H1 2021 Results

30 July 2021

Audited accounts

MAIN HIGLIGHTS

- YTD backlog of €10.1 billion
- YTD order intake of €2.9 billion
- Sales at €1,422 million
- Adjusted EBIT at €44 million, with a 3.1% margin. EBIT at €-148 million
- Adjusted net profit at €9 million. Net profit at €-164 million
- Net cash position of €94 million

Juan Lladó, Técnicas Reunidas Chairman, commented:

"The Covid pandemic has been lengthier than anybody expected last year and much more damaging. The damage inflicted to TR stemmed from different channels that reinforced each other. On the one hand, we have suffered in our operations from all kinds of obstacles that made much harder and costlier to progress in all the projects that were in full execution. We suffered as well from the reprogramming of major projects that represented more than 50% of our backlog, thus temporary idling the resources that were ready to tackle them. Last but not least, the direct impact of Covid on our clients also affected us: payment terms lengthened; discussions and agreements over project execution and management were made more difficult, probably because of lack of face to face interaction; and, although there was a great deal of commercial activity, investment decisions kept being postponed.

There are reasons now to be much more optimistic. As vaccinations progress in all countries, clients are accelerating their final investment decisions and starting to award projects. We keep a €50B pipeline of potential projects, and, year to date, we have already reached €2.9B in awards. On top of that, we have more than €6.0B in bids for which we are well positioned and which will be awarded in the coming months.

This trend change reflects the start of a major investment wave that should extend well into the medium term, led by the major role taken by energy transition projects. We cannot miss this opportunity; and we are going to take all the necessary measures not to miss it. With the help of the support funds backed by European Union and managed by the Spanish government, we will strengthen our financial profile to face this promising future. Our engineering and technological franchise is highly appreciated and demanded by our clients. We are a strategic company for Spain and our government has always been an important partner in our development. With this support we will keep enhancing our contribution to Spanish employment and technological advance, in particular in the key area of energy transition."

Highlights € million	H1 2021	H1 2020	Variation	FY 2020
Backlog*	9.030	10.115	*-11%*	8.347
Net Revenues	1.422	2.109	*-33%*	3.521
Adjusted EBIT (1)	43,5 *3,1%*	78,6 *3,7%*	*-45%*	104,8 *3,0%*
Adjusted Net profit (1)	9,4 *0,7%*	62,5 *3,0%*	*-85%*	57,9 *1,6%*
Net Profit (2)	-163,7 *-11,5%*	14,1 *0,7%*	*N.M.*	13,0 *0,4%*
Net Cash Position (1)	94	154	*-39%*	197

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

(2) Profit for the year from continuing operations

* Includes projects awarded within the period

H1 2021 RESULTS SUMMARY

Backlog at the end of H1 2021 stood at €9.0 billion. Including some projects that have already been awarded after first half closing, total YTD backlog would escalate to €10.1 billion, the same level that was achieved at the end of H1 2020. This implies that we have been able to fully replace our last 12-month sales, despite the slowdown in final investment decisions by our clients, due to the Covid crisis.

The main awards added to YTD backlog were: the new petrochemical plant for Sasa Polyester in Turkey, the biofuel plant for G.I.Dynamics in Netherlands, the olefins plant for PKN Orlen in Poland, the residual streams upgrading unit for Gazprom Neft in Russia and, finally, a power plant in Europe and a natural gas plant in Middle East, with clients which cannot be disclosed yet. In addition, the company signed important engineering contracts and agreements for petrochemical and hydrogen developments.

Total sales reached €1,422 million in H1 2021, with a 33% decrease versus H1 2020. This reduction mainly reflects the reprogramming of some major projects during the year 2020, requested by clients to adapt their investment levels to the Covid environment; as well as slower execution, due to the complexity of executing under the pandemic environment, worsened in 2Q 2021 by the new Covid variants, that have specially impacted those countries where the company has its projects under execution.

Adjusted EBIT stood at €43.5 million in H1 2021. The adjusted EBIT margin of H1 2021 was 3.1%, showing the healthy contribution of oil and gas projects in the backlog, as well as the effects of the efficiency and cost saving plans.

Adjustments to EBIT amounted to €191 million. These adjustments are extraordinary costs mostly due to the impact of the Covid pandemic on project execution. In this first half of 2021, the main extraordinary costs were related to the pandemic effect on the execution of the Teesside project in the UK; and, in the oil and gas division, the extraordinary provision booked to cover potential negative outcomes associated to the pandemic from the final resolutions of claims and disputes with our clients, suppliers and contractors.

Net cash position at the end of H1 2021 stood at €94 million, despite the impact of Teesside cash outflow (that took place in 2Q 2021), as well as the effect of the more stringent payment terms and project milestone recognition that are affecting the sector.

OUTLOOK AND GUIDANCE FOR 2021

The company currently forecast sales for 2021 above €3.0 billion and an adjusted EBIT margin around 3%. Moreover, the company expects awards to comfortably surpass €4.0 billion, as € 2.9 billion have been already awarded and the company is currently top ranked in projects for €6.0 billion.

Webcast results details

Técnicas Reunidas will hold a conference call today at 11:00 CET. It can be accessed through the link in its homepage: http://www.tecnicasreunidas.es/en/

BACKLOG AND ORDER INTAKE

€ million	H1 2021	H1 2020	Variation	FY 2020
Backlog*	9.030	10.115	*-11%*	8.347
Order intake	1.706	1.923	*-11%*	2.117

* Includes projects awarded within the period

Backlog

Downstream		
Project	Country	Client
Exxon Mobil refinery	Singapore	Exxon Mobil
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
Talara refinery	Peru	Petroperu
FEED Tuban	Indonesia	Pertamina / Rosneft
Polyethylene plant	Canada	Nova Chemicals
Hassi Messaoud refinery	Algeria	Sonatrach
Environmental enhancement project	Chile	ENAP
PTA Complex	Turkey	SASA Polyester
Upstream		
Project	Country	Client
Marjan	Saudi Arabia	Saudi Aramco
Bu Hasa	United Arab Emirates	ADNOC Onshore
Das Island	United Arab Emirates	ADNOC LNG
Haradh	Saudi Arabia	Saudi Aramco
GT5	Kuwait	KNPC
Jazan IGCC*	Saudi Arabia	Saudi Aramco
Power		
Project	Country	Client
Sewa	United Arab Emirates	Sumitomo / GE EFS
Cogeneration plant	Canada	Suncor
Energy efficiency	Colombia	Termocandelaria

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

At the end of H1 2021, Técnicas Reunidas' backlog amounted to €9.0 billion, slightly above the level reached at the end of 2020. Including some projects that have already been awarded after first half closing, total YTD backlog would escalate to €10.1 billion.

Downstream and Upstream projects comprised 95% of the total backlog, whereas the Power division accounted for 5%.

Order intake

H1 2021 order intake was €1.7 billion. Including the projects that have already been awarded after first half closing, total YTD order intake would raise up to €2.9 billion. The main projects awarded during the year were:

- The Sasa project in Turkey. This is a strategic project announced in November 2020 with Sasa Polyester, formally signed in February 2021, for the execution of a new petrochemical plant in Adana, Turkey, for production of PTA (Purified Terephtalic Acid), a product which is expected to see significant additional investments in the medium term. The new plant will have a capacity of 1.5 million tonnes per year. The project was announced at the end of 2020.

  Total project investment was estimated by the client at USD935 million. This amount includes the value of the contract of Técnicas Reunidas. The scope of the contract includes engineering, procurement and construction supervision and management. The contract has already been launched and will be executed under a fast track scheme.

  The project has a high compromise regarding environmental and social compliance, compiled in the ESIA Report (Environmental and Social Impact Assessment) approved in November 2020, that Técnicas Reunidas will observe during the project development.

- The petrochemical complex expansion for PFK Orlen in Poland. The project, which will involve an investment of around €1,800 million, about half of which will be in Técnicas Reunidas' scope, will maximize PKN's petrochemical potential by adding new capacity to the existing facilities. This will contribute to improving the European country's balance sheet in this area of activity.

  One of the most relevant aspects included in the project is full compliance the most stringent environmental protection requirements, in accordance with EU environmental regulations. The plant will be one of the most technologically advanced in the world from an environmental point of view. The project will integrate petrochemical operations with the production of clean fuels and will optimize the use of raw materials and resources in both processes.

  Técnicas Reunidas has been selected as the preferred bidder for the project, which the Spanish company will develop in collaboration with Hyundai Engineering Co, as an EPCC (engineering, procurement, construction and commission) type contract, involving the total execution of the project. It will include a new olefins production unit with a technology license from KBR and a product recovery system.

  This agreement confirms the consolidation of the increase in demand for petrochemical products on an international scale as a result of the post-pandemic economic recovery, the growth of the world's population and the increased needs for critical industrial materials.

- The Advanced Methanol Amsterdam (AMA) project, a new bio-methanol plant for G.I.Dynamics in Netherlands. This project seeks to replace fossil fuels with bio methanol produced from non-recyclable waste and biomass. The contract includes the execution of the detailed engineering and the investment estimation in the form of "open books" (FEED-OBE).

With an estimated investment of more than euro 200 million, the future plant will have the capacity to produce 260 tons per day of bio-methanol and will consist of high-temperature gasification, acid gas recovery and methanol units.

Bio-methanol will be obtained from the gasification of non-recyclable wood waste and RDF, for its subsequent blending with gasoline, thus substantially reducing the environmental impact of the fuel.

The plant will be the first in a strategy to contribute to transport decarbonization using waste and biomass recovery, replicating this project throughout the Netherlands, the United Kingdom and other European countries.

- **The residual streams upgrading unit for Gazprom Neft in Russia**. The scope of works which will be implemented during approximately 40 months (37 calendar months from works commencement date and 3 calendar months from Ready for Start-Up Date), includes detail design of the Project, materials and equipment purchase, new unit construction management and start-up.

  The Project development will have an important positive impact on the environmental compatibility of the unit.

  Due to the capacity for treating 2.4 million of tons per year, the new unit will contribute to increase a conversion capacity of the plant, transforming residuals streams into high quality fuels which will be adapted to the most demanding environmental norms.

  Therefore, the Project will optimize use of raw materials and improve an efficiency of the unit.

  This new unit forms part of the strategic upgrading program of Moscow Refinery that Gazprom Neft is developing.

  The primary goal of the program is to enhance the investment in the production of first quality environmental fuels.

- **Two projects for which TR has been awarded but has not been disclosed yet by its clients: a power plant in Europe and a natural gas plant in Middle East.**

H1 2021 RESULTS

€ million	H1 2021	H1 2020	Variation	FY 2020
Net Revenues	**1,422.0**	**2,108.7**	**-32.6%**	**3,520.6**
Other Revenues	4.1	1.6		10.2
Total Income	1,426.1	2,110.3	-32.4%	3,530.7
Raw materials and consumables	-1,102.8	-1,553.1		-2,594.7
Personnel Costs	-245.8	-300.4		-561.9
Other operating costs	-210.9	-200.7		-299.8
EBITDA	**-133.4**	**56.1**	**-337.6%**	**84.7**
Amortisation	-14.4	-23.1		-43.2
EBIT	**-147.8**	**33.1**	**-546.9%**	**41.5**
Financial Income / expense	-13.3	-12.5		-20.9
Share in results obtained by associates	-0.8	-0.5		-0.7
Profit before tax	**-161.9**	**20.1**	**N.M**	**19.9**
Income taxes	-1.8	-6.0		-6.9
Profit for the year from continuining operations	**-163.7**	**14.1**	**N.M**	**13.0**
Profit (loss) from discontinued operations	0.0	0.0		0.0
Profit for the year	**-163.7**	**14.1**	**N.M**	**13.0**
Non-controlling interests	1.2	-2.4		-1.9
Profit Attibutable to owners of the parent	**-162.5**	**11.7**	**N.M**	**11.0**

Revenues

Net revenues reached €1,422.0 million in H1 2021, with a 33% decrease versus H1 2020. This reduction mainly reflects the reprogramming of some major projects during the year 2020, requested by clients to adapt its investment levels to the Covid environment; as well as slower execution, due to the complexity of working under the pandemic environment, worsened by the new Covid variants appearance during recent months, specially impacting in countries where the company has its projects under execution.

€ million	H1 2021	Weight	H1 2020	Weight	Variation
Oil and gas	1,408.3	99.0%	1,938.0	91.9%	-27.3%
Power & Water	-4.6	-0.3%	127.3	6.0%	-103.6%
Other Industries	18.3	1.3%	43.5	2.1%	-57.9%
Net Revenues	**1,422.0**	**100%**	**2,108.7**	**100%**	**-32.6%**

Sales from the **oil and gas division** went down 27% and reached €1,408.3 million in H1 2021. Oil and Gas revenues represented the vast majority of total sales (99%):

- Downstream: The projects with the highest contribution to sales were Duqm for DRPIC in Oman, Sitra for BAPCO in Bahrain, the project for Socar in Azerbaijan and the Talara refinery for Petroperú in Peru.

- Upstream: The main contributors to sales were the Marjan and Haradh project for Saudi Aramco (Saudi Arabia); as well as the ADGAS project for ADNOC LNG and the Bu Hasa project for ADNOC ONSHORE, both in United Arab Emirates; and the Haradh project for Saudi Aramco in Saudi Arabia.

Revenues from the **power division** have been negative during the period, as they have been reduced by the impact of the performance guarantee bond call after the termination of the contract by MGT of our Teesside project.

Operating and net profit

€ million	H1 2021	H1 2020	Variation	FY 2020
EBIT	**-147.8**	**33.1**	**-546.9%**	**41.5**
Covid impact	**191.3**	**45.5**		**73.7**
Extraordinary effect related to Covid-19 pandemic	25.1	45.5		57.7
UK Teesside project	103.0	0.0		0.0
Extraordinary provision	61.0	0.0		0.0
Restructuring costs	2.2	0.0		16.0
Asset disposal gains	**0.0**	**0.0**		**-10.3**
Adjusted EBIT	**43.5**	**78.6**	**-44.6%**	**104.8**
Margin	*3.1%*	*3.7%*		*3.0%*

Adjusted EBIT resulted in €43.5 million and adjusted margin was 3.1%. This figure shows the contribution of newer projects with healthy margins and the effects of the efficiency and cost saving plans. **EBIT**, without adjusting for extraordinary costs, was €-147.8 million.

The main adjustments applied to H1 2021 EBIT were the impact associated to the contract termination of the Teesside project, which is closely linked to the severity of the Covid pandemic in the UK and the consequent project execution difficulties; and, in the oil and gas division, the extraordinary provision booked to cover potential negative outcomes associated to the pandemic from the final resolutions of claims and disputes with our clients, suppliers and contractors.

EBIT has also been adjusted for Covid costs, net of expected client reimbursements, that were incurred in projects outside of the UK. The adjustment in H1 2021 resulted in a total amount of €25 million.

Additionally, H1 2021 EBIT adjustments include €2 million of restructuring costs, which are linked to the efficiency plan and that mainly consist of consultancy work and personnel restructuring costs.

€ million	Total	Oil&Gas	P&W	Other Ind.	Not assigned
Net revenues	1,422.0	1,408.3	-4.6	18.3	
EBIT	-147.8	35.9	-127.0	-5.4	51.2
Margin	*-10.4%*	*2.5%*	*N.M.*	*-29.4%*	
Covid impact	191.3				
Extraordinary effect related to Covid-19 pandemic	*25.1*	*21.7*	*3.4*		
UK Teesside project	*103.0*		*103.0*		
Extraordinary provision	*61.0*	*61.0*			
Restructuring costs	*2.2*				*2.2*
Adjusted operating profit (Adjusted EBIT)	43.5	118.6	-20.6	-5.4	53.4
Margin	*3.1%*	*8.4%*	*N.M.*	*-29.4%*	

€ million	H1 2021	H1 2020	Variation	FY 2020
Adjusted Net profit	9.4	62.5	-85.0%	57.9
Net Profit*	-163.7	14.1	N.M.	13.0

*Net Profit from from continuining operations

Adjusted net profit reached €9.4 million, decreasing from €62.5 million achieved in the same period last year. **Net profit** was €-163.7 million, compared to €14.1 million in H1 2020. In addition to the operating income evolution, explained above, net profit also reflects the effect of financial results and taxes:

- Financial expense was €-13.3 million, including €-9.5 million of financial costs and €-3.8 million due to losses from transactions in foreign currency.
- Company income tax was €1.8 million despite operational losses since certain countries are delivering profits and booking the subsequent tax expense.

€ million	H1 2021	H1 2020	Variation	FY 2020
Net financial Income *	-9.5	-7.3	30%	-14.3
Gains/losses in transactions in foreign currency	-3.8	-5.2	-27%	-6.6
Financial Income/Expense	**-13.3**	**-12.5**	**6%**	**-20.9**

* Financial income less financial expenditure

Balance sheet

€ million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Tangible and intangible assets	123.2	135.8	105.6
Investment in associates	1.9	2.9	2.7
Deferred tax assets	421.4	396.0	407.3
Other non-current assets	89.1	93.1	89.0
Non-current Assets	635.6	627.8	604.6
Inventories	9.0	5.6	8.9
Trade and other receivables	2,460.1	3,070.9	2,355.3
Other current assets	19.8	24.3	35.8
Cash and Financial assets	898.1	1,023.7	931.5
Current assets	3,387.0	4,124.5	3,331.5
TOTAL ASSETS	4,022.6	4,752.3	3,936.1
Equity	126.9	313.7	283.6
Non-current liabilities	634.1	298.6	452.9
Financial Debt	526.8	214.6	372.2
Other non-current liabilities	107.3	84.1	80.7
Long term provisions	98.5	52.4	37.2
Current liabilities	3,163.2	4,087.6	3,162.4
Financial Debt	277.1	654.6	362.9
Trade payable	2,799.8	3,206.0	2,678.1
Other current liabilities	86.3	227.1	121.4
Total liabilities	3,895.8	4,438.6	3,652.5
TOTAL EQUITY AND LIABILITIES	4,022.6	4,752.3	3,936.1

Net cash position stood at €94.2 million, decreasing from the end of December 2020, but improving from the end of 1Q 2021 The net cash position reflects the evolution of working capital under the Covid situation, with clients slowing cash payments and project milestone achievement recognition.

€ million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Current assets less cash and financial assets	2,488.9	3,100.8	2,400.0
Current liabilities less financial debt	-2,886.1	-3,433.0	-2,799.5
COMMERCIAL WORKING CAPITAL	-397.2	-332.2	-399.5
Financial assets	0.0	62.0	0.0
Cash and cash equivalents	898.1	961.6	931.5
Financial Debt	-803.9	-869.2	-735.0
NET CASH POSITION	94.2	154.5	196.5
NET CASH + COMMERCIAL WORKING CAPITAL	-303.0	-177.7	-203.0

At the end of June 2021, equity of the company stood at €126.9 million, negatively impacted by the net profit for the semester.

€ million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Shareholders' funds + retained earnings	189.6	405.3	340.6
Treasury stock	-73.3	-73.5	-73.1
Hedging reserve	0.7	-33.2	5.2
Interim dividends	0.0	0.0	0.0
Minority Interest	9.9	15.0	10.9
EQUITY	126.9	313.7	283.6

Access to the Spanish Strategic Companies Solvency Support Fund

The long duration and depth of the pandemic has impacted the financial profile of Técnicas Reunidas. With the objective of reinforcing its financial profile, in the second quarter of this year, it began the process to access the Solvency Support Fund for Strategic Companies in accordance with RD-L 25/2020 of 3 July, managed by Sociedad Estatal de Participaciones Industriales (SEPI).

The financial support amounts to a total of 290 million euros, which is structured in two tranches: a first tranche, consisting of a participative loan (hybrid equity) for 150 million euros, which compensates for the impact that this long period of pandemic has had on the company's equity; and a second tranche in the form of an ordinary loan of 140 million euros, aimed at improving working capital, as the pandemic continues to affect the execution of projects.

Both loans would have a term of four years, with the possibility of an early repayment. The disbursement of these funds is expected to take place in the fourth quarter of the year, in accordance with SEPI's protocols and procedures.

The support of the Fund managed by SEPI guarantees Técnicas Reunidas' capacity to manage its current portfolio of projects and recent awards, as well as to participate in the new opportunities that the sector foresees. Técnicas Reunidas is reinforced as one of the largest technology exporters, as a leader in engineering projects and as an integrator of Spanish suppliers in the energy industry value chain.

This support will also help to develop the company's strategic lines, promoting areas of work that are now key to its competitiveness: continue focusing on energy transition and sustainability; diversification and positioning in less mature markets; reduction of project execution risk; increasing efficiency through standardisation and digitalisation; and strengthening Madrid as a centre for engineering and innovation.

Técnicas Reunidas' strategy in the energy transition is based on technologies and sectors that have already been key to the company's success. It is also focused on clients who require the development of projects linked to decarbonisation solutions. These technologies include the design of hydrogen production plants, carbon capture facilities for subsequent treatment and bioenergy plants.

The Madrid engineering centre generates thousands of internationally recognized direct jobs, stable and highly qualified. Its professionals have designed and continue to design some of the most important energy infrastructures of the last decade.

Técnicas Reunidas invoices more than 95% of its turnover abroad and is clearly positioned to grow with the new demand associated with the development of low-carbon energy technologies. The government's support through SEPI allows it to reinforce its competitive position, which has been severely affected by the pandemic, and to continue contributing from Spain with know-how, innovation and technology in a global market.

APPENDIX

IFRS 16: H1 2021 Reconciliation

€ Million	H1 2021	Impact	H1 2021 Adjusted IFRS 16
EBITDA	-133.4	10.1	-143.5
Depreciation	-14.4	-9.1	-5.3
Financial charges	-13.3	-0.3	-13.0
Net profit	-163.7	0.7	-164.4
"Right of use" assets	43.0	43.0	0.0
Short-term lease liabilities	14.4	14.4	0.0
Long-term lease liabilities	29.5	29.5	0.0

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	H1 2021	H1 2020
(+) Revenues	Revenues and other income	1,426.1	2,110.3
(-) Operating expenses	Raw materials and consumables, employee benefit expense, other expenses, depreciation/amortisation	-1,573.9	-2,077.3
= Operating income	Revenues - Operating expenses	-147.8	33.1
(+) Depreciation/amortisation and impairment charges	Depreciation/amortisation and impairment charges	14.4	23.1
EBITDA	Operating income excluding depreciation and amortisation	-133.4	56.1

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	H1 2021	H1 2020
(+) EBITDA	Operating income excluding depreciation and amortisation	-133.4	56.1
(-) Amortisation and depreciation expenses	Depreciation/amortisation and impairment charges	-14.4	-23.1
EBIT	Operating income	-147.8	33.1

3. **Adjusted EBIT** and **Adjusted Net Profit** are the alternative performance metrics used by Management to measure the Group´s ability to generate profits considering only its operations, deducting extraordinary effects such as Covid, restructuring costs or non-core asset disposals; and their corresponding tax impact at the Adjusted net profit level. The cost of the Teesside project termination has also been included as an adjustment because of its extraordinary nature and its direct link to the Covid pandemic.

Concept	Definition	H1 2021	H1 2020
(+) EBIT	Operating income	-147.8	33.1
(+) Covid impact	Extraordinary effect related to Covid-19 pandemic	25.1	45.5
	UK Teesside project	103.0	0.0
	Extraordinary provision	61.0	0.0
	Extraordinary expenses related to the business reorganization	2.2	0.0
Adjusted EBIT	**Operating income excluding Covid impact**	**43.5**	**78.6**

Concept	Definition	H1 2021	H1 2020
(+) Financial Income/expense	Difference between earnings before interest and taxes and earnings before taxes	-13.3	-12.5
(+) Share in results obtained by associates	Income received by associated	-0.8	-0.5
(-) Income taxes	Income tax generated by the business	1.8	6.0
(-) Adjustments to taxes	Adjustments to taxes	-21.9	-9.1
Adjusted net profit	**Net profit excluding Covid impact and adjustments to taxes**	**9.4**	**62.5**

4. **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	H1 2021	H1 2020
(+) Cash and equivalents	Cash in hand, deposits held at call with banks, other short-term highly liquid investments with original	898.1	961.6
(+) Financial assets at fair value	Financial assets at fair value through profit and loss	0.0	62.0
(-) Financial debt	Short-term and long-term debt with credit entities	-803.9	-869.2
	Borrowings related to the assets classifies as held for sale	0.0	0.0
NET CASH	Cash and equivalents (+) Financial assets at fair value (-) financial debt	94.2	154.5

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