TECNICAS REUNIDAS

FIRST QUARTER RESULTS
January – March 2017

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1. HIGHLIGHTS

1Q 2017 Main Highlights

- Order intake for the quarter of €776 million
- Backlog at € 10.2 billion
- Sales peaked at € 1.4 billion, with a 32% growth
- Operating profit at € 56 million with a 4% EBIT margin
- Net profit from operations at € 37 million
- Solid balance sheet with a net cash position of € 413 million
- Dividend payments in 2017: € 75 million

Sales of the company grew by 32% from 1Q 2016, to € 1.4 billion, following the 66% growth in backlog over the last three years. This level of sales is a quarterly record for the company. Sales were boosted by a peak in procurement activity in some of the mega projects being executed by the company. This progression will be moderating in following quarters.

The company achieved an EBIT of € 56 million, with an Operating Margin of 4%, in line with company expectations. Net Profit for the quarter was € 37 million, +22% above the same quarter of 2016.

Despite the strong level of purchasing, the balance sheet closed the quarter with a solid Net Cash Position of € 413 million.

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

"We maintain a strong focus on execution and commercial activities which allows me to be optimistic about our capacity for present and future value creation.

We are progressing well within our schedules and budgets in our projects. In particular, in the mega projects that were awarded in 2015, major equipment purchases were delivered in the last two quarters. This give us increased comfort on being in the right execution path for these projects. The recognition of our execution capabilities by our clients allows us to be a key eligible leader for most important international tenders.

On the commercial front, we are seeing stronger activity. The Middle East keeps offering a continuous flow of large opportunities in different countries; while we see a recovery of investment activity in other markets, such as Latin America and Southeast Asia.

This allows us to be highly confident about backlog replacement and enhancement over 2017".

HIGHLIGHTS *January - March*	1Q 2017 € million	1Q 2016 € million	Var. %	Year 2016 € million
Backlog	10,165	12,037	-16%	10,582
Net Revenues	1,388	1,051	32%	4,793
EBITDA	61	47	29%	211
Margin	4.4%	4.5%		4.4%
EBIT	56	42	32%	192
Margin	4.0%	4.0%		4.0%
Net Profit*	37	30	22%	140
Margin	2.7%	2.9%		2.9%
Net Cash Position	413	541	-24%	488

* Net Profit from Continuing Operations

2. BACKLOG

	Project	Country	Client	Estimated Delivery
Refining and Petrochemical	Ras Tanura refinery	Saudi Arabia	Saudi Aramco	2021
	Talara auxiliary units	Peru	Petroperu	2020
	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
	Star refinery	Turkey	SOCAR	2018
	Jazan refinery	Saudi Arabia	Saudi Aramco	2018
	Sturgeon refinery	Canada	North West Redwater Partnership	2017
	Antwerp refinery*	Belgium	Total	-
Upstream & Gas	Fadhili	Saudi Arabia	Saudi Aramco	2020
	GT5	Kuwait	KNPC	2019
	Jazan IGCC	Saudi Arabia	Saudi Aramco	2019
	GASCO	United Arab Emirates	ADNOC / Total / Shell	2018
	Touat gas field	Algeria	GDF Suez / Sonatrach	2018
	Hail Field Development	United Arab Emirates	ADOC	2017
Power	Biomass plant	UK	MGT Teeside	2020
	Turów	Poland	Polska Grupa Energetyczna	2020
	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

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

Backlog as of March 31st, 2017

At the end of March 2017, Técnicas Reunidas' backlog closed at € 10,165.2 million[1], down 16% compared to March 2016, but in line with the level of December 2016.

Oil and Gas projects represented 93% of the total backlog, while the Power division accounted for 7%.

The main project awarded during the first quarter 2017 was an "open-book" contract for Petroperú, which involves the engineering, procurement and construction of the auxiliary units and ancillary facilities that will serve the Talara refinery. The total investment of the auxiliary units was estimated at about USD 830 million in 2012.

[1] The estimation of the Auxiliary Units Project included (USD 830 million)

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT January - March	1Q 2017 € million	1Q 2016 € million	Var. %	Year 2016 € million
Net Revenues	**1,387.7**	**1,051.3**	**32.0%**	**4,792.6**
Other Revenues	0.5	1.0		4.2
Total Income	**1,388.2**	**1,052.3**	**31.9%**	**4,796.8**
Raw materials and consumables	-1,080.3	-676.9		-3,407.0
Personnel Costs	-155.6	-147.6		-576.3
Other operating costs	-91.7	-180.7		-602.5
EBITDA	**60.7**	**47.1**	**28.8%**	**211.0**
Amortisation	-5.1	-5.0		-19.1
EBIT	**55.5**	**42.2**	**31.7%**	**191.9**
Financial Income/ expense	-2.8	0.2		4.0
Share in results obtained by associates	-0.9	-1.5		-2.5
Profit before tax	**51.8**	**40.9**	**26.9%**	**193.4**
Income taxes	-15.0	-10.6		-53.2
Net Profit from Continuing Operations	**36.8**	**30.2**	**21.8%**	**140.2**
Net Loss from Discontinued Operations	**-0.2**	**0.0**		**-11.0**
Net Profit after Discontinued Operations	**36.6**	**30.2**	**21.0%**	**129.2**

3.1 REVENUES

REVENUES BREAKDOWN January - March	1Q 2017 € million	%	1Q 2016 € million	%	Var. %	Year 2016 € million
Oil and gas	1,174.7	84.6%	911.8	86.7%	28.8%	4,266.2
Power	182.9	13.2%	86.3	8.2%	112.0%	395.9
Infrastructure and industries	30.1	2.2%	53.3	5.1%	-43.5%	130.5
Net Revenues	1,387.7	100%	1,051.3	100%	32.0%	4,792.6

In 1Q 2017, net revenues peaked to € 1,387.7 million. In the quarter, the two very large projects of Al Zour in Kuwait and Fadhili in Saudi Arabia reached a peak in procurement and boosted sales, which grew by 32% compared to the first quarter of 2016

Sales from the oil and gas division went up 28.8% and reached € 1,174.7 million in 1Q 2017. Oil and Gas revenues accounted for the vast majority of total sales, supported by the Refining and Petrochemical business, as well as the treatment and processing of natural gas.

- Refining and Petrochemical: The projects with more contribution to sales were the following: Al Zour for KNPC (Kuwait), Talara for Petroperu (Peru), STAR for SOCAR (Turkey) and RAPID for Petronas (Malaysia).
- Upstream and Natural Gas: The main contributors to sales were: the Fadhili project for Saudi Aramco (Saudi Arabia), the Jazan IGCC for Saudi Aramco (Saudi Arabia), the GT5 project for KNPC (Kuwait) and the Hail field development project for ADOC (UAE).

Revenues of the power division went up 112.0% to € 182.9 million in 1Q 2017. The Kilpilahti electricity generation plant for Neste / Veolia / Borealis (Finland) and the biomass plant for MGT Teeside (The UK), were the largest contributors to sales.

3.2 OPERATING AND NET PROFIT

OPERATING AND NET PROFIT January - March	1Q 2017 € million	1Q 2016 € million	Var. %	Year 2016 € million
EBITDA	60.7	47.1	28.8%	211.0
Margin	4.4%	4.5%		4.4%
EBIT	55.5	42.2	31.7%	191.9
Margin	4.0%	4.0%		4.0%
Net Profit*	36.8	30.2	21.8%	140.2
Margin	2.7%	2.9%		2.9%

* Net Profit from Continuing Operations

EBIT BREAKDOWN January - March	1Q 2017 € million	1Q 2016 € million	Var. %	Year 2016 € million
Operating Profit from divisions	77.5	65.0	19.4%	283.5
Costs not assigned to divisions	-22.0	-22.8	-3.4%	-91.5
Operating profit (EBIT)	**55.5**	**42.2**	**31.7%**	**191.9**

Financial Income/Expense January - March	1Q 2017 € million	1Q 2016 € million	Year 2016 € million
Net financial Income *	-1.6	-0.4	1.2
Gains/losses in transactions in foreign currency	-1.2	0.6	2.8
Financial Income/Expense	**-2.8**	**0.2**	**4.0**

* Financial income less financial expenditure

In 1Q 2017 EBIT was € 55.5 million, up 31.7% compared to 1Q 2016, following the trend of revenues increase. Operating margin was 4%, in line with company expectations.

Net Profit for the quarter was € 36.8 million, up 22%, impacted by:

- Financial Income decreased from € 0.2 million in 1Q 2016, to a negative € 2.8 million in 1Q 2017, due to lower returns on cash, higher financial costs and negative effect in transactions of foreign currency.
- In 1Q 2017, the company income tax was € 15.0 million, which represents an effective tax rate of 28.9%.

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET March 31	1Q 2017 € million	1Q 2016 € million	Year 2016 € million
ASSETS:			
Non-current Assets			
Tangible and intangible assets	70.1	128.8	69.7
Investment in associates	12.3	0.1	13.1
Deferred tax assets	220.5	176.1	225.8
Other non-current assets	26.3	44.3	24.6
	329.1	**349.3**	**333.1**
Current assets			
Inventories	16.2	21.6	17.0
Trade and other receivables	2,611.6	2,346.0	2,406.3
Other current assets	84.3	113.7	90.5
Cash and Financial assets	736.3	688.2	752.4
	3,448.4	**3,169.5**	**3,266.2**
TOTAL ASSETS	**3,777.5**	**3,518.8**	**3,599.3**
EQUITY AND LIABILITIES:			
Equity	**459.6**	**428.7**	**441.8**
Non-current liabilities	**185.5**	**129.3**	**183.7**
Financial Debt	153.7	102.9	155.2
Other non-current liabilities	31.8	26.4	28.5
Long term provisions	**46.8**	**46.1**	**35.0**
Current liabilities			
Financial Debt	170.0	44.4	109.4
Trade payable	2,717.5	2,601.2	2,570.5
Other current liabilities	198.1	269.0	258.9
	3,085.6	**2,914.7**	**2,938.8**
Total liabilities	**3,317.9**	**3,090.1**	**3,157.5**
TOTAL EQUITY AND LIABILITIES	**3,777.5**	**3,518.8**	**3,599.3**

EQUITY March 31	1Q 2017 € million	1Q 2016 € million	Year 2016 € million
Shareholders' funds + retained earnings	571.9	528.1	619.6
Treasury stock	-73.2	-74.4	-72.6
Hedging reserve	-51.8	-28.8	-73.4
Interim dividends	0.0	0.0	-35.9
Minority Interest	12.7	3.8	4.1
EQUITY	**459.6**	**428.7**	**441.8**

NET CASH POSITION March 31	1Q 2017 € million	1Q 2016 € million	Year 2016 € million
Current assets less cash and financial assets	2,712.0	2,481.3	2,513.8
Current liabilities less financial debt	-2,915.6	-2,870.3	-2,829.4
COMMERCIAL WORKING CAPITAL	**-203.6**	**-389.0**	**-315.6**
Financial assets	65.9	62.6	64.2
Cash and cash equivalents	670.5	625.7	688.3
Financial Debt	-323.7	-147.3	-264.6
NET CASH POSITION	**412.7**	**540.9**	**487.8**
NET CASH + COMMERCIAL WORKING CAPITAL	**209.1**	**151.9**	**172.2**

- At the end of March 2017, equity of the company was € 459.6 million, higher than the level of March 2016.

- In December 2016, the Board of Directors approved an interim dividend of € 0.667 per share (€ 35.8 million) out of 2016 results, which was paid on the 19th of January, 2017. In February, the company announced a proposed complementary dividend of € 0.7289 per share (€ 39.2 million) out of the 2016 results, to be approved at the General Shareholders Meeting. Consequently, total dividends to be paid in 2017 out of 201 results, would be € 75 million, the same absolute amount paid in 2016.

- The company closed the first quarter with a 412.7 million net cash balance after payment of dividends and working capital movements. The cash position was influenced by our clients' cash discipline and the fact that the largest projects in our backlog are entering into cash consuming phases, such as procurement and initial construction. With regards to cash movements, it is important to highlight their bumpy nature under current project schedules based on milestone completion.

ANNEX: FILINGS WITH CNMV RELEVANT EVENTS AND OTHER COMMUNICATIONS

In the first quarter of 2017, the company filed the following communication with the Spanish "Comisión Nacional del Mercado de Valores" (CNMV):

- Técnicas Reunidas started, under an "open-book" modality, the execution of the first phase of the auxiliary units and ancillary facilities development that will serve the new refinery that is currently in an advanced state of execution also by Técnicas Reunidas, for Petroperú.

  This first phase involves the completion of basic engineering and the preparation of updated budget estimations and will finalize at the beginning of the second quarter of this year.

  The auxiliary units include: cogeneration plant, hydrogen production unit, acid production plant, seawater intake and submarine outfall, seawater desalination plant, potable water treatment plant and wastewater treatment plant.

  The total investment of the auxiliary units was estimated at about $ 830 million in 2012. Both the budget and the final scope and schedule, will now be updated by Técnicas Reunidas.

  Additionally, the scope of the ancillary facilities include the modernization of the entire electrical system of the existing refinery, the kerosene treatment unit, the spent soda treatment unit, additional buildings and tanks, the new laboratory, the expansion of the fire protection systems, catalysts and chemicals, amongst others.

  The second phase of the project, which is scheduled to start in the second quarter of 2017, will comprise of the conversion to a lump sum turnkey contract of these facilities, as established by the selected open-book modality. This second phase will conclude by the end of 2020, on a date that will be finalized by the end of the first phase.

  The objective of the whole project is to produce diesel and gasoline fuels, according to the new Peruvian environmental requirements (maximum sulphur content of 50 ppm), at competitive prices.

  The construction of the new refinery that Técnicas Reunidas is carrying out is in an advanced state of execution and ahead of schedule.

Following these actions, Petroperú will generate greater added value in the Talara Refinery operation, by increasing the production of medium distillates and achieving greater flexibility in the processing of heavy crude oils. The modernization project will also increase the refinery's production capacity.

Also, after the end of the first quarter the company filed the following communication:

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

SUMMARY			
	Shares	Net Value (€)	Average price
Opening account	49,054	2,386,774	
Purchases	1,574,636	-58,875,670	37.39
Sales	-1,580,353	59,030,726	37.35
Final account	43,337	2,541,830	