TECNICAS REUNIDAS

NINE MONTH RESULTS
January - September 2006
(Unaudited figures)

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1. HIGHLIGHTS

HIGHLIGHTS *January - September*	9M 06 € million	9M 05 € million	Var. %	Year 2005 € million
Backlog	2,651	1,526	*73.7%*	1,712
Net Revenues	806	464	*73.6%*	685
Adjusted EBITDA (1)	43	21	*107.4%*	31
Margin	*5.3%*	*4.5%*		*4.6%*
Adjusted EBIT (1)	41	19	*116.4%*	29
Margin	*5.1%*	*4.1%*		*4.2%*
Adjusted Net Profit (2)	44	27	*62.1%*	42
Margin	*5.4%*	*5.8%*		*6.1%*
Net cash position	239	197	*20.9%*	261

(1) EBITDA excluding IPO costs
(2) Net Profit excluding IPO costs and the profit from the sale of a real state subsidiary

- **Backlog increased to € 2,651 million, with a growth of 55% compared to December 2005. The most relevant award in the third quarter was the Saih Rawl project in Oman, worth $ 551 million.**
- **In the first nine months of 2006, revenues grew by 74%, compared to the same period of 2005, driven by growth in each of the three divisions.**
- **Adjusted EBITDA margin increased from 4.5% for the first nine months of 2005 to 5.3 % for the same period in 2006. Adjusted EBIT increased by 116% over the period.**
- **Adjusted Net Profit grew from € 27 million to € 44 million in the same period. Adjusted Net Profit Margin decreased from 5.8% to 5.4%, due to a 2006 tax expense, compared to a tax income in 2006.**
- **Net cash at the end of September 2006 amounted to € 239 million compared to € 197 million for the same date in 2005.**

2. BACKLOG

	Project	Country	Client	Estimated Completion
Refining and Petrochemical	Rabigh	Saudi Arabia	Saudi Aramco	2008
	Coker	Chile	Enap	2008
	Nitric Acid Plant	Chile	Enaex	2008
	HDS—Bio Bio	Chile	Enap	2008
	Refining Units	Mexico	Pemex	2008
	Dung Quat	Vietnam	Petrovietnam	2009
	Kirikkale	Turkey	Tüpras	2007
	Izmit	Turkey	Tüpras	2006
	Polymer Plant	Spain	General Electric	2007
	Phenol-Cumene Plant	Spain	Cepsa	2006
	Huelva	Spain	Cepsa	2008
Upstream and Natural Gas	Ju'aymah	Saudi Arabia	Saudi Aramco	2008
	Hawiyah	Saudi Arabia	Saudi Aramco	2008
	GC-28	Kuwait	KOC	2007
	Telemetry	Kuwait	KOC	2007
	TFT	Algeria	Total/Repsol/Sonatrach	2008
	RKF	Algeria	Cepsa/Sonatrach	2008
	Saih Rawl (compression plant)	Oman	PDO	2009
Power	Plana del Vent	Spain	Gas Natural	2008
	As Pontes	Spain	Endesa	2008
	Barranco de Tirajana	Spain	Endesa	2007
	Ocaña/Cuenca	Spain	—	2006
	Escatron	Spain	Global 3	2008
	Saih Rawl (power plant)	Oman	PDO	2009

- At the end of September 2006, the company backlog amounted to € 2,651 million, of which 89% corresponded to the oil and gas division and 11% corresponded to power division. From the beginning of the year, backlog grew by 54.8%.

- The most relevant contract included in the backlog during the third quarter is the Saih Rawl Depletion Compression Project, for Petroleum Development Oman (PDO), worth $ 551 million. The project involves the remodelling and capacity increase of the compression installations in the Saih Rawl field and includes four 30MW compression trains, a 120 MW generation plant, the energy distribution system, gas separators and the enlargement of the gas capturing system. The Saih Rawl Project is highly strategic for TR since it is the first large turn-key project awarded in Oman, where TR holds its Persian Gulf satellite engineering centre.

  The nature of the project requires strong know-how in natural gas upstream and electricity generation. The expertise of TR in both areas has shown to be a competitive advantage for the project award.

- The Lujan/Ensenada project for Repsol has been removed from the backlog since refining investments in Argentina are being reviewed in the light of the postponement of environmental regulations that required more stringent product specifications within the country. Argentina is currently prioritising investments that increase the production of lighter oil products to overcome the present shortage, especially of diesel products. The review is likely to lead to investment in more complex refinery units that will fit with TR's core know-how.

- Other major contracts awarded to the company, in the year 2006, were the Rabigh Refinery in Saudi Arabia, a hydrocracking unit for CEPSA in Spain and the second phase of the power plant for Global 3 (Spain).

- Infrastructure and industries contracts are not included in the backlog, basically due to its smaller size and the short period of execution.

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT January - September	9M 06 € million	9M 05 € million	Var. %	Year 2005 € million
Net Revenues	**806.3**	**464.4**	**73.6%**	**685.1**
Other Revenues	2.2	3.1		5.1
Total Income	**808.5**	**467.5**	**72.9%**	**690.2**
Raw materials and consumables	-487.2	-268.0	**81.8%**	-380.1
Personnel Costs	-119.4	-85.1	**40.3%**	-117.8
Other operating costs	-159.0	-93.7	**69.7%**	-161.1
IPO costs	**-2.7**	**0**		0
EBITDA	**40.3**	**20.7**	**94.5%**	**31.3**
Amortisation	-2.0	-1.8		-2.7
EBIT	**38.2**	**18.9**	**102.2%**	**28.6**
Financial Income/ expense	3.4	4.9		6.8
Results of the sale of subsidiary (Layar)	12.9	0.0		0.0
Share in results obtained by associates	0.3	0.0		1.2
Profit before tax	**54.8**	**23.8**	**130.4%**	**36.6**
Income tax	-4.7	3.3		5.0
Net Profit	**50.1**	**27.1**	**84.9%**	**41.6**

3.1 REVENUES

REVENUES BREAKDOWN January - September	9M 06 € million	%	9M 05 € million	%	Var. %	Year 2005 € million
Oil and gas	613.4	76%	339.4	73%	80.7%	486.6
Power	129.9	16%	75.1	16%	73.1%	123.6
Infrastructure and industry	63.0	8%	49.9	11%	26.3%	74.9
Net Revenues	**806.3**	**100%**	**464.4**	**100%**	**73.6%**	**685.1**

Tecnicas Reunidas net revenues grew by 73.6%, reaching € 806.3 million, with strong performance in all business units:

Oil and Gas: Revenues from January to September 2006 increased by 80.7%, compared to the same period the year before, representing 76% of total sales. The refining and petrochemical subdivision continued to be the major contributor to this growth although upstream also showed a positive increase:

- Refining and petrochemical. Projects in Mexico, Chile and Turkey continued to maintain high levels of activity. Also, Dung Quat project for Petrovietnam (Vietnam) and Rabigh project for Saudi Aramco (Saudi Arabia) contributed to increase year 2006 revenues.

- Upstream and natural gas. Growth in this subdivision was enhanced by the Juaymah and Hawiyah projects within the year 2006. Other smaller projects such as the Gathering centre 28 for Kuwait Oil Company have also reached levels of high activity and revenue generation.

Power: Revenues from this division increased by 73.1%, from € 75.1 million in the first nine month of the 2005 to € 129.9 million for the same period in 2006. The growth was mainly driven by the Plana del Vent Project (Tarragona) a CCGT for Gas Natural.

Infrastructure and industry**:** Revenues in the infrastructure and industry division grew by 26.3%, reaching € 63 million in September 2006, as a result of a series of new projects starting this year. The major recent projects contributing to the revenues of the year are Santiago de Compostela Airport, and a Carbon Fibre Plant at Toledo for Hexcel.

3.2 OPERATING PROFIT

OPERATING MARGINS January - September	9M 06 € million	9M 05 € million	Var. %	Year 2005 € million
Adjusted EBITDA	42.9	20.7	107.4%	31.3
Margin	*5.3%*	*4.5%*		*4.6%*
Adjusted EBIT	40.9	18.9	116.3%	28.6
Margin	*5.1%*	*4.1%*		*4.2%*

EBIT BREAKDOWN January - September	9M 06 € million	9M 05 € million	Var. %	Year 2005 € million
Operating Profit from divisions	61.4	36.2	69.9%	54.1
IPO costs	-2.7			0.0
Costs not assigned to divisions	-20.5	-17.3	19.0%	-25.5
Operating profit (EBIT)	**38.2**	**18.9**	**102.2%**	**28.6**

Adjusted EBITDA reached € 42.9 million in the first nine months of 2006, up 107% and Adjusted EBIT reached € 40.9 million for the same period, up 116%.

EBIT improvement reflects both, good pricing terms and economies of scale in general expenses (costs not assigned to divisions). Strong demand for engineering and construction services and enhanced brand recognition by major clients have led to repeat business at improved margins.

Booked IPO costs amounted to € 2.7 million. Although other IPO costs are still under revision, no significant variations are expected from this figure.

3.3 NET PROFIT

NET PROFIT January - September	9M 06 € million	9M 05 € million	Var. %	Year 2005 € million
Profit after taxes	50.1	27.1	84.9%	41.6
Net margin	6.2%	5.8%		6.1%
Adjusted Profit after taxes	**43.9**	**27.1**	**62.1%**	41.6
Adjusted margin	***5.4%***	***5.8%***		***6.1%***

In the first nine months of the year, Net Profit grew by 85% compared to the same period in 2005, as a consequence of EBIT improvement and the net effect of the exceptional income and expenses (sale of a subsidiary with real state assets and IPO costs).

Financial Income/ Expense

Financial results decreased from an income of 4.9 million as of September 2005 to an income of € 3.4 million as of September 2006:

Financial Income/Expense January - September	9M 06 € million	9M 05 € million
Net financial Income *	9.3	3.0
Gains/losses in transactions in foreing currency	-5.9	1.9
Financial Income/Expense	**3.4**	**4.9**

- The principal factor behind the decrease in the financial income is the significant change in the gains/losses in transactions in foreign currency. The company keeps a strict policy of protecting its business from FX risks by contracting FX forwards for each project. Since IFRS application started in year 2005, every new FX forward that is contracted follows IFRS requirements while the existing FX forwards are being adapted in order to meet those requirements. Therefore, the losses in transactions in foreign currency are due to this adaptation process and, also, because of the effect of holding cash positions in foreign currencies which are necessary for future payments in the same currency.

Profit from the sale of a subsidiary

Tecnicas Reunidas sold 75% of its subsidiary Layar Castilla (company that holds real state assets) on March 30th, 2006, obtaining a profit of € 12.9 million.

Income tax

Tecnicas Reunidas recognised a tax expense of € 4.7 million for the first nine months of 2006, that compares to a tax income of € 3.3 million for the same period of 2005. This tax expense is due to the inclusion in the tax base of the capital gains arising from the sale of Layar Castilla. Tax expense due to this sale amounts € 5.0 million.

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET	Sep-06 € million	Jun-06 € million	Dec-05 € million
ASSETS:			
Non-current Assets			
Tangible and intangible assets	22.7	22.7	21.0
Investment in associates	6.5	7.1	11.5
Deferred tax assets	19.5	19.1	24.0
Other non-current assets	4.0	4.5	2.9
	52.7	**53.3**	**59.4**
Current assets			
Inventories	9.6	2.6	5.9
Trade and other receivables	625.7	570.5	473.0
Other current assets	5.1	6.6	3.6
Cash and Financial assets	311.1	311.2	315.4
	951.4	**890.9**	**797.8**
TOTAL ASSETS	**1,004.2**	**944.2**	**857.3**
EQUTY AND LIABILITIES:			
Equity	**142.6**	**130.1**	**146.6**
Non-current liabilities	**9.3**	**8.1**	**8.8**
Provisions	**40.2**	**42.9**	**45.2**
Current liabilities			
Financial Debt	72.5	71.7	54.2
Accounts payable	689.6	661.3	550.7
Other current liabilities	50.0	30.0	51.8
	812.1	**763.1**	**656.7**
Total liabilities	**861.6**	**814.1**	**710.7**
TOTAL EQUITY AND LIABILITIES	**1,004.2**	**944.2**	**857.3**

EQUITY	Sep-06 € million	Jun-06 € million	Var.	Dec-05 € million
Shareholders' funds + retained profit	142.8	129.6	28.9%	167.0
Hedging reserve	-2.3	-1.7		-10.6
Interim dividends	0.0	0.0		-12.0
Minorty Interest	2.0	2.2	-5.2%	2.1
EQUITY	**142.6**	**130.1**	**12.7%**	**146.6**

NET CASH POSITION	Sep-06 € million	Jun-06 € million	Var.	Dec-05 € million
Current assets less cash and financial assests	640.3	579.7		482.5
Current liabilities less financil debt	-739.6	-691.3		-602.5
COMMERCIAL WORKING CAPITAL	**-99.2**	**-111.6**		**-120.0**
Financial assets	40.6	35.3		57.2
Cash and cash equivalents	270.6	275.9		258.1
Financial Debt	-72.5	-71.7		-54.2
NET CASH POSITION	**238.6**	**239.5**	**-0.4%**	**261.2**
NET CASH + COMMERCIAL WORKING CAPITAL	**139.3**	**127.8**	**9.0%**	**141.1**

- Net cash amounted to € 238.6 million in September 2006, similar to the figure of June 2006. Net cash decreased by € 22.6 million, compared to December 2005, mainly as a consequence of the distribution in March 2006 of reserves amounting to € 48 million and the payment of the ordinary dividend corresponding to the 2005 results, amounting to € 24 million. This decrease was partially offset by € 16 million of cash generated from the sale of the aforementioned real state subsidiary in March 2006.

- Equity grew by € 13.2 million compared to end of June. However, it decreased compare to December 2005, because of the distribution of dividends and reserves.

5. RELEVANT EVENTS AND OTHER COMMUNICATIONS

In the third quarter of 2006, the company filled with the Spanish "CNMV" a communication on the Saih Rawl Depletion Compression Project in Oman, worth $ 551 million. As mentioned before, the project includes mainly the design and construction of four 30MW compression trains and a 120MW generation plant, the energy distribution system, gas separators and the enlargement of the gas capturing system.