TECNICAS REUNIDAS

FIRST QUARTER RESULTS
January – March 2016

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1. HIGHLIGHTS

1Q 2016 Main Highlights

- Order intake at € 1.0 billion
- Backlog at € 12.0 billion, +42% over 1Q 2015
- 16% growth in sales to € 1.1 billion
- Operating profit at € 42 million and net profit at € 30 million
- Solid balance sheet with a net cash position of € 541 million, as of March 31st, 2016
- 2015 dividend to be paid in 2016: €75 million

2016 Guidance

- Sales will increase to the range of € 4.3 billion to € 4.6 billion (from 2015 record level).
- EBIT margin levels will be around 4%.
- Commitment to steady dividend distribution.

First quarter 2016 results are in line with our 2016 guidance. The global turmoil in the oil and gas sector is impacting capital investments worldwide in an unseen level over the last thirty years. However, Técnicas Reunidas (TR) managed to increase its backlog in 2014 and 2015 and maintain a strong backlog in the first quarter of 2016, at € 12.0 billion, which guarantees future growth. The order intake of USD 1 billion, includes a refining project in Mexico and an electricity generation project in Finland, both strategic projects for the company, in regions and technologies where TR is focused.

The Sales of the company grew by 16% to € 1.1 billion, following a growth of 33% in year 2015 vs. year 2014. EBIT stood at € 42 million, with an Operating Margin of 4%, in line with company guidance, and Net Profit stood at € 30 million. At 31th of March, 2016, Net Cash Position was € 541 million.

Juan Lladó, Chief Executive Officer of Técnicas Reunidas, said:

"2015 was a year of delivery, with almost USD 7 billion successfully executed for our clients (Tüpras, Lukoil, Shah Gas, Total, Gran Chaco, Petrokemya, Kemya and the first units of Sadara). In the first quarter of 2016, the Yara project in Australia started the commissioning phase while the Bolivian YPFB accepted the Cochabamba project in Bolivia. During the rest of the year, we will be delivering the remaining units of Sadara, the Nodo Sur power plant, the Total project in Belgium and the Canadian Upgrader in Canada.

Regarding the execution of the Upgrader Project for Canadian Natural Resources (CNRL), we are committed to finish the project within the terms agreed with the client. The project is progressing at a good pace within schedule, taking now advantage of the long working days.

The company is very confident in the health of its backlog. Currently, more than 60% of our backlog is in the Middle East, a region that we know very well, and with recurrent customers and known technologies. This backlog ensures strong visibility for the next years. In the short and medium term we will focus in successfully executing this backlog to fully extract its value.

Our bidding pipeline is highly concentrated in the Middle East, where planned investments have strong fundamentals. Técnicas Reunidas outlook is positive for 2016 and 2017, despite the contraction in global oil and gas investments".

HIGHLIGHTS ***January - March***	**1Q 2016** **€ million**	**1Q 2015** **€ million**	**Var.** **%**	**Year 2015** **€ million**
Backlog	12,037	8,454	42%	12,136
Net Revenues	1,051	906	16%	4,188
EBITDA	47	49	-4%	105
Margin	4.5%	5.4%		2.5%
EBIT	42	45	-7%	86
Margin	4.0%	5.0%		2.1%
Net Profit	30	38	-20%	60
Margin	2.9%	4.2%		1.4%
Net Cash Position	541	570	-5%	533

2. BACKLOG

	Project	Country	Client	Estimated Delivery
Refining and Petrochemical	Al Zour refinery	Kuwait	KNPC	2019
	Minatitlán refinery	Mexico	Pemex	2019
	Westlake petrochemical complex	US	Sasol	2018
	Heroya Industrial Park	Norway	Yara Norge AS	2018
	RAPID refinery	Malaysia	Petronas	2018
	Talara refinery	Peru	Petroperu	2018
	Sturgeon refinery	Canada	North West Redwater Partnership	2017
	Star refinery	Turkey	SOCAR	2017
	Jazan refinery	Saudi Arabia	Saudi Aramco	2017
	Antwerp refinery	Belgium	Total	2016
	Sadara	Saudi Arabia	Saudi Aramco/Dow Chemical	2016
	Refining units Cochabamba and Santa Cruz*	Bolivia	YPFB Refinación S.A.	-
	TAN project*	Australia	Yara Int./Orica Lim./Apache Corp.	-
	Volgograd refinery*	Russia	Lukoil	-
	Kemya*	Saudi Arabia	Sabic/Exxon Mobil	-
	Petrokemya*	Saudi Arabia	SABIC	-
Upstream & Gas	Fadhili	Saudi Arabia	Saudi Aramco	2019
	GT5	Kuwait	KNPC	2019
	GASCO	United Arab Emirates	ADNOC / Total / Shell	2018
	Hail Field Development	United Arab Emirates	ADOC	2017
	Jazan IGCC	Saudi Arabia	Saudi Aramco	2017
	Touat gas field	Algeria	GDF Suez / Sonatrach	2017
	Oil sands	Canada	Canadian Natural Resources	2016
Power	Turów	Poland	Polska Grupa Energetyczna	2019
	Kilpilahti	Finland	Neste / Veolia / Borealis	2018
	Fort Hills	Canada	Suncor/Total/Teck	2017
	Los Mina	Dominican Republic	AES Dominicana	2017
	Ashuganj	Bangladesh	Ashunganj Power Station Company	2017
	Nodo Energetico del Sur	Peru	Enersur	2016

* Project in mechanical completion or carrying out services for the start up phase of the plant

Backlog as of March, 31st 2016

At the end of March 2016, Técnicas Reunidas' backlog stood at € 12,037 million, compared with € 8,454 at the end of March 2015 and which represents a 42% increase year on year.

The Oil and Gas projects accounted for 95% of the total backlog, while the Power division accounted for 5%.

First quarter awards

- Técnicas Reunidas was selected by Pemex Transformación Industrial, for the second phase of the execution of the ultra low sulphur diesel project at the General Refinery Lazaro Cardenas in Minatitlan, Mexico, for a total value of around USD 800 million.

  This phase includes the engineering, procurement, construction and commissioning of two new refining units, a diesel hydrodesulphurisation unit and a sulphur recovery plant, as well as modifications to an existing hydrodesulphurisation unit, the corresponding auxiliary services and the integration of the facilities outside battery limits for these plants.

- Kilpilahti Power Plant Ltd, a joint venture company owned 40% by Neste, 40% by Veolia and 20% by Borealis, selected Técnicas Reunidas for the execution of a contract to build a new combined heat and power plant for producing and supplying steam and other utilities to Neste's refinery and Borealis' petrochemical plant in Porvoo, Finland.

  The contract covers the services for engineering, procurement, construction, commissioning and start-up of the power plant, up to commercial operation. The power plant will consist of the installation of three steam generators and one steam turbine. The main steam generation system is composed of a Circulating Fluidized Bed (CFB) boiler and two oil and gas steam generators.

  The power plant will start production by middle of 2018. TR's contract share is approximately €270 million.

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT January - December	1Q 2016 € million	1Q 2015 € million	Var. %	Year 2015 € million
Net Revenues	**1,051.3**	**905.9**	**16.0%**	**4,187.9**
Other Revenues	1.0	1.3		7.5
Total Income	**1,052.3**	**907.2**	**16.0%**	**4,195.4**
Raw materials and consumables	-676.9	-601.9		-3,019.9
Personnel Costs	-147.6	-136.9		-543.9
Other operating costs	-180.7	-119.3		-526.3
EBITDA	**47.1**	**49.1**	**-4.1%**	**105.3**
Amortisation	-5.0	-3.7		-19.3
EBIT	**42.2**	**45.4**	**-7.2%**	**86.0**
Financial Income/ expense	0.2	4.9		1.5
Share in results obtained by associates	-1.5	0.3		-5.2
Profit before tax	**40.9**	**50.6**	**-19.3%**	**82.3**
Income taxes	-10.6	-12.7		-22.2
Net Profit	**30.2**	**38.0**	**-20.4%**	**60.2**

3.1 REVENUES

REVENUES BREAKDOWN January - December	1Q 2016 € million	%	1Q 2015 € million	%	Var. %	Year 2015 € million
Oil and gas	911.8	86.7%	785.1	86.7%	16.1%	3,744.4
Power	86.3	8.2%	93.6	10.3%	-7.8%	320.8
Infrastructure and industries	53.3	5.1%	27.2	3.0%	95.9%	122.7
Net Revenues	**1,051.3**	**100%**	**905.9**	**100%**	**16.0%**	**4,187.9**

In 1Q 2016, net revenues grew by 16.0% to € 1,051.3 million, following the execution of the strong backlog.

Oil and Gas: Sales of this division went up 16.1% and reached € 911.8 million in 1Q 2016. The oil and gas revenues represented the vast majority of total sales, supported by the Refining and Petrochemical business, as the largest contributor.

- Refining and Petrochemical: The projects with more contribution to sales were the following: Talara for Petroperu (Peru), RAPID for Petronas (Malaysia), STAR for SOCAR (Turkey), Sturgeon for North West Redwater (Canada) and Jazan for Saudi Aramco (Saudi Arabia).
- Upstream and Natural Gas: The main contributors to sales were: the Jazan IGCC for Saudi Aramco (Saudi Arabia), the Gasco project for ADNOC/Total/Shell (UAE) and the Touat project for GDF Suez/Sonatrach (Algeria).

Power: Revenues of the power division decreased from € 93.6 million in 1Q 2015, to € 86.3 million in 1Q 2016. This reduction was due to a smaller contribution from the projects awarded in 2014 as some of them are close to be finished. In 1Q 2016, the main contributors to sales were the following projects: the cogeneration plant for Fort Hills (Canada), the Los Mina CCGT for AES Dominicana (Dominican Republic) and the CCGT for Ashuganj Power Station Company (Bangladesh).

Infrastructure and Industries: In 1Q 2016 revenues of this division grew by 95.9% to € 53.3 million.

3.2 OPERATING AND NET PROFIT

OPERATING AND NET PROFIT January - December	1Q 2016 € million	1Q 2015 € million	Var. %	Year 2015 € million
EBITDA	47.1	49.1	-4.1%	105.3
Margin	4.5%	5.4%		2.5%
EBIT	42.2	45.4	-7.2%	86.0
Margin	4.0%	5.0%		2.1%
Net Profit	30.2	38.0	-20.4%	60.2
Margin	2.9%	4.2%		1.4%

EBIT BREAKDOWN January - December	1Q 2016 € million	1Q 2015 € million	Var. %	Year 2015 € million
Operating Profit from divisions	65.0	64.9	0.0%	167.0
Costs not assigned to divisions	-22.8	-19.5	16.9%	-80.9
Operating profit (EBIT)	**42.2**	**45.4**	**-7.2%**	**86.0**

Financial Income/Expense January - December	1Q 2016 € million	1Q 2015 € million	Year 2015 € million
Net financial Income *	-0.4	1.8	1.1
Gains/losses in transactions in foreign currency	0.6	3.1	0.4
Financial Income/Expense	**0.2**	**4.9**	**1.5**

* Financial income less financial expenditure

1Q 2016 EBIT was € 42.2 million, with a 4% operating margin, in line with company guidance. This EBIT margin is the result of TR high-quality execution and prudent accounting.

Net profit stood at € 30.2 million, affected by lower financing Income:

- Financial Income decreased from € 4.9 million in 1Q 2015 to € 0.2 million in the 1Q 2016. This reduction was mainly due to lower gains in transaction in foreign currency and lower income from Net Cash.

In 1Q 2016, the company income tax was € 10.6 million. This figure represents an effective tax rate of 26.0%.

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET March 31	1Q 2016 € million	1Q 2015 € million	Year 2015 € million
ASSETS:			
Non-current Assets			
Tangible and intangible assets	128.8	116.0	130.0
Investment in associates	0.1	16.9	4.9
Deferred tax assets	176.1	108.6	186.7
Other non-current assets	44.3	16.5	23.4
	349.3	**258.0**	**345.0**
Current assets			
Inventories	21.6	20.9	21.7
Trade and other receivables	2,346.0	1,683.3	2,401.5
Other current assets	113.7	76.9	73.0
Cash and Financial assets	688.2	600.7	772.0
	3,169.5	**2,381.9**	**3,268.3**
TOTAL ASSETS	**3,518.8**	**2,639.9**	**3,613.2**
EQUITY AND LIABILITIES:			
Equity	**428.7**	**394.8**	**397.5**
Non-current liabilities	**129.3**	**76.8**	**187.6**
Financial Debt	102.9	22.9	157.7
Other non-current liabilities	26.4	53.8	29.9
Long term provisions	**46.1**	**32.0**	**31.2**
Current liabilities			
Financial Debt	44.4	7.9	81.8
Trade payable	2,601.2	1,828.0	2,611.3
Other current liabilities	269.0	300.5	303.8
	2,914.7	**2,136.3**	**2,996.9**
Total liabilities	**3,090.1**	**2,245.1**	**3,215.7**
TOTAL EQUITY AND LIABILITIES	**3,518.8**	**2,639.9**	**3,613.2**

EQUITY March 31	1Q 2016 € million	1Q 2015 € million	Year 2015 € million
Shareholders' funds + retained earnings	528.1	570.3	597.0
Treasury stock	-74.4	-73.4	-74.2
Hedging reserve	-28.8	-105.2	-93.2
Interim dividends	0.0	0.0	-35.8
Minority Interest	3.8	3.0	3.7
EQUITY	**428.7**	**394.8**	**397.5**

NET CASH POSITION March 31	1Q 2016 € million	1Q 2015 € million	Year 2015 € million
Current assets less cash and financial assets	2,481.3	1,781.2	2,496.2
Current liabilities less financial debt	-2,870.3	-2,128.4	-2,915.1
COMMERCIAL WORKING CAPITAL	**-389.0**	**-347.2**	**-418.9**
Financial assets	62.6	66.6	63.2
Cash and cash equivalents	625.7	534.1	708.8
Financial Debt	-147.3	-30.8	-239.5
NET CASH POSITION	**540.9**	**569.9**	**532.6**
NET CASH + COMMERCIAL WORKING CAPITAL	**151.9**	**222.7**	**113.7**

- At the end of March 2016, Equity of the company was € 428.7 million, higher than the level as of March 2015 and as of December 2015, due to a lower negative impact of the hedging reserve.
- The net cash position closed at € 540.9 million, similar to the cash position at the end of 2015, in line with the company expectations.
- In December 2015, the Board of Directors approved an interim dividend of € 0.667 per share (€ 35.8 million) out of 2015 results, which was paid on 12th of January 2016. In February, the company announced a complementary dividend of € 0.7289 per share (€ 39.2 million) out of 2015 results, to be paid in July 2016. Consequently, total dividends to be paid in 2016, out of 2015 results, will be € 75 million, which represents the same absolute amount, compared to the dividends paid in 2015.

ANNEX: FILINGS WITH CNMV RELEVANT EVENTS AND OTHER COMMUNICATIONS

In the first quarter of 2016, the company filed with the Spanish "Comisión Nacional del Mercado de Valores" (CNMV) the following communications:

- Regarding the liquidity agreement signed with Santander Investment Bolsa, Sociedad de Valores, SAU, the company reported information of the operations made during the second quarter:

SUMMARY			
	Shares	Net Value (€)	Average price
Opening account	74,196	1,667,327	
Purchases	1,926,767	-75,649,735.37	39.37
Sales	-1,918,414	75,363,619.97	39.37
Final account	82,549	1,381,211.34	

- The company released a trading statement for the Estimates full year 2015. Técnicas Reunidas would publish full 2015 results on the 29th of February. The main figures for the company are currently expected to be around the following levels:

  Backlog: € 12,100 M

  Sales: € 4,180 M

  EBIT: € 86 M

  Net profit: € 60 M

  Net cash position: € 530 M

  2015 Net profit is impacted by one-off incremental costs from the Upgrader Project in Alberta (Canada), for Canadian Natural Resources Limited (CNRL). The execution of this project has been affected by some specific factors that are linked to the effects of the global turmoil of the oil and gas industry in Alberta, as oil prices have steeply declined. The main factors are:

  - Longer than expected delay on the delivery of the last key modules.
  - Exceptional completion works for these modules on site before assembling.
  - Costly remedy and acceleration plans at Canadian rates and lower than average productivity, due to the current market circumstances.
  - Concentration of a larger than expected workload in the middle of the Canadian winter in order to fulfill TR's commitment to finish the project by June 2016.

Técnicas Reunidas priority is to finalize the projects within the terms committed to its customers, keeping its reputation as a reliable quality contractor with clients and main subcontractors. Consequently, TR has taken the decision to put in place all measures required to deliver the plant to CNRL next June 2016 and absorb the resulting costs.

The incremental costs booked as of December 31st 2015 in application of accounting criteria reflect the additional costs expected to complete the plant.

Estimates for 2016

Técnicas Reunidas wants to reassure investors that our current record backlog, including other projects in Canada, is being executed successfully. The high volume of recent awards, the current bidding pipeline and our execution capabilities, guarantee a solid profitable growth for Técnicas Reunidas. As a consequence, our current estimates for the key financial indicators for 2016 are the following:

- Sales increase to the range of €4,300M - € 4,600M (from 2015 record level)
- EBIT margin levels around 4%.
- Steady dividend distribution

TR' 55 years of experience in the oil services market has proven a strong track record in evaluating the risks associated to its projects. Under the actual oil market circumstances, TR considers prudent to implement a more conservative policy in its margin recognition by increasing the level of contingencies in its projects. This level of margins with higher contingencies provides a better protection against any potential deviations.

TR in the current oil environment

The global turmoil in the oil and gas sector is placing strong pressure in the whole oil value chain, while impacting capital investments worldwide in an unseen level over the last 30 years. Notwithstanding this adverse scenario, the resiliency of TR business, with its proven methodology, its diversification by product and geography and the recurrence of its clients, explain our recent achievements in contract awards.

Juan Lladó, Chief Executive Officer of Técnicas Reunidas, said: "In the last ten years, since our IPO, Técnicas Reunidas has grown from a regional company with very high technical credentials, to one of the top world players of our industry. Today, we enjoy the strongest reputation for the quality of our engineering and execution. This trust has been shown in the record backlog attained in the middle of the current oil crisis. Our focus now is to deliver this backlog profitably within schedule and quality, while keeping our ambition to strengthen and further develop our ties with existing and new clients. We are very confident to meet these goals which will allow us to commit a steady dividend distribution to our shareholders."

- In February, the company reported to the CNMV that the Board of Directors resolved to propose at the Ordinary General Shareholders Meeting a complementary dividend of 0.7289 Euros per share, out of 2015 results. Total dividends of 2016, out of 2015 results, would be € 75 million.

- The Board of Directors of the Company, at the proposal of its Appointments and Remuneration Committee, had unanimously approved the appointment by co-option of Ms. Petra Mateos-Aparicio as external independent member, as well as her appointment as member of the Appointments and Remuneration Commission, replacing Mr. Antonio de Hoyos González, who has resigned as member of the Board and of that Commission.

- Kilpilahti Power Plant Ltd, a joint venture company owned 40% by Neste, 40% by Veolia and 20% by Borealis, selected Técnicas Reunidas for the execution of a contract to build a new combined heat and power plant ("power plant") for producing and supplying steam and other utilities to Neste's refinery and Borealis' petrochemical plant in Porvoo, Finland.

  The power plant will consist of the installation of three steam generators with a total installed capacity of 600 t/h and one steam turbine with a total gross power output of 40 MWe. The main steam generation system is composed of a Circulating Fluidized Bed (CFB) boiler using asphaltene as main fuel and two oil and gas steam generators using different gaseous and liquid fuels. The power plant will comply with the latest environmental regulations, including the European Commission's Industrial Emissions Directive (IED).

  The total investment value of the power plant is about €400 million, of which TR's contract share is approximately €270 million. It covers the services for engineering, procurement, construction, commissioning and start-up of the power plant, up to commercial operation. The power plant will start production by middle of 2018.

  For TR this will be the first contract in Finland and will enlarge the presence of the company in the Nordic Countries after Yara's nitric acid plant awarded to TR in Norway in 2014.

  Neste is a forerunner in oil refining and renewable solutions. The company is the the leading producer of renewable diesel in the world with an annual production capacity of more than 2 million tons. Neste is also the world's largest producer of renewable fuels from waste and residues.
  Veolia, with over 174,000 employees worldwide, is a global leader in optimized resource management, including the design and supply of water, waste and energy management solutions. Veolia will be responsible for the operation of the new power plant for the next 20 years.

Borealis is a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers. With headquarters in Vienna, Austria, the company currently has around 6,500 employees and operates in over 120 countries. Borealis generated EUR 7.7 billion in sales revenue and a net profit of EUR 988 million in 2015.

- Técnicas Reunidas, was selected by Pemex Transformación Industrial for the second phase of the execution of the ultra low sulphur diesel project at the General Refinery Lazaro Cardenas in Minatitlan, Mexico, for a total value of around USD 800 million.

  This phase includes the engineering, procurement, construction and commissioning of two new refining units: diesel hydrodesulphurisation unit (30,000 bpd) and sulphur recovery plant (150 tpd); as well as modifications to an existing hydrodesulphurisation unit, the corresponding auxiliary services and the integration of the facilities outside battery limits for these plants.

  This project is part of the development and updating plans that Pemex Transformación Industrial is carrying out, with investments of USD 5,500 million, within the Fuel Quality Project at their Refineries throughout the country, to produce and supply diesel with a maximum sulphur content of 15 parts per million (ppm), which represents a reduction of 97% to meet environmental standards. Similarly, air quality will be improved by reducing emissions of greenhouse gases by more than 12,000 tons per year.

  These works will have a very positive impact in areas where refineries are located generating 12,000 direct jobs and 31,000 indirect jobs.

  The contract started under the Open Book structure, and is implemented in two phases. The first phase, costing approximately USD 50 million, was awarded to TR in September 2014 and included the execution of an extended basic design (FEED), a detailed estimation of the investment cost and the purchase of long-term delivery equipment.

  The second phase, now awarded, consists of the project implementation, including detailed engineering, procurement of equipment and materials, construction and commissioning, under a turnkey contract, with an estimated value exceeding USD 800 million, and an execution period of 36 months.

  This project provides continuity to TR's experience in Mexico, where it has recently completed several important refinery projects for Pemex Transformación Industrial, at this same site.

Pemex Transformación Industrial is the affiliate company of Petróleos Mexicanos, PEMEX, in charge of the industrial refining processes. Petróleos Mexicanos is Mexico's largest company and one of the world's largest oil companies, working the entire production chain from explorations to marketing the end products.

- Regarding the liquidity agreement signed with Santander Investment Bolsa, Sociedad de Valores, SAU, the company reported information of the operations made during the third quarter:

SUMMARY			
	Shares	Net Value (€)	Average price
Opening account	82,549	1,381,211	
Purchases	1,802,614	-50,982,060	28.28
Sales	-1,803,453	50,984,775	28.27
Final account	81,710	1,383,926	