



TECNICAS REUNIDAS

# FIRST QUARTER 2020 RESULTS PRESENTATION

MAY 25<sup>TH</sup> 2020

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CEO



## UNPRECEDENTED CONTEXT

### COVID pandemic



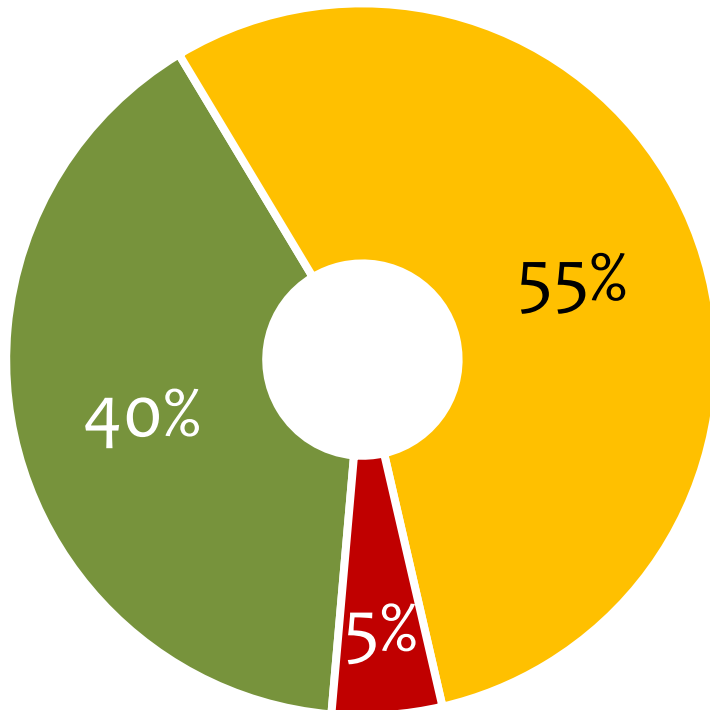
- Oil price collapse
- World recession

## TR STRENGTHS TO FACE IT

1. Solid backlog
2. Continuity in project execution
3. Optimisation and efficiency program
4. Strong financial position
5. Ongoing pipeline

- **Solid backlog**
- Continuity in execution
- Optimization and efficiency
- Strong financial position
- Q1 2020 results
- Pipeline and outlook

€10.9 Bn Backlog > 2x annual sales



■ Upstream ■ Downstream ■ Power



- First tier industrial customers
- Solid project fundamentals
- Project rescheduling, without cancellations
- Earnings visibility

- Solid backlog
- **Continuity in execution**
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# CONTINUITY IN PROJECT EXECUTION

## Impact

## Mitigation

### Engineering

- Engineering and home office task forces work disruption

- Smart work for 5,000 engineers with **high productivity**

### Procurement

- Delays in fabrication, inspections, logistics availability and customs

- Successful virtual inspections
- Change of routes
- Alternative sourcing

### Construction

- Difficulties in labour mobilization with productivity impact
- Subcontractors strength for addressing the scenario

- Quarantines and demobilisation at sites
- **Project schedule extension**
- Contractual coverage
- **Cash management**

**Flexibility and coordination with clients and suppliers**

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## TR-ansforma



Initiative launched at the end of 2019 to consolidate margins and increase competitiveness

### Corporate costs reduction

- Overhead costs reduction
- Third party services reduction
- Further standardisation of procedures

### Efficient procurement and subcontracting

- Improvement of cash flow management
- Joint work with suppliers & subcontractors for efficiencies and savings
- Surplus material optimization

### Engineering and project management

- Cost reduction in field engineering
- Cost reduction in workforce on site
- Cost reduction in engineering at home office

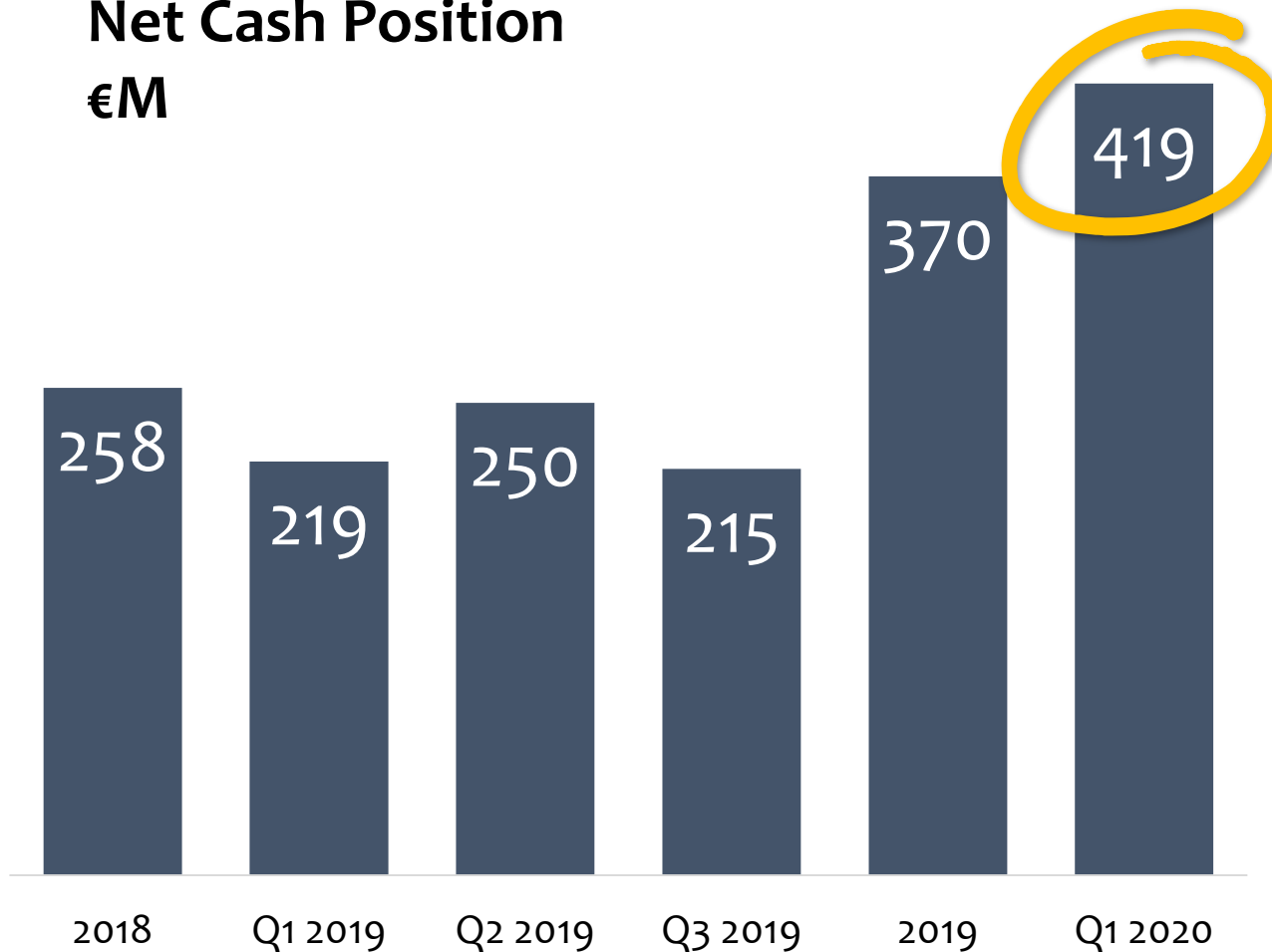
### Management and strategic

- Reinforced Talent Management scheme
- Strengthening Planning, Cost Control & Risk Management



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## Net Cash Position €M



- Strong **net cash** position
- Robust balance sheet and liquidity position to face uncertainties
  - € 1,234 million total liquidity:
    - € 1,082 million gross cash
    - € 242 million credit lines
  - € 904 million total financing:
    - € 662 million drawn
    - € 242 million undrawn

# CONTENT

- Solid backlog
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## PROFIT AND LOSS

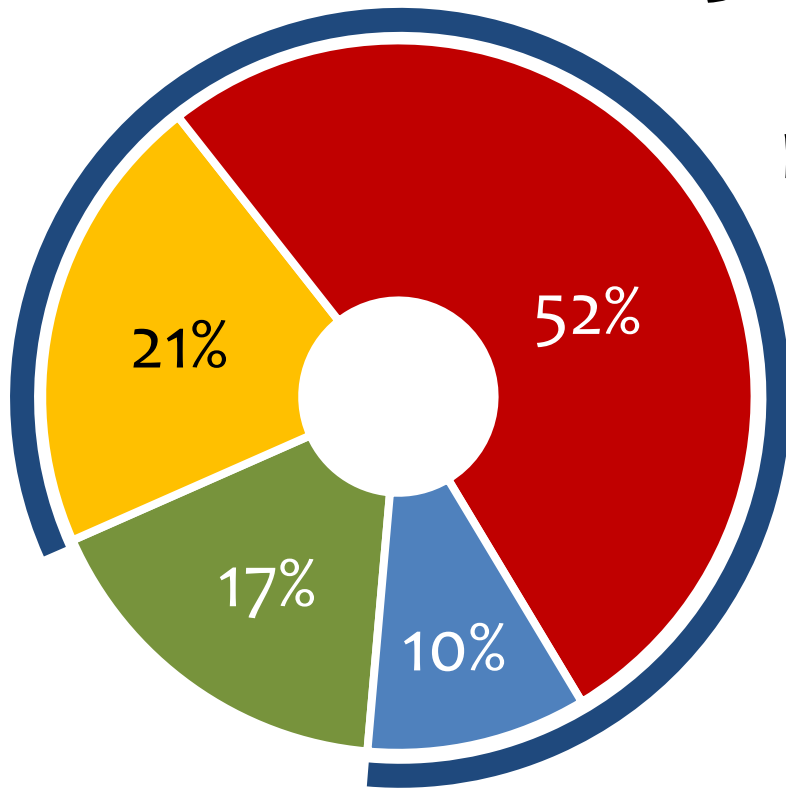
€ Million	Q1 2020	Q1 2019	Var.
Revenues	1,181	915	+29%
EBIT	23.7	10.6	+124%
Margin	2.0%	1.2%	
Net financial results	-11.3	-3.6	
Profit before taxes	12.4	5.7	+117%
Taxes	-3.7	-2.0	
Net profit	8.7	3.7	+135%

# CONTENT

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- **Pipeline and outlook**

83%

in non-oil  
production  
industries



■ Oil ■ Gas ■ Downstream ■ Power

40 US\$B in  
opportunities

- No pipeline cancellations
- Delays in decision making process
- 65% in Middle East
- Increase of feasibility studies and FEEDs signals future investments

- ✓ TR is well positioned:
  - Solid backlog
  - Continuity in project execution
  - Cost optimization and efficiency plan in place
  - Strong financial position
  - Ongoing pipeline with delayed awards
  
- ✓ Facing the future with prudent optimism

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