



TECNICAS REUNIDAS

9M 2021

RESULTS PRESENTATION

NOVEMBER 15<sup>TH</sup> 2021

JUAN LLADÓ  
CHAIRMAN

# INDEX

## 1) CURRENT RESULTS IMPACTED BY COVID ENVIRONMENT

- Strong Covid impact on operations
- Q3 2021 P&L and cash position

## 2) TR WELL POSITIONED AND RESOURCED TO BENEFIT

- €4B new awards: quality and de-risked
- Restarting €4B reprogrammed projects
- Playing a proactive role in the energy transition
- SEPI funds to confirm our growth strategy

## 3) OUTLOOK AND GUIDANCE



# IMPACTS ON OPERATIONS AND PROJECT MANAGEMENT

Higher costs, lower productivity and slow milestone achievement due to Covid

## On-site

- **Mobilization and demobilization**
- **Quarantines**
- **Social distancing:** transport and site access

## Manpower and logistics

- **Manpower management:** closed borders, lack of flights, visa and vaccination requirements
- **Delays on equipment arrivals:** idle workforce
- **Quarantines** for foreign inspection and commissioning experts
- **Delays and claims** from subcontractors

## Project management

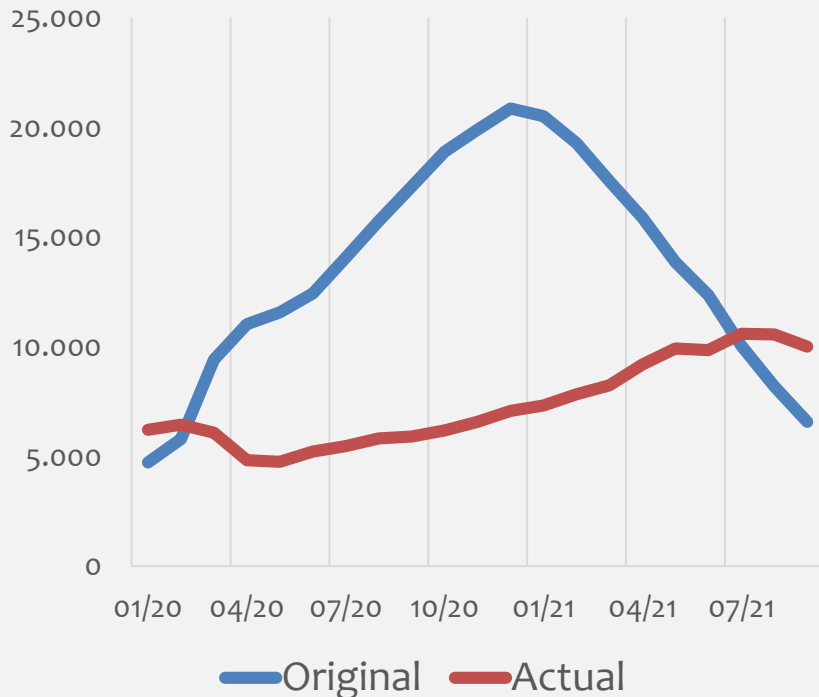
- **Slow milestone achievement:** low working capital realization
  - Billing at procurement stage: mainly when units are at the site
  - Billing at construction stage: delay of work certifications
- **Face to face negotiations restricted**
- **Change orders:** agreed with clients but not materialized until project closings

# IMPACTS ON OPERATIONS AND PROJECT MANAGEMENT

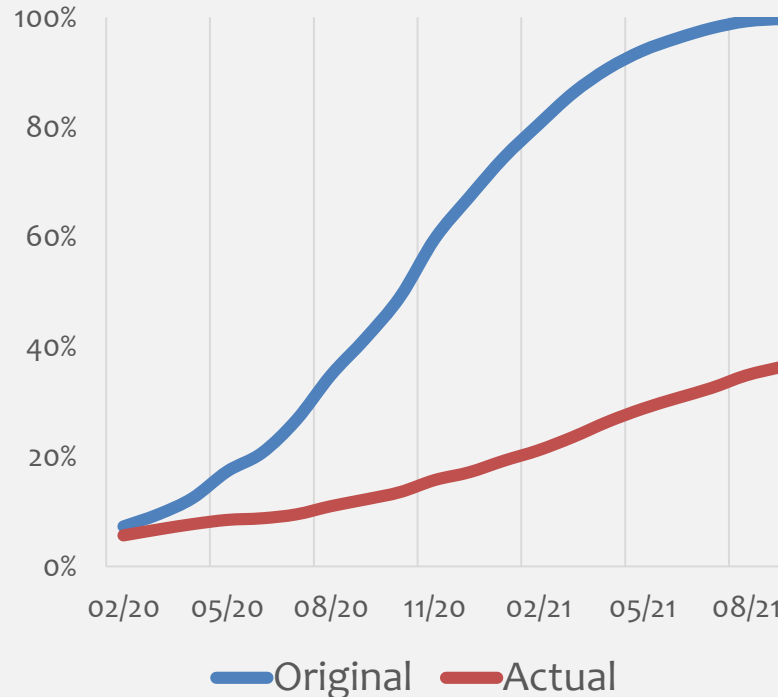
Higher costs, lower productivity and slow milestone achievement due to Covid

## Examples of different projects in Middle-East

Project 1: manpower on-site



Project 2: construction progress



Project 3: Covid data

**1,746** positive cases on-site

**5,912** workers on quarantine on-site

**76,474** Man-days lost in quarantines

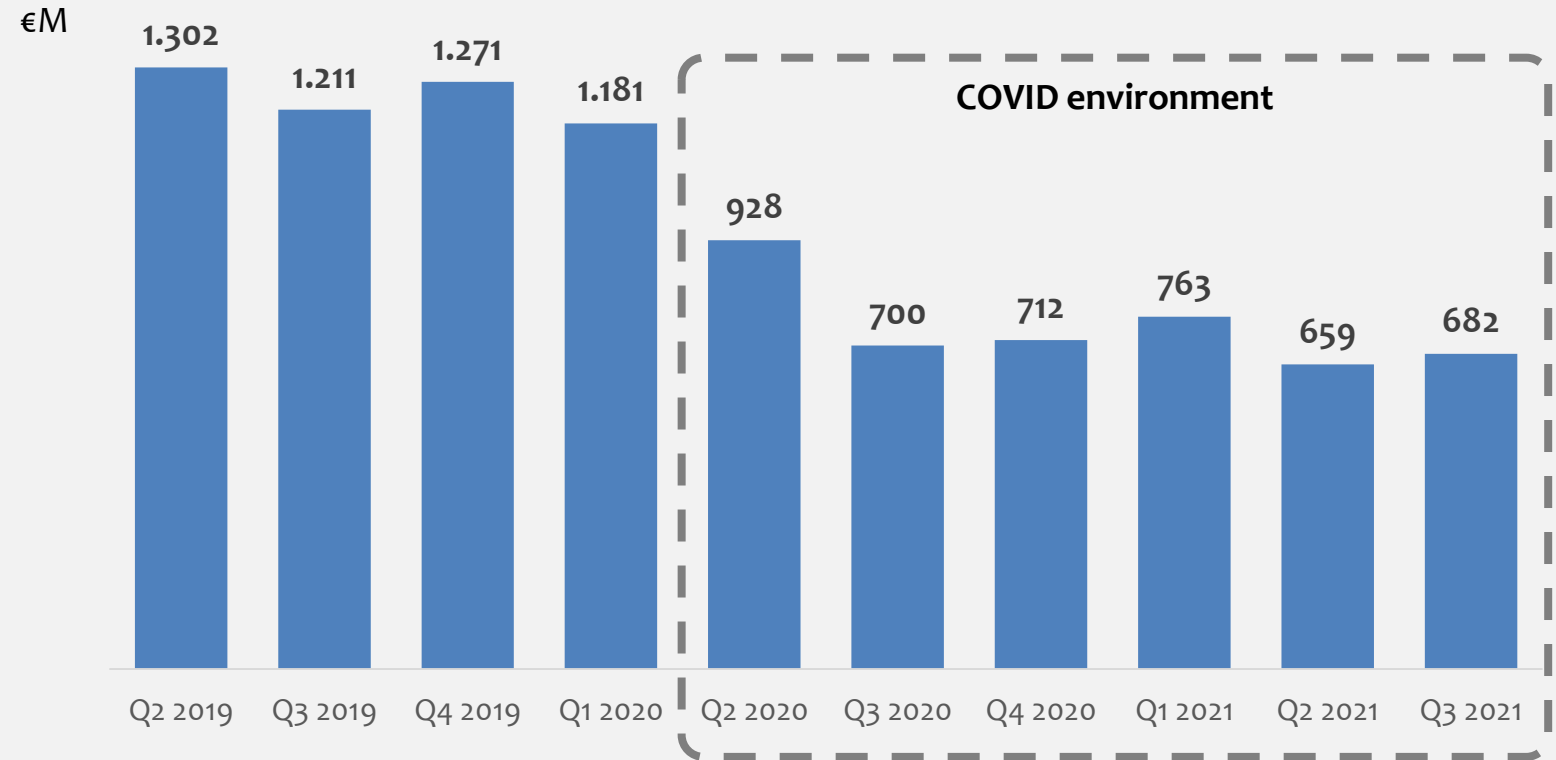
**>570** daily PCRs

# IMPACTS ON OPERATIONS AND PROJECT MANAGEMENT

40% reduction in sales from 2019

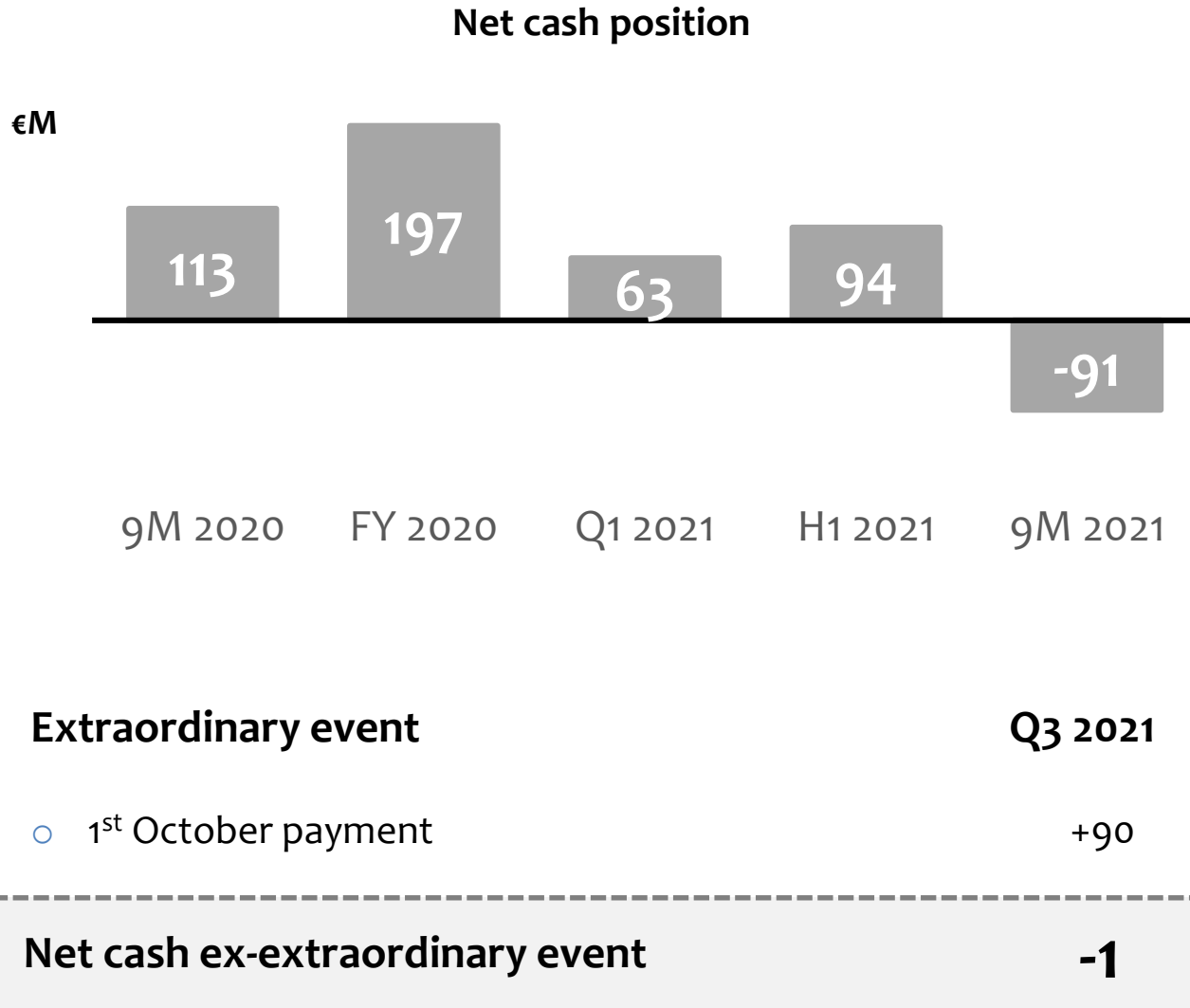
On-site  
Manpower  
and logistics  
Project  
management

Sales bottoming out and expected to rise from Q3 2021



Profits have been pushed forward

# NET CASH POSITION



- One major payment (€90m) delayed to October 1<sup>st</sup>
- Long billing cycles
- Slow cash collections from clients
- Payment to suppliers to consolidate the recovery of projects



## P&L FIGURES AND BACKLOG

	<b>Q3 2021</b>	<b>9M 2021</b>
<b>Sales</b>	€682m	€2.104m
<b>EBIT</b>	€0m	€-148m
<b>Adjusted EBIT*</b>	€-3m	€40m
<b>YTD Order intake</b>		<b>€3.7B</b>
<b>YTD Backlog</b>		<b>€10.4B</b>

\*9M 2021 Adjusted EBIT includes €188m of extraordinary impacts

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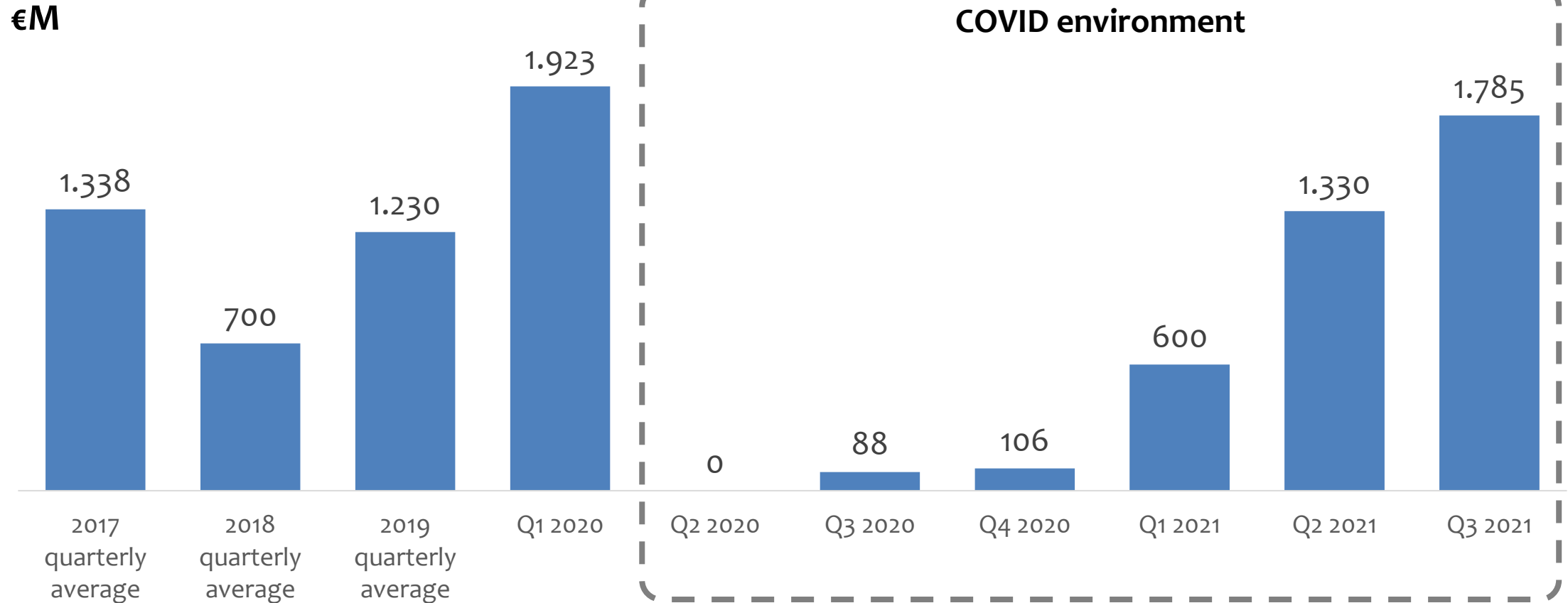
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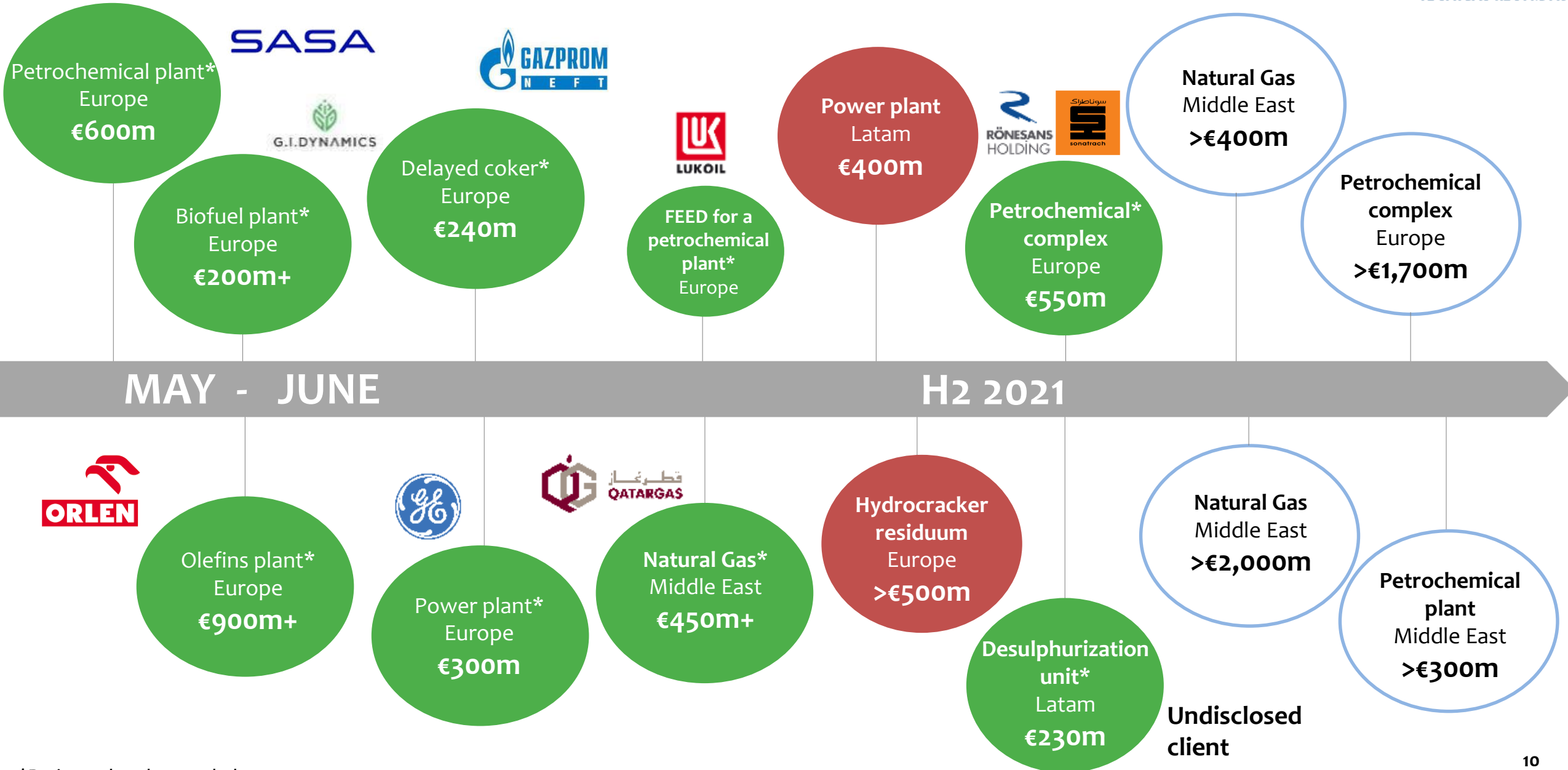




## TR awards



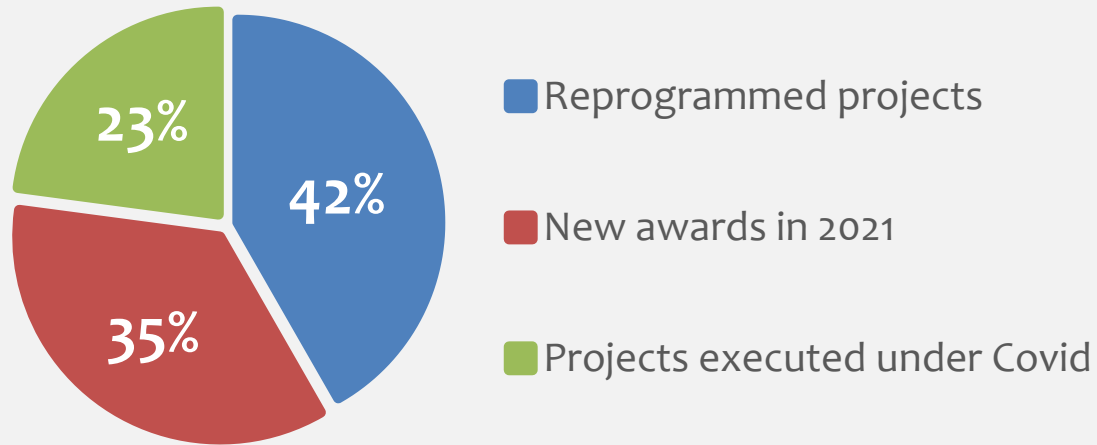
# €4B OF DIVERSIFIED AND DE-RISKED AWARDS



\*Projects already awarded

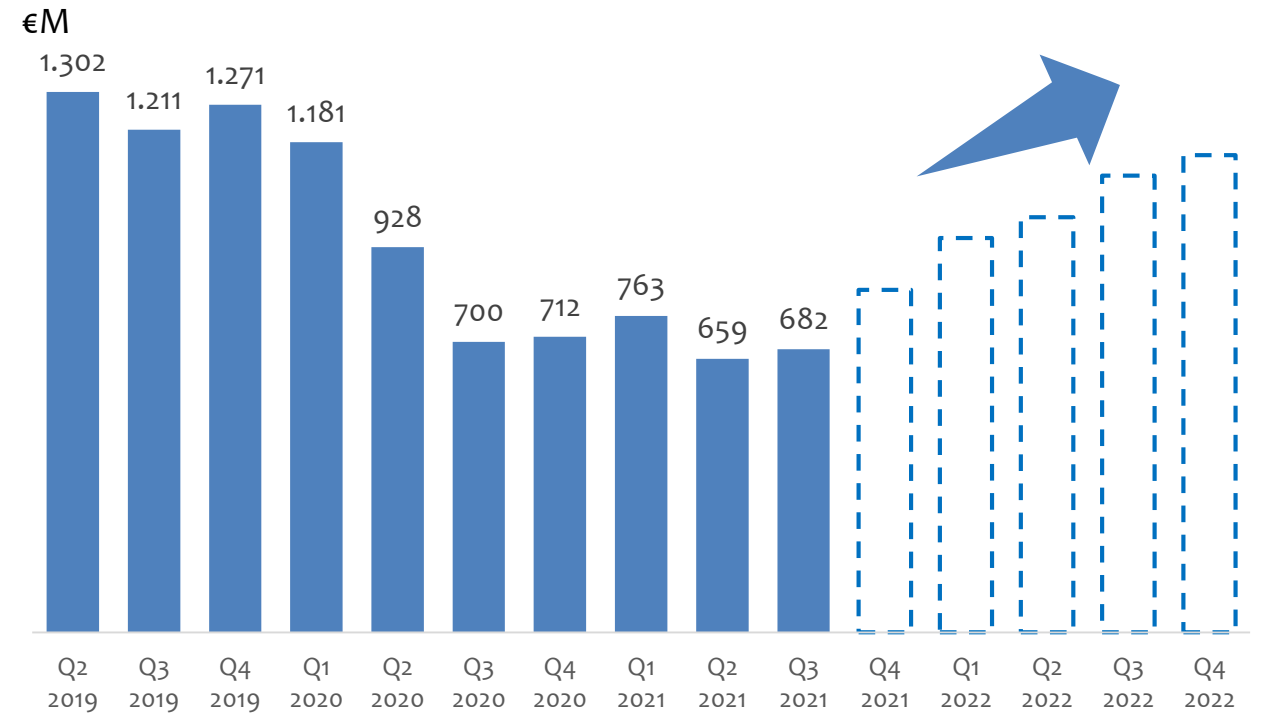
# RESTARTING MAIN REPROGRAMMED PROJECTS

## YTD backlog status (€10.4B)



More than €4B reprogrammed projects to be progressively in operation again from Q4 2021

## Sales ramp up due to reprogrammed projects restart and new awards



2022 pipeline: **€37B**

## TR AND THE ENERGY TRANSITION

### Main projects under execution:

#### ■ Circular economy

- **G.I.Dynamics: bio methanol plant** from residual waste and biomass
- **Swiss Zinc:** technology licensing for **metals recovery** on solid waste
- **ZAR Foundation:** technology license for **phosphor recovery** on wastewater sludge

#### ■ Decarbonization

- **Repsol:** agreement to develop **decarbonization** technologies and promote circular economy
- **Acerinox:** expanding our know how on **energy transition technologies** to other energy intensive industries (steel plant)

#### ■ Hydrogen:

- **Enagas/Acciona:** engineering services for **decarbonization of transport**
- Feasibility studies for **two large IOC** for **decarbonization of refining assets** with green hydrogen (up to 500 MW)
- Shine Fleet: charging solutions for **renewable hydrogen mobility**

Requested by clients to define and shape their projects...

## TR AND THE ENERGY TRANSITION

**...and actively taking the lead to make energy transition happen**

- **Catalyzing projects related to energy transition**
  - Decarbonization roadmaps
  - Second generation bioethanol plant
  - Green ammonia for low carbon shipping
- **Structuring own and third party technologies for the energy transition**
  - Methane emissions monitorization
  - Carbon and fiberglass recycling
  - Co – development of electrolysis technology
- **An opportunity for recurrent revenues**
  - Methane emissions monitorization
  - Asset monitorization
- **Minority stakes in selected projects and technologies to make them feasible**

## SEPI FUNDS TO CONFIRM OUR GROWTH STRATEGY

- €340m injection of funds from SEPI support
  - Supporting scheme developed by the EU for strategic and solvent companies impacted by COVID
  - Large companies in Germany, France or Italy already accessed this support
- Reference tenor: **4.5 years**, subject to business evolution
  - **Participative loan (hybrid equity) of €175m**
    - 4.5 year bullet payment
    - Euribor + 4.5% average
  - **Ordinary loan of €165m**
    - Amortized from 2<sup>nd</sup> year (20% + 30% + 30% + 20%)
    - 2% cost of funding
  - Milestones for **Q4 2021**
    - Nov-Dec: Spanish Government cabinet approval
    - December: funds disbursement

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# OUTLOOK AND 2021 GUIDANCE

## MACRO & AWARDS

- Higher oil and gas prices driving new investments

## EXECUTION

- Fast vaccination progress
- On-site manpower level improving
- Logistics constraints decreasing
- Clients willing to move ahead on current contracts

## ENERGY TRANSITION

- Positioning in projects and technologies

## BALANCE SHEET

- Cost, cash and working capital management
- SEPI funding disbursed

## 2021 Guidance\*

Sales

**€3B+**

EBIT (for H2 2021)

**Breakeven**

Awards

**€4B+**

\*Assuming current COVID conditions and trends



# OUTLOOK AND 2022 GUIDANCE

## MACRO & AWARDS

- Oil and gas prices remain at current levels
- Additional awards

## EXECUTION

- Projects awarded in 2021 moving to accretive phases
- Restarting reprogrammed projects
- COVID scenario improves

## ENERGY TRANSITION

- Active role in shaping projects and technologies

## BALANCE SHEET

- Cost, cash and working capital management
- Financial profile recovery

## 2022 Guidance\*

Sales	~ €4B
EBIT margin	Above 2%
Awards	~ €4B

\*Assuming current conditions and trends

# OUTLOOK AND MID-TERM TARGET

## MACRO & AWARDS

- Oil and gas prices remain at current levels
- Additional awards from pipeline

## EXECUTION

- Fresh and healthy backlog
- COVID with limited impact

## ENERGY TRANSITION

- Materializing projects and technologies
- Conversion into relevant sales share

## BALANCE SHEET

- Normalized working capital
- Active cost management
- Strengthened financial profile

## Mid-term target\*

Sales	~ €5B
EBIT margin	~ 4%
Awards	~ €5B

\*Assuming current conditions and trends



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## KEY AWARDS RECENTLY MATERIALIZED: CLIENT TRUST AND FRANCHISE STRENGTH



EPC for a liquified natural gas project for the expansion of Qatargas onshore facilities at North Field

More than €450m + potential additional options



EPC for a new polypropylene plant in Turkey for a JV formed by Rönesans and Sonatrach

€1B total investment (€550m for TR)

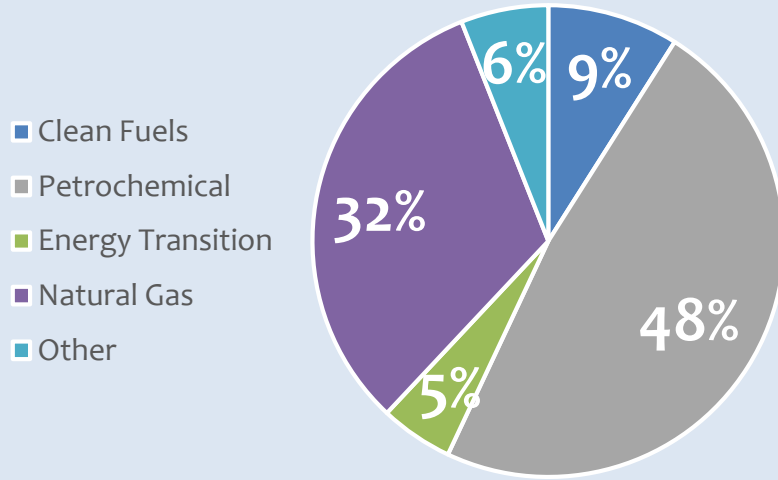


Competitive FEED for a new polypropylene unit in Russia for Lukoil

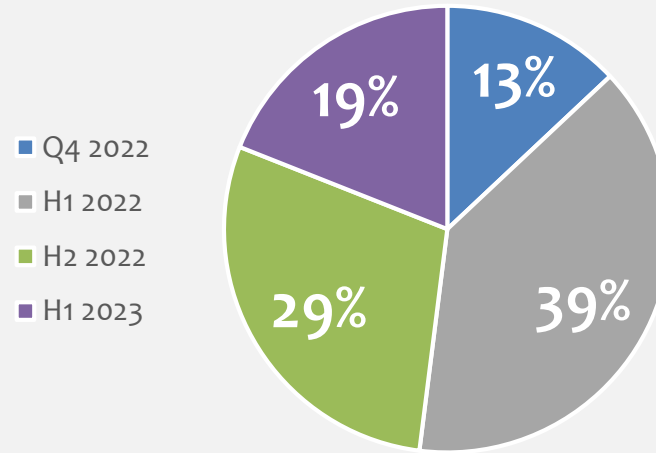
The complex will become the largest polymer production center integrated into a refinery in Russia

# PIPELINE ANALYSIS

## Pipeline per division



## Pipeline per calendar (expected award date)



## Pipeline per geography

