TECNICAS REUNIDAS

# NINE MONTHS RESULTS

## January – September 2020

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## 1. MAIN HIGHLIGHTS

- Backlog of €9.2 billion
- YTD order intake of €1.9 billion
- Sales at €2,808 million
- Adjusted EBIT at €87.5 million, with a 3.1% adjusted EBIT margin[1]
- Adjusted Net Profit at €47.4 million. Net profit at €9.5 million
- Net cash position of €113 million

**Backlog** at the end of the first nine months of 2020 stood at €9.2 billion, that compares to €10.0 billion at the end of 2019.

As of the end of September 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 and several important FEED contracts, Front End Engineering Design. In Q4 2020, the company has recently announced the award of a project for the environmental improvement of a refinery from ENAP in Chile.

**Total sales** reached €2,808 million in 9M 2020, which already reflects the reprogramming of some major projects, requested from clients to adapt to the Covid environment, as well as slower execution, due to the peak spread of the pandemic during the summer in the Middle East.

**Adjusted EBIT** stood at €87.5 million in 9M 2020. The adjusted EBIT margin in the first nine months of 2020 was 3.1%, showing the contribution of newer projects with healthy margins and the effects of the efficiency and cost saving plans.

Técnicas Reunidas has leveraged on both its 2019 TR-ansforma efficiency plan, as well as the important cost saving initiative that has been launched to adapt to Covid. As a result of both initiatives, the company has already reached more than €102 million in cost reductions, as of the end of September 2020. That figure will escalate to € 178 million in annualized terms, with the implementation of all the measures in place over a full year.

Adjustments to EBIT are related to extraordinary restructuring and Covid costs. These are direct costs to the company, net of realized and expected client reimbursements, related to a wide variety of items such as: protection equipment; social distance and sanitizing of on-sites and home offices; repatriation flights and idleness due to both quarantines of on-sites or even some closures of sites imposed by governments; and many other non-reversal costs. The Covid-19 pandemic adversely impacted the company by € 62.1 million with an effect of €44 million already accrued in operating profit as of the end of September 2020.

**Net cash position** at the end of September stood at €113 million.

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[1] Adjusted EBIT and Adjusted net profit are defined and reconciled in the "Alternative Performance Metrics" at the end of the document.

## Outlook and Guidance for 2020

The unexpected pandemic outbreak and its length uncertainty have led to a slowdown in project execution in 2020, and consequently, to award deferrals and a shift in time of sales, as some major projects have been reprogrammed. As the pandemic eases, the company expects to reflect in its accounts the higher embedded margins of the backlog, as execution and awards start to accelerate.

Still, even at this time of the year, it is difficult to provide a firm guidance for the 2020 year-end results, as the pandemic continues to spread with intensity across the world. Técnicas Reunidas most updated forecast for 2020 indicates that sales could be above € 3.5 billion, with an adjusted EBIT margin around 3.0%. Nonetheless, this budget assumes the maintenance of current conditions, with no further worsening of the environment for the rest of the year.

Juan Lladó, Técnicas Reunidas Chairman and CEO, commented:

*"We are presently facing a complex scenario that requires of high management proactivity and continuous client dialog. I want to share with you how we are addressing the current situation.*

*First, the good news: we have to deliver the same record backlog that we reached back in February as we had no cancellations, a quality backlog with significant margins.*

*Second, the challenges: on the one hand, we have to minimize the impact of Covid restrictions on the execution of projects in advanced construction stage. On the other hand, we have to collaborate with customers in the reprogramming of the most recently launched projects, with obvious impacts on sales and margins.*

*To face these challenges, we are adjusting with determination our resources to the new environment. This means adapting to a major change from our February starting point, when we were ready for a jump in sales and a major margin improvement.*

*And, finally, the opportunities: reprogramming part of the backlog is frankly a major opportunity, and we are taking it, to strengthen TR for the future. It gives us the chance to execute all those projects under the best conditions, thus benefitting our customers and our company from a win-win situation.*

*Times will normalize, sooner or later, and we will again face a year in which the Company reverts back to the full recovery scenario that we faced in February. I believe those times are not so distant."*

The main figures for 9M 2020 are the following ones:

| **HIGHLIGHTS** *January - September* | **9M 2020** € million | **9M 2019** € million | **Var.** % |
|---|---|---|---|
| **Backlog** | 9,164 | 10,916 | -16% |
| **Net Revenues** | 2,808 | 3,428 | -18% |
| **Adjusted EBIT** (1) | 87.5 | 43.2 | 103% |
| *Margin* | 3.1% | 1.3% | |
| **Adjusted Net profit** (1) | 47.4 | 24.1 | 97% |
| *Margin* | 1.7% | 0.7% | |
| **Net Profit** (2) | 9.5 | 24.1 | -60% |
| *Margin* | 0.3% | 0.7% | |
| **Net Cash Position** (1) | 113 | 215 | -48% |

(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 AND EXECUTION UPDATE

### 2.1 BACKLOG: NEW AWARDS

| | Project | Country | Client |
|---|---|---|---|
| Refining and Petrochemical | Exxon Mobil refinery | Singapore | Exxon Mobil |
| | 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 |
| | 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 |
| | 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 September 30th ,2020

At the end of September 2020, Técnicas Reunidas' backlog amounted to € 9.2 billion, compared to 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%.

9M 2020 order intake was € 1.9 billion. The main award added to the backlog in this period was the Sonatrach project in Algeria. In Q3 2020, TR added to its backlog a new environmental project for Saudi Aramco and several important FEED contracts, Front End Engineering Design. In Q4 2020, the company has recently announced the award of a project for the environmental improvement of a refinery from ENAP in Chile.

- 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, keeps being reinforced.

- In November 10th, ENAP Refinery Bio Bio (ERBB) has awarded to Técnicas Reunidas, the EPC Contract for the Wet Gas Sulphuric Acid Plant (WSA), Sour Water Stripping Plant (SWS), and an Amine Recovery Plant (MDEA) in Hualpén, Chile.

  This is the largest project awarded by ENAP in the last three years, being a Lump Sum Turn Key project with an approximate value of 100 million US dollars, and a duration of 27 months.

  The scope of the contract includes engineering, equipment and materials supply, construction, pre-commissioning, commissioning, run tests and start-up of the

WSA Plant, with a capacity of 140 ton/day (plant licensed by Haldor-Topsoe); SWS Plant with capacity of 1.600 m3/day, and MDEA Plant with a capacity of 816 m3/day.

This project is part of the investment program for the fulfillment of the Environmental Regulations required by the Chilean authorities. Through the execution of this important Project, Técnicas Reunidas supports ENAP in its development towards refinery eco-friendly processes.

With this Project, Técnicas Reunidas strengthens its position in Latin America and keeps its position as leader of the Oil and Gas sector in Chile, where it has maintained a continuous operation for more than 30 years. With more than 20 projects in the country, TR reinforces its relationship with ENAP, having executed more than 10 projects of diverse scope.

## 3. CONSOLIDATED INCOME STATEMENT

| CONSOLIDATED INCOME STATEMENT<br>January - September | 9M 2020<br>€ million | 9M 2019<br>€ million | Var.<br>% | Year 2019<br>€ million |
|---|---|---|---|---|
| **Net Revenues** | **2,808.5** | **3,427.9** | **-18.1%** | **4,699.1** |
| Other Revenues | 3.7 | 6.3 | | 7.8 |
| **Total Income** | **2,812.1** | **3,434.2** | **-18.1%** | **4,706.9** |
| Raw materials and consumables | -2,055.5 | -2,698.6 | | -3,679.5 |
| Personnel Costs | -434.7 | -460.3 | | -610.8 |
| Other operating costs | -255.0 | -202.2 | | -306.4 |
| **EBITDA** | **66.9** | **73.1** | **-8.4%** | **110.2** |
| Amortisation | -33.5 | -29.9 | | -42.1 |
| **EBIT** | **33.4** | **43.2** | **-22.6%** | **68.2** |
| Financial Income/ expense | -19.3 | -8.6 | | -12.6 |
| Share in results obtained by associates | -0.5 | -0.3 | | 0.3 |
| **Profit before tax** | **13.6** | **34.3** | **-60.4%** | **55.8** |
| Income taxes | -4.1 | -10.2 | | -65.8 |
| **Profit for the year from continuining operation** | **9.5** | **24.1** | **-60.5%** | **-10.0** |
| **Profit (loss) from discontinued operations** | **0.0** | **0.0** | | **0.0** |
| **Profit for the year** | **9.5** | **24.1** | **-60.5%** | **-10.0** |
| **Non-controlling interests** | **-2.2** | **-0.4** | | **-0.8** |
| **Profit Attibutable to owners of the parent** | **7.3** | **23.7** | **-69.2%** | **-9.2** |

| 9M 2020 SEGMENT BREAKDOWN<br>€ million | Total | Oil&Gas | P&W | Other Ind. | Not assigned |
|---|---|---|---|---|---|
| **Net revenues** | **2,808.5** | **2,594.3** | **148.9** | **65.3** | |
| **EBIT** | **33.4** | **272.8** | **-153.1** | **-3.4** | **-82.9** |
| *Margin* | 1.2% | 10.5% | -102.8% | -5.2% | |
| **Extraordinary costs** | **-54.1** | | | | **-10.1** |
| *Restructuring costs* | -10.1 | | | | -10.1 |
| *Covid* | -44.0 | -24.4 | -19.6 | 0.0 | |
| **Adjusted operating profit (Adjusted EBIT)** | **87.5** | **297.2** | **-133.5** | **-3.4** | **-72.8** |
| ***Margin*** | ***3.1%*** | ***11.5%*** | ***-89.7%*** | ***-5.2%*** | |

| Financial Income/Expense January - September | 9M 2020 € million | 9M 2019 € million | Year 2019 € million |
|---|---|---|---|
| Net financial Income * | -9.8 | -5.1 | -0.5 |
| Gains/losses in transactions in foreign currency | -9.5 | -3.5 | -12.1 |
| **Financial Income/Expense** | **-19.3** | **-8.6** | **-12.6** |

* Financial income less financial expenditure

## 3.1 REVENUES

**Net revenues** reached €2,808 million in 9M 2020, which already reflects the reprogramming of some major project schedules, requested by clients to adapt to the Covid environment, as well as slower execution, due to the peak spread of the pandemic during the summer in the Middle East.

| REVENUES BREAKDOWN January - September | 9M 2020 € million | % | 9M 2019 € million | Var. % | Year 2019 € million |
|---|---|---|---|---|---|
| **Oil and gas** | 2,594.3 | 92.4% | 3,124.1 | -17.0% | 4,273.5 |
| **Power & Water** | 148.9 | 5.3% | 238.2 | -37.5% | 330.9 |
| **Other Industries** | 65.3 | 2.3% | 65.7 | -0.6% | 94.7 |
| **Net Revenues** | **2,808.5** | **100%** | **3,427.9** | **-18.1%** | **4,699.1** |

Sales from the **oil and gas division** went down 17.0% and reached € 2,594 million in 9M 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), 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 € 149 million in 9M 2020, decreasing by 37.5% year on year. This division was impacted by the slowdown in the UK due to Covid and the termination of the Kilpilahti project in Finland.

## 3.2 OPERATING AND NET PROFIT

| Adjusted EBIT reconciliation January - September | 9M 2020 € million | 9M 2019 € million | Var. % | Year 2019 € million |
|---|---|---|---|---|
| **EBIT** | 33.4 | 43.2 | -22.6% | 68.2 |
| Restructuring costs | 10.1 | 0.0 | | 0.0 |
| Covid impact | 44.0 | 0.0 | | 0.0 |
| **Adjusted EBIT** | **87.5** | **43.2** | **102.6%** | **68.2** |
| ***Margin*** | ***3.1%*** | ***1.3%*** | | ***1.5%*** |

The lower recognition of sales directly affected margins, in addition to Covid direct impact and restructuring costs. 9M 2020 **EBIT** was € 33.4 million, with an operating margin of 1.2%.

**Adjusted EBIT** resulted in €87.5 million and adjusted margin was 3.1%. This figure shows the contribution of newer projects with healthy margins and the effects of the efficiency and cost saving plans.

Técnicas Reunidas has already leveraged on both its 2019 TR-ansforma efficiency plan, as well as the important cost saving initiative to adapt to Covid. As a result of both initiatives, the company has already reached more than €102 million in cost reductions, as of the end of September 2020. That figure will escalate to € 178 million in annualized terms, with the implementation of all the measures in place over a full year.

Adjustments to EBIT are related to Covid and restructuring costs. The Covid-19 pandemic had a direct total net cost impact of €62.1 million on the company, as of September 2020; with an effect of €44.0 million on operating profit accrued in the 9M 2020 results (the difference being due to percentage of completion project accounting). The same figures as of June 2020, were €45.5 million and €39.0 million respectively. These Covid costs are direct costs to the company, net of realized and expected client reimbursements, related to a wide variety of items such as: protection equipment; social distance and sanitizing of on-sites and home offices; repatriation flights and idleness due to both quarantines of on-sites or even some closures of sites imposed by governments; and many other non-reversal costs.

The restructuring costs in relation with the cost efficiency plan were €10.1 million. These extraordinary costs relate mainly to consultancy work and personnel restructuring costs.

EBIT margin in the 9 M 2020 was also favourable impacted by variation orders in the oil and gas division and by the negative impact of the power division. This division was impacted by two projects, one in the UK and the Kilpilahti project in Finland. The Finnish project is already terminated and, in the case of the UK project, is expected to be concluded in 2021.

| NET PROFIT<br>January - September | 9M 2020<br>€ million | 9M 2019<br>€ million | Var.<br>% | Year 2019<br>€ million |
|---|---|---|---|---|
| **Adjusted Net profit** | 47.4 | 24.1 | 96.7% | -10.0 |
| **Net Profit*** | 9.5 | 24.1 | -60.5% | -10.0 |

*Net Profit from from continuining operations

Adjusted Net profit reached € 47 million, growing by 97% from the same period last year. Net profit was € 9.5 million, compared to € 24.1 million in the first nine months 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, as well as from movements in other currencies of countries in which we operate.

In the first nine months, the accounted company income tax was €4.1 million, which represents an effective tax rate of 30%.

## 4. CONSOLIDATED BALANCE SHEET

| CONSOLIDATED BALANCE SHEET<br>September 30th | 9M 2020<br>€ million | 9M 2019<br>€ million | Year 2019<br>€ million |
|---|---|---|---|
| **ASSETS:** | | | |
| **Non-current Assets** | | | |
| Tangible and intangible assets | 126.4 | 151.2 | 148.5 |
| Investment in associates | 2.9 | 9.1 | 3.4 |
| Deferred tax assets | 381.7 | 330.9 | 387.4 |
| Other non-current assets | 89.4 | 74.7 | 92.3 |
| | **600.3** | **565.9** | **631.7** |
| **Current assets** | | | |
| Inventories | 5.5 | 25.9 | 5.5 |
| Trade and other receivables | 2,848.9 | 2,956.3 | 2,672.1 |
| Other current assets | 25.9 | 14.1 | 18.3 |
| Cash and Financial assets | 925.4 | 799.2 | 952.8 |
| | **3,805.6** | **3,795.5** | **3,648.6** |
| **TOTAL ASSETS** | **4,405.9** | **4,361.3** | **4,280.3** |
| **EQUITY AND LIABILITIES:** | | | |
| **Equity** | **294.1** | **360.4** | **330.0** |
| **Non-current liabilities** | **299.0** | **321.4** | **388.8** |
| Financial Debt | 213.6 | 251.5 | 296.5 |
| Other non-current liabilities | 85.4 | 69.9 | 92.3 |
| **Long term provisions** | **65.1** | **20.8** | **34.3** |
| **Current liabilities** | **3,747.8** | **3,658.7** | **3,527.1** |
| Financial Debt | 598.9 | 332.6 | 285.8 |
| Trade payable | 3,025.1 | 3,155.8 | 2,978.6 |
| Other current liabilities | 123.8 | 170.3 | 262.7 |
| **Total liabilities** | **4,111.9** | **4,000.9** | **3,950.3** |
| **TOTAL EQUITY AND LIABILITIES** | **4,405.9** | **4,361.3** | **4,280.3** |

| EQUITY<br>September 30th | 9M 2020<br>€ million | 9M 2019<br>€ million | Year 2019<br>€ million |
|---|---|---|---|
| Shareholders' funds + retained earnings | 364.3 | 464.9 | 415.3 |
| Treasury stock | -73.5 | -73.7 | -73.8 |
| Hedging reserve | -11.6 | -44.8 | -24.2 |
| Interim dividends | 0.0 | 0.0 | 0.0 |
| Minority Interest | 14.8 | 14.0 | 12.7 |
| **EQUITY** | **294.1** | **360.4** | **330.0** |

At the end of September 2020, equity of the company was € 294.1 million, below the end of December of 2019. The decrease is an accounting effect, stemming from the negative foreign exchange conversion differences that arise in the consolidation of TR affiliates in several countries where it operates (such as Kuwait, Saudi Arabia, Turkey and Peru), due to the depreciation of their currencies against the euro. This negative accounting effect amounts €52.6 million. It is included under the caption of Conversion Reserves within the Shareholders' funds and retained earnings.

Following the principles of the "TR-ansforma" efficiency plan, the company launched an asset portfolio optimisation process that will result on €50 million of capital gains from the sale of some non-strategic investments and real estate assets. The company has already achieved more than 50% of its target. At the end of last year, the company sold Empresarios Agrupados (nuclear services engineering company), which represented a cash inflow in the first quarter of €17.7 million. In October 2020, the company sold its 80% of Eurocontrol, a company dedicated to regulatory inspection of technical equipment. The capital gains stemming from this last sale will be more than €10 million and the cash inflow will be close to €25 million, to be booked in the fourth quarter of 2020.

| NET CASH POSITION<br>September 30th | 9M 2020<br>€ million | 9M 2019<br>€ million | Year 2019<br>€ million |
|---|---|---|---|
| Current assets less cash and financial assets | 2,880.2 | 2,996.3 | 2,695.8 |
| Current liabilities less financial debt | -3,148.9 | -3,326.1 | -3,241.4 |
| **COMMERCIAL WORKING CAPITAL** | **-268.7** | **-329.9** | **-545.5** |
| Financial assets | 17.8 | 65.0 | 65.1 |
| Cash and cash equivalents | 907.6 | 734.1 | 887.6 |
| Financial Debt | -812.5 | -584.0 | -582.3 |
| **NET CASH POSITION** | **112.9** | **215.1** | **370.5** |
| **NET CASH + COMMERCIAL WORKING CAPITAL** | **-155.7** | **-114.7** | **-175.0** |

Net cash position stood at € 113 million, decreasing from the end of December 2019 as anticipated at the beginning of 2020. The net cash position reflects the evolution of working capital, with clients rescheduling cash payments because of Covid.

# APPENDIX

## IFRS 16: 9M 2020 Reconciliation

| € Million | 9M 2020 | IMPACT | 9M 2020 Adjusted IFRS 16 |
|---|---|---|---|
| EBITDA | 66.9 | **24.2** | 42.7 |
| DEPRECIATION | 33.5 | **23.7** | 9.8 |
| FINANCIAL CHARGES | 19.3 | **0.7** | 18.6 |
| NET INCOME | 9.5 | **0.2** | 9.7 |
| | | | |
| "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 | Sept 20 | Sept 19 |
|---|---|---|---|
| (+) Revenues | Revenues and other income | 2,812.1 | 3,434.2 |
| (-) Operating expenses | Raw materials and consumables, employee benefit expense, other expenses, depreciation/amortisation and impairment charges | -2,778.7 | -3,391.0 |
| **= Operating income** | **Revenues - Operating expenses** | **33.4** | **43.2** |
| (+) Depreciation/amortisation and impairment charges | Depreciation/amortisation and impairment charges | 33.5 | 29.9 |
| **EBITDA** | **Operating income excluding depreciation and amortisation** | **66.9** | **73.1** |

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 | Sept 20 | Sept 19 |
|---|---|---|---|
| (+) EBITDA | Operating income excluding depreciation and amortisation | 66.9 | 73.1 |
| (-) Amortisation and depreciation expenses | Depreciation/amortisation and impairment charges | -33.5 | -29.9 |
| **EBIT** | **Operating income** | **33.4** | **43.2** |

3. **Adjusted EBIT and Adjusted Net Profit** are the alternative performance metrics used by Management to measure the Group´s ability to generate profits considering only its operations deducting the extraordinary effects of Covid and restructuring costs; and their corresponding tax impact at the Adjusted net profit level.

| Concept | Definition | Sept 20 | Sept 19 |
|---|---|---|---|
| (+) EBIT | Operating income | 33.4 | 43.2 |
| (+) Covid impact | Extraordinary effect related to Covid-19 pandemic | 44.0 | 0.0 |
| (+) Restructuring costs | Extraordinary expenses related to the business reorganization | 10.1 | 0.0 |
| **Adjusted EBIT** | **Operating income excluding Covid impact and restructuring costs** | **87.5** | **43.2** |
| (+) Financial Income/ expense | Difference between earnings before interest and taxes and earnings before taxes | -19.3 | -8.6 |
| (+) Share in results obtained by associates | Income received by associated | -0.5 | -0.3 |
| (-) Income taxes | Income tax generated by the business | -4.1 | -10.2 |
| (-) Adjustments to taxes | Adjustments to taxes | -16.2 | 0.0 |
| **Adjusted net profit** | **Net profit excluding Covid impact, restructuring costs and adjustments to taxes** | **47.4** | **24.1** |

4. **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 | Sept 20 | Sept 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 | 907.6 | 734.1 |
| (+) Financial assets at fair value | Financial assets at fair value through profit and loss | 17.8 | 65.0 |
| (-) Financial debt | Short-term and long-term debt with credit entities | -812.5 | -584.0 |
| | 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** | **112.9** | **215.1** |

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