92.9%
	2017: 94.4%

¹ On the basis of a €110 million (\$130 million) full year Adjusted EBITDA of CSP Portfolio (excluding full year effect, leverage ratio is 4.7x).

Revenue

Revenue continued to grow in 2018 to reach \$1,253.0 million (+23%) mainly resulting from the newly acquired portfolios in Europe during the year (Spanish CSP, Italian and Romanian photovoltaic portfolios) and the increase in certain components of the revenue of Thermal power plants (including passthrough revenue which does not impact margin). This increase was partially offset by low wind resource in Brazil and Austria.

Income from Operations (IFO)

IFO is an IFRS measure derived from the audited consolidated statement of income.

IFO slightly decreased by 2.6% as compared to 2017 (-\$7.1 million) despite the positive impact of the acquisition of CSP Spain (+\$43.4 million) and Solar Italy roll up (+\$1.1 million). Excluding these acquisitions, IFO was principally impacted by the following effects in 2018:

- Poor wind resource in our Brazilian and Austrian wind farms in 2018, which largely explains the \$24.4 million decrease of Brazilian and Austrian wind farms IFO as compared to the same period in 2017.
- One-off events which adversely impacted IFO change year-on-year: namely a non-recurring income of \$6.4 million resulting from the release of bad debt provision in 2017 – positive outcome of litigation with a service provider in the Caribbean Islands – and exceptional restructuring costs in 2018 as part of the ongoing reorganization of the corporate offices in the Group (\$6.7 million).
- The significant efforts incurred to sign and/or close transactions during the year, and in particular two major transactions in Spain and Mexico, which resulted in increasing our acquisition-related costs by \$10.1 million.
- A non-cash \$4.1 million charge related to the implementation of the Private Incentive Plan which does not constitute a liability for the Company (refer to the remuneration report for more details).

Excluding these effects, IFO would have increased by \$51.7 million (+16.6%), which reflects the continued growth and expansion of the Company, especially from the new CSP portfolio in Spain.

Adjusted EBITDA

In \$ millions	2018	2017	Var
Thermal	327.1	332.1	(2%)
Renewable	309.4	211.1	47%
Corporate and Other	(26.4)	(29.9)	(12%)
Adjusted EBITDA	610.1	513.2	19%

In 2018, we saw another year of strong growth of Adjusted EBITDA at 19% within the range announced in August 2018 (\$600 to \$630 million) and despite low wind resource during the year. The growth has been mainly driven by the Renewable segment (+47%), despite Brazilian real depreciation.

Thermal Adjusted EBITDA decreased by \$5.0 million, or 2%, to \$327.1 million for the year ended 31st December 2018 from \$332.1 million for the year ended 31st December 2017. The scope of the Thermal segment remained globally unchanged in 2018, except for the sale of Kramatorsk power plant in February 2018 which resulted in Adjusted EBITDA decreasing by \$1.2 million. Excluding one-off income of \$6.4 million resulting from the release of bad debt provision in 2017 in the Caribbean, Thermal Adjusted EBITDA would have slightly increased. This demonstrates the stability of the cash flows of the portfolio, which has all its revenue contracted and established power purchase agreements in place largely protecting the segment from changes in demand, fuel prices, electricity price and CO₂ prices.

- Approximately 82% of 2018 Adjusted EBITDA is generated under PPA concluded with investment Grade off-takers or non-investment Grade off-takers under political risk insurance.

We believe that the presentation of Adjusted EBITDA enhances an investor's understanding of ContourGlobal's financial performance, that the Adjusted EBITDA will provide investors with a useful measure for assessing the comparability between periods of ContourGlobal's ability to generate cash from operations that is sufficient to pay taxes, to service debt and to undertake capital expenditure.

Adjusted EBITDA is defined as combined profit from continuing operations for all controlled assets before income taxes, net finance costs, depreciation and amortization, acquisition-related expenses, plus profit on sale of minority interest and specific items which have been identified and adjusted by virtue of their size, nature or incidence, less ContourGlobal's share of profit from unconsolidated entities accounted for on the equity method, plus ContourGlobal's pro rata portion of Adjusted EBITDA for such entities. In determining whether an event or transaction is specific, ContourGlobal's management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Adjusted EBITDA is not a measurement of financial performance under IFRS.

The following table reconciles net profit before tax to Proportionate Adjusted EBITDA and Adjusted EBITDA for each period presented:

	2018	2017
in \$ millions		
Proportionate Adjusted EBITDA	536.1	434.2
Minority interest	74.0	79.0
Adjusted EBITDA	610.1	513.2
Reconciliation to profit before income tax		
Depreciation and amortization and impairment expense	(239.3)	(185.6)
Finance costs net	(236.6)	(220.7)
Share of adjusted EBITDA in associates	(21.2)	(21.6)
Share of profit in associates	2.9	5.0
Acquisition-related items	(19.6)	(9.5)
Costs related to CG plc IPO	(0.4)	(12.7)
Cash gain on sale of minority interest in assets	(20.9)	–
Restructuring costs	(6.7)	–
Private incentive plan	(4.1)	–
Other ¹	(36.3)	(27.5)
Profit before income tax	27.8	40.6

¹ Refer to note 41 of the consolidated financial statements.

In relation to the 2018 and 2017 financial years, these included non-recurring and non-cash items, and for 2018 also included a one-off cash gain on the sale of minority interests in the Slovakia and Italy portfolio, booked directly in equity under IFRS. Such self-down is part of the core strategy of the Group going forward. Adjusted EBITDA is a more accurate reflection of the business performance of the Group and allows for comparability of the Group's results from period to period and with peer companies.

Proportionate Adjusted EBITDA
Considering the decision to strategically sell down minority stakes of certain of our assets at a significant premium, we have included Proportionate Adjusted EBITDA as part of our core financial metrics. Proportionate Adjusted EBITDA is calculated using Adjusted EBITDA calculated on a proportionally consolidated basis based on applicable ownership percentage.

The Thermal fleet is also highly diversified in terms of geography and fuel, which significantly limits its overall market exposure.

The Thermal fleet reached an average annual availability factor of 90.2% in 2018 (92.6% in 2017), mainly due to technical issues in Spain (Arrubal). Despite the shortfall compared to last year, the capacity payments revenue of the individual businesses were not impacted as availability remained above contractual thresholds.

Renewable Adjusted EBITDA increased by \$98.3 million, or 47%, to \$309.4 million for the year ended 31st December 2018 from \$211.1 million for the year ended 31st December 2017.

In 2018, we continued to further diversify our technology and geographical mix after the acquisition of 5 CSP plants in Spain with 250 MW total installed capacity as well as smaller acquisitions of photovoltaic solar and biogas in Italy and Romania. The CSP plants contributed \$89.2 million to Adjusted EBITDA growth from May to December 2018, while Italian and Romanian solar and biogas plants contributed to Adjusted EBITDA growth by \$9.0 million in the year ended 31st December 2018. In 2018, the Renewable segment also benefited from the performance of Brazilian hydro power plants, which contributed a total of \$40.8 million to 2018 Adjusted EBITDA as compared to \$28.5 million in 2017, an increase of \$12.3 million. This growth was mainly due to full-year effect of the seven hydro power plants acquired in March 2017, excellent Availability Factor at 98.5% and an efficient hedging program in place in case of low hydrology. This was achieved despite a weakening of the Brazilian real against the US dollar. In 2018, we started initiating a new core Group strategy, consisting in selling minority stakes of our portfolio at a substantial premium against our initial investment. In our Renewable portfolio, we closed the sell-down of 49% of our photovoltaic portfolio in Italy and Slovakia in October 2018. We also signed the sell-down of 49% of our CSP portfolio in Spain in December 2018, a transaction expected to close in the first half of 2019. We intend to further develop this sell-down strategy in the future. The sell-down of 49% of the Italy and Slovakia portfolio resulted in a \$20.9 million gain recorded directly in equity under IFRS rules and contributed to 2018 Renewable Adjusted EBITDA for the same amount.

The overall performance of the Renewable segment was however negatively impacted by the Brazilian wind portfolios (lower by \$23.3 million compared to 2017, of which \$8.1 million due to weaker Brazilian real against US dollar). The negative 2018 performance was largely driven by lower resource during the year and despite significant improvements in operational performance. Availability factor of Brazilian wind farms improved from 90.7% in 2017 to 95.0% following restructuring of local maintenance teams, tighter management of service providers and better management of component outages. We intend to continue improving technical performance and generation in 2019 with a new roadmap including implementation of a new operational analytics system. Corporate and Other decreased to \$(26.4) million for the year ended 31st December 2018 from \$(29.9) million for the year ended 31st December 2017. This reduction was due to a reinforced monitoring of fixed costs, and the allocation of a dedicated task force to projects such as the Spain CSP and Mexican CHP acquisitions and the Kosovo development project. In addition, ContourGlobal continued to focus in 2018 on mitigating its exposure risks to unexpected changes in Adjusted EBITDA, in particular:

- 82.3% of 2018 Adjusted EBITDA is denominated either in Euros or US dollars, and a portion of the Brazilian real exposure is hedged to US dollars.
- No technology cluster represents more than 73% of 2018 Adjusted EBITDA, and the acquisition of a 518 MW concentrated heat power ("CHP") portfolio is expected to further diversify the technology and region profile.

Finance Director's report *continued*

Proportionate Adjusted EBITDA increased from \$434.2 million in 2017 to \$536.1 million in 2018 (+23.5%), an increase comparable to Adjusted EBITDA and mostly explained by the same factors.

Funds from Operations

Funds from Operations is a non-IFRS measure that is calculated as follows:

In \$ millions	2018	2017
Cash flow from operations	578.2	420.6
Change in working capital	(50.9)	39.4
Interest paid	(180.9)	(169.2)
Maintenance capital expenditure ¹	(24.6)	(18.7)
Cash distributions to minorities	(19.5)	(16.2)
Funds From Operations (FFO)	302.3	255.9
Cash conversion rate (%)	50%	50%

¹ Maintenance capital expenditures is defined as funds employed by us to maintain the operating capacity, asset base and/or operating income of the existing power plants. It excludes growth and development capital expenditures, which are discretionary investments incurred to sustain our revenue growth (including construction capital expenditures).

Funds from operations significantly improved in 2018 achieving a 18% growth as compared to 2017. This performance is the consequence of the continuous growth of Adjusted EBITDA discussed earlier and an efficient capital structure implemented by ContourGlobal through a mix of deleveraging project level debt and refinanced corporate level financing to lower its cost of capital. In 2018, we refinanced the corporate level debt, extended its tenor to 2023 and 2025 (two tranches of 5-year and 7-year tenor), and decreased yearly corporate bond interest by more than \$9.8 million. We also refinanced the Revolving Credit Facility, increasing its available amount from €50 million to €75 million and decreasing significantly its overall cost. The cash conversion rate, which compares FFO to Adjusted EBITDA, remained fairly stable at 50% during the period.

Leverage ratio

Leverage ratio table

Year	
2017	4.1x
2018	4.4x¹

¹ Including pro forma adjustment for full year of Spanish CSP acquisition.

The Group leverage ratio is measured as total net indebtedness (reported as the difference between 'Borrowings' and 'Cash and Cash Equivalent' under IFRS statement of financial position) to Adjusted EBITDA. Whenever the impact would be significant, such a ratio is adjusted to reflect full-year impact of acquisitions or for financial debt of projects under construction which do not generate EBITDA. The Spain CSP acquisition contributed \$89 million to 2018 Adjusted EBITDA from 10th May 2018 to 31st December 2018 as compared to an expected \$130 million full year contribution.

Adjusted for the full year contribution of Spain CSP, leverage ratio reached 4.4x as compared to 4.1x in the previous year. This change mainly resulted from the issuance of new debt to finance Spain CSP acquisition, which is rapidly deleveraging. The leverage ratio does not take into account the expected proceeds from the sell-down of 49% of the CSP portfolio (€134 million) expected to close in the first half of 2019, which will further decrease the ratio.

As of 31st December 2018, ContourGlobal has a total of \$696.9 million of cash and cash equivalents, a significant portion of which sits at corporate level and is available to finance the future growth of the Group.

Finance costs – net

Finance costs – net increased from \$220.7 million in 2017 to \$236.6 million in 2018 (+7.2%). Excluding the one-off premium paid in July 2018 to prior bondholders of \$21.9 million, finance costs decreased by \$6.0 million in 2018 as compared to 2017.

Interest expense increased to \$202.0 million in 2018 from \$180.0 million in 2017 (+\$22.0 million or 12.2%). This increase is largely driven by the Spain CSP acquisition, which contributed \$24.9 million to interest expense in 2018. Interest expense was conversely positively impacted by the natural deleveraging of the project financings and by the refinancing of the corporate bond at a much lower interest rate, leading to an expected reduction of interest at corporate level of \$9.8 million a year.

Finance costs - net, other than interest expenses decreased to \$34.6 million in 2018 from \$40.7 million in 2017, mainly due to positive change in line item Realized and unrealized foreign exchange gains and (losses) and change in fair value of derivatives (+\$53.0 million) due to lower exposure to loans denominated in a currency other than the functional currency at corporate level and a more efficient hedging program. This positive change was partially offset by the one-off bond premium of \$21.9 million expensed in 2018 and described above, and other non-cash fair value adjustments.

Profit before tax

Profit before tax decreased by \$12.8 million to \$27.8 million in 2018 as a result of the factors previously explained.

Taxation

The Group recognized a tax charge of \$17.4 million in 2018 as compared to \$27.1 million in 2017. This reduction in the tax charge between periods was driven by the profit mix between territories with different income tax rates. The main jurisdictions contributing to the income tax expense in 2018 are Bulgaria, Brazil and Spain.

Adjusted Net Income

Adjusted Net Income is defined as Net income excluding one-off items for the year. Reconciliation of Net income to Adjusted Net Income is as follows:

In \$ millions	2018	2017
Net income	10.4	13.5
Bond refinancing one-off costs ¹	21.9	–
ContourGlobal plc IPO costs	0.4	12.7
Acquisition-related items ²	19.6	9.5
Restructuring costs ³	6.7	–
Private Incentive Plan ⁴	4.1	–
Adjusted Net Income	63.1	35.7
Adjusted Net Income attributable to shareholders	67.7	41.6

¹ Exceptional premium paid to previous bondholders in relation to the refinancing of the corporate bond in July 2018;

² Includes pre-acquisition costs and other incremental costs incurred as part of completed or contemplated acquisitions. ContourGlobal incurred exceptional high amounts of such costs in 2018 while signing and/or closing acquisitions in Mexico, Italy and Spain in particular;

³ Costs incurred as part of corporate offices ongoing reorganization;

⁴ Non-cash impact of the Private Incentive Plan implementation, which does not constitute a liability for the Company as it is issued through existing Reservoir Capital shares.

Non-current assets

Non-current assets mainly comprise property, plant and equipment and financial and contract assets. The increase of non-current assets by \$766.3 million to \$3,969.8 million as of 31st December 2018 was mainly due to the acquisition of the CSP Spanish portfolio and solar assets in Italy and Romania, partially offset by depreciation, change in foreign exchange during the period and impact of IFRS 15 on financial and contract assets.

Borrowings

Current and non-current borrowings increased by \$669.9 million to \$3,560.0 million as of 31st December 2018, mainly as a result of new or acquired borrowings (+\$2,005.8 million, including bond refinancing in July 2018, financing acquired or drawn as part of the CSP Spain acquisition in May 2018 and refinancing of the hydro and Thermal portfolio in Brazil), partially offset by scheduled project financing repayment and early repayment of prior corporate bond (-\$1,151.1 million) and currency translation differences and other (-\$184.8 million).

Equity and non-controlling interests

Equity and non-controlling interests decreased by \$93.0m to \$680.5 million as of 31st December 2018 mainly due to the following factors: currency translation reserves recorded directly in equity (-\$54.2 million) essentially due to negative change in foreign exchange rates of Brazilian real against US dollar, impact of the change to new accounting standard IFRS 15 (-\$47.2 million), dividends paid to shareholders (-\$44.1 million), transactions with non-controlling interests (-\$5.9m) and negative change in hedging and actuarial reserves (-\$4.6 million). These decreases were partially offset by the positive contribution of the sell-down of 49% of Italy and Slovakia photovoltaic portfolio recorded directly in equity (\$48.9 million), Private Incentive scheme (\$4.1 million) and profit for the period (\$10.4 million).

Dividend

The declaration and payment by the Company of any future dividends and the amounts of any such dividends will depend upon ContourGlobal's ability to maintain its credit rating, its investments, results, financial condition, future prospects, profits being available for distribution, consideration of certain covenants under the terms of outstanding indebtedness, and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws. The Directors expect that dividends, which were previously distributed bi-annually, to be distributed going forward on a quarterly basis.

The Company paid a dividend of \$17.3 million in May 2018 corresponding to the final dividend for the year ended 31st December 2017; and a dividend of \$26.7 million in September 2018 corresponding to one-third of an initial guidance of \$80.0 million dividend for the year 2018. The Directors expect to pay a dividend of approximately \$63.3m for the year ended 31st December 2018, increasing 2018 declared dividends from \$80 million to \$90.0 million to be approved at the 2019 annual general meeting.

The Directors also expect to increase the dividend by 10% per year, in line with ContourGlobal's operational scale.

Large global footprint diversified across geographies and technologies

2018 Adjusted EBITDA by Geography^{1,2} 2018 Adjusted EBITDA by Technology^{1,2} 2018 Adjusted EBITDA by Currency¹

59% Europe	8% Fuel Oil	12% BRL
28% LatAm	20% Coal	5% BRL hedged to US dollars
13% Africa	19% Natural Gas	63% EUR
	23% Solar	1% Other
	16% Wind	19% USD
	10% Hydro	
	4% Biogas	

¹ Based on 2018 Adjusted EBITDA.

² Excluding Corporate and Holding company costs.

Outlook

We remain heavily focused on developing, acquiring and operating power generation facilities under long-term contracts providing significant protection from the risks associated with volumes, commodity prices or merchant energy prices. As we continue to pursue our growth strategy, we are active on both construction and acquisition projects. Recent developments include:

- The signature of the acquisition of two natural gas-fired combined heat and power ('CHP') plants, together with development rights and permits for a third plant, in Mexico from Alpek, for \$724 million in cash. An additional payment at closing estimated at \$77 million represents the value added tax assessed for the transaction and is expected to be refunded in full within 12 months of closing. The CHP plants have a gross installed capacity of 518 MW. The transaction is expected to close in the second quarter of 2019.
- The sell-down in December 2018 of 49% of our Spain CSP portfolio at a very significant premium reflecting our strategy to enhance shareholder returns and redeploy capital into our significant growth pipeline; the transaction is expected to close in the first half of 2019.
- The refinancing of the Slovakian portfolio closed in February 2019 at very attractive terms, reflecting our capacity to decrease our cost of debt while improving shareholder returns.

Looking ahead, we will remain very active in developing and acquiring new projects at attractive shareholder returns as we focus on achieving the target fixed before the listing to at least double Adjusted EBITDA by the end of 2022 without requiring new equity.

Laurent Hullo
Interim Chief Financial Officer

Managing our principal risks

At ContourGlobal we manage our risks rigorously across all businesses and corporate functions. This is a disciplined and dynamic process led from the top and applied day by day throughout the Company.

The Board of Directors has overall responsibility for the Company's risk appetite, risk management and ensuring that there is an effective risk management strategy and framework. The Audit & Risk Committee assists the Board with monitoring the Company's risk management framework, identifying areas of risk, challenging control weaknesses and providing independent assessment and opinion on the effectiveness and efficiency of the Company's internal controls and risk management systems. This also includes review of the risk register and providing regular updates to the Board on actions taken to mitigate the risks faced by the Group. Details of the Audit & Risk Committee's composition, responsibilities and activities can be found in the Audit & Risk Committee Report on pages 80 to 85.

Leading from the top

In August 2018, we held a two-day risk management workshop with key members of senior management of the Company. We focused on reassessing and reviewing key risks and hot topics such as cyber security and continuing Brexit uncertainty.

The Company's risk management framework consists of a risk register of all key risks, a risk map and risk ID cards detailing elements such as qualitative analysis of the main causes and impacts. The register details the management action plans in place to minimize the chance of a risk crystalizing. Our risk management approach is based on the three lines of defense model which ensures the Company allocates responsibilities and provides reasonable assurance over the effectiveness of controls, procedures and relevant systems.

Operational management in our businesses is the **first line of defense**. It ensures that day-to-day risk management controls are implemented and monitored and that relevant systems are in place to identify, evaluate and mitigate the Company's business risks.

The **second line of defense** comprises Group functions such as compliance, internal control, IT and quality. It focuses on monitoring and compliance with risk control systems and processes implemented by the business.

An internal audit function was established in December 2018. The function together with external assurance providers serves as the **third line of defense**, providing independent assurance of risk management, internal controls and governance.

Senior management plays a key role in monitoring the risk management governance framework and policy. Starting in 2018, a focus group of key senior management members has been set up to review and update the risks listed on the risk register.

Focusing on the major risks

This section of the strategic report provides an overview of our approach to managing risk, focusing on the major risk factors related to implementing the Company's strategy and business model. It is not an exhaustive list of all possible risks. Additional uncertainties exist, some of which may not be known to the Company and could have a negative effect on the Company's financial position and performance. The principal risks and uncertainties were considered in assessing the long-term viability of the Company. The viability statement can be found on page 67.

Reducing uncertainties

The Company's diversified geographical and technological approach to contracted and regulated power generation, as well as political risk insurance coverage of high risk assets, reduces uncertainties relating to medium-term operational results. We closely monitor residual risks related to governmental regulations, macroeconomic uncertainties and changes in market conditions through the risk management framework.

We are actively tracking the risk related to uncertainty surrounding Brexit and, currently, we do not anticipate that Brexit will have a material impact on our operations or our financial results.

Controlling risks

The Company faces a broad range of risks related to operating, maintaining and refurbishing power generation facilities. These include operational, health, safety and environmental (HSE) as well as cyber security and systems integrity risk. In line with our culture of operational excellence and safety, we make sure all the resources are available to control these risks at the right level.

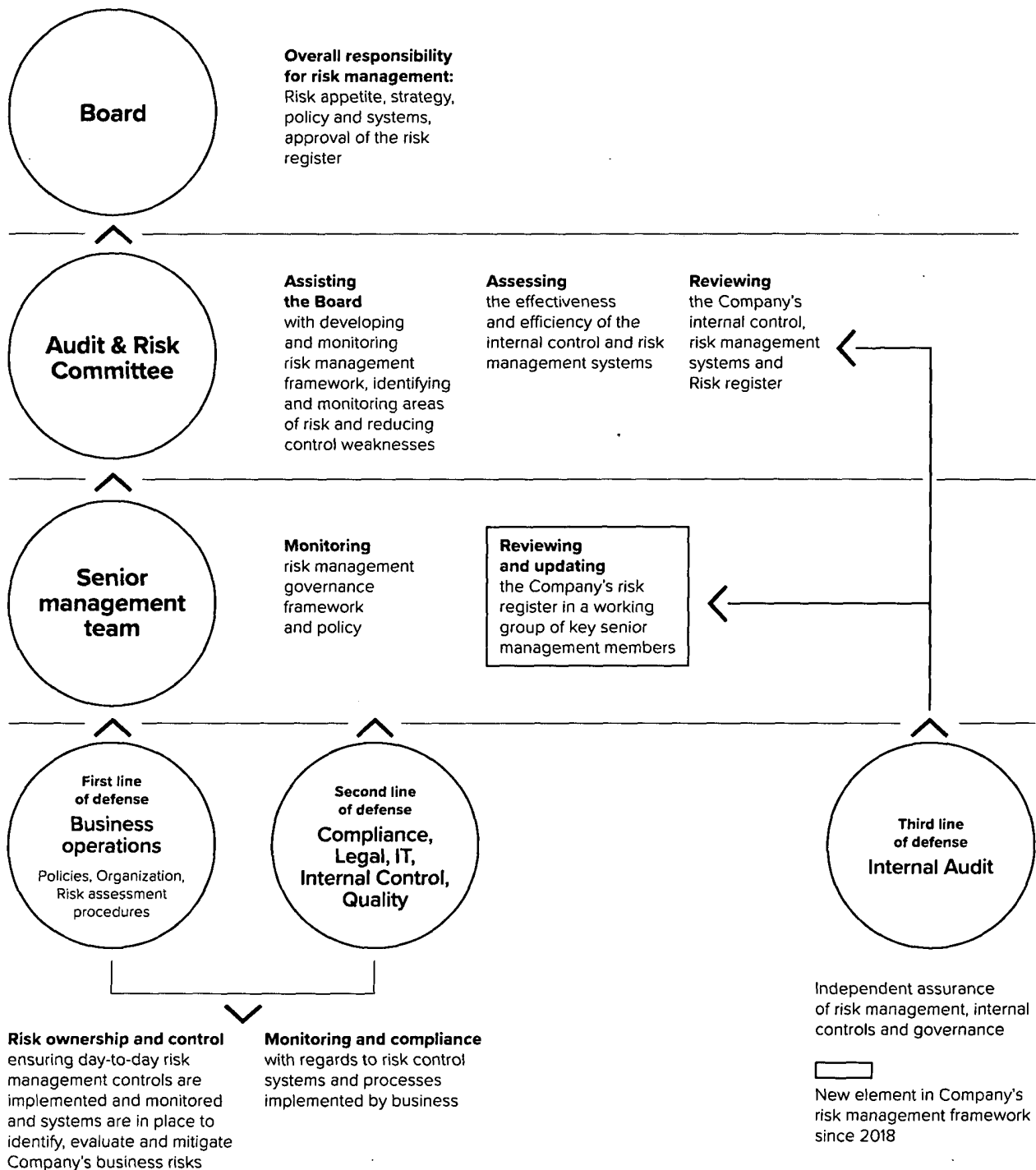
In December 2018 the Audit & Risk Committee appointed the new Head of Internal Audit and approved the 2019 Internal Audit risk-based plan, the Internal Audit Charter and Internal Audit methodology. Deloitte was appointed as the co-sourcing partner to conduct the audits and provide support to the Head of Internal Audit in the development of the function.

Further information can be found in the Audit & Risk Committee report on pages 80 to 85.

Opportunities management

Certain strategic risk events, when realized, can present opportunities. The Board and senior management therefore constantly monitor our potential risk scenarios for strategic long-term planning.

Risk management framework – Roles and responsibilities



Managing our principal risks *continued*

Risk map

- R01 – Impact of governmental actions and regulations**
- R02 – Macroeconomic and political conditions**
- R03 – Project execution (CAPEX)**
- R04 – Asset integrity (OPEX)**
- R05 – Resources/Climate change**
- R06 – Health, Safety and Environment (HSE) and food: prevention and regulation**
- R07 – Fraud, bribery and corruption**
- R08 – Cyber security and systems integrity**
- R09 – Key people (senior executive management) succession planning**

Risk Radar mapping presents the top nine risks ContourGlobal is facing. They are all major risks for the Group. The risk radar has three levels of residual risk: high, moderate and low.

Each level is a combination of **inherent risk** significance (potential impact and likelihood) and risk response in place.

Inherent risk is the risk to an entity in the absence of any direct or focused actions by management to alter its severity/significance.

Residual risk is the risk remaining after management has taken action to alter its severity/significance.

High: residual risk remaining likely to have a strong impact on the achievement of strategic objectives even if risk management measures are in place. Additional actions should be taken to alter risk severity further.

Moderate: risk that could strongly affect the achievement of the objectives for which level of control is high enough to result in a moderate residual risk. Additional actions could be taken to alter risk significance further.

Low: risk that may have limited impact on the business given that control mechanisms are in place together with relevant monitoring and assessment measures.

The closer the positioning of the risk to the center of the radar, the higher is the residual severity of the risk.

The order in which the risks are presented does not reflect their relative significance.

Risk Factor	Main impact	Risk Response (management and mitigation)
R01 – Strategy – Impact of governmental actions and regulations		
The risk that governmental actions or changes in (1) taxes or (2) regulations of our non-PPA long-term fixed rate arrangements (i.e. feed-in-tariffs) and Power Purchase Agreements (PPAs) including investigations by regulatory or competition law authorities, without regulatory risk pass-through mechanisms will have a negative impact on our results of operation.	Deterioration of financial performance including loss of revenue and an increase in expenses. Loss of business/growth opportunities: – Termination of agreements – Inability to obtain, maintain or renew required governmental permits/Licenses Inability to receive permits for extension of existing capacities.	PPAs are held with state-owned, regulated or other off-takers, the majority of which are rated by Standard & Poor's, with a weighted average credit rating of BBB- (weighted by EBITDA). PRI policies (from commercial insurers) are in place for several projects in case of events that can affect our assets, in particular the loss of invested capital. In some cases, these cover a return on our capital. These include: Maritsa, Vorotan, KivuWatt, Togo, Nigeria, Cap des Biches, TermoemCali, Sochagota, Slovakia and Kosovo. Close relationships are maintained with energy lawyers and associations to anticipate any potential changes in regulation and express our interests. Partnerships are fostered with multilateral development banks for both equity and debt which makes governments reticent to renegotiate. Investment is placed in local communities and hiring locally. The business has a sovereign credit rating of A post PRI impact (based on the individual sovereign ratings determined by Standard & Poor's).

Maritsa anticipates that in the near term it will engage in discussions with the government of Bulgaria related to the Bulgarian energy regulator's complaint to the EU Commission that the Maritsa PPA contains elements of state aid. While we cannot predict the outcome of such negotiations, any resolution could nonetheless contain terms that adversely affect the Maritsa PPA and have a material adverse impact on Maritsa's and ContourGlobal's business.

Managing our principal risks *continued*

Risk Factor	Main impact	Risk Response (management and mitigation)
R02 – Macroeconomic and political conditions		
The risk that macroeconomic and political conditions such as geopolitical uncertainty, social instability, sanctions and trade war will create additional uncertainty for our international operations and have a negative impact on the business model and supply chain limiting our flexibility in cross-border investments.	Deterioration of financial performance: – Increase in operational costs – Higher financing transaction costs – Disruption of operation of one or more of our assets – Increase in Opex and Capex – Loss of invested capital – Adverse effect on results of operation – Unforeseen additional recurring costs vs. financial model projections (project IRR and cash flow) – Charges and penalties due to non-compliance with external requirements	PRi policies (from commercial insurers) are in place for several projects in case of events that can affect our assets in particular in Africa and Eastern Europe. In some cases we can recover a return on our capital: Maritsa, Vorotan, KivuWatt, Togo, Nigeria, Cap des Biches, TermoemCali, Sochagota, Slovakia and Kosovo. Our diversified operations limit the downside as the impact of a localized geopolitical effect is unlikely to have a significant effect on the full portfolio.
For example, the continuing uncertainty around Brexit and the future trading and transition relationship between the UK and the EU creates an uncertain operating environment.	Loss of business / growth opportunities: – Inability to operate effectively – Termination of agreements – Fewer opportunities for growth	Diversification of jurisdictions and technologies minimizes the risk.
Included in sensitivity analysis on principal risks for viability and going concern assessment.	Business disruption: – Inability to procure required equipment – Impact on EAF and EFOR	Access to several financial markets allow the business to choose the most opportune sources of transactional financing.
New Risk added in 2018.	Brexit: – Deterioration of capital offers due to uncertain financial implications, increased cost and possible disruption to the supply of goods and services, possible increase of regulatory risk. However, currently we do not anticipate that Brexit will have a material impact on our operations or our financial results.	Investment in local communities and hiring locally creates goodwill with local governments and populations.
		Minimal existing risk mitigation in place though diversified business help mitigate potential impact.
		Analysis of suppliers and supply chain.
R03 – Operation and execution – Project execution (CAPEX)		
The risk that inefficient project management and execution of greenfield construction or refurbishment investment projects will result in delays or unanticipated cost overruns.	Financial impact e.g.: – Overrun of project costs (including financing fees) vs. investment case impacting projected cash flows and IRR – Liquidated damages/penalties/ litigation – Reduced revenue due to construction delays – Potential defaults on financing and debt repayment before COD	Controlling methodology: specific internal resource is dedicated to provide guidance and best practice to ensure strict and real time project cost control, enabling cost overruns to be identified early and mitigation actions put in place.
↓ Risk decreased due to decrease of the likelihood of the events related to realization of this risk over 3-year horizon.	Image and reputation impact resulting from a loss of credibility with counterparties, lenders and other stakeholders.	Minimizing the risk of exceeding construction budgets by entering into fixed price contracts with engineering, procurement and construction (EPC) contractors with proven track records.
Included in the sensitivity analysis on principal risks for viability and going concern assessment.		EPC contracts contain back-to-back liquidated damages provisions which protect ContourGlobal against construction delays and other breaches by EPC contractors.
		Contract monitoring and management with legal support.
		External support to obtain permits.
		Project Review Procedure: monthly review of the projects organized by the Project Management Team (including the Group COO) and presented to the Project Steering Committee.

Risk Factor	Main impact	Risk Response (management and mitigation)
R04 – Operation and execution – Asset integrity (OPEX)		
The risk that asset maintenance processes are not managed in line with the O&M plan and quality standards will prevent the power plants from delivering electricity and ensuring availability at the levels defined in the long-term PPAs.	Deterioration of operational performance: – Business interruption and power outages – Performance below expected efficiency and output levels – Inability to deliver electricity or ensure availability defined in long-term PPAs	Business interruption insurance. O&M strategy focusing on HSE, O&M Organization, O&M performance management, benchmark and KPIs.
↔ Risk unchanged	Reduced profitability and cash flows: – Increase of expenses (OPEX & CAPEX); – Unplanned O&M and capital expenditures – Loss of revenue and PPA penalties – Liquidated damages – Reduction in distribution and inability to service debt Reputational impact.	Maintenance strategy including hydro and civil structures. O&M IT systems (including remote monitoring control room). Maintenance activities with regular KPIs for control, and timely corrective actions. Daily KPIs and improvement meetings between local plant managers and operators.
R05 – Operation and execution – Resources/Climate change		
The risk that climate change (e.g. changes in temperature, wind patterns and hydrological conditions) will affect the certainty of our forecasts, will impact our operations and adversely affect our financial performance.	Deterioration of financial performance including a loss of revenue and/or an increase in expenses (O&M costs). Impact on the operational performance with a strong deviation of actual renewable generation vs. projections in the investment case specifically for wind and hydro.	Diversified geographical and technological portfolio of assets. Extensive weather phenomena studies and due diligence before acquisitions.
↔ Risk unchanged	Loss of assets.	Sign-off on all investment case assumptions by a reputable advisory firm. Scenario analysis carried out across the portfolio.
Included in the sensitivity analysis on principal risks for viability and going concern assessment.		
R06 – Health, safety and environment (HSE) and food – prevention and regulation		
The risk that failure to prevent major health, safety, environmental and food (CO ₂ production) incidents and/or comply with relevant regulations due to inherent risks related to our activities (fuel types, technology, equipment in more than 20 countries) will have a material adverse impact in our operations, financing conditions and reputation.	Human and environmental impact: – LTIs (Lost Time Incidents) and fatalities of ContourGlobal employees, contractors or people in local communities around the facilities due to incidents at the power plants – Environmental accidents on site and in local communities Reputational impact.	Health and Safety Policy reviewed annually and communicated Company-wide. Health and Safety and Environmental management system is aligned with H&S 18001, ISO 14001 standards, and also with World Bank guidelines, namely the IFC Performance Standards.
↔ Risk unchanged	Financial and operational impact: – Increase in liabilities and compliance costs – Business interruption – Loss of efficiency/productivity – Breach of loan covenants – Non-compliance with applicable HSE legal requirements and potential sanctions	Monitoring of reactive indicators (such as responses to accidents) and proactive indicators (including known hazards, inspection quality and number of training hours). Intense regular training. Strong environmental policies and procedures: – each business's compliance with applicable policies, local laws and permit requirements is managed directly by the business – oversight and audit through operations, environmental, health and safety departments Third-party contractors' environmental audits. Arrubal, Togo and Knockmore Hill have achieved ISO 14001 certification. Adherence to a Company-wide environmental policy, reflecting the business commitment to the United Nations Global Compact.

Managing our principal risks *continued*

Risk Factor	Main impact	Risk Response (management and mitigation)
R07 – Regulation and compliance – Fraud, bribery and corruption		
The risk that lack of transparency, threat of fraud, public sector corruption, money laundering and other forms of criminal activity involving government officials or suppliers will result in a failure to comply with anti-corruption legislation, including the UK Bribery Act 2010 and other international anti-bribery laws. ↔ Risk unchanged Included in the sensitivity analysis on principal risks for viability and going concern assessment.	Financial impact: – Financial losses as a result of fraudulent activities – Violations of anti-corruption or other laws – Criminal and/or civil sanctions against individuals and/or the Company – Loss of trust by key stakeholders – Debarment by multilateral development banks and international financial institutions Reputation impact and loss of trust. Exclusion from government funding programs.	A strong anti-bribery compliance program that reflects the components of an 'effective ethics and compliance program' as set forth by various international conventions and enforcement authorities, which is reviewed at least quarterly. Policies and procedures include: – Code of Conduct and Business Ethics – Anti-Corruption Policy – Anti-Corruption Compliance Guide – Policy for Engaging Supplier and Third-Party Service Providers – Gifts & Hospitality Policy – Compliance Transactional Due Diligence Protocol – Business Development Consultant Compliance Protocol Annual certification by employees. Risk-based due diligence, including for third parties and transactions. Online portals: – Third-Party Service Provider and Supplier Portal – Gifts & Hospitality Portal – Document Review and Signature Approval Procedure (cross-functional) – Ethics Line Regular checks and audits: – Bi-annual combined Compliance and Finance Audits – Internal spot checks Tailored, risk-based training according to a yearly training plan.
R08 – Information technology – Cyber security and system integrity		
The risk that insufficient IT security or maintenance of systems will expose the Company, to data corruption e.g. a GDPR breach or cyber intrusions. This could have a negative impact on information systems as well as electronic control systems used at the generating plants, and could disrupt business operations, resulting in loss of service to customers, expense to repair security breaches and/or system damage. ↓ Risk decreased due to an increase in the level of controls which were strengthened over the year at corporate and plant level. Included in the sensitivity analysis on principal risks for viability and going concern assessment. The risk combines two information technology risks from last year's report: cyber security and integrity & reliability of corporate IT systems.	Organizational and operational impact: – Disruptions to business operations – Compromise of data integrity in core systems Financial impact: – Potential for fraudulent activity due to segregation of duties conflicts – Penalties related to non-compliance with data-related laws and regulations – Loss of revenue due to disruptions to operations Impact on reputation due to breach of confidentiality.	Dedicated security function established for corporate and plant IT. Plants – Physical access controls – Dedicated plant IT functions established to consolidate IT management approach in the plants under a global framework of IT/OT security policies and procedures. This local segregated approach to the management of plants minimizes risk. Corporate – Security governance controls in place (including security policies, security training, security reviews) – Security systems implemented (e.g. anti-virus, web filtering, firewalls, multifactor authentication, encryption) – Security information and event management system (SIEM) implemented in 2018. – Infrastructure hosting security in place (ISO-27001 compliant data centers) – User provisioning process for key financial accounting and reporting systems, and segregation of duties where applicable – Governance processes in place (e.g. change management, incident management) – Annual external audits of financial systems and IT security

Risk Factor	Main impact	Risk Response (management and mitigation)
R09 – People and organization – Key people (senior executive management) succession planning		
The risk that a combination of key people's (senior executive management) departure at short notice may affect the Company's ability to deliver its strategic objectives and the overall Company performance.	Removal or departure of key individuals could result in operational disruption, while competition for employees could lead to higher than expected increases in the cost of recruitment, training and employee costs.	Focused action to attract, retain and develop high caliber employees. Initiatives which reinforce behaviors to generate the best outcomes for customers, partners and employees.
↔ Risk unchanged	Loss of key management members could have a reputational impact.	Managing organizational capability and capacity to meet our customers' needs. Effective remuneration arrangements to promote effective employee behaviors. Clear succession plans to ensure trust levels remain.

Viability statement

In accordance with provision C.2.2 of the Code, the Directors have assessed the prospects of the Company over a period significantly longer than 12 months. The Directors believe that an assessment period of three years is appropriate based on management's reasonable expectations of the position and performance of the Company over this period, taking account of its short-term and longer-range plans.

The Directors' assessment has been performed using a two-stage approach:

i) the assessment of the prospects of the Group through the review of the Group's current position, strategy and business model, financial projections and principal risks. In particular, the Group's financial performance has been assessed as relatively predictable given more than 90% of revenue and related cash flows are fully contracted or regulated. In addition, the resources available considering the financial projections provide significant headroom to serve its financing commitments.

ii) the assessment of the viability of the Company through the preparation of the most severe but plausible scenarios applied on these principal risks, the analysis of their financial impact (on revenue, profitability, cash generation and cash distribution), and the review of the mitigation factors that management reasonably believes would be available to the Company over this period.

Each of the risks presented on pages 63 to 67 have been assessed in terms of their potential financial impact. Out of those, the most severe but plausible scenarios (individual or combination) are presented in the following table.

Risk scenario tested	Linked to the principal risk
Changes in governmental regulations in countries not covered by political risk insurance – financial impact of significant change in tax burden	R01 – Governmental regulations page 63 R02 – Macroeconomic and political conditions page 64
Construction and refurbishment activities – financial impact of significant cost overruns	R03 – Project execution (CAPEX) page 64
Reduction of wind/hydro resource due to climate change – financial impact resulting from the loss of revenue of the selected renewable assets	R05 – Resource climate change page 65
Significant compliance breach – financial impact in the form of hypothetical fines and associated reputational damage	R07 – Fraud, bribery and corruption page 66
Cyber-attack stopping a major asset for two weeks – financial impact of revenue loss from a major asset in that period	R08 – Cyber security and system integrity page 66

The results of the risk scenarios modelled showed that neither an individual risk nor a combination of the plausible risk events would have significant enough financial impact to endanger the viability of the Company over the period assessed. In addition, the geographical spread of the Group, present in 18 countries with 101 operating plants and the significant portion of non-recourse financing arrangements at the asset level, mitigate the impact at Group level.

After reviewing all of the above considerations, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over three years.

In assessing the prospects of the Company, the Directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

Going concern statement

The Directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. For this reason, the Directors continue to adopt the going concern basis in preparing the Group and Company financial statements.

In reaching this conclusion, the Directors have considered:

- The financial position of the Group as set out in the Annual Report and additional information provided in the financial statements including note 4.14 (Management of financial risk), notes 4.21 and 4.23 (Cash and cash equivalents and Borrowings) and note 4.15 (Derivative financial instruments)
- The resources available to the Group taking account of its financial projections and existing headroom against committed debt facilities and covenants
- The principal risks and uncertainties to which the Group is exposed, as set out on pages 63 to 67, the likelihood of them arising and the mitigating actions available.

Governance

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Board of Directors

Craig A. Huff

Chairman

Committee Membership:
Nomination Committee
(Chair)

Craig co-founded ContourGlobal in 2005 and serves as the Chairman of the Board of Directors. He co-founded Reservoir Capital in 1998 and is a member of all fund Investment Committees. He currently serves on the boards of many of Reservoir Capital's portfolio companies in industries such as energy, power, aircraft leasing and insurance. He has also been instrumental in the formation and development of a variety of hedge funds and private investment firms. Before founding Reservoir Capital, Craig was a partner at Ziff Brothers Investments. Prior to business school, he served in the US Navy as a nuclear submarine officer and nuclear engineer. Craig is the President of the Board of Trustees of St. Bernard's School and serves as a Trustee of the Princeton Theological Seminary. He graduated magna cum laude from Abilene Christian University with a BS in Engineering Physics. He completed his MBA at Harvard Business School, where he graduated with high distinction as a Baker Scholar.

Joseph C. Brandt

President and Chief Executive Officer

Joseph co-founded ContourGlobal and has served as ContourGlobal's President and Chief Executive Officer since 2005 and is a member of its Board of Directors. He has led development and operations in the global electric utility industry in Europe, the Americas and Africa for nearly two decades. Before co-founding ContourGlobal in 2005, Joseph worked at The AES Corporation, an international power company, from 1999 to 2005, serving as Executive Vice President, Chief Operating Officer and Chief Restructuring Officer. At AES, his responsibilities included managing the Company's global utility operations in the Americas, Africa and Eastern Europe. He served on the board of directors of many of AES's key subsidiaries, including AES Gener in Chile where he was Chairman of the Board. Joseph received a BA from George Mason University, an MA from the University of Virginia and a JD from Georgetown University Law Center. He also attended graduate school at the University of California, Berkeley and was a Fulbright Fellow at Helsinki University in Finland.

Gregg M. Zeitlin

Non-Executive Director

Gregg has served on ContourGlobal's Board of Directors since 2008. He co-founded Reservoir Capital in 1998, serves as a Senior Managing Director, and is a member of all fund Investment Committees. He serves on the boards of several Reservoir Capital portfolio companies and has been instrumental in the formation and development of several investment firms seeded by Reservoir Capital. Before founding Reservoir Capital, Gregg was a partner at Ziff Brothers Investments. Before joining Ziff Brothers Investments, he was Vice President, Financial Strategy for Ziff Communications Company, where he focused on strategic partnerships and acquisitions, and ultimately, the sale of the Ziff family's operating businesses. Previously, he worked at Sunrise Capital Partners and Wasserstein Perella & Co. Gregg graduated with Highest Honors from the University of Texas at Austin with a BBA in Finance.

Alejandro Santo Domingo

Non-Executive Director

Committee Membership:
Nomination Committee

Alejandro has served on ContourGlobal's Board of Directors since October 2017. He has been a Senior Managing Director at Quadrant Capital Advisors, Inc. in New York City since 2001. He was a member of the board of directors of SABMiller plc from 2005 to 2016 and Vice-Chairman of SABMiller plc for Latin America from 2005 to 2016. Since October 2016 he has been a member of the board of Anheuser-Busch Inbev (ABIn). He is Chairman of the board of Bavaria S.A. in Colombia. He is also Chairman of the board of Valorem, a Company which manages a diverse portfolio of industrial and media assets in Latin America. In addition, he is a Director of Millicom; JDE (Jacobs Douwe Egberts); Keurig Green Mountain; Florida Crystals, the world's largest sugar refiner; Caracol TV, Colombia's leading broadcaster; El Espectador, a leading Colombian Daily, and Cine Colombia, Colombia's leading film distribution and movie theater Company. In the non-profit sector, he is Vice Chairman of the Wildlife Conservation Society, a member of the board of trustees of the Metropolitan Museum of Art, and the Educational Broadcasting Corporation (WNET Channel Thirteen). He is also a member of the board and Treasurer of Aid for AIDS, a foundation dedicated to helping HIV and AIDS patients. He is a member of the board of DKMS Americas, a foundation dedicated to finding donors for leukemia patients. He is also a member of the board of Fundacion Pies Descalzos. Alejandro is a graduate of Harvard College.

Ruth Cairnie

**Independent
Non-Executive Director**
Committee Membership:
Remuneration Committee
Nomination Committee

Ruth was appointed as an independent Non-Executive Director of ContourGlobal in January 2018. Ruth was formerly Executive Vice President Strategy & Planning at Royal Dutch Shell plc, where she held a number of senior international roles, including Vice President of the Global Commercial Fuels business. She served on the boards of Shell Pakistan Ltd and joint venture companies in Germany and Thailand. She is currently a non-executive director of Rolls-Royce Holdings plc, Babcock International Group plc and Associated British Foods plc. She is also a member of the Advisory Board of the Rotterdam School of Management and sits on the Finance Committee of Cambridge University. She is a trustee of Windsor Leadership. Ruth graduated with joint honors in Mathematics and Physics from Bristol University and also holds a Master's in Advanced Studies in Mathematics from Cambridge University.

Dr. Alan Gillespie

**Senior Independent
Non-Executive Director**
Committee Membership:
Audit & Risk Committee
Remuneration Committee
Nomination Committee

Alan has served on ContourGlobal's Board of Directors since October 2017. Alan was Senior Independent Director of Old Mutual plc from 2011 until 2018 and Chairman of the United Kingdom's Economic and Social Research Council (ESRC) from 2009 until 2018. Prior to this, Alan was a Non-Executive Director of Elan Corporation plc from 1996 to 2007, Chairman of Ulster Bank Group from 2001 to 2008 and Senior Independent Director of United Business Media plc from 2008 to 2017. In the public sector, Alan served as Chairman of The Northern Ireland Industrial Development Board from 1996 to 2002, and as Chief Executive of the United Kingdom's Commonwealth Development Corporation (CDC Capital Partners) from 2000 to 2003, where he was responsible for the creation of Globelec, an electricity generation and transmission business across the emerging markets. He also served as Chairman of The International Finance Facility for Immunization (IFFIm) until 2012. Prior to his tenure at CDC, Alan's investment banking career spanned 10 years at Citigroup, Inc. in London and Geneva, and 15 years at Goldman Sachs & Co. in London, where he was a Partner for 10 years. Alan received an MA and PhD from the University of Cambridge and is an Honorary Fellow at Clare College, University of Cambridge.

Ronald Trächsel

**Independent
Non-Executive Director**
Committee Membership:
Audit & Risk Committee (Chair)

Ronald served as a Director of ContourGlobal LP (the pre-IPO group parent) from May 2015. He has served as the Chief Financial Officer of the BKW Group since 2014. From 2007 to 2014, Ronald served as the Chief Financial Officer of Sika Group, and from 1999 to 2007, he held several positions at Vitra Group, including Chief Financial Officer and Chief Executive Officer. Before joining Vitra Group, Ronald also worked at Ringier Group, Ciba-Geigy Corporation and BDO/Visura. He also serves on various boards of directors, including the board of Swissgrid AG, KWO AG, Wyss Samen und Pflanzen AG and Creation Baumann AG. Mr. Trächsel received an MBA from the University of Bern.

Daniel Camus

**Independent Non-Executive
Director**
Committee Membership:
Audit & Risk Committee
Remuneration Committee
(Chair)
Nomination Committee

Daniel served as a Director of ContourGlobal LP (the pre-IPO group parent) from April 2016. He is an independent director of Cameco Corp, a role held since 2011. Previous appointments include independent director of Valeo (France) and a member of the Supervisory Board of SGL Group SE (Germany) until 2018, and Chief Financial Officer of the Geneva-based humanitarian finance organization The Global Fund from 2012 to 2017. He has also served as Senior Advisor to Roland Berger Strategy Consultants since 2011. From 2002 to 2011, he served as Group CFO and Head of Strategy and International Activities of Electricité de France SA (EDF). Based in France and with an international presence, EDF is an integrated energy operator active in the generation, distribution, transmission, supply and trading of electrical energy. Before joining EDF, Daniel held various roles in the chemical and pharmaceutical industry in Germany, France, the United States and Canada. He held several senior responsibilities with the Hoechst and Aventis Groups. Daniel received his PhD in Economics from the Sorbonne University and is a Laureate of the Institut d'Études Politiques de Paris, specializing in finance.

Corporate governance report

THE BOARD IS RESPONSIBLE
FOR THE LONG-TERM SUCCESS
OF THE COMPANY AND OUR
GOVERNANCE FRAMEWORK
HELPS TO ENSURE THAT
SUCCESS.

Dear shareholders,

I am pleased to introduce the corporate governance report which sets out how the Company has applied the principles and provisions of the UK Corporate Governance Code throughout 2018.

Board effectiveness

The Board is responsible for the long-term success of the Company and our governance framework helps to ensure that success.

Maintaining a skilled, balanced and effective Board is crucial for the long-term success of the Group. During the year, we strengthened the independence of our Board, appointing Ruth Cairnie as independent Non-Executive Director with effect from January 2018. In 2019 we appointed Mariana Gheorghe as independent Non-Executive Director; Mariana will join the Board with effect from 30th June 2019. As well as strengthening our independence, these appointments improve the diversity and deepen the expertise of our Board. The Board is confident that the composition of the Board provides an appropriate balance of challenge and support.

Risk management

The Board is responsible for maintaining sound risk management and internal control systems. As reported last year, in the lead-up to listing on the London Stock Exchange, much work was carried out to ensure that the Board had adopted relevant policies and procedures to support the development of a robust governance structure. During the year, we continued to refine our risk procedures and strengthen our risk assurance processes. A summary of our risk management and internal control procedures is detailed in the Audit & Risk Committee report on pages 80 to 85.

Details of how the Company has applied the principles and complied with the provisions of the UK Corporate Governance Code are described more fully throughout this report.

Craig A. Huff
Chairman

4th April 2019

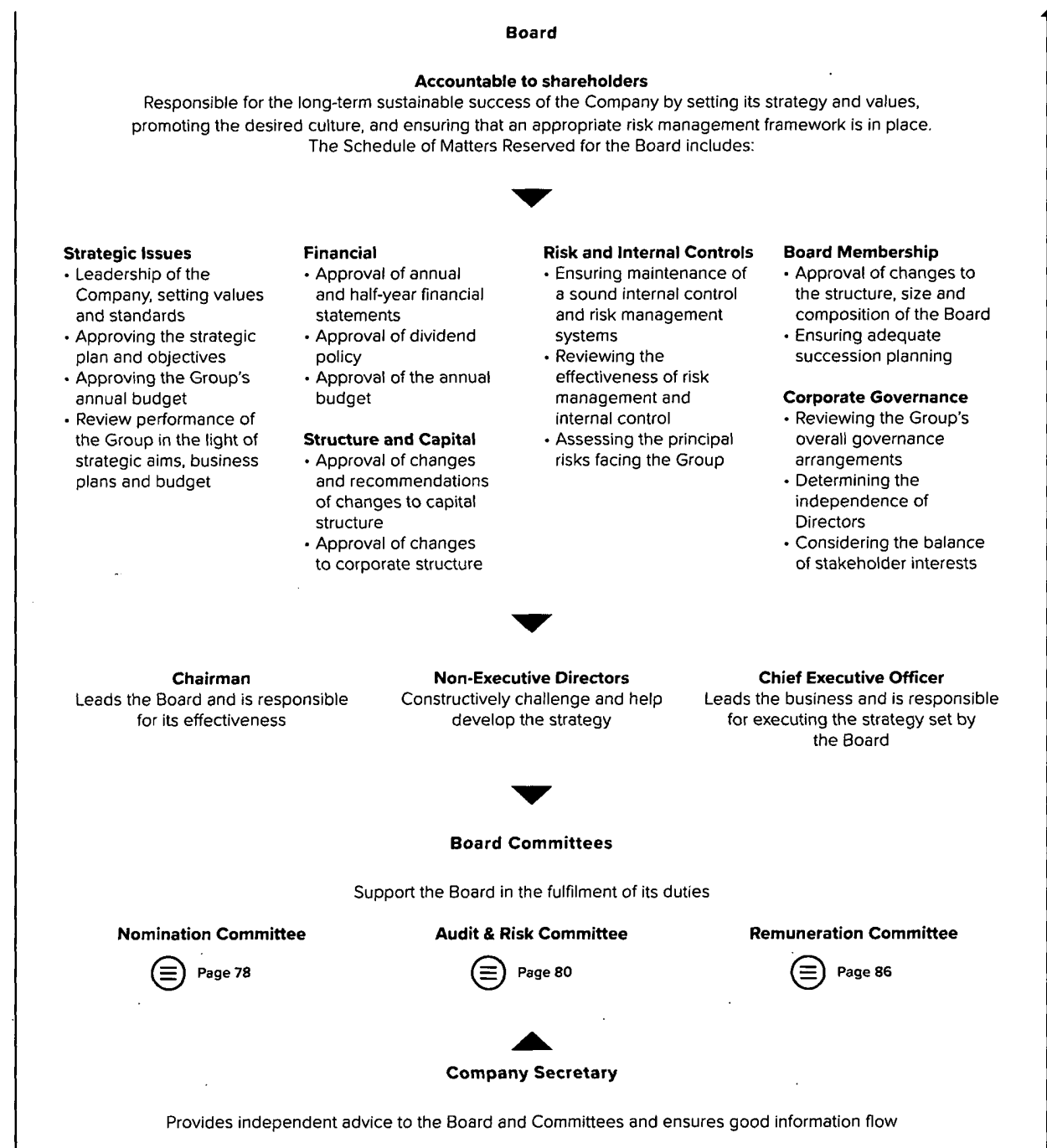
Board Governance

Governance structure

The Company's governance structure is designed such that the Board focuses on providing overall leadership to the Company and setting the Company's values and standards. It also approves the strategic plan, monitors performance, and ensures that appropriate financial and human resources are in place for the Company to meet its objectives. The Board is also responsible for ensuring that appropriate systems, procedures and controls are in place to support the effective assessment and management of risk and the safeguarding of shareholder interests.

The Board operates in accordance with the Company's Articles of Association and has established certain Committees to assist it in discharging its responsibilities. Each Committee has its own written terms of reference (available on the Company's website) which are reviewed annually.

Key Board roles and responsibilities



Corporate governance report *continued*

Board responsibilities

Responsibilities of the Chief Executive Officer

- Leadership of the business
- Work closely with the Chairman and the Board to propose, develop and implement the Company's strategy and overall commercial objectives
- Oversee and manage all business activities, operations and performance of the Group within the authority delegated by the Board
- Lead the senior management in the day-to-day running of the Group's business
- Regularly review the Group's operational performance and strategic direction
- Evaluate opportunities for growth through acquisitions
- Review and manage cost control and operating efficiencies throughout the Group
- Recommend the annual budget and financial plans
- Identify and execute strategic opportunities while optimizing the Group's resources
- Communicate to the Group's employees the expectations of the Board in relation to the Group's culture, values and behaviour
- Manage the Group's risk profile
- Keep the Chairman informed of important matters and maintain a dialogue on important and strategic issues facing the Group
- Make recommendations on remuneration policies, Board nominations and succession planning
- Ensure the executive team complies with the terms on which matters are delegated by the Board
- Support the Chairman in order to ensure that appropriate governance standards are applied throughout the Group
- Lead communications with shareholders and other stakeholders
- Provide, together with the Chairman, coherent leadership of the Company

Responsibilities of the Chairman

- Chair the Board meetings
- Promote a culture of openness and debate by facilitating the effective contribution of all Directors
- Set the Board agenda ensuring that adequate time is available for discussion of all items and ensuring a focus on strategic items
- Ensure that the Directors receive accurate, timely and clear information in advance of meetings
- Ensure training and development needs of all Directors are met
- Ensure that all new Directors receive a full, formal and tailored induction
- Ensure constructive relations between Executive and Non-Executive Directors
- Hold meetings with the Non-Executive Directors without the Executive Director present
- Lead the Board in establishing and periodically reviewing the Group's values and behavioral standards
- Ensure compliance with the Board's approved procedures
- Chair the general meetings
- Ensure effective communication with shareholders and stakeholders
- Ensure shareholders' views are communicated to the Board

Senior Independent Director

Alan Gillespie has been Senior Independent Director since 2017. In this role, Alan provides a sounding board for the Chairman, and leads the Non-Executive Directors' appraisal of the Chairman on an annual basis. Alan is available to shareholders if they have concerns which contact through the normal channels of the Chief Executive Officer or Chairman has failed to resolve or for which such contact may not be appropriate. When appropriate, the Senior Independent Director will support the Nomination Committee in ensuring orderly succession for the Chairman.

Non-Executive Directors

The Non-Executive Directors provide objective and constructive challenge to management and help develop proposals on strategy. The Chairman and Non-Executive Directors will meet regularly without the Executive Director present. Their role includes upholding the highest standards of integrity and probity and providing support to other Directors in instilling the appropriate culture, values and behaviours in the boardroom and beyond. They will also scrutinize the performance of the management in meeting agreed goals and objectives and monitor the reporting performance.

The Board's areas of focus in 2018

Strategy

- Approved the acquisition of the Spanish CSP portfolio from Acciona Energía, S.A.U. and the subsequent sale of a minority stake in the portfolio
- Reviewed the business case for a number of potential acquisitions including the acquisition of a Mexican CHP portfolio from Alpek
- Approved the annual budget
- Reviewed the performance of the Group against corporate objectives

Structure and capital

- Approved the financing related to the acquisition of the Spanish CSP portfolio

Risk and internal controls

- Assessed the risks to the achievement of ContourGlobal's strategy
- Conducted a robust assessment of the principal risks and uncertainties which could impact the Group
- Assessed, with the support of the Audit & Risk Committee, the effectiveness of the Group's internal control processes

Chairman and Chief Executive Officer

As required by the Code there is a clear division of responsibilities between the Chairman and Chief Executive Officer. The purpose of each role is clear and distinct and set out in respective job descriptions. Although the Board agrees that there should be a clear division of responsibilities, it recognizes that overly prescribing the responsibilities of the Chairman and Chief Executive Officer may reduce their flexibility to act in unforeseen circumstances. The list of responsibilities sets out the division of responsibilities but is not intended to provide a definitive list of the individual responsibilities of each of the Chairman and the Chief Executive Officer.

Non-Executive Directors

Pursuant to the Relationship Agreement entered into between the Company, ContourGlobal LP, the Reservoir Funds, Reservoir Capital and the Company President and Chief Executive Officer, Joseph C. Brandt, Reservoir Capital is able to appoint two Non-Executive Directors to the Board while it continues to control 25% or more of the Company's shares. The two such appointees as non-independent Non-Executive Directors are the Chairman, Craig A. Huff, and Gregg M. Zeitlin.

The Company therefore complies with provision B.1.2 of the Code as at least half the Board, excluding the Chairman, comprise Non-Executive Directors determined by the Board as independent.

Relationship Agreement

In November 2017, the Company, ContourGlobal LP, the Reservoir Funds, Reservoir Capital and the Company President and Chief Executive Officer, Joseph C. Brandt entered into a Relationship Agreement. The principal purpose of the Relationship Agreement is to ensure that the Company can carry on an independent business as its main activity. The Relationship Agreement contains, among others, undertakings from ContourGlobal LP (the 'Major Shareholder'), the Reservoir Funds and Reservoir Capital that: (i) transactions and agreements with it (and/or any of its controlled affiliates) will be conducted at arm's-length and on normal commercial terms; (ii) neither it nor any of its controlled affiliates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and (iii) neither it nor any of its controlled affiliates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules (the 'Independence Provisions'). Furthermore, Reservoir Capital has agreed to procure the compliance of its associates with the Independence Provisions. The Company's President and Chief Executive Officer, Joseph C. Brandt, has given similar undertakings.

The Relationship Agreement will continue for so long as: (i) the shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's Main Market for listed securities; and (ii) the Reservoir Funds and the Major Shareholder and their controlled affiliates hold an interest in 10% or more of the issued ordinary share capital of the Company (or which carries 10% or more of the aggregate voting rights in the Company from time to time). The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of Reservoir Capital, the Reservoir Funds and the Major Shareholder.

The Company has complied with the undertakings of the Relationship Agreement throughout the period under review and, so far as it is aware, the major shareholder and its associates have also complied with the provisions including any procurement obligation.

Board process

The Board meets formally at least five times a year, with ad hoc meetings called as and when required at short notice. The Board met seven times in 2018.

The Board has an annual calendar of agenda items to ensure that all matters are given due consideration and are reviewed at the appropriate point in the regulatory and financial cycle. At least once a year, the Board will undertake a full strategic review of the business operations as part of the budget review.

All Directors are expected to attend all meetings of the Board and any Committees of which they are members, and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. In signing their letters of appointment each Non-Executive Director has confirmed that they are able to allocate sufficient time to the Company to discharge their responsibilities effectively. Non-Executive Directors will need to attend scheduled and emergency Board and Committee meetings, at least one site visit per year, the AGM and any other general meetings of the Company. In addition, the Non-Executive Directors are expected to commit appropriate preparation time ahead of each meeting.

Where Directors are unable to attend a meeting, they are encouraged to submit any comments on papers to be considered at the meeting to the Chairman in advance to ensure that their views are recorded and taken into account during the meeting. The Chairman and Non-Executive Directors will meet without the Executive Director present on a number of occasions throughout the year.

Appointment and election

The Board considers all Directors to be effective, committed to their roles and have sufficient time to perform their duties. Accordingly, all members of the Board will be offering themselves for re-election at the Company's 2019 Annual General Meeting (AGM).

All of the Directors have service agreements or letters of appointment and the details of their terms are set out in the Directors' Remuneration Report on page 95.

Board and Committee attendance

Attendance at scheduled meetings of the Board and its Committees held during 2018 is shown overleaf. The number of meetings that the Director was eligible to attend is shown in brackets. In addition, a number of ad hoc meetings took place during the year.

Development

Induction

On joining the Board, Directors receive a full, formal and tailored induction program.

Ongoing development

Directors are regularly updated on the Group's businesses and the markets in which they operate through briefings to the Board by senior management. Additional knowledge is also gained through updates by external specialists on technical and macro-economic developments where necessary. Each Board meeting also includes a section covering legal, regulatory and governance development updates. Directors are encouraged to request additional information at any time, with the necessary resources being made available to them.

Corporate governance report *continued*

As part of their development in 2018, all Board members took the opportunity to participate in a site visit to the Company's recently acquired concentrated solar power plants in Spain and to meet with the regional management team. Such visits provide the Board with a deeper understanding of the culture throughout the organization and further visibility of talent, and the Board intends to conduct such visits at least annually.

The Chairman, with the support of the Company Secretary, ensures that the development and ongoing training needs of individual Directors and the Board as a whole are reviewed and agreed at least annually.

Information and support

Agendas and accompanying papers are distributed to the Board and Committee members in advance of each Board or Committee meeting. These include reports from members of senior management and external advisors. Members of senior management are invited to attend meetings to present relevant matters to the Board. Directors have direct access to senior management should they require additional information on any of the items to be discussed. All Board Committees are supported by the Company Secretary.

The Board and the Audit & Risk Committee also receive further regular and specific reports to allow the monitoring of the adequacy of the Company's systems of internal controls. The information supplied to the Board and its Committees will be kept under review and formally assessed on an annual basis as part of the Board evaluation exercise to ensure it is fit for purpose and supports the Directors in effectively discharging their duties under the Companies Act, Listing and Disclosure Rules and the Code.

Evaluation and effectiveness

A performance evaluation of the Board was undertaken for 2018.

The evaluation process was as follows:

- The Chairman and Company Secretary agreed areas of focus that were central to the Board's effectiveness
- One-to-one interviews were conducted by the Company Secretary with each Director
- Responses were compiled by the Company Secretary and reviewed with the Chairman
- A summary of the responses was presented to the Board for discussion
- Actions were agreed by the Board

Area of focus	Action
Board composition	Agreed to appoint an additional independent Non-Executive Director
Board meetings	Agreed to schedule regular update meetings on significant M&A projects to ensure the Board is kept abreast of developments
Board materials	Management agreed to review the format of the Board pack to ensure that executive summaries clearly flag key issues for Board discussion
Strategy and training	Agreed to amend the structure of the 2019 Board strategy meeting and include a section on board effectiveness and governance

In accordance with the Code, an external evaluation will be carried out every three years.

Committee evaluations

Committee evaluations were carried out as part of the Board evaluation process; the outcome of those evaluations can be found in the relevant Committee report.

Director evaluations

The individual performance of the Directors was evaluated during the Board evaluation process. The Chairman provided feedback on the performance of individual Directors in one-to-one meetings. Following the evaluation, the Chairman confirms that each Director continues to make a valuable contribution to the Board and demonstrates commitment to their role. Feedback on the Chairman was provided by the Senior Independent Director who took into account the views of the other Directors.

Conflicts of interest

The Company's Articles of Association set out the policy for dealing with Directors' conflicts of interest and are in line with the Companies Act 2006. The Articles permit the Board to authorize conflicts and potential conflicts, as long as the conflicted or potentially conflicted Director is not counted in the quorum and does not vote on the resolution to authorize. The Board has a procedure by which Directors are briefed on their duty to avoid conflicts of interests and are required to immediately notify the Company Secretary when a conflict or potential conflict does arise in order that Board authorization can be sought.

Director	Board (7 meetings)	Audit & Risk Committee (5 meetings)	Remuneration Committee (7 meetings)	Nomination Committee (3 meetings)
Executive Director				
Joe Brandt	7	–	–	–
Chairman				
Craig Huff	7	–	–	3
Non-Executive Directors				
Daniel Camus	6	5	7	3
Ruth Cairnie	7	–	7	1 (1) ¹
Alan Gillespie	7	5	7	3
Alejandro Santo Domingo	7	–	–	1 (1) ¹
Ronald Trächsel	7	5	–	–
Gregg Zeitlin	7	–	–	–

¹ The figure in brackets represents the maximum number of meetings the Director could have attended.

If the Board determines that a conflict or potential conflict can be authorized, it may impose additional conditions to manage such conflicts of interest. In addition, Directors are reminded at the beginning of each Board meeting to notify the Board of any further conflicts of interest in accordance with sections 175, 177 and 182 of the Companies Act 2006.

Relations with shareholders

As part of its ongoing investor relations program, the Group aims to maintain an active dialogue with its stakeholders including institutional investors to discuss issues relating to the performance of the Group including strategy and new developments.

The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chairman and independent Non-Executive Directors will attend meetings with investors and analysts as required. Investor relations activity is a standing item on the Board's agenda and ensuring a satisfactory dialogue with shareholders and receiving reports on the views of shareholders is a matter reserved for the Board.

The Chairman, and the Chairmen of the Audit & Risk and Remuneration Committees, are present at the AGM to answer questions put to them by shareholders. To encourage shareholders to participate in the AGM process, the Company offers electronic proxy voting through the CREST service and all resolutions are proposed and voted on at the meeting on an individual basis by shareholders or their proxies. Voting results will be announced through the Regulatory News Service and made available on the Company's website.

Acting with integrity

We are deeply committed to acting with integrity throughout our business and it is a key area of focus across all of our operations – from ensuring health and safety to building a culture of compliance that protects our investments and corporate reputation. To this end, we set and follow the highest standards of ethical conduct.

Detecting and preventing corruption

Much like our Health and Safety Program, our Anti-Corruption Compliance Program is designed to ensure our workers and employees do the right thing and are protected. It is designed to detect and prevent corruption in our Company – upholding the tenth principal of the United Nations Global Compact, to which we are signatories: 'Businesses should work against corruption in all its forms, including extortion and bribery.' Our anti-corruption commitment begins with the tone-at-the-top. In town-hall meetings and in-person training, our senior management regularly reinforce the message to our employees and third parties that corruption or other unethical conduct will not be tolerated even where it could facilitate the Company's immediate business objectives.

The Board and Audit & Risk Committee oversee the Compliance Program through quarterly reporting on the program, key performance indicators, initiatives, and developments in the field by the Chief Compliance Officer, who oversees the program. We cascade the commitment throughout the Company by delivering training on our values, policies and procedures to our offices, plants and functions. These sessions were supplemented by an online anti-corruption course that employees are required to take upon joining the Company and periodically thereafter. Our Anti-Corruption Policy and its accompanying Anti-Corruption Compliance Guide are the cornerstones of our program. The Guide provides an overview of the program, applicable laws, our expectations and employees' responsibilities. Employees are required to sign the Guide soon after they join the Company and periodically thereafter, acknowledging that they have read, understood and agree to abide by it.

Moreover, we distribute the Guide to targeted third parties and require that they too sign it as part of our risk-based due diligence process. This ensures that our business partners understand our expectations and that working with us means working according to our values.

Focusing on third parties

Managing third-party risks is a key element of our program. We do so according to our Policy for Engaging Suppliers and Third Party Service Providers, which requires that all third parties, with the exception of certain low-risk suppliers, receive risk-based due diligence through the Compliance Third-Party Intake Portal. All third parties must first be approved by Compliance before being engaged by the Company.

Using the Portal, our Compliance team can conduct routine auditing, monitor third-party engagements and update due diligence when required.

Company-wide commitment

In line with our Company-wide commitment, we analyze social responsibility projects, acquisitions, joint ventures and new developments for corruption risk. We make sure appropriate due diligence is conducted before proceeding.

Board independence

The Board currently consists of eight Directors (including the Chairman) four of whom are considered to be independent:

Non-Independent

Craig A. Huff (Chairman)
Joseph C. Brandt (President & Chief Executive Officer)
Gregg M. Zeitlin (Non-Executive Director)
Alejandro Santo Domingo (Non-Executive Director)

Independent

Alan Gillespie (Senior Independent Director)
Ruth Cairnie (Non-Executive Director)
Daniel Camus (Non-Executive Director)
Ronald Trächsel (Non-Executive Director)

Compliance statement

This corporate governance statement, together with the Nomination Committee report on pages 78 and 79, the Audit & Risk Committee report on pages 80 to 85, and the Directors' Remuneration report on pages 86 to 99, provide a description of how the main principles of the 2016 edition of the UK Corporate Governance Code (the Code) have been applied by the Company during 2018. The Code is published by the Financial Reporting Council and is available on its website at www.frc.org.uk. It is the Board's view that, throughout the year ended 31st December 2018, the Company was in compliance with the relevant provisions set out in the Code. This statement complies with sub-sections 2.1, 2.2(1), 2.3(1), 2.5, 2.7, 2.8A and 2.10 of Rule 7 of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. The information required to be disclosed by sub-section 2.6 of Rule 7 is shown on pages 104 and 105.

Report of the Nomination Committee

Dear shareholders,

On behalf of the Board I am pleased to present a report on the Nomination Committee's activities in 2018.

Members of the Nomination Committee

Craig A. Huff (Chairman)

Ruth Cairnie (appointed 6th August 2018)

Daniel Camus

Alan Gillespie

Alejandro Santo Domingo
(appointed 6th August 2018)



Meeting attendance shown on page 76

Key areas of focus in the year

Board composition

- Commenced the recruitment process for a Chief Financial Officer
- Considered the appointment of a further independent Non-Executive Director

Committee composition

- Recommended a change in composition of the Remuneration Committee
- Recommended a change in composition of the Nomination Committee

Roles and responsibilities

The role of the Nomination Committee is set out in its terms of reference which are available on the Company's website. The Committee plays an important role in making recommendations of appropriate candidates for appointment to the Board. It also keeps under review the composition of the Board and its Committees; the balance of skills, knowledge and experience on the Board; and the size, structure and composition of the Board. The Nomination Committee is also responsible for making recommendations to the Board concerning succession planning.

Specific duties of the Nomination Committee include:

- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes
- Putting in place plans for orderly succession of appointments to the Board and senior management, taking into account the challenges and opportunities facing the Company and the skills and experience needed within the Board and the Company
- Leading the process for Board appointments as and when they arise, identify and nominate candidates and make recommendations for Board approval
- Review annually the time required from Non-Executive Directors.

Meetings

The Nomination Committee will normally meet at least twice per year and otherwise as required in order to discharge its duties. It met three times in 2018. Only members of the Nomination Committee have the right to attend meetings, but other Directors, executives or advisers may be invited to attend all or part of any meeting as appropriate.

2018 activities

During 2018 the Committee:

- commenced the recruitment process for a Chief Financial Officer
- recommended a change in composition of the Remuneration Committee
- recommended a change in composition of the Nomination Committee
- considered the appointment of a further independent Non-Executive Director.

Committee composition

During the year, the Committee considered the composition of the Remuneration and Nomination Committees. It reviewed the balance of skills and experience on the Board and determined that Ruth Cairnie would be a valuable addition to the Remuneration Committee given her extensive experience of remuneration committee matters in UK listed companies. The Committee's recommendation to the Board was approved and Ruth became a member of the Remuneration Committee in April 2018, replacing Ronald Trächsel. In addition, the Committee reviewed its own composition and agreed that it would benefit from the experience of additional Non-Executive Directors. It therefore recommended the appointment of Ruth Cairnie and Alejandro Santo Domingo to the Committee. The Board accepted its recommendation.

Board composition

The Committee reviewed the balance and composition of the Board and determined that an additional independent Non-Executive Director would add value. A role specification was drawn up which included knowledge of, and experience in, one of the Group's key growth regions; global power sector knowledge; and experience in M&A. Egon Zehnder was appointed as external search consultant to assist with the selection and recruitment process.

Shortlisted candidates were interviewed and the preferred candidate subsequently met with other members of the Board.

Since the year end, Mariana Gheorghe has been appointed to the Board with effect from 30th June 2019. In recommending Mariana for appointment to the Board, a number of factors were taken into account, including:

- the relevance of her experience, including her strategic and operational experience as Chief Executive Officer and President of OMV Petrom, a Romanian oil and gas company, and her financial experience gained through a number of senior finance roles; and
- the benefits of diversity that she would bring to the Board in terms of skills, industry experience, gender and nationality.

During the year, the Committee appointed Spencer Stuart to begin the recruitment process for a Chief Financial Officer and a brief was provided on preferred attributes. Further details will be provided in next year's Committee report.

Neither Egon Zehnder nor Spencer Stuart has any other connection with the Group.

Diversity

The Company recognizes that no individual should be discriminated against on the grounds of race, color, ethnicity, religious belief, political affiliation, gender orientation, sexual orientation, national origin, ancestry, age, medical condition, physical or mental disability, marital status, worker's compensation status, veteran status, citizenship status, or any other legally protected status and this extends to Board appointments. The Board further recognizes the benefits of diversity, including gender diversity, on the Board, although it believes that all appointments should be made on merit, while ensuring that there is an appropriate balance of skills and experience within the Board.

Across the Group employees are geographically diverse and Group offices are populated with many nationalities.

Annual evaluation

The Committee's annual evaluation was carried out as part of the Board review process described on page 76. No changes were considered necessary to the Committee's terms of reference and the Committee was considered to be effective in fulfilling its role throughout 2018.

Craig A. Huff

Chairman of the Nomination Committee

4th April 2019

Diversity at ContourGlobal

12.5% **20%**

% women on the Board
at 31st December 2018

% women expected to be on the
Board from 30th June 2019

56%

% women in executive
management
at 31st December 2018

19%

% female employees
in ContourGlobal
at 31st December 2018

Report of the Audit & Risk Committee

Dear shareholders,

**On behalf of the Board,
I am pleased to present the
Company's Audit & Risk
Committee report.**

During 2018, the Committee's meetings focused primarily on approval of the significant accounting judgments contained in the annual report and accounts, reviewing the risk management and internal control framework, oversight and development of internal audit activities, and reviewing compliance activities.

Further details on the activities of the Committee during the year and how it has discharged its responsibilities are provided in the report below.

Ronald Trächsel
Chairman of the Audit and Risk Committee
4th April 2019

Members of the Audit and Risk Committee

Ronald Trächsel (Chairman)

Daniel Camus

Alan Gillespie



Meeting attendance shown on page 76

Key areas of focus in the year

Financial reporting

- Considered the significant accounting judgments and policies adopted in respect of the Group's half-year and annual financial statements and agreed their appropriateness

External audit

- Approved PricewaterhouseCoopers' audit plan and audit fee for the 2018 financial statements

Internal control and risk management

- Received updates on progress in respect of the continued development and improvement of the Group's risk management systems and assurance programs
- Reported to the Board on our evaluation of the effectiveness of the Group's systems of internal control and risk management

Internal audit

- Appointed the Head of Internal Audit and a co-sourcing partner to conduct internal audits

Committee composition and meetings

All members of the Committee are independent Non-Executive Directors with a wide range of skills and experience. In the Board's view, the Committee has competence relevant to ContourGlobal's sector; Ronald Trächsel and Daniel Camus have extensive experience of international energy companies and Alan Gillespie has a significant amount of experience in industrial development and development finance. As required by the UK Corporate Governance Code, Ronald Trächsel has recent and relevant financial experience.

The Secretary to the Committee is Kerry Watson, Company Secretary.

In order to maintain effective communication, the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, the external audit engagement partner and other members of senior management are invited to attend Committee meetings as necessary. Other members of the Board also attend as guests on an ad hoc basis. At the conclusion of meetings, the external audit engagement partner is given the opportunity to discuss matters without executive management being present.

The Committee will normally meet no fewer than three times a year. It met five times during 2018; attendance at those meetings can be found on page 76.

Outside of the formal meeting program, the Audit & Risk Committee Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the Head of Internal Audit.

The Chairman reports formally to the Board on Committee proceedings after each meeting and Committee meeting papers and minutes are made available to all members of the Board.

Role

The primary role of the Committee is to ensure the integrity of the financial reporting and audit processes, ensure the maintenance of a sound internal control and risk management framework, and review the Company's internal control and risk management systems, in order to safeguard shareholder interests. The Committee assists the Board by providing advice and guidance on the following areas:

Financial and narrative reporting

- Monitoring and reviewing the integrity of the financial statements
- Reviewing and challenging the significant accounting judgments contained in the financial statements, ensuring that the judgments, methods and policies applied by management are appropriate.
- Reviewing clarity and completeness of disclosure and advising the Board whether, taken as a whole, the annual report is fair, balanced and understandable.

External audit

- Monitoring the appropriateness of the Group's relationship with the external auditors, including auditors' independence, terms of engagement, fees and provision of non-audit services.
- Reviewing the effectiveness of the external audit process, making recommendations to the Board on the appointment, reappointment or removal of the external auditors.
- Ensuring the audit contract is tendered at least every ten years.
- Approving the policy on the supply of non-audit services.
- Approving the audit plan.
- Reviewing the findings of the external audit.

Internal controls and risk management systems

- Reviewing the risk register and ensuring the Board receives regular updates on action taken to mitigate risk faced by the Group.
- Assisting the Board with developing and monitoring the Company's risk management framework.
- Providing an independent assessment and opinion on the effectiveness and efficiency of the Company's internal control and risk management systems.
- Assisting the Board and senior management with identifying and monitoring areas of risk and challenging control weaknesses.

Internal audit

- Reviewing and approving the role and mandate of the internal audit function where relevant.
- Approving the internal audit charter on an annual basis.
- Monitoring and reviewing the effectiveness of the internal audit function where relevant.
- Providing advice for the continuous improvement of the internal audit activity.
- Reviewing, assessing and approving the internal audit plan, activities and reports.
- Reviewing management's action plans to address the results of internal audit engagements.

Compliance

- Reviewing the effectiveness of the Group's whistleblowing policies.
- Monitoring the adequacy and effectiveness of the Company's compliance function.
- Reviewing the Company's systems and controls for the prevention of bribery and fraud.
- Reviewing regular reports from the Company's Chief Compliance Officer

The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit & Risk Committee will give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.

The Committee's terms of reference are available on our website at www.contourglobal.com.

Report of the Audit & Risk Committee *continued*

Activities

Our activities during the year and up to the date of this report have principally related to financial reporting, the external audit, internal control and risk management, and the development of the internal audit function.

Financial reporting

We have:

- considered information presented by management on significant accounting judgments and policies adopted in respect of the Group's half-year and annual financial statements and agreed their appropriateness
- considered accounting matters relating to key areas including accounting presentation in relation to the sell-down of certain assets, impairment testing, the clarity and completeness of reporting and the impact of IFRS 15 on the financial statements
- examined key points of disclosure and presentation to ensure the adequacy, clarity and completeness of the financial statements
- discussed audit reports with the external auditors which highlighted key accounting matters and significant judgments in respect of each set of financial statements
- reviewed documentation prepared to support the going concern judgment and the viability statement given on page 67.

Significant issues relating to the financial statements

Significant accounting matters and judgments are identified by the finance team and the external audit process and are reviewed by the Audit & Risk Committee. The detailed assessment of such matters are performed by management and evaluated by the external auditors and the Audit & Risk Committee based on their review of the joint work performed. The significant matters and judgments considered by the Committee in respect of the 2018 financial statements are set out in the table below.

Significant matters and judgments	How the issues were addressed
Impairment of property, plant and equipment, and financial and contract assets	
At 31st December 2018, the Group had \$3,253.1 million of property, plant and equipment, the majority of which related to power plant assets, and \$498.2 million of financial and contract assets, the majority of which related to concession arrangements. Impairment assessments of these assets requires significant judgment including assumptions of future cash flows, discount rates and inflation which are by essence judgmental.	The Committee has reviewed the indicators of impairment and main assumptions retained and described in the financial statements. The Audit & Risk Committee concurred with the testing performed with regards to wind farms in Brazil, and agreed with management's judgment that no impairment charge was necessary.
Accounting for business combinations and valuation of assets acquired and liabilities assumed	
In May 2018, the Group acquired a portfolio of Concentrated Solar Power (CSP) plants in Spain. Consideration was given to the allocation of the purchase price for the CSP portfolio.	In relation to the acquisition, the Committee considered the appropriateness of the items to which the purchase price has been allocated as well as main assumptions used in relation with discount rates and future cash flows.
IFRS 15 – Revenue recognition	
IFRS 15 became applicable to the Group from 1st January 2018; its impact required judgment to be exercised particularly in relation to the Group's concession agreements.	The Committee reviewed the conclusions of the technical analysis conducted for the vast majority of the Group's existing assets. It considered the approach taken by management in assessing the impact and concurred that the new standard would result in changes in relation to its concession agreements, as well for specific topics in relation with Arrubal and Maritsa power plants.
Sell-down and Adjusted EBITDA	
In October 2018 the Group closed the sell-down of Italy and Slovakia assets. In December 2018 the Group signed the sell-down of Spanish CSP assets. Minority sell-downs sold at a significant premium are part of the core strategy of the Group.	The Committee understood the new sell-down strategy and reviewed the integration within Adjusted EBITDA of the net gain of sell-down of assets, considering (i) it reflects the capacity of the Group to sell at a significant premium, (ii) it is part of the core strategy of the Group from 2018 onwards and, (iii) certain competitors include such gain in EBITDA calculation. On that basis the Committee concurred with the analysis and recommended to transparently disclose the reconciliation of Adjusted EBITDA to GAAP metrics and to add Proportionate Adjusted EBITDA as a key KPI considering the new sell-down strategy.

External audit

We have:

- approved PricewaterhouseCoopers LLP's (PwC) audit plan and audit fee for the 2018 financial statements
- reviewed the independence, objectivity and effectiveness of PwC
- recommended to the Board the reappointment of PwC
- approved revisions to the policy on the provision of non-audit services
- noted the non-audit fees payable to PwC, having regard to the policy on the provision of non-audit services

The Audit & Risk Committee is responsible for overseeing the Group's relationship with its external independent auditors, PwC. This includes the ongoing assessment of the auditors' independence and the effectiveness of the external audit process, the results of which inform the Committee's recommendation to the Board as to the auditors' appointment (subject to shareholder approval) or otherwise.

Appointment and tenure

The French firm of PwC was first appointed as the external auditors of the Group in 2013. The UK firm was first appointed at the time of the IPO and hence the UK firm was the first appointee to the audit of ContourGlobal plc. Matthew Hall is the current lead audit partner.

PwC is required to rotate the lead audit partner every five years for a listed client. Therefore, a new lead audit partner is expected to be selected for the 2022 audit. The Committee intends to put the external audit out to tender at least every 10 years.

The Company confirms that it has complied with the provisions of the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit & Risk Committee Responsibilities) Order 2014 for the financial year under review.

Non-audit services

The engagement of the external audit firm to provide non-audit services to the Group can impact on the independence assessment, and the Group has therefore adopted a policy for the approval by the Audit & Risk Committee of any such non-audit services. The policy specifies prohibited services which cannot be carried out by the external auditors (generally activities that would involve the external auditors taking on management responsibility) and sets the framework within which non-audit services may be provided. The Committee has pre-approved the types and quantum of non-audit services which are subject to review by the Chief Financial Officer as long as they are below the trivial amount. Requests above a certain limit must be approved by the Audit & Risk Committee Chairman and above a further limit by the Audit & Risk Committee. Details of all non-audit services approved by the Chief Financial Officer or Audit & Risk Committee Chairman are reported and ratified at the next meeting of the Audit & Risk Committee.

During the year, PricewaterhouseCoopers LLP were engaged to provide certain non-audit services principally in respect of the significant acquisition of a 250 MW portfolio of five CSP plants in Spain (completed in May 2018). PwC's work included the preparation of a report on the Company's financial position and prospects, a working capital report, and a short form report on the prior three years of the target company's financial statements. In addition, PwC supported the bond refinancing by way of an interim review of the Group's financial statements at the end of the first quarter of 2018.

In approving the use of PwC to provide these services, the Board took the view that PwC's knowledge of the Company, its operations and its financial policies meant that it was best placed to provide the services, and it was comfortable that their independence would not be compromised. Details of the fees paid to PwC in 2018 can be found in note 4.33 to the financial statements. The fees paid to PwC in respect of non-audit services during the year totaled \$1.2 million, representing 29% of the total auditors' fees. Non-audit services mainly related to acquisitions and corporate bond refinancing. All such activities remained within the policy approved by the Committee and there were no contingent fee arrangements in respect of any of the non-audit services provided.

During the year, the non-audit services policy was amended to delete the cumulative annual limit for non-audit fees and provide that non-audit services should be approved by the Committee on an exceptions basis.

Independence and objectivity

The Committee is responsible for safeguarding the independence and objectivity of the external auditors to ensure the integrity of the external audit process. It is responsible for the development, implementation and monitoring of the Company's policies on external audit which set out the approach to be taken when using the external auditors for non-audit work.

Having reviewed the auditors' independence and performance and concluded that there are no issues, the Audit & Risk Committee has recommended that PricewaterhouseCoopers LLP be re-appointed as the Company's auditors at the next annual general meeting.

There are no contractual obligations restricting the choice of external auditors.

Internal controls and risk management

During the year we:

- considered the internal control assessment conducted by the Internal Control function
- reviewed the results of a combined Compliance and Finance audit undertaken by a third-party assurance provider
- reported to the Board on our evaluation of the effectiveness of the Group's systems of internal control and risk management, informed by reports from PwC and the third-party assurance provider
- reviewed the risk management process and the risk register

The Board is ultimately responsible for the management of risk across the Group and for reviewing the effectiveness of its internal control and risk management systems. The Board has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. Further details of the Company's risk management approach, structure and principal risks are set out in the strategic report on pages 60 to 67.

The Board delegates responsibility for assisting with the annual review of the effectiveness of its internal control and risk management systems to the Committee. In reviewing their effectiveness, the Committee considered:

- the internal control assessment conducted by the Internal Control function. Against an environment of a newly listed entity, recently acquired assets and established businesses, the assessment took into account the expected maturity level of internal controls across the Group. The review provided the Committee with assurance that the internal control processes reviewed were continuing to operate effectively

Report of the Audit & Risk Committee *continued*

- progress against the internal control objectives set for 2018
- the output of PwC's internal controls report
- reports on the combined Compliance and Finance audit from the third-party provider
- updates on progress in respect of the continued development and improvement of the Group's risk management systems and assurance programs.

The main features of the internal control and risk management systems in relation to the financial reporting process, which were in place for the year under review and up to the date of approval of the annual report and accounts, include:

Internal control: the Internal Control function has designed and formalized the Book Of Internal Control Rules to enforce a Company way of working together by using common working practices in line with the essential internal control standards. This proposes a set of operations, reporting and compliance control activities (including IT systems) that each entity should apply and comply with to the full extent of their capabilities.

The Company has maintained strong internal control documentation from corporate to business level, central to which is the internally developed Internal Control Online Tool, used to document and monitor the operation of key internal control procedures. The tool serves as a record of every instance of controls being performed and reviewed.

The Internal Control function performs bi-monthly spot checks and one mid-year review on the operation of the key controls across the Group, achieving coverage across control areas and divisions.

In addition, an Internal Control Monthly Status Report is released on a monthly basis and shared with senior management, reinforcing monitoring and reporting. The report provides the main KPIs and results of spot check reviews as well as qualitative analysis for the main processes.

Financial reporting: Business Reviews, including the consolidated management accounts, provide timely and accurate financial and non-financial information to senior management on a monthly basis and quarterly to the Board. The results of Operations (financial and non-financial) are reviewed against budget and prior year on a monthly basis. Management monitors financial and business activities through budget, forecasts and annual objectives. The annual budget is approved by the Board. The Group prepares its financial statements under IFRS and issues results statements annually and half-yearly.

The Group has a comprehensive Reporting and Accounting Manual ('RAM'), covering a wide range of policies and procedures, including accounting policies, reporting and KPIs and key cycles in order to provide reliable and timely consolidated financials.

Compliance: ContourGlobal management is committed to acting with integrity and transparency and enforces this through a strong tone-at-the-top. The Company has a dedicated Compliance function that is headed by the Chief Compliance Officer who reports directly to the CEO and who also has direct access to the Board and the Audit & Risk Committee. All employees are required to acknowledge and adhere to a number of compliance policies and take compliance training as part of their commitments to the Company.

Further details on compliance are provided in the business review section.

Information systems: A risk management process exists within IT to monitor and manage IT specific risks at a granular level. A suite of IT policies and procedures has been established by management. A framework is in place to ensure these policies are appropriately reviewed, updated and approved on a periodic basis.

Management has initiated several cyber security projects with a focus on existing scanning capabilities, updating security policies, implementing a security information and event management system ('SIEM'), hardening of the network devices and encryption of corporate systems and equipment.

Debt Compliance: The Debt Compliance monitoring process is designed to ensure that there are no unexpected covenant compliance issues. This process is managed by the VP Debt Compliance, under the responsibility of the two divisional CFOs for asset level debt and the Group CFO for corporate level debt. The role of the VP Debt Compliance is to coordinate the monitoring of ContourGlobal's financial agreements and corporate bond and ensure timely compliance with both financial and non-financial covenant reporting deadlines, debt payments and other requirements. ContourGlobal has developed a debt monitoring tool within SharePoint called CG Debts. The tool tracks all requirements of external debts across the Group, including financial and non-financial covenants as well as positive and negative undertaking in the agreements.

Hedging: The Treasury department has put a hedging policy in place, which is overseen by the Hedging Committee. The hedging policy clarifies the rules and responsibilities for any hedging activity. The hedging policy is reviewed bi-annually by the Hedging Committee, whose members have the necessary knowledge and experience to assess the financial impact of each hedge transaction. Any new significant hedging transaction requires approval from the Hedging Committee before being executed. All hedging contracts are managed centrally and are executed by the Treasury department. Hedging transactions are tracked by the Treasury department on a monthly basis to monitor the realized gains/losses and the mark to market positions. Treasury collaborates closely with the Group financial teams to ensure the appropriate accounting treatment is applied to each of the hedging contracts.

The Audit & Risk Committee, on behalf of the Board, has reviewed the effectiveness of the internal control systems and risk management processes in place, taking account of any material developments since the year end. The Committee has not identified, nor been advised of, any failings or weaknesses that it has determined to be significant. As part of its review, the Committee noted that no significant internal control matters had been raised by PwC in the context of the annual audit.

Internal audit

During the year we:

- appointed a co-sourcing partner to conduct internal audits following a competitive tender process
- appointed the Head of Internal Audit
- approved the internal audit charter
- approved the 2019 internal audit risk-based plan

The Committee considered the need for an internal audit function during 2018 and concluded that a co-sourcing partner would provide better support to the Group taking into account access to specialist skills and expertise, resource requirements and cost optimization. As reported last year, the Committee agreed that the function should be led by a Company Head of Internal Audit to develop an internal audit strategy and coordinate activities.

In June 2018, KPMG LLP was appointed as co-sourcing partner to support the initial development phase of internal audit activities including the drafting of an internal audit charter and three-year internal audit plan, both of which were approved by the Committee.

A Head of Internal Audit was appointed with effect from December 2018. To safeguard independence, the Head of Internal Audit reports to the Committee although a reporting line to the CEO is maintained in respect of day-to-day operations. The Head of Internal Audit retains ultimate responsibility to the Committee for ensuring the delivery of the internal audit strategy and plan.

While there were no internal audits conducted during the year, following a competitive tender process Deloitte LLP was appointed in January 2019 to continue the development of internal audit activities.

Compliance

During the year we:

- received regular compliance reports from the General Counsel & Chief Compliance Officer
- considered and discussed two audit reports prepared by a third-party assurance provider on adherence to compliance and finance policies and procedures at certain sites

The Committee received reports from the General Counsel & Chief Compliance Officer which detailed progress against the 2018 Compliance KPIs and the status of investigations into employee disclosures through whistleblowing channels, including statistics on the volume and general nature of all disclosures made.

Two audits of adherence to certain compliance and finance procedures policies were undertaken by a third-party assurance provider. The aim of the audit was to test compliance with and general understanding of the Company's control and ethical environment. The Committee noted the results of the audit reports which confirmed that employees were focused on and aware of compliance, finance policies and risks in these areas.

Whistleblowing

The Company maintains a web and telephone-based reporting hotline for employees and third parties to report potential violations of Company policy or the law, including those related to matters of financial reporting or controls. The whistleblowing policy applies to all employees of the Group, and allows for anonymous reporting, where permitted by local law.

The Audit & Risk Committee is responsible for monitoring the Group's whistleblowing policy, and the policy is reviewed periodically by the Board. The Audit & Risk Committee believes that the policy and its oversight are effective, facilitate the proportionate and independent investigation of reported matters, and allow appropriate remedial measures to be taken.

Advice provided to the Committee

The Committee has independent access to the services of the Company Secretary, Head of Internal Audit and to the external auditors, and may obtain outside professional advice as necessary in the performance of its duties.

Annual evaluation

The Committee's annual evaluation was carried out as part of the Board evaluation process described on page 76. A report on the Committee's performance was provided by the Company Secretary. Feedback showed that the Board had confidence in the effectiveness of the Committee.

Fair, balanced and understandable

At the request of the Board, the Audit & Risk Committee has conducted a review of the Annual Report to assess whether it presents a fair, balanced and understandable view of the Company's position and prospects. The Audit & Risk Committee's review took account of the process by which the Annual Report is prepared which includes analysis of changes to applicable reporting requirements and standards, and a robust schedule of review and verification by senior management and external advisors to ensure disclosures are accurate.

The Audit & Risk Committee is satisfied that the Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy and has advised the Board accordingly.

Ronald Trächsel

Chairman of the Audit & Risk Committee

4th April 2019

Report of the Remuneration Committee

Dear shareholder,

I am pleased to present the Directors' Remuneration report for 2018.

At the 2018 AGM we presented our first Directors' Remuneration report, including our Remuneration Policy. The Committee was pleased that it received the support of 99.8% of our shareholders for our Remuneration Policy, and 99.9% for our Annual Remuneration Report. For 2019 we are not proposing to make any substantive changes to the way in which we operate our policy.

Members of the Remuneration Committee

Daniel Camus (Chairman)

Ruth Cairnie

Alan Gillespie



Meeting attendance shown on page 76

Key areas of focus in the year

Annual bonus

- Considered and approved bonus pay-out for 2018 and set targets for 2019

Long-term incentive arrangements

- Approved the grant of a long-term incentive award to the President & CEO and senior management

Reporting

- Considered the disclosure of the legacy PIP, following Reservoir Capital's finalization of the allocation to the President & CEO

Compliance and governance

- Reviewed practices and changes to corporate governance environment with regards to remuneration arrangements and the Committee's remit
- Conducted a competitive tender exercise for external advisers

Performance in 2018

The Company made strong progress in 2018, delivering Adjusted EBITDA of \$610.1 million, an increase of 19% from 2017 and within the target range set out at the half year results. Funds from operations increased by 18% to \$302.3 million and the Company's growth strategy continued to be executed with the completion and integration of the acquisition of the CSP portfolio in Spain. A Lost Time Incident (LTI) rate of 0.03 was maintained, missing out on Target Zero with one LTI in 2018, but a very strong health and safety record overall.

Our remuneration reporting

This year we have enhanced the disclosures throughout our Directors' Remuneration report. This includes significantly more retrospective detail of our annual bonus targets, as well as details of our prospective LTIP measures and targets.

We have also provided more detail on the Private Incentive Plan (PIP) arrangements. The PIP is a legacy plan established by Reservoir Capital Group (our major shareholder) in connection with its original investment in the business and modified in anticipation of listing. ContourGlobal plc is not a party to the PIP and has no financial obligation to pay cash or issue shares to settle the PIP. Consequently the Remuneration Committee has no authority over the plan. However, the Company has recognized it as an expense in the year as required by accounting standards, and benefits resulting from this legacy arrangement will be disclosed in future remuneration reports. More information about the PIP can be found on pages 97 and 98. As part of establishing and strengthening transparency, in this section we have also included details of a carried interest arrangement which has been in existence since 2008, funded by a minority co-owner of assets.

In the interests of succinct reporting, this report includes a summary of our Remuneration Policy. The full Policy is shown in the 2017 annual report which is available on the Company's website at www.contourglobal.com.

Outturns for 2018 and implementation for 2019

There will be no increase to the President & CEO's salary for 2019.

The annual bonus out-turn was at 52% of maximum, reflecting ContourGlobal's progress in the year. The President & CEO has voluntarily agreed to defer 20% of his annual bonus for 2018.

The 2019 annual bonus opportunity and LTIP award for the President & CEO will be at the same level as last year (100% of salary in each case). The performance measures and weightings are also consistent with last year.

Response to the UK Corporate Governance Code

During 2018 the Committee considered the impact of the revised UK Corporate Governance Code. Our policies are already in line with the new Code in a number of areas. Our LTIP includes a post-vesting holding period bringing the total time frame to five years. In terms of the Code provisions on pension, the operation of our policy is currently in line with the Code, since the President & CEO does not receive any pension contributions. The Committee is mindful of the Code and shareholder views when determining the package for a new Chief Financial Officer.

The Committee has increased its remit and will be reviewing workforce remuneration and related policies during the year. Our current policy, via our share plan rules, allows for vested and unvested shares to continue following the cessation of employment. However we intend to review our policy on post-cessation holdings prior to our next Remuneration Policy approval.

In line with the remuneration reporting regulations, this report will be subject to an advisory shareholder vote at our forthcoming AGM, and I hope you will support our report.

Yours sincerely

Daniel Camus

Chairman of the Remuneration Committee

4th April 2019

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Remuneration at a glance

Remuneration component	Summary of Remuneration Policy	Remuneration for 2019 for the President & CEO			
Salary	• Normally reviewed annually, with any changes taking effect from 1st January. • Set taking into account a number of factors including individual and Company performance, an individual's skills and experience, the responsibilities of the role. • When considering any increase, the Committee is guided by the general increase for the broader employee population.	Base salary effective 1st January 2019		Increase from 2018	
		\$1,200,000		0%	
		• The general increase awarded to the broader UK employee population was 0%.			
Pension and benefits	• The Company may make contributions, or payment in lieu of contributions, to a pension scheme up to the value of 20% of base salary per annum. • Benefits may include, but are not limited to, private medical insurance, dental insurance, Company car or allowance, life assurance and income protection. Benefits in relation to relocation or expatriation may be provided.	• The current President & CEO does not receive any pension contributions. • The President & CEO will continue to benefit from medical insurance, dental insurance, life assurance, and disability cover which cumulatively amount to circa \$30,000 per year.			
Annual performance bonus	• Maximum opportunity of 100% of base salary. • Subject to stretching performance conditions, set by the Committee at the start of each financial year. • At least 70% of the bonus will be subject to corporate objectives with the balance based on individual objectives. • The Committee may adjust the bonus outcome taking into account any relevant factors, including the Company's underlying performance. • Any bonus earned in excess of 50% of maximum is deferred into shares for a period of two years. • Malus and clawback provisions apply.	• The overall framework of the annual bonus for 2019 is consistent with last year. • The maximum opportunity will be 100% of salary for the President & CEO. • Performance measures for 2019 are:			
		Adjusted EBITDA		17.5%	
		Funds from Operations (FFO)		17.5%	
		Operational metrics		21%	
		Growth metrics		14%	
		Personal objectives		30%	
		• Targets and performance against these measures will be disclosed retrospectively.			
Long-Term Incentive Plan (LTIP)	• Maximum opportunity of 100% of base salary. • Performance measured over three years. • The Committee has the flexibility to vary the performance measures and weightings for each award taking into account the business priorities at the time of grant. • The Committee may reduce the vesting outcome if it considers that it is not consistent with the Company's overall performance. • An additional two-year holding period applies post-vesting. • Malus and clawback provisions apply.	• The maximum opportunity will be 100% of salary for the President & CEO, consistent with last year. • Performance measures and targets for the 2019 LTIP award are as follows. Awards vest on a straight-line basis between 25% and 100% achievement of compound annual growth in Adjusted EBITDA.			
		Adjusted EBITDA per share growth % p.a. (50%)	Health and safety (25%)	Growth (25%)	
	100% vesting	25% and above	Zero lost time incidents	All IRR and schedule objectives met	
	75% vesting	–	0.03	All IRR and schedule objectives met within 5% variance	
	50% vesting	–	0.06	–	
	25% vesting	10%	0.09	All IRR and schedule objectives met within 10% variance	
	0% vesting	Below 10%	Below 0.09	IRR and schedule objectives have more than 10% variance	

Remuneration component	Summary of Remuneration Policy	Remuneration for 2019 for the President & CEO
Share ownership guidelines	Executive Directors are required to build and retain a shareholding in the Company equivalent to at least 200% of salary.	The President & CEO has met the guidelines in full.
Legacy arrangements	- The President & CEO has interests in a 'Private Incentive Plan' (PIP). These relate to legacy commitments prior to ContourGlobal's listing, reflecting that the President & CEO co-founded the Company in 2005. - The Company is not a party to the PIP and has no financial obligation in connection with it. - The President & CEO also has a carried interest arrangement which was established in 2008 and which is funded by a minority co-owner of certain assets of the Company. The Company has no financial obligation in relation to these interests.	While the allocation and terms of the President & CEO's award were substantially agreed prior to IPO, Reservoir Capital finalized the implementation of the award on 27th December 2018. The PIP does not form part of ContourGlobal plc's ongoing policy.

Alignment of remuneration strategy with our core principles

ContourGlobal's core business principles guide our day-to-day operations and our sustainable business strategy, driving positive, long-term and measurable business impacts.

Our principles are aligned with the metrics used under our remuneration approach for Executive Directors, as illustrated below.

Measures used in incentive schemes	ContourGlobal – our core business principles			
	Operate safely and efficiently and minimize environmental impact	Grow well	Manage our business responsibly	Enhance our operating environment
Adjusted EBITDA growth		● ○		
Funds From Operations (FFO)	●	●		
Availability Factor (AF)	●			
Lost Time Incidents	● ○		● ○	● ○
Refurbishment milestones	●			●
M&A milestones (completion of projects; growth targets)		●		
IRR and schedule objectives		○	○	
Strategic personal objectives	●	●	●	●

● Annual bonus metric ○ LTIP metric

Annual Report on Remuneration

Governance

Membership of the Remuneration Committee during the year is shown below. The Board considers each of the Committee members to be independent in accordance with the Code.

Members:	Daniel Camus (Chairman) Ruth Cairnie (appointed to the Committee on 21st February 2018) Dr Alan Gillespie Ronald Trächsel (stepped down from the Committee on 21st February 2018)
Secretary:	Kerry Watson (Company Secretary)
External advisers:	Aon advised the Committee until November 2018. Deloitte became advisers to the Committee from November 2018.
Internal advisers:	Joseph C. Brandt (Chief Executive) and Sarah Flanigan (Executive Vice President) were consulted and invited to attend meetings as necessary. Care was taken to ensure there were no conflicts of interest when consulting with senior management and no director or member of management was present when matters relating to their own remuneration were discussed.
Meetings held:	The Committee held seven meetings during 2018. See page 76 for attendance at Committee meetings.
Role:	The Board has delegated responsibility to the Committee for: • setting, approving and implementing the remuneration policy, including pension arrangements and any compensation payments, for the Executive Director, the Company Chairman, Senior Managers and Company Secretary • within the terms of the agreed remuneration policy and in consultation with the Chairman of the Board and/or Chief Executive, as appropriate, determining the total individual remuneration package of each Executive Director and the Chairman of the Board and other senior management including bonuses, incentive payments and share option or other share awards • approving the design of, and determining targets for, any performance-related pay schemes operated by the Company • monitoring the operation of performance-approved pay schemes and approving the total annual payments made under such schemes • ensuring that contractual terms on termination, and any payments made, are fair for the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized. The Committee's terms of reference are available on our website at www.contourglobal.com.

Introduction

This section sets out details of the remuneration of the Executive Director and Non-Executive Directors (including the Chairman) earned between 1st January 2018 and 31st December 2018 and also describes the operation of the Remuneration Committee.

This Annual Report on Remuneration will, together with the Annual Statement of the Remuneration Committee Chairman on pages 86 and 87, be proposed for an advisory vote by shareholders at the forthcoming Annual General Meeting (AGM). Where required, data has been audited by the external auditors, PricewaterhouseCoopers LLP, and this is indicated where appropriate.

Single total figures of remuneration (audited information)

The table below sets out a single figure for the total remuneration received by the Executive Director and Non-Executive Directors for the year 1st January to 31st December 2018. The 2017 figures relate to remuneration received between the date of incorporation of the Company (26th September 2017) and 31st December 2017. As the Company listed on 14th November 2017, part of the 2017 remuneration relates to the period when the Company was privately owned:

	Base salary and fees ¹ \$000		Taxable Benefits ² \$000		Annual bonus \$000		Long-term incentives ³ \$000		Pension \$000		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Executive Directors												
Joseph C Brandt	1,200	250	30	6	624	187	–	–	–	–	1,854	443
Total	1,200	250	30	6	624	187	–	–	–	–	1,854	443
Non-Executive Directors												
Craig A. Huff	333	63	–	–	–	–	–	–	–	–	333	63
Daniel Camus	89	17	–	–	–	–	–	–	–	–	89	17
Ruth Cairnie ⁴	73	–	–	–	–	–	–	–	–	–	73	–
Dr Alan Gillespie	100	19	–	–	–	–	–	–	–	–	100	19
Ronald Trächsel	89	17	–	–	–	–	–	–	–	–	89	17
Alejandro Santo Domingo	73	14	–	–	–	–	–	–	–	–	73	14
Gregg M. Zeitlin	73	14	–	–	–	–	–	–	–	–	73	14
Total	830	144	–	–	–	–	–	–	–	–	830	144

¹ Non-Executive Director fees are paid in GBP. The numbers in the table have been converted to USD using the average exchange rate for 2018 of \$1.33:£1.

² Benefits include medical insurance, dental insurance, life assurance and disability cover.

³ There were no long-term incentive awards vesting based on performance ending in 2018.

⁴ Appointed on 3rd January 2018.

2018 Annual Bonus (audited information)

In 2018, the bonus opportunity depended on achievement of corporate objectives (70%) and individual objectives (30%). Maximum opportunity for the President & CEO was 100% of salary. Full disclosure of the specific performance metrics, targets and achievement against these is provided below.

Group scorecard (70% of bonus opportunity)

Performance target	Weighting	0% of element	25% of element	50% of element	100% of element	Performance achieved	Bonus award
Financial metrics (50%)							
Adjusted EBITDA	25%	Less than \$600m	\$600m	\$615m	\$630m	\$610.1m	42% of element
Funds From Operations	25%	Less than \$300m	\$300m	\$307.5m	\$315m	\$302.3m	33% of element
Operations metrics (30%)							
Health and safety – Lost Time Incident Rate	15%	0.09	0.06	0.03	0.00	0.03	50% of element
Total Fleet Availability Factor	2.5%	Less than 83.61	83.61	88.25	92.9	92.9%	100% of element
Total Fleet Equivalent Forced Outage Rate	2.5%	Greater than 2.0	2.0	1.9	1.8	Greater than 2.0	0% of element
Vorotan refurbishment milestones	5%	Milestones not met	100% awarded if Unit 1 of the Tatev HPP is completed in 2018 and on budget			Completed on budget and on time	100% of element
Austria Wind Repowering milestones	5%	Milestones not met	100% awarded if Velm and Schharndorf projects are on schedule and on budget			On schedule/budget On schedule/budget	100% of element
Growth metrics (20%)							
Growth metrics	20%	Milestones not met	100% awarded if milestones met related to: Completion of Spanish CSP and Mexican CHP acquisitions EBITDA growth from additional M&A MW growth in key regions			Spanish CSP acquisition closed, Mexican CHP signed but not closed Target not met Target not met	17% of element
Total							42% of Group element

Annual Report on Remuneration *continued***Personal performance (30% of bonus opportunity)**

The remaining 30% of the bonus is based on the critical role the President & CEO plays in the delivery of key Company objectives. Achievement for the year was assessed by the Committee based on the following performance:

Performance areas	Key achievements
Growth	• Successful sale of minority interests the Group's Italian and Slovakian solar portfolio at an attractive premium. • Progression of launch of Bonaire battery storage. • Diversification of the Group's portfolio through the entrance into biogas. • Re-working of the Mexico CHP acquisition to ensure an improved outcome for the Group.
Health & Safety	• Development of new KPIs for implementation in 2019 to monitor and improve the Group's health and safety record going forward. • Ten health and safety audits completed within the Group.
Operations	• Progress in building the UK corporate center. • Successful integration of the Spanish CSP assets following their acquisition in the year. • Kosovo EPC technical proposals managed to deadlines. • Progress on both the Vortan refurbishment and Austrian wind repowering
Financing	• Refinancing of EUR 750 million Euro HY bond at record low coupon and first ever seven year tenor. • Upsized EUR 80 million LC facility.
Social investment and People	• 122 social initiatives – \$2.4 million in various social initiatives across the Group's geographies. • Successful launch of People@CG. • Published Five Whys analyzes increased by +50%.

Taking into account the above performance the Committee determined that 77% of this element of the annual bonus was achieved.

Overall bonus award

	Group scorecard element (70% of maximum)	Personal objectives element (30% of maximum)	Total bonus earned (% of maximum)	Total bonus earned (\$)
President & CEO	42%	77%	52%	\$624,000

The Committee considered the Company's underlying performance prior to finalization of the annual bonus, and was satisfied that it reflected the overall performance of the Company.

The President & CEO has voluntarily agreed to defer 20% of the total bonus earned (\$124,800) into shares.

Long-term incentive awards with performance periods ending in the year (audited information)

There were no long-term incentive awards capable of vesting in relation to performance in the year.

Long-term incentive awards granted in 2018 (audited information)

The President & CEO was granted an LTIP award of 100% of base salary in 2018.

Executive Director	Date of award	Form of award	Number of LTIP shares awarded	Value of awards at date of grant ¹	Performance period
President & CEO	28th June 2018	Conditional award	391,646	£896,088	1st Jan 2018 – 31st Dec 2020

¹ The number of shares was calculated by reference to base salary expressed in GBP and a share price of 228.8p, being the average closing share price for the five dealing days immediately before the date of grant.

LTIP awards granted during 2018 were subject to the following performance conditions.

	Adjusted EBITDA per share % growth p.a.	Health and safety Lost time incident rate	Growth
Weighting	50%	25%	25%
100% vesting	25% and above	Zero lost time incidents	All IRR and schedule objectives met
75% vesting	–	0.03	All IRR and schedule objectives met within 5% variance
50% vesting	–	0.06	–
25% vesting	10%	–	All IRR and schedule objectives met within 10% variance
0% vesting	Below 10%	0.09	IRR and schedule objectives have more than 10% variance

Vesting is calculated on a straight-line basis between these points. The Growth element will only be capable of vesting if the quality of growth (IRR rates) and construction project schedule objectives are met.

In line with our Remuneration Policy, a two-year additional holding period will apply for any shares vesting.

Deferred bonus awards granted in 2018 (audited information)

During the year, the Company also granted a deferred bonus award to the President & CEO. The conditional award was granted in respect of a deferral of 20% of the bonus amount determined for Mr. Brandt for the 2017 bonus year.

Executive Director	Date of award	Form of award	Number of shares awarded	Value of awards at date of grant ¹	Vesting date
President & CEO	25th June 2018	Deferred Bonus Award	55,241	\$180,000	4th April 2020

¹ The number of shares was calculated by reference to the amount expressed in GBP divided by the ContourGlobal share price of 232p, being the closing share price on 3rd April 2018. This was the date on which the award was approved in principle by the Remuneration Committee.

Pension and benefits (audited information)

The President & CEO does not currently receive any pension contributions.

Other benefits received include medical insurance, dental insurance, life assurance, and disability cover which cumulatively amount to circa \$30,000 per year.

Implementation of Non-Executive Director Remuneration Policy in 2019

The annual fees for serving as the Chairman or a Non-Executive Director were last reviewed by the Board on 4th April 2019. They remain unchanged for 2019.

	Fees effective from 1st January 2018	Fees effective from 1st January 2019
Chairman	£250,000	£250,000
Non-Executive Director	£55,000	£55,000
Additional fees		
Senior Independent Director	£20,000	£20,000
Audit & Risk Committee Chairman	£12,000	£12,000
Remuneration Committee Chairman	£12,000	£12,000

Each Non-Executive Director will also be entitled to reimbursement of reasonable business-related expenses, including any tax thereon.

Annual Report on Remuneration *continued*

Statement of Directors' shareholdings and share interests (audited information)

The Remuneration Committee has approved share ownership guidelines which require the President & CEO to accumulate and maintain a holding in ordinary shares in the Company equivalent to no less than 200% of salary. At least 50% of any vested share awards (net of tax) must be retained until the guideline is achieved. The President & CEO has met his shareholding requirement.

The table below sets out the Executive Director's share interests as at 31st December 2018.

	Total number of beneficially owned shares at 31st December 2018	Interest in shares arising from holdings of Class S units in ContourGlobal LP ¹	Unvested interests in share schemes awarded without performance conditions at 31st December 2018	Unvested interests in share incentive schemes awarded subject to performance conditions as at 31st December 2018	Shareholding requirement (% of basic salary)	Current shareholding (% of basic salary)
Joseph C. Brandt	1,654,452	6,943,864	55,241	391,646	200%	317%

¹ The Private Incentive Plan comprises an interest in Class S units, Class C units and Class B units. The interest in shares shown is for the Class C units only. The number of shares delivered through the Class B and Class C units is uncapped and could be substantial depending upon levels of return to Reservoir Capital Group.

The President & CEO participates in the Private Incentive Plan (PIP), a legacy arrangement under which he holds an interest in shares. Further details on the PIP and the allocation of shares under award for the President & CEO are provided on page 97.

There were no changes to the Executive Director's interests in the Company's shares during the period between 31st December 2018 and 29th March 2019.

Non-Executive Directors' shareholdings (audited information)

Non-Executive Director	Shareholding as at 31st December 2018
Craig A. Huff ¹	–
Daniel Camus	35,000
Ruth Cairnie ³	–
Dr Alan Gillespie	200,000 ⁴
Ronald Trächsel	24,000 ⁴
Alejandro Santo Domingo ²	–
Gregg M. Zeitlin ¹	–

¹ Craig A. Huff and Gregg M. Zeitlin each has an indirect interest in ordinary shares as a result of their interests in entities controlled by Reservoir Capital that in turn have indirect interests in the Company.

² Alejandro Santo Domingo has an indirect interest in ordinary shares as a result of having a discretionary shared interest in certain entities which have indirect interests in the Company. Alejandro Santo Domingo disclaims all beneficial interests and control in respect to such ordinary shares.

³ Appointed on 3rd January 2018.

⁴ As disclosed in the Prospectus, at Admission Dr. Alan Gillespie and Ronald Trächsel were issued ordinary shares in the Company at the offer price, by way of private subscription.

There are no share ownership guidelines for Non-Executive Directors. There were no changes to the Non-Executive Directors' interests in the Company's shares during the period between 31st December 2018 and 29th March 2019.

Service contracts

The President & CEO has a service contract as follows:

	Date of service contract	Notice period
Joseph C. Brandt	14th November 2017	6 months either party

All Non-Executive Directors have letters of appointment with the Company for a three-year term. Each appointment is terminable by either party on one month's written notice. All Non-Executive Directors are subject to annual re-election at each AGM.

The dates of appointment of each of the Non-Executive Directors serving at 31st December 2018 are summarized in the table below.

	Date of service contract	Date of appointment
Craig A. Huff (Chairman)	3 years	23rd October 2017
Daniel Camus	3 years	23rd October 2017
Ruth Cairnie	3 years	3rd January 2018
Alan Gillespie	3 years	23rd October 2017
Ronald Trächsel	3 years	23rd October 2017
Alejandro Santo Domingo	3 years	23rd October 2017
Gregg M. Zeitlin	3 years	23rd October 2017

The President & CEO's service contract and the Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during normal business hours and will be available for inspection at the AGM.

Payments to past Directors and payments for loss of office (audited information)

During the year, the Company has not made any payments to past Directors; neither has it made any payments to Directors for loss of office.

Policy on external appointments

The Board believes that it may be beneficial to the Group for executives to hold Non-Executive Directorships outside the Group. Any such appointments are subject to approval by the Board, and will be determined based on the impact on their role within the Company. The Board will determine on a case-by-case basis whether the Directors will be permitted to retain any fees arising from such appointments. The President & CEO currently does not hold any external directorships.

Percentage change in the remuneration

The following table shows the movement in the salary, benefits and annual bonus of the President & CEO from 2017 to 2018, compared with that of the UK employees.

Percentage change in remuneration from 2017 to 2018			
	Percentage change in remuneration from 2017 to 2018	Percentage changes in benefits	Percentage change in annual bonus
President & CEO	0	6	(23)
UK employees	1	10	N/A ¹

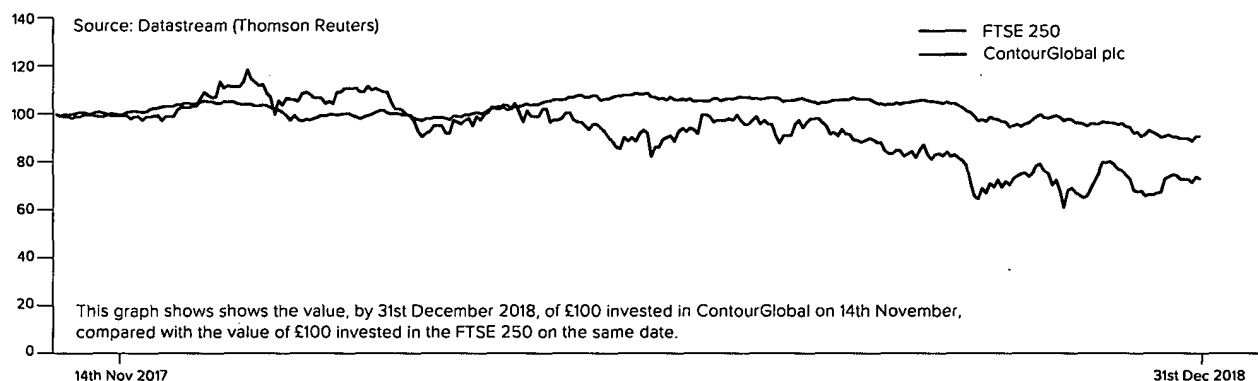
¹ Bonuses for this group of employees are approved later in the year.

Annual Report on Remuneration *continued*

Comparison of overall performance and pay

The chart opposite shows the Company's total shareholder return performance compared with that of the FTSE 250 over the period from the date of the Company's admission onto the London Stock Exchange to 31st December 2018. The FTSE 250 Index has been chosen as an appropriate comparator as it is the index of which the Company is a constituent. TSR is defined as the return on investment obtained from holding a company's shares over a period. It includes dividends paid, the change in capital value of the shares and any other payments made to or by shareholders within the period.

The total remuneration of the President & CEO along with the value of bonuses paid and LTIP vesting, as a percentage of the maximum opportunity, is provided for the same period.



Joseph C. Brandt, President & CEO

	2017 ¹	2018
Total remuneration (000)	\$443	\$1,854
Actual bonus (% of maximum)	75% ²	52%
LTIP vesting (% of maximum)	N/A ³	N/A³

¹ The figure for 2017 represents the remuneration earned in the period from 14th November 2017, being the date of listing, to 31st December 2017.

² The President & CEO voluntarily agreed to a cap of 100% on his annual bonus for 2017.

³ There were no LTIP awards vesting based on a performance period ending in 2017 or 2018.

Relative importance of the spend on pay

The following table shows the Company's total spend on pay for all employees compared to Group performance and dividend distribution in 2017 and 2018.

	2017	2018	% change
Employee costs (\$m)	67.5	76.1	12.7
Average number of employees	1,873	1,472	(20)
Adjusted EBITDA (\$m)	513.2	610.1	18.9
Dividend distributions (\$m)	N/A	44.1	N/A

External advisors to the Committee

During the year, the Committee undertook a competitive tender process, the outcome of which was that Deloitte LLP were appointed as advisors to the Remuneration Committee in November 2018.

Details of the advice and services provided by both Deloitte LLP and their predecessor Aon are set out in the table below.

Advisor	Area of advice/services provided
Aon	Provided advice on the development of remuneration policy, design and implementation of incentive plans, guidance on performance metrics and targets, and updates on developments in best practice and market practice. Aon received fees of £125,000 in respect of this advice.
Deloitte LLP	Provided guidance and advice in respect of best practice in remuneration arrangements and external benchmarking data relating to senior hires. Deloitte received fees of £21,150 in respect of this advice. Deloitte also provides tax services to ContourGlobal and was appointed as co-sourcing partner for internal audit services from 2019.

Both Deloitte LLP and Aon are members of the Remuneration Consultants Group and are signatories to its voluntary Code of Conduct, which requires their advice to be objective and independent. The Committee is satisfied that this is the case and that the provision of other services in no way compromised their independence.

Statement of voting on the Remuneration Report at the AGM

The 2018 AGM was the Company's first year AGM as a public company. Details on the voting results for the remuneration resolutions are as follows:

	% of votes cast in favour at the 2018 AGM	% of votes cast against at the 2018 AGM	Number of votes withheld
Remuneration Policy	99.82%	0.18%	3,884,676
Annual Report on Remuneration	99.85%	0.15%	4,051,824

The Chairman of the Remuneration Committee will engage with the Company's major investors concerning the Company's approach to remuneration, and will report back to the other members of the Remuneration Committee on such dialogue as necessary.

Legacy equity arrangements – the Private Incentive Plan (PIP)

The President & CEO, along with certain members of the ContourGlobal plc management team, have interests in a 'Private Incentive Plan' (PIP). As disclosed at the time of IPO and in last year's Directors' Remuneration report, the PIP is a legacy equity arrangement established by Reservoir Capital Group (the major shareholder in the Company) in connection with its original investment in the business.

The Company is not a party to the PIP and has no financial obligation to pay cash or issue shares to settle the PIP. All shares that might be delivered to the President & CEO under the award would be funded by Reservoir Capital Group. Consequently, the Remuneration Committee has no authority over the plan, or the allocation and release of awards.

The PIP is not an ongoing element of the executive remuneration policy at ContourGlobal plc, and no new allocations will be made under the plan.

History

Joseph C. Brandt, the current President & CEO, founded the Company together with Reservoir Capital Group in 2005. Around that time, incentive arrangements were established which enabled the President & CEO, along with other senior management, to participate in the return on invested capital above a required return hurdle. To date participants have not received any payments as a result of these arrangements.

The PIP therefore relates to legacy commitments connected with the founding of ContourGlobal and the growth of the Company in the years prior to its listing on the London Stock Exchange, and modified in anticipation of the listing.

As disclosed in the 2017 DRR, the allocation and terms of the award remained subject to finalization. The allocations and terms of the President & CEO's award were substantially agreed prior to listing. Reservoir Capital finalized the implementation of his allocation on 27th December 2018.

Overview of the PIP

The award is in the form of partnership units in Contour Management Holdings LLC which is a partner in ContourGlobal L.P. (the limited partnership through which Reservoir Capital Group owns shares in the Company). The award comprises Class S units, Class C units and Class B units.

Under the terms of the PIP, these units entitle the award-holder to receive from Contour Management Holdings LLC cash or shares in the Company if certain financial performance conditions are achieved.

Basis of awards

Class S Units	These units are similar in nature to a restricted stock award of 6,943,864 ContourGlobal plc shares, subject to an underpin share price.
Class C Units	These units represent a value share between management and Reservoir Capital Group.
Class B Units	

Illustration of value receivable under the PIP for Joseph C Brandt

The value of Class C and Class B Units will be dependent on the timing of the disposal of Reservoir Capital Group's holding in ContourGlobal plc, the share price at that time as well as any dividends received in the interim. The table below illustrates the value to Joseph C Brandt under various sale price scenarios, assuming Reservoir Capital Group will have disposed of its shareholdings within three years following Admission.

Average sale price	Shares related to Class C units and Class B units (m) ¹	Shares related to Class S units (m)	Total value (£m) ²
£3.00	Nil	6.9	20.8
£3.50	0.4	6.9	25.8
£4.00	3.2	6.9	40.4
£5.00	6.0	6.9	64.8
£5.50	12.77	6.9	108.4

¹ Assumes USD/GBP rate of \$1.275, no dividends on ContourGlobal plc shares and that ContourGlobal's shares are sold or valued on 1st November 2020.

² Total value has been calculated using the average sale price in each scenario.

³ The number of shares delivered under the Class C units and Class B units increases above 12.8m in higher sale price scenarios.

Annual Report on Remuneration *continued***PIP interests awarded (audited information)**

While the allocations and terms of the President & CEO's award were substantially agreed prior to listing, Reservoir Capital finalized the implementation of his allocation on 27th December 2018. Details of the award are as follows:

	Date of award	Form of award	Value of award at date of grant	Vesting date
Joseph C. Brandt	27th December 2018	Class S units Up to 6,943,864 ContourGlobal plc shares	£12,228,145	Units vest in equal tranches over the three year period from IPO. The date of full vesting is 27th December 2020
		Class C units	Value share between management and Reservoir Capital Group (see below)	Units vest in equal tranches over the three year period from IPO. The date of full vesting is 27th December 2020
		Class B units		Fully vested

Additional information on PIP awards

Class S units deliver an award of shares in ContourGlobal plc subject to certain thresholds. These units are similar in nature to a restricted stock award of 6.9m ContourGlobal plc shares, subject to an underpin share price. At final implementation Reservoir Capital Group set the underpin share price for the Class S units at \$2.23 (c.£1.75) (threshold) to \$2.28 (c.£1.79) (maximum), assuming no dividends, to reflect the share price at the time of final allocation rather than the £2.57 threshold referred to in the Prospectus. This underpin may be tested at any time from December 2020.

Class C units and Class B units are structured as a value share between management and Reservoir Capital Group, and deliver an award of ContourGlobal plc shares subject to certain thresholds after deducting the value arising from the Class S units. Distributions from Class C units and Class B units are subject to Reservoir Capital Group realizing value from its investment in ContourGlobal plc, and the scheme stays in effect until Reservoir Capital Group has disposed of all its ordinary shares in ContourGlobal plc.

Class B units are fully vested and are not forfeitable. Class C units and Class S units vest in equal tranches over the three year period from IPO. A third of the units are therefore already vested, subject to the achievement of thresholds, and the full vesting date is 27th December 2020. Unvested units will ordinarily be forfeited in the event of resignation or termination for cause.

Carried interest in Brazilian assets (unaudited)

On 30th June 2008, Joseph C. Brandt was awarded a carried interest, funded by Aguila Ltd, a minority shareholder in Kani LP, which is an entity formed to develop and acquire hydroelectric and associated cogeneration assets in Brazil. The Company is not party to the carried interest and has no financial obligation in relation to the interest.

Under the arrangement, funded by Aguila Ltd, management receive in aggregate 18% of the value created above an IRR hurdle of 9%. Payments would be made on the occurrence of a final liquidity event in respect of the assets. Since ContourGlobal plc has a controlling interest in Kani LP, sale of the assets would require the approval of the ContourGlobal plc Board.

The President & CEO's carried interest amounts to 46% of the 18% total carried interest. No service conditions apply.

These interests are not considered to relate to director 'qualifying services' in the period prior to IPO.

Payments from the carried interest are uncapped. The value to the President & CEO will depend on a number of factors, including the timing of any sale, the sale price achieved and the extent to which the IRR 9% hurdle has been met. A current estimate of potential value in the event of a sale is in the region of \$1 million to \$3.5 million.

Statement of compliance

The report has been prepared in accordance with the provisions of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It also meets the requirements of the UK Listing Authority's Rules and the Disclosure and Transparency Rules, and has been prepared in line with the recommendations of the UK Corporate Governance Code and the voting guidelines of major UK institutional investor bodies.

Approval

This report was approved by the Board of Directors, on the recommendation of the Remuneration Committee, on 4th April and signed on its behalf by:

Daniel Camus

Chairman of the Remuneration Committee

4th April 2019

Summary of Remuneration Policy

Summary of Directors' Remuneration Policy

Our Remuneration Policy for Executive and Non-Executive Directors was presented and approved by shareholders at our 2018 AGM receiving 99.8% support. It is intended that the Remuneration Policy will apply for three years following approval.

The Remuneration Policy table detailing the key components of the forward-looking remuneration package is provided below for reference. The full Remuneration Policy can be found in the 2017 annual report available on our website at www.contourglobal.com.

Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base salary			
To help recruit and retain executives of suitable caliber to deliver the Company's strategic goals and business outputs. Reflects the individual's experience, performance and responsibilities within the Company.	Salaries are normally reviewed annually with any changes taking effect from 1st January each year. Salaries are set taking into consideration a number of factors, including: • Individual and Company performance • Skills and experience of each individual • Responsibilities and accountabilities of each role • Mix of package of the individual • Salary increases for the overall employee population • Changes in size or complexity of the Company • Market competitiveness • External indicators, such as inflation The Committee aims to set levels that are broadly aligned with equivalent roles at relevant peers and other companies of broadly comparable size and complexity, taking into account the country in which the Director is based where appropriate.	In considering any increase in base salary, if any increase is to be made the Committee is guided by the general increase for the broader employee population. However, more significant increases may be awarded from time to time in certain circumstances. For example, an increase in the individual's role or responsibility, an increase in the scale or complexity of the Company, or when an individual has been appointed to a new role at a below market salary while gaining experience.	Executive Director performance is a factor considered when determining salaries.
Benefits			
To provide a market competitive benefits package to assist with recruitment and retention of Executive Directors of suitable caliber.	Benefits may include, but are not limited to, private medical insurance, dental insurance, Company car or allowance, life assurance and income protection. Under certain circumstances, additional benefits in relation to relocation or expatriation may be provided. Executive Directors are eligible for other benefits which are introduced for the wider workforce on broadly similar terms. Any reasonable business related expenses (including tax thereon) incurred in connection with the role may be reimbursed.	There is no formal maximum limit as benefit costs can fluctuate depending on changes in provider cost and individual circumstances.	Not performance related.

Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Pensions			
To provide a market competitive pension package to assist with recruitment and retention of Executive Directors of suitable caliber.	The Company may make contributions, or payment in lieu of contributions, to a pension scheme. The current President & CEO does not receive any pension contributions.	Up to 20% of base salary per annum.	Not performance related.
Annual performance bonus			
To incentivize and reward the achievement of annual strategic business priorities. Delivery of a proportion of remuneration in shares reinforces retention and provides alignment with the interests of shareholders over the longer-term.	Annual bonuses are subject to achievement of stretching performance conditions, which are set by the Committee at the start of each financial year. At the end of the year, the Committee determines the extent to which these were achieved. Annual bonuses are payable in cash, with any bonus earned in excess of the target bonus deferred into shares which vest after at least two years subject to continued employment. Participants may also be entitled to receive dividend equivalents on share awards that vest. Bonus payments, including deferred bonus awards, are subject to recovery and withholding provisions in certain circumstances, including in the event of a material misstatement of accounts, an error in assessing the performance condition, serious misconduct, or any other exceptional circumstances which the Committee considers justify the operation of the recovery and withholding provisions.	The maximum bonus opportunity is 100% of base salary with 50% of maximum payable for on-target performance and 25% of maximum payable for threshold performance.	Performance is measured over the financial year. Performance measures and weightings are determined by the Committee each year and may vary to take into account changes in the business strategy. At least 70% of the bonus will be subject to corporate objectives (such as EBITDA, cash flow, growth targets, Health & Safety and other corporate measures) with the balance being subject to measurable individual objectives. The Committee may adjust the bonus outcome if it considers that the pay-out is inconsistent with the Company's overall performance, taking into account any relevant factors. The Committee will consult with major shareholders if appropriate before any exercise of its discretion to increase the bonus outcome. In addition, the Committee has absolute discretion as to the amount of any bonus outcome, notwithstanding achievement of the measures applicable to the bonus, which may take into account the Company's underlying performance.

Summary of Remuneration Policy *continued***Executive Directors**

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Long-Term Incentive Plan (LTIP)			
To reward delivery of sustained long-term performance and incentivize successful execution of business strategy over the longer term.	Awards will normally be granted annually to Executive Directors in the form of conditional free shares or nil (or nominal) cost options that normally vest after three years subject to performance conditions and continued service.	The maximum award level is 100% of base salary per annum.	Performance is normally measured over three years.
Facilitates share ownership to provide further alignment with shareholders.	Following vesting, awards will normally be subject to a holding period whereby vested awards, net of tax, must be retained for at least a further two years. Participants may also be entitled to receive dividend equivalents on awards that vest Awards are subject to recovery and withholding provisions in certain circumstances, including in the event of a material misstatement of accounts, an error in assessing the performance condition, serious misconduct, or any other exceptional circumstances which the Committee considers justify the operation of the recovery and withholding provisions.	No more than 25% of each performance element may vest for threshold performance.	The Committee has the flexibility to vary measures and weightings, including introduction of new measures, for each award taking into account business priorities at the time of grant. The Committee may reduce the vesting outcome if it considers that the level of vesting is inconsistent with the Company's overall performance, taking into account any relevant factors.
Share ownership guidelines			
To encourage Executive Directors to build a meaningful shareholding in the Company so as to further align interests with shareholders.	Executive Directors are required to retain at least half of any share awards vesting (net of tax) under the Company's discretionary share based employee incentive schemes until the guideline is met. Shares owned outright on or following Admission will count towards the guideline.	Executive Directors are required to build and retain a shareholding in the Company equivalent to at least 200% of their base salary.	Not performance related.

Chairman and Non-Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Fees			
To attract and retain a high-caliber Chairman and Non-Executive Directors by offering market-competitive fee levels.	The Company Chairman is paid a single annual fee.	There is no maximum level of fees.	Not performance related.
	Non-Executive Directors are paid an annual basic fee, plus additional fees for additional responsibilities such as a Committee Chairmanship and the role of Senior Independent Director, to reflect their extra responsibilities and time commitments.	When reviewing fee levels, account is taken of market movements in Non-Executive Director fees, Board Committee responsibilities, ongoing time commitments and the general economic environment.	
	Non-Executive Directors are encouraged to purchase shares in the Company annually to the value of 25% of their gross fees.		
	The Chairman's fee is reviewed annually by the Committee and Chief Executive. Fee levels for Non-Executive Directors are determined by the Company Chairman and Executive Directors.		
	Fee levels are set taking into consideration market levels in comparably sized companies, the time commitment and responsibilities of the role, and the experience and expertise required.		
	The Chairman and Non-Executives are not eligible to participate in incentive arrangements or to receive any pension. Reasonable travel, accommodation and other business-related expenses incurred in carrying out the role will be reimbursed by the Company, including any tax thereon.		

Prior commitments and PIP

For the duration of this Policy, the Company will honor any commitments made in respect of current or former Directors before the date on which either: (i) the Directors' remuneration policy becomes effective; or (ii) an individual becomes a Director, even where such commitments are not consistent with the policy set out in this report or prevailing at the time any such commitment is fulfilled. For the avoidance of doubt, all outstanding historical awards that were granted in connection with, or prior to, listing including those made by ContourGlobal LP under the PIP remain eligible to vest based on their original or modified terms.

Directors' report

In accordance with section 415 of the Companies Act 2006, the Directors of ContourGlobal plc present their report to shareholders on the audited consolidated financial statements for the year ended 31st December 2018.

Strategic report

As permitted by section 414C of the Companies Act 2006, certain information required to be included in the Directors' report has been included in the strategic report. Specifically, this relates to information on the likely future developments of the business of the Group, financial risk management and the disclosure of greenhouse gas emissions for which the Company is responsible.

Dividend

The Directors recommend the payment of a final dividend of 9.4 (2017: nil) cents (US dollar) per ordinary share on 30th May 2019 in respect of the year ended 31st December 2018, subject to approval by shareholders at the Annual General Meeting. The dividend will be payable to shareholders on the register at the close of business on 3rd May 2019.

Together with the interim dividend of 4.0 cents (US dollar) paid in September 2018, this would bring the total dividend for the year to 13.4 cents (US dollar).

The declaration and payment by the Company of any future dividends and the amounts of any such dividends depend on ContourGlobal's ability to maintain its credit rating, its investments, results, financial condition, future prospects, profits being available for distribution, consideration of certain covenants under the terms of outstanding indebtedness, and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws. The Directors expect that dividends, which were previously distributed biannually, will be distributed on a quarterly basis going forward.

Relations with other capital providers

The Board recognizes the contribution made by other providers of capital to the Group and welcomes the views of such providers in relation to the Group's approach to corporate governance.

Additional information incorporated into this Directors' report, including information required in accordance with the Companies Act 2006, can be found as follows:

Disclosure	Location
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Notes 4.14, 4.15 and 4.17 to the financial statements
Future business developments	Strategic report – pages 1 to 67
Going concern	Strategic report – page 67
Greenhouse gas emissions	Strategic report – page 54
Directors' responsibilities statement	Page 106
Events since the reporting date	Note 4.34 to the consolidated financial statements
Diversity policy	Nomination Committee report

For the purposes of LR 9.8.4CR, the information required to be disclosed by LR 9.8.4R can be found in the following locations:

Disclosure	Location
Interest capitalized	Note 4.7 to the consolidated financial statements
Detail of long-term incentive schemes	Directors' Remuneration report
Contracts of significance with a controlling shareholder	Relationship Agreement on page 75
Agreements with controlling shareholder	Relationship Agreement on page 75

Directors

The Directors of the Company who held office during the year and up to the date of this report are:

	Service in the year ended 31st December 2018
Craig A. Huff	Served throughout the year
Joseph C. Brandt	Served throughout the year
Ruth Cairnie	Appointed 3rd January 2018
Daniel Camus	Served throughout the year
Alan Gillespie	Served throughout the year
Alejandro Santo Domingo	Served throughout the year
Ronald Trächsel	Served throughout the year
Gregg M. Zeitlin	Served throughout the year

Biographies of the Directors are provided in the Governance section on pages 70 and 71.

Share capital

Details of the Company's share capital are set out in Note 4.22 to the Consolidated Financial Statements, including details on the movements in the Company's issued share capital during the year.

As at 31st December 2018, the Company's issued share capital consisted of 670,712,920 ordinary shares. No shares are held in treasury. Therefore, the total number of voting rights in the Company is 670,712,920.

The Company's issued ordinary share capital ranks *pari passu* in all respects and carries the right to receive all dividends and distributions declared, made or paid on or in respect of the ordinary shares.

Ordinary shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands every shareholder present in person or by proxy (or being a corporation represented by a duly authorized representative) shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies.

Other than the general provisions of the Articles of Association (and prevailing legislation), there are no specific restrictions on the size of a holding or on the transfer of the ordinary shares.

The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Authority to purchase own shares

Subject to authorization by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase.

Prior to listing, the Company was generally and unconditionally authorized by its shareholders to make market purchases (within the meaning of section 693 of the Companies Act 2006) of up to a maximum of 67,071,292 of its ordinary shares. The Company has not repurchased any of its ordinary shares under this authority, which is due to expire at the 2019 AGM, and accordingly has an unexpired authority to purchase up to 67,071,292 ordinary shares with a nominal value of £670,712.92.

Articles of Association

The Company's Articles of Association were adopted pursuant to a resolution passed at a general meeting of the Company held on 8th November 2017. The Articles of Association may only be amended by special resolution at a general meeting of the shareholders. The Company's current articles are available on our website at www.contourglobal.com.

Directors' appointment and re-election

The Board has the power at any time to elect any person to be a Director.

Under the Relationship Agreement, ContourGlobal LP is entitled to appoint two Non-Executive Directors to the Board while it continues to control 25% or more of the Company's shares. Further details of the Relationship Agreement can be found on page 75. The appointees by Reservoir Capital are Craig A. Huff and Gregg M. Zeitlin.

In accordance with the Company's Articles of Association, the Directors are subject to annual re-election by shareholders. All of the continuing Directors will stand for re-election at the forthcoming Annual General Meeting.

Powers of Directors

Subject to the Company's Articles of Association, the Companies Act 2006 and to any authorities provided by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company.

Directors' interests

Information on share ownership by Directors can be found in the Remuneration report on page 94.

Directors' indemnities and director and officer liability insurance

As at the date of this report, the Company has granted qualifying third-party indemnities to each of its Directors against any liability that attaches to them in defending proceedings brought against them, to the extent permitted by the Companies Act. In addition, Directors and Officers of the Company and its subsidiaries have been and continue to be covered by director and officer liability insurance.

Research and development

ContourGlobal plc is constantly engaged in process and product innovation. For examples of the Company's R&D activities, please refer to the business review.

Sustainable development

The business review section of this report, on pages 36 to 55, focuses on the Company's health and safety, environmental compliance and employment performance and outlines the Company's core values and commitment to the principles of sustainable development and the development of community relations programs.

Financial instruments

Details of the Group's use of financial instruments can be found in Notes 4.15 and 4.17 to the financial statements.

Political donations

It is the Company's policy not to make political donations. No political contributions were made in 2018 (2017: £nil).

Charitable donations

Please refer to page 37.

Overseas branches

ContourGlobal plc does not have any branches. A full list of the Group's controlled subsidiaries is disclosed in Note 4.29 of the Consolidated Financial Statements.

Major shareholdings

The table below shows the interests in ordinary shares notified to the Company in accordance with the Disclosure Guidance and Transparency Rules as at 31st December 2018 and 29th March 2019.

	31st December 2018		29th March 2019	
	Number of shares	% of shares	Number of shares	% of shares
ContourGlobal LP ¹	478,932,408	71	478,932,408	71
GIC Private Limited	60,944,000	9	60,944,000	9

¹ The Reservoir Funds own approximately 99.6% of ContourGlobal LP and are themselves ultimately managed and controlled by Reservoir Capital. The managing member of Reservoir Capital is RCGM, LLC.

Directors' report *continued***Significant contractual arrangements****Relationship Agreement**

A Relationship Agreement is in place between the Company, ContourGlobal LP, the Reservoir Funds, Reservoir Capital and the Company President and Chief Executive Officer, Joseph C. Brandt (the 'Relationship Agreement'). The principal purpose of the Relationship Agreement is to ensure that the Company can carry on an independent business as its main activity. The Board is satisfied that the Company is capable of carrying on its business independently of its major shareholder, ContourGlobal LP, and that the Board makes its decisions in a manner consistent with its duties to the Company and stakeholders of ContourGlobal plc. Further details on the Relationship Agreement can be found in the corporate governance report on page 75.

Revolving Credit Facility

CG Power Holdings, the Company (together with its permitted successors and assignees, the 'Parent Guarantor'), ContourGlobal Worldwide Holdings S.à.r.l., ContourGlobal Terra Holdings S.à.r.l. and certain other subsidiaries of the Company entered into a €75 million senior secured revolving credit facility (RCF) with BNP Paribas Securities Corp., Credit Suisse AG, London Branch and Goldman Sachs Bank USA as lenders, the effective date of which is 9th November 2018. The guarantees and all of the obligations under the RCF are secured by a first-priority lien on the shares of CG Power Holdings and on the capital stock of each RCF guarantor (other than the Parent Guarantor), subject to certain exceptions and release under certain circumstances. The RCF is scheduled to mature three years after the effective date. Borrowings under the RCF bear interest at floating rates equal to either LIBOR plus 2.25% margin or Alternate Base Rate plus 1.25% margin.

Euro Bonds

On 26th July 2018, CG Power Holdings issued the Euro Bonds in a private offering exempt from the registration requirements of the Securities Act 1933, as amended. The Euro Bonds have an aggregate principal amount of €750 million split between two tranches: €450 million of 3.375% Senior Secured Notes due 2023 and €300 million of 4.125% Senior Secured Notes due 2025. The Euro Bonds were issued pursuant to the Euro Bond Indenture.

The Euro Bond Indenture provides that ContourGlobal may:

- (a) prior to 1st August 2020 for the 2023 Notes and prior to 1st August 2021 for the 2025 Notes, redeem all or part of the Euro Bonds by paying 100% of the principal amount of the Euro Bonds redeemed plus a make-whole premium and accrued and unpaid interest, if any, to, but not including, the redemption date;
- (b) prior to 1st August 2020 for the 2023 Notes and prior to 1st August 2021 for the 2025 Notes, on one or more occasions, redeem through the use of net proceeds of specified equity offerings up to 40% of the principal amount of the Euro Bonds, upon giving prior notice, at a redemption price equal to 103.375% for the 2023 Notes and 104.125% for the 2025 Notes of the aggregate principal amount of the Euro Bonds being redeemed, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the redemption date, provided that at least 60% of the original aggregate principal amount of the Euro Bonds remains outstanding after the redemption and the redemption occurs within 180 days of the date of the closing of such equity offering; and
- (c) redeem all or part of the Euro Bonds on or after 1st August 2020 for the 2023 Notes and 1st August 2021 for the 2025 Notes at the redemption prices set forth in the Offering Memorandum.

If ContourGlobal sells certain of its assets or experiences specific kinds of changes in control (as defined in the Euro Bond Indenture), ContourGlobal must offer to purchase the Euro Bonds at a purchase price equal to 100% and 101% respectively of the principal amount thereof, plus accrued and unpaid interest thereon to, but excluding, the date of purchase.

Annual General Meeting (AGM)

The 2019 AGM will be held on 21st May 2019 in London. At the AGM, shareholders will have the opportunity to ask questions of the Board, including the Chairmen of the Board Committees.

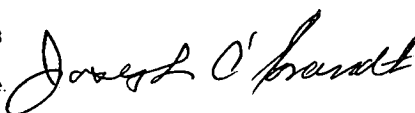
Full details of the AGM, including explanatory notes, are contained in the Notice of the AGM. The Notice sets out the resolutions to be proposed at the AGM and an explanation of each resolution. All documents relating to the AGM are available on the Company's website at www.contourgloball.com.

Audit information

Each of the Directors who were members of the Board at the date of the approval of this report confirms that so far as he or she is aware, there is no relevant audit information of which the Company's auditors are unaware, and that he or she has taken all the reasonable steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

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

The strategic report, comprising the inside front cover and pages 1 to 67, and the Directors' report, comprising pages 68 to 106, which together form the management report as required under the Disclosure Guidance and Transparency Rules 4.1.8R, have been approved by the Board on 4th April 2019 and are signed on its behalf by



Joseph C. Brandt
President, Chief Executive Officer and Executive Director
ContourGlobal plc

4th April 2019

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group and parent company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

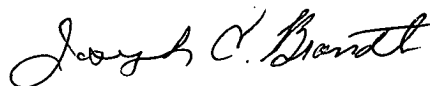
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and parent company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the parent company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.



Joseph C. Brandt
President, Chief Executive Officer and Executive Director
ContourGlobal plc

4th April 2019

WE MANAGE OUR FINANCES
WITH CARE AND PRECISION TO
SUPPORT OUR GROWTH STRATEGY.
THIS SECTION GIVES THE DETAIL
ON OUR FINANCIAL PERFORMANCE
AND POSITION FOR 2018.

Financial statements

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Independent auditors' report to the members of ContourGlobal plc

Report on the audit of the financial statements

Opinion

In our opinion:

- ContourGlobal plc's Group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 31st December 2018 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated statement of financial position and the Company balance sheet as at 31st December 2018; the consolidated statement of income and other comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity and Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in note 4.33 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1st January 2018 to 31st December 2018.

Our audit approach

Overview

- Overall Group materiality: \$15.0 million (2017: \$12.5 million), based on 2.5% of Adjusted EBITDA.
 - Overall Company materiality: \$16.5 million (2017: \$8.0 million), based on 1% of total assets (2017: 1% of total assets, capped at 95% of Group materiality).
 - We conducted our audit work over 12 components located in ten countries.
 - Seven components were subject to an audit of their complete financial information due to their size.
 - Specific audit procedures were performed on certain balances and transactions in respect of five components.
 - We visited component auditors in five countries, covering all of the financially significant components and two further components
- The key audit matters are:
- Accounting for business combinations and power purchase agreements (PPA) in the year of acquisition including valuation of assets acquired and liabilities assumed (Group).
 - Impairment of property, plant and equipment and financial and contract assets (Group).
 - Risk of fraud in revenue recognition and IFRS 15 transition (Group).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of health and safety regulations, environmental regulations and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Listing Rules and UK and international tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and/or management bias in accounting estimates that would result in the overstatement of Adjusted EBITDA. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with management, internal legal counsel and enquiries of the Group's legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries that increase Adjusted EBITDA, in particular journal entries posted with unusual account combinations or posted by members of senior management with a financial reporting oversight role;
- Incorporating elements of unpredictability into the audit procedures performed;
- Reviewing the presentation of Adjusted EBITDA in the Annual Report, including the clear disclosure of the reconciliation of Adjusted EBITDA to statutory profit and ensuring that sufficient prominence was given to statutory profit measures in the Annual Report; and
- Reviewing the disclosures in the Annual Report and financial statements against the specific legal requirements and involving technical experts to help us assess the compliance of disclosures against relevant legislation, for example within the Directors' Remuneration Report and the Corporate Governance Report.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter

Accounting for business combinations and power purchase agreements (PPA) in the year of acquisition including valuation of assets acquired and liabilities assumed (notes 2.3, 2.4, 3.1, 4.5, 4.10, 4.11 and 4.25)

The Group acquired new power plant portfolios in Spain, Italy and Romania. Accounting for acquisitions can be complex, with judgement required in both the identification of assets acquired, including any intangible assets, and the valuation of assets acquired and liabilities assumed in accordance with IFRS 3 'Business Combinations'.

The calculation of fair value is subjective due to the inherent uncertainty involved in the valuation of assets and liabilities, and this requires the application of judgment by management and technical expertise. In particular the method of valuation, future forecasts and underlying assumptions all have a material impact on the valuation of assets and liabilities, including the value of property, plant and equipment which typically represents the most significant asset acquired.

Under IFRS 3, an intangible asset must be recognised on an acquisition where it arises from contractual or legal rights acquired and is separable from the business. Due to the complex nature of the acquisition agreements and related power purchase agreements there is often judgment in determining the legal and contractual rights associated with the PPA and therefore there is a risk that intangible assets acquired may not be recognised.

How our audit addressed the key audit matter

During the year, the Group acquired the shares of new asset portfolios in Spain for consideration of \$1,141.0 million and Italy and Romania combined for \$27.7 million.

We read the sale and purchase agreements ('SPAs') associated with the acquisitions in Spain, Italy and Romania, and performed audit procedures over both the identification of assets acquired (including any potential intangible assets) and the valuation of assets acquired and liabilities assumed.

We considered the completeness of the intangible assets identified by management with reference to the specific legal and contractual rights associated with the SPAs. From our review and assessment of the SPAs, and audit procedures performed over the valuation of assets acquired and liabilities assumed, we found that the judgments made surrounding the identification of assets and liabilities acquired were appropriate.

We involved our specialists in our audit of the valuation of assets acquired and liabilities assumed. Our work included assessment of the appropriateness of the valuation models used, assessment of the discount rate used in the models by reference to comparable assets, and the evaluation of future cash flow forecasts for each of the power plants acquired. We found that the valuation models used, judgments and estimates made surrounding the valuation of assets and liabilities acquired to be reasonable.

Independent auditors' report to the members of ContourGlobal plc *continued***Key audit matter**

Following acquisition, the Group's power plants sell their output either under Power Purchase Agreements ('PPAs'), other long-term arrangements or in accordance with local regulations. Accounting for these arrangements may be complex with a number of judgments required to assess the accounting standards applicable to each agreement. These include whether the arrangement contains a lease under IFRIC 4 'Determining whether an arrangement contains a lease' or constitutes a service concession to be accounted for under IFRIC 12 'Service concession arrangements'. These judgments impact the measurement and classification of assets, the basis for revenue recognition under the arrangements, and the related disclosures in the financial statements. Once the basis of accounting has been initially determined, this does not change over time.

How our audit addressed the key audit matter

We assessed the likelihood of a liability arising from the earn out payments as stipulated in the Spanish SPA. This involves estimation by management as the earn out payments are calculated by reference to uncertain future events. We found the estimates made by management in the calculation of the earn out liability were reasonable.

We assessed the completeness of disclosures for each acquisition against the requirements of the relevant accounting standards and found that there were no omissions of disclosures.

Furthermore, we have evaluated management's assessment of the statutory regulation that governs the sale of energy from solar assets in Spain (in place of a PPA) and their assessment of the PPAs in Italy and Romania (including tying back key terms to the contract). Management have reached the conclusion that there are no arrangements/features within the PPAs or Spanish regulations that indicate that these either contain a lease or represent a service concession arrangement. From our review of the new PPAs in the year, our understanding of the regulations in Spain, and other audit evidence obtained, we found that the judgments made in determining the appropriate accounting framework for the PPA/regulation were reasonable, and the associated measurement and classification of related balances and disclosures in the financial statements were consistent with the requirements of the relevant accounting standards.

Impairment of property, plant and equipment and financial and contract assets (notes 2.3, 2.4, 4.11 and 4.12)

The Group has \$3.25 billion of property, plant and equipment, the majority of which relates to power plant assets, and \$0.5 billion of financial and contract assets, the majority of which relate to concession arrangements.

Impairment assessments of these assets requires significant judgment and there is the risk that potential impairment triggers are not identified by management and, in the event that there is an impairment trigger, there is a risk that the calculation of the recoverable amount of the asset is incorrect and therefore the value of the assets may be misstated.

In the event that an impairment trigger is identified, the recoverable value of property, plant and equipment is assessed by a value in use calculation (which is based on future cash flow forecasts and related valuation assumptions) and for financial and contract assets, by assessing expected credit losses. Forecasts and assumptions used in value in use calculations are inherently judgemental and therefore may give rise to increased risk of misstatement.

Impairment indicators were identified in the current year for the Brazilian wind power plants following lower than expected wind conditions and technical performance issues. These were tested for impairment using value in use calculations. No impairments in the underlying carrying value of the assets were identified.

No impairment indicators were identified in respect of the financial and contract assets.

We evaluated impairment triggers identified by management in their assessment by reviewing performance data by power plant, considering significant variances in performance against forecasts, and from meetings we held with divisional finance directors to discuss individual plant performance. We have also considered other information gathered during the course of our audits of components and assessed whether there are any other indicators of impairment. No impairment triggers other than the Brazilian Wind power plants already noted by management were identified from our assessment.

We performed audit procedures over the value in use calculations prepared by management for the Brazilian wind power plants. We used PwC valuation specialists to assess the methodology applied in the valuation and the discount rate used in the valuation. We benchmarked the discount rate to comparable assets and considered the underlying assumptions based on our knowledge of the Group and its industry. We tested the accuracy of management's forecasting by reference to the accuracy of historical forecasts compared to actual cash flows. We also validated key assumptions related to future capacity by reference to resource forecasts, board approved forecasts specific to wind assets and comparability of expected wind conditions per forecasts to actual wind conditions during the year.

We tested management's sensitivity analysis to ensure appropriate judgement had been applied.

Based on our audit procedures performed we found the methodology and assumptions used in the calculation of value in use for the Brazilian wind power plants and the conclusion that no impairment charge was required, were reasonable.

We also assessed the disclosures around the impairment assessments completed and the associated sensitivity analyses and have found these to be appropriate.

Key audit matter**Risk of fraud in revenue recognition and IFRS 15 transition (notes 2.1, 2.3, 2.4 and 4.2)**

In addition to the judgements regarding the basis of accounting for revenues under the different Power Purchase Agreements (PPAs), there is a risk that revenues recognised in the financial period may be misstated due to fraud or error.

The majority of revenues earned are from power sales comprising both capacity payments and energy payments. These are calculated based on pre-determined criteria set out in the PPAs, which typically include fixed contracted capacities as well as contracted prices. These revenues are not considered to give rise to heightened risk as there is little judgement involved in the calculation of these revenues.

However in some PPAs a portion of revenue is inherently more judgemental, for example capacity payments in relation to certain renewable plants which in some cases include specific performance obligations set out in the PPA such as minimum supply agreements. The failure to meet these obligations can give rise to a reduction in revenues earned under the PPA.

During the year, the Group have adopted IFRS 15, Revenue from Contracts with Customers, from 1st January 2018. IFRS 15 introduced a five-step model to be applied to all contracts with customers. The Group have followed the modified retrospective approach in application of the new standard. To determine the impact of IFRS 15 on the Group, management grouped power purchase agreements with similar contractual terms, and performed a detailed revenue accounting assessment for each group. This requires management to exercise judgement, in particular in the identification of separate performance obligations.

The impact of IFRS 15 did not have a material impact on profitability of the Group in 2018.

The largest impacts were noted in relation to the service concession contracts in Senegal, Togo and Rwanda that are accounted for under IFRIC 12. For these contracts, a number of distinct performance obligations were noted, including for major maintenance. On the financing component of these service concession contracts, IFRS 15 requires the calculation of the interest element to be based on the financing rate that could have been obtained locally at the time of asset construction, as opposed to the incremental rate of the contract under the previous model. Management generated an estimate of the rate by reference to the last USD bonds issued by the local government in these countries. As a result of this change, there was a significant reduction in the value of the financial and contract assets in the opening balance sheet at 1st January 2018 for the related concession arrangements.

How our audit addressed the key audit matter

We assessed the detailed analysis prepared by management in relation to the accounting for each power purchase agreement at inception as outlined above, and, where appropriate, when a substantive change to the PPA is made. We note that there were no significant changes to existing PPAs during the year.

In order to test the accuracy and occurrence of revenue from power sales, we obtained the periodic invoices for capacity and energy payments for each component and traced these to subsequent cash collected. For the largest component (which represents approximately 30.6% of Group revenue), we also reperformed the calculation of revenue based on the formulae set out in the contract.

In respect of renewables plants where PPAs include revenues linked to uncertain future performance obligations (for example capacity payments which are dependent on future levels of power generation), we have tested revenue to ensure that where revenues are recognized there is not a reasonable foreseeable chance of revenues being reversed in future periods as a result of a failure to meet future performance obligations. While there is inherent uncertainty in future levels of power generation for renewable assets, we found that Management's estimates appeared reasonable and consistent with historical performance of the associated assets.

We also assessed journal entries posted to revenue accounts to identify any unusual or irregular items, and where such items were identified we performed specific tests of detail to validate the appropriateness of the journal.

In respect of IFRS 15, we have performed a detailed review of management's process, involving our own accounting specialists, including specific consideration of management's judgements surrounding the identification of performance obligations and estimates used in the calculation of transaction adjustments, for example the appropriate rate to calculate the interest element of the financing component of service concession arrangements. We found that the principles behind the adjustments made as a result of adopting IFRS 15, including associated judgements and estimates, were appropriate.

For the in scope overseas components impacted by changes identified from the IFRS 15 transition (Spain, Bulgaria, Senegal, Togo and Rwanda) we have performed detailed audit testing over the transition adjustments and found these to be accurately calculated.

We also assessed the disclosures included in the financial statement in respect of the adoption of IFRS 15 and found these to be appropriate.

We determined that there were no key audit matters applicable to the Company to communicate in our report.

Independent auditors' report to the members of ContourGlobal plc *continued*

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of multiple reporting components, comprising the Group's operating locations (including operating and related financing entities) and other centralised functions.

The Group's reporting components vary significantly in size and we identified seven components that, in our view, required an audit of their complete financial information due to specific risk criteria and/or their size and contribution to the Group. Specific risk based audit procedures were performed at five further reporting components, based on the contribution of each to specific financial statement line items.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those entities to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. The Group engagement team visited the four largest components (in three countries) and two further full scope components. These visits involved discussing the audit approach and any issues arising from our work, as well as meeting local management. For all components, we received detailed reports on the findings of their audit work and held a number of calls with the component teams before, during and after the completion of their work. We also reviewed the working papers of all full scope component teams at the year end.

The Group consolidation, including the consolidated financial statement disclosures, and certain centrally managed functions and balances were audited at the head office by the Group audit engagement team.

The Company is principally a holding company and there are no branches or other locations to be considered when scoping the audit. As a single entity, one financial statement line item, being Cash at bank and in hand, was in scope for the Group audit. Otherwise, the Company is audited on a stand-alone basis and hence testing has been performed on all material financial statement line items.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Group financial statements	Company financial statements
Overall materiality	\$15.0 million (2017: \$12.5 million).	\$16.5 million (2017: \$8.0 million).
How we determined it	2.5% of Adjusted EBITDA.	1% of total assets (2017: 1% of total assets, capped at 95% of Group materiality).
Rationale for benchmark applied	We applied Adjusted EBITDA as the benchmark for materiality and we consider that this is the key profit based measure used by management in both assessing the performance of the business and reporting performance of the business to stakeholders. Management use this measure as it allows the underlying profitability of the Group's core business activities, including the contribution from associates, to be assessed year on year. It eliminates balances related to the initial acquisition of assets (which are not directly related to ongoing performance of the assets) and certain other items which give rise to fluctuations in results which are not directly linked to the performance of the asset.	We believe that total assets is an appropriate benchmark for the Company as this entity is principally a holding company.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between \$0.75 million and \$11.0 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$750,000 (Group audit) (2017: \$500,000) and \$750,000 (Company audit) (2017: \$500,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31st December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 74 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 67 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Independent auditors' report to the members of ContourGlobal plc *continued*

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 107, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 82 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit**Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities set out on page 107, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 13th December 2017 to audit the financial statements for the year ended 31st December 2017 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31st December 2017 to 31st December 2018.

Matthew Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

4th April 2019

Consolidated financial statements

Consolidated statement of income and other comprehensive income

Year ended 31st December 2018

In \$ millions	Note	Years ended 31st December	
		2018	2017
Revenue	4.2	1,253.0	1,022.7
Cost of sales	4.3	(933.5)	(716.3)
Gross profit		319.5	306.4
Selling, general and administrative expenses	4.3	(28.3)	(31.9)
Other operating (expenses)/income – net		(9.7)	4.0
Acquisition related items	4.5	(19.6)	(9.5)
Income from Operations		261.9	269.0
Other expenses – net	4.6	(0.4)	(12.7)
Share of profit in associates	4.13	2.9	5.0
Finance income	4.7	10.6	9.8
Finance costs	4.7	(255.7)	(186.0)
Realized and unrealized foreign exchange gains and (losses) and change in fair value of derivatives	4.7	8.5	(44.5)
Profit before income tax		27.8	40.6
Income tax expenses	4.8	(17.4)	(27.1)
Net profit		10.4	13.5
Profit/(Loss) attributable to			
• Group		15.0	19.4
• Non-controlling interests		(4.6)	(5.9)
Earnings per share (in \$)			
• Basic	4.9	0.02	0.03
• Diluted	4.9	0.02	0.03

In \$ millions	Years ended 31st December	
	2018	2017
Net profit for the period	10.4	13.5
Items that will not be reclassified subsequently to income statement	(0.2)	(0.6)
Changes in actuarial gains and losses on retirement benefit, before tax	(0.2)	(0.7)
Deferred taxes on changes in actuarial gains and losses on retirement benefit	–	0.1
Items that may be reclassified subsequently to income statement	(58.6)	(19.7)
(Loss)/gain on hedging transactions	(2.7)	5.9
Deferred taxes on (loss)/gain on hedging transactions	(1.7)	0.6
Share of other comprehensive income of investments accounted for using the equity method	–	0.5
Currency translation differences	(54.2)	(26.7)
Other comprehensive (loss) for the period, net of tax	(58.8)	(20.3)
Total comprehensive (loss) for the period	(48.4)	(6.8)
Attributable to		
• Group	(25.6)	2.8
• Non-controlling interests	(22.8)	(9.6)

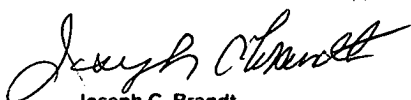
The accompanying notes are an integral part of these consolidated financial statements

Consolidated statement of financial position

Year ended 31st December 2018

In \$ millions	Note	31st December 2018	31st December 2017
Non-current assets		3,969.8	3,203.5
Intangible assets and goodwill	4.10	117.4	137.1
Property, plant and equipment	4.11	3,253.1	2,350.3
Financial and contract assets	4.12	498.2	617.7
Investments in associates	4.13	26.6	27.1
Other non-current assets	4.18	22.9	29.5
Deferred tax assets	4.8	51.6	41.8
Current assets		1,178.1	1,134.1
Inventories	4.19	112.8	54.1
Trade and other receivables	4.20	337.3	271.8
Derivative financial instruments	4.15	1.1	–
Other current assets		30.0	27.1
Cash and cash equivalents	4.21	696.9	781.1
Assets held for sale	4.11	–	13.7
Total assets		5,147.9	4,351.3
In \$ millions		31st December 2018	31st December 2017
Total equity and non-controlling interests		680.5	773.5
Issued capital	4.22	8.9	8.9
Share premium		380.8	380.8
Retained earnings and other reserves		105.6	187.3
Non-controlling interests		185.2	196.5
Non-current liabilities		3,701.2	3,016.5
Borrowings	4.23	3,286.8	2,672.6
Derivative financial instruments	4.15	53.0	49.7
Deferred tax liabilities	4.8	163.8	65.5
Provisions	4.25	41.2	62.2
Other non-current liabilities	4.24	156.4	166.5
Current liabilities		766.2	548.4
Trade and other payables	4.27	292.9	169.1
Borrowings	4.23	273.2	217.5
Derivative financial instruments	4.15	16.8	14.7
Current income tax liabilities		17.4	23.7
Provisions	4.25	17.4	10.8
Other current liabilities	4.28	148.5	112.6
Liabilities held for sale	4.11	–	12.9
Total liabilities		4,467.4	3,577.8
Total equity and non-controlling interests and liabilities		5,147.9	4,351.3

The financial statements were approved by the Board of Directors and authorized for issue on 4th April 2019 and signed on its behalf by:



Joseph C. Brandt
Chief Executive Officer

4th April 2019

The accompanying notes are an integral part of these consolidated financial statements

Consolidated financial statements *continued*

Consolidated statement of changes in equity

Year ended 31st December 2018

In \$ millions	Invested capital	Share capital	Share premium	Currency Translation Reserve	Hedging reserve	Actuarial reserve	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
Balance as of 1st January 2017	980.5	–	–	(32.9)	(36.0)	(1.0)	(621.7)	288.9	152.9	441.8
Profit/(loss) for the period	–	–	–	–	–	–	19.4	19.4	(5.9)	13.5
Other comprehensive loss	–	–	–	(23.0)	7.0	(0.6)	–	(16.6)	(3.7)	(20.3)
Total comprehensive (loss)/income for the period	–	–	–	(23.0)	7.0	(0.6)	19.4	2.8	(9.6)	(6.8)
Change in invested capital	(12.8)	–	–	–	–	–	–	(12.8)	–	(12.8)
Group restructure as a result of share for share exchange (note 4.22)	(967.7)	1,320.7	–	–	–	–	(353.0)	–	–	–
Capital reduction (note 4.22)	–	(1,307.5)	–	–	–	–	1,307.5	–	–	–
Cancellation of deferred shares (note 4.22)	–	(5.9)	–	–	–	–	5.9	–	–	–
Issue of shares – Listing on the London Stock Exchange (note 4.22)	–	1.6	380.8	–	–	–	–	382.4	–	382.4
Acquisition and contribution of non-controlling interest not resulting in a change of control	–	–	–	–	(1.0)	–	(8.0)	(9.0)	(0.8)	(9.8)
Acquisition of and contribution received from non-controlling interest	–	–	–	–	–	–	–	–	54.4	54.4
Dividends	–	–	–	–	–	–	(75.5)	(75.5)	–	(75.5)
Other	–	–	–	–	–	–	0.2	0.2	(0.4)	(0.2)
Balance as of 31st December 2017	–	8.9	380.8	(55.9)	(30.0)	(1.6)	274.8	577.0	196.5	773.5
Balance as of 1st January 2018	–	8.9	380.8	(55.9)	(30.0)	(1.6)	274.8	577.0	196.5	773.5
Effect of changes in accounting standards (IFRS 15)	–	–	–	–	–	–	(38.1)	(38.1)	(9.1)	(47.2)
Balance as of 1st January 2018 (restated)	–	8.9	380.8	(55.9)	(30.0)	(1.6)	236.7	538.9	187.4	726.3
Profit/(loss) for the period	–	–	–	–	–	–	15.0	15.0	(4.6)	10.4
Other comprehensive (loss)	–	–	–	(36.4)	(4.0)	(0.2)	–	(40.6)	(18.2)	(58.8)
Total comprehensive loss for the period	–	–	–	(36.4)	(4.0)	(0.2)	15.0	(25.6)	(22.8)	(48.4)
Transaction with non-controlling interests	–	–	–	–	–	–	–	–	(5.9)	(5.9)
Sale non-controlling interest not resulting in a change of control (note 3.1)	–	–	–	–	–	–	20.9	20.9	28.0	48.9
Employee share schemes	–	–	–	–	–	–	4.1	4.1	–	4.1
Dividends	–	–	–	–	–	–	(44.1)	(44.1)	(1.1)	(45.2)
Other	–	–	–	–	–	–	1.1	1.1	(0.4)	0.7
Balance as of 31st December 2018	–	8.9	380.8	(92.3)	(34.0)	(1.8)	233.7	495.3	185.2	680.5

The accompanying notes are an integral part of these consolidated financial statements

Consolidated statement of cash flows

Year ended 31st December 2018

In \$ millions	Note	Years ended 31st December	
		2018	2017
Cash flow from operating activities			
Net profit		10.4	13.5
Adjustment for:			
Amortization, depreciation and impairment expense	4.3	239.3	185.6
Change in provisions		(2.2)	3.8
Share of profit in associates	4.13	(2.9)	(5.0)
Realized and unrealized foreign exchange gains and losses and change in fair value of derivatives	4.7	(8.5)	44.5
Interest expenses – net	4.7	181.8	166.5
Other financial items	4.7	63.3	9.6
Income tax expense	4.8	17.4	27.1
Change in financial lease and concession assets		35.9	15.7
Acquisition related items		19.6	9.5
Other items		4.9	6.0
Change in working capital		50.9	(39.4)
Income tax paid		(35.1)	(23.9)
Contribution received from associates		3.4	7.1
Net cash generated from operating activities		578.2	420.6
Cash flow from investing activities			
Purchase of property, plant and equipment		(81.1)	(58.4)
Purchase of intangibles		(1.2)	(1.4)
Government grants		–	0.7
Acquisition of financial assets under concession agreements	4.12	–	(35.4)
Acquisition of subsidiaries, net of cash received		(910.4)	(170.6)
Sale of subsidiaries, net of divested cash	3.1	3.0	–
Other investing activities		(6.5)	(15.5)
Net cash used in investing activities		(996.2)	(280.6)
Cash flow from financing activities			
Proceeds from issuance of ContourGlobal plc. Shares	4.22	–	402.3
Dividends paid		(44.1)	(75.5)
Net repayment of amounts due from relating undertakings		–	21.3
Proceeds from borrowings		1,792.0	310.9
Repayment of borrowings		(1,151.1)	(233.0)
Debt issuance costs – net		(16.1)	(1.1)
Interest paid		(180.9)	(169.2)
Cash distribution to non-controlling interests		(19.5)	(16.2)
Transactions with non-controlling interest holders		67.2	(9.6)
Other financing activities	4.7	(72.1)	(69.0)
Net cash generated from financing activities		375.4	160.9
Exchange (losses)/gains on cash and cash equivalents		(41.6)	46.4
Net change in cash and cash equivalents		(84.2)	347.4
Cash & cash equivalents at beginning of the period		781.1	433.7
Cash & cash equivalents at end of the period		696.9	781.1

The accompanying notes are an integral part of these consolidated financial statements

Consolidated financial statements *continued*

Notes to the consolidated financial statements

1. General information

ContourGlobal plc (the 'Company') is a public listed company, limited by shares, domiciled in the United Kingdom and incorporated in England and Wales. It is the holding company for the group whose principal activities during the period were the operation of wholesale power generation businesses with Thermal and Renewables assets in Europe, Latin America and Africa, and its registered office is:

6th Floor
15 Berkeley Street
London
W1J 8DY
United Kingdom

Registered number: 10982736

ContourGlobal plc is listed on the London Stock Exchange.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by and adopted for use by the European Union (EU), IFRS Interpretation Committee (IFRS IC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The financial information is prepared in accordance with IFRS under the historical cost convention, as modified for the revaluation of certain financial instruments. The financial information is presented in millions of U.S. dollars, with one decimal. Thus numbers may not sum precisely due to rounding.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out in note 2.3. These policies have been consistently applied to the periods presented, unless otherwise stated. In particular, as the Group has implemented IFRS 15 Revenue from contracts with customers using the modified retrospective approach, related amounts in the consolidated statement of income and comprehensive income and the consolidated statement of financial position for 2018 are not comparable with the corresponding amounts in 2017. See note 2.1 for further details. The financial information presented is at and for the financial years ended 31st December 2018 and 31st December 2017. Financial year ends have been referred to as 31st December throughout the consolidated financial statements as per the accounting reference date of ContourGlobal plc. Financial years are referred to as 2018 and 2017 in these consolidated financial statements.

The preparation of the IFRS financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates, as noted in the critical-accounting estimates and judgements in note 2.4.

On 17th October 2017, the Company obtained control of the entire share capital of ContourGlobal Worldwide Holdings S.à.r.l from ContourGlobal L.P. via a share-for-share exchange. The principal operating subsidiary undertakings of the Group are owned directly or indirectly by ContourGlobal Worldwide Holdings S.à.r.l. For the

full year there were no changes in rights or proportion of control exercised as a result of this transaction. Although the share-for-share exchange resulted in a change of legal ownership, this was a common control transaction and therefore outside the scope of IFRS 3. In substance, these financial statements reflect the continuation of the pre-existing group and the financial statements have been prepared by applying the principles of predecessor accounting. In each period, the financial statements have been prepared by applying the principles underlying the consolidation procedures of IFRS 10 'Consolidated Financial Statements' (IFRS 10).

The components of equity in the consolidated statement of changes in equity for the comparative period reflect the constituent parts of equity required to be separately disclosed under IAS 1, based upon the consolidated position prior to the capital reorganization, and non-controlling interests. As it is not meaningful to show the share capital for the predecessor Group, as of 1st January 2017, the remaining equity of the predecessor group is represented by the cumulative investment of ContourGlobal L.P. in the Group (shown as 'Invested Capital'). The current and prior year consolidated statement of financial position presents the legal change in ownership of the Group, including the share capital of the Company following the capital reorganization that occurred in 2017 as described in note 4.22. The revised capital structure is also presented in the consolidated statement of changes in equity, which reflects the share for share exchange, capital reduction and cancellation of deferred shares that occurred during the prior year.

2. Summary of significant accounting policies

2.1. Application of new and revised International Financial Reporting Standards (IFRS)

IFRS 15 Revenue from contract with customers

The Group adopted IFRS 15, Revenue from Contracts with Customers, from 1st January 2018. The Group used the modified retrospective approach for the first application under which the comparative amounts in the consolidated statement of income and other comprehensive income and the consolidated statement of financial position are not restated and instead are presented in accordance with IAS 18. To determine the impact of IFRS 15 on the Group, management grouped power purchase agreements with similar contractual terms, and performed a detailed revenue accounting assessment for each group. This exercise identified the following main impacts for the Group as being:

- i) An increase in revenue from grossing up certain costs that were previously netted down: the Group recognized an increase of costs of sales to match the fair value of the gas supplied to its Arrubal plant from its main client and corresponding increase in revenue; this resulted in an increase of revenue by \$19.6 million for the year ended 31st December 2018;
- ii) Additional performance obligations identified for service concession contracts which resulted in a decrease of revenue and an increase of costs of sales by \$15.9 million for the year ended 31st December 2018 mainly due to the timing of major maintenance activities; and
- iii) A modification to a contract in Maritsa that is recognized prospectively from the contract modification; this resulted in an increase of revenue by \$1.3 million for the year ended 31st December 2018;

The table below summarizes impacts of IFRS 15 implementation on the statement of income for the year ended 31st December 2018:

In \$ millions	Notes	Statement of income under IAS 18	Impact of adopting IFRS 15	Statement of income under IFRS 15
Revenue		1,248.0	5.0	1,253.0
Cost of sales		(929.8)	(3.7)	(933.5)
Gross profit		318.2	1.3	319.5
Selling, general and administrative expenses		(28.3)	–	(28.3)
Other operating income – net		(9.7)	–	(9.7)
Acquisition related items		(19.6)	–	(19.6)
Income from Operations		260.6	1.3	261.9
Other income (expenses) – net		(0.4)	–	(0.4)
Share of profit in associates		2.9	–	2.9
Finance income		10.6	–	10.6
Finance costs		(255.7)	–	(255.7)
Realized and unrealized foreign exchange gains and (losses) and change in fair value of derivatives		8.5	–	8.5
Profit before income tax		26.5	1.3	27.8
Income tax expenses		(16.7)	(0.7)	(17.4)
Net profit		9.8	0.7	10.4
Profit/(Loss) attributable to				
• Group		13.7	1.3	15.0
• Non-controlling interests		(4.0)	(0.6)	(4.6)

The table below summarizes impacts of IFRS 15 implementation on the consolidated statement of financial position as of 1st January 2018:

In \$ millions	Notes	1st January 2018	Restatement	1st January 2018 restated
Assets		3,281.6	(76.9)	3,204.7
Non-current assets		3,009.8	(75.8)	2,934.0
Property, plant and equipment		2,350.3	(1.4)	2,348.9
Financial and contract assets	(1) (2)	617.7	(80.0)	537.7
Deferred tax assets	(2)	41.8	5.6	47.4
Current assets		271.8	(1.1)	270.7
Trade and other receivables	(3)	271.8	(1.1)	270.7
Liabilities		240.3	(29.7)	210.6
Non-current liabilities		127.7	(36.2)	91.5
Deferred tax liabilities	(2)	65.5	(8.0)	57.5
Provisions	(1)	62.2	(28.2)	34.0
Current liabilities		112.6	6.5	119.1
Other current liabilities	(3)	112.6	6.5	119.1
Equity and non-controlling interest		383.8	(47.2)	336.6
Retained earnings and other reserves		187.3	(38.1)	149.2
Non-controlling interests		196.5	(9.1)	187.4

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued***2. Summary of significant accounting policies *continued***

(1) The Group has assessed the performance obligations ('POs') as defined under IFRS 15 for all its power plants under service concession agreements, namely KivuWatt in Rwanda, Togo and Cap des Biches in Senegal. The identification of the following POs resulted in adjusting the value of the financial and contract assets, contract liabilities, provisions and related deferred tax assets and liabilities:

- Construction and transfer of the power plant: no change in initial values. The margin recognized during the construction period is immaterial as engineering of the project is largely outsourced.
- Significant financing component: revenue is represented by interest generated on the funding of the total construction costs, and is recognized over the period of the contract consistent with the previous model. Under IFRS 15, the interest rate corresponds to the last USD bonds issued by the country representing the financing rate that the local government could have obtained at the time of the construction (versus incremental rate of the contract for the previous model). These changes resulted in significantly reducing the value of the line item Financial and contract assets as of 1st January 2018 for the three assets.
- Operation, maintenance and major maintenance activities: such activities are part of the services rendered to the client during the concession period. A margin is applied which falls into a reasonable range for such activities in such countries. The major maintenance is considered as a distinct PO rendered after pre-defined thresholds and operating hours. As such, under IFRS 15 a revenue and a margin is applied to this PO when costs are incurred, which resulted in removing the gross maintenance provision initially recorded and included in the line item Provisions.

(2) As a result of (1), the identification of new POs and change in methodology resulted in adjusting the value of financial and contract assets, but also in recognizing:

- Contract assets (within line item Financial and contract assets): the value of contract assets and liabilities is dependent in particular on the timing of operation and maintenance activities as well as major maintenance activities, for which revenue is recognized as costs are incurred.
- Deferred tax assets and liabilities resulting from a different revenue recognition in local GAAP in Togo and Cap des Biches. The changes incurred by the implementation of IFRS 15 triggered adjustment of historical deferred taxes recognized as a result.

(3) The Maritsa power purchase agreement ('PPA') was amended in April 2016. IFRS 15 requires recognizing the effect of such amendments prospectively (vs retroactively to the initial PPA date under the previous standard). This change resulted in particular in deferring revenue recognition over time.

IFRS 9 Financial instruments

The Group adopted IFRS 9 'Financial Instruments', from 1st January 2018, which replaces IAS 39 (Financial instruments – Recognition and measurement) and addresses the classification and measurement of financial instruments, introducing new principles for hedge accounting and a new forward-looking impairment model for financial assets.

The adoption of IFRS 9 hedge accounting principles did not have any material impact on the financial statements. The adoption of IFRS 9 did not result in any changes in the measurement or classification of financial instruments at 1st January 2018. All classes of financial assets and financial liabilities had the same carrying values under IFRS 9 as they had under IAS 39 as at 1st January 2018.

2.2. New standards and interpretations not yet mandatorily applicable

On 1st January 2019 the Group will adopt IFRS 16 'Leases', which has been issued by the IASB and endorsed by the EU. This is a significant new standard for the Group and the expected impacts are discussed below.

In addition to IFRS 16, a number of additional new standards and amendments and revisions to existing standards have been published which will apply to the Group's future accounting periods. They have not been early adopted. None of these are expected to have a significant impact on the consolidated results, financial position or cash flows of the Group when they are adopted.

IFRS 16 Leases

IFRS 16 'Leases' was issued in January 2016 to replace IAS 17 'Leases' and has been endorsed by the EU. The standard is effective for accounting periods beginning on or after 1st January 2019 and will be adopted by the Group on 1st January 2019.

IFRS 16 will primarily change lease accounting for lessees; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognized in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases, but will be substantively different to existing accounting for operating leases where rental charges are currently recognized on a straight-line basis and no lease asset or related lease creditor is recognized.

The impact of IFRS 16 on lessor accounting is less significant and not expected to have a material impact for the Group.

The Group assessed the impact of the accounting changes that will arise under IFRS 16; the following changes to lessee accounting will have a material impact as follows:

- Right-of-use assets will be recorded for all assets that are leased by the Group; currently no lease assets or related liabilities are included on the Group's consolidated statement of financial position for operating leases.
- Liabilities will be recorded for future lease payments in the Group's consolidated statement of financial position for the 'reasonably certain' period of the lease, which may include future lease periods for which the Group has extension options. Currently liabilities are generally not recorded for future operating lease payments, which are disclosed as commitments. The amount of lease liabilities will not exactly equal the lease commitments reported on 31st December 2018, as they will be discounted to present value and the treatment of termination and extension options may differ.
- Currently operating lease rentals are expensed on a straight-line basis over the lease term within operating expenses and these will be replaced by a depreciation charge for right-of-use assets and interest on lease liabilities; interest will typically be higher in the early stages of a lease and reduce over the term.
- Operating lease cash flows are currently included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.

The right-of-use assets and liabilities for future lease payments assessed as of 1st January 2019 amounts to \$24.6 million. The depreciation of the right-of-use assets and the finance charges on the liabilities assessed for 2019 are estimated at \$3.5 million and \$1.6 million respectively. The Group expects to apply the modified retrospective approach starting 1st January 2019.

2.3. Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include both the assets and liabilities, and the results and cash flows, of the Group and its subsidiaries and the Group's share of the results and the Group's investments in associates.

Inter-company transactions and balances between Group companies are eliminated.

(a) Subsidiaries

Entities over which the Group has the power to direct the relevant activities so as to effect the returns to the Group, generally through control over the financial and operating policies, are accounted for as subsidiaries. Interests acquired in subsidiaries are consolidated from the date the Group acquires control.

(b) Associates

Where the Group has the ability to exercise significant influence over entities, generally from a shareholding of between 20% and 50% of the voting rights, they are accounted for as associates. The results and assets and liabilities of associates are incorporated into the consolidated financial statements using the equity method of accounting. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is objective evidence that the investment in the associate is impaired. If there is evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognizes this amount as a reduction to the amount of 'Share of profit of associates' in the consolidated statement of income.

Business combinations

The acquisition consideration is measured at fair value which is the aggregate of the fair values of the assets transferred, the liabilities incurred or assumed and the equity interests in exchange for control. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statement of income. Where the consideration transferred, together with the non-controlling interest, exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. Acquisition related costs are expensed as incurred and classified as 'Acquisition related items' in the consolidated statement of income.

Goodwill is capitalized as a separate item in the case of subsidiaries and as part of the cost of investment in the case of associates. Goodwill is denominated in the currency of the operation acquired.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a gain or loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Functional and presentation currency and currency translation

The assets and liabilities of foreign undertakings are translated into US dollars, the Group's presentation currency, at the year-end exchange rates. The results of foreign undertakings are translated into US dollars at the relevant average rates of exchange for the year. Foreign exchange differences arising on retranslation of opening net assets, and the difference between average exchange rates and year-end exchange rates on the result for the year are recognized directly in the currency translation reserve.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized at period end exchange rates in the consolidated statement of income line which most appropriately reflects the nature of the item or transaction.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*2. Summary of significant accounting policies *continued*

The following table summarizes the main exchange rates used for the preparation of the consolidated financial statements of ContourGlobal:

Currency	Closing rates		Average rates	
	Year ended 31st December		Year ended 31st December	
	2018	2017	2018	2017
EUR/USD	1.1467	1.2005	1.1811	1.1299
BRL/USD	0.2581	0.3024	0.2756	0.3134
BGN/USD	0.5863	0.6138	0.6040	0.5774

Operating and reportable segments

The Group's reporting segments reflect the operating segments which are based on the organizational structure and financial information provided to the Chief Executive Officer, who represents the chief operating decision-maker ('CODM'). The Group's organizational structure reflects the different electricity generation methods, being Thermal and Renewables. A third category, Corporate & Other, primarily reflects costs for certain centralized functions including executive oversight, corporate treasury and accounting, legal, compliance, human resources, IT, political risk insurance and facilities management and certain technical support costs that are not allocated to the segments for internal management reporting purposes.

The principal profit measure used by the CODM is 'Adjusted EBITDA' as defined in note 4.1. A segmented analysis of 'Adjusted EBITDA' is accordingly provided in the notes to the consolidated financial statements (see note 4.1).

Revenue recognition

IFRS 15, Revenues from contracts with customers, is effective for periods beginning 1st January 2018. Under this standard, revenue recognition is based on the transfer of control, i.e. notion of control is used to determine when a good or service is transferred to the customer. In accordance with this, the Group has adopted a single comprehensive model for the accounting for revenues from contracts with customers, using a five-step approach for revenue recognition: (1) identifying the contract; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when the Group satisfies a performance obligation.

Revenue represents amounts receivable for goods or services provided in the normal course of business excluding amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes.

Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

The Group revenue is mainly generated from the following:

- (i) revenue from power sales;
- (ii) revenue from operating leases;
- (iii) revenue from financial assets (concession and finance lease assets); and
- (iv) construction revenue from concession arrangements.

Certain of the Group power plants sell their output under Power Purchase Agreements ('PPAs') and other long-term arrangements. Under such arrangements it is usual for the Group to receive payment for the provision of electrical capacity or availability whether or not the offtaker requests the electrical output (capacity payments) and for the variable costs of production (energy payments). In such situations, revenue is recognized in respect of capacity payments as:

- a) Service income in accordance with the contractual terms, to the extent that the capacity has been made available to the contracted offtaker during the period. This income is recognized as part of revenue from power sales;
- b) Financial return on the operating financial asset where the PPA is considered to be or to contain a finance lease or where the contract is considered to be a financial asset under interpretation IFRIC 12: 'Service Concession Arrangements'.

Under finance lease arrangements, those payments which are not included within minimum lease payments are accounted for as service income (outlined in (a) above).

Energy payments under PPAs are recognized in revenue in all cases as the contracted output is delivered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Revenues in the comparative periods are recognized in accordance with IAS 18. See note 2.1 for more details of the transition to IFRS 15.

Government grants

Grants from the government are recognized where there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received.

Acquisition related items

Acquisition related items include pre-acquisition costs such as various professional fees and due diligence costs, earn-outs and other related incremental costs incurred as part of completed or contemplated acquisitions.

Finance income and finance costs

Finance income primarily consists of interest income on funds invested. Finance costs primarily comprise interest expense on borrowings, unwinding of the discount/step up on financial and contract assets and provisions, interests and penalties that arise from late payments of suppliers or taxes, swap margin calls, bank charges, changes in fair value of the debt payable to non-controlling interests in our Bulgarian power plant, changes in the fair value of derivatives not qualifying for hedge accounting and unrealized & realized foreign exchange gains and losses.

Intangible assets and goodwill**Goodwill**

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ('CGUs'), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The reporting units (which generally correspond to power plants) or group of reporting units have been identified as its cash-generating units.

Goodwill impairment reviews are undertaken at least annually.

Intangible assets

Intangible assets include licenses and permits when specific rights and contracts are acquired. Intangible assets separately acquired in the normal course of business are recorded at historic cost, and intangible assets acquired in a business combination are recognized at fair value at the acquisition date. When the power plant achieves its commercial operations date, the related intangible assets are amortized using the straight-line method over the life of the PPA, generally over 20 years (excluding software). Software is amortized over three years. A different amortization method may be used if it better reflects the pattern of economic benefits derived from the asset over time.

Property, plant and equipment**Initial recognition and subsequent measurement**

Property, plant and equipment are stated at historical cost, less depreciation, or at fair value if acquired in the context of a business combination. Historical cost includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present legal or constructive obligation to do so.

Property, plant and equipment acquired under finance leases is carried at the lower of market value and the present value of the related minimum lease payments.

Costs relating to major inspections and overhauls are capitalized. Minor replacements, repairs and maintenance, including planned outages to our power plants that do not improve the efficiency or extend the life of the respective asset, are expensed as incurred.

The Group capitalizes certain direct pre-construction costs associated with its power plant project development activities when it has been determined that it is more likely than not that the opportunity will result in an operating asset. Factors considered in this determination include (i) the availability of adequate funding, (ii) the likelihood that the Group will be awarded with the project or the barriers are not likely to prohibit closing the project, and (iii) there is an available market and the regulatory, environmental and infrastructure requirements are likely to be met. Capitalized pre-construction costs include initial engineering, environmental and technical feasibility studies, legal costs, permitting and licensing and direct internal staff salary and travel costs, among others. Pre-construction costs are charged to expense if a project is abandoned or if the conditions stated above are not met. Construction work in progress ('CWIP') assets are transferred out of CWIP when construction is substantially completed and the power plant achieves its commercial operations date ('COD'), at which point depreciation commences.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*2. Summary of significant accounting policies *continued***Depreciation**

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Useful lives as of 31st December 2017 and 2018
Generating plants and equipment	
Lignite, coal, gas, oil, biomass power plants	12 to 40 years
Hydro plants and equipment	25 to 75 years
Wind farms	16 to 25 years
Tri and quad-generation combined heat power plants	15 years
Solar plants	14 to 22 years
Other property, plant and equipment	3 to 10 years

The range of useful lives is due to the diversity of the assets in each category, which is partly due to acquired assets and from assets groupings.

The residual values and useful lives are reviewed at least annually and if expectations differ from previous estimates, the remaining useful lives are reassessed and adjustments are made. The remaining useful lives are assessed when acquisitions are made by performing technical due diligence procedures.

Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that carrying values may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal (market value) and value in use determined using estimates of discounted future net cash flows of the asset or group of assets to which it belongs. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys the right to use the asset, or assets.

Accounting for arrangements that contain a lease as lessee**(i) Accounting for finance leases as lessee**

Leases of property, plant and equipment where the Group holds substantially all the risks and rewards of ownership are classified as finance lease and such assets are capitalized at the commencement of the lease term at the lower of the present value of the minimum lease payments or the fair value of the leased asset. The asset is depreciated over the shorter of the useful life of the asset and the lease term. The obligations relating to finance leases, net of finance charges in respect of future periods, are recognized as liabilities. Leases are subsequently measured at amortized cost using the effective interest method.

(ii) Accounting for operating leases as lessee

Leases where a significant portion of the risks and rewards are held by the lessor are classified as operating leases. Rentals are charged to the statement of income on a straight line basis over the period of the lease.

Accounting for arrangements that contain a lease as lessor – Power purchase arrangements ('PPA') and other long-term contracts may contain, or may be considered to contain, leases where the fulfilment of the arrangement is dependent on the use of a specific asset such as a power plant and the arrangement conveys to the customer the right to use that asset. Such contracts may be identified as either operating leases or finance leases.

(i) Accounting for finance leases as lessor

Where the Group determines that the contractual provisions of a long-term PPA contain, or are a lease and result in the offtaker assuming the principal risks and rewards of ownership of the power plant, the arrangement is a finance lease. Accordingly the assets are not reflected as PP&E and the net investment in the lease, represented by the present value of the amounts due from the lessee is recorded within financial assets as a finance lease receivable.

The capacity payments as part of the leasing arrangement are apportioned between minimum lease payments (comprising capital repayments relating to the plant and finance income) and service income. The finance income element is recognized as revenue, using a rate of return specific to the plant to give a constant rate of return on the net investment in each period. Finance income and service income are recognized in each accounting period at the fair value of the Group's performance under the contract.

(ii) Accounting for operating leases as lessor

Where the Group determines that the contractual provisions of the long-term PPA contain, or are, a lease, and result in the Group retaining the principal risks and rewards of ownership of the power plant, the arrangement is an operating lease. For operating leases, the power plant is, or continues to be, capitalized as property, plant and equipment and depreciated over its useful economic life. Rental income from operating leases is recognized on a straight-line basis over the term of the arrangement.

Concession arrangements

The interpretation IFRIC 12 governs accounting for concession arrangements. An arrangement within the scope of IFRIC 12 is one which involves a private sector entity (known as 'an operator') constructing infrastructure used to provide a public service, or upgrading it (for example, by increasing its capacity) and operating and maintaining that infrastructure for a specified period of time.

IFRIC 12 applies to public-to-private service concession arrangements if:

- (a) The 'grantor' (i.e. the public sector entity – the offtaker) controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price, and
- b) The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement. Infrastructure used in a public-to-private service concession arrangement for its entire useful life (a whole of life asset) is within the scope of IFRIC 12 if the conditions in a) are met.

Under concession arrangements within the scope of IFRIC 12, which comply with the 'financial asset' model requirements, the operator recognizes a financial asset, attracting income in consideration for the services it provides (design, construction, etc.), to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services; the grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law. The Group has an unconditional right to receive cash if the grantor contractually guarantees to pay the Group (a) specified or determinable amounts or (b) the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts, even if payment is contingent on the Group ensuring that the infrastructure meets specified quality or efficiency requirements. This model is based on input assumptions such as budgets and cash flow forecasts. Any change in these assumptions may have a material impact on the measurement of the recoverable amount and could result in reducing the value of the asset. Such financial assets are recognized in the consolidated statement of financial position in an amount corresponding to the fair value of the infrastructure on first recognition and subsequently at amortized cost. The receivable is settled by means of the grantor's payments being received. The financial income calculated on the basis of the effective interest rate, equivalent to the project's internal rate of return, is reflected within the 'Revenue from concession and finance lease assets' line in the note 4.2 'Revenue' to the consolidated financial statements. Cash outflows relating to the acquisition of financial assets under concession agreements are presented as part of cash flow from investing activities. Net cash inflows generated by the financial assets' operations are presented as part of cash flow from operating activities.

Under arrangements within the scope of IFRIC 12 which complies with the 'intangible asset' model requirements, the operator recognizes an intangible asset in accordance with IAS 38 to the extent that it has a right to charge users of the public service. Such intangible asset is recognized in the consolidated statement of financial position at cost on first recognition and subsequently measured over its useful economic life at cost less accumulated amortization and impairment losses. Net cash inflows generated by the intangible asset's operations are presented as part of cash flow from operating activities.

Financial assets**Classification of financial assets**

The Group classifies its financial assets in the following categories: at fair value through statement of income and loans and receivables.

a) Financial assets at fair value through statement of income

Financial assets have been acquired principally for the purpose of selling, or being settled, in the short term. Financial assets at fair value through statement of income are 'Cash and cash equivalents' which includes restricted cash and derivatives held for trading unless they are designated as hedges.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those that mature greater than 12 months after the end of the reporting period, which are classified in non-current assets. The Group's loans and receivables comprise 'Trade and other receivables' and 'Financial and contract assets' in the consolidated statement of financial position.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued***2. Summary of significant accounting policies *continued*****Recognition and measurement**

Regular way purchases and sales of financial assets are recognized on trade date (that is, the date on which the Group commits to purchase or sell the asset).

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through income are expensed in the consolidated statement of income and other comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

a) Financial assets at fair value through statement of income
Gains or losses on financial assets at fair value through statement of income are recognized in the consolidated statement of income and other comprehensive income. These are presented within finance income and finance costs respectively.

b) Loans and receivable

These financial assets are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, and are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in finance income.

Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Allowances for expected credit losses are made based on the risk of non-payment taking into account ageing, previous experience, economic conditions and forward looking data. Such allowances are measured as either 12-months expected credit losses or lifetime expected credit losses depending on changes in the credit quality of the counterparty.

While the financial assets of the Company are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Derivative financial instruments and hedging activities

Derivative instruments are measured at fair value upon initial recognition in the consolidated statement of financial position and subsequently are re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Derivative instruments are presented according to their maturity date, regardless of whether they qualify for hedge accounting under IFRS 9 (hedging instruments versus trading instruments). Derivatives are classified as a separate line item in the consolidated statement of financial position.

As part of its overall foreign exchange and interest rate risk management policy, the Group enters into various hedging transactions involving derivative instruments.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Group designates certain derivatives as either:

a) Hedges of fair value of recognized assets or liabilities (fair value hedges);

In connection with the Group's hedging policy, the Group uses forward exchange contracts for currency risk management as well as foreign exchange options.

b) Hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group uses interest rate swap contracts for interest rate risk management in order to hedge certain forecasted transactions and to manage its anticipated cash payments under its variable rate financing by converting a portion of its variable rate financing to a fixed rate basis through the use of interest rate swap agreements, and a cross currency swap contract for both currency and interest rate risk management.

Items qualifying as hedges

The Group formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions and the method used to assess hedge effectiveness. Hedging transactions are expected to be highly effective in achieving offsetting changes in cash flows and are regularly assessed to determine that they actually have been highly effective throughout the financial reporting periods for which they are implemented.

When derivative instruments qualify as hedges for accounting purposes, as defined in IFRS 9 'Financial instruments', they are accounted for as follows:

a) Cash flow hedges that qualify for hedge accounting

- The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity and through the consolidated statement of other comprehensive income ('OCI'). The gain or loss relating to the ineffective portion is recognized immediately within the consolidated statement of income. Amounts recognized directly in OCI are reclassified to the consolidated statement of income when the hedged transaction affects the consolidated statement of income.
- If a forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in OCI are reclassified to the consolidated statement of income as finance income or finance costs.

If a hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in OCI remain in accumulated OCI until the forecast transaction or firm commitment occurs, at which point they are reclassified to the consolidated statement of income.

b) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in finance income/finance costs.

In connection with the Group's hedging policy, the Group uses forward exchange contracts for currency risk management as well as foreign exchange options, interest rate swap contracts for interest rate risk management in order to hedge certain forecasted transactions and to manage its anticipated cash payments under its variable rate financing by converting a portion of its variable rate financing to a fixed rate basis through the use of interest rate swap agreements, and a cross currency swap contract for both currency and interest rate risk management.

Inventories

Inventories consist primarily of power generating plant fuel and non-critical spare parts that are held by the Group for its own use. Inventories are stated at the lower of cost, using a first-in, first-out method, and net realizable value, which is the estimated selling price in the ordinary course of business, less applicable selling expenses.

Emission quotas

Some companies of the Group emit CO₂ and have as a result obligations to buy emission quotas on the basis of local legislation. The emissions made by the Company emitting CO₂ which are in excess of any allocated quotas are purchased at free market price and shown as inventories before their effective use. If emissions are higher than allocated quotas, the Company recognizes an expense and respective liability for those emissions. At the end of each reporting period, CO₂ quotas that remain available to the Company are revalued at the lower of costs or prevailing market value.

Trade receivables

Trade receivables are recognized initially at fair value, which is usually the invoiced amount, and subsequently carried at amortized cost using the effective interest method, less provision for impairment. Details about the Group's impairment policies on financial assets and the calculation of the provision for impairment are provided on page 130.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions and short-term investments, all of which are readily convertible to cash and are subject to insignificant risk of changes in value and have an original maturity of three months or less. Bank overdrafts are included within current borrowings. Cash and cash equivalents also includes cash deposited on accounts to cover for short-term debt service of certain project financings and which can be drawn for short-term related needs.

Maintenance reserves held for the purpose of covering long-term major maintenance and long-term deposits kept as collateral to cover decommissioning obligations are excluded from cash and cash equivalents and included in non-current assets.

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

The premium received on the issue of shares in excess of the nominal value of shares is credited to the share premium account and included within shareholders' equity.

Financial liabilities

a) Borrowings

Borrowings are recognized initially at fair value of amounts received, net of transaction costs. Borrowings are subsequently measured at amortized cost using the effective interest method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of income over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

b) Trade and other payables

Financial liabilities within trade and other payables are initially recognized at fair value, which is usually the invoiced amount, and subsequently carried at amortized cost using the effective interest method.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Unless otherwise stated, carrying value approximates to fair value for all financial liabilities.

Provisions

Provisions principally relate to decommissioning, maintenance, environmental, tax and legal obligations and which are recognized when there is a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are re-measured at each statement of financial position date and adjusted to reflect the current best estimate. Any change in present value of the estimated expenditure attributable to changes in the estimates of the cash flow or the current estimate of the discount rate used are reflected as an adjustment to the provision. The increase in the provisions due to passage of time are recognized as finance costs in the consolidated statement of income.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of income, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Consolidated financial statements *continued*

Notes to the consolidated financial statements *continued*

2. Summary of significant accounting policies *continued*

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.4. Critical accounting estimates and judgments

The preparation of the consolidated financial statements in line with the Group's accounting policies set out in note 2.3 involves the use of judgment and/or estimation. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, giving consideration to previous experience, and are regularly reviewed and revised as necessary. Actual results may differ from the amounts included in the consolidated financial statements. The estimates and judgments that have the most significant effect on the carrying amounts of assets and liabilities are presented below.

Critical accounting judgements

Accounting for long-term power purchase agreements and related revenue recognition

When power plants sell their output under long-term power purchase agreements (PPAs), it is usual for the operator of the power plant to receive payment (known as a capacity payment) for the provision of electrical capacity whether or not the off-taker requests electrical output. There is a degree of judgement as to whether a long-term contract to sell electrical capacity constitutes a service concession arrangement, a form of lease, or a service contract. This determination is made at the inception of the PPA, and is not required to be revisited in subsequent periods under IFRS, unless the agreement is renegotiated.

Given that the fulfilment of the PPAs is dependent on the use of a specified asset, the key judgement in determining if the PPA contains a lease is the assessment of whether the PPA conveys a right for the off-taker to use the assets. In practice, the key criteria in assessing if that right exists is the judgement whether there is only a remote possibility that parties other than the off-taker will take more than an insignificant amount of the power output and the price the off-taker will pay is neither fixed nor at market price rates.

In assessing whether the PPA contains a service concession, the Group considers whether the arrangement (i) bears a public service obligation, (ii) has prices that are regulated by the off-taker; and (iii) the residual interest is transferred to the off-taker at an agreed value.

All other PPAs are determined to be service contracts.

Concession arrangements – For those agreements which are determined to be a concession arrangement, there are judgements as to whether the infrastructure should be accounted for as an intangible asset or a financial asset depending on the nature of the payment entitlements established in the agreement.

Concession arrangements determined to be a financial asset –

The Group recognizes a financial asset when demand risk is assumed by the grantor, to the extent that the contracted concession holder has an unconditional right to receive payments for the asset. The asset is recognized at the fair value of the construction services provided. The fair value is based on input assumptions such as budgets and cash flow forecasts, future costs include maintenance costs which impact the overall calculation of the estimated margin of the project. The inputs include in particular the budget for fixed and variable costs. Any change in these assumptions may have a material impact on the measurement of the recoverable amount and could result in reducing the value of the asset. The financial asset is subsequently recorded at amortized cost calculated according to the effective interest rate method. Revenue for operating and managing the asset is recorded as revenue in each period.

Leases – For those arrangements determined to be or to contain leases, further judgment is required to determine whether the arrangement is finance or operating lease. This assessment requires an evaluation of where the substantial risks and rewards of ownership reside, for example due to the existence of a bargain purchase option that would allow the off-taker to buy the asset at the end of the arrangement for a minimal price.

Assessing property, plant and equipment for impairment triggers

The Group's property, plant and equipment are reviewed for indications of impairment (an impairment 'trigger'). Judgement is applied in determining whether an impairment trigger has occurred, based on both internal and external sources. External sources may include: market value declines, negative changes in technology, markets, economy, or laws. Internal sources may include: obsolescence or physical damage, or worse economic performance than expected, including from adverse weather conditions for renewable plants. In the current year, impairment triggers were noted for Brazilian wind power plants (see note 4.1).

Provisions for claims

The Group receives legal or contractual claims against it from time to time, in the normal course of business. Judgments are made as to the potential likelihood of any claim succeeding when making a provision or disclosing a contingent liability. The timeframe for resolving legal or contractual claims may be judgemental, as is the amount of possible outflow of economic benefits.

Critical accounting estimates

Service concession arrangements

The Group has service concession arrangements for Senegal, Rwanda, Togo and Brazil. In order to calculate the gross profit margin that is recognized in relation to operation, maintenance and major maintenance activities during the concession period, the Group makes an estimate of the future costs of these activities that will be incurred over the remaining contract life. Whilst the level and related costs of such activities is generally predictable with a reasonable degree of accuracy, should significant unanticipated costs be incurred, this would reduce gross profit margins for these activities over the future life of the contract.

Estimation of useful lives of property, plant and equipment

Property, plant and equipment represents a significant proportion of the asset base of the Group, primarily due to power plants owned, being 63.2% (2017: 54.0%) of the Group's total assets. Estimates and assumptions made to determine their carrying value and related depreciation are significant to the Group's financial position and performance. The annual depreciation charge is determined after estimating an asset's expected useful life and its residual value at the end of its life. The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The Group derives useful economic lives based on experience of similar assets, which may exceed the period covered by contracted power purchase agreements.

Recoverable amount of property, plant and equipment

Where an impairment trigger has been identified (see critical accounting judgements section), the Group makes significant estimates in its impairment evaluations of long-lived assets. The determination of the recoverable amount is typically the most judgmental part of an impairment evaluation. The recoverable amount is the higher of (i) an asset's fair value less costs of disposal (market value), and (ii) value in use determined using estimates of discounted future net cash flows ('DCF') of the asset or group of assets to which it belongs.

The Group generally uses value in use to derive the recoverable amount of property, plant and equipment. Management applies considerable judgment in selecting several input assumptions in its DCF models, including discount rates and capacity/availability factors. These assumptions are consistent with the Group's internal budgets and forecasts for such valuations. Examples of the input assumptions that budgets and cash flow forecasts are sensitive to include macroeconomic factors such as growth rates, inflation, exchange rates, and, in the case of renewables plants, environmental factors such as wind, solar and water resource forecast. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairing the tested assets. See note 4.11 for further information on the impairment tests performed, and relevant sensitivity analysis.

Provisions

The Group makes provisions when an obligation exists, resulting from a past event and it is probable that cash will be paid to settle it, but the exact amount of cash required can only be estimated on a reliable basis. Major provisions are detailed in note 4.25. The main estimates relate to site decommissioning and maintenance costs, and environmental remediation for various sites owned.

Site decommissioning, maintenance and environmental provisions are recognized based on management's assessment of future costs which would need to be incurred in accordance with existing legislation or contractual obligations to restore the sites or make good any environmental damage. These costs are measured at the present value of the future expenditures expected to be required to settle the obligation using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the obligation. Management apply judgement in the estimation of future cash flows to settle these obligations and in the estimation of an appropriate pre-tax discount factor. The pre-tax discount rate used varies from 2.0% to 11.0%. If this was to decrease by 1% it would increase decommissioning, environmental and maintenance provisions by \$3.5 million and \$3.2 million for the years ended 31st December 2018 and 31st December 2017.

Fair value of assets acquired and liabilities assumed in a business combination

Business combinations are recorded in accordance with IFRS 3 using the acquisition method. Under this method, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date.

Therefore, through a number of different approaches and with the assistance of external independent valuation experts for acquisitions as considered appropriate by management, the Group identifies what it believes is the fair value of the assets acquired and liabilities assumed at the acquisition date. These valuations involve the use of judgement and include a number of estimates. Judgement is exercised in identifying the most appropriate valuation approach which is then used to determine the allocation of fair value. The Group typically uses one of the cost approach, the income approach and the market approach.

Each of these valuation approaches involve the use of estimates in a number of areas, including the determination of cash flow projections and related discount rates, industry indices, market prices regarding replacement cost and comparable market transactions. While the Group believes that the estimates and assumptions underlying the valuation methodologies are reasonable, different assumptions could result in different fair values.

Taxes

Significant judgment is sometimes required in determining the accrual for income taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities based on estimates of whether additional taxes will be due. These areas include, but are not limited to, the deductibility of interest on certain borrowings used to finance acquisitions made by the Group and the price at which goods and services are transferred between Group companies. Where the final tax outcome of these matters is different from the amounts that were recorded, such differences will impact the current and deferred income tax provisions, results of operations and possibly cash flows in the year in which such determination is made.

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. Estimates of taxable profits and utilizations of tax loss carry-forwards are prepared on the basis of profit and loss forecasts as included in the medium-term business plan and, if necessary, on the basis of additional forecasts.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*

3. Major events and changes in the scope of consolidation

3.1. 2018 transactions

Sale of Ukrainian assets

On 26th February 2018, the Group sold 100% of its stake in Ukrainian power plant Kramatorsk representing a total of 120 MW for a cash amount of \$3.0 million (see note 4.11). This asset was presented as an asset held for sale as of 31st December 2017. The sale has no material impact on the full year 2018 financial statements.

Additional solar portfolio acquisition

On 23rd December 2017, the Group signed the acquisition of a 23 MW Renewable portfolio consisting of 10 photovoltaic plants in Italy (15 MW), one photovoltaic plant in Romania (7 MW) and two biogas plants in Italy (2 MW).

The transaction closed on 22nd March 2018 for the Italian plants. The total cash consideration amounts to €22.6 million (\$27.7 million) including €17.0 million (\$20.8 million) for the acquisition of 100% of the shares and €5.6 million (\$6.9 million) for the repayment of shareholders' loans.

The transaction closed on 26th June 2018 for the Romania plant. The total cash consideration amounts to €7.7 million (\$9.0 million) including €0.3 million (\$0.4 million) for the acquisition of 100% of the shares and €7.4 million (\$8.6 million) for the repayment of shareholders' loans.

On a consolidated basis, had these acquisitions taken place as of 1st January 2018, the Group would have recognized 2018 consolidated revenue of \$1,256.1 million and consolidated net profit of \$14.5 million.

Determination of fair value of assets acquired and liabilities assumed at acquisition date of:

In \$ millions	Solar portfolio
Intangible assets	2.6
Property, plant and equipment	53.9
Other assets	13.8
Cash and cash equivalents	6.0
Total assets	76.2
Borrowings	27.4
Other liabilities	27.6
Total liabilities	55.0
Total net identifiable assets	21.2
Net purchase consideration	21.2
Goodwill	—

These acquisitions contributed to consolidated revenue and net result for the year respectively of \$8.4 million and \$0.3 million.

Acquisition of Spanish CSP portfolio

On 27th February 2018, the Group signed the acquisition of Acciona Energía's 250 MW portfolio of five 50 MW Concentrating Solar Power plants ('CSP') in South-West Spain. The total enterprise value amounts to €962.8 million, including an amount payable to Acciona Energía of approximately €806.8 million (\$956.6 million) and existing net debt (including adjustment for working capital) of €156.0 million (\$184.4 million). The acquisition agreement also includes earn-out payments to Acciona Energía of up to €27 million (\$32 million). As of 31st December 2018 a €9.4 million (\$10.8 million) earn-out was recognized.

The acquisition combines the Group's solar and Spanish thermal operating expertise into a sizable portfolio of assets enabling synergies with existing European operations.

The acquisition closed on 10th May 2018.

On a consolidated basis, had this acquisition taken place as of 1st January 2018, the Group would have recognized 2018 consolidated revenue of \$1,316.8 million and consolidated net profit of \$16.0 million.

Determination of fair value of assets acquired and liabilities assumed at acquisition date of:

In \$ millions	Spanish CSP portfolio
Intangible assets	–
Property, plant and equipment	1,202.8
Other assets	89.2
Cash and cash equivalents	76.1
Total assets	1,368.1
Borrowings	186.4
Other liabilities	225.2
Total liabilities	411.5
Total net identifiable assets	956.6
Net purchase consideration	956.6
Goodwill	–

The acquisition contributed to consolidated revenue and net loss for the year respectively of \$112.8 million and \$6.6 million.

Sale of non-controlling interests which did not result in a change of control**Solar Italy and Slovakia portfolio**

The Group completed in October 2018 the sale of 49% minority interest of the Italian and Slovakian portfolio with Credit Suisse Energy Infrastructure Partners for an amount of €63.4 million (\$73.1 million), of which €3.3 million (\$3.8 million) consists of working capital adjustments. Cash amount received at closing amounted to €60.1 million (\$69.3 million), of which €42.4 million (\$48.9 million) was for the sale of shares and €17.7 million (\$20.4 million) was for the sale of existing shareholder loans.

In line with IFRS 10 'Consolidated financial statements', this transaction is considered as an equity transaction as it does not result in a loss of control. Therefore, the net cash gain on sale of these assets, which represented an amount of €18.2 million or \$20.9 million, was recorded as an increase in the equity attributable to owners of the parent. It corresponds to the difference between the consideration received for the sale of shares (€42.4 million or \$48.9 million) and of the carrying amount of non-controlling interest sold (€24.2 million or \$28.0 million).

Spanish CSP portfolio

The Group signed in December 2018 an agreement to sell a 49% minority interest of the Spanish CSP portfolio with Credit Suisse Energy Infrastructure Partners for an amount of €134 million. The sale is expected to close in the first half of 2019 and is not expected to result in a change of control.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*3. Major events and changes in the scope of consolidation *continued*

3.2. 2017 transactions

Acquisition of a Thermal and a Renewable portfolio in Brazil

On 17th March 2017, the Group closed the acquisition of 80% of a 206 MW Brazilian portfolio. The portfolio consists of seven hydroelectric plants totaling 130 MW in the states of Bahia, Goiás and Rio de Janeiro and four high-efficiency cogeneration facilities ('Solutions') totaling 76 MW in Paraná, Rio de Janeiro and São Paulo. The total consideration amounts to BRL 576.8 million (or \$182.4 million) including certain price adjustments. A total of BRL 547.3 million (or \$173.1 million) was paid in cash at the closing date.

On a consolidated and annualized basis, had this acquisition taken place as of 1st January 2017, the Group would have recognized 2017 consolidated revenue of \$1,037.9 million and consolidated net profit of \$18.5 million.

Determination of fair value of assets acquired and liabilities assumed at acquisition date:

In \$ millions	Hydro Brazil	Solutions Brazil	Total Brazilian portfolio acquired
Intangible assets	28.4	–	28.4
Property, plant and equipment	160.0	38.1	198.1
Other assets	17.9	10.8	28.7
Cash and cash equivalents	17.9	15.3	33.2
Total assets	224.2	64.2	288.4
Borrowings	61.1	–	61.1
Other liabilities	19.6	11.5	31.1
Total liabilities	80.7	11.5	92.2
Total net identifiable assets	143.5	52.7	196.2
Total net identifiable assets % acquired	129.7	52.7	182.4
Net purchase consideration	129.7	52.7	182.4
Goodwill	–	–	–

The acquisition contributed to 2017 consolidated revenue and net result for respectively \$57.8 million and \$18.9 million.

Additional solar portfolio acquisition

In December 2017, the Group closed the acquisition of 100% of a 19.1 MW operational solar photovoltaic plants in Italy from ErgyCapital S.p.A. The plants, located in the regions of Puglia, Piemonte, Lazio and Campania, are in close proximity to ContourGlobal's existing Italian solar portfolio and benefit from approximately 12 years of Feed-in-Tariff. The total consideration amounts to €9.6 million (or \$11.4 million) corresponding to acquisition of shares.

Subsequent to the closing the Group refinanced the portfolio and issued new facilities for a total of €55.8 million (or \$66.4 million), of which €38.8 million (or \$46.2 million) was drawn in 2017, at an interest rate of Euribor 6M+2.35% per annum, 70% of which is swapped at 0.653%+2.35% per annum, maturing on 30th June 2028.

On a consolidated and annualized basis, had this acquisition taken place as of 1st January 2017, the Group would have recognized 2017 consolidated revenue of \$1,032.9 million and consolidated net profit of \$14.3 million.

Preliminary determination of fair value of assets acquired and liabilities assumed at acquisition date:

In \$ millions	Solar portfolio
Intangible assets	0.1
Property, plant and equipment	75.7
Other assets	11.4
Cash and cash equivalents	3.6
Total assets	90.7
Borrowings	70.6
Other liabilities	8.8
Total liabilities	79.4
Total net identifiable assets	11.4
Net purchase consideration	11.4
Goodwill	–

The acquisition contributed to 2017 consolidated revenue and net result for respectively \$0.5 million and \$0.6 million.

Acquisition of non-controlling interests which did not result in a change of control

The Group also completed in 2017 the acquisition of 19.7% minority interests in ContourGlobal Hydro Cascade CJSC (Vorotan project) for a consideration of \$9.8 million. After this transaction, the Group owns 100% of the Vorotan project.

This transaction did not result in a change of control and have therefore been accounted for within shareholders' equity as transactions with owners without change of control acting in their capacity of owners.

Consolidated financial statements *continued***Notes to the consolidated financial statements** *continued***4. Notes to the consolidated financial statements****4.1. Segment reporting**

The Group's reportable segments are the operating segments overseen by distinct segment managers responsible for their performance with no aggregation of operating segments.

Thermal Energy for power generating plants operating from coal, lignite, natural gas, fuel oil and diesel. Thermal plants include Maritsa, Arrubal, Togo, Kramatorsk (sold in February 2018), Cap des Biches, KivuWatt, Energies Antilles, Energies Saint-Martin, Bonaire and our equity investees (primarily Termoemcali and Sochagota). Our Thermal segment also includes plants which provide electricity and certain other services to beverage bottling companies.

Renewable Energy for power generating plants operating from renewable resources such as wind, solar and hydro in Europe and South America. Renewables plants include Asa Branca, Chapada I, II, III, Inka, Vorotan, Austria Portfolio 1 & 2, Spanish Concentrated Solar Power and our other European and Brazilian plants.

The **Corporate & Other** category primarily reflects costs for certain centralized functions including executive oversight, corporate treasury and accounting, legal, compliance, human resources, IT, political risk insurance and facilities management and certain technical support costs that are not allocated to the segments for internal management reporting purposes.

The CODM assesses the performance of the operating segments based on Adjusted EBITDA which is defined as profit for the period from continuing operations before income taxes, net finance costs, depreciation and amortization, acquisition related expenses and specific items which have been identified and adjusted by virtue of their size, nature or incidence. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

The Group also believes Adjusted EBITDA is useful to investors because it is frequently used by security analysts, investors, ratings agencies and other interested parties to evaluate other companies in our industry and to measure the ability of companies to service their debt.

The CODM does not review nor is presented a segment measure of total assets and total liabilities.

All revenue is derived from external customers.

Geographical information

The Group also presents revenue in each of the geographical areas in which it operates as follows:

- Europe (including our operations in Austria, Armenia, Northern Ireland, Italy, Romania, Poland, Bulgaria, Slovakia, Czech Republic, Spain and Ukraine)
- South America (including Brazil, Peru and Colombia) and Caribbean Islands (including Dutch Antilles and French Territory)
- Africa (including Nigeria, Togo, Senegal and Rwanda).

In \$ millions	Years ended 31st December	
	2018	2017
Revenue		
Thermal Energy	850.1	730.2
Renewable Energy	402.9	292.5
Total revenue	1,253.0	1,022.7
Adjusted EBITDA		
Thermal Energy	327.1	332.1
Renewable Energy	309.4	211.1
Corporate & Other ¹	(26.4)	(29.9)
Total adjusted EBITDA	610.1	513.2
Reconciliation to profit before income tax		
Depreciation and Amortization (note 4.3)	(239.3)	(185.6)
Finance costs net (note 4.7)	(236.6)	(220.7)
Share of adjusted EBITDA in associates ²	(21.2)	(21.6)
Share of profit in associates (note 4.13)	2.9	5.0
Acquisition related items (note 4.5)	(19.6)	(9.5)
Costs related to CG plc IPO (note 4.6) ³	(0.4)	(12.7)
Cash gain on sale of minority interest in assets ⁴	(20.9)	–
Restructuring costs ⁵	(6.7)	–
Private incentive plan ⁶	(4.1)	–
Other ⁷	(36.3)	(27.5)
Profit before income tax	27.8	40.6

¹ Includes corporate costs of \$26.9 million (31st December 2017: \$29.7 million) and other income for \$0.5 million (31st December 2017: costs of \$0.2 million). Corporate costs corresponds to selling, general and administrative expenses before depreciation and amortization (31st December 2018: \$1.4 million, 31st December 2017: \$2.2 million).

² Corresponds to our share of Adjusted EBITDA of plants accounted for under the equity method (Sochagota, Termoemcali and Productora de Energía de Boyacá) which are reviewed by our CODM as part of our Thermal Energy segment.

³ The Group successfully completed the Initial Public Offering in the United Kingdom of ContourGlobal plc. Costs associated with this project were separately analyzed by our CODM.

⁴ Represents the cash gain on the divestment of 49% stake of our Italian and Slovakian solar portfolio.

⁵ Represents redundancy and staff-related restructuring costs.

⁶ Represents the private incentive plan as described in note 4.26 share-based compensation plan.

⁷ Mainly reflects the non-cash impact of finance lease and financial concession payments.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

Cash outflows on capital expenditure

In \$ millions	Years ended 31st December	
	2018	2017
Thermal Energy	31.2	28.6
Renewable Energy	49.9	29.8
Total capital expenditure	81.1	58.4

Geographical information

The geographical analysis of revenue, based on the country of origin in which the Group's operations are located, and Adjusted EBITDA is as follows:

In \$ millions	Years ended 31st December	
	2018	2017
Europe ¹	864.3	627.9
South America and Caribbean ²	250.0	254.4
Africa	138.7	140.3
Total revenue	1,253.0	1,022.7

¹ Revenue generated in 2018 in Bulgaria and Spain amounted to \$383.0 million and \$333.8 million respectively (31st December 2017: \$298.2 million and \$178.7 million respectively).

² Revenue generated in 2018 in Brazil amounted to \$163.4 million (31st December 2017: \$180.5 million).

In \$ millions	Years ended 31st December	
	2018	2017
Europe	374.3	268.1
South America and Caribbean	180.8	196.9
Africa	81.4	78.2
Corporate & Other	(26.4)	(29.9)
Total adjusted EBITDA	610.1	513.2

4.2. Revenue

In \$ millions	Years ended 31st December	
	2018	2017
Revenue from power sales	965.2	757.3
Revenue from operating leases	104.0	96.8
Revenue from concession and finance lease assets	60.5	89.9
Other revenue ¹	123.3	78.8
Total revenue	1,253.0	1,022.7

¹ Other revenue primarily relates to environmental, operational and maintenance services rendered to offtakers in our Bulgaria, Togo, Rwanda and Senegal power plants. Other revenue increased mainly as a result of the adoption of IFRS 15, Revenue from contracts with customers.

Some of our main plants are operating under specific accounting principles:

- Our Togo, Rwanda (KivuWatt) and Senegal (Cap des Biches) plants are operating pursuant to concession agreements that are under the scope of IFRIC 12.
- Our Energies Saint Martin and Bonaire plants are operating pursuant to power purchase agreements that have the characteristics of a finance lease.
- Our Vorotan plant in Armenia is operating pursuant to a power purchase agreement that has the characteristics of an operating lease.

The Group has one customer contributing more than 10% of Group's revenue.

	Years ended 31st December	
	2018	2017
Customer A	30.6%	29.2%

4.3. Expenses by nature

In \$ millions	Years ended 31st December	
	2018	2017
Fuel costs	244.9	234.0
Depreciation, amortization and impairment	239.3	185.6
Operation and maintenance costs ¹	77.8	67.0
Employee costs	76.1	67.5
Emission allowance utilized ²	138.9	47.1
Professional fees	19.6	9.0
Purchased power	64.9	48.2
Insurance costs	20.9	18.5
Other expenses ³	79.4	71.3
Total cost of sales and selling, general and administrative expenses	961.8	748.2

¹ Operation and maintenance costs include ongoing costs associated with the operation and maintenance of all plants.

² Emission allowances utilized corresponds mainly to the costs of CO₂ quotas in Maritsa which are passed through to its offtaker as well as changes in fair value of CO₂ quotas in the period.

³ Other expenses include operating consumables and supply costs of \$15.8 million (2017: \$14.0 million) and facility costs of \$16.5 million (2017: \$14.6 million). Facility costs include operating leases expenses of \$4.1 million (2017: \$3.5 million).

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

4.4. Employee costs and numbers

In \$ millions	Years ended 31st December	
	2018	2017
Wages and salaries	(57.8)	(52.4)
Social security costs	(12.0)	(10.7)
Share-based payments	(0.7)	–
Pension and other post-retirement benefit costs	(0.8)	(0.8)
Other	(4.9)	(3.5)
Total employee costs before private incentive plan	(76.1)	(67.5)
Private incentive plan ¹	(4.1)	–
Total employee costs	(80.2)	(67.5)
Annual average number of full-time equivalent employees	1,472	1,873
• Thermal	930	1,441
• Renewable	341	265
• Corporate	201	167

¹ See note 4.26 Share-based compensation plans for a description of the private incentive plan.

The decrease in annual average number of full-time equivalent employees is related to the sale of our Ukrainian assets in February 2018.

4.5. Acquisition related items

In \$ millions	Years ended 31st December	
	2018	2017
Acquisition costs ¹	(19.6)	(9.5)
Acquisition related items	(19.6)	(9.5)

¹ Acquisition costs include notably pre-acquisition costs such as due diligence costs and professional fees, earn-outs and other related incremental costs incurred as part of completed acquisitions or contemplated acquisitions. In 2018, costs incurred primarily related to completed acquisition in Spain and Italy or contemplated acquisition in Mexico. In 2017, costs incurred primarily related to completed acquisitions in Brazil and Italy, and contemplated acquisition projects in Spain, Peru, Mexico, Austria and Italy.

4.6. Other expenses – net

In \$ millions	Years ended 31st December	
	2018	2017
Costs related to CG plc IPO ¹	(0.4)	(12.7)
Other income (expenses) – net	(0.4)	(12.7)

¹ Represents costs recognized in the consolidated statement of income resulting from the Initial Public Offering ('IPO') in the United Kingdom of ContourGlobal plc in November 2017. In 2017, an additional \$19.9 million of IPO costs were recognized as a deduction of share premium. Also in 2017, cash outflows of \$19.2 million related to these costs are disclosed in the 'other financing activities' line of the consolidated statement of cash-flows.

4.7. Finance costs – net

In \$ millions	Years ended 31st December	
	2018	2017
Finance income	10.6	9.8
Net change in fair value of derivatives ¹	11.4	(13.5)
Net realized foreign exchange differences	1.4	(38.0)
Net unrealized foreign exchange differences ²	(4.3)	7.0
Realized and unrealized foreign exchange gains and (losses) and change in fair value of derivatives	8.5	(44.5)
Interest expenses on borrowings	(192.4)	(176.3)
Finance charges related to corporate bond refinancing ³	(21.9)	–
Other ⁴	(41.4)	(9.6)
Finance costs	(255.7)	(186.0)
Finance costs – net	(236.6)	(220.7)

¹ Change in fair value of derivatives relates primarily to interest rate swaps and interest rate options.

² Unrealized foreign exchange differences primarily relate to loans in subsidiaries that have a functional currency different to the currency in which the loans are denominated.

³ Fees in conjunction with the refinancing of our initial €750 million bond in July 2018.

⁴ Other mainly includes costs associated with other financing, fair valuation of debt to non-controlling interests, the unwinding effect of certain liabilities as well as income and expenses related to interests and penalties for late payments. The movement during the year is mainly due to the loss on fair value on debt to non-controlling interest and increased amortization of deferred financing costs due to new borrowings in Brazil and borrowings acquired in our Spanish CSP portfolio.

4.8. Income tax expense and deferred income tax**Income tax expense**

In \$ millions	Years ended 31st December	
	2018	2017
Current tax expense	(34.6)	(27.7)
Deferred tax (expense) benefit	17.1	0.6
Income tax expense	(17.4)	(27.1)

The main jurisdictions contributing to the income tax expense for the year ending 31st December 2018 are i) Bulgaria, ii) Brazil and iii) Spain. The tax on the Group's profit before income tax differs from the theoretical amount that would arise from applying the statutory tax rate of the parent company applicable to the results of the consolidated entities as follows:

Effective tax rate reconciliation

In \$ millions	Years ended 31st December	
	2018	2017
Profit before income tax	27.8	40.6
Profit before income tax at statutory tax rate	(5.3)	(7.8)
Statutory tax rate (UK)¹	19.0%	19.25%
Tax effects of:		
Differences between statutory tax rate and foreign statutory tax rates	9.8	5.7
Changes in unrecognized deferred tax assets ²	(17.4)	(40.1)
Reduced rate and specific taxation regime	6.1	6.6
Change in tax laws and rates	–	(0.7)
Impact of foreign currencies on deferred tax basis ³	(0.3)	1.6
Permanent differences and other items	(10.3)	7.6
Income tax expense	(17.4)	(27.1)
Effective rate of income tax	62.6%	66.7%

¹ Deferred taxes have been measured using tax rates substantively enacted at the balance sheet date.

² Mainly relates to tax losses in Luxembourg and Brazil where deferred tax assets are not recognized.

³ Relates to entities which have a functional currency different from their local currency.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

Net deferred tax movement

The gross movements of net deferred income tax assets (liabilities) were as follows:

In \$ millions	Years ended 31st December	
	2018	2017
Net deferred tax assets (liabilities) as of 1st January	(23.7)	(21.2)
Effects of change in accounting standards (IFRS 15)	13.6	–
Net deferred tax assets (liabilities) as of 1st January (restated)	(10.1)	(21.2)
Statement of income	17.1	0.6
Deferred tax recognized directly in other comprehensive income	(1.7)	0.7
Acquisitions	(120.9)	(1.4)
Currency translation differences and other	3.4	(2.4)
Net deferred tax assets (liabilities) as of 31st December	(112.2)	(23.7)
<i>Including net deferred tax assets balance of:</i>	51.6	41.8
<i>Deferred tax liabilities balance of:</i>	(163.8)	(65.5)

Analysis of the net deferred tax position recognized in the consolidated statement of financial position

The net deferred tax positions and their movement can be broken down as follows:

In \$ millions	Tax losses	Long-term assets	Derivative financial instruments	Other ¹	Total
As of 1st January 2017	16.4	(43.4)	8.2	(2.4)	(21.2)
Statement of income	0.3	(6.4)	(0.3)	7.0	0.6
Other comprehensive income	–	–	0.7	–	0.7
Acquisitions	1.5	(5.2)	0.4	1.8	(1.4)
Currency translations and other	1.4	(4.0)	(0.7)	0.9	(2.4)
As of 31st December 2017	19.7	(58.9)	8.3	7.2	(23.7)
Effect of changes in accounting standards (IFRS 15)	–	18.9	–	(5.3)	13.6
As of 1st January 2018 (restated)	19.7	(40.0)	8.3	1.9	(10.1)
Statement of income	(11.3)	14.4	(1.1)	15.1	17.1
Other comprehensive income	–	–	(1.7)	–	(1.7)
Acquisitions	8.7	(143.8)	7.8	6.4	(120.9)
Currency translations and other	(0.5)	5.8	(1.0)	(0.9)	3.4
As of 31st December 2018	16.6	(163.6)	12.3	22.5	(112.2)

¹ Other mainly relates to deferred interest, foreign currency differences and tax credits.

Analysis of the deferred tax position unrecognized in the consolidated statement of financial position

Unrecognized deferred tax assets amount to \$190.9 million as of 31st December 2018 (31st December 2017: \$187.7 million) and can be broken down as follows:

In \$ millions	Years ended 31st December	
	2018	2017
Unrecognized deferred tax assets on tax losses	168.8	167.7
Unrecognized deferred tax assets on deductible temporary differences	22.1	20.0
Total unrecognized deferred tax assets	190.9	187.7

Main tax losses and deductible temporary differences not recognized reside in i) Luxembourg, ii) Brazil, iii) Colombia, iv) Spain and v) UK. The related deferred tax assets were not recognized as sufficient taxable profit is not expected to be generated in the foreseeable future.

4.9. Earnings per share

	Years ended 31st December			
	2018		2017	
	Basic	Diluted	Basic	Diluted
Profit attributable to CG plc shareholders (in \$ millions)	15.0	15.0	19.4	19.4
Number of shares (in millions)				
Weighted average number of shares outstanding	670.7	670.7	614.2	614.2
Potential dilutive effects related to share-based compensation		0.8		–
Adjusted weighted average number of shares		671.5		614.2
Profit attributable to CG plc shareholders per share (in \$)	0.02	0.02	0.03	0.03

There is no dilutive impact from the Private Incentive Plan (PIP) on the earnings per share as the shares are settled in full by existing shares held by Reservoir Capital Group.

4.10. Intangible assets and goodwill

In \$ millions	Goodwill	Project development rights	Software and Other	Total
Cost	0.5	121.7	14.6	136.8
Accumulated amortization and impairment	–	(8.9)	(9.2)	(18.1)
Carrying amount as of 31st December 2016	0.5	112.8	5.4	118.7
Additions	–	0.5	0.9	1.4
Acquired through business combination	–	29.2	–	29.2
Currency translation differences	0.1	(2.9)	0.3	(2.5)
Reclassification	–	–	0.1	0.1
Amortization charge	–	(8.0)	(1.8)	(9.8)
Closing net book amount	0.6	131.6	4.9	137.1
Cost	0.6	166.2	16.7	183.5
Accumulated amortization and impairment	–	(34.6)	(11.7)	(46.3)
Carrying amount as of 31st December 2017	0.6	131.6	4.9	137.1
Additions	–	0.5	0.8	1.3
Disposals	–	(0.1)	–	(0.1)
Acquired through business combination	–	2.6	–	2.6
Currency translation differences	(0.1)	(15.8)	(0.2)	(16.1)
Reclassification	–	0.4	1.8	2.1
Amortization charge	–	(8.0)	(1.6)	(9.6)
Closing net book amount	0.5	111.2	5.7	117.4
Cost	0.5	149.0	18.7	168.2
Accumulated amortization and impairment	–	(37.8)	(13.0)	(50.8)
Carrying amount as of 31st December 2018	0.5	111.2	5.7	117.4

The project development rights mainly relate to the fair value of licenses acquired from the initial developers for our wind parks in Peru and Brazil.

Acquisitions in 2017 relate to the acquisition of an intangible asset related to a concession arrangement in the Thermal and Renewable portfolio in Brazil. Acquisitions through business combinations in 2018 mainly related to green certificates in Romania.

For the years ended 31st December 2017, and 2018, certain triggering events were identified, and the related intangible assets were tested for impairment. These impairment tests did not result in any impairment (refer to note 4.11).

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

4.11. Property, plant and equipment

Assets acquired through business combinations are explained in Note 3 Major events and changes in the scope of consolidation.

The power plant assets predominantly relate to wind farms, natural gas plants, fuel oil or diesel plants, coal plants, hydro plants, solar plants and other buildings.

Other assets mainly include IT equipment, furniture and fixtures, facility equipment, asset retirement obligations and vehicles, and project development costs.

In \$ millions	Land	Power plant assets	Construction work in progress	Other	Total
Cost	27.7	3,194.9	26.5	216.6	3,465.6
Accumulated depreciation and impairment	(0.5)	(1,028.2)	–	(86.6)	(1,115.3)
Carrying amount as of 1st January 2017	27.2	2,166.7	26.5	130.1	2,350.3
Additions	–	10.7	66.8	26.3	103.8
Disposals	(0.2)	(0.3)	(0.6)	(0.1)	(1.2)
Reclassification	–	10.1	(12.7)	2.6	–
Acquired through business combination	44.4	1,141.6	–	70.7	1,256.7
Currency translation differences	(3.7)	(204.4)	(19.4)	0.6	(226.9)
Depreciation charge	–	(216.0)	–	(13.6)	(229.6)
Closing net book amount	67.7	2,908.3	60.6	216.6	3,253.1
Cost	68.2	4,440.8	60.6	333.5	4,903.1
Accumulated depreciation and impairment	(0.5)	(1,532.5)	–	(116.9)	(1,649.9)
Carrying amount as of 31st December 2018	67.7	2,908.3	60.6	216.6	3,253.1

Construction work in progress in 2018 predominantly related to our Austria Wind project repowering, our Vorotan refurbishment project and our Bonaire and Maritsa plants.

Additions in 2018 mainly related to the projects and plants in construction work in progress and project development costs related to our Kosovo project.

Assets acquired through business combination mainly relate to the acquisition of a Spanish CSP portfolio and are detailed in note 3.1.

Depreciation included in 'cost of sales' in the consolidated statement of income amounted to \$229.4 million in the period ended 31st December 2018 whereas depreciation included in 'selling, general and administrative expenses' amount to \$0.2 million in the year ended 31st December 2018.

In 2018, the Group did not capitalize any significant borrowing costs in relation to project financing.

In \$ millions	Land	Power plant assets	Construction work in progress	Other	Total
Cost	17.8	2,706.1	20.9	123.4	2,868.2
Accumulated depreciation and impairment	(0.3)	(699.9)	–	(53.9)	(754.1)
Carrying amount as of 1st January 2017	17.5	2,006.2	20.9	69.5	2,114.0
Additions	–	8.4	16.6	22.7	47.7
Disposals	(0.1)	(4.0)	(0.6)	(0.6)	(5.3)
Reclassification	–	11.8	(12.2)	(0.9)	(1.3)
Acquired through business combination	8.1	216.0	1.0	52.0	277.1
Currency translation differences	1.7	95.9	0.9	(0.3)	98.2
Depreciation charge	–	(161.4)	–	(11.0)	(172.4)
Impairment charge	–	(2.7)	–	(0.6)	(3.3)
Transferred to disposal group classified as held for sale ¹	–	(3.5)	(0.1)	(0.7)	(4.3)
Closing net book amount	27.2	2,166.7	26.5	130.1	2,350.3
Cost	27.7	3,194.9	26.5	216.6	3,465.6
Accumulated depreciation and impairment	(0.5)	(1,028.2)	–	(86.6)	(1,115.3)
Carrying amount as of 31st December 2017	27.2	2,166.7	26.5	130.1	2,350.3

¹ The Group decided to sell its Kramatorsk Ukrainian power plant and signed a share purchase agreement on 22nd December 2017. The Group classified the asset as Assets held for sale in conformity with IFRS 5 and tested the asset for impairment on the basis of the share purchase price less costs to sell. As a result, the Group recorded an impairment charge of \$3.3 million in 2017.

In relation to this, as at 31st December 2017, \$13.7 million of assets were classified as Assets held for sale and \$12.9 million of liabilities were classified as Liabilities held for sale. Of the \$13.7 million, \$4.3 million related to Property, plant and equipment, \$8.0 million related to working capital and \$1.4 million related to cash and cash equivalents. Of the \$12.9 million, \$0.9 million related to provisions, \$9.2 million related to working capital and \$2.8 million related to borrowings. The disposal was completed in February 2018.

Construction work in progress in 2017 predominantly relates to our Maritsa plant and Austria Wind project repowerment.

Depreciation included in 'cost of sales' in the consolidated statement of income amount to \$171.8 million in the year ended 31st December 2017 whereas depreciation included in 'selling, general and administrative expenses' amount to \$0.7 million in the year ended 31st December 2017.

Assets acquired through business combination relate to the acquisition of a Thermal and Renewable portfolio in Brazil and Italy, and are detailed in note 3.2.

In 2017, the Group did not capitalize any significant borrowing costs in relation to project financing.

Impairment tests on tangible and intangible assets

For the years ended 31st December 2017 and 2018 certain triggering events were identified primarily driven by lower performance of the assets, change of regulation and environmental factors, requiring an impairment test of the relevant assets.

The recoverable amount is determined as the higher of the value in use determined by the discounted value of future cash flows (discounted cash flow method or 'DCF', determined by using cash flows projections consistent with the following year budget and the most recent forecasts prepared by management and approved by the Board) and the fair value (less costs to sell), determined on the basis of market data (comparison with the value attributed to similar assets or companies in recent transactions).

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

Impairment tests were performed for the year ended 31st December 2018 using the following assumptions and related sensitivity analysis.

In \$ millions	Net book value	Valuation approach	Discount rate	Capacity factor	Sensitivity analysis
Brazilian wind power plants	655.9	DCF	10%	Wind scenario at P90	Discount rate increased by 1% Wind scenario at P95

The sensitivity calculations show that an increase by 1% of the discount rate and a wind scenario at P95 for Brazilian wind power plants assets would not have a material impact on the results of impairment tests or, therefore, on the Group's consolidated financial statements as of 31st December 2018.

Changes to be made to the key impairment test assumptions to reduce the value in use to net book value would not correspond to the definition of a reasonable change as defined by IAS 36.

For the year ended 31st December 2017, in relation to the sale of its Ukrainian power plant, the Group conducted an impairment test which resulted in an impairment charge of \$3.3 million based on the sales proceeds.

For the year ended 31st December 2017 impairment tests were performed in relation with Brazilian wind and hydro power plants and confirmed the carrying value of the assets.

Impairment tests were also performed for the year ended 31st December 2017 using the following assumptions and related sensitivity analysis.

In \$ millions	Net book value	Valuation approach	Discount rates	Capacity factor	Sensitivity analysis
Brazilian wind power plants	801.6	DCF	11%	Wind scenario at P50	Discount rate increased by 1% Wind scenario at P75
Brazilian hydro power plants	255.8	DCF	11%	Hydro scenario at P75	Discount rate increased by 1% 5% cut in EBITDA margin

The sensitivity calculations show that an increase by 1% of the discount rate and a wind scenario at P75 for Brazilian wind power plant assets or a 5% cut in EBITDA margin for Brazilian hydro power plants would not have a material impact on the results of impairment tests or, therefore, on the Group's consolidated financial statements as of 31st December 2017.

The P-factor quantifies the uncertainty of annual energy yield predictions. P75 is the energy level that wind turbines are 75% likely to produce over an average year, given the uncertainties in the measurement, analysis and operations of wind turbines. P50 is the average annual energy yield predicted for wind farms, which corresponds to the annual energy output that wind farms are most likely to achieve.

Changes to be made to the key impairment test assumptions to reduce the value in use to net book value would not correspond to the definition of a reasonable change as defined by IAS 36.

4.12. Financial and contract assets

In \$ millions	Years ended 31st December	
	2018	2017
Contract assets – Concession arrangements ¹	437.6	550.0
Finance lease receivables ²	54.3	62.0
Other	6.3	5.7
Total financial and contract assets	498.2	617.7

¹ The Group operates plants in Togo, Rwanda and Senegal which are in the scope of the financial model of IFRIC 12 'Service Concession Arrangements'.

Our Togo power plant was commissioned in 2010 and is operated under a power purchase agreement with a unique off-taker, Compagnie Energie Electrique du Togo (CEET) which has an average remaining contract life of approximately 16.8 years as of 31st December 2018 (31st December 2017: 17.8 years). At expiration, the Togo plant, along with all equipment necessary for the operation of the plant, will be transferred to the Republic of Togo. This arrangement is accounted for as a concession arrangement and the value of the asset is recorded as a financial asset. The all-in base capacity tariff under the Togo power purchase agreement is adjusted annually for a combination of U.S., Euro and local consumer price index related to the cost structure.

Our Rwanda power plant consists of the development, construction and operation of Gas Extraction Facilities ('GEF') and an associated power plant. The GEF is used to extract methane and biogas from the depths of Lake Kivu in Rwanda and deliver the gas via submerged gas transport pipelines to shore-based power production facilities totaling 26 MW of gross capacity. The PPA runs for 25 years starting on the commercial operation date and ending in 2040.

Our Cap des Biches power plant in Senegal consists of the development, construction and operation of five engines with a flexi-cycle system technology based on waste heat recovery totaling about 86 MW. A PPA integrating all the Cap des Biches requirements and agreements on price was signed for 20 years starting on the commercial operation date of the project and ending in 2036.

² Relates to finance leases where the Group acts as a lessor, and includes our Bonaire plant in the Dutch Caribbean and our Saint Martin plant in the French Territory. Bonaire has an average remaining contract life of approximately 6.6 years as of 31st December 2018 (31st December 2017: 7.6 years); Saint Martin has an average remaining contract life of approximately 4.3 years as of 31st December 2018 (31st December 2017: 5.3 years).

No losses from impairment of contracted concessional assets and finance lease receivables in the above projects were recorded during the years ended 31st December 2018 and 2017.

Cash outflows relating to the acquisition of financial assets under concession agreements amounted to \$0.0 million as of 31st December 2018 (31st December 2017: \$35.4 million). Net cash inflows generated by the financial assets' operations amounted to \$83.1 million as of 31st December 2018 (31st December 2017: \$52.7 million).

4.13. Investments in associates

Set out below are the associates of the Group as of 31st December 2018:

Operational plant		Country of incorporation	Ownership interests	Date of acquisition
Sochagota	Associate	Colombia	49.0%	2006 and 2010
Termoemcali	Associate	Colombia	37.4%	2010
Productora de Energía de Boyacá	Associate	Colombia	50.0%	2016
Evacuacion Villanueva del Rey, S.L.	Associate	Spain	39.9%	2018

Evacuacion Villanueva del Rey, S.L. is a facility designated to evacuate solar energy from the Spanish CSP plants acquired in 2018.

Set out below is the summarized financial information for the investments which are accounted for using the equity method (presented at 100%):

In \$ millions	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Net income
Years ended 31st December 2017						
Sochagota	70.0	4.4	22.1	8.2	35.1	5.8
Termoemcali	24.6	49.5	15.6	32.1	32.9	6.2
Productora de Energía de Boyacá	0.0	–	0.0	0.0	–	(0.3)
Years ended 31st December 2018						
Sochagota	38.0	13.4	12.7	1.0	29.8	(0.7)
Termoemcali	23.2	47.3	12.2	24.2	33.5	9.3
Productora de Energía de Boyacá	0.3	–	0.7	–	–	(0.5)
Evacuacion Villanueva del Rey, S.L.	0.3	3.2	0.4	3.1	–	–

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

The reconciliation of the investments in associates for each year is as follows:

In \$ millions	Years ended 31st December	
	2018	2017
Balance as of 1st January	27.1	25.7
Share of profit	2.9	5.0
Dividends	(3.4)	(4.3)
Other comprehensive income	–	0.6
Balance as of 31st December	26.6	27.1

4.14. Management of financial risk

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Interest Rate Risk

Interest rate risk arises primarily from our long-term borrowings. Interest cash flow risk arises from borrowings issued at variable rates, partially offset by cash held at variable rates. Typically for any new investments, the Group hedges variable interest risk on a newly issued debt in a range of 75% to 80% of the nominal debt value. Interest rate risk is managed on an asset by asset basis through entering into interest rate swap agreements, entered into with commercial banks and other institutions. The interest rate swaps qualify as cash flow hedges. Their duration matches the duration of the debt instruments. Approximately 22.9% the Group's existing debt obligations carry variable interest rates in 2018 (2017: 30.7%) (taking into account the effect of interest rate swaps).

These agreements involve the receipt of variable payments in exchange for fixed payments over the term of the agreements without the exchange of the underlying principal amounts. The main interest rate exposure for the Group relates to the floating rates with the TJLP, EURIBOR and LIBOR (refer to note 4.23). A change of 0.5% of those floating rates would result in an increase in interest expenses by \$4.1 million in the year ended 31st December 2018 (2017: \$4.5 million).

Foreign Currency Risk

Foreign exchange risk arises from various currency exposures, primarily with respect to the Euro, Brazilian Real and Bulgarian Lev. Currency risk comprises (i) transaction risk arising in the ordinary course of business, including certain financial debt denominated in a currency other than the currency of the operations; (ii) transaction risk linked to investments or mergers and acquisition; and (iii) translation risk arising on the consolidation in US dollars of the consolidated financial statements of subsidiaries with a functional currency other than the US dollar. However the exposure to the Bulgarian Lev is considered remote due to the pegging mechanism of the Lev on the Euro.

To mitigate foreign exchange risk, (i) most revenues and operating costs incurred in the countries where the Group operates are denominated in the functional currency of the project company, (ii) the external financial debt is mostly denominated in the currency that matches the currency of the revenue expected to be generated from the benefiting project, thereby reducing currency risk, and (iii) the Group enters into various foreign currency sale/forward and/or option transactions at a corporate level to hedge against the risk of lower distribution. Typically, the Group hedges its future distributions in Brazil through a combination of forwards and options for any new investment in the country. The analysis of financial debt by currency is presented in note 4.23.

Potential sensitivity on the post-tax profit result for the year linked to financial instruments is as follows:

- if the US dollar had weakened/strengthened by 10% against the Euro, post-tax profit for the year ended 31st December 2018 would have been \$5.4 million higher/lower (2017: \$0.5 million higher/lower).
- if the US dollar had weakened/strengthened by 10% against the Brazilian Real, post-tax profit for the year ended 31st December 2018 would have been \$1.8 million higher/lower (2017: \$2.2 million higher/lower).

Commodity and electricity pricing risk

The Group's current and future cash flows are generally not impacted by changes in the prices of electricity, gas, oil and other fuel prices as most of the Group's non-renewable plants operate under long-term power purchase agreements and fuel purchase agreements. These agreements generally mitigate against significant fluctuations in cash flows as a result in changes in commodity prices by passing through changes in fuel prices to the off-taker.

In the particular case of the Brazilian hydro power plants, the Group hedges most of its exposure against the change in local electricity price in case of low generation. In such a case, Brazilian hydro power plants may be required to buy electricity on the market.

Credit risk

Credit risk relates to risk arising from customers, suppliers, partners, intermediaries and banks on its operating and financing activities, when such parties are unable to honor their contractual obligations. Credit risk results from a combination of payment risk, delivery risk (failure to deliver services or products) and the risk of replacing contracts in default (known as mark to market exposure – i.e. the cost of replacing the contract in conditions other than those initially agreed). The Group analyzes the credit risk for each new client prior to entering into an agreement. In addition, in order to minimize risk, the Group contracts Political Risk Insurance policies from multilateral organizations or commercial insurers which usually provide insurance against government defaults. Such policies cover project companies in Armenia, Bulgaria, Colombia, Nigeria, Peru, Rwanda, Togo, Senegal and Slovakia.

Where possible, the Group restricts exposure to any one counterparty by setting credit limits based on the credit quality as defined by Moody's and S&P and by defining the types of financial instruments which may be entered into. The minimum credit ratings the Group generally accepts from banks or financial institutions are BBB- (S&P) and Baa3 (Moody's). For off-takers, where credit rating are CCC+ or below, the Group generally hedges its counterparty risk by contracting Political Risk Insurance.

If there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Trade receivables can be due from a single customer or a few customers who will purchase all or a significant portion of a power plant's output under long-term power purchase agreements. This customer concentration may impact the Group's overall exposure to credit risk, either positively or negatively, in that the customers may be affected by changes in economic, industry or other conditions.

Ageing of trade receivables – net are analyzed below:

In \$ millions	Years ended 31st December	
	2018	2017
Trade receivables not overdue	97.7	105.7
Past due up to 90 days	11.5	31.1
Past due between 90 – 180 days	0.7	1.9
Past due over 180 days	15.6	3.0
Total trade receivables	125.5	141.7

As of 31st December 2018, \$49.3 million (31st December 2017: \$65.4 million) of trade receivables were outstanding in connection with our Bulgarian power plant, Maritsa East 3.

The Group deems the associated credit risk of the trade receivables not overdue to be suitably low.

Liquidity risk

Liquidity risk arises from the Group not being able to meet its obligations. The Group mainly relies on long-term debt obligations to fund its acquisitions and construction activities. All significant long-term financing arrangements are supported locally and covered by the cash flows expected from the power plants when operational. The Group has, to the extent available at acceptable terms, utilized non-recourse debt to fund a significant portion of the capital expenditures and investments required to construct and acquire its electric power plants and related assets.

On 6th September 2017, the Group also entered into a €50 million revolving credit facility available for general corporate purposes, maturing in September 2020, and which remained undrawn as of 31st December 2017.

On 9th November 2018, the Group also entered into a €75 million revolving credit facility available for general corporate purposes, maturing in November 2021, and which remains undrawn as of 31st December 2018. A \$7.5 million letter of credit was issued but not drawn under this facility.

A rolling cash flow forecast of the Group's liquidity requirements is prepared to confirm sufficient cash is available to meet operational needs and to comply with borrowing limits or covenants. Such forecasting takes into consideration the future debt financing strategy, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, cash restrictions.

The subsidiaries are separate and distinct legal entities and, unless they have expressly guaranteed any of the holding company indebtedness, have no obligation, contingent or otherwise, to pay any amounts due pursuant to such debt or to make any funds available whether by dividends, fees, loans or other payments.

Some of the Group's subsidiaries have given guarantees on the credit facilities and outstanding debt securities of certain holding companies in the Group.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date:

In \$ millions	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Year ended 31st December 2017	402.1	1,819.0	1,079.6	3,300.7
Borrowings ¹	200.1	1,690.1	1,035.9	2,926.1
Trade and other payables	169.1	–	–	169.1
Derivative financial instruments	14.7	27.9	21.8	64.4
Other non-current liabilities ²	18.2	101.0	21.9	141.1
Year ended 31st December 2018	592.9	1,614.4	1,864.1	4,071.4
Borrowings ¹	244.7	1,532.8	1,838.8	3,616.3
Trade and other payables	292.9	–	–	292.9
Derivative financial instruments	16.8	35.7	17.3	69.8
Other non-current liabilities ²	38.5	45.9	8.0	92.4

¹ Borrowings represent the outstanding nominal amount (note 4.23). Short-term debt of \$244.7 million as of 31st December 2018 relates to the short-term portion of long-term financings that mature within the next twelve months, that we expect to repay using cash on hand and cash received from operations.

² This corresponds to the debt to non-controlling interest that is described in note 4.24.

The table below analyzes the Group's forecasted interest to be paid into relevant maturity groupings based on the interests maturity date:

In \$ millions	Year ended 31st December 2018			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Forecast interest expense to be paid	181.0	584.1	421.4	1,186.5

The Group's forecasts and projections, taking into account reasonably possible changes in operating performance, indicate that the Group has sufficient financial resources, together with assets that are expected to generate free cash flow to the Group. As a consequence, the Group has reasonable expectation to be well placed to manage its business risks and to continue in operational existence for the foreseeable future (at least for the twelve month period from the approval date of these financial statements). Accordingly, the Group continues to adopt the going concern basis in preparing the consolidated financial statements.

Capital risk management

The Company considers its capital and reserves attributable to equity shareholders to be the Company's capital.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while providing adequate returns for shareholders and benefits for other stakeholders and to maintain a capital structure to optimize the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. It may also increase debt provided that the funded venture provides adequate returns so that the overall capital structure remains supportable.

4.15. Derivative financial instruments

The Group uses interest rate swaps to manage its exposure to interest rate movements on our borrowings, a foreign exchange forward contract to mitigate its currency risk and cross currency swap contracts in Cap des Biches project in Senegal to manage both currency and interest rate risks. The fair value of derivative financial instruments are as follows:

In \$ millions	Year ended 31st December			
	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – Cash flow hedge ¹	–	49.0	–	35.4
Cross currency swaps – Cash flow hedge ²	1.1	14.0	–	20.9
Foreign exchange forward contracts – Trading ²	–	1.3	–	3.0
Foreign exchange option contracts – Trading ²	–	5.4	–	5.1
Total	1.1	69.8	–	64.4
Less non-current portion:				
Interest rate swaps – Cash flow hedge	–	33.8	–	23.8
Cross currency swaps – Cash flow hedge	–	14.0	–	20.8
Foreign exchange forward contracts – Trading	–	1.3	–	–
Foreign exchange option contracts – Trading	–	3.9	–	5.1
Total non-current portion	–	53.0	–	49.7
Current portion	1.1	16.8	–	14.7

¹ Interest rate swaps – Cash flow hedge relates to the hedging of the variable elements for certain project financing.

² The Group has also executed a series of offsets to protect the value, in USD terms, of the BRL-denominated expected distributions from the new Brazilian portfolio. The first two years of BRL-denominated distributions have been hedged using a series of forward exchange contracts and the distributions expected in years three to five have been protected against material depreciation of the BRL using option contracts. If hedge accounting does not apply, change in fair value is recognized in the consolidated statement of income.

The notional principal amount of:

- the outstanding interest rate swap contracts and cross currency swap qualified as cash-flow hedge amounted to \$645.2 million as of 31st December 2018 (31st December 2017: \$572.0 million).
- the outstanding foreign exchange forward and option contracts amount to \$71.8 million as of 31st December 2018 (31st December 2017: \$92.8 million).

In 2015, the Group entered into cross currency swaps in our Cap des Biches project in Senegal. The fair value of the instruments as of 31st December 2018 amounts to \$12.8 million (31st December 2017: \$20.9 million). The accounting and risk management policies, and further information about the derivative financial instruments that we use, are set out in note 4.14.

The Group recognized an income of \$10.7 million in 31st December 2018 in relation to its interest rate and cross currency swaps within Finance costs net (31st December 2017: loss of \$12.1 million).

4.16. Fair value measurements

Fair value measurements of financial instruments are presented through the use of a three-level fair value hierarchy that prioritizes the valuation techniques used in fair value calculations. The Group's policy is to recognize transfers into and out of fair value hierarchy levels as at the end of the reporting period.

The levels in the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

There were no transfers between fair value measurement levels between 31st December 2018 and 31st December 2017.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

When measuring our interest rate, cross currency swaps and foreign exchange forward and option contracts at fair value on a recurring basis at both 31st December 2018 and 2017, we have measured these at level 2 in the fair value hierarchy with the exception of the debt to non-controlling interests which is level 3. The fair value of those financial instruments is determined by using valuation techniques. These valuations techniques maximize the use of observable data where it is available and rely as little as possible on entity specific estimates.

The Group uses a market approach as part of their available valuation techniques to determine the fair value of derivatives. The market approach uses prices and other relevant information generated from market transactions.

The Group's finance department performs valuation of financial assets and liabilities required for financial reporting purposes as categorized at level 2. The Group's only derivatives are interest rate swaps, foreign exchange forward contracts, foreign exchange option contracts and cross currency swap contracts in our Cap des Biches project in Senegal.

4.17. Financial instruments by category

In \$ millions Year ended 31st December 2017	Financial asset category			
	Loans and receivables	Assets at fair value through profit and loss	Derivative used for hedging	Total net book value per balance sheet
Financial and contract assets	617.7	–	–	617.7
Trade and other receivables	215.4	–	–	215.4
Other non-current assets ¹	18.4	0.7	–	19.1
Cash and cash equivalents	–	781.1	–	781.1
Total	851.5	781.8	–	1,633.3

In \$ millions Year ended 31st December 2018	Financial asset category			
	Loans and receivables	Assets at fair value through profit and loss	Derivative used for hedging	Total net book value per balance sheet
Derivative financial instruments	–	–	1.1	1.1
Financial and contract assets	498.2	–	–	498.2
Trade and other receivables	284.5	–	–	284.5
Other non-current assets ¹	2.6	–	–	2.6
Cash and cash equivalents	–	696.9	–	696.9
Total	785.3	696.9	1.1	1,483.3

In \$ millions Year ended 31st December 2017	Financial liability category			
	Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	Derivative used for hedging	Total net book value per balance sheet
Borrowings	–	2,890.1	–	2,890.1
Derivative financial instruments	8.1	–	56.3	64.4
Trade and other payables	–	169.1	–	169.1
Other current liabilities ¹	–	67.5	–	67.5
Other non-current liabilities	85.0	81.5	–	166.5
Total	93.1	3,208.2	56.3	3,357.6

In \$ millions Year ended 31st December 2018	Financial liability category			
	Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	Derivative used for hedging	Total net book value per balance sheet
Borrowings	–	3,560.0	–	3,560.0
Derivative financial instruments	6.7	–	63.1	69.8
Trade and other payables	–	292.9	–	292.9
Other current liabilities ¹	–	100.5	–	100.5
Other non-current liabilities	69.2	87.2	–	156.4
Total	75.9	4,040.6	63.1	4,179.6

¹ These balances exclude receivables and payables balances in relation to taxes disclosed in notes 4.18, 4.20 and 4.28 respectively.

4.18. Other non-current assets

In \$ millions	Years ended 31st December	
	2018	2017
CO ₂ quotas receivable ¹	–	3.6
VAT receivables ²	6.0	10.3
Advance to supplier ³	9.7	9.5
Restricted cash	–	0.7
Other	7.2	5.4
Total other non-current assets	22.9	29.5

¹ Long-term receivables relating to the Maritsa power plant and to be received through a pass-through mechanism agreed with its offtaker. A similar liability is presented in note 4.24.

² VAT receivables mainly relate to the Vorotan project. The amount is expected to be recovered over a five-year period from the acquisition date in 2015 and was discounted using a rate of 10.0%. A current portion of \$3.4 million is presented in 'trade and other receivables' in the consolidated statement of financial position as of 31st December 2018 (\$4.7 million as of 31st December 2017).

³ Advance payment to supplier relates to Vorotan EPC contract as part of the refurbishment program.

4.19. Inventories

In \$ millions	Years ended 31st December	
	2018	2017
Fuel	13.0	12.8
Spare parts	35.6	25.3
Other ¹	68.7	21.0
Total	117.3	59.1
Provision	(4.5)	(5.0)
Total inventories	112.8	54.1

¹ Increase mainly relates to emission allowances purchased and in transit by our Maritsa business.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

4.20. Trade and other receivables

In \$ millions	Years ended 31st December	
	2018	2017
Trade receivables – gross	127.9	144.1
Accrued revenue (unbilled)	145.2	57.4
Provision for impairment of trade receivables	(2.5)	(2.4)
Trade receivables – Net	270.6	199.1
Other receivables	66.7	72.7
Trade and other receivables	337.3	271.8

All trade and other receivables are short term and the net carrying value of trade receivables is considered a reasonable approximation of the fair value. The ageing of trade receivables – net is presented in note 4.14.

All trade and other receivables are pledged as security in relation with the Group's project financings.

The increase in accrued revenue (unbilled) is primarily related to the acquisition of our Spanish CSP assets, to CO₂ quotas in connection with our Maritsa plant and to our Arrubal plant.

Other receivables primarily correspond to indirect tax receivables, mainly in our power plants in Rwanda, Senegal and Armenia and to the current portion of our financial lease assets.

4.21. Cash and cash equivalents

Certain restrictions on our cash and cash equivalents have been primarily imposed by financing agreements or long-term obligations. They mainly include short-term security deposits kept as collateral and debt service reserves that cover short-term repayments and which meet the definition of cash and cash equivalents. 49.2% of our cash and cash equivalents as of 31st December 2018 is pledged as security in relation with the Group's project financings (31st December 2017: 41.0%); cash and cash equivalents also includes \$212.9 million as of 31st December 2018 (31st December 2017: \$107.2 million) of cash balances relating to debt service reserves required by project finance agreements.

4.22. Issued capital

Issued capital of the Company amounted to \$8.9 million as at 31st December 2018, with changes as follows:

Allotted, authorized, called up and fully paid	Number	Nominal value	£ million	\$ million
Incorporation on 26th September 2017	100	1.00	–	–
Issue of shares – 17th October 2017	1,002,000,000	1.00	1,002.0	1,320.7
As at 17th October 2017	1,002,000,100	1.00	1,002.0	1,320.7
Share capital reduction – 19th October 2017	–	(0.99)	(992.0)	(1,307.5)
As at 19th October 2017	1,002,000,100	0.01	10.0	13.2
Issue of ordinary shares – Listing on the London Stock Exchange	122,399,020	0.01	1.2	1.6
Issue of ordinary shares – Management	712,920	0.01	–	–
Share reorganization – cancellation of deferred shares	(454,399,120)	0.01	(4.5)	(5.9)
As at 31st December 2017	670,712,920	0.01	6.7	8.9
As at 31st December 2018	670,712,920	0.01	6.7	8.9

On incorporation, 26th September 2017, the Company issued 100 ordinary shares with a nominal value of £1.00 to its Parent Company, ContourGlobal LP. The amount due was settled through an intercompany receivable.

On 17th October 2017, the Company issued to its Parent Company, ContourGlobal L.P. 1,002,000,000 ordinary shares with a nominal value of £1.00 each as payment for its acquisition of ContourGlobal Worldwide Holdings S.à r.l.

On 19th October 2017, the Company passed a special resolution supported by a solvency statement to reduce its share capital under s641(a) of the Companies Act 2006 by reducing the share capital of the Company of \$1,320,736,335 divided into 1,002,000,100 ordinary shares of £1.00, each fully paid, to \$13,207,366 divided into 1,002,000,100 ordinary shares of £0.01, each fully paid, by the cancellation of the paid up share capital to the extent of £0.99 per share upon each of the 1,002,000,100 ordinary shares reducing the nominal amount of all such shares from £1.00 to £0.01.

On 8th November 2017, the Company passed a resolution to consolidate the 1,002,000,100 ordinary shares of £0.01 each in the share capital of the Company into 1 ordinary share of £10,020,001 and the sub-division of that share into 547,600,980 ordinary shares and 454,399,120 deferred shares each of £0.01.

On 14th November 2017, the Company completed the pricing of its initial public offering of ordinary shares at £2.50 per share, comprising 122,399,020 new shares and 54,026,083 existing shares. The Company also issued additional 712,920 new shares subscribed by its management. The issuance of these new shares resulted in the recognition of a share premium of £306.5 million (\$400.7 million), net of listing costs deducted of \$19.9 million, resulting in total share premium of \$380.8 million.

The Group restructure resulted in a \$353.0 million debit to retained earnings and other reserves, which represents a capital reorganization reserve.

Finally, the Company cancelled all existing 454,399,120 deferred shares, resulting in a total net ordinary shares of 670,712,920 shares as of 31st December 2017.

There have been no share transactions in the year ended 31st December 2018.

During the year the Group paid dividends of \$17.3 million on 31st May 2018 and \$26.7 million on 7th September 2018.

In \$ millions	Years ended 31st December	
	2018	2017
Declared during the financial year:		
Final dividend for the year ended 31st December 2018: 2.6000 US cents per share (2017: nil)	17.3	–
Interim dividend for the year ended 31st December 2019: 3.9659 US cents per share (2017: nil)	26.7	–
Total dividends provided for or paid	44.1	–

During the year 2017, ContourGlobal LP paid dividends of \$54.2 million on 19th April 2017 and ContourGlobal plc paid dividends of \$21.3 million on 8th November 2017.

4.23. Borrowings

Certain power plants have financed their electric power generating projects by entering into external financing arrangements which require the pledging of collateral and may include financial covenants as described below. The financing arrangements are generally non-recourse (subject to certain guarantees) and the legal obligation for repayment is limited to the borrowing entity.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

The Group's principal borrowings with a nominal outstanding amount of \$3,616.3 million in total as of 31st December 2018 (31st December 2017: \$2,926.1 million) primarily relate to the following:

Type of borrowing	Currency	Project Financing	Issue	Maturity	Outstanding nominal amount 12.31.18 (\$ million)	Outstanding nominal amount 12.31.17 (\$ million)	Rate
Corporate bond ¹	EUR	Corporate Indenture	2018	2023-2025	860.0	840.4	3.375%, 4.125%
Loan Agreement ²	EUR	Spanish CSP	2018	2036	722.1	–	3.438%
Project bond	USD	Inka	2014	2034	184.6	189.0	6.0%
Loan Agreement ²	EUR	Spanish CSP	2009	2029	168.0	–	EURIBOR 6M + Variable
Loan Agreement/ Debentures ³	BRL	Chapada I	2015	2032-2029	166.2	198.7	TJLP + 2.18%/IPCA + 8%
Loan Agreement	EUR	Arrubai	2011	2021	165.8	207.9	4.9%
Loan Agreement	EUR	Maritsa	2006	2023	163.3	200.8	EURIBOR + 0.125%
Loan Agreement	USD	Vorotan	2016	2034	142.0	137.3	LIBOR + 4.625%
Loan Agreement ³	BRL	Chapada II	2016	2032	132.1	165.1	TJLP + 2.18%
Loan Agreement/Corp. Financing ⁴	EUR	Solar Italy	2017	2024-2028	116.3	125.4	Mix of fix and variable rates
Loan Agreement	USD	Cap des Biches	2015	2033	105.5	110.1	USD-LIBOR BBA (ICE)+3.20%
Loan Agreement	USD	Togo	2008	2028	96.1	102.9	7.16% (Weighted average)
Loan Agreement ³	BRL	Asa Branca	2011	2030	95.0	120.1	TJLP+ 1.92%
Loan Agreement	EUR	Austria Wind	2013	2027	83.6	98.7	EURIBOR 6M + 2.45% and 4.305%/EURIBOR 3M+1.95% and 4.0%
Loan Agreement	USD	KivuWatt	2011	2026	74.1	82.0	LIBOR plus 5.50% and mix of fixed rates
Debentures ⁵	BRL	Hydro Brazil Portfolio II	2018	2026	72.7	52.5	CDI +3%, 4.2%
Debentures	BRL	Hydro Brazil portfolio I	2013	2027	43.2	53.0	8.8%
Loan Agreement	EUR	Solar Slovak	2009-2015	2023-2026	41.0	50.4	Mix of fix and variable rates
Bridge loan	BRL	Hydro Brazil Portfolio II and Solutions Brazil	2017	2020	–	83.1	CDI + 5%
Other Credit facilities (individually < \$40 million)	Various	Various	2012-2013	2016-2034	184.7	108.7	

¹ Corporate bond issued by ContourGlobal Power Holdings S.A. in June 2016 for €550 million with two additional €50 million and €100 million taps in July 2016 and February 2017 was fully refinanced in July 2018. A new €750 million dual-tranche corporate bond was issued by ContourGlobal Power Holdings S.A. in July 2018, it includes €450 million bearing a fixed interest rate of 3.375% maturing in 2023 and €300 million bearing a fixed interest rate of 4.125% maturing in 2025.

² On 10th May 2018, the Group acquired a Renewable portfolio in Spain representing a total of 250 MW, including a pre-existing debt due in 2029 with an outstanding nominal of €146.5 million (\$168.0 million) at 31st December 2018 and a new debt issued in 2018 and due in 2036 with an outstanding nominal of €629.7 million (\$722.1 million) at 31st December 2018.

³ Taxa de Juros de Longo Prazo (TJLP) represents the Brazil Long Term Interest Rate, which was approximately 6.98% at 31st December 2018 (31st December 2017: 7.0%).

⁴ On 4th December 2017, the Group acquired a Renewable portfolio in Italy representing a total of 19.1 MW and subsequently to the closing the Group refinanced the portfolio. On 22nd March 2018, the Group acquired a Renewable portfolio in Italy representing a total of 15 MW.

⁵ On 17th March 2017, the Group acquired a Thermal and Renewable portfolio in Brazil representing a total of 205.6 MW.

With the exception of our corporate bond and revolving credit facility, all external borrowings relate to project financings. Such project financings are generally non-recourse (subject to certain guarantees).

The carrying amounts of the Group's borrowings are denominated in the following currencies:

In \$ millions	Years ended 31st December	
	2018	2017
US Dollars	625.4	645.4
Euros	2,338.8	1,525.1
Brazilian Reals	595.8	719.6
Total	3,560.0	2,890.1

The carrying amounts and fair value of the current and non-current borrowings are as follows:

In \$ millions	Carrying amount		Fair Value	
	Years ended 31st December		Years ended 31st December	
	2018	2017	2018	2017
Credit facilities	2,472.0	1,787.0	2,617.9	1,861.5
Bonds	1,088.0	1,103.1	1,058.8	1,175.9
Total	3,560.0	2,890.1	3,676.7	3,037.4

Net debt as of 31st December 2018 and 2017 is as follows:

In \$ millions	Years ended 31st December	
	2018	2017
Cash and cash equivalents	696.9	781.1
Borrowings – repayable within one year	(244.7)	(200.1)
Borrowings – repayable after one year	(3,371.6)	(2,726.0)
Interests payable, deferred financing costs and other	56.3	36.0
Net debt	(2,863.1)	(2,109.0)
Cash and cash equivalents	696.9	781.1
Borrowings – fixed interest rates	(2,790.3)	(2,028.1)
Borrowings – variable interest rates	(826.0)	(898.0)
Interests payable, deferred financing costs and other	56.3	36.0
Net debt	(2,863.1)	(2,109.0)

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

In \$ millions	Cash and cash equivalents	Borrowings	Total net debt
As of 1st January 2017	433.7	(2,529.9)	(2,096.2)
Cash flows	263.5	–	263.5
Acquisitions/disposals	37.4	(116.0)	(78.6)
Proceeds of borrowings	–	(310.9)	(310.9)
Repayments of borrowings	–	233.0	233.0
Currency translations differences and other	46.4	(166.2)	(119.8)
As of 31st December 2017	781.1	(2,890.1)	(2,109.0)
Cash flows	(124.7)	–	(124.7)
Acquisitions/disposals	82.1	(213.8)	(131.7)
Proceeds of borrowings	–	(1,792.0)	(1,792.0)
Repayments of borrowings	–	1,151.1	1,151.1
Currency translations differences and other	(41.6)	184.8	143.2
As of 31st December 2018	696.9	(3,560.0)	(2,863.1)

Debt Covenants and restrictions

The main long-term financial debts include certain financial covenants, principally as follows:

- debt Service Coverage Ratio greater than 1.05, 1.10, 1.15, 1.20, 1.30 depending on borrowings,
- net debt/EBITDA lower than 7.5 (São Domingos II), 3.25 (Brazil Hydro and Solutions),
- decreasing Senior Debt and Total Debt (Arrubal),
- debt/Equity ratio: 85/15, 80/20, 75/25, 64.16/35.84 depending on borrowings,
- equity/Asset ratio above 15% or 25% depending on borrowings,
- loan Life Coverage Ratio greater than 1.10 (Solar Italy) or 1.35 (Projected – KivuWatt).

Non-financial covenants includes the requirement to maintain proper insurance coverage, enter into hedging agreements, maintain certain cash reserves, restrictions on dispositions, scope of the business, and mergers and acquisitions.

These covenants are monitored appropriately to ensure that the contractual conditions are met.

Securities given

Corporate bond and Revolving Credit Facility at CG Power Holdings level are secured by pledges of shares of certain subsidiaries (ContourGlobal LLC, ContourGlobal Spain Holding Sàrl, ContourGlobal Bulgaria Holding Sàrl, ContourGlobal Latam Holding Sàrl, ContourGlobal Terra Holdings Sàrl and ContourGlobal Worldwide Holdings Sàrl), and guarantees from ContourGlobal plc, and the above subsidiaries.

The Group typically grants securities in relation to the issuance of project financing. The table below provides an overview of the main guarantees provided under existing project financing as of 31st December 2018:

Project financing	Facility	Maturity	Security/Guarantee given
CSP Spain (excluding Alvarado)	Long Term Facility	2036	First ranking security interest in the shares of all the entities in the borrower group plus pledge of receivables and project accounts. Assignment of insurances.
CSP Spain Alvarado	Long Term Facility	2029	First ranking security interest in the shares of the borrower group plus pledge of project accounts. Assignment of rights under project contracts.
Inka	Senior Secured Notes	2034	Pledge of shares of Energía Eólica SA, EESA assets, accounts, assignment of receivables of the project contracts and insurances.
Inka	Letter of Credit Agreement	2019	\$8.5 million ContourGlobal plc guarantee to Credit Suisse.
Chapada I	Long Term Facility	2032	Pledge of shares of Chapada I SPVs and Holding, SPVs assets, accounts, assignment of receivables of the project contracts and insurances.
Arrubal	Arrubal Term Loan	2021	Pledge of (i) the shares of CG La Rioja, (ii) project accounts, (iii) insurance policies, (iv) receivables on project documents (PPA, Operations & Maintenance, Gas Supply Agreement), (v) mortgage over the power station and industrial items.
Maritsa	Credit Facility	2023	Pledge of the shares, any dividends on the pledged shares and the entire commercial enterprise of ME-3, including the receivables from the ME-3 PPA.
Vorotan	Long Term Facility	2034	Pledge of shares of ContourGlobal HydroCascade CSJC assets and project accounts, assignment of receivables arising from the project contracts and insurances.
Chapada II	Long Term Facility	2032	Pledge of shares of Chapada II SPVs and Holding, SPVs assets, accounts, assignment of receivables of the project contracts and insurances.
Cap des Biches	Credit Facility	2033	Pledge over CG Senegal and CG Cap des Biches Sénégal shares, pledge over the project accounts, charge over the assets of CG Cap des Biches Sénégal, assignment of receivables of CG Cap des Biches Sénégal and the insurance policies, direct agreement on the project contracts.
Togo	Loan agreement	2028	ContourGlobal plc guarantee on cash shortfall for Debt service, and (i) a pledge of CG Togo LLC and CG Togo SA capital stock, (ii) a charge on equipment, material and assets of CG Togo SA, (iii) the assignment of receivables of CG Togo SA, (iv) the assignment of insurance policies, and (v) a pledge on the project accounts.
Asa Branca	Credit Facility	2030	Pledge of shares of Asa Branca Holding SA, pledge of the receivables under the Asa Branca PPA, pledge on certain project accounts, mortgage of assets of the Asa Branca Windfarm Complex, assignment of credit rights under project contracts (EPC, land leases, O&M).
Energie Europe Wind & Solar	Credit Facilities	2023-28	Pledge of the shares, assets, cash accounts and receivables. €10.3 million CG Solar Holdings guarantee for the benefit of UBI and Natixis covering a Primavera plant potential adverse impact on FIT further to a GSE inspection.
KivuWatt	Financing Arrangement	2026	- Secured by, among others, (i) KivuWatt Holdings' pledge of all of the shares of KivuWatt held by KivuWatt Holdings, (ii) certain of KivuWatt's bank accounts and (iii) KivuWatt's movable and immovable assets. - ContourGlobal plc \$1.2 million guarantee for the benefit of KivuWatt under the PPA and Gas Concession to the Government of Rwanda and to Electrogaz (outside of the loan guarantee). \$8.5 million UK Plc guarantee to cover DSRA as of 31st December 2018.
Hydro Brazil Portfolio II and Solutions Brazil	Debentures	2026	First ranking security interest in the shares of all the entities in the borrower group (ex-minorities) plus pledge of receivables.
French Caribbean	Letter of Credit Agreement	2021	On 22nd December, 2010, a €2.4 million letter of credit facility was entered into to fund obligations under the debt service reserve account (in accordance with the Saint Martin loan agreement). This letter of credit expires in June 2021. No amounts have been recognized in relation to letter of credit in either period.
Chapada III	Long Term Facility	2032	Pledge of shares of Chapada III SPVs and Holding, SPVs assets, accounts, assignment of receivables of the project contracts and insurances. Corporate guarantee from ContourGlobal do Brazil Holding Ltda until Financial Completion.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

4.24. Other non-current liabilities

In \$ millions	Years ended 31st December	
	2018	2017
Debt to non-controlling interest ¹	69.2	85.0
Deferred payments on acquisitions ²	23.2	52.4
CO ₂ quotas payables ³	–	3.7
Other ⁴	64.0	25.4
Total other non-current liabilities	156.4	166.5

¹ Debt to non-controlling interests: In 2011, the Group purchased a 73% interest in Maritsa power plant. NEK owns the remaining 27% of Maritsa power plant. The shareholders' agreement states that all distributable results available should be distributed to their shareholders, with no unconditional right to avoid dividends. Consequently and in accordance with IAS 32 'Financial Instruments: presentation', shares held by NEK do not qualify as equity instruments and are recorded as a liability to non-controlling interests in the Group's consolidated statement of financial position. The fair value of the debt to non-controlling interest is determined using a discounted cash flow method based on management's current best estimate of the future distributable profits to the minority shareholder NEK over the PPA period. This debt is discounted using a European risk free rate and adding the credit default swap (CDS) spread for Bulgaria.

² As of 31st December 2018, deferred payments and earn-outs on acquired entities mainly relate to deferred payments to be made to initial developers.

³ CO₂ quotas are described in note 4.18.

⁴ The increase is primarily related to contractual obligations in Brazil, including penalties where wind asset capacity falls below contracted PPA, and to our Spanish CSP acquisition.

The change in the debt to Maritsa non-controlling interest is presented below:

In \$ millions	Years ended 31st December	
	2018	2017
Beginning of the period	85.0	93.1
Dividends	(19.5)	(16.2)
Change in fair value recognized in profit and loss	7.2	(3.8)
Currency translation adjustments	(3.5)	11.9
End of the period	69.2	85.0

4.25. Provisions

In \$ millions	Decommissioning/ Environmental/ Maintenance provision	Legal and other	Total
As of 1st January 2017	33.8	38.0	71.8
Acquired through business combination	2.8	5.3	8.1
Additions	15.5	6.0	21.5
Unused amounts reversed	(0.5)	(24.4)	(24.9)
Amounts used during the period	–	(3.3)	(3.3)
Currency translation differences and other	1.8	(2.0)	(0.2)
As of 31st December 2017	53.4	19.6	73.0
Effect of changes in accounting standards (IFRS 15)	(28.3)	–	(28.3)
As of 1st January 2018 as restated	25.1	19.6	44.7
Acquired through business combination	9.8	–	9.8
Additions	10.2	2.6	12.8
Unused amounts reversed	–	(4.9)	(4.9)
Amounts used during the period	–	(0.1)	(0.1)
Currency translation differences and other	(2.5)	(1.3)	(3.8)
As of 31st December 2018	42.7	15.9	58.6

Provisions have been analyzed between current and non-current as follows:

In \$ millions	Decommissioning/ Environmental/ Maintenance provision	Legal and other	Total
Current liabilities	1.0	9.8	10.8
Non-current liabilities	52.4	9.8	62.2
As of 31st December 2017	53.4	19.6	73.0
Current liabilities	–	17.4	17.4
Non-current liabilities	32.9	8.3	41.2
As of 31st December 2018	32.9	25.7	58.6

Site decommissioning provisions are recognized based on assessment of future decommissioning costs which would need to be incurred in accordance with existing legislation to restore the sites. Maintenance provisions mainly related to our maintenance obligations under our concession agreement contract in Togo and Senegal. These amounts are no longer recognized as provisions following the transition to IFRS 2 (see note 2.1).

Legal and other provisions include amounts arising from claims, litigation and regulatory risks which will be utilized as the obligations are settled and includes sales tax and interest or penalties associated with taxes.

Legal and other provisions have some uncertainty over the timing of cash outflows.

4.26. Share-based compensation plans

Private Incentive Plan

The President & CEO ('CEO'), along with certain members of the ContourGlobal management team, have interests in a 'Private Incentive Plan' (PIP). This is a legacy equity arrangement established by Reservoir Capital (the major shareholder in the Company) and no new allocations will be made under this plan. The Company is not a party to the PIP and has no financial obligation, or obligation to issue shares, in connection with it, although it is required to recognize the plan as an expense in accordance with IFRS 2. All shares that might be delivered under the award will be funded by Reservoir Capital.

While the allocations and terms of the CEO's award were substantially agreed prior to IPO, Reservoir Capital finalized the implementation of CEO award on 27th December 2018 and of other managers awards in January 2019. As a result, the PIP charge recognized in personnel expenses in 2018 line relates only to the CEO and will increase in 2019 and 2020. The charge is recognized in the consolidated statement of income with line item 'Other operating income/expense – net' and is excluded from Adjusted EBITDA calculation as it does not constitute a present or future liability nor a cash out for the Company and will be fully funded by Reservoir Capital.

The award is in the form of partnership units in Contour Management Holdings LLC which is a partner in ContourGlobal L.P. (the limited partnership through which Reservoir Capital owns shares in the Company). The award comprises Class S units, Class C units and Class B units. All units deliver an award of shares in ContourGlobal plc.

Under the terms of the PIP, those units entitle the award-holder to have shares in the Company delivered to him if certain financial performance conditions are achieved.

The CEO's holding of units in ContourGlobal L.P. is as follows:

Basis of awards

Class S Units	Up to 6,943,864 ContourGlobal plc shares (excluding the impact of any accrued dividends)
Class C Units	Value share between management and Reservoir Capital Group
Class B Units	

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

The terms of the value share between management and Reservoir Capital are based on a 'waterfall' which operates broadly as follows:

- i) Class S Units are similar in nature to a restricted stock award, subject to an underpin share price. At final allocation, Reservoir Capital Group set the underpin share price for the Class S units at \$2.23 (£1.74), rather than the £2.57 threshold referred to in the Prospectus, to reflect the share price at the time of final allocation.
- ii) Class C Units are based on sharing 12% of value above a 6% p.a. threshold on \$2.0 billion of total value to ContourGlobal L.P., but after deducting value arising from Class S Units.
- iii) Class B Units are based on sharing 18% of value above a 9% p.a. threshold on \$2.4 billion of total value to ContourGlobal L.P., but after deducting value arising from Class C Units and Class S Units. The Class B Units also have a catch-up feature that, at valuations significantly above the threshold value, allow management to receive additional value.

Distributions from Class B and C Units are subject to Reservoir Capital realizing value from its investment in ContourGlobal, and the scheme stays in effect until Reservoir Capital has disposed of all its Ordinary Shares in the Group. Class B Units are fully vested and are not forfeitable. Class C and S Units vest in equal tranches over the three-year period from IPO. The date of full vesting is 27th December 2020. Unvested units will ordinarily be forfeited in the event of resignation or termination for cause.

As of 31st December 2018, in accordance with IFRS 2, the Company recognized a personnel charge of \$4.1 million in relation with the PIP.

ContourGlobal long-term incentive plan

Effective 28th June 2018, ContourGlobal implemented a long-term incentive plan ('LTIP') consisting of the free attribution of up to 1,818,441 ordinary shares to certain executive managers (the 'grantees'). These shares will vest on 31st December 2020 subject to the grantee's continued service and to the extent to which some of the four performance conditions set for the awards are satisfied at the vesting date:

- iv) EBITDA condition: 50.0 % of award to the compounded annual growth rate of the Company's EBITDA between the grant date and the vesting date.
- v) IRR condition: 12.5 % of award to the internal rate of return on qualifying Company projects between the grant date and the vesting date.
- vi) LTIR condition: 25.0 % of award to the lost time incident rate of the Company as at the vesting date.
- vii) Project milestones condition: 12.5 % of award to the number of corporate milestones completed on qualifying projects conditions between the grant date and the vesting date.

The LTIP awards have been valued using the Monte Carlo model and the resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date (30 months). Fair value at the grant date was estimated to be \$1.48.

Key assumptions used in valuing this plan were:

Expected life	2 years
Vesting period	2.5 years
Expected vesting	75%
Expected volatility	16.8%
Risk-free interest rate	0.82%

Dividend yield of 0% has been assumed since grantees are compensated for dividends under clause 6.3 of the Long Term Incentive Plan.

Expected volatility is a measure of the amount by which the Group's shares are expected to fluctuate during the life of an option.

	Number of shares
Outstanding as of 31st December 2017	–
Granted during the year	1,818,441
Forfeited	(264,688)
Vested	–
Outstanding as of 31st December 2018	1,553,753

The Group's charge for equity-settled share-based incentives for the year of \$0.7 million (2017: \$nil) has been included within selling, general and administrative expenses in the consolidated statement of income.

4.27. Trade and other payables

	Years ended 31st December	
In \$ millions	2018	2017
Trade payables	98.2	53.9
Accrued expenses	194.7	115.2
Trade and other payables	292.9	169.1

The increase in trade and other payables mainly comes from CO₂ emission quotas purchased in our Maritsa power plant.

4.28. Other current liabilities

	Years ended 31st December	
In \$ millions	2018	2017
Deferred revenue	10.1	6.0
Deferred payment on acquisition ¹	23.3	1.8
Other taxes payable	48.0	45.1
Other ²	67.1	59.7
Other current liabilities	148.5	112.6

¹ Relates to the deferred payment of the Renewable portfolio in Europe, Brazil and Peru as of 31st December 2018 and to the deferred payment of the Thermal and Renewable portfolio in Brazil as of 31st December 2017.

² Mainly relates to contractual obligations in Brazil, including penalties and other commitments where wind asset capacity falls below contracted PPA.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

4.29. Group undertakings

ContourGlobal plc owns (directly or indirectly) only ordinary shares of its subsidiaries. There are no preferred shares scheme in place in the Group.

ContourGlobal plc		United Kingdom	15 Berkeley Street 6th Floor, London, United Kingdom, W1J 8DY
Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
ContourGlobal Hydro Cascade CJSC	100%	Armenia	AGBU building; 2/2 Meliq-Adamyan str., 0010 Yerevan, Armenia
ContourGlobal erneuerbare Energie Europa GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
Windpark HAGN GmbH & Co KG	95%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
Windpark Deutsch Haslau GmbH	62%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Zistersdorf Ost GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Berg GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Scharndorf GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Trautmannsdorf GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Velm GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Management Europa GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Wind Holding GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Development GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Maritsa East 3 AD	73%	Bulgaria	48 Sitnyakovo Blvd; 9-th fl., Sofia 1505, Bulgaria
ContourGlobal Operations Bulgaria AD	73%	Bulgaria	TPP ContourGlobal Maritsa East 3, Mednikarovo village 6294, Galabovo District, Stara Zagora Region, Bulgaria
ContourGlobal Management Sofia EOOD	100%	Bulgaria	48 Sitnyakovo Blvd; 9-th fl., Sofia 1505, Bulgaria
Galheiros Geração de Energia Elétrica S.A.	77%	Brazil	Rua Leopoldo Couto Magalhães Junior, 758, 3º andar, São Paulo 04542-000, Brazil
Santa Cruz Power Corporation Usinas Hidroelétricas S.A.	72%	Brazil	Rua Leopoldo Couto Magalhães Junior, 758, 3º andar, Itaim Bibi, São Paulo 04542-000, Brazil
Contour Global Do Brasil Holding Ltda	100%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, São Paulo 04542-000, Brazil
Contour Global Do Brasil Participações Ltda	80%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, São Paulo 04542-000, Brazil
Abas Geração de Energia Ltda.	100%	Brazil	Rua Leopoldo Couto Magalhães Junior, 758, 3º andar, São Paulo 04542-000, Brazil
Ventos de Santa Joana IX Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Calcedônia Geração de Energia Ltda.	100%	Brazil	Rua Leopoldo Couto Magalhães Junior, 758, 3º andar, São Paulo 04542-000, Brazil
Ventos de Santa Joana X Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04512-000, Brazil
Ventos de Santa Joana XI Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000
Ventos de Santa Joana XII Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Ventos de Santa Joana XIII Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Ventos de Santa Joana XV Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Ventos de Santa Joana XVI Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Asa Branca Holding S.A.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
Tespias Geração de Energia Ltda.	80%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Asa Branca IV Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Asa Branca V Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Asa Branca VI Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, São Paulo 04542-000, Brazil
Asa Branca VII Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, São Paulo 04542-000, Brazil
Asa Branca VIII Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, São Paulo 04542-000, Brazil
Ventos de Santa Joana I Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Ventos de Santa Joana III Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Ventos de Santa Joana IV Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km 08, Sala 182, Distrito Industrial – Maracanaú – CE
Ventos de Santa Joana V Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Ventos de Santa Joana VII Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Ventos de Santo Augusto IV Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Chapada do Piauí I Holdings S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000
Ventos de Santo Augusto III Energias Renováveis S.A.	100%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Ventos de Santo Augusto V Energias Renováveis S.A.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
ContourGlobal Desenvolvimento S.A.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31 São Paulo 04542-000, Brazil
Chapada do Piauí II Holding S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000
Chapada do Piauí III Holding S.A.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000
Capuava Energy Ltda	80%	Brazil	Av. Presidente Costa e Silva, 1178, parte, Santo André
Afluentes Geração de Energia Elétrica S.A.	79%	Brazil	Praia do Flamengo, 70 – 1º andar, Rio de Janeiro – RJ
Goiás Sul Geração De Energia S.A.	80%	Brazil	Praia do Flamengo, 70 – 2º andar, parte. Rio de Janeiro – RJ
RIO PCH I S.A.	56%	Brazil	Praia do Flamengo, 70 – 4º andar, Rio de Janeiro – RJ
Bahia PCH I S.A.	80%	Brazil	Praia do Flamengo, 70 – 6º andar, parte. Rio de Janeiro – RJ
ContourGlobal Swiss Holdings GmbH	100%	Swiss	Kholrainstrasse 8 – 8700 Küsnacht, Switzerland
ContourGlobal LATAM S.A.	100%	Colombia	Carrera 7 No. 74-09, Bogotá, Colombia
ContourGlobal Solutions Holdings Ltd	100%	Cyprus	Capital Center, 2-4 Arch, Makarios III Avenue, 9th Floor, Nicosia 1065, Cyprus
ContourGlobal Solutions Ltd	100%	Cyprus	Capital Center, 2-4 Arch, Makarios III Avenue, 9th Floor, Nicosia 1065, Cyprus
Selenium Holdings Ltd	100%	Cyprus	Capital Center, 2-4 Arch, Makarios III Avenue, 9th Floor, Nicosia 1065, Cyprus
ContourGlobal La Rioja, S.L.	100%	Spain	Arrúbal Power Plant, Polígono Industrial El Sequero, 26150 Arrúbal, La Rioja, Spain.
ContourGlobal Termosolar Operator S.L.	100%	Spain	Calle Orense, número 34, 7º piso – 28020 Madrid, Spain
ContourGlobal Termosolar, S.L.	100%	Spain	Calle Orense, número 34, 7º piso – 28020 Madrid, Spain
Rústicas Vegas Altas, S.L.	100%	Spain	Calle Orense, número 34, 7º piso – 28020 Madrid, Spain
Termosolar Majadas, S.L.	100%	Spain	Calle Orense, número 34, 7º piso – 28020 Madrid, Spain
Termosolar Palma Saetilla, S.L.	100%	Spain	Calle Orense, número 34, 7º piso – 28020 Madrid, Spain
Termosolar Alvarado, S.L.	100%	Spain	Calle Orense, número 34, 7º piso – 28020 Madrid, Spain
Evacuación Villanueva del Rey, S.L.	40%	Spain	Calle Orense, número 34, 7º piso – 28020 Madrid, Spain

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
Energies Antilles	100%	France	8, Avenue Hoche 75008 Paris
Energies Saint-Martin	100%	France	8, Avenue Hoche 75008 Paris
ContourGlobal Saint-Martin SAS	100%	France	5 Rue du Gal de Gaulle, 8 Immeuble le Colibri Marigot, 97150 Saint-Martin
ContourGlobal Management France SAS	100%	France	Immeuble Imaginem, 20-26 boulevard du Parc 92200 Neuilly-sur-Seine
ContourGlobal Worldwide Holdings Limited	100%	Gibraltar	Hassans, Line Holdings Limited, 57/63 Line Wall Road, Gibraltar
ContourGlobal Helios S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Solar Holdings (Italy) S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Oricola S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Solutions (Italy) S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Portoenergy S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Officine Solari Barone S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Officine Solari Camporeale S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Contourglobal Mediterraneo S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
PVP 2 S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Sarda S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Officine Solari Kaggio S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Officine Solari Aquila S.r.l.	51%	Italy	Contrada Piana del Signore s.n.c. 93012 Gela (CL)
CONTOURGLOBAL ENERGETICA S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca Eight Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca Green Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca Industrial Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca Light Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca One Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca Sole Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca Tracker Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
Sungea S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Rinnovabili Bari Max S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Solar 6 S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Solar Realty S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Solar 5 S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
BS Energia New S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Campoverde Società Agricola S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Ecoenergia S.R.L. – Società Agricola	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Management Italy S.R.L.	100%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Kosovo L.L.C.	100%	Kosovo	Anton çeta 5a 1000 Pristina Republic of Kosovo
ContourGlobal Luxembourg S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
Kani Lux Holdings S.à r.l.	80%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Africa Holdings S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Bulgaria Holding S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Spain Holding S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
ContourGlobal Latam Holding S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
Vorotan Holding S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 2 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 3 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 4 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 5 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 6 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Solutions Holdings S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Senegal Holdings S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra Holdings S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Power Holdings S.A.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Worldwide Holdings S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Mirror 1 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Mirror 2 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Mirror 3 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Spain O&M HoldCo S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Intermediate O&M S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
Aero Flash Wind, S.A.P.I. DE C.V.	75%	Mexico	Mexico City, Mexico/Tax Address : Ciudad de Tecate, Baja California
KivuWatt Holdings	100%	Mauritius	4th Floor, Tower A, 1 CyberCity, c/o Citco (Mauritius) Limited, Ebene, Mauritius
ContourGlobal Solutions (Nigeria) Ltd	100%	Nigeria	St. Nicholas House, 10th Floor, Catholic Mission Street, Lagos, Nigeria
ContourGlobal Solutions Nigeria Holdings B.V.	100%	Netherlands	Keplerstraat 34, Badhoevedorp 1171CD, Netherlands
ContourGlobal Bonaire B.V.	100%	Netherlands	Kaya Carlos A. Nicolaas 3, Bonaire, Netherlands
Energía Eólica S.A.	100%	Peru	Av. Ricardo Palma 341, Office 306, Miraflores, Lima 18, Peru
ContourGlobal Peru SAC	100%	Peru	Av. Ricardo Palma 341, Office 306, Miraflores, Lima 18, Peru
Energía Renovable Peruana S.A.	100%	Peru	Av. Ricardo Palma 341, Office 306, Miraflores, Lima 18, Peru
Energía Renovable del Norte S.A.	100%	Peru	Av. Ricardo Palma 341, Office 306, Miraflores, Lima 18, Peru
ContourGlobal Solutions (Poland) Sp. Z o.o.	100%	Poland	ul. Przemyslowa 2A, Radzymin 05-250 – Poland
ContourGlobal Paraguay Holdings SA	100%	Paraguay	Simon Bolivar, # 914 casi Parapiti, Asuncion, Paraguay
ContourGlobal Solutions (Ploiesti) S.R.L.	100%	Romania	Ploiesti, 285 Gheorge Grigore, Cantacuzino street, Prahova County, Ploiesti, Romania
Petosolar S.R.L.	100%	Romania	7 Ghiociei street, ap. 1, Panciu locality, Panciu city, Vrancea county, Romania
KivuWatt Ltd	100%	Rwanda	Plot 9714, Nyarutarama, P. O. Box 6679, Kigali, Rwanda
RENERGIE Solarny Park Holding SK I a.s.	51%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
PV Lucenec S.R.O.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
RENERGIE Solárny park Rimavské Jánovce s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Dulovo s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Gemer s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Hodejov s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Jesenské s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Nižná Pokoradz s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Riečka s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Rohov s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Starňa s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Včelince 2 s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Hurbanovo s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
AlfaPark s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Druhá slnečná s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
SL03 s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Bánovce nad Ondavou s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Bory s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Budulov s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Kalinovo s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
ZetaPark Lefantovce s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Lefantovce s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Michalovce s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Nižný Skálnik s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Otročok s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Paňovce s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Gomboš s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Rimavská Sobota s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Horné Turovce s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Uzovská Panica s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Zemplínsky Branč s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
ZetaPark s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
ContourGlobal Cap des Biches Senegal S.à r.l.	100%	Senegal	2, Place de L'Indépendance, Dakar, BP 23607, Senegal
ContourGlobal Togo S.A.	80%	Togo	Route D'Aného, Baguida, BP 3662, Lomé – Togo
ContourGlobal Services Africa S.à r.l.	100%	Togo	Immeuble SCI – Direction de l'administration pénitentiaire & de la réinsertion – Angle Rue Agbata, Boulevard du 13 Janvier - 01 BP 3662, Lomé - TOGO
Co-Generation Technologies B1 LLC	38%	Ukraine	77701 51 Schevchenko Street, Bogorychany city, Ivano-Frankivsk region, Ukraine
AMC Energy LLC	75%	Ukraine	02125, 1 Prospect Vyzvolyteliv, Kiev, Ukraine
ContourGlobal Solutions Ukraine LLC	100%	Ukraine	32, Konstantiniska street, 04071 Kiev, Ukraine
ContourGlobal Solutions (Northern Ireland) Limited	100%	United Kingdom	6th Floor Lesley Tower, 42-26 Fountain Street, Belfast BT1 5EF, Northern Ireland
ContourGlobal Europe Limited	100%	United Kingdom	15 Berkeley Street, 6th Floor, London, United Kingdom, W1J 8DY
ContourGlobal Yield Limited	100%	United Kingdom	15 Berkeley Street, London, W1J 8DY

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
Contour Global LLC	100%	US	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801
Contour Global Management Inc	100%	US	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801
ContourGlobal Services Brazil LLC	100%	US	650 Fifth Ave – 17th Fl., New York, New York 10019
ContourGlobal Togo LLC	100%	US	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808
ContourGlobal A Funding LLC	100%	US	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801
ContourGlobal Senegal Holdings LLC	100%	US	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808
ContourGlobal Senegal LLC	100%	US	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801
CG Solutions Global Holding Company LLC	100%	US	Corporation Trust Center, 1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801
ContourGlobal Mirror 6 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Mirror 5 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Mirror 7 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Mirror 4 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Ursaria 3 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg

Investments in associates accounted under the equity method:	Ownership	Country of incorporation	Registered address
TermoemCali I S.A. E.S.P.	37%	Colombia	Carrera 5A N° 71-45, Bogotá, Colombia
Compañía Eléctrica de Sochagota S.A. E.S.P.	49%	Colombia	Carrera 14 No. 20-21 Local 205A, Plaza Real, Tunja, Colombia
Productora de Energía de Boyacá S.A.S. E.S.P.	50%	Colombia	Cr. 9 No. 74-08 Of. 105, Bogotá, Colombia

4.30. Related party disclosure

ContourGlobal L.P. and Reservoir Capital Group

As of 31st December 2018 ContourGlobal plc and its subsidiaries have no significant trading relationship with the Group's main shareholder, ContourGlobal L.P., and Reservoir Capital Group which ultimately controls ContourGlobal L.P.

Key management personnel

Compensation paid to key management (executive committee members) amounted to \$11.8 million in 31st December 2018 (31st December 2017: \$8.7 million).

In \$ millions	Years ended 31st December	
	2018	2017
Salaries and short-term employee benefits	5.9	4.8
Termination benefits	2.8	0.8
Post employment benefits	0.1	0.2
Profit-sharing and bonus schemes	2.8	2.9
Private incentive plan ¹	4.1	–
Other share-based payments	0.2	–
Total	15.9	8.7

¹ Refer to note 4.26.

Directors' emoluments are disclosed within the Directors' Remuneration Report for the year ended 31st December 2018, and in relation to the period post incorporation of the Company for the year ended 31st December 2017.

Certain members of management are party to an agreement with a company that co-owns (but has a minority share) with ContourGlobal certain assets in Brazil. Under this arrangement, such members of management may receive distributions if the minority co-owner company achieves a certain level of return on its investment in those Brazilian assets. This minority co-owner company is a related party to ContourGlobal as it is owned and controlled by one of the ContourGlobal Directors. ContourGlobal is not party to the arrangement and has no financial obligation related to it.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

4.31. Financial commitments and contingent liabilities

a) Commitments

The Group has contractual commitments with, among others, equipment suppliers, professional service organizations and EPC contractors in connection with its power projects under construction that require payment upon reaching certain milestones. As of 31st December 2018, the Group has completed all its construction projects and had \$2.6 million of firm purchase commitments of property plant and equipment outstanding in connection with its Maritsa facilities and \$14.0 million towards its EPC contractors for its Scharndorf wind farm. The Group has also contractual arrangements with Operating and Maintenance (O&M) providers and transmission operators as it relates to certain of its operating assets.

Maritsa has a long-term Lignite Supply Agreement (LSA) with Maritsa Iztok Mines (MMI) for the purchase of lignite. According to the agreement, Maritsa has to purchase minimum monthly quantities, amounting to 6,187 thousand standard tons per calendar year. The total commitment through the remaining term of the LSA (February 2024) is 31,451 thousand standard tons, equal to \$304.3 million at December 2018 prices (\$9.67 per standard ton), as compared to 37,638 thousands standard tons equal to \$381.2 million at the end of 2017 (\$10.13 per standard ton). In the event of a failure on the part of CG Maritsa East 3 AD (ME-3) to take a minimum monthly quantity in any month, ME-3 shall, except in cases caused by Force Majeure and certain actions of Bulgarian authorities as described in the contract, pay to MMI an amount equal to the difference between (i) the aggregate amount paid or payable in respect of lignite delivered during such month and (ii) the aggregate amount that would have been payable had the minimum monthly quantity been taken during such month.

Pursuant to Vorotan acquisition, the Group has agreed to refurbish the hydro power plants and intends to invest approximately \$70 million over six years in a refurbishment program started in 2017 to modernize Vorotan and improve its operational performance, safety, reliability and efficiency. As of 31st December 2018 Vorotan disbursed \$17.5 million of which \$9.5 million was an advance payment to the EPC contractor.

b) Contingent liabilities

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. The Group reviews these matters in consultation with internal and external legal counsel to make a determination on a case-by-case basis whether a loss from each of these matters is probable, possible or remote. These claims involve different parties and are subject to substantial uncertainties.

Operation & Maintenance contractor litigation (Energies Antilles)

In 2015, a €5 million legal claim was brought against EA by the O&M contractor in relation to cost overruns following changes in French labor laws ('IEG status'—Industries Electriques et Gazières). On 21st September 2018, judgment was rendered by the Commercial Court of Paris in favor of the O&M contractor. The Commercial Court appointed an expert to determine the amount of costs for which EA should be liable, as opposed to those costs that were attributable to the O&M contractor's management decisions. To date, several meetings with the expert have already taken place. In parallel with the expert proceeding, EA appealed before the Paris Court of Appeal against the Commercial Court's decision on legal grounds. The expert proceeding is not expected to conclude before the second half of 2019.

KivuWatt arbitration (KivuWatt Ltd)

On December 12, 2018, the Government of Rwanda filed a request for arbitration before the International Centre for the Settlement of Investment Disputes naming KivuWatt Ltd. as the respondent, alleging that it had suffered damages of approximately \$80 million arising from KivuWatt's delay in entering into commercial service. KivuWatt contests the Government's right to damages over and above the \$1.2 million in liquidated damages provided for in the PPA and already paid by KivuWatt and is preparing its response.

No provision has been recorded as of 31st December 2018 in relation to the above claims as the Group considers that it is less than probable that liabilities will arise from these claims.

The Group from time to time is involved in disputes in relation to ongoing tax matters in a number of jurisdictions around the world. Where appropriate, provisions are recorded, based on the assessment of each case.

c) Lease commitments

Operating lease as a lessee

The Group is lessee under non-cancellable operating leases, primarily for office space and land to conduct its business. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

In \$ millions	Years ended 31st December	
	2018	2017
No later than 1 year	5.9	5.9
Later than 1 year and no later than 5 years	19.4	21.0
Later than 5 years	213.9	243.3
Total	239.2	270.2

Finance lease as a lessee

The future aggregate minimum lease payments under non-cancellable finance leases (Inka project) are as follows:

In \$ millions	Years ended 31st December	
	2018	2017
Minimum lease payments		
No later than 1 year	0.3	0.3
Later than 1 year and no later than 5 years	1.3	1.3
Later than 5 years	3.1	3.4
Gross investment in the lease	4.7	5.0
Future finance interest	(1.7)	(1.9)
Present value of finance lease obligation	3.0	3.1

Operating lease as a lessor

The Group is lessor under non-cancellable operating leases. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

In \$ millions	Years ended 31st December	
	2018	2017
Minimum lease payments		
No later than 1 year	62.1	62.0
Later than 1 year and no later than 5 years	231.4	249.4
Later than 5 years	527.6	577.5
Total	821.1	888.9

Finance lease as a lessor

The future aggregate minimum lease payments under non-cancellable finance leases (relating to our operation of Energies Saint Martin and Bonaire) are as follows:

In \$ millions	Years ended 31st December	
	2018	2017
Minimum lease payments		
No later than 1 year	11.6	12.0
Later than 1 year and no later than 5 years	45.8	47.2
Later than 5 years	26.5	38.1
Gross investment in the lease	83.9	97.3
Less: unearned finance income	(20.2)	(26.1)
Total	63.7	71.2

In \$ millions	Years ended 31st December	
	2018	2017
Analyzed as:		
Present value of minimum lease payments:		
No later than 1 year	11.0	11.4
Later than 1 year and no later than 5 years	35.4	36.4
Later than 5 years	17.3	23.4
Total	63.7	71.2

4.32. Guarantees and letters of credit

The Group and its subsidiaries enter into various contracts that include indemnification and guarantee provisions as a routine part of the Group's business activities. Such contracts generally indemnify the counterparty for tax, environmental liability, litigation, and other matters, as well as breaches of representations, warranties, and covenants set forth in the agreements. In many cases, the Group's maximum potential liability cannot be estimated, since some of the underlying agreements contain no limits on potential liability.

The Group also acts as guarantor to certain of its subsidiaries and obligor with respect to some long-term arrangements contracted at project level.

For the financial guarantees and letters of credit, refer to note 4.23 Borrowings.

Consolidated financial statements *continued*Notes to the consolidated financial statements *continued*4. Notes to the consolidated financial statements *continued*

4.33. Statutory Auditors' fees

In \$ millions	Years ended 31st December	
	2018	2017
Fees payable to the Group's auditor for the audit of the Group's annual accounts and consolidated financial statements	1.2	1.3
Fees payable to the Group's auditor and its associates for other services:		
• The audit of the Group's subsidiaries	1.4	1.1
• Audit-related assurance services	0.3	–
• Other assurance services	1.1	6.6
• Tax compliance services	–	–
• Tax advisory services	–	–
• Other non-audit services	0.1	0.1
Total (net of out of pocket expenses)	4.1	9.1

In 2018 work was performed in respect of acquisitions (\$0.8 million) and on bond refinancing (\$0.4 million). In 2017 other assurance services mainly included exceptional events which included the Initial Public Offering in the United Kingdom of ContourGlobal plc (\$5.7 million) in November 2017.

4.34. Subsequent events

Acquisition of a portfolio in Mexico

On 7th January 2019, the Group signed the acquisition of two natural gas-fired combined heat and power ('CHP') plants, together with development rights and permits for a third plant, in Mexico from Alpek, for \$724 million in cash. An additional payment at closing estimated at \$77 million represents the value added tax assessed for the transaction and is expected to be refunded in full within 12 months of closing. The CHP plants have a gross installed capacity of 518 MW.

The transaction is expected to close in the second quarter of 2019.

Company financial statements

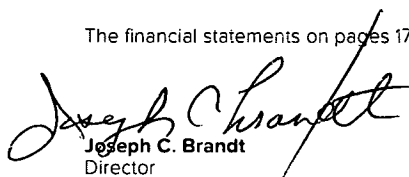
Company balance sheet

At 31st December 2018

In \$ millions	Note	2018	2017
Fixed assets	6		
Investments		1,642.1	1,620.7
Current assets	7		
Debtors		7.9	1.7
Cash at bank and in hand		0.4	91.6
		8.3	93.3
Creditors: amounts falling due within one year	8	(4.1)	(18.0)
Net current assets		4.2	75.3
Net assets		1,646.3	1,696.0
Capital and reserves	9		
Called-up share capital		8.9	8.9
Share premium account		380.8	380.8
Reserves and retained earnings		1,256.6	1,306.3
Total shareholders' funds		1,646.3	1,696.0

The Company's loss for the year ended 31st December 2018 was \$(6.3) million. Company's profit for the period ended 31st December 2017 was \$14.2 million.

The financial statements on pages 175 to 179 were approved and authorized for issue by the board and were signed on its behalf by:



Joseph C. Brandt
Director

4th April 2019

Registered Number: 10982736

Company statement of changes in equity

As at 31st December 2018

In \$ millions	Called-up share capital	Share premium account	Retained earnings and other reserves	Total
Issue of shares – 17th October 2017	1,320.7	–	–	1,320.7
Share capital reduction – 19th October 2017	(1,307.5)	–	1,307.5	–
Issue of shares at listing	1.6	400.7	–	402.3
Cancellation of deferred shares	(5.9)	–	5.9	–
Listing costs deducted from share premium	–	(19.9)	–	(19.9)
Dividends distribution	–	–	(21.3)	(21.3)
Profit for the year	–	–	14.2	14.2
At 31st December 2017	8.9	380.8	1,306.3	1,696.0
Share based payments ¹	–	–	0.7	0.7
Dividends distribution ²	–	–	(44.1)	(44.1)
Profit for the year	–	–	(6.3)	(6.3)
At 31st December 2018	8.9	380.8	1,256.6	1,646.3

¹ Includes CEO deferred bonus award and Long Term Investing Plan impact on equity.

² During the year the Group paid dividends of \$17.3 million on 31st May 2018 and \$26.7 million on 7th September 2018 to ContourGlobal L.P.

Company financial statements *continued*

Notes to the Company financial statements

1. General information

ContourGlobal plc is a public limited company which is listed on the London Stock Exchange and is domiciled in the United Kingdom and incorporated in England and Wales under the Companies Act 2006. The Company was incorporated on 26th September 2017 and adopted FRS 102 from that date.

2. Statement of compliance

The financial statements of ContourGlobal plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied throughout the period presented.

3.1. Basis of preparation

The Company financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain financial assets and liabilities through profit or loss. The current year financial information presented is for the year ended 31st December 2018, and the comparative for the period from 26th September 2017 to 31st December 2017.

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below. The financial statements have been prepared on the going concern basis under the historical cost convention.

As permitted by Section 408 of the Companies Act 2006, an entity profit and loss account is not included as it is part of the published consolidated financial statements of ContourGlobal plc.

3.2. Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following FRS 102 disclosure exemptions available to qualifying entities:

- The requirements of Section 4 Statement of Financial Position 4.12 (a) (iv);
- The requirements of Section 7 Statements of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d); and
- The requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41 (f), 11.42, 11.44, 11.47, 11.48(a)(iii), 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

3.3. Foreign currency

(i) Functional and presentation currency

The Company's functional and presentation currency is the US Dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the dates of the transactions.

At each period end foreign currency non-monetary items measured at historical cost are translated using the exchange rate on the date of the transaction.

Foreign exchange differences arising on retranslation are recognized directly in the currency translation reserve. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized at period end exchange rates in the statement of income line which most appropriately reflects the nature of the item or transaction.

3.4. Investments in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realizable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

3.5. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

3.6. Taxation

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Unrecognized deferred tax assets as at 31st December 2018 were \$1.4 million.

3.7. Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

a) Financial assets

Financial assets including amounts owed by group undertakings and other receivables and cash at bank and in hand are initially recognized at transaction price and are subsequently carried at amortized cost using the effective interest method.

At the end of each reporting period financial assets measured at amortized cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognized in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognized, the impairment is reversed.

The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognized. The impairment reversal is recognized in profit or loss.

Financial assets are derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

b) Financial liabilities

Financial liabilities include trade and other payables (including from intercompany Group companies).

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest method.

3.8. Dividend distribution

Dividends to the Company's shareholders are recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders in the case of final dividends. In respect of interim dividends, these are recognized once paid.

3.9. Critical accounting judgements and estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Company's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements is:

- Carrying value of investments.

The Company considers annually whether there is any indication of impairment in the carrying value of investments in accordance with the accounting policy stated. Assessments of this nature involve judgement over the economic performance of individual investments, changes in the market in which they operate or where there are indications that the value of the underlying assets have declined during the period which are significantly more than expected as a result of the passage of time or normal use.

In the event that there is an indicator of impairment, the Company performs an impairment assessment to determine if the carrying value of the investment is supported by its recoverable amount. The determination of the recoverable amount is typically the most judgmental part of an impairment evaluation. The recoverable amount is the higher of (i) an investment's fair value less costs of disposal (market value), and (ii) value in use determined using estimates of discounted future net cash flows ('DCF') of the investment.

4. Directors' Emoluments and employees

The Company has 7 Directors and 4 employees as at 31st December 2018. The amount of employees charges, other than Directors', recognized in the Company's profit and loss statement in 2018 amounted to \$1.5 million.

In \$ millions	2018	2017
Wages and salaries	(0.6)	–
Social security costs	(0.2)	–
Share-based payments	(0.7)	–
Total employee costs	(1.5)	–

Full details of the Directors' remuneration and interests are set out in the Directors' remuneration report on page 86 to 103.

5. Auditors' fees

The amounts payable to the Company's auditors in respect of the statutory audit were \$24,000. At end of period 31st December 2017 fees were \$24,000.

Company financial statements *continued*Notes to the Company financial statements *continued*

6. Investments in Subsidiaries

In \$ millions	2018	2017
At 1st January	1,620.7	–
Acquisition of CG Worldwide Holdings SARL – 17th October 2017	–	1,320.7
Capital increase of CG Worldwide Holdings SARL	48.0	300.0
Capital repayment of CG Worldwide Holdings SARL	(26.6)	–
At 31st December	1,642.1	1,620.7

On 17th October 2017, the Company acquired a 100% holding in the shares of ContourGlobal Worldwide Holdings S.à.r.l. for a total cost of \$1,320.7 million from ContourGlobal L.P. via a share for share exchange agreement.

On 16th November 2017 and 20th February 2018, the Company contributed an additional \$300 million and \$48 million, respectively in ContourGlobal Worldwide Holdings S.à.r.l. equity via a cash injection.

On 21st August, ContourGlobal Worldwide Holdings repaid \$26.6 million equity to the Company.

The Company's directly wholly owned subsidiaries is ContourGlobal Worldwide Holdings S.à.r.l. A full list of indirect subsidiaries and other undertakings as required by Section 409 of the Companies' Act 2006 is shown on pages 166 to 171 of the Group's financial statements.

7. Debtors

In \$ millions	2018	2017
Amounts owed by Group undertakings	7.2	0.3
VAT recoverable	0.2	0.7
Prepayments and accrued income	0.5	0.7
	7.9	1.7

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8. Creditors: amounts falling due within one year

In \$ millions	2018	2017
Trade payables	0.4	7.5
Accrued expenses	2.1	3.3
Amounts owed to Group undertakings	1.6	7.2
	4.1	18.0

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9. Called-up share capital

Issued capital of the Company amounted to \$8.9 million as at 31st December 2018 and 31st December 2017.

Allotted, called up and fully paid	Number	Nominal value	£m	\$m
Issue of shares ¹	100	1.00	–	–
Issue of shares ²	1,002,000,000	–	1,002.0	1,320.7
Share capital reduction ³	–	(0.99)	(992.0)	(1,307.5)
Issue of shares – Listing on the London Stock Exchange ⁴	122,399,020	–	1.2	1.6
Issue of shares	712,920	–	–	–
Share reorganization – cancellation of deferred shares ⁵	(454,399,120)	–	(4.5)	(5.9)
As at 31st December 2017	670,712,920	0.01	6.7	8.9

¹ On incorporation, 26th September 2017, the Company issued 100 ordinary shares with a nominal value of £1.00 to its immediate parent, ContourGlobal LP. The amount due was settled through an intercompany receivable.

² On 17th October 2017, the Company issued to its immediate parent, ContourGlobal L.P. 1,002,000,000 ordinary shares with a nominal value of £1.00 each in exchange for 100% of the issued share capital of ContourGlobal Worldwide Holdings S.à.r.l. (see Note 6).

³ On 19th October 2017, the Company passed a special resolution supported by a solvency statement to reduce its share capital under s64(a) of the Companies Act 2006 by reducing the share capital of the Company of \$1,320,736,335 divided into 1,002,000,100 ordinary shares of £1.00, each fully paid, to \$13,207,366 divided into 1,002,000,100 ordinary shares of £0.01, each fully paid, by the cancellation of the paid up share capital to the extent of £0.99 per share upon each of the 1,002,000,100 ordinary shares reducing the nominal amount of all such shares from £1.00 to £0.01.

On 8th November 2017, the Company passed a resolution to consolidate the 1,002,000,100 ordinary shares of £0.01 each in the share capital of the Company into one ordinary share of £10,020,001 and the sub-division of that share into 547,600,980 ordinary shares and 454,399,120 deferred shares each of £0.01.

⁴ On 14th November 2017, the Company completed the pricing of its initial public offering of ordinary shares at £2.50 per share, comprising 122,399,020 new shares and 54,026,083 existing shares. The Company also issued additional 712,920 new shares subscribed by its management. The issuance of these new shares resulted in the recognition of a share premium of £306.5 million (\$400.7 million).

⁵ On 14th November 2017, The Company canceled all existing 454,399,120 deferred shares, resulting in a total net ordinary shares of 670,712,920 shares as of 31st December 2017.

As of 31st December 2018, the Company has issued 670,712,920 shares of £0.01 each, corresponding to an allotted, called up and fully paid capital of £6.7 million, or \$8.9 million. There has been no change in the called-up share capital in 2018.

10. Contingent Liabilities

The Company acts as a guarantor to certain of its subsidiaries with respect to various financial obligations and project financing agreements entered into by its subsidiaries. The main financial obligations are listed below:

- \$8.5 million guarantee to external bank for Inka letter of credit;
- \$8.5 million guarantee to cover KivuWatt debt service reserve account;
- Guarantee on cash shortfall for debt service in ContourGlobal Togo;
- Guarantee to Goldman Sachs in relation with the hedging instruments existing at ContourGlobal Power Holdings S.A.;
- Parent guarantor (as defined in the indenture) under the €750 million bond indenture dated 19th July 2018;
- Guarantor under the corporate level revolving credit facility of €75 million dated 9th November 2018.

11. Related Parties

On 8th November 2017, prior to listing, the Company paid a \$21.3 million dividend to its immediate parent, ContourGlobal L.P. This dividend was used by ContourGlobal L.P. to repay liabilities due to Company's indirect subsidiaries. Since the listing, none of the Company or subsidiaries has contracted with related parties. As of 31st December 2018, the Company has no balance due or to be received from related party other than amounts due to and from subsidiary undertakings.

12. Controlling party

The Company is majority owned by ContourGlobal L.P. The ultimate controlling party of ContourGlobal L.P. is Reservoir Capital funds.

13. Subsequent events

On 7th January 2019, the Group signed the acquisition of two natural gas-fired combined heat and power ('CHP') plants, together with development rights and permits for a third plant, in Mexico from Alpek, for \$724 million in cash. An additional payment at closing estimated at \$77 million represents the value added tax assessed for the transaction and is expected to be refunded in full within 12 months of closing. The CHP plants have a gross installed capacity of 518 MW.

The transaction is expected to close in the second quarter of 2019.

Shareholder information

Warning about unsolicited approaches to shareholders and 'Boiler Room' scams

In recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in UK investments. These operations are commonly known as 'boiler rooms'.

These 'brokers' can be very persistent and persuasive. ContourGlobal plc shareholders are advised to be extremely wary of such approaches and advised to only deal with firms authorized by the FCA. You can check whether an enquirer is properly authorized and report scam approaches by contacting the FCA on www.fca.org.uk/scams (where you may also review the latest scams) or by calling the FCA Consumer Helpline: 0800 111 6768.

If you have already paid money to share fraudsters then contact Action Fraud on 0300 123 2040.

Registrar

The Company's register of shareholders is maintained by our Registrar, Equiniti Limited. All enquiries regarding shareholder administration including lost share certificates or changes of address should be communicated to the Registrar in writing or by calling 0871 384 2030 for callers from the UK1 or +44 (0)121 415 7047 for callers from outside the UK.

Shareholders can also view and manage their shareholdings online by registering at www.shareview.co.uk/myportfolio.

Forward Looking Statements

This Annual Report has been prepared for, and only for, the members of ContourGlobal plc ('the Company') as a body, and for no other persons. The Company, its Directors, employees, agents or advisors do not accept or assume responsibility to any other person who receives or sees this document and any such responsibility or liability is expressly disclaimed. By their nature, the statements concerning the risks and uncertainties facing the Group in this Annual Report involve uncertainty because future events and circumstances can cause results and developments to differ materially from those anticipated. Forward-looking statements in this annual report reflect knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update these forward-looking statements after publication. Nothing in this Annual Report should be construed as a profit forecast.

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Registrar

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¹ Calls to this number are charged at 10 pence per minute plus network extras. Lines are open 8.30am to 5.30pm Mondays to Fridays, excluding Bank Holidays in England and Wales.

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