



TECNICAS REUNIDAS

**NINE MONTHS RESULTS
January - September 2008**

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1. HIGHLIGHTS

HIGHLIGHTS <i>January - September</i>	9M 08 €million	9M 07 €million	Var. %	Year 2007 €million
Backlog	4,720	4,437	6%	4,713
Net Revenues	1,792	1,406	27%	2,005
EBITDA	106	78	35%	113
<i>Margin</i>	5.9%	5.6%		5.7%
EBIT	101	75	35%	108
<i>Margin</i>	5.7%	5.3%		5.4%
Net Profit	102	77	34%	108
Net cash position	537	256	110%	422

- Net Profit climbed to € 102 million with an increase of 34%, in the first nine months of 2008, compared to the same period of 2007.
- Backlog increased to € 4,720 million, with growth of 6% since September of last year, supported by € 1,590 million of awards. The most relevant award in the third quarter was the Alkylation Unit for Enap in Chile.
- Revenues grew by 27%, amounting to € 1,792 million, driven by growth in each of the three divisions.
- Over the period, EBITDA and EBIT grew by 35%, as a consequence of the significant increase in sales and margin expansion. EBITDA margin increased from 5.6% for the 9M 2007 to 5.9% for 9M 2008.
- Net cash reached € 537 million at the end of September 2008 that compares to € 256 million for the same date in 2007. Dividends paid in the third quarter of 2008 were € 29.3 million.

2. BACKLOG

	Project	Country	Client	Estimated Delivery
Refining and Petrochemical	Hydrocraker - Danube*	Hungary	MOL	2011
	Elefsina	Greece	Hellenic Petroleum	2011
	Khabarovsk	Russia	OC Alliance	2011
	Sines*	Portugal	Galp	2011
	Hydrocraker Complex -Cartagena	Spain	Repsol	2011
	Crude Distillation Unit Mohammedia	Morocco	Samir	2011
	Alkylation unit	Chile	Enap	2010
	Borouge Project*	United Arabs Emirates	ADNOC/ Borealis	2010
	Dung Quat	Vietnam	Petrovietnam	2009
	Phenolics Plant- Kayan*	Saudi Arabia	Sabic	2009
	Hydrocraker - Huelva	Spain	Cepsa	2008
	Rabigh	Saudi Arabia	Saudi Aramco	2008
	Nitric Acid Plant	Chile	Enaex	2008
	Refining Units	Mexico	Pemex	2008
Polymer Plant	Spain	Sabic	2008	
Upstream & Gas	Mejillones	Chile	Codelco/Suez	2009
	Medgaz	Algeria	Medgaz	2009
	Saih Rawl (compression plant)	Oman	PDO	2009
	Hawiyah	Saudi Arabia	Saudi Aramco	2008
	Ju'aymah	Saudi Arabia	Saudi Aramco	2008
	TFT	Algeria	Total/Repsol/Sonatrach	2008
	RKF	Algeria	Cepsa/Sonatrach	2008
	Telemetry	Kuwait	KOC	2008
Power	Manifa	Saudi Arabia	Saudi Aramco	2010
	Moerdijk	Holland	Essent	2010
	Extremadura	Spain	Green Fuel	2010
	Montoir de Bretagne	France	Gaz de France	2010
	Granadilla II	Spain	Endesa	2010
	Puerto de Barcelona	Spain	Gas Natural	2010
	San Adrian de Besos	Spain	Endesa	2010
	Saih Rawl (power plant)	Oman	PDO	2009
	Escatron II	Spain	Global 3	2009
Barranco de Tirajana III	Spain	Endesa	2009	

* Project in execution on an open book basis

Backlog as of September, 30th

At the end of September 2008, the backlog of the company amounted to € 4,720 million, of which 82% corresponded to the oil and gas division and 18%, to the power division. Infrastructure and industries contracts are not included in the backlog calculation. From September 2007, backlog grew by 6%.

The most relevant contracts included in the backlog during the first nine months of the year were: two new hydrogen units of the Cartagena project for Repsol YPF in Spain, the Elefsina refinery upgrade project for Hellenic Petroleum (HELPE) in Greece, a hydrocracking complex for the Danube Refinery for MOL in Hungary, the Manifa power generation project for Saudi Aramco in Saudi Arabia, a CCGT for Essent in Holland and an alkylation unit for Enap in Chile.

In the third quarter of 2008, the main award was the contract for a new alkylation unit for Enap at the Aconcagua Refinery in Chile, under a “Cost Plus Fee” contractual scheme. TR had completed the FEED of the project, awarded one year ago.

This new alkylation unit will produce a high value additive to increase the octane amount of the refined products. It will include a Diolefin Saturation Plant, a Butane Isomerization, as well as a Sulphuric Acid Regeneration Plant with a production capacity of 1,000 m3/day.

The project is scheduled to be completed in the third quarter of 2010, with an approximately value of \$150 million.

At the end of September 2008, the backlog includes four projects signed on an open book basis that are expected to convert into lump sum contracts in the future: the Borouge project in Abu Dhabi, the Kayan project in Saudi Arabia, the Sines project in Portugal and the Hydrocraker for MOL in Hungary. The company’s estimate of the aggregate value of these four projects is € 2,105 million.

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT January - September	9M 08 €million	9M 07 €million	Var. %	Year 2007 €million
Net Revenues	1,791.5	1,405.8	27.4%	2,005.2
Other Revenues	0.7	4.8		2.3
Total Income	1,792.3	1,410.6	27.1%	2,007.5
Raw materials and consumables	-1,217.5	-996.4	22.2%	-1,379.8
Personnel Costs	-198.8	-153.8	29.3%	-214.0
Other operating costs	-270.4	-182.1	48.5%	-300.4
EBITDA	105.5	78.3	34.7%	113.3
Amortisation	-4.2	-3.4		-5.3
EBIT	101.3	75.0	35.0%	108.0
Financial Income/ expense	11.6	4.5		6.0
Share in results obtained by associates	0.4	0.3		0.6
Profit before tax	113.2	79.8	41.8%	114.6
Income tax	-10.9	-3.3		-6.7
Net Profit	102.3	76.6	33.6%	107.9

3.1 REVENUES

REVENUES BREAKDOWN January - September	9M 08 €million	%	9M 07 €million	%	Var. %	Year 2007 €million
Oil and gas	1,435.7	80%	1,200.2	85%	19.6%	1,647.1
Power	279.1	16%	143.2	10%	94.9%	252.6
Infrastructure and industries	76.8	4%	62.4	4%	23.1%	105.5
Net Revenues	1,791.5	100%	1,405.8	100%	27.4%	2,005.2

Tecnicas Reunidas net revenues grew by 27.4%, reaching € 1,791.5 million in the first nine months of 2008, with strong performance in all business units:

Oil and Gas: Revenues from January to September 2008 increased by 20%, compared to the same period the year before, representing 80% of total sales. The refining and petrochemical division continued to be the major contributor to sales.

- Refining and petrochemical. The main contributors to revenues in the first nine months of 2008 were: the Cartagena project for Repsol (Spain) and the Borouge project for ADNOC (UAE), as well as the projects of Rabigh, Khabarovsk, Mexico and Vietnam.
- Upstream and natural gas. In the first nine months of 2008, growth in this division was enhanced by the Saih Rawl project for PDO, Oman, the Hawiyah project for Saudi Aramco and the Medgaz project.

Power: Revenues from this division increased by 95%, from € 143.2 million in the first nine months of 2007 to € 279.1 million for the same period in 2008. Growth was mainly driven by the power plant of the Saih Rawl project in Oman, as well as by several Spanish projects: Granadilla and Besós for Endesa, the Escatrón II project and Puerto de Barcelona for Gas Natural.

Infrastructure and industry: Revenues in the infrastructure and industry division grew by 23%, reaching € 76.8 million in 9M 2008. The major projects contributing to revenues in the first nine months of 2008 were the engineering and construction of two production plants for purified silicon and silicon wafers.

3.2 OPERATING PROFIT

OPERATING MARGINS	9M 08	9M 07	Var.	Year 2007
January - September	€million	€million	%	€million
EBITDA	105.5	78.3	34.7%	113.3
<i>Margin</i>	5.9%	5.6%		5.7%
EBIT	101.3	75.0	35.0%	108.0
<i>Margin</i>	5.7%	5.3%		5.4%

EBIT BREAKDOWN	9M 08	9M 07	Var.	Year 2007
January - September	€million	€million	%	€million
Operating Profit from divisions	137.8	101.6	35.6%	149.8
Costs not assigned to divisions	-36.5	-26.6	37.2%	-41.8
Operating profit (EBIT)	101.3	75.0	35.0%	108.0

- EBITDA reached € 105.5 million in the first nine months of 2008, up 35%, and EBIT reached € 101.3 million for the same period, with a similar increase, due to the effect of fast growing sales and the improvement of project margins.

- Operating margin stood at 5.7% in 9M 2008, from 5.3% in 2007, due to better contractual terms in the recently awarded projects.

3.3 NET PROFIT

Financial Income/Expense January - September	9M 08 €million	9M 07 €million	Year 2007 €million
Net financial Income *	7.6	5.8	8.6
Gains/losses in transactions in foreign currency	4.0	-1.3	-2.5
Financial Income/Expense	11.6	4.5	6.0

* From net cash and other investments less financial expenditure

NET PROFIT January - September	9M 08 €million	9M 07 €million	Var. %	Year 2007 €million
Net Profit	102.3	76.6	33.6%	107.9
Margin	5.7%	5.4%		5.4%

- Financial results increased from an income of € 4.5 million in the first nine months of 2007 to an income of € 11.6 million in 2008. The strength of the Dollar versus the Euro in the third quarter of 2008 led to the revaluation of the net cash position denominated in dollars as of September 30th 2008 and generated net gains in transactions in foreign currency, which contributed significantly to the financial result improvement.
- Tecnicas Reunidas recognised a tax expense of € 10.9 million in the first nine months of 2008; slightly higher than in 2007, due to a larger contribution of sales in Spanish operations and the higher net financial income.
- In the first nine months of 2008, net profit climbed to € 102.3 million and grew by 34%, compared to the same period in 2007.

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET September 30, 2008	9M 08 €million	9M 07 €million	Year 2007 €million
ASSETS:			
Non-current Assets			
Tangible and intangible assets	58.3	41.8	46.2
Investment in associates	6.5	6.7	7.5
Deferred tax assets	16.0	18.1	19.6
Other non-current assets	9.3	6.1	6.7
	90.2	72.8	80.0
Current assets			
Inventories	12.8	15.9	9.0
Trade and other receivables	1,542.5	1,141.3	919.2
Other current assets	20.8	22.5	29.1
Cash and Financial assets	594.5	313.7	479.8
	2,170.5	1,493.4	1,437.1
TOTAL ASSETS	2,260.7	1,566.2	1,517.1
EQUITY AND LIABILITIES:			
Equity	238.2	228.6	231.9
Non-current liabilities	30.4	22.9	23.2
Financial Debt	16.0	11.2	11.9
Other non-current liabilities	14.4	11.7	11.2
Long term provisions	28.4	22.8	25.1
Current liabilities			
Financial Debt	41.3	46.8	46.1
Accounts payable	1,872.9	1,212.2	1,134.6
Other current liabilities	49.6	33.0	56.2
	1,963.7	1,292.0	1,236.9
Total liabilities	2,022.4	1,337.6	1,285.2
TOTAL EQUITY AND LIABILITIES	2,260.7	1,566.2	1,517.1

EQUITY September 30, 2008	9M 08 €million	9M 07 €million	Year 2007 €million
Shareholders' funds + retained profit	281.9	205.0	232.8
Treasury stock	-43.9	0.0	0.0
Hedging reserve	-7.4	18.1	19.0
Interim dividends	0.0	0.0	-25.2
Minority Interest	7.6	5.5	5.2
EQUITY	238.2	228.6	231.9

NET CASH POSITION	9M 08	9M 07	Year 2007
September 30, 2008	€ million	€ million	€ million
Current assets less cash and financial assets	1,576.0	1,179.7	957.3
Current liabilities less financial debt	-1,922.4	-1,245.2	-1,190.8
COMMERCIAL WORKING CAPITAL	-346.4	-65.5	-233.5
Financial assets	13.1	18.5	17.7
Cash and cash equivalents	581.4	295.3	462.0
Financial Debt	-57.3	-58.0	-58.0
NET CASH POSITION	537.2	255.8	421.8
NET CASH + COMMERCIAL WORKING CAPITAL	190.8	190.3	188.3

- Net cash reached € 537.2 million at the end of September 2008, representing an increase of € 281.4 million compared to the level of September 2007.
- In January 2008, the company paid out a 2007 interim dividend of € 0.45 per share and in July, it distributed a complementary dividend of 0.524 per share. Altogether, the total dividend payment from 2007 results was € 54.46 million (€ 0.974 per share), which represents more than 50% of 2007 net profit.
- Equity grew by € 9.6 million from September 2007 to September 2008. This increase came from the net profit generated by the operations, which outweighed the distribution of 2007 dividends and the effect of the increase in treasury stock.

5. RELEVANT EVENTS AND OTHER COMMUNICATIONS

In the third quarter of 2008, the company filed with the Spanish CNMV the following communication:

- Técnicas Reunidas, TR, has been awarded a contract for the new alkylation unit for Enap, at Aconcagua Refinery in Chile, under a “Cost Plus Fee” contractual scheme. TR completed the FEED of the project awarded one year ago.

The contract includes the development of the detail engineering, the supply of equipment and material and the construction of the mentioned plant.

The new alkylation unit will produce a high value additive to increase the octane amount of the refinery derivative products. It will include a Diolefin Saturation Plant, a Butane Isomerization, as well as a Sulphuric Acid Regeneration Plant with a production capacity of 1,000 m³/day.

The project is scheduled to be completed in the third quarter of 2010, with an approximately value of \$150 million.

This award reflects the strong presence of TR as market leader for Refining in Chile and the tight and successful cooperation between TR and ENAP over the last decade.

Enap Refinerías S.A. is an ENAP subsidiary that started operating on January 1, 2004, following the merger of Refinerías Petrox S.A. and RPC S.A. This merger made the largest oil refining company on the Pacific coast of South America, with a refining capacity of 220,000 barrels a day.

Moreover, since the end of the third quarter, the company also filed with the Spanish CNMV the treasury stock increase:

- In October 16th, the company announced a treasury stock increase to a level of 2.38% of the issued capital.