TECNICAS REUNIDAS

FIRST HALF RESULTS
January – June 2014

CONTENTS:

2014 First Half Results subject to limited review by Auditors (PWC)

1. HIGHLIGHTS

HIGHLIGHTS *January - June*	**1H 2014 € million**	**1H 2013 € million**	**Var. %**	**Year 2013 € million**
Backlog	**7,810.2**	**7,004.6**	***11.5%***	**6,376.6**
Net Revenues	**1,478.7**	**1,394.6**	***6.0%***	**2,846.1**
EBITDA	**81.0**	**77.6**	***4.4%***	**157.3**
Margin	*5.5%*	*5.6%*		*5.5%*
EBIT	**75.3**	**73.1**	***3.1%***	**148.0**
Margin	*5.1%*	*5.2%*		*5.2%*
Net Profit	**66.5**	**67.4**	***-1.3%***	**128.5**
Margin	*4.5%*	*4.8%*		*4.5%*
Net cash position	**672.6**	**611.0**	***10.1%***	**628.6**

2Q 2014 ORDER INTAKE BOOSTS A NEW RECORD BACKLOG

- **Backlog reached a record of € 7,810.2 million and 1H 2014 order intake was € 2,764.3 million.**
- **2Q 2014 main awards were: the Jazan IGCC project for Saudi Aramco (total value of USD 1.7 billion) and the Talara refinery for Petroperu (total value of USD 2.7 billion).**
- **In July 2014, new projects were awarded for the power division in the Dominican Republic, Poland and Peru, with an aggregate value of approximately € 350 million.**
- **1H 2014 revenues grew by 6% to € 1,478.7 million, compared to € 1,394.6 million revenues in 1H 2013.**
- **EBITDA and EBIT grew by 4.4% and 3.1% respectively, to € 81.0 million and € 75.3 million. Net profit reached € 66.5 million in 1H 2014, with a slightly higher tax expense.**
- **Net cash position went up to € 672.6 million, 10% larger than the level of June 2013, as the company received some large downpayments in the quarter.**

2. BACKLOG

	Project	Country	Client	Estimated Delivery
Refining and Petrochemical	Talara refinery	Peru	Petroperu	2018
	Jazan IGCC	Saudi Arabia	Saudi Aramco	2017
	Sturgeon refinery	Canada	North West Redwater Partnership	2017
	Star refinery	Turkey	SOCAR	2017
	Jazan refinery	Saudi Arabia	Saudi Aramco	2017
	Antwerp refinery	Belgium	Total	2016
	Refining units Cochabamba and Santa Cruz	Bolivia	YPFB Refinación S.A.	2016
	Volgograd refinery	Russia	Lukoil	2015
	Sadara	Saudi Arabia	Saudi Aramco/Dow Chemical	2015
	Kemya	Saudi Arabia	Sabic/Exxon Mobil	2015
	TAN project	Australia	Yara Int./Orica Lim./Apache Corp.	2015
	Petrokemya	Saudi Arabia	SABIC	2014
	Yanbu refinery	Saudi Arabia	Saudi Aramco	2014
	Izmit refinery	Turkey	Tüpras	2014
	Normandy refinery	France	Total	2014
	Khabarovsk	Russia	OC Alliance	2014
Upstream & Gas	Oil sands	Canada	Canadian Natural Resources	2016
	Perla Offshore	Venezuela	Repsol/Eni	2016
	Touat gas field	Algeria	GDF Suez / Sonatrach	2016
	Margarita field II	Bolivia	Repsol/British Gas/Pan American Energy	2015
	Gran Chaco	Bolivia	YPFB	2014
	Shah	United Arab Emirates	ADNOC	2014
	Mejillones LNG tank	Chile	Codelco/GDF Suez	2014
	SAS*	United Arab Emirates	ADCO	-
Power	Ashuganj	Bangladesh	Ashunganj Power Station Company	2016
I & I	Southern Sea Water Desalination Plant stage 2	Australia	Water Corporation	2014

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

Backlog as of June, 30th 2014

At the end of June of 2014, Tecnicas Reunidas' (TR) backlog grew by 11.5% compared to the backlog at the end of June 2013 and amounted to € 7,810 million. This figure is the highest backlog ever reached by the company.

During the second quarter of 2014, the company booked relevant projects that drove 1H 2014 order intake to € 2,764 million. The main 2Q 2014 awards were:

- Saudi Aramco selected TR for the execution of the utilities and common area project within the Jazan IGCC (Integrated Gasification Combined Cycle) complex located in Jazan Province, a South Western region of Saudi Arabia.

  The Jazan IGCC complex will convert vacuum residue, to be produced in the adjacent Jazan refinery, into synthesis gas (syngas). This complex will be the largest gasifier-based power facility in the world.

  The scope of the project awarded under a Lump Sum Turn Key (LTSK) contract includes the services for engineering, procurement, construction, precommissioning and commissioning support for the facilities. The contract has a value of approximately USD 1,700 million and the facilities will be operational in 2017.

- Petroperu and TR signed the final agreement for the conversion to LSTK contract for the Talara refinery modernization project in Talara, Peru. The value of the contract is approximately USD 2,700 million.

  The modernization project will increase the refinery production from 62,000 to 95,000 barrels per day and will last over the next 55 months.

  The project includes:

  - The expansion and modification of existing process units: primary distillation unit, catalytic cracking complex and vacuum distillation unit.
  - The construction of new processing units: diesel hydrotreating, cracked naphtha hydrotreating, vacuum distillation, flexicoker naphtha hydrotreating, naphtha catalytic reforming, amine and cogeneration.
  - The expansion and upgrade of the utilities and offsites facilities.

In July 2014, the company was awarded other relevant projects to be included in the 3Q 2014 backlog:

- AES Dominicana, through Dominican Power Partners, DPP, awarded TR the execution of the conversion to combined cycle of its Los Mina power plant in Santo Domingo, Dominican Republic.

  The new power plant will add 114 MWe of new power generation capacity to the existing 210 MWe open cycle and consists of two gas turbines operating in open cycle.

  The value of the contract is approximately USD 140 million. Together with the contract signature, DPP will issue a limited notice to proceed that will be followed by a final notice to proceed expected in September this year. The plant will be completed in 27 months following the final notice to proceed.

- Polska Grupa Energetyczna (PGE) awarded to the consortium formed by TR, together with Mitsubishi Hitachi Power Systems Europe (MHPSE) and Budimex, a LSTK contract for the construction of a new coal power generation unit at the Turów power plant in Bogatynia, in the southwestern part of Poland.

  The total contract value is of 3,250 million Zloty (approximately € 770 million), which will represent a backlog increase of approximately € 170 million for TR.

  The notice to proceed for the execution of the contract will be notified by PGE before the end of this year. The plant will be operational 56 months following such notice to proceed.

- EnerSur, one of the major power generation companies in Peru and part of GDF Suez group, selected TR and JJC Contratistas Generales for the construction of an Open Cycle Power Plant project in Ilo, South of Peru.

  The new power plant will consist of the installation of three dual fuel gas turbines with a total net power output of 500 MWe ±20%. The contract has a value of approximately USD 240 million, half of that corresponds to TR.

  Following the contract signature, EnerSur will issue a limited notice to proceed order that will be followed by a final notice to proceed, which is scheduled in October 2014. The plant will be completed in 23 months following the final notice to proceed.

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT January - June	1H 2014 € million	1H 2013 € million	Var. %	Year 2013 € million
Net Revenues	**1,478.7**	**1,394.6**	**6.0%**	**2,846.1**
Other Revenues	1.6	5.1		7.7
Total Income	**1,480.3**	**1,399.7**	**5.8%**	**2,853.8**
Raw materials and consumables	-960.6	-934.2		-1,945.6
Personnel Costs	-243.2	-217.1		-439.1
Other operating costs	-195.5	-170.8		-311.8
EBITDA	**81.0**	**77.6**	**4.4%**	**157.3**
Amortisation	-5.7	-4.5		-9.2
EBIT	**75.3**	**73.1**	**3.1%**	**148.0**
Financial Income/ expense	4.5	4.7		5.3
Share in results obtained by associates	-0.5	0.2		-2.8
Profit before tax	**79.3**	**78.0**	**1.7%**	**150.5**
Income taxes	-12.8	-10.5		-22.0
Net Profit	**66.5**	**67.4**	**-1.3%**	**128.5**

3.1 REVENUES

REVENUES BREAKDOWN January - June	1H 2014 € million	%	1H 2013 € million	%	Var. %	Year 2013 € million
Oil and gas	1,404.7	95.0%	1,276.5	91.5%	10.0%	2,613.8
Power	29.5	2.0%	39.8	2.9%	-26.0%	79.1
Infrastructure and industries	44.5	3.0%	78.2	5.6%	-43.1%	153.2
Net Revenues	**1,478.7**	**100%**	**1,394.6**	**100%**	**6.0%**	**2,846.1**

In 1H 2014, net revenues rose by 6.0% to € 1,478.7 million, compared to € 1,394.6 million of revenues in 1H 2013.

Oil and Gas: sales on this division increased by 10.0% and reached € 1,404.7 million in 1H 14. The oil and gas revenues represented 95% of total sales. The Refining and Petrochemical division remains the largest contributor to sales.

- Refining and petrochemical: The main projects to sales contribution were: Volgograd for Lukoil (Russia), Izmit for Tüpras (Turkey), TAN for Yara/Orica/Apache (Australia), three projects in Sadara for Dow Chemical / Saudi Aramco (Saudi Arabia), Kemya for Sabic / Exxon Mobil (Saudi Arabia), Petrokemya for Sabic (Saudi Arabia) and Optara for Total (Belgium).

- Upstream and natural gas: The key contribution projects were the Gran Chaco project for YPFB (Bolivia), the oil sands project for CNR (Canada), and the Shah project for ADCO (Abu Dhabi).

Power: the power division revenues fell from € 39.8 million in 1H 2013, to € 29.5 million in 1H 2014, as a consequence of a lower level of awards in previews years. The new projects awarded in July 2014 will have an impact in future quarters.

Infrastructure and industries: revenues on this division decreased by 43.1% in 1H 2014 to € 44.5 million, compared to € 78.2 million in 1H 2013. Desalinisation projects remain the major activity contributor to the sales.

3.2 OPERATING PROFIT

OPERATING MARGINS January - June	1H 2014 € million	1H 2013 € million	Var. %	Year 2013 € million
EBITDA	81.0	77.6	4.4%	157.3
Margin	*5.5%*	*5.6%*		*5.5%*
EBIT	75.3	73.1	3.1%	148.0
Margin	*5.1%*	*5.2%*		*5.2%*

EBIT BREAKDOWN January - June	1H 2014 € million	1H 2013 € million	Var. %	Year 2013 € million
Operating Profit from divisions	108.0	106.8	1.2%	215.3
Costs not assigned to divisions	-32.7	-33.7	-3.1%	-67.2
Operating profit (EBIT)	**75.3**	**73.1**	**3.1%**	**148.0**

- In 1H 2014, EBITDA and EBIT grew by 4.4% and 3.1% respectively, to € 81.0 million and € 75.3 million respectively.
- 1H 2014 EBITDA and EBIT margins stood at similar levels than the year before.

3.3 NET PROFIT

NET PROFIT January - June	1H 2014 € million	1H 2013 € million	Var. %	Year 2013 € million
Net Profit	**66.5**	**67.4**	**-1.3%**	**128.5**
Margin	**4.5%**	**4.8%**		**4.5%**

Financial Income/Expense January - June	1H 2014 € million	1H 2013 € million	Year 2013 € million
Net financial Income *	4.0	4.5	7.1
Gains/losses in transactions in foreign currency	0.4	0.3	-1.8
Financial Income/Expense	**4.5**	**4.7**	**5.3**

* Financial income less financial expenditure

In 1H 2014, net profit declined by 1.3% to € 66.5 million, as a result of:

- Net financial result: in June 2014 financial income stood at € 4.5 million, a slight decrease compared to June 2013, due to a smaller net financial income driven by a lower return on the cash invested.

- Tax rate: In 1H 2014 the company´s tax expense was € 12.8 million, which is higher than the € 10.5 million tax expense of 1H 2013.

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET June 30, 2014	1H 2014 € million	1H 2013 € million	Year 2013 € million
ASSETS:			
Non-current Assets			
Tangible and intangible assets	117.4	107.5	112.8
Investment in associates	16.8	9.2	12.4
Deferred tax assets	37.3	34.1	37.9
Other non-current assets	7.2	12.1	11.1
	178.6	**163.0**	**174.1**
Current assets			
Inventories	25.2	26.2	24.3
Trade and other receivables	1,515.6	1,655.9	1,461.1
Other current assets	30.2	52.2	44.8
Cash and Financial assets	701.1	642.9	658.7
	2,272.1	**2,377.3**	**2,188.8**
TOTAL ASSETS	**2,450.7**	**2,540.2**	**2,362.9**
EQUITY AND LIABILITIES:			
Equity	**468.0**	**427.6**	**438.5**
Non-current liabilities	**46.6**	**53.3**	**54.6**
Financial Debt	24.5	31.7	25.9
Other non-current liabilities	22.1	21.5	28.7
Long term provisions	**18.6**	**22.3**	**29.6**
Current liabilities			
Financial Debt	4.0	0.2	4.1
Trade payable	1,814.8	1,950.8	1,729.8
Other current liabilities	98.8	86.1	106.3
	1,917.6	**2,037.0**	**1,840.2**
Total liabilities	**1,982.7**	**2,112.6**	**1,924.4**
TOTAL EQUITY AND LIABILITIES	**2,450.7**	**2,540.2**	**2,362.9**

EQUITY June 30, 2014	1H 2014 € million	1H 2013 € million	Year 2013 € million
Shareholders' funds + retained earnings	540.8	509.4	548.1
Treasury stock	-73.4	-73.4	-73.4
Hedging reserve	-3.0	-12.2	-4.4
Interim dividends	0.0	0.0	-35.8
Minority Interest	3.5	3.8	4.0
EQUITY	**468.0**	**427.6**	**438.5**

NET CASH POSITION June 30, 2014	1H 2014 € million	1H 2013 € million	Year 2013 € million
Current assets less cash and financial assets	1,571.0	1,734.4	1,530.2
Current liabilities less financial debt	-1,913.6	-2,036.9	-1,836.1
COMMERCIAL WORKING CAPITAL	**-342.6**	**-302.5**	**-306.0**
Financial assets	62.2	58.5	67.9
Cash and cash equivalents	638.9	584.4	590.8
Financial Debt	-28.5	-31.9	-30.0
NET CASH POSITION	**672.6**	**611.0**	**628.6**
NET CASH + COMMERCIAL WORKING CAPITAL	**330.0**	**308.5**	**322.7**

- Equity of the company rose to € 468.0 million, € 40.4 million higher than the equity of June 2013, as a result of the 1H 2014 generated profit less the complementary dividend approved by the AGM, plus a smaller impact of the hedging reserve.

- As of June 30th, 2014, the net cash position went up to € 672.6 million, larger than the level of June 2013 and December 2013, mainly due to the reception of the Talara project downpayment.

- In December 2013, the Board of Directors approved an interim dividend of € 0.667 per share, out of 2013 results, which was paid on 16th January 2014. In February, the company announced a complementary dividend of € 0.7285 per share, out of 2013 results, which was paid on July, 15th 2014. Consequently, total dividends paid in 2014, out of 2013 results, were € 75 million (€ 1.3955 per share), which represents the same absolute amount compared to the dividends paid in 2013.

ANNEX: FILINGS WITH CNMV RELEVANT EVENTS AND OTHER COMMUNICATIONS

In the second quarter of 2014, the company filed with the Spanish CNMV the following communications:

- Saudi Aramco, the state-owned oil company from Saudi Arabia selected TR for the execution of the Utilities & Common Area project within the Jazan IGCC (Integrated Gasification Combined Cycle) complex in the Jazan Economic City, located in Jazan Province, a south western region of Saudi Arabia.

  The Jazan IGCC complex, which is to become the largest gasifier-based power facility in the world, will convert vacuum residue, to be produced in the adjacent Jazan refinery, into synthesis gas (syngas). TR is currently executing two large projects in the 400,000 bpd Jazan Refinery.

  The gasification unit will have a capacity of 2,110,000 Nm3/h of syngas that will be evenly used to produce purified hydrogen for the refinery and to fuel a combined cycle facility producing utilities and power for the refinery and to export to the national grid. Total output of the plant will be of approximately 2,400 MW.

  The scope of the project awarded to TR includes the development of the utilities and off-sites facilities for the IGCC complex under a Lump Sum Turn Key (LSTK) contract covering the services for engineering, procurement, construction, precommissioning and commissioning support for the facilities.

  The contract has a value of approximately USD 1,700 million and the facilities will be operational in 2017. This is the second contract for the power generation business of TR with Saudi Aramco, after the successful completion of the Manifa cogeneration plant.

  The award of this contract underlines the prominent competitive position of TR in the Saudi market, and it reinforces the trust that TR continues to build with one of its key clients, Saudi Aramco, with whom TR has been working continuously since 2003.

  Saudi Aramco is a fully integrated, global petroleum enterprise and is the world leader in hydrocarbons exploration, production, refining, distribution, shipping and marketing, and the world's top exporter of crude oil and natural gas liquids (NGLs). Saudi Aramco manages proven crude oil reserves of 260.2 billion barrels, with an average crude oil production of 10 million barrels per day. With headquarters in Dhahran (Saudi Arabia), Saudi Aramco has subsidiaries and affiliates in Saudi

Arabia, China, Japan, India, the Netherlands, the Republic of Korea, Singapore, the United Arab Emirates, Egypt, the United Kingdom and the United States.

- TR and Petroperu signed the final agreement for the conversion to LSTK contract for the Talara refinery modernization project in Talara, Peru. The contract involves the engineering, the procurement and the construction of the crude processing units for the modernization of the refinery.

  The agreement reached corresponds to the conversion of the previous contract awarded under "open book" contract whose total value is approximately USD 2,700 million.

  This represents the largest refining turnkey project world-wide awarded to a single contractor; a milestone previously achieved by TR in 2011 with the award of another refining turnkey project in Turkey for USD 2,400 million.

  The project includes the design and detailed engineering, procurement of all equipment and materials, construction and assistance to the start-up of the facility within a schedule of 55 months. The goal of the project is to produce diesel and gasoline fuels according to the new Peruvian environmental requirements (with a maximum sulfur content of 50 ppm) at competitive prices. The modernization project will increase the refinery production from 62,000 to 95,000 barrels per day.

  The project will also contribute to reducing environmental impact, the production of fuels of improved quality and of course provide an increase in the ability to process heavy crudes to improve operational flexibility.

  In line with the protection of the environment, this refinery will have minimal emissions, generate its own electricity and include its facilities for desalination of sea water and purification to avoid altering the aquifers in the area.

  The project includes:

  - The expansion and modification of existing process units: primary distillation unit, catalytic cracking complex and vacuum distillation unit.
  - The construction of new processing units: diesel hydrotreating, cracked naphtha hydrotreating, vacuum distillation, flexicoker (a complex refining unit in which TR is one of the few companies in the world with experience and references), naphtha hydrotreating, naphtha catalytic reforming, amine and cogeneration.
  - The expansion and upgrade of the utilities and offsites facilities.

With this new award, TR strengthens its global position as a provider of technological know-how in complex refining projects.

Petroperu is a state-owned company under private law and engaged in exploration, production, transportation, refining, distribution and commercialization of combustible fuels and other petroleum-based products. The company is among the major contributors to the Peruvian state, directly employing approximately 2,500 people and developing the Petrored chain with more than 500 affiliated stations service throughout the largest in the country.

- In accordance with the resolution approved at the Annual General Meeting (AGM) the company filed with the CNMV a communication on the final 2013 dividend payment. In February, the Board of Directors decided to propose to the AGM the distribution of a total dividend of € 75 million (1.3955 Euros per share) out of 2013 results.

  In July, the company distributed a complementary dividend of € 39 million among the shares not held as Treasury Stock amounting to € 0.7285 per share.

Also, since the end of the second quarter, the company filed with the Spanish CNMV the following communications:

- AES Dominicana, through Dominican Power Partners, DPP, awarded TR the execution of the conversion to combined cycle of its Los Mina power plant in Santo Domingo, Dominican Republic.

  The new power plant will add 114 MWe of new power generation capacity to the existing 210 MWe open cycle. The existing plant consists of two gas turbines operating in open cycle after which TR will install two heat recovery steam generators, one steam turbine and all the necessary balance of plant. The awarded project is a LTSK contract covering the services for engineering, procurement, construction, commissioning and start-up of the plant, up to commercial operation.

  The contract has a value of approximately USD 140 million. Together with the contract signature, DPP will issue a limited notice to proceed that will be followed by a final notice to proceed expected in September this year. The plant will be completed in 27 months following the final notice to proceed.

  This will be the first contract for TR with the AES group and confirms TR´s long-standing presence in the Latin American market.

The AES Corporation is a Fortune 200 global power company that owns and manages USD 40 billion in total assets. It provides affordable, sustainable energy to 20 countries through a diverse portfolio of distribution businesses, as well as thermal and renewable generation facilities. It has a workforce of 17,800 people and 2013 reported revenues of USD 16 billion.

AES Dominicana, which started operations in Dominican Republic on 1997, is responsible for approximately 37% of the energy injected in the national electrical system. It groups Dominican Power Partners (DPP), AES Andres and ITABO S.A., as well as two important port facilities.

- TR, in consortium with Mitsubishi Hitachi Power Systems Europe (MHPSE) and Budimex, signed with Polska Grupa Energetyczna (PGE) a LSTK contract for the construction of a new coal power generation unit at the Turów power plant in Bogatynia, in the southwestern part of Poland.

  The contract was signed after a competitive tender process that concluded with the selection by PGE of the above mentioned consortium as the winning bidder. The scope of the project for the new 450 MWe supercritical coal unit, that will fire local lignite in compliance with the stringent local environmental regulations and efficiency well above that of a conventional coal power plant, will include a coal boiler, flue gas treatment, steam turbine and all the relevant balance of plant, including a natural draft cooling tower.

  MHPSE will be responsible of the supply of the core technology holding a share in the consortium of 55.4%, while TR and Budimex will supply the rest of the equipment and will be in charge of the construction holding each of them a 22.3% share. The total contract value is of 3,250 million Zloty (approximately € 770 million) which will represent a backlog increase of approximately € 170 million for TR.

  The notice to proceed for the execution of the contract will be notified by PGE before the end of this year. The plant will be operational 56 months following such notice to proceed.

  This new award places TR as a front player in the highly efficient and environmental compliant coal power market. Poland represents the more active power market for new build plants in Europe and this award enables TR to add a new company to its customer portfolio.

  Polska Grupa Energetyczna is the largest energy sector company in Poland in respect to sales, power generation capacity and power supply. The company is 61.89% owned by the Polish State treasury, being listed in the Warsaw Stock Exchange since 2009. It has a total installed power of 12,860 MWe and provides energy to more than 5 million consumers.

- EnerSur, one of the major power generation companies in Peru and part of GDF Suez group, selected TR and JJC Contratistas Generales for the construction of an Open Cycle Power Plant project in Ilo, South of Peru.

  The new power plant will consist of the installation of three dual fuel gas turbines with a total net power output of 500 MWe ±20%. The awarded project covers the services for engineering, procurement, construction, commissioning and start-up of the plant, up to commercial operation.

  The plant will meet EnerSur power capacity obligation under the "Nodo Energetico del Sur" cold reserve program, that will ensure power availability to final electricity users in Peru, such as households as well as important mining projects in the South of Peru.

  The contract has a value of approximately USD 240 million and the amount correspondent to TR is half of this overall value.

  Following the contract signature, EnerSur will issue a limited notice to proceed order that will be followed by a final notice to proceed, which is scheduled in October 2014. The plant will be completed in 23 months following the final notice to proceed.

  This will be a new contract for TR with the GDF Suez group, after the completion of Montoir de Bretagne combined cycle in France, the Mejillones LNG facility in Chile and the ongoing Touat Gaz project in Algeria.

  TR has a long-standing presence in the Latin American market, but this will be the first project for the power business unit in Peru, after successfully executing power projects in Europe and Middle East.

  EnerSur is Peru's first private-owned electrical power generation company in installed capacity, and it is part of the GDF SUEZ group.

  GDF Suez is a global energy player and an expert operator in the three key sectors of electricity, natural gas and energy services. GDF Suez, with 113.7 GW of installed power-production capacity, is the first producer of non-nuclear power in the world, the first supplier of energy and environmental efficiency services in the World and the third LNG importer in the World.