



# **FULL YEAR 2017**

# **RESULTS PRESENTATION**

February 27<sup>th</sup> 2018

Juan Lladó  
CEO

## **DISCLAIMER**

This document has been prepared by Técnicas Reunidas S.A. (the Company) solely for use at presentations held in connection with the announcement of the Company's results for the year 2017.

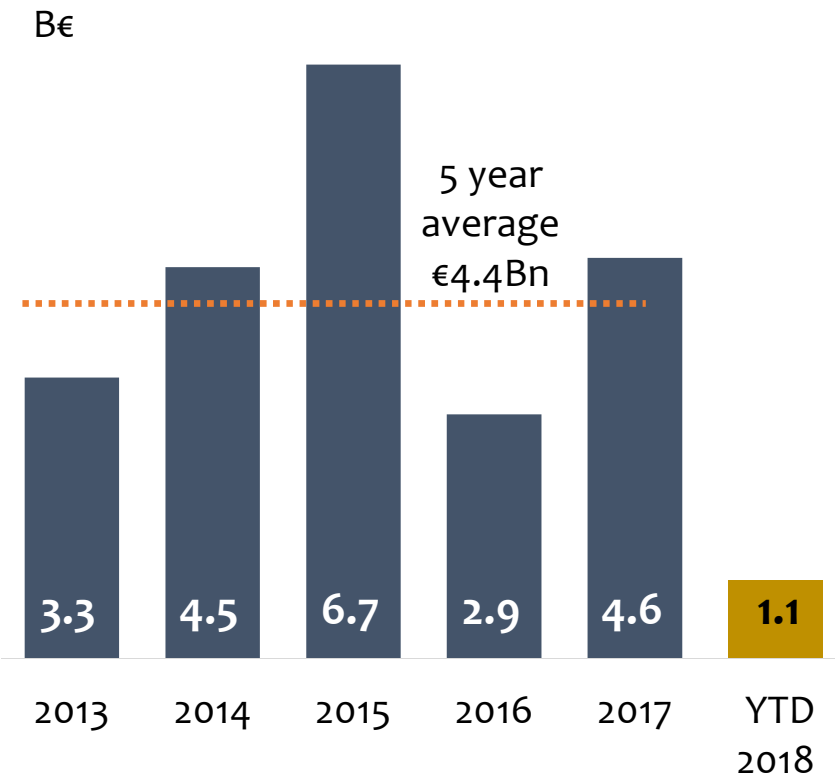
This document contains forward-looking statements of the Company and/or its management. These forward looking statements such as statements relating to the Company's or management's intent belief or current

expectations of the future growth in the Company's business and capital expenditure in the oil and gas industry in general are subject to risks and variables that are beyond the Company's control and that could materially and adversely affect the outcome and financial effects of the facts expressed implied or projected herein.

The Company is under no obligation to update or keep current the information contained in this presentation including any looking forward-statements or to correct any inaccuracies that may later become apparent.

No representation or warranty express or implied is made as to and no reliance should be placed on the fairness accuracy completeness or correctness of the information or opinions contained herein. None of the Company or any of its affiliates advisors or representatives shall have any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection with this document.

This document is only provided for information purposes and does not constitute nor may it be interpreted as an offer to sell or exchange or acquire or solicitation for offers to purchase any share in the Company. Any decision to buy or invest in shares in relation to a specific issue must be made on the basis of the information contained in the relevant prospectus filed by the Company in relation to such specific issue.



## 2017

- **Fisterra Energy:** EPC for Tierra Mojada combined cycle power plant. *A new client*
- **Nova Chemicals:** EPM for polyethylene plant. *A new client*
- **SOCAR:** EPCm for upgrading of Heyday Aleyev refinery. *A recurrent client*
- **Saudi Aramco:** EPC for Haradh and Hawiyah natural gas projects. *A recurrent client*
- **Duqm Refinery:** EPC for a new grassroots refinery. *A new client*

## 2018

- **Bapco:** EPC for the modernization of the Sitra refinery. *A new client*



## AST2 Polyethylene Plant

- EPCm contract for a greenfield polyethylene plant in Ontario, Canada
- Increase of high and low density polyethylene production capacity by approximately 450 kilotons per year
- Contract scope: detailed engineering and procurement services along with the material handling and utilities infrastructure required for the operation of the new plant. Nova Chemicals' proprietary technology will be used
- Nova Chemicals is a leading producer of plastics and chemicals and is owned by Mubadala Investment Company of Abu Dhabi, UAE



## Heyday Aleyev Refinery

- EPCm contract with conversion to LSTK for the modernisation and reconstruction of Heydar Aliyev refinery in Baku
- Upgrading of the refinery facilities to process 7.5 Mtpa of crude oil and meet the environmental requirements (Euro V)
- Contract scope: engineering, supply and construction for the revamping of the main process units within the diesel and the gasoline blocks as well as the offsites and utilities units
- Contract Value: Confidential
- SOCAR is the Azarbaijan state oil owned company



## Haradh and Hawiyah fields

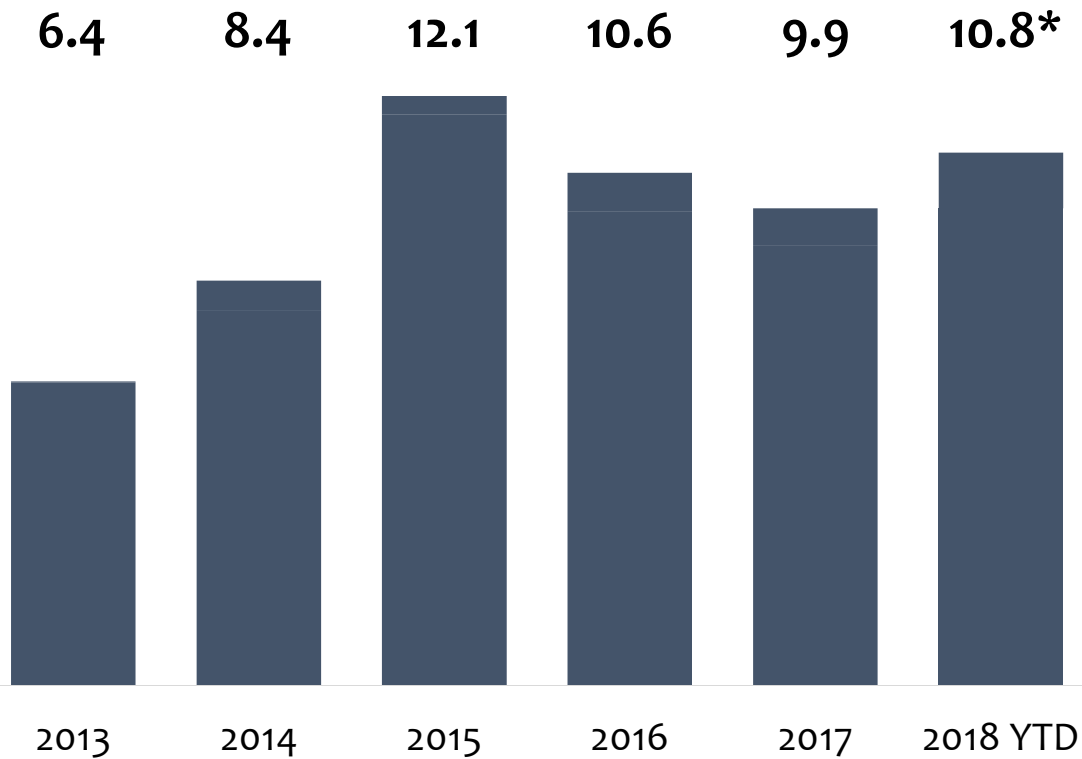
- Three turnkey contracts for the Gas Compression Program in Saudi Arabia
- The project will improve and sustain gas production from Haradh and Hawiyah fields for the next 20 years.
- Contract scope: engineering, supply and construction of gas compression facilities, the liquid separation stations and the transmission lines
- Overall Contract Value: USD 4,500 M.
- TR's stake: 50%
- Saudi Aramco is the first oil producer in the world and owns the largest amount of crude oil reserves



## Sitra Refinery

- Turnkey contract for the Modernization of the Sitra refinery
- Expansion of the capacity to improve the monetization of the bottom of the barrel and energy efficiency, enhance products slate and meet environmental requirements
- Contract scope: engineering, supply, construction and commissioning of the main refining units
- Overall Contract Value: USD 4,200 M.
- TR's stake: 32%
- BAPCO is the Bahrein state owned company

B€



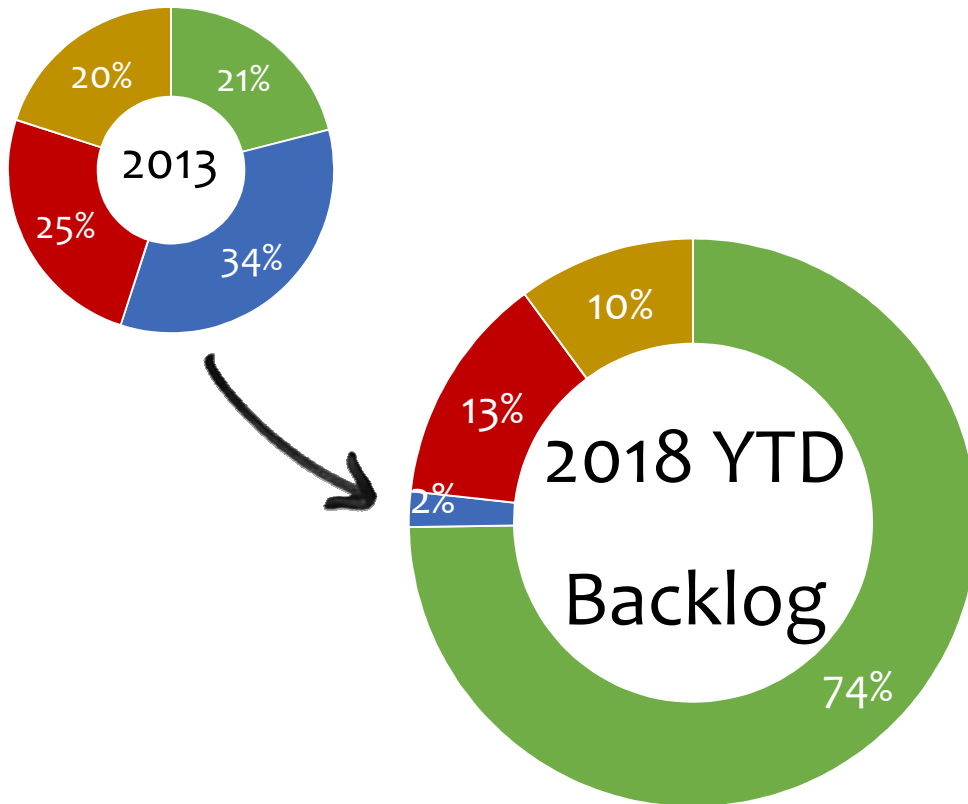
Backlog replaced

- In quantity
- With world-class projects

\*YTD 2018 backlog includes FY 2017 plus the Bahrain refinery project

## BACKLOG GEOGRAPHICAL SPLIT

RESULTS FY 2017



■ Middle East ■ Europe ■ Latam ■ RoW

- Strong presence in most resilient market: Middle East
- Recurrent customers: a consequence of good execution
- Strong bidding pipeline, with more diversified opportunities by industries and regions

## PROFIT AND LOSS

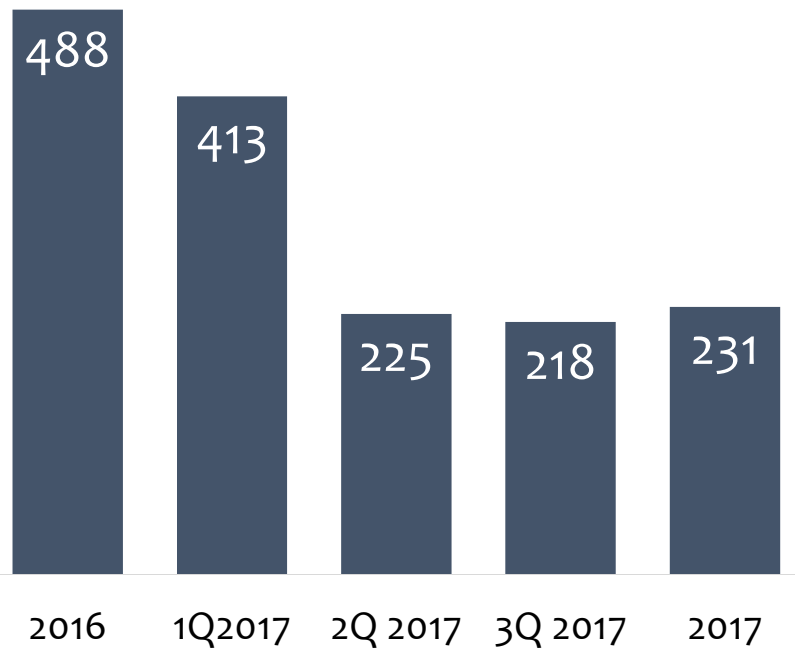
€ Million	2017	2016	Var.
Revenues	5,067.9	4,792.6	6%
EBITDA	121.9	211.0	-42%
EBIT	100.4	191.9	-48%
Margin	2.0%	4.0%	
Net financial results	(6.9)	4.0	
Profit before taxes	91.2	193.4	-53%
Taxes	(27.2)	(53.2)	
Net profit	64.0	140.2	-54%

## Impacts in margins:

- Delays in project sanctioning and unexpected cancellation of awards results in idleness
- Uncertainty of recovery of extra costs in this crisis scenario



M€



- Demanding contractual terms in the Middle East
- Customers cash constraints
- Lower down payment balance
- TR customers are among the largest and the most reliable

## GUIDANCE 2018

- Sales: €4.3 - 4.6 bn
- EBIT margin: 1.5% - 2.5%, progressive improvement along 2018
- Commitment to shareholder remuneration policy

## MARKET

- Solid investment drivers in oil, gas and petrochemicals
- Strong bidding pipeline, with more diversified opportunities by industries and regions
- Positive market sentiment

## COMPANY

- Reference EPC contractor for large and complex projects
- Intensification of efficiency measures to enhance profitability



**TECNICAS REUNIDAS**