TECNICAS REUNIDAS

2008 RESULTS
January - December 2008

CONTENTS:

2008 Annual Accounts audited by Price Waterhouse Coopers

1. HIGHLIGHTS

HIGHLIGHTS *January - December*	**Year 2008** € million	**Year 2007** € million	**Var.** %
Backlog	**4,711**	**4,713**	***0%***
Net Revenues	**2,479**	**2,005**	***24%***
EBITDA	**148**	**113**	***31%***
Margin	*6.0%*	*5.7%*	
EBIT	**142**	**108**	***32%***
Margin	*5.7%*	*5.4%*	
Net Profit	**140**	**108**	***30%***
Net cash position	**575**	**422**	***36%***

- **In 2008, Net Profit reached €140 million, up 30% compared to the previous year.**
- **Revenues for the period increased by 24% to € 2,479 million, driven by growth in all divisions.**
- **Operating Result rose by more than 30%, in terms of both EBITDA and EBIT, reaching record levels of € 148 million and € 142 million, respectively. EBITDA and EBIT margins for 2008 grew by 30 bp to 6.0% and 5.7%, respectively.**
- **At the end of the year, TR achieved a Net Cash Position of € 575 million (+36%), which reinforces the strength of its Balance Sheet.**
- **Awards in 2008 were € 2,207 million. The main backlog additions booked in the fourth quarter were a desalination plant for Water Corporation in Australia and the Borouge and Kayan conversions. In early 2009, two additional major projects were awarded to TR: the SAS's field development for ADCO in Abu Dhabi and two LNG terminals for Gascan in Spain.**
- **As of December 2008, backlog stood at € 4,711 million with projects that currently span out until 2012.**

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
	Nitric Acid Plant	Chile	Enaex	2009
	Refining Units	Mexico	Pemex	2009
	Rabigh**	Saudi Arabia	Saudi Aramco	-
Upstream & Gas	Mejillones	Chile	Codelco/Suez	2009
	Medgaz	Algeria	Medgaz	2009
	Saih Rawl (compression plant)	Oman	PDO	2009
	TFT	Algeria	Total/Repsol/Sonatrach	2009
	RKF**	Algeria	Cepsa/Sonatrach	-
	Hawiyah**	Saudi Arabia	Saudi Aramco	-
	Ju'aymah**	Saudi Arabia	Saudi Aramco	-
	Telemetry**	Kuwait	KOC	-
Power	Manifa	Saudi Arabia	Saudi Aramco	2012
	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 Besós	Spain	Endesa	2010
	Saih Rawl (power plant)	Oman	PDO	2009
	Escatron II	Spain	Global 3	2009
	Barranco de Tirajana III	Spain	Endesa	2009
I & I	Southern Sea Water Desalination Plant	Australia	Water Corporation	2011

* Project in execution on an open book phase

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

Backlog as of December, 31st

As of December 2008, the backlog of the Group amounted to € 4,711 million. The oil and gas division represents 80% of the backlog. The power division and the major projects from Infrastructure and Industries division, such as the Australian desalination plant, account for 20%. Other "Infrastructure and Industries" contracts are not included in the backlog calculation[1].

At the end of December 2008, the backlog included two projects signed on an open book basis that have not yet reached the conversion stage: the Sines project for Galp in Portugal and the Hydrocraker for MOL in Hungary, with a combined estimated value of € 1,016 million.

[1] Backlog calculation: the Infrastructure division works in more than 200 projects with an average size of approximately € 300,000 and with an execution period below one year. Given the different nature of these projects from the ones in other divisions, our backlog figures shall include only large projects with an execution period of more than one year, such as the recently awarded desalination plant in Australia.

During the year the backlog benefited from the following awards:

- 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,
- an alkylation unit for Enap in Chile,
- a desalination plant for Water Corporation in Australia,
- the conversion to Lump Sum Turn Key (LSTK) of the Borouge project for ADNOC in UAE and
- the conversion to LSTK of the Kayan project for SABIC in Saudi Arabia.

Fourth quarter backlog additions:

In the fourth quarter of 2008, the main additions to the backlog were the following:

- Técnicas Reunidas, along with Valoriza Agua, AJ Lucas and Worley Parsons, was selected to execute the new sea water desalination plant in Perth (Western Australia), for Water Corporation.

  The Southern Seawater Desalination Plant will have a capacity of 50 hm3 per year (expandable to 100hm3 in a second phase). The share of Tecnicas Reunidas is 38%. The project has an estimated cost of 955 million Australian dollars. Plant delivery is expected to take place in 2011.

- Tecnicas Reunidas and Saudi Kayan Petrochemical Company signed the Lump Sum Turn Key (LSTK) conversion agreement for the Phenolics Project in their Petrochemical Complex in Jubail, Saudi Arabia. The contract final value was 1,184 million USD. TR started the works on this project in the first quarter of 2007.

- Tecnicas Reunidas and Abu Dhabi Polymers Company Limited, Borouge, signed the LSTK conversion agreement for the Project of Auxiliary Systems and Interconnections of the Expansion of the Ruwais Petrochemical Complex in Abu Dhabi in the United Arab Emirates. The contract final value was 1,390 millions USD. TR started the works on this project in the second quarter of 2007.

Year to Date backlog additions:

In 2009, the company has already secured two major projects:

- Tecnicas Reunidas jointly with Consolidated Contractors International Company (CCC) was awarded an EPC contract by Abu Dhabi Company for Onshore Operations (ADCO), for the Sahil and Shah (package B) Field Development Project in Abu Dhabi, UAE. The stake of TR is 60%.

  The contract was signed on a Lump Sum Turn Key basis and includes the development of the detail engineering, supply of equipment and material and construction for the Shail and Shah development. The project is scheduled to be completed by the end of 2012 with an approximate value of 1,300 million USD.

- The consortium formed by Tecnicas Reunidas – Acciona, was awarded by Gascan a contract for the construction of two Liquefied Natural Gas (LNG) terminals in Granadilla (Tenerife) and Arinaga (Gran Canaria).

  The project, awarded on a turnkey basis, includes the engineering, supply and construction of: a 150,000 Nm3/hour regasification plant, a 150,000 m3 storage tank and a jetty for each of the aforementioned sites. Work scope also includes the detail engineering of the project for a minimum period of 6 months that will be executed during the year 2009.

  The plant will provide natural gas mainly for power generation through combined cycle plants, which will progressively substitute the existing gasoil plants. The execution period for each plant will be around 44 months. The project total cost will be between 450 to 490 million Euros.

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT January - December	Year 2008 € million	Year 2007 € million	Var. %
Net Revenues	**2,478.5**	**2,005.2**	**23.6%**
Other Revenues	8.4	2.3	
Total Income	**2,486.9**	**2,007.5**	**23.9%**
Raw materials and consumables	-1,681.7	-1,379.8	**21.9%**
Personnel Costs	-273.8	-214.0	**27.9%**
Other operating costs	-383.0	-300.4	**27.5%**
EBITDA	**148.3**	**113.3**	**30.9%**
Amortisation	-6.0	-5.3	
EBIT	**142.3**	**108.0**	**31.8%**
Financial Income/ expense	4.7	6.0	
Share in results obtained by associates	0.5	0.6	
Profit before tax	**147.5**	**114.6**	**28.7%**
Income tax	-7.2	-6.7	
Net Profit	**140.3**	**107.9**	**30.0%**

3.1 REVENUES

REVENUES BREAKDOWN January - December	Year 2008 € million	%	Year 2007 € million	%	Var. %
Oil and gas	2,044.7	83%	1647.1	82%	24.1%
Power	326.4	13%	252.6	13%	29.2%
Infrastructure and industries	107.4	4%	105.5	5%	1.8%
Net Revenues	**2,478.5**	**100%**	**2,005.2**	**100%**	**23.6%**

In 2008, Net Revenues increased by 23.6% reaching € 2,478.5 million. All business units contributed to this strong growth in sales:

Oil and Gas: from January to December 2008 revenues grew by 24%, compared to the same period 2007, accounting for 83% of total sales. The refining and petrochemical division was the highest contributor to sales and sales growth.

- Refining and petrochemical. The main contributor to 2008 revenue were the Kayan project for SABIC (Saudi Arabia), the Borouge project for ADNOC (UAE), the Cartagena project for Repsol (Spain) and the Khabarovsk project for OC Alliance (Russia).

- Upstream and natural gas. Growth in this division was driven by the Mejillones project for Codelco / Suez in Chile, the Saih Rawl project for PDO in Oman, the Hawiyah project for Saudi Aramco and the Medgaz project in Argelia.

Power: Revenues from this division rose by 29%, from € 252.6 million in 2007 to € 326.4 million in 2008. This growth is mainly the result of the execution of the Saih Rawl plant in Oman, the Montoir project in France and several projects in Spain.

Infrastructure and industries**:** Revenues in the infrastructure and industries division amounted to € 107.4 million in the year 2008. The major contributors to sales were the engineering and construction of two production plants for purified silicon and silicon wafers in the South of Spain.

3.2 OPERATING PROFIT

OPERATING MARGINS January - December	Year 2008 € million	Year 2007 € million	Var. %
EBITDA	148.3	113.3	30.9%
Margin	*6.0%*	*5.7%*	
EBIT	142.3	108.0	31.8%
Margin	*5.7%*	*5.4%*	

EBIT BREAKDOWN January - December	Year 2008 € million	Year 2007 € million	Var. %
Operating Profit from divisions	198.5	149.8	32.5%
Costs not assigned to divisions	-56.2	-41.8	34.4%
Operating profit (EBIT)	**142.3**	**108.0**	**31.8%**

- In 2008, EBITDA and EBIT reached € 148.3 million and € 142.3 million, respectively, both with an increase of more than 30%. This growth rate, continues to reflect a healthy combination of sales growth and margin expansion.

- Operating margin stood at 5.7% in 2008, growing from 5.4% in 2007. This margin shows a steady growing profile, due to the favourable market conditions and the timely and cost effective project execution by Tecnicas Reunidas.

3.3 NET PROFIT

NET PROFIT January - December	Year 2008 € million	Year 2007 € million	Var. %
Net Profit	**140.3**	**107.9**	**30.0%**
Margin	**5.7%**	**5.4%**	

Financial Income/Expense January - December	Year 2008 € million	Year 2007 € million
Net financial Income *	12.1	8.6
Gains/losses in transactions in foreing currency	-7.4	-2.5
Financial Income/Expense	**4.7**	**6.0**

***** From net cash and other investments less financial expenditure

In 2008, Net Profit rose by 30% above the previous year to a level of € 140.3 million.

- Net financial income decreased from € 6.0 million in 2007 to € 4.7 million in 2008.

  The weakness of several currencies against the Euro during the last quarter of the year, particularly the Mexican peso, led the company to incur in losses because of the conversion into Euros, at the year end exchange rate, of assets and liabilities denominated in those currencies.

- Tecnicas Reunidas recognised a tax expense of € 7.2 million in the 2008. The tax rate was slightly lower than in 2007, driven by a larger contribution, mainly in the fourth quarter, of projects outside Spain, such as Kayan and Borouge.

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET December 31, 2008	Year 2008 € million	Year 2007 € million
ASSETS:		
Non-current Assets		
Tangible and intangible assets	61.3	46.2
Investment in associates	11.5	7.5
Deferred tax assets	26.6	19.6
Other non-current assets	15.8	6.7
	115.1	**80.0**
Current assets		
Inventories	13.7	9.0
Trade and other receivables	1,422.8	919.2
Other current assets	16.6	29.1
Cash and Financial assets	638.5	479.8
	2,091.6	**1,437.1**
TOTAL ASSETS	**2,206.7**	**1,517.1**
EQUITY AND LIABILITIES:		
Equity	**225.3**	**231.9**
Non-current liabilities	**43.7**	**23.2**
Financial Debt	16.2	11.9
Other non-current liabilities	27.5	11.2
Long term provisions	**24.1**	**25.1**
Current liabilities		
Financial Debt	46.9	46.1
Accounts payable	1,765.4	1,134.6
Other current liabilities	101.2	56.2
	1,913.5	**1,236.9**
Total liabilities	**1,981.4**	**1,285.2**
TOTAL EQUITY AND LIABILITIES	**2,206.7**	**1,517.1**

EQUITY December 31, 2008	Year 2008 € million	Year 2007 € million
Shareholders' funds + retained profit	317.3	232.8
Treasury stock	-55.6	0.0
Hedging reserve	-9.3	19.0
Interim dividends	-34.8	-25.2
Minority Interest	7.7	5.2
EQUITY	**225.3**	**231.9**

NET CASH POSITION December 31, 2008	Year 2008 € million	Year 2007 € million
Current assets less cash and financial assets	1,453.1	957.3
Current liabilities less financial debt	-1,866.6	-1,190.8
COMMERCIAL WORKING CAPITAL	**-413.5**	**-233.5**
Financial assets	34.1	17.7
Cash and cash equivalents	604.3	462.0
Financial Debt	-63.1	-58.0
NET CASH POSITION	**575.4**	**421.8**
NET CASH + COMMERCIAL WORKING CAPITAL	**161.9**	**188.3**

- As of December 2008, Net Cash stood at € 575.4 million, with an increase of € 153.6 million year on year, after the cash outs related to share repurchases and dividend payments.

- In January 2008, the company paid out an interim dividend of € 0.45 per share, and in July, a complementary dividend of 0.524 per share. Altogether, total dividend payments in 2008 related to 2007 results were € 54.5 million (€ 0.974 per share). This represents slightly more than 50% of 2007 net profit, in line with the company's dividend policy.

- Equity decreased by € 6.6 million from the year before as a result of: treasury stock purchases of € 55.6 million, the aforementioned dividend distribution and a change in the value of the hedging reserve.

ANNEX: FILINGS WITH CNMV RELEVANT EVENTS AND OTHER COMMUNICATIONS

The company filed with the Spanish CNMV the following communications:

- Técnicas Reunidas, was selected, along with Valoriza Agua (a subsidiary of Sacyr Vallehermoso), AJ Lucas and Worley Parsons, all of which formed the consortium "Southern Seawater Alliance", the execution of the new sea water desalination plant in Perth (Western Australia), for Water Corporation. The participation of the members of the consortium is 38% for Tecnicas Reunidas, S.A., 38% for Valoriza Agua and 19% and 5% respectively for the two Australians.

  The desalination plant, Southern Seawater Desalination Plant, will have a capacity of 50 hm3 per year (expandable to 100hm3 in a second phase). The consortium will be responsible for the design, turnkey construction operation and maintenance of the plant, including the water pipelines and other infrastructure needed to integrate the desalination plant with the integrated water supply system. The plant shall be executed on 2011.

  The project has an estimated cost of 955 million Australian dollars and its implementation will require the services of about 500 people at a time. Water Corporation is a public company with more than 100 years of existence and 2.500 employees, owned by the Western Australian Government, and whose main activities are the management, supply, capture and treatment of water.

  The consortium has been awarded because of the emphasis of its offer in environmental issues among eight groups of reference of the industry benchmark.

- The consortium formed by Tecnicas Reunidas - Acciona has been awarded by GASCAN a contract for the construction of two Liquefied Natural Gas (LNG) terminals in Granadilla (Tenerife) and Arinaga (Gran Canaria).

  The project, awarded on a "Lump Sum Turnkey" basis, includes the engineering, supply and construction of a 150,000 Nm3/hour regasification plant, a 150,000 m3 storage tank and a jetty for each of aforementioned sites.

  The plant will provide natural gas mainly for power generation through combined cycle plants, which will progressively substitute the existing gasoil plants. This substitution will reduce atmosphere emissions allowing the Canary Islands to adapt to the European Union environmental requirements.
  The execution period for each plant will be around 44 months. The project will start with the Granadilla plant, which is at the final stage of the permitting process.

The project will amount between 450 and 490 million Euros. This project represents a significant investment in the islands. It provides not only a clean and safe power source, but also allows the development of local industry and employment.

The scope of work included in the current contract starts with the detail engineering of the project for a minimum period of 6 months that will be executed during the year 2009.

Gascan, a natural gas transport company, is participated by UnelcoEndesa, Sodecan, CajaCanaria, la Caja de Canarias and other Canarian companies. The purpose of the company is to introduce natural gas as a power source in the Canary Islands, complying with a Canarian Parliament resolution.

- The company reported to the CNMV that the Board of Directors approved on the 16th of December 2008, the distribution of an interim dividend of €0.64 per share as advanced payment, accountable for the 2008 Profit and Loss Account to be approved in the next Shareholders Annual General Meeting. The total interim dividend amounted to € 35 million and was paid on the 21st of January 2009.

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

- Tecnicas Reunidas and Saudi Kayan Petrochemical Company signed the Lump Sum Turn Key (LSTK) conversion agreement for the Phenolics Project in their Petrochemical Complex in Jubail, Saudi Arabia.

The agreement is related to the conversion to LSTK of the previous OBE contract for a final value of 1,184 million USD. TR started the works on this project in the first quarter of 2007, under an Open Book Estimate (OBE) contract.

The Phenolics Project, include units for the production of 290,000 t/y of cumene, 222,000 t/y of phenol and 240,000 t/y of bisphenol – A. Phenol is used in the production of plastics, resins, polycarbonates and pharmaceutical products. This project is part of the petrochemical complex of Saudi Kayan, whose main investors are SABIC along with their partner Kayan Petrochemical Company. The total investment will be around eight billion dollars.

SABIC is the biggest company in the Middle East in terms of market capitalization, one of the ten biggest petrochemical producers in the world and the fourth largest producer of polymers. SABIC has two production centres in Saudi Arabia, in Al-Jubail and Yanbu, including around 20 petrochemical complexes, some of which are operated in associattion with multinational companies such as Exxon Mobil, Shell and Mitsubishi Chemicals.

- Tecnicas Reunidas was awarded an EPC contract by Abu Dhabi Company for Onshore Operations (ADCO), part of the ADNOC Group, for the Sahil and Shah (package B) Field Development Project in Abu Dhabi, UAE.

  A joint participation will be signed between TR and Consolidated Contractors International Company (CCC), with TR having a 60% share.

  The contractual strategy is based on a Turn Key Lump Sum basis and includes the development of the detail engineering, supply of equipment and material and construction for the Shail and Shah development. The project is scheduled to be completed by the end of 2012 with an approximate value of 1,300 million USD.

  This is the second large project warded to TR by the ADNOC Group. Being the first time ADCO joins forces with TR, it substantiates once again TR's recognition in the upstream oil & gas business.

  TR's involment in this new project will be mainly focus on oil production flow lines, primary separation through central and satellite degassing facilities, gas compression, transfer lines, oil pumping facilities, main oil pipelines and produced water handling.

  CCC's involvement in the project will be mainly the construction works related to the engineering and procurement activities, plus the connecting pipelines to the main central facilities of ASAB.

  ADCO produces about 1.4 million barrels per day from five fields (Asab, Bab, Bu Hasa, Sahil and Shah) representing 60% of United Arab Emirates oil production and is ranked among the top 10 oil producers in the world. These fields re linked by a system of pipelines, with crude oil storage and shipping facilities at Jebel Dhanna.

  TR and CCC hace worked and joined foreces in the past, carrying out projects in the oil and gas industry.

- Tecnicas Reunidas and Abu Dhabi Polymers Company Limited, Borouge, signed the Lump Sum Turn Key (LSTK) conversion agreement for the Project of Auxiliary Systems and Interconnections of the Expansion of the Ruwais Petrochemical Complex in Abu Dhabi in the United Arab Emirates.

The agreement is related to the conversion to LSTK of the previous OBE contract for a final value of 1.390 millions USD. TR started the works on this project in the second quarter of 2007, under a reimbursable contract that included the option of converting into a Lump Sum Turnkey Project.

The project includes the supply of all the auxiliary systems and interconnections of all the packages of the expansion of the complex known as Borouge 2. The expansion of this complex will triple the annual production capacity of poly-olefins up to two million tons, which will enable Borouge to supply its customer with high performance products for an increasingly wide range of applications.

Abu Dhabi Polymers Company Limited, BOROUGE, is a Joint Venture between Abu Dhabi National Oil Company (ADNOC) and Borealis. ADNOC, founded in 1971, is one of the world's largest petroleum companies with a production of 2.7 million barrels a day. Borealis is one of Europe's leaders in the production of poly-olefins. It owned 65% by International Petroleum Investment Company, IPIC, property of the Emirate Government of Abu Dhabi, and 35% by OMV, the Austrian petroleum and gas group.