TECNICAS REUNIDAS

FIRST QUARTER RESULTS

January – March 2019

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1. MAIN HIGHLIGHTS

- Backlog of € 10.0 billion
- 1Q 2019 Order intake of € 1.7 billion
- Sales at € 915 million
- Operating profit (EBIT) at € 10.6 million, with a 1.2% EBIT margin
- Net cash position of € 219 million

Backlog at the end of March stood at € 10.0 billion. The main awards added to the backlog in the 1Q 2019 were the expansion of a refinery in Singapore for ExxonMobil; as well as a combined cycle power plant in the United Arab Emirates. Also, year to date, the company was awarded a relevant FEED for the Upper Zakum offshore oilfield in the United Arab Emirates, plus other front-end engineering contracts in diverse geographies, such as China, Indonesia, Turkey and Egypt.

Total sales reached € 915 million in 1Q 2019. Sales volatility in recent quarters is related to current backlog unbalance, as the majority of projects are either at early stages or being delivered.

First quarter 2019 **EBIT** was €10.6 million, that compares to the 1Q 2018 EBIT of € 4.9 million. Operating profit margin was 1.2%, as a consequence of lower sales and backlog unbalance.

Net cash position at the end of March stood at € 219 million. The company has maintained a stable cash position around this level in recent quarters.

The application of the new financial reporting standard IFRS 16 had a positive impact of € 6.6 million in the 1Q 2019 EBITDA and an increase in net profit of € 0.4 million. In the balance sheet, the increase of assets and liabilities was €52 million.

Outlook and Guidance for 2019

Positive medium-term outlook for awards on the basis of a dynamic and increasing pipeline of opportunities that reached again this quarter a new high at USD 47 billion, spread over all regions and products, with an acceleration of the bidding pace over the last quarters.

For 2019 the company guides for:

- Backlog increase in line with the higher level of bidding
- Stable sales
- Progressive margin recovery, approaching 4% in the last part of 2019
- Shareholder remuneration in line with market recovery

Juan Lladó, Técnicas Reunidas Chief Executive Officer, commented:

"The market is recovering. For Técnicas Reunidas, the recovery is already translating into a higher level of awards and an increasing pipeline of opportunities. Also, the pace of progress is speeding up: in fact, we are currently waiting for the outcome of several large bids that have been presented and are pending to be awarded.

In the first quarter, the main addition to the backlog was the refining project for Exxon in Singapore. This project was obtained after being part of a competitive FEED process that helped us to develop a strong and fluent relation with the client. The scope of this contract confirms TR as a world class engineering company and also strengthens our position in Asia Pacific, a region that enjoys high growth rates of demand in our businesses.

Since October, we have been awarded projects worth $4.5 billion dollars in every product (refining, petrochemicals, offshore and onshore upstream for oil and gas, and power) and in different geographies. This diversification allows us to be well positioned to cash in on the recovery across all regions and segments of our industry.

I want to highlight that some of these awards are high value engineering services. This growth in front-end engineering jobs reflects client trust in the quality and depth of Técnicas Reunidas technical expertise.

The volume of projects that we are successfully delivering during 2019 is at the highest level of our history. Final delivery is always a challenge, given the complexity of our projects and also the fact that they have been executed during a crisis environment. It is our business, it is what we are good at. I am proud to note that we are delivering within client satisfaction that leads to repeat business with the same clients.

This mix of successful execution, client recurrence and new inflow of awards is a proof of the strength of Técnicas Reunidas, as we are being selected to bid and execute by the most demanding companies in terms of quality and safety standards.

This wider recognition of Técnicas Reunidas franchise, together with demand increase, are key for 2019 margin recovery and our long-term success".

The main figures for the quarter are the following ones:

HIGHLIGHTS *January - March*	1Q 2019 € million	1Q 2018 € million	Var. %	Year 2018 € million
Backlog	10,034	9,699	3%	8,981
Net Revenues	915	1,161	-21%	4,396
EBITDA [(1)]	19.9	9.1	119%	61
Margin	2.2%	0.8%		1.4%
EBIT [(1)]	10.6	4.9	116%	42
Margin	1.2%	0.4%		1.0%
Net Profit [(2)]	3.7	0.5	593%	14
Margin	0.4%	0.0%		0.3%
Net Cash Position [(1)]	219.2	219.0	0%	257.7

(1) Figures classified as Alternative Performance Metrics ("APMs"). See appendix.

(2) Profit for the year from continuining operations

Técnicas Reunidas will hold a conference call on the 16 of May at 1:00 PM CET. It can be accessed through the link in its homepage http://www.tecnicasreunidas.es/en/

2. BACKLOG

	Project	Country	Client
Refining and Petrochemical	ExxoMobil´ refinery	Singapore	ExxonMobil
	Sitra refinery	Bahrain	BAPCO
	Baku refinery	Azerbaijan	SOCAR
	Duqm refinery	Oman	DRPIC
	Ras Tanura refinery	Saudi Arabia	Saudi Aramco
	Al Zour refinery	Kuwait	KNPC
	Minatitlán refinery	Mexico	Pemex
	Westlake petrochemical complex	US	Sasol
	Talara refinery	Peru	Petroperu
	Jazan refinery	Saudi Arabia	Saudi Aramco
	RAPID refinery*	Malaysia	Petronas
Upstream & Gas	Bu Hasa	United Arab Emirates	ADNOC Onshore
	Das Island	United Arab Emirates	ADNOC LNG
	Haradh	Saudi Arabia	Saudi Aramco
	Fadhili	Saudi Arabia	Saudi Aramco
	GT5	Kuwait	KNPC
	Jazan IGCC	Saudi Arabia	Saudi Aramco
Power	Sewa	United Arab Emirates	Sumitomo / GE EFS
	Biomass plant	UK	MGT Teeside
	Turów	Poland	Polska Grupa Energetyczna
	Tierra Mojada	Mexico	Fisterra Energy
	Kilpilahti*	Finland	Neste / Veolia / Borealis

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

Backlog as of March, 31st 2019

At the end of March 2019, Técnicas Reunidas' backlog amounted to € 10.03 billion, 12% higher compared to the € 8.98 billion reached at the end of December 2018. Oil and Gas projects comprised 95% of the total backlog, whereas the Power division accounted for 5%.

1Q 2019 order intake was € 1.69 billion, the main awards added to the backlog in the first quarter were the following:

ExxonMobil Singapore Refining project: Técnicas Reunidas (TR) was awarded the Engineering, Procurement and Construction (EPC) for the process units at its Singapore refinery expansion project. The contract has a value of approximately USD 1.5 billion over a duration of 43 months.

This EPC contract, a continuation of TR's FEED (Front End engineering and Design) work, is part of a multi-billion dollar investment by ExxonMobil in Singapore.

The refinery expansion aims to produce higher-value products from fuel oil. TR will assist ExxonMobil to achieve this by undertaking EPC works for several refining units based on ExxonMobil's proprietary technologies, other licensed technologies and other units.

TR's scope includes hydro-processing conversion units, sulphur recovery, hot oil system and associated off-sites and utilities.

This award marks the second standalone award by ExxonMobil to TR and further strengthens TR's presence in Asia Pacific, a region that enjoys high growth rates of demand in our businesses.

***Combined cycle in Abu Dhabi*:** As part of a consortium with General Electric, Técnicas Reunidas signed a new combined cycle plant in the United Arab Emirates. The scope value for Técnicas Reunidas will be above USD 350 million. This new combined cycle will provide electricity to the Emirate of Sharjah. It will be fuelled by natural gas and will meet the latest emission standards. The project will be executed in 53 months.

Also, year to date, the company has been several key front-end engineering projects. ADNOC OFFSHORE selected Técnicas Reunidas for the FEED for the Upper Zakum offshore oilfield expansion, in the United Arab Emirates, which will increase the production in 250,000 barrels per day. This is one of the largest oil fields in the world. With this new award, Técnicas Reunidas is currently present in the two most strategic fields of ADNOC, Bu Hasa and Upper Zakum, that have an approximate combined capacity of 1.3 Million barrels per day.

In addition to the FEED for ADNOC OFFSHORE, the company has been selected to develop a FEED project involving the design of a new petrochemical complex in Turkey. In Indonesia, the company was awarded a Conceptual Design for the expansion of the Balongan Refinery; in China, Técnicas Reunidas will be also developing two Process Design Packages contracts for polycarbonates, one for a polymerization plant and another one for a Bisphenol A plant; and in Egypt, the company was awarded a Basic Design for a complex refining unit.

At the end of 2018, Técnicas Reunidas Power and Water Division was selected for a large combined cycle power plant, with a value above USD 550 million. This project will be included in the backlog when it reaches financial closing, expected in the second half of the year. This plant, with a power output above 1,000 MW, will use the latest gas turbine generation technology.

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT January - March	1Q 2019 € million	1Q 2018 € million	Var. %	Year 2018 € million
Net Revenues	**914.5**	**1,161.1**	**-21.2%**	**4,396.3**
Other Revenues	1.5	0.5		6.8
Total Income	**916.0**	**1,161.5**	**-21.1%**	**4,403.1**
Raw materials and consumables	-664.3	-876.4		-3,436.6
Personnel Costs	-164.7	-156.1		-584.0
Other operating costs	-67.0	-119.9		-321.4
EBITDA	**19.9**	**9.1**	**118.8%**	**61.1**
Amortisation	-9.3	-4.2		-18.9
EBIT	**10.6**	**4.9**	**116.5%**	**42.1**
Financial Income/ expense	-3.6	-4.1		-18.8
Share in results obtained by associates	-1.3	0.0		-1.0
Profit before tax	**5.7**	**0.8**	**651.1%**	**22.3**
Income taxes	-2.0	-0.2		-7.8
Profit for the year from continuining operations	**3.7**	**0.5**	**593.1%**	**14.4**
Profit (loss) from discontinued operations	**0.0**	**-0.1**		**0.0**
Profit for the year	**3.7**	**0.4**	**793.0%**	**14.4**
Non-controlling interests	**0.2**	**-0.2**		**-2.5**
Profit Attibutable to owners of the parent	**4.0**	**0.3**	**1465.4%**	**12.0**

3.1 REVENUES

REVENUES BREAKDOWN January - March	1Q 2019 € million	%	1Q 2018 € million	Var. %	Year 2018 € million
Oil and gas	829.1	90.7%	969.9	-14.5%	3,717.0
Power & Water	63.1	6.9%	170.4	-63.0%	578.1
Other Industries	22.3	2.4%	20.7	7.4%	101.2
Net Revenues	**914.5**	**100%**	**1,161.1**	**-21.2%**	**4,396.3**

In 1Q 2019, net revenues stood to € 915 million. Sales volatility in the recent quarters is related to backlog unbalance, with the majority of the projects either at the early stages or being delivered.

Sales from the oil and gas division went down 14.5% and reached € 829 million in 1Q 2019. Oil and Gas revenues represented the vast majority of total sales (91%):

- Refining and Petrochemical: The projects with the highest contribution to sales were the following: Al Zour for KNPC (Kuwait), Ras Tanura for Saudi Aramco (Saudi Arabia) and Dqum for DRPIC.
- Upstream and Natural Gas: The main contributors to sales were: the GT5 project for KNPC (Kuwait) and the Fadhili project and the Haradh project both for Saudi Aramco (Saudi Arabia).

Revenues from the power division decreased by 63% to € 63 million in 1Q 2019. The the Teeside biomass project for MGT Teeside in the UK and Tierra Mojada CCGT for Fisterra Energy in Mexico were the largest contributors to sales.

3.2 OPERATING AND NET PROFIT

OPERATING AND NET PROFIT January - March	1Q 2019 € million	1Q 2018 € million	Var. %	Year 2018 € million
EBITDA	19.9	9.1	118.8%	61.1
Margin	2.2%	0.8%		1.4%
EBIT	10.6	4.9	116.5%	42.1
Margin	1.2%	0.4%		1.0%
Net Profit*	3.7	0.5	593.1%	14.4
Margin	0.4%	0.0%		0.3%

*Net Profit from from continiuning operations

EBIT BREAKDOWN January - March	1Q 2019 € million	1Q 2018 € million	Var. %	Year 2018 € million
Operating Profit from divisions	35.3	30.0	17.6%	142.6
Costs not assigned to divisions	-24.7	-25.1	-1.7%	-100.5
Operating profit (EBIT)	**10.6**	**4.9**	**116.5%**	**42.1**

Financial Income/Expense January - March	1Q 2019 € million	1Q 2018 € million	Year 2018 € million
Net financial Income *	-0.9	-0.8	-6.6
Gains/losses in transactions in foreign currency	-2.7	-3.4	-12.2
Financial Income/Expense	**-3.6**	**-4.1**	**-18.8**

* Financial income less financial expenditure

EBITDA for the first quarter of 2019 was € 19.9 million, and EBITDA margin was 2.2%. The impact of the application of IFRS 16 was € 6.6 million. Therefore, EBITDA excluding this impact, stood at € 13.3 million.

1Q 2019 EBIT was € 10.6 million, with an operating margin of 1.2%, as the operating margins continued to be affected by lower sales from the backlog´s unbalance and the extra costs incurred at the final stages of the projects. The effect on 1Q 2019 EBIT of the IFRS 16 was € 0.6 million.

Net profit was € 3.7 million, compared to € 0.5 million in the first quarter of 2018. Net profit reflects also the effect of financial results and taxes:

- Financial results improved, mainly due to a lower loss in transactions in foreign currency. The IFRS 16 impact was an increase in financial expenses of € 0.2 million.
- In the first quarter, the company income tax accounted was € 2 million, which represents an effective tax rate of 35%.
- As shown in the accompanying table, there is an impact on the net profit of € 0.4 million, due to the application of the IFRS 16.

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET March 31	1Q 2019 € million	1Q 2018 € million	Year 2018 € million
ASSETS:			
Non-current Assets			
Tangible and intangible assets	143.8	46.0	90.9
Investment in associates	11.4	12.9	12.7
Deferred tax assets	318.7	267.4	319.3
Other non-current assets	92.9	14.4	92.0
	566.9	**340.7**	**514.9**
Current assets			
Inventories	24.2	19.4	23.0
Trade and other receivables	2,533.7	2,633.5	2,421.7
Other current assets	23.3	109.5	19.7
Cash and Financial assets	748.2	697.6	745.6
	3,329.4	**3,460.0**	**3,210.0**
TOTAL ASSETS	**3,896.2**	**3,800.7**	**3,724.9**
EQUITY AND LIABILITIES:			
Equity	**352.0**	**413.3**	**358.6**
Non-current liabilities	**465.3**	**322.3**	**446.9**
Financial Debt	378.4	279.4	388.5
Other non-current liabilities	86.9	42.9	58.4
Long term provisions	**43.6**	**53.7**	**39.6**
Current liabilities	**3,035.3**	**3,011.4**	**2,879.8**
Financial Debt	150.6	199.2	99.4
Trade payable	2,748.9	2,721.7	2,654.1
Other current liabilities	135.9	90.6	126.3
Total liabilities	**3,544.2**	**3,387.4**	**3,366.3**
TOTAL EQUITY AND LIABILITIES	**3,896.2**	**3,800.7**	**3,724.9**

EQUITY March 31	1Q 2019 € million	1Q 2018 € million	Year 2018 € million
Shareholders' funds + retained earnings	430.7	441.5	426.4
Treasury stock	-73.4	-74.3	-74.1
Hedging reserve	-18.7	31.0	-7.3
Interim dividends	0.0	0.0	0.0
Minority Interest	13.4	15.1	13.6
EQUITY	**352.0**	**413.3**	**358.6**

NET CASH POSITION March 31	1Q 2019 € million	1Q 2018 € million	Year 2018 € million
Current assets less cash and financial assets	2,581.1	2,762.5	2,464.4
Current liabilities less financial debt	-2,884.7	-2,812.3	-2,780.4
COMMERCIAL WORKING CAPITAL	**-303.6**	**-49.8**	**-315.9**
Financial assets	65.6	68.2	64.8
Cash and cash equivalents	682.6	629.3	680.8
Financial Debt	-529.0	-478.6	-487.9
NET CASH POSITION	**219.2**	**219.0**	**257.7**
NET CASH + COMMERCIAL WORKING CAPITAL	**-84.4**	**169.2**	**-58.2**

At the end of March 2019, equity of the company was € 352 million, similar to the end of December of 2018.

Net cash position stood at € 219 million. The company has maintained a stable cash position around this level in the recent quarters. For homogeneity and relevance reasons, the net cash figure does not include the new lease liabilities arising from IFRS 16 implementation as financial debt. These lease liabilities amount to € 52.4 million.

IFRS 16: 1Q 2019 Reconciliation

€ Million	1Q 2019	*IMPACT*	1Q 2019 Adjusted IFRS16
EBITDA	19.9	**6.6**	13.3
DEPRECIATION	9.3	**6.0**	3.3
FINANCIAL CHARGES	3.6	**0.2**	3.4
NET INCOME	3.7	**0.4**	3.3
"RIGHT OF USE" ASSETS	52	**52**	0
SHORT-TERM LEASE LIABILITIES	28	**28**	0
LONG-TERM LEASE LIABILITIES	25	**25**	0

APPENDIX: ALTERNATIVE PERFORMANCE METRICS ("APMs")

1. **EBITDA** ("Earnings Before Interest, Taxes, Depreciation, and Amortization") is a financial indicator used by Management to measure the Group´s ability to generate profits considering only its operations and allows the comparison with other oil services sector companies. It is calculated by deducting from the operating profit, the amortisation and impairments.

Concept	Definition	Mar 19	Mar 18
(+) Revenues	Revenues and other income	916.0	1,161.5
(-) Operating expenses	Raw materials and consumables, employee benefit expense, other expenses, depreciation/amortisation and impairment charges	-905.4	-1,156.6
= Operating income	**Revenues - Operating expenses**	**10.6**	**4.9**
(+) Depreciation/amortisation and impairment charges	Depreciation/amortisation and impairment charges	9.3	4.2
EBITDA	**Operating income excluding depreciation and amortisation**	**19.9**	**9.1**

2. **EBIT** is defined as "Earnings Before Interest and Taxes": It is an indicator of the operating income of the group prior deducting interest and taxes. This indicator is used by Management, together with EBITDA, when comparing to other oil services sector companies. EBIT is equivalent to the "operating profit". Its calculation was as follow:

Concept	Definition	Mar 19	Mar 18
(+) EBITDA	Operating income excluding depreciation and amortisation	19.9	9.1
(-) Amortisation and depreciation expenses	Depreciation/amortisation and impairment charges	-9.3	-4.2
EBIT	**Operating income**	**10.6**	**4.9**

3. **Net Cash** is the alternative performance metric, used by Management, to measure the level of liquidity of the Group. It is calculated as the difference between "cash and cash equivalents" plus "financial assets at fair value through profit or loss" deducting the "financial debt" (including "financial debt linked to assets classified as held for sale"). Cash and equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. The calculation has been as follow:

Concept	Definition	Mar 19	Mar 18
(+) Cash and equivalents	Cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less	682.6	629.3
(+) Financial assets at fair value	Financial assets at fair value through profit and loss	65.6	68.2
(-) Financial debt	Short-term and long-term debt with credit entities	-529.0	-457.8
	Borrowings related to the assets classifies as held for sale	0.0	-20.8
NET CASH	**Cash and equivalents (+) Financial assets at fair value (-) financial debt**	**219.2**	**219.0**

Disclaimer

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