TECNICAS REUNIDAS

FIRST HALF RESULTS

January – June 2020

CONTENTS:

2020 First Half Results subject to limited review by Auditors

1. MAIN HIGHLIGHTS

- Backlog of €10.1 billion
- H1 2020 Order intake of €1.9 billion
- Sales at €2,109 million
- Operating profit (EBIT) at €33.1 million, with a 1.6% EBIT margin
- Net profit at €14.1 million
- Net cash position of €154 million

Backlog at the end of the first half of 2020 stood at €10.1 billion. In H1 2020, the main award added to the backlog was the important refining project for Sonatrach at Haoud el-Hamra, Hassi Messaoud (Algeria), with a value of $2 billion for Técnicas Reunidas. In Q3 2020, TR added to its backlog a new environmental project for Saudi Aramco.

Total sales reached €2,109 million in H1 2020, decreasing 5% versus H1 2019. Sales in the quarter were affected by Covid-19 lockdown with the subsequent slowdown in project execution.

H1 2020 **EBIT** was €33.1 million, that compares to the H1 2019 EBIT of €27.4 million, with an increase of +21% year on year. This growth in operating margins is the net effect of several factors: on the positive side, EBIT was favoured by the contribution of newer projects with healthy margins; the first effects of the TR-ansforma cost and efficiency plan; and change order agreements in projects delivered or close to delivery; On the negative side, the operating profit was impacted by the effects of the Covid disruption and, in particular, the effect on the completion of energy projects.

Net profit in H1 2020 reached €14.1 million, +4% higher than in the same period of last year.

Net cash position at the end of June stood at €154 million, impacted by working capital movements related to client cash payments rescheduling, due to Covid.

<u>Outlook and Guidance for 2020</u>

As the pandemic keeps expanding, it continues to be difficult to accurately quantify the Covid-19 impacts in Técnicas Reunidas accounts. Nonetheless, the combination of a strong backlog with healthy margins, supported by optimisation and efficiency measures and the progression of newer projects, will result in the recovery of the path of growth at improved margins, as the pandemic eases in the countries where the company operates.

Juan Lladó, Técnicas Reunidas Chairman, commented:

"The health and safety of our employees, clients and suppliers continues to be our top priority. The COVID-19 global pandemic has heavily impacted our sector, which is facing unparalleled challenges. Técnicas Reunidas has shown its capacity to adapt to the difficult circumstances of the current times, allowing the company to execute with almost full continuity. Consequently, and despite the turmoil, Técnicas Reunidas keeps executing its ongoing projects, in full cooperation with our clients and under the strictest health measures.

In these difficult times, we feel privileged to have a very strong backlog with many projects at different stages of execution. We also have the privilege to work for top clients with whom we have forged close relationships after many years of excellence in project delivery. This investment is now allowing us to better manage this crisis together.

In addition, the company has further strengthened its liquidity structure. We have closed the renegotiation with our relationship banks for the mid-term extension of our main credit lines under favorable conditions, which allows us to keep our focus on operations.

Notwithstanding the financial impact of Covid on our accounts, Técnicas Reunidas has been able to keep profitability fairly stable. I would like to highlight the important contribution that our TR-ansforma plan is starting to provide. We are working intensively to streamline our structure and to achieve a more efficient organization, lowering costs without compromising the quality that has been the hallmark of our company. This is helping us to secure margins and will back us in our long-term quest for the leadership in our sector.

The strength of a company is proven under difficult environments. Now it is a time that will require from the maximum ability to adapt projects to the specific requirements and circumstances of each client, with total flexibility and capacity to dialog with them. I am sure Técnicas Reunidas will successfully overcome the current scenario and return to the profitability path that we were projecting for 2020 and beyond. We will not spare any effort to achieve this goal for the benefit of all our stakeholders."

The main figures for H1 2020 are the following ones:

HIGHLIGHTS *January - June*	H1 2020 € million	H1 2019 € million	Var. %	Year 2019 € million
Backlog	10,115	8,781	15%	10,026
Net Revenues	2,109	2,217	-5%	4,699
EBITDA (1)	56.1	46.4	21%	110.2
Margin	2.7%	2.1%		2.3%
EBIT (1)	33.1	27.4	21%	68.2
Margin	1.6%	1.2%		1.5%
Net Profit (2)	14.1	13.6	4%	-10.0
Margin	0.7%	0.6%		-0.2%
Net Cash Position (1)	154	250	-38%	371

(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 16:00 CET. It can be accessed through the link in its homepage http://www.tecnicasreunidas.es/en/

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
	Polyethylene plant	Canada	Nova Chemicals
	Hassi Messaoud refinery	Algeria	Sonatrach
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	Sewa	United Arab Emirates	Sumitomo / GE EFS
	Biomass plant	UK	MGT Teeside
	Turów	Poland	Polska Grupa Energetyczna
	Kilpilahti*	Finland	Neste / Veolia / Borealis
	Cogeneration plant	Canada	Suncor
	Energy efficiency	Colombia	Termocandelaria

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

Backlog as of June 30th ,2020

At the end of June 2020, Técnicas Reunidas' backlog amounted to € 10.1 billion, in line with the € 10.0 billion reached at the end of December 2019. Oil and Gas projects comprised 95% of the total backlog, whereas the Power division accounted for 5%.

H1 2020 order intake was € 1.9 billion. The main award added to the backlog in this period was the Sonatrach project in Algeria. Después del primer semestre de 2020, la compañía añadió a la cartera otro nuevo proyecto medioambiental para Saudi Aramco.

- In January, Sonatrach, the Algerian National Oil Company, and Técnicas Reunidas signed a contract for the execution of 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 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.

  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 adapting oil products internally consumed to European environmental standards (Euro V).

- In July 28th, Saudi Aramco, the Saudi National Oil Company, and Técnicas Reunidas signed the contract for the execution on lump sum turn-key basis of a new Sour Water Stripper unit for the environmental improvement of the Ras Tanura Refinery, located in the eastern coast of Saudi Arabia.

  The Project, with a value over $ 80 million, has a schedule of thirty-four months up to completion. The scope of the contract includes engineering, procurement and supply, construction and assistance to the start-up of the plant. The Project includes the Sour Water Stripper Unit, and its "Tie in" to the existing facilities.

  The Sour Water Stripped Unit (SWSU) is an environmental unit, aimed at reducing the amounts of hydrogen sulphide and ammonia by washing them with steam. The final objective is to improve the quality of the water, which can be reused as stripped water in the washing of other units from a circular economy perspective.

It is important to highlight that TR has been able to secure the award amidst the difficulties imposed by the Covid-19 pandemic to the energy sector worldwide.

This is a new and independent contract from the "Clean Fuels" Project, undertaken by Técnicas Reunidas and currently very close to its satisfactory completion. TR was awarded at the end of 2016 the whole scope of the "Clean Fuels" Project, including not only the Process Units conceived for improving the quality of the fuels up to Euro V standard, (Naphtha Hydrotreater, Catalytic Reforming, Isomerization), but also the corresponding Flare and Buildings and the modernization of the Refinery Utilities.

With this new accomplishment, TR consolidates its position in the Saudi market and shows how the trust received from one of its most important Clients, Saudi Aramco, is reinforced day by day.

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT January - June	H1 2020 € million	H1 2019 € million	Var. %	Year 2019 € million
Net Revenues	**2,108.7**	**2,216.7**	**-4.9%**	**4,699.1**
Other Revenues	1.6	3.0		7.8
Total Income	**2,110.3**	**2,219.7**	**-4.9%**	**4,706.9**
Raw materials and consumables	-1,553.1	-1,727.5		-3,679.5
Personnel Costs	-300.4	-311.1		-610.8
Other operating costs	-200.7	-134.7		-306.4
EBITDA	**56.1**	**46.4**	**21.0%**	**110.2**
Amortisation	-23.1	-19.0		-42.1
EBIT	**33.1**	**27.4**	**20.8%**	**68.2**
Financial Income/ expense	-12.5	-6.3		-12.6
Share in results obtained by associates	-0.5	-1.8		0.3
Profit before tax	**20.1**	**19.3**	**4.1%**	**55.8**
Income taxes	-6.0	-5.7		-65.8
Profit for the year from continuining operation	**14.1**	**13.6**	**3.8%**	**-10.0**
Profit (loss) from discontinued operations	**0.0**	**0.0**		**0.0**
Profit for the year	**14.1**	**13.6**	**3.8%**	**-10.0**
Non-controlling interests	**-2.4**	**-0.2**		**-0.8**
Profit Attibutable to owners of the parent	**11.7**	**13.4**	**-12.5%**	**-9.2**

3.1 REVENUES

REVENUES BREAKDOWN January - June	H1 2020 € million	%	H1 2019 € million	Var. %	Year 2019 € million
Oil and gas	1,938.0	91.9%	2,027.1	-4.4%	4,273.5
Power & Water	127.3	6.0%	144.4	-11.9%	330.9
Other Industries	43.5	2.1%	45.1	-3.7%	94.7
Net Revenues	**2,108.7**	**100%**	**2,216.7**	**-4.9%**	**4,699.1**

In H1 2020, net revenues were € 2,109 million, 5% lower than H1 2019 sales, affected by the slowdown in execution due to the effects of Covid-19.

Sales from the **oil and gas division** went down 4.4% and reached € 1,938 million in H1 2020. Oil and Gas revenues represented the vast majority of total sales (92%):

- Refining and Petrochemical: The projects with the highest contribution to sales were the following: Duqm for DRPIC (Oman), conversion project for BAPCO (Bahrain), Ras Tanura for Saudi Aramco (Saudi Arabia) and Singapore project for ExxonMobil.
- Upstream and Natural Gas: The main contributors to sales were: the Haradh project for Saudi Aramco (Saudi Arabia) and the ADGAS project for ADNOC LNG and Bu Hasa project for ADNOC ONSHORE both in United Arab Emirates.

Revenues from the **power division** stood at € 127 million in H1 2020, decreasing by 11.9% year on year. This division was impacted by the slowdown in the UK due to Covid and the termination of a specific project.

3.2 OPERATING AND NET PROFIT

OPERATING AND NET PROFIT January - June	H1 2020 € million	H1 2019 € million	Var. %	Year 2019 € million
EBITDA	56.1	46.4	*21.0%*	110.2
Margin	*2.7%*	*2.1%*		*2.3%*
EBIT	33.1	27.4	20.8%	68.2
Margin	*1.6%*	*1.2%*		*1.5%*
Net Profit*	14.1	13.6	3.8%	-10.0
Margin	*0.7%*	*0.6%*		*-0.2%*

*Net Profit from from continuining operations

EBIT BREAKDOWN January - June	H1 2020 € million	H1 2019 € million	Var. %	Year 2019 € million
Operating Profit from divisions	88.3	78.1	13.1%	170.7
Costs not assigned to divisions	-55.3	-50.7	9.0%	-102.5
Operating profit (EBIT)	**33.1**	**27.4**	**20.8%**	**68.2**

Financial Income/Expense January - June	H1 2020 € million	H1 2019 € million	Year 2019 € million
Net financial Income *	-7.3	-3.1	-0.5
Gains/losses in transactions in foreign currency	-5.2	-3.1	-12.1
Financial Income/Expense	**-12.5**	**-6.3**	**-12.6**

* Financial income less financial expenditure

EBITDA for the first half of 2020 was € 56.1 million, and EBITDA margin reached 2.7%. H1 2020 EBIT was € 33.1 million, with an operating margin of 1.6%. This growth in operating margins is the net effect of several factors: on the positive side, the contribution of newer projects with healthy margins; the first effects of the TR-ansforma cost and efficiency plan; and change order agreements in projects delivered or closed to delivery. On the negative side, the effects of the Covid disruption and, in particular, the effect on the completion of energy projects.

Net profit was € 14.1 million, compared to € 13.6 million in the first half of 2019. Net profit reflects also the effect of financial results and taxes:

- Financial results decreased due to negative mark to market of financial assets and the negative sign of the transactions of foreign currency from the dollar appreciation versus the euro.
- In the first half, the accounted company income tax was €6.0 million, which represents an effective tax rate of 30%.

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET March 31st	H1 2020 € million	H1 2019 € million	Year 2019 € million
ASSETS:			
Non-current Assets			
Tangible and intangible assets	135.8	136.7	148.5
Investment in associates	2.9	10.4	3.4
Deferred tax assets	396.0	317.5	387.4
Other non-current assets	93.1	72.2	92.3
	627.8	**536.8**	**631.7**
Current assets			
Inventories	5.6	25.0	5.5
Trade and other receivables	3,070.9	2,695.3	2,672.1
Other current assets	24.3	20.7	18.3
Cash and Financial assets	1,023.7	753.2	952.8
	4,124.5	**3,494.3**	**3,648.6**
TOTAL ASSETS	**4,752.3**	**4,031.0**	**4,280.3**
EQUITY AND LIABILITIES:			
Equity	**313.7**	**360.7**	**330.0**
Non-current liabilities	**298.6**	**379.3**	**388.8**
Financial Debt	214.6	311.6	296.5
Other non-current liabilities	84.1	67.7	92.3
Long term provisions	**52.4**	**27.2**	**34.3**
Current liabilities	**4,087.6**	**3,263.9**	**3,527.1**
Financial Debt	654.6	191.5	285.8
Trade payable	3,206.0	2,942.5	2,978.6
Other current liabilities	227.1	129.9	262.7
Total liabilities	**4,438.6**	**3,670.3**	**3,950.3**
TOTAL EQUITY AND LIABILITIES	**4,752.3**	**4,031.0**	**4,280.3**

EQUITY March 31st	H1 2020 € million	H1 2019 € million	Year 2019 € million
Shareholders' funds + retained earnings	405.3	435.3	415.3
Treasury stock	-73.5	-73.6	-73.8
Hedging reserve	-33.2	-14.7	-24.2
Interim dividends	0.0	0.0	0.0
Minority Interest	15.0	13.7	12.7
EQUITY	**313.7**	**360.7**	**330.0**

NET CASH POSITION March 31st	H1 2020 € million	H1 2019 € million	Year 2019 € million
Current assets less cash and financial assets	3,100.8	2,741.0	2,695.8
Current liabilities less financial debt	-3,433.0	-3,072.4	-3,241.4
COMMERCIAL WORKING CAPITAL	**-332.2**	**-331.3**	**-545.5**
Financial assets	62.0	65.5	65.1
Cash and cash equivalents	961.6	687.8	887.6
Financial Debt	-869.2	-503.1	-582.3
NET CASH POSITION	**154.5**	**250.1**	**370.5**
NET CASH + COMMERCIAL WORKING CAPITAL	**-177.7**	**-81.2**	**-175.0**

At the end of June 2020, equity of the company was € 313.7 million, slightly below the end of December of 2019 figure, as the negative hedging reserves account increased.

Net cash position stood at € 154.5 million, decreasing from the end of December 2019 as anticipated in Q1 2020 results. The net cash position reflects the evolution of working capital, with clients rescheduling cash payments because of Covid.

APPENDIX

IFRS 16: H1 2020 Reconciliation

€ Million	H1 2020	*IMPACT*	H1 2020 Adjusted IFRS 16
EBITDA	56.1	**15.9**	40.3
DEPRECIATION	23.1	**16.0**	7.0
FINANCIAL CHARGES	12.5	**0.5**	12.0
NET INCOME	14.1	**0.7**	14.7
"RIGHT OF USE" ASSETS	31.8	**31.8**	0.0
SHORT-TERM LEASE LIABILITIES	21.8	**21.8**	0.0
LONG-TERM LEASE LIABILITIES	11.0	**11.0**	0.0

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	June 20	June 19
(+) Revenues	Revenues and other income	2,110.3	2,219.7
(-) Operating expenses	Raw materials and consumables, employee benefit expense, other expenses, depreciation/amortisation and impairment charges	-2,077.3	-2,192.3
= Operating income	**Revenues - Operating expenses**	**33.1**	**27.4**
(+) Depreciation/amortisation and impairment charges	Depreciation/amortisation and impairment charges	23.1	19.0
EBITDA	**Operating income excluding depreciation and amortisation**	**56.1**	**35.4**

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	June 20	June 19
(+) EBITDA	Operating income excluding depreciation and amortisation	56.1	46.4
(-) Amortisation and depreciation expenses	Depreciation/amortisation and impairment charges	-23.1	-19.0
EBIT	**Operating income**	**33.1**	**27.4**

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	June 20	June 19
(+) 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	961.6	687.8
(+) Financial assets at fair value	Financial assets at fair value through profit and loss	62.0	65.5
(-) Financial debt	Short-term and long-term debt with credit entities	-869.2	-503.1
	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**	**154.5**	**250.1**

Disclaimer

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