TECNICAS REUNIDAS

FULL YEAR RESULTS

January – December 2019

CONTENTS:

2019 Annual accounts audited by Deloitte and Price Waterhouse Coopers

1. MAIN HIGHLIGHTS

- **Backlog at € 10.0 billion at year end 2019, a 12% increase year on year**
- **Backlog at 11.8 billion, + 31%, including the Algerian project**
- **2019 Order intake of € 4.9 billion and 2020 YTD of € 1.9 billion**
- **Sales at € 4.7 billion**
- **Operating profit (EBIT) at € 68.2 million**
- **Adjusted net profit at € 39.4 million**
- **Net cash position of € 371 million**

Backlog at the end of 2019 was € 10.0 billion and grew by 12% year on year; € 11.8 billion (+31%) when including the important project for Sonatrach at Haoud el-Hamra, Hassi Messaoud (Algeria) with a value of USD 2 billion for the company. This contract was formally signed in early January and, therefore, will be included in the backlog in the first quarter of 2020. Moreover, in Canada, the company was awarded during Q1 2020 a large polypropylene cost-plus project by Canada Kuwait Petrochemical Coporation (CKPC).

In the fourth quarter, the most relevant additions to the backlog were: two energy efficiency projects for Suncor in Canada and for Termocandelaria in Colombia; a Basic Engineering Design (BED) and Front-End Engineering Design (FEED) for the important Tuban Project in Indonesia; and a FEED for a large Olefin Complex of Ineos in Belgium.

Total sales reached € 4.7 billion in 2019, growing 7% versus 2018. The higher sales figure reflects the steady progress in the contribution to sales of the growing backlog.

2019 Operating profit (EBIT) increased to € 68.2 million compared to 2018 EBIT of € 42.1 million. This represents a 62% increase due to sales growth, the contribution of the healthy margins of new projects and the lower impact of projects at the delivery stage.

Adjusted Net profit stood at € 39.4 million. Adjustments included IFRS 16 effect, non-recurrent items such as a provision for a tax settlement to mitigate corporate risk and capital gains from the sale of a non-core asset, in execution of the company's asset disposal plan.

Net cash position at the end of December increased to € 371 million, from €258 million a year ago. This increase in net cash reflects the improvement of working capital, following the natural progression of all different projects at different stages. No major downpayments took place in the quarter.

Outlook and Guidance for 2020

Positive medium-term outlook for awards based on a robust and dynamic pipeline of opportunities, spread over all regions and products, and consistently maintained at record levels, reaching USD41 billion, at December 2019.

Taking into consideration the recent contracts and agreements, as well as major internal initiatives, such as the TR-ansforma plan, the company guided for 2020:

- Sales: € 5,200 million – €5,500 million
- Operating Margin (EBIT/Sales): above 3%

Juan Lladó, Técnicas Reunidas Chief Executive Officer, commented:

"Técnicas Reunidas' prospects look encouraging and motivating. The bidding pipeline continues to improve as old customers repeat with us and new customers get to know Técnicas Reunidas better. We are reaping the fruits of quality and successful delivery, attracting new clients and being invited to an increasing number of projects all around the world. The pipeline continues to move into a flow of new awards. In this regard, we are very proud of having been selected again by Sonatrach to lead one of the most important projects in our sector that will be key for the development of Algeria.

2019 was a turning point for the company. We had to deliver the largest and most complex volume of projects in our history in a difficult environment. We succeeded and now we can look forward to a very positive year 2020. Major complex projects have been delivered or de-risked, backlog has been renewed and the TR-ansforma plan is being implemented. These are catalysts for strong sales, margin improvement and lower risk business profile.

In this context, we are expecting a higher contribution to our future awards coming from added-value schemes such as competitive FEEDs, early engagement projects, cost plus and Open Book contracts. From the very recent awards, some clear examples are: the cost-plus project in Canada for CKPC, the competitive FEED for Ineos in Belgium and the very large FEED for Pertamina and Rosneft in Indonesia. In both FEED cases, we aim to participate in further phases of those investments, with a deeper knowledge of the projects. Also, in terms of risk mitigation, I would highlight the relevance of the signature of two preservation and maintenance contracts with Petroperú in Talara and KIPIC in Kuwait, that acknowledge the successful completion of our work in those investments.

In sum, as mentioned above, we are starting 2020 with confidence, based on a renewed backlog, growing sales and improved margins. Most importantly, our success relies on the top qualification of our employees. I am sure our highly recognized engineers and technical experts will be at the forefront of the technological innovation that our clients are requiring to address this new era of energy transition."

The main figures for the FY 2019 are the following ones:

HIGHLIGHTS *January - December*	FY 2019 € million	FY 2018 € million	Var. %
Backlog	10,026	8,981	12%
Net Revenues	4,699	4,396	7%
EBITDA [1]	110.2	61.1	80%
Margin	2.3%	1.4%	
EBIT [1]	68.2	42.1	62%
Margin	1.5%	1.0%	
Net Profit [2]	-10.0	14.4	-169%
Margin	-0.2%	0.3%	
Adjusted Net Profit [1,2]	39.4	14.4	173%
Margin	0.8%	0.3%	
Net Cash Position [1]	371	258	44%

(1) Figures classified as Alternative Performance Metrics ("APMs"). See appendix.
(2) Profit for the year from continuining operations.

Técnicas Reunidas will hold a conference call today at 4:00 PM CET. It can be accessed through the link in its homepage http://www.tecnicasreunidas.es/en/.

As a reminder, the company will hold a Capital Markets Day in London next 26th March, where investors and analysts will have the opportunity to meet Técnicas Reunidas' senior management and technical experts and learn more about our company, outlook and market trends.

2. BACKLOG

	Project	Country	Client
Refining and Petrochemical	ExxoMobil´ refinery	Singapore	ExxonMobil
	Sitra refinery	Bahrain	BAPCO
	Baku refinery	Azerbaijan	SOCAR
	Duqm refinery	Oman	DRPIC
	Ras Tanura refinery	Saudi Arabia	Saudi Aramco
	Al Zour refinery	Kuwait	KNPC
	Minatitlán refinery	Mexico	Pemex
	Talara refinery	Peru	Petroperu
	Jazan refinery*	Saudi Arabia	Saudi Aramco
	RAPID refinery*	Malaysia	Petronas
	Polyethylene plant	Canada	Nova Chemicals
Upstream & Gas	Marjan	Saudi Arabia	Saudi Aramco
	Bu Hasa	United Arab Emirates	ADNOC Onshore
	Das Island	United Arab Emirates	ADNOC LNG
	Haradh	Saudi Arabia	Saudi Aramco
	Fadhili*	Saudi Arabia	Saudi Aramco
	GT5	Kuwait	KNPC
	Jazan IGCC*	Saudi Arabia	Saudi Aramco
Power	Emissions reduction	Canada	SUNCOR
	Combined cycle conversion	Colombia	Termocandelaria
	Sewa	United Arab Emirates	Sumitomo / GE EFS
	Biomass plant	UK	MGT Teeside
	Turów	Poland	Polska Grupa Energetyczna
	Tierra Mojada*	Mexico	Fisterra Energy
	Kilpilahti*	Finland	Neste / Veolia / Borealis

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

Backlog as of December 31st, 2019

At the end of December 2019, Técnicas Reunidas' backlog amounted to € 10,026 million, which represents a growth of 12% year on year. The Oil and Gas projects comprised 94% of the total backlog, whereas the Power division accounted for 6%. In the fourth quarter, the company has been selected to undertake several major new projects in Algeria, Canada, Indonesia, Colombia and Belgium. The Algerian project for Sonatrach, signed in early January, will be included in the backlog as of Q1 2020, together with the CKPC project. As of December 2019, the volume of new contracts awarded was € 4,886 million.

Q1 2020 Awards

- **Grassroots refinery in Algeria:** Sonatrach, the Algerian National Oil Company, and Técnicas Reunidas signed a contract for the execution of project for a grassroots refinery, at Haoud el-Hamra, Hassi Messaoud, in Algeria. The project will be executed in a Joint Venture (JV) with Samsung Engineering Ltd. Co. Técnicas Reunidas will be the leader of the JV, with a 55% share. The contract was formally signed in early January.

  The contract has an approximate total value of US$ 3,700 million, with the share of TR exceeding US$ 2,000 million. The new refinery will have a processing capacity of five million tons/year. Refining operations are expected to start during the first half of 2024.

The scope of the project includes the execution of a completely new refinery, including all the process and environmental units, as well as the necessary auxiliary services. The project includes some of the most advanced processing units, with technologies that are targeted to deep conversion, clean fuel production and fulfilment of stringent environmental requirements.

The Hassi Messaoud project is one of the largest investments made in Algeria and is part of an ambitious program, with the objective of increasing the local production of energy products to meet with Algeria's increasing demand, while oil products consumed are adapted to European environmental standards (Euro V). The design and execution of the plant will aim to accomplish the most stringent safety and environmental standards.

- **Polypropylene Production Project by CKPC in Alberta, Canada:** This Contract, signed in a reimbursable basis, involves the execution of a Polypropylene Production (PP) facility, at a site located in Sturgeon County, in the Province of Alberta, Canada. CKPC is a 50/50 joint venture between Kuwait's Petrochemical Industries Company K.S.C. (KPIC) and Pembina Pipeline Corporation (Pembina).

  The Polypropylene Production Project is part of the major PDH/PP Facility which will convert propane into 550,000 tons of polypropylene per year.

  Polypropylene (PP) is one of the world's most commonly used building blocks in the manufacturing industry and it is fully recyclable, thus greatly contributing to the circular economy. PP is lightweight, heat and impact resistant, transparent and not reactive. These attributes make PP an ideal foundation for products found in daily life. The project will also help to the diversification of energy intensive products manufactured in Alberta.

  The process design is based on W.R. Grace's UNIPOL Technology, one of the leading and most efficient process for polypropylene production. Some of the technical advantages of this technology are its mild operating conditions (low temperature and pressure), as well as its fewer moving parts and lower need for equipment than other competing technologies. The project includes carbon reduction designs as per vent recovery. This contract, executed on a reimbursable basis, will imply for TR more than 700,000 engineering hours.

  This project makes a meaningful contribution to the local, provincial and Canadian economies, reducing the external market dependence for the manufacturing industry and gives a sustainable solution for the propane produced in Alberta.

The project represents a new step in the consolidation of TR´s presence in Canada, where it has been executing projects since 2012. This is the second polymer project executed in this country, which demonstrates the strong footprint of Técnicas Reunidas in the petrochemical sector in Canada.

Q4 2019 Awards

- **Conversion to combined cycle of Termocandelaria's gas turbine power plant in Cartagena (Colombia):** The objective of the investment is to increase the output of current operations by improving the overall efficiency of the plant and, at the same time, reducing by 30% its carbon footprint. Additionally, it will provide Colombia with extra flexible base load capacity to support hydro and other renewable energies deployment. It will be completed in 31 months. This project confirms TR´s strength in the Latin American energy market.

- **FEED for INEOS in Antwerp, Belgium:** TR will be executing a FEED for the Utilities, Power and Infrastructure Package of INEOS' large Olefin Complex, which is the biggest investment in the European Chemical Industry in the last 20 years and a landmark in terms of energy efficiency. Técnicas Reunidas, if selected, could potentially convert this FEED into an EPC project.

- **BED and FEED for Tuban Project, Indonesia:** A joint venture of Indonesian state oil and gas company PT Pertamina (55%) and Russian PJSC Rosneft Oil Company (45%) selected Técnicas Reunidas for executing the BED and FEED for its mega project at Tuban, East Java, Indonesia. This project will employ an average of 500 engineers for a total duration of 21 months, with more than 700 engineers working at the peak. This award recognises the leadership of TR executing high value-added engineering services in complex oil and gas processing plants and further consolidates TR´s position in the Asia-Pacific market. The objective of the Tuban investment will be to meet the energy needs of Indonesia at a reasonable cost and with the highest standards of safety, sustainability and respect for the environment.

- **Emissions reduction project contract for Suncor:** a 50% partnership with Ledcor Group for the execution of a major cogeneration plant for the Coke Boiler Replacement Project for Suncor. This project will reduce greenhouse gas emissions by a 25%; sulphur dioxide emissions by 45%; nitrogen dioxide emissions by 15%;and will lower water consumption by 20%.

Engineering design and research and development projects

The company is continuously awarded conceptual studies, feasibility studies and FEEDs. These projects contribute to strengthening our relationship with clients and are crucial to keep developing our leading technical and technological capabilities. The company is reinforcing its strategy to carry out more projects of this type. Also, Técnicas Reunidas participates in different projects for research and development of new technologies. The major projects of this kind awarded in 2019 are listed below.

2019 FEEDs and other technological projects

In addition to the significant Tuban FEED and to the one for INEOS beforementioned, the company was awarded during 2019 several other key FEEDs:

- FEED/OBE for Biodiesel Hydrotreating Plant (HVO) for GUNVOR in Rotterdam.
- Competitive FEED for Linear Polyethylene Plant (PEL) for Repsol in Sines (Portugal).
- FEED for ADNOC in Upper Zakum offshore oilfield expansion in the UAE.
- Feasibility Study for Bontang New Grassroot Refinery in Indonesia.
- Engineering Support Services for Petrogas Rima LLC in Oman.
- Conceptual Design for the expansion of the Balongan Refinery in Indonesia.
- Two Process Design Packages (PDP) for two petrochemical plants for Sabic in China.
- An extended Process Design Package for Hydrocracker Unit for AXENS in Egypt.
- FEED for a petrochemical investment for SOCAR/BP in Turkey.
- FEED/OBE of New Fuels Specifications 10 PPM Project for three refining complexes of YPF in Argentina (Mendoza, Buenos Aires and Neuquén).
- Framework contract, which includes conceptual, basic and detail engineering for the GNL QUINTERO terminal, in Chile.

Research and Development projects

TR's research activity is focused on developing a competitive, sustainable and integrated European economy following the European communication for a more Resource Efficient Europe (COM (2011) 571 final), that provides a high standard of living for citizens but with a much lower environmental impact.

Specifically, TR is involved in research and development linked to:

- Environment (Circular Economy).
- Critical Raw Materials with a focus on the efficient use of resources and sustainability.
- Biorefineries as an alternative to conventional refineries, reducing the environmental footprint and promoting a sustainable business model.

In this respect, during 2019 Técnicas Reunidas has continued work on proven industrial technologies and has extended its presence in the above mentioned areas by participating in six research and development Projects:

Environment (Circular Economy)

- HALOMET™ Technology: Process developed to recover Zn among other metals from urban waste incineration residues.
- R+D 3R2020 Project: Development of innovative technologies to recover nonferrous metals from domestic and industrial residues.

Critical Raw Materials

- PHOS4LIFE™ Technology: Technical Grade Phosphoric Acid production from water treatment plant sewage ashes.
- R+D PUREPHOS Project: Alternative routes for phosphoric acid purification from non-conventional raw materials.
- R+D MONAZITE Project: Production of rare earths such as Neodymium, Praseodymium, Gadolinium, Lanthanum and Europium from monazite ores.
- R+D BIORECOVER Project: Recovery rare earths and platinum from primary and secondary resources.

Biorefinery

- WALEVA™ Technology: Production of levulinic acid from agricultural biomass residues which are currently burnt.
- R+D LIGNOPRIZED Project: Recovery of high added value products from lignin bearing biomass residues.
- R+D WALEVA-TECH Project: Production of high added value products from lignocellulosic biomass residues.

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT January - December	FY 2019 € million	FY 2018 € million	Var. %
Net Revenues	**4,699.1**	**4,396.3**	**6.9%**
Other Revenues	7.8	6.8	
Total Income	**4,706.9**	**4,403.1**	**6.9%**
Raw materials and consumables	-3,679.5	-3,436.6	
Personnel Costs	-610.8	-584.0	
Other operating costs	-306.4	-321.4	
EBITDA	**110.2**	**61.1**	**80.5%**
Amortisation	-42.1	-18.9	
EBIT	**68.2**	**42.1**	**61.7%**
Financial Income/ expense	-12.6	-18.8	
Share in results obtained by associates	0.3	-1.0	
Profit before tax	**55.8**	**22.3**	**150.3%**
Income taxes	-65.8	-7.8	
Profit for the year from continuining operation	**-10.0**	**14.4**	**-169.2%**
Profit (loss) from discontinued operations	**0.0**	**0.0**	
Profit for the year	**-10.0**	**14.4**	**-169.2%**
Non-controlling interests	**-0.8**	**-2.5**	
Profit Attibutable to owners of the parent	**-9.2**	**12.0**	**-177.1%**

3.1 REVENUES

REVENUES BREAKDOWN January - December	FY 2019 € million	%	FY 2018 € million	Var. %
Oil and gas	4,273.5	90.9%	3,717.0	15.0%
Power & Water	330.9	7.0%	578.1	-42.8%
Other Industries	94.7	2.0%	101.2	-6.4%
Net Revenues	**4,699.1**	**100%**	**4,396.3**	**6.9%**

In 2019, sales reached € 4,699 million, growing 7% versus 2018. The higher sales figure reflects the steady progress in the contribution to sales of the growing backlog (+12% year on year; +31% including Algeria's project).

Sales from the **oil and gas division** went up 15% and reached € 4,274 million for the 2019. Oil and Gas revenues represented the vast majority of total sales (91%):

- Refining and Petrochemical: The projects with the highest contribution to sales were the following: Duqm for DRPIC (Oman), Bapco project for the

Bahrain Petroleum Company (BAPCO) and Ras Tanura for Saudi Aramco (Saudi Arabia).

- Upstream and Natural Gas: The main contributors to sales were: the Haradh project for Saudi Aramco (Saudi Arabia), the ADGAS project for ADNOC LNG and Bu Hasa project for ADNOC ONSHORE (United Arab Emirates).

Revenues from the **power division** stood at € 331 million in 2019, which represents a decrease of 43%, since four out of the six projects of the division have moved to the latest stage of construction. This fact impacted the operational margin of the division, due to the decision of anticipating costs for acceleration plans and environmental requirements to reach successful delivery, and the lower absorption of the commercial costs and divisional overheads.

3.2 OPERATING AND NET PROFIT

OPERATING AND NET PROFIT January - December	FY 2019 € million	FY 2018 € million	Var. %
EBITDA	110.2	61.1	80.5%
Margin	*2.3%*	*1.4%*	
EBIT	68.2	42.1	61.7%
Margin	*1.5%*	*1.0%*	
Net Profit*	-10.0	14.4	-169.2%
Margin	*-0.2%*	*0.3%*	

***Net Profit from from continuining operations**

EBIT BREAKDOWN January - December	FY 2019 € million	FY 2018 € million	Var. %
Operating Profit from divisions	170.7	142.6	19.7%
Costs not assigned to divisions	-102.5	-100.5	2.0%
Operating profit (EBIT)	**68.2**	**42.1**	**61.7%**

Financial Income/Expense EBIT	FY 2019 € million	FY 2018 € million
Net financial Income *	-6.2	-2.5
Gains/losses in transactions in foreign currency	-12.1	-19.0
Capital gains from sale of non-core asset	17.7	-
Tax settlement interests	-12.1	-
Financial Income/Expense	**-12.6**	**-21.5**

* Financial income less financial expenditure

2019 EBITDA was € 110.2 million, and EBITDA margin was 2.4%. The impact of the application of IFRS 16 was € 28.5 million. Therefore, EBITDA excluding this impact, stood at € 81.7 million, with a growth of 33.7% compared to the same period last year.

2019 EBIT was € 68.2 million, that compares to the 2018 EBIT of € 42.1 million. Operating profit margin was 1.5%. This operating profit margin includes the healthy margins of newer projects and the lower impact of projects at the delivery stage. The figure for EBIT, excluding IFRS 16 effect, was € 68.1 million.

Adjusted net profit was € 39.4 million. This figure includes three adjustments:

Concept	Dec 19
(+) Net profit	-10.0
(-) IFRS 16 effect	0.6
(+) Tax settlement, net of taxes	64.5
(-) Capital gains from sale of non-core asset, net of taxes	-15.8
ADJUSTED NET PROFIT	**39.4**

- IFRS 16 impact of € 0.9 million;
- A tax settlement agreed with the Spanish Tax Inspection ("In Agreement Assessment") for the corporate tax of the financial year 2012, 2013 and 2014. This agreement is related to the application of taxation exemptions to project execution through entities called UTEs ("Union Temporal de Empresas"). TR and the Tax Inspection have agreed that the exemption is partially applicable for these years. The amount of the "In Agreement Assesment" is € 55.4 million plus € 12.1 million of interests. With these agreements, the company reduces tax liability risk and eliminates uncertainties in this matter.
- The capital gain of € 17.7 million, and its tax effect, from the sale of TR' stake in the company "Empresarios Agrupados", as part of the disposal plan of non-core assets, already announced by the company.

Net profit was € -10.0 million and reflects the impact of financial results and taxes.

- The accounted company income tax stood at € 65.8 million. The adjusted income tax stood at €11.6 million, which represents an effective tax rate of 22.8%.

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET December, the 31st	FY 2019 € million	FY 2018 € million
ASSETS:		
Non-current Assets		
Tangible and intangible assets	148.5	90.9
Investment in associates	3.4	12.7
Deferred tax assets	387.4	319.3
Other non-current assets	92.3	92.0
	631.7	**514.9**
Current assets		
Inventories	5.5	23.0
Trade and other receivables	2,672.1	2,421.7
Other current assets	18.3	19.7
Cash and Financial assets	952.8	745.6
	3,648.6	**3,210.0**
TOTAL ASSETS	**4,280.3**	**3,724.9**
EQUITY AND LIABILITIES:		
Equity	**330.0**	**358.6**
Non-current liabilities	**388.8**	**446.9**
Financial Debt	296.5	388.5
Other non-current liabilities	92.3	58.4
Long term provisions	**34.3**	**39.6**
Current liabilities	**3,527.1**	**2,879.8**
Financial Debt	285.8	99.4
Trade payable	2,978.6	2,654.1
Other current liabilities	262.7	126.3
Total liabilities	**3,950.3**	**3,366.3**
TOTAL EQUITY AND LIABILITIES	**4,280.3**	**3,724.9**

EQUITY December, the 31st	FY 2019 € million	FY 2018 € million
Shareholders' funds + retained earnings	415.3	426.4
Treasury stock	-73.8	-74.1
Hedging reserve	-24.2	-7.3
Interim dividends	0.0	0.0
Minority Interest	12.7	13.6
EQUITY	**330.0**	**358.6**

NET CASH POSITION December, the 31st	FY 2019 € million	FY 2018 € million
Current assets less cash and financial assets	2,695.8	2,464.4
Current liabilities less financial debt	-3,241.4	-2,780.4
COMMERCIAL WORKING CAPITAL	**-545.5**	**-315.9**
Financial assets	65.1	64.8
Cash and cash equivalents	887.6	680.8
Financial Debt	-582.3	-487.9
NET CASH POSITION	**370.5**	**257.7**
NET CASH + COMMERCIAL WORKING CAPITAL	**-175.0**	**-58.2**

At the end of December 2019, equity of the company was € 330 million, slightly below to the end of December 2018 level, impacted by the hedging reserves.

Net cash position stood at € 370.5 million. This increase in net cash reflects the improvement of working capital, following the natural progression of all different projects at different stages. No major downpayments took place in the quarter. Cash levels are linked to the company's exposure to current client payment terms of the Middle East region.

For consistency, the net cash figure does not include the new lease liabilities arising from IFRS 16 implementation as financial debt. These lease liabilities amounted to € 42.9 million for 2019.

2019 Adjusted figures

- **IFRS 16:** The application of the new financial reporting standard IFRS 16 had a positive impact of € 28.5 million in the full year 2019 EBITDA and a decrease in net profit of € 0.6 million (net of tax). In the balance sheet, the increase in assets was € 42.5 million.

- **Non-recurrent items:** Adjustments included non-recurrent items such as a provision for a tax settlement of € 55.4 million plus € 9.1 million of interests (net of tax) and capital gains from the sale of a non-core asset of € 15.8 million (net of tax).

€ Million	FY 2019	IFRS 16	Non-recurent items	FY 2019 Adjusted
EBITDA	110.2	**-28.5**	-	81.7
DEPRECIATION	-42.1	**28.5**	-	-13.6
EBIT	68.2	**-0.1**	-	68.1
NET FINANCIAL RESULT	-12.4	**0.9**	**-5.7**	-17.1
TAX	-65.8	-	**54.2**	-11.6
NET PROFIT	-10.0	**0.9**	**48.5**	39.4
"RIGHT OF USE" ASSETS	42.5	**42.5**	-	0.0
SHORT-TERM LEASE LIABILITIES	25.3	**25.3**	-	0.0
LONG-TERM LEASE LIABILITIES	17.7	**17.7**	-	0.0

APPENDIX: ALTERNATIVE PERFORMANCE METRICS ("APMs")

1. **EBITDA** ("Earnings Before Interest, Taxes, Depreciation and Amortization") is a financial indicator used by Management to measure the Group´s ability to generate profits considering only its operations and allows the comparison with other oil services sector companies. It is calculated by deducting from the operating profit, the amortisation and impairments.

Concept	Definition	Dec 19	Dec 18
(+) Revenues	Revenues and other income	4,706.9	4,403.1
(-) Operating expenses	Raw materials and consumables, employee benefit expense, other expenses, depreciation/amortisation and impairment	-4,638.8	-4,361.0
= Operating income	**Revenues - Operating expenses**	**68.2**	**42.1**
(+) Depreciation/amortisation and impairment charges	Depreciation/amortisation and impairment charges	42.1	18.9
EBITDA	**Operating income excluding depreciation and amortisation**	**110.2**	**61.1**

2. **EBIT** is defined as "Earnings Before Interest and Taxes": It is an indicator of the operating income of the group prior deducting interest and taxes. This indicator is used by Management, together with EBITDA, when comparing to other oil services sector companies. EBIT is equivalent to the "operating profit". Its calculation was as follow:

Concept	Definition	Dec 19	Dec 18
(+) EBITDA	Operating income excluding depreciation and amortisation	110.2	61.1
(-) Amortisation and depreciation expenses	Depreciation/amortisation and impairment charges	-42.1	-18.9
EBIT	**Operating income**	**68.2**	**42.1**

3. **Net Cash** is the alternative performance metric, used by Management, to measure the level of liquidity of the Group. It is calculated as the difference between "cash and cash equivalents" plus "financial assets at fair value through profit or loss" deducting the "financial debt" (including "financial debt linked to assets classified as held for sale"). Cash and equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. The calculation has been as follow:

Concept	Definition	Dec 19	Dec 18
(+) Cash and equivalents	Cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less	887.6	680.8
(+) Financial assets at fair value	Financial assets at fair value through profit and loss	65.1	64.8
(-) Financial debt	Short-term and long-term debt with credit entities	-582.3	-487.9
	Borrowings related to the assets classifies as held for sale	0.0	0.0
NET CASH	**Cash and equivalents (+) Financial assets at fair value (-) financial debt**	**370.5**	**257.7**

4. **Adjusted Net Profit** is the alternative performance metric, used by Management, to compare the underlying business on recurrent basis excluding the one-off item:

Concept	Definition	Dec 19	Dec 18
(+) Net profit	Operating income excluding depreciation and amortisation, financial result and taxes	-10.0	14.4
(-) IFRS 16 effect	IFRS 16 accounting impact, net of tax	0.6	0.0
(+) Non-recurrent items	Provision for tax settlement, net of tax	64.5	0.0
(-) Non-core asset disposal	Capital gain from non-core asset disposal, net of tax	-15.8	0.0
ADJUSTED NET PROFIT	**Net profit exluding non-recurrent items and non-core asset disposal**	**39.4**	**14.4**

Disclaimer

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