TECNICAS REUNIDAS

FY 2020 Results

26 February 2021

Audited accounts

Técnicas Reunidas closes 2020 with a promising future on the back of a solid backlog, a very active pipeline and increasing opportunities from energy transition

- YTD backlog of €8.9 billion. FY 2020 backlog of €8.3 billion
- Order intake of €2.1 billion
- Sales at €3,521 million
- Adjusted EBIT at €105 million, with a 3.0% margin. EBIT at €41 million
- Adjusted Net Profit at €58 million. Net profit at €13 million
- Net cash position of €197 million

Juan Lladó, Técnicas Reunidas Chairman, commented:

"2020 was going to be the year of full recovery for TR, with a positive scenario of growing sales and profits on the back of a very healthy backlog. It ended up being probably the most challenging year we have ever experienced, as we had to cope with all kinds of effects of the Covid pandemic on our operations.

I think we have done a good job in tackling this challenge. First and foremost, we have taken all the necessary measures to safeguard the health of our workers and subcontractors. Then, we have adapted our production model to remote work in record time and with high productivities. Last, but not least, we have been adapting our cost base to the reprogramming of major project schedules that were agreed with our main clients. Our management actions allowed us to remain profitable despite having to compensate a 35% fall in sales compared to our initial guidance and major cost increases in extremely complex environments. It is also remarkable that we were able to preserve in full our initial backlog and improve its future execution together with our clients. Furthermore, we have also taken very important steps into becoming a major player in the energy transition, which is key for our long-term growth.

Despite having to cope with second and third waves in several countries, we are starting 2021 with renewed ambition and strength. Within the present constraints, we keep making good progress in the execution of projects in the construction phase, in full alignment with our clients, that are becoming more focused in advancing delivery. At the same time, we continue working on all the major projects that were reprogrammed and that we expect will progressively start picking up speed. We are starting the year with a lower cost base and we aim to further enhance our efficiency under the guidelines of the TR-ansforma plan, thus improving our profitability as sales pick up. Most important: in the last months we have been extremely active on the commercial front. We have already presented a substantial *number of bids and we are also ready to bid in many regions in the first half of 2021. This makes us highly confident about full backlog replacement with new awards in 2021.*

In sum, we expect our operations to steadily improve as 2021 progresses, moving towards normalization by the turn of the year. We definitely will put all our energy into achieving it."

Highlights € million	FY 2020	FY 2019	Variation
Backlog	8,347	10,026	*-17%*
Net Revenues	3,521	4,699	*-25%*
Adjusted EBIT [(1)]	104.8 *3.0%*	68.2 *1.5%*	*54%*
Adjusted Net profit [(1)]	57.9 *1.6%*	39.4 *0.8%*	*47%*
Net Profit [(2)]	13.0 *0.4%*	-10.0 *-0.2%*	*N.M.*
Net Cash Position [(1)]	197	371	*-47%*

(1) Figures classified as Alternative Performance Metrics ("APMs"). See appendix.

(2) Profit for the year from continuining operations

FY 2020 RESULTS SUMMARY

Backlog at the end of 2020 stood at €8.3 billion, that compares to €10.0 billion at the end of 2019. Including the SASA Polyester project, announced in November 2020 and formally signed in February 2021, total backlog reached €8.9 billion.

During 2020, the main awards added to the backlog were: in Q1 2020, 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, a new environmental project for Saudi Aramco; in Q4 2020, a project for the environmental improvement of a downstream facility from ENAP in Chile; and a new petrochemical plant for Sasa Polyester in Turkey, whose contract has been recently signed and that will be booked in the backlog in Q1 2021. In addition, the company signed important agreements for environmental and hydrogen developments.

Total sales reached €3,521 million in 2020, with a 25% decrease versus 2019. This reduction mainly reflects the reprogramming of some major projects during the year, requested by clients to adapt to the Covid environment; as well as slower execution, due to the complexity of working under the different confinement regimes adopted in the countries where the company operates.

Adjusted EBIT stood at €104.8 million in 2020. The adjusted EBIT margin of 2020 was 3.0%, showing the healthy contribution of oil and gas projects in the backlog, as well as the effects of the efficiency and cost saving plans.

Adjustments to EBIT are related to extraordinary Covid and restructuring costs, as well as the impact of the asset disposal plan execution:

- Covid expenditures 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; many other non-reversal costs and direct costs linked to the extension of projects. The Covid-19 pandemic had a total negative net impact (net of realized and expected client reimbursements) of €58 million over 2020.
- Restructuring costs, which are linked to the efficiency plan, amounted to €16 million in 2020.
- The profit from the disposal of Eurocontrol resulted in €10 million.

During the last quarter of 2020, Técnicas Reunidas accelerated both its 2019 TR-ansforma efficiency plan and the important cost saving initiatives to adapt to Covid, which resulted in more than €121 million cost reductions in 2020. That figure will escalate to €257 million in annualized terms.

Net cash position at the end of 2020 stood at €197 million showing the progress of the different projects in the backlog.

OUTLOOK AND GUIDANCE FOR 2021

The unexpected pandemic outbreak led to lower sales in 2020, due to the slowdown in the execution of projects at more advanced stages, as well as the reprogramming of some major projects at an earlier stage, that shifted their sales across time. In 2021, we expect again that projects at more advanced stages will continue to deliver the bulk of the year sales, as they are executed at the optimal pace allowed by the pandemic evolution; while the reprogrammed projects keep progressing at the pace agreed with clients. With regard to margins, as the pandemic eases, the company expects to reflect in its accounts the higher embedded margins of the backlog, as execution starts to accelerate.

The company currently forecasts sales for 2021 in the range of €3.5 billion and an adjusted EBIT margin around 3%. Moreover, given its current bidding pipeline, the company expects to fully replenish its backlog, with awards outpacing sales during the year. These forecasts assume that Covid conditions continue to improve throughout 2021, as is currently expected for all the main regions where the company operates.

Webcast results details

Técnicas Reunidas will hold a conference call today at 13:00 CET. It can be accessed through the link in its homepage: http://www.tecnicasreunidas.es/en/

BACKLOG AND ORDER INTAKE

€ million	FY 2020	FY 2019	Variation
Backlog	8,347	10,026	*-17%*
Order intake	2,117	4,918	*-57%*

Backlog

Project	Country	Client
Downstream		
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
FEED Tuban	Indonesia	Pertamina / Rosneft
Polyethylene plant	Canada	Nova Chemicals
Hassi Messaoud refinery	Algeria	Sonatrach
Environmental enhancement project	Chile	ENAP
Upstream		
Project	Country	Client
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		
Project	Country	Client
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

At the end of 2020, Técnicas Reunidas' backlog amounted to €8.3 billion, that compares to the €10.0 billion reached at the end of 2019. Including the SASA Polyester project, announced in November 2020 and formally signed in February 2021, total backlog reached €8.9 billion.

Downstream and Upstream projects comprised 95% of the total backlog, whereas the Power division accounted for 5%.

Order intake

2020 order intake was €2.1 billion, comprising very relevant projects and strategic agreements, such as:

Main EPC projects:

- In January 2020, Sonatrach 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 USD3,700 million, with the share of TR exceeding USD2,000 million.

  The aim of the project is to increase the local production of energy products adapted to European environmental standards (Euro V), while accomplishing the most stringent safety and environmental standards.

- In July 2020, Saudi Aramco and Técnicas Reunidas signed the contract for the execution on a 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 USD80 million, has a schedule of thirty-four months up to completion.

  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 the whole scope of the "Clean Fuels" Project at the end of 2016.

- In November 2020, ENAP Refinery Bio Bio (ERBB) 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 USD100 million and a duration of 27 months.

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

- In November 2020, Sasa Polyester announced the selection of Técnicas Reunidas for the execution of a new petrochemical plant in Adana, Turkey for production of PTA (Purified Terephtalic Acid), a product which is expected to see additional investments in the short term. The final contract for this project was signed in February 2021, including the engineering, procurement and construction supervision of the plant. The contract will be included in the backlog in Q1 2021.

Main engineering and strategic agreements:

- Six years long-term agreement with Saudi Aramco to improve cost efficiency, quality and safety of its oil and gas brownfield and plan to upgrade projects to pioneer environmental sustainability fundamentals.
- PDP (Process Design Packages) and FEED (Front-End Engineering Design) for an olefin expansion project for Orlen in Poland.
- Basic and detail engineering for new effluents unit and for revamping of sulphur reduction for ENAP Aconcagua and Bíobío in Chile. These projects were awarded through the engineering framework contract with ENAP.
- Engineering framework contract for a new client, Celulosa Arauco, in Chile and first project awarded: Basic and detail engineering for a gas venting monitoring.
- Feasibility study for slurry pipeline for Codelco, in Chile. This project was awarded through the engineering framework contract with Codelco.
- FEED for a RSF booster pump project for PDO (Petroleum Development Oman), in Oman.
- FEED for gas supply for RAECO, in Oman.
- MoU signed for green hydrogen in three downstream sites.
- Engineering services of a green hydrogen production plant with solar photovoltaic energy in Spain.

Research and Development projects

Técnicas Reunidas' research activity is focused on developing a competitive, sustainable and integrated European economy, 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 2020 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.
- SEA4VALUE: Development of innovative technologies to recover nonferrous metals from brines from desalination plants.

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 REMSELAN Project: Production of rare earths such as Cerium, Neodymium, Praseodymium, Gadolinium, and Europium from lanthanum minerals.
- R+D BIORECOVER Project: Recovery of 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 WALEVA-TECH Project: Production of high added value products from lignocellulosic biomass residues.

FY 2020 RESULTS

€ million	FY 2020	FY 2019	Variation
Net Revenues	3,520.6	4,699.1	-25.1%
Other Revenues	10.2	7.8	
Total Income	3,530.7	4,706.9	-25.0%
Raw materials and consumables	-2,594.7	-3,679.5	
Personnel Costs	-561.9	-610.8	
Other operating costs	-289.5	-306.4	
EBITDA	84.7	110.2	-23.2%
Amortisation	-43.2	-42.1	
EBIT	41.5	68.2	-39.2%
Financial Income/ expense	-20.9	-12.6	
Share in results obtained by associates	-0.7	0.3	
Profit before tax	19.9	55.8	-64.4%
Income taxes	-6.9	-65.8	
Profit for the year from continuining operations	13.0	-10.0	-229.9%
Profit (loss) from discontinued operations	0.0	0.0	
Profit for the year	13.0	-10.0	-229.9%
Non-controlling interests	-1.9	-0.8	
Profit Attibutable to owners of the parent	11.0	-9.2	-219.7%

Profit and loss by segment

€ million	Total	Oil&Gas	P&W	Other Ind.	Not assigned
Net revenues	3.520,6	3.235,9	205,4	79,3	
EBIT	41,5	351,8	-214,0	10,3	-106,8
Margin	1,2%	10,9%	-104,2%	13,0%	
Extraordinary costs	63,4				
Restructuring costs	16,0				16,0
Covid impact	57,7	36,2	21,5	0,0	
Asset disposal gains	-10,3			-10,3	
Adjusted operating profit (Adjusted EBIT)	104,8	388,0	-192,5	0,0	-90,8
Margin	*3,0%*	*12,0%*	*-93,7%*	*0,0%*	

Revenues

Net revenues reached €3,521 million in 2020, with a 25% decrease versus 2019. This reduction reflects the reprogramming of some major projects during the year, requested by clients to adapt to the Covid environment, as well as slower execution, due to the complexity of working under the different confinement regimes adopted in the countries where the company operates

€ million	FY 2020	Weight	FY 2019	Weight	Variation
Oil and gas	3,235.9	91.9%	4,273.5	90.9%	-24.3%
Power & Water	205.4	5.8%	330.9	7.0%	-37.9%
Other Industries	79.3	2.3%	94.7	2.0%	-16.2%
Net Revenues	**3,520.6**	**100%**	**4,699.1**	**100%**	**-25.1%**

Sales from the **oil and gas division** went down 24.3% and reached €3,236 million in 2020. Oil and Gas revenues represented the vast majority of total sales (92%):

- Downstream: The projects with the highest contribution to sales were Duqm for DRPIC (Oman), Sitra for BAPCO (Bahrain), Ras Tanura for Saudi Aramco (Saudi Arabia) and Singapore project for ExxonMobil.
- Upstream: 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 €205 million in 2020, decreasing by 37.9% year on year. Sales and operating profit for this division were heavily impacted by the difficulties in execution under the different waves of the Covid pandemic in the UK and the termination of the Kilpilahti project in Finland.

Operating and net profit

€ million	FY 2020	FY 2019	Variation
EBIT	**41,5**	**68,2**	**-39,2%**
Restructuring costs	16,0	0,0	
Covid impact	57,7	0,0	
Asset disposal gains	-10,3	0,0	
Adjusted EBIT	**104,8**	**68,2**	**53,8%**
Margin	*3,0%*	*1,5%*	

Adjusted EBIT resulted in €104.8 million and adjusted margin was 3.0%. This figure shows the contribution of newer projects with healthy margins and the effects of the efficiency and cost saving plans. **EBIT**, without adjusting for extraordinary costs, was €41.5 million, with an operating margin of 1.2%

Adjustments to EBIT are related to extraordinary Covid and restructuring costs, as well as the impact of the asset disposal plan execution:

- Covid expenditures 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; many other non-reversal costs and direct costs linked to the extension of projects. The Covid-19 pandemic had a total negative net impact (net of realized and expected client reimbursements) of €58 million over 2020.

- Restructuring costs, which are linked to the efficiency plan and are mainly related to consultancy work and personnel restructuring costs, amounted to €16 million in 2020.
- The profit from the disposal of Eurocontrol resulted in €10 million.

During the last quarter of 2020, Técnicas Reunidas accelerated both its 2019 TR-ansforma efficiency plan and the important cost saving initiatives to adapt to Covid, which resulted in more than €121 million cost reductions in 2020. That figure will escalate to €257 million in annualized terms.

EBIT margin in 2020 was also favourable impacted by variation orders in the oil and gas division and by the negative impact of the results in the power division. This division was impacted by two projects, one in the UK and the Kilpilahti project in Finland, which is already terminated. Both projects registered deteriorations caused by difficulties in operations exacerbated by the pandemic effects.

€ million	FY 2020	FY 2019	Variation
Adjusted Net profit	57.9	39.4	47.1%
Net Profit*	13.0	-10.0	N.M.

*Net Profit from from continuining operations

Adjusted Net profit reached €58 million, growing by 47% from the same period last year. Net profit was €13.0 million, compared to €-10.0 million in 2019.

In addition to the operating income evolution, explained above, Net Profit also reflects the effect of financial results and taxes. Financial results include the negative mark to market of financial assets and the negative sign of the gains/losses in transactions of foreign currency, due to the dollar depreciation versus the euro, as well as to movements in other local currencies of countries in which we operate. For 2020, the losses from transactions in foreign currency decreased from €12.1 million to €6.6 million.

In 2020, the accounted company income tax was €6.9 million, which represents an effective tax rate of 35%.

€ million	FY 2020	FY 2019	Variation
Net financial Income *	-14.3	-0.5	2535%
Gains/losses in transactions in foreign currency	-6.6	-12.1	-46%
Financial Income/Expense	**-20.9**	**-12.6**	**66%**

* Financial income less financial expenditure

Balance sheet

€ million	31 Dec 2020	31 Dec 2019
Tangible and intangible assets	105.6	148.5
Investment in associates	2.7	3.4
Deferred tax assets	407.3	387.4
Other non-current assets	89.0	92.3
Non-current Assets	**604.6**	**631.7**
Inventories	8.9	5.5
Trade and other receivables	2,355.3	2,672.1
Other current assets	35.8	18.3
Cash and Financial assets	931.5	952.8
Current assets	**3,331.5**	**3,648.6**
TOTAL ASSETS	**3,936.1**	**4,280.3**
Equity	**283.6**	**330.0**
Non-current liabilities	**452.9**	**388.8**
Financial Debt	372.2	296.5
Other non-current liabilities	80.7	92.3
Long term provisions	**37.2**	**34.3**
Current liabilities	**3,162.4**	**3,527.1**
Financial Debt	362.9	285.8
Trade payable	2,678.1	2,978.6
Other current liabilities	121.4	262.7
Total liabilities	**3,652.5**	**3,950.3**
TOTAL EQUITY AND LIABILITIES	**3,936.1**	**4,280.3**

At the end of December 2020, equity of the company was €284 million, below the level of December of 2019. The decrease is mainly 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 effect is partially offset by the growth of the hedging reserve, due to the mark to market value of forward contracts. The net effect amounts to -€57 million.

€ million	31 Dec 2020	31 Dec 2019
Shareholders' funds + retained earnings	340.6	415.3
Treasury stock	-73.1	-73.8
Hedging reserve	5.2	-24.2
Interim dividends	0.0	0.0
Minority Interest	10.9	12.7
EQUITY	**283.6**	**330.0**

Following the principles of the "TR-ansforma" efficiency plan, the company launched an asset portfolio optimisation process that was expected to 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 2019, the company sold Empresarios Agrupados (a nuclear energy services engineering company). In October 2020, the company sold its 80% of Eurocontrol, a company dedicated to regulatory inspection of technical equipment. The profit stemming from this last sale amounted to €10.3 million, booked in the fourth quarter of 2020.

€ million	31 Dec 2020	31 Dec 2019
Current assets less cash and financial assets	2,400.0	2,695.8
Current liabilities less financial debt	-2,799.5	-3,241.4
COMMERCIAL WORKING CAPITAL	**-399.5**	**-545.5**
Financial assets	0.0	65.1
Cash and cash equivalents	931.5	887.6
Financial Debt	-735.0	-582.3
NET CASH POSITION	**196.5**	**370.5**
NET CASH + COMMERCIAL WORKING CAPITAL	**-203.0**	**-175.0**

Net cash position stood at €197 million, decreasing from the end of December 2019 and increasing compared to the previous quarter. The net cash position reflects the evolution of working capital, with clients slowing cash payments because of Covid.

APPENDIX

IFRS 16: FY 2020 Reconciliation

€ Million	FY 2020	Impact	FY 2020 Adjusted IFRS 16
EBITDA	84.7	28.9	55.8
Depreciation	43.2	30.0	13.2
Financial charges	20.9	0.8	20.2
Net profit	13.0	1.8	14.8
"Right of use" assets	20.9	20.9	0.0
Short-term lease liabilities	16.5	16.5	0.0
Long-term lease liabilities	5.7	5.7	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	FY 2020	FY 2019
(+) Revenues	Revenues and other income	3,530.7	4,706.9
(-) Operating expenses	Raw materials and consumables, employee benefit expense, other expenses, depreciation/amortisation	-3,499.6	-4,638.8
= Operating income	Revenues - Operating expenses	41.5	68.2
(+) Depreciation/amortisation and impairment charges	Depreciation/amortisation and impairment charges	43.2	42.1
EBITDA	Operating income excluding depreciation and amortisation	84.7	110.2

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	FY 2020	FY 2019
(+) EBITDA	Operating income excluding depreciation and amortisation	84.7	110.2
(-) Amortisation and depreciation expenses	Depreciation/amortisation and impairment charges	-43.2	-42.1
EBIT	Operating income	41.5	68.2

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, restructuring costs and non-core asset disposal; and their corresponding tax impact at the Adjusted net profit level.

Concept	Definition	FY 2020	FY 2019
(+) EBIT	Operating income	41.5	68.2
(+) Covid impact	Extraordinary effect related to Covid-19 pandemic	57.7	0.0
(+) Restructuring costs	Extraordinary expenses related to the business reorganization	16.0	0.0
(-) Non-core asset disposal	Capital gain from non-core asset disposal, net of tax	-10.3	0.0
Adjusted EBIT	Operating income excluding Covid impact and restructuring costs	104.8	68.2

Concept	Definition	FY 2020	FY 2019
(+) Financial Income/expense	Difference between earnings before interest and taxes and earnings before taxes	-20.9	-12.6
(+) Share in results obtained by associates	Income received by associated	-0.7	0.3
(-) Income taxes	Income tax generated by the business	-6.9	-65.8
(-) Adjustments to taxes	Adjustments to taxes	-18.4	49.4
Adjusted net profit	Net profit excluding Covid impact, restructuring costs and adjustments to taxes	57.9	39.4

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	FY 2020	FY 2019
(+) Cash and equivalents	Cash in hand, deposits held at call with banks, other short-term highly liquid investments with original	931.5	887.6
(+) Financial assets at fair value	Financial assets at fair value through profit and loss	0.0	65.1
(-) Financial debt	Short-term and long-term debt with credit entities	-735.0	-582.3
	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	196.5	370.5

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