



TECNICAS REUNIDAS

NINE MONTHS 2020 RESULTS PRESENTATION

NOVEMBER 11TH 2020

JUAN LLADÓ
CHAIRMAN AND CEO



- **Financial highlights under Covid-19**
- Proactive management in the current environment
- Energy transition and outlook

SOLID PERFORMANCE DESPITE COVID ENVIRONMENT IN 9M 2020

BACKLOG
€9.2Bn

**Strong backlog despite award
slowdown**

SALES
€2.8Bn

**Sales shift due to execution
slowdown and reprogramming**

ADJUSTED EBIT margin*
3.1%

Improving margins

NET CASH
€113M

Significant net cash position

*Adjusted EBIT excludes the impact of Covid (€44 million) and re-structuring costs (€10 million)

BACKLOG EXECUTION REPROGRAMMED DUE TO COVID-19

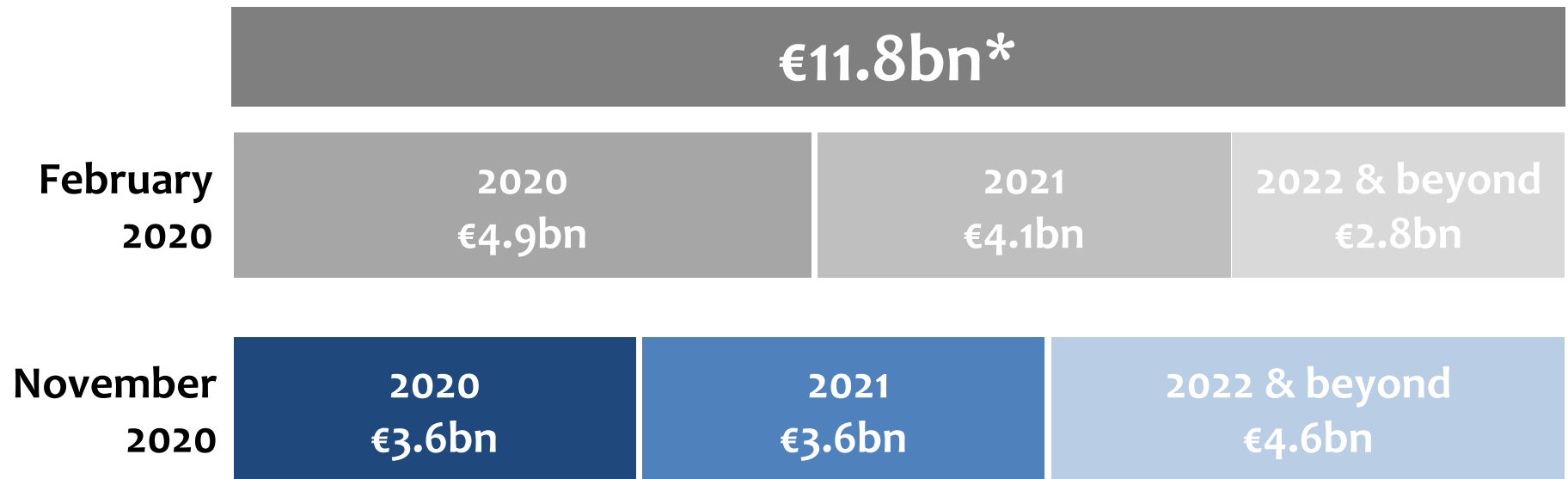
Backlog execution schedule



*December 2019 backlog + Hassi Messaoud (Algeria) project awarded in January 2020

BACKLOG EXECUTION REPROGRAMMED DUE TO COVID-19

Backlog execution schedule

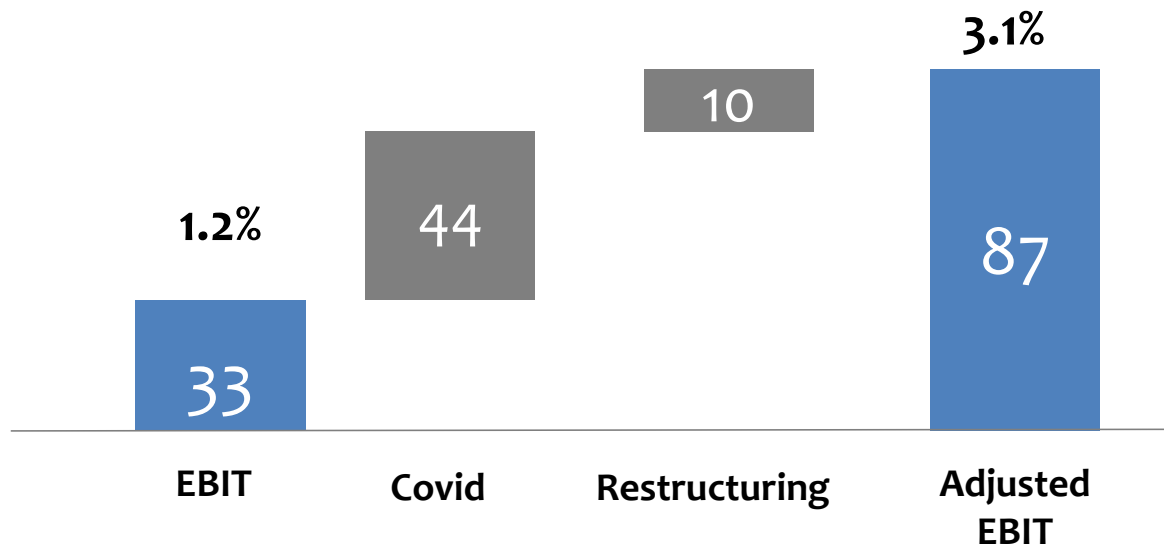


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BACKLOG MARGIN MOVING TOWARDS NORMALIZED BUSINESS

9M 2020 EBIT

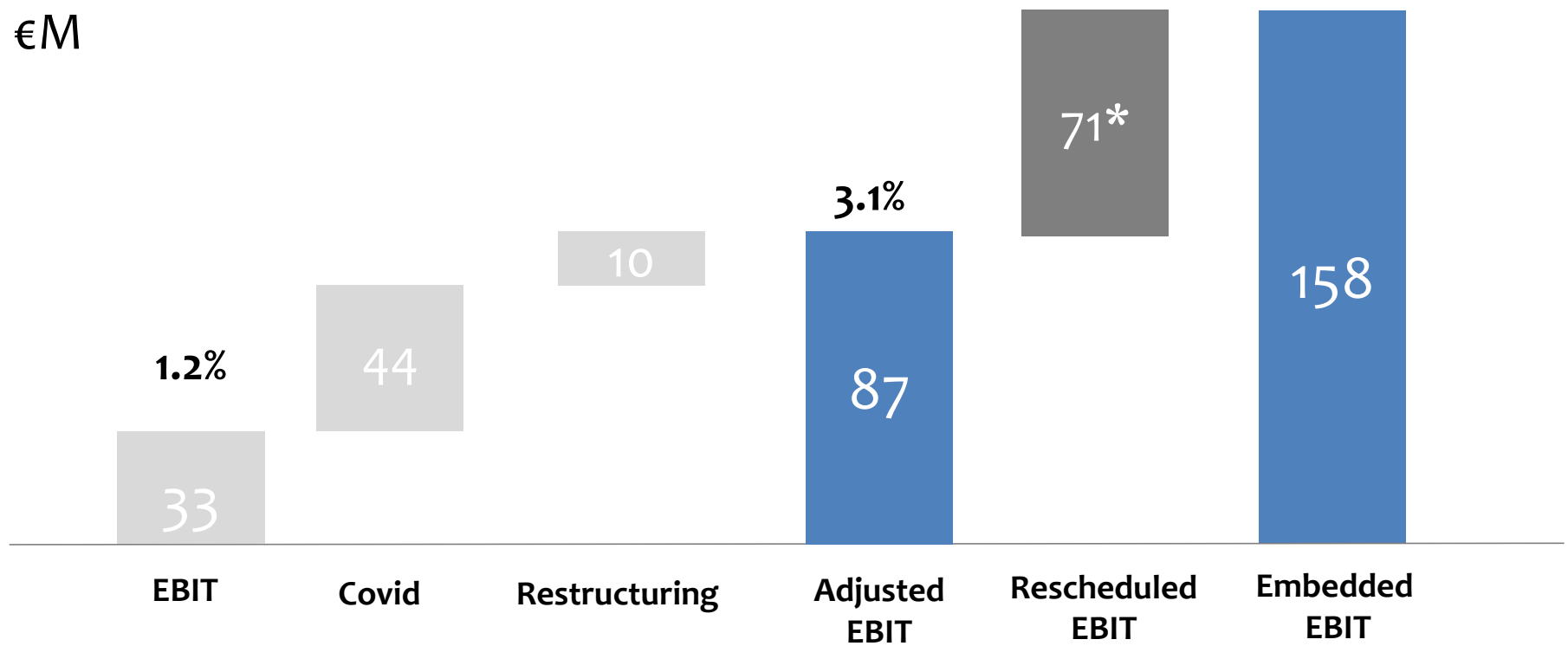
€M



BACKLOG MARGIN MOVING TOWARDS NORMALIZED BUSINESS

9M 2020 EBIT

€M



*€ 1,013M of delayed sales at 7.0% gross margin (historical project margin)

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Avoidance of risks arising at construction through better...

ENGINEERING

- More defined, advanced and flawless engineering
- Less revisions, best bulk material purchasing and less construction reworks

PROCUREMENT

- Containment of raw materials and commodities prices
- More flexible vendor list or country of origin
- Quality and timely delivery of modules and equipment

CONSTRUCTION

- Reduction of construction manpower peaks
- Less need of acceleration plans

Win-Win  **Smoother execution and margin preservation**

PROACTIVELY WORKING TO CAPTURE EFFICIENCIES AND STREAMLINE OPERATIONS

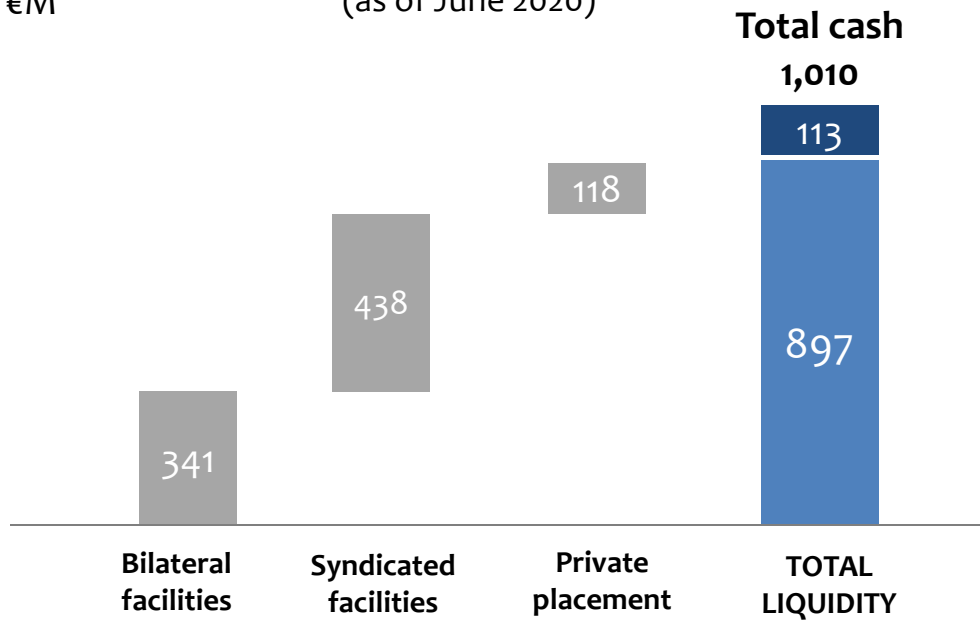
	ALREADY IMPLEMENTED	ANNUALIZED EFFECT
Workforce reduction of 20%	€ 64M	€ 119M
Rentals reduction of >15,000sqm	€ 1M	€ 9 M
Optimization in operations	€ 37M	€ 50M
	€ 102M	€ 178M
YTD Divestment plan	€ 28M	56% achieved

STRENGTHENED FINANCIAL PROFILE

Credit facilities

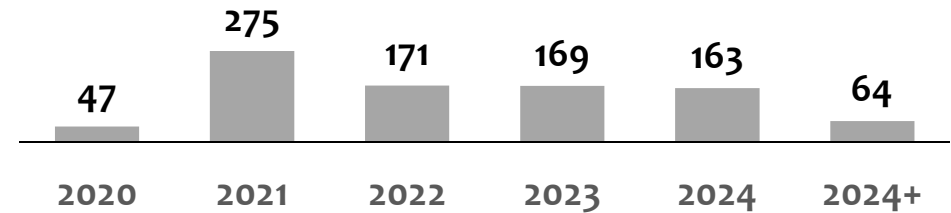
(as of June 2020)

€M



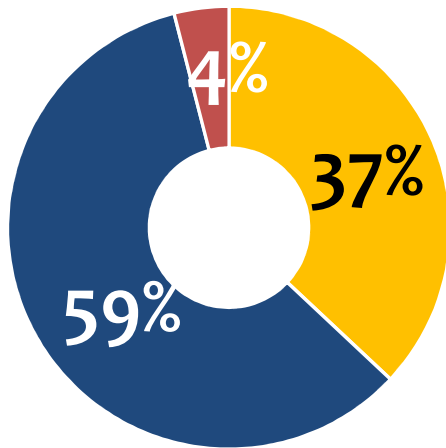
Debt maturity

(as of 30 Sept 2020)

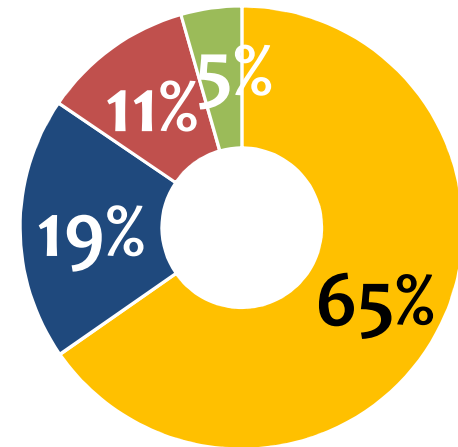


ONGOING PIPELINE OPPORTUNITIES

\$43 Bn in opportunities



■ Shif to gas ■ Clean fuels and petchem ■ Bio fuels and renewables

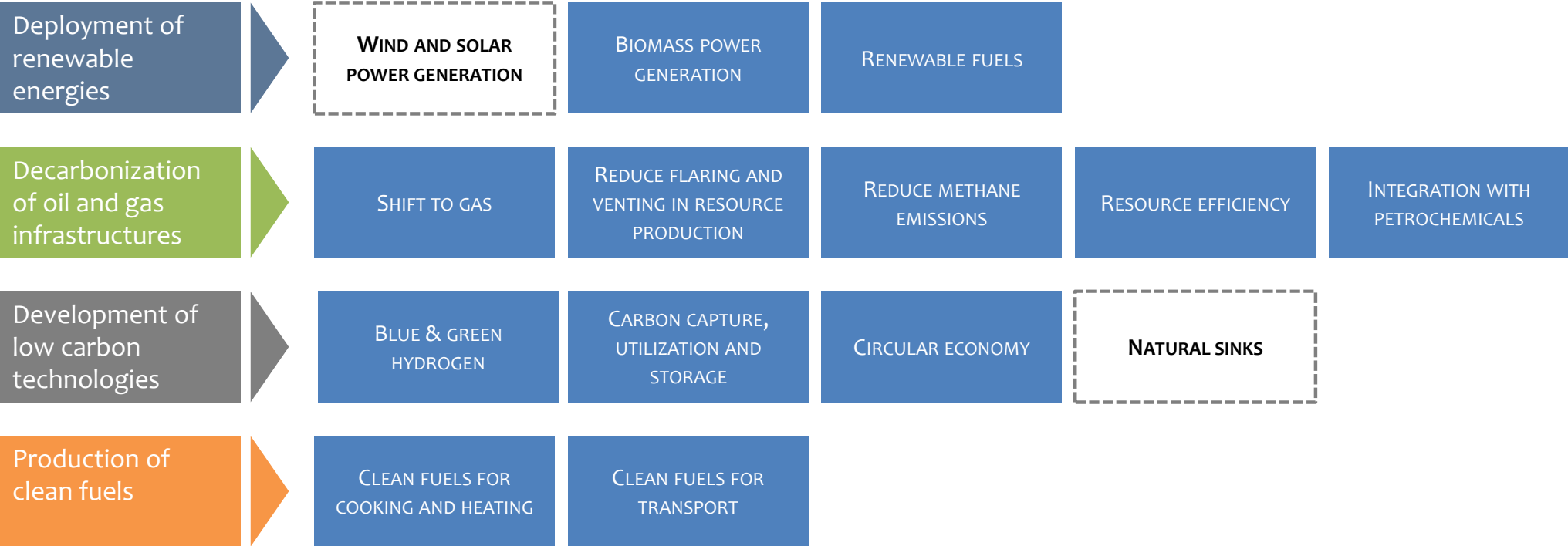


■ Africa and M East ■ Europe ■ Americas ■ Asia

- Financial highlights under Covid-19
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- **Energy transition and outlook**

TR'S CAPABILITIES WILL PLAY AN IMPORTANT ROLE THROUGH THE ENERGY TRANSITION

TÉCNICAS REUNIDAS CURRENT ACTIVITY



OUR CLIENTS ARE ALREADY RECOGNIZING OUR CAPABILITIES

Deployment of renewable energies

In execution

- Biomass power plants

In the pipeline

- HVO units for renewable fuel
- Conversion of coal to biomass power plant
- Biomass power plants

Decarbonization of oil and gas infrastructures

In execution

- Revamping and high complexity refineries
- Integration of refining and petrochemicals
- Upgrading resource production
- Last generation combined cycles that reduce GHG emissions against existing alternatives

In the pipeline

- LNG trains
- Gas to chemicals
- Cogeneration plants

Development of low carbon technologies

In execution

- Development of petrochemicals from biomass technologies
- Development of rare earths recovery technologies

In the pipeline

- Renewable power to hydrogen
- Waste to chemicals
- Carbon capture for thermal power generation
- Carbon capture for industrial plants
- Industrial hydrogen hubs
- Methanol plants with carbon capture

Production of clean fuels

In execution

- Upgrading of refineries to accomplish Euro V/VI standards
- Production of liquefied petroleum gases and natural gas liquids for clean cooking and heating

In the pipeline

- Hydrotreating units for clean fuels
- Natural gas liquids fractionation plants
- Residuum upgraders

MAIN TAKEAWAYS AND BUSINESS OUTLOOK

Main takeaways

- Solid performance despite COVID environment
- Win-win opportunity to profit from projects
- Cost cutting and operations improvement
- Strengthened financial profile

TR forecast*:

- | | |
|------------------------|----------------------|
| ▪ Sales | Above €3.5 Bn |
| ▪ Adjusted EBIT margin | Around 3.0% |

*Assuming the maintenance of current conditions, with no further worsening of the environment for the rest of the year

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SUSTAINABILITY: AMBITIOUS TARGETS AND ACHIEVEMENTS

ENVIRONMENT

- Top ranked companies in the CDP 2019 (Carbon Disclosure Project) – Climate Change with score A- (media of activity group is B).
- Carbon footprint tracking to ensure the reduction in emissions target for 2030.
- Objectives related to TEIF (environmental accident frequency index) and SSIF (spillage accident frequency) achieved.
- Circular economy consolidation (enhancements in the reuse of waste inside and outside constructions).

SOCIAL

- Continuous commitment with the development of regional areas, through local procurement and outsourcing (78% of total).
- High amount of funds dedicated to social interest (≈€1M).
- Social and environmental development of local communities (cooperation with women associations in Oman, forest plantations in Saudi Arabia, educational programmes in UAE, infrastructure reconstruction in Mexico, etc.).

GOVERNANCE

- 20% of variable retribution of the executive directors linked to environmental and HSE.
- 50% independent directors.
- Development of corporate policies like Sustainability, Relations with Shareholders and Investors and Appointment of Directors.
- 3 delegated Commissions of the Board of Directors supervising sustainability, governance and compliance.

MILESTONES

Bu Hasa (Abu Dhabi): The use of Gas Lift technology allows the production being more efficient and reducing the number of inactives rigs (lower energy consumption per oil barrel produced). The better treatment and reinjection of water allows a more rationale use of water at the plant.

Fadhili (Saudi Arabia): A number of programmes are linked with biodiversity, such as forest plantation, as part of the “National Transformation Program 2020”, aimed to make grow native trees and reduce the carbon footprint.

Sustainability Policy: enhanced in 2020 to increase the commitment with ESG and ease the capacity to assist our clients with top state-of-the-art services to reach their reduction in emissions and sustainability targets.

REMARKABLE CASE

-12% emissions for 2016-2030 period

Continuous strengthening of social and environmental aspects in every project

Técnicas Reunidas has a corporate and sustainable governance model that is continuously evolving and seeks to generate long-term value in line with the business model and provides credibility and confidence to stakeholders

TARGETS

