



TECNICAS REUNIDAS

NINE MONTH RESULTS
January – September 2016

CONTENTS:

- 1. Highlights**
 - 2. Backlog**
 - 3. Consolidated Income Statement**
 - 4. Consolidated Balance Sheet**
- ANNEX: Filings with CNMV**

1. HIGHLIGHTS

9M 2016 Main Highlights

- 9M2016 Order intake at €1.5 billion
- 9M 2016 Backlog at € 10.1 billion
- 14% growth in sales to € 3.4 billion
- Operating profit at € 139 million and net profit at € 101 million
- Solid balance sheet with a net cash position of € 489 million, as of September 30th, 2016
- 2015 dividend paid in 2016: € 75 million

2016 Guidance

- Sales will increase to the range of € 4.5 billion to € 4.6 billion (from 2015 record level).
- EBIT margin levels will be around 4%.
- Commitment to steady dividend distribution.

First nine month 2016 results follow 2016 guidance announced in February 2016. Sales of the company increased 14% to € 3.4 billion. EBIT was € 139 million, with an Operating Margin of 4%, and Net Profit stood at € 101 million. As of the 30th of September, 2016, Net Cash Position was € 489 million.

The crisis in the oil sector has impacted capital investments worldwide with the sharpest reduction over the last thirty years. Nevertheless, Técnicas Reunidas (TR) managed to increase sales in 2014 (+11%), 2015 (+32%) and the nine months of 2016 (+14%), due to the growth in backlog during this period.

Juan Lladó, Chief Executive Officer of Técnicas Reunidas, said:

“Our diversified business platform by products and geographies has demonstrated its resiliency in this oil price scenario. Consequently, we have increased our backlog and ensured future revenue growth.

In the short and medium term, we are focused on successful execution with efficiency, risk control and cash discipline.

In terms of delivery, the Upgrader Project in Canada reached mechanical completion on the 25th of September and started operations October, the 12th. We expect full demobilization of our team in the next weeks.

We have been successful securing important awards in 2016. Our immediate pipeline is also in good shape. We are currently bidding and receiving invitations to bid in different areas such as the Middle East, Asia or North America, and we have good prospects in Latin America.

Also, we are successfully pursuing high value added engineering projects following our aim of supporting our clients from the early stages of the development process. We are being awarded FEED projects in the Middle East, North Africa and Europe.

Several major projects that TR is executing are related with clean fuels production and natural gas processing. They support our client's adaptation to new environmental regulations, cleaner power generation or the growth of the petrochemical industry. All of them are going to be important investment drivers for the future.

All of these factors allow us to feel highly confident in Técnicas Reunidas overall outlook for 2017 and onwards."

HIGHLIGHTS January - September	9M 2016 € million	9M 2015 € million	Var. %	Year 2015 € million
Backlog	10,090	9,977	1%	12,136
Net Revenues	3,438	3,006	14%	4,188
EBITDA	154	159	-3%	105
Margin	4.5%	5.3%		2.5%
EBIT	139	148	-6%	86
Margin	4.0%	4.9%		2.1%
Net Profit	101	115	-12%	60
Margin	2.9%	3.8%		1.4%
Net Cash Position	489	348	41%	533

2. BACKLOG

	Project	Country	Client	Estimated Delivery
Refining and Petrochemical	Al Zour refinery	Kuwait	KNPC	2019
	Minatitlán refinery	Mexico	Pemex	2019
	Westlake petrochemical complex	US	Sasol	2018
	Heroya Industrial Park	Norway	Yara Norge AS	2018
	RAPID refinery	Malaysia	Petronas	2018
	Talara refinery	Peru	Petroperu	2018
	Sturgeon refinery	Canada	North West Redwater Partnership	2017
	Star refinery	Turkey	SOCAR	2017
	Jazan refinery	Saudi Arabia	Saudi Aramco	2017
	Antwerp refinery	Belgium	Total	2016
	Sadara	Saudi Arabia	Saudi Aramco/Dow Chemical	-
TAN project*	Australia	Yara Int./Orica Lim./Apache Corp.	-	
Upstream & Gas	Fadhili	Saudi Arabia	Saudi Aramco	2019
	GT5	Kuwait	KNPC	2019
	GASCO	United Arab Emirates	ADNOC / Total / Shell	2018
	Hail Field Development	United Arab Emirates	ADOC	2017
	Jazan IGCC	Saudi Arabia	Saudi Aramco	2017
	Touat gas field	Algeria	GDF Suez / Sonatrach	2017
	Oil sands	Canada	Canadian Natural Resources	-
Power	Biomass plant	UK	MGT Teeside	2020
	Turów	Poland	Polska Grupa Energetyczna	2019
	Kilpilahti	Finland	Neste / Veolia / Borealis	2018
	Fort Hills	Canada	Suncor/Total/Teck	2017
	Los Mina	Dominican Republic	AES Dominicana	2017
	Ashuganj	Bangladesh	Ashuganj Power Station Company	2017
Nodo Energetico del Sur	Peru	Enersur	-	

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

Backlog as of September 30th, 2016

At the end of September 2016, Técnicas Reunidas' backlog stood at € 10,090.2 million, a slight growth compared to the end of September 2015.

Oil and Gas projects represented 91% of the total backlog, while the Power division accounted for 9%.

9M 2016 order intake amounted to € 1,531.6 million, which includes: the Minatitlan refining project for Pemex in Mexico and the Kilpilahti electricity generation project for Neste / Veolia / Borealis in Finland, both awarded in 1H 2016, as well as a new biomass project in the United Kingdom, awarded in the third quarter of 2016.

MGT Teesside Ltd selected TR, in a consortium with Samsung C&T, for the execution of a contract to build a new 299 MWe Biomass power plant in Teeside, United Kingdom.

The contract covers the services for engineering, procurement, construction, commissioning and start-up of the power plant, up to commercial operation.

This new power project involves the installation of a boiler followed by a steam turbine with a total gross power output of 299 MWe. The scope also includes the rest of all required equipment for the full operation of the plant. It will be the largest biomass plant in the world.

The total contract value will be close to EUR 700 million of which TR's contract share is approximately 70%. The commercial operations of the power plant are expected to begin in 2020.

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT January - September	9M 2016 € million	9M 2015 € million	Var. %	Year 2015 € million
Net Revenues	3,437.9	3,006.0	14.4%	4,187.9
Other Revenues	5.9	5.3		7.5
Total Income	3,443.8	3,011.3	14.4%	4,195.4
Raw materials and consumables	-2,356.6	-2,060.8		-3,019.9
Personnel Costs	-437.3	-407.6		-543.9
Other operating costs	-495.9	-383.7		-526.3
EBITDA	154.1	159.2	-3.2%	105.3
Amortisation	-15.2	-11.6		-19.3
EBIT	138.9	147.6	-5.9%	86.0
Financial Income/ expense	1.1	3.3		1.5
Share in results obtained by associates	-2.2	0.9		-5.2
Profit before tax	137.8	151.8	-9.2%	82.3
Income taxes	-36.5	-36.6		-22.2
Net Profit	101.3	115.2	-12.0%	60.2

3.1 REVENUES

REVENUES BREAKDOWN January - September	9M 2016 € million	%	9M 2015 € million	%	Var. %	Year 2015 € million
Oil and gas	3,043.7	88.5%	2,653.0	88.3%	14.7%	3,744.4
Power	290.7	8.5%	256.5	8.5%	13.3%	320.8
Infrastructure and industries	103.5	3.0%	96.4	3.2%	7.4%	122.7
Net Revenues	3,437.9	100%	3,006.0	100%	14.4%	4,187.9

In 9M 2016, net revenues rose by 14.4% to € 3,437.9 million, due to the strong backlog booked by the company during the last two years.

Sales from the oil and gas division went up 14.7% and reached € 3,043.7 million in 9M 2016. Oil and Gas revenues accounted for the vast majority of total sales, supported by the Refining and Petrochemical business, as well as the processing of natural gas.

- Refining and Petrochemical: The projects with more contribution to sales were the following: Talara for Petroperu (Peru), RAPID for Petronas (Malaysia), Al Zour for KNPC (Kuwait) and STAR for SOCAR (Turkey).
- Upstream and Natural Gas: The main contributors to sales were: the Fadhili project for Saudi Aramco (Saudi Arabia), the Jazan IGCC for Saudi Aramco (Saudi Arabia), the Gasco project for ADNOC/Total/Shell (UAE) and the GT5 project for KNPC (Kuwait).

Revenues of the power division went up 13.3% to € 290.7 million in 9M 2016. The Fort Hills cogeneration project for Suncor / Total / Teck (Canada), the Kilpilahti electricity generation plant for Neste / Veolia / Borealis (Finland) and the Los Mina CCGT for AES Dominicana (Dominican Republic), were the largest contributors to sales.

3.2 OPERATING AND NET PROFIT

OPERATING AND NET PROFIT January - September	9M 2016 € million	9M 2015 € million	Var. %	Year 2015 € million
EBITDA	154.1	159.2	-3.2%	105.3
Margin	4.5%	5.3%		2.5%
EBIT	138.9	147.6	-5.9%	86.0
Margin	4.0%	4.9%		2.1%
Net Profit	101.3	115.2	-12.0%	60.2
Margin	2.9%	3.8%		1.4%

EBIT BREAKDOWN January - September	9M 2016 € million	9M 2015 € million	Var. %	Year 2015 € million
Operating Profit from divisions	207.4	207.5	0.0%	167.0
Costs not assigned to divisions	-68.5	-59.9	14.4%	-80.9
Operating profit (EBIT)	138.9	147.6	-5.9%	86.0

Financial Income/Expense January - September	9M 2016 € million	9M 2015 € million	Year 2015 € million
Net financial Income *	-0.7	2.0	1.1
Gains/losses in transactions in foreign currency	1.9	1.3	0.4
Financial Income/Expense	1.1	3.3	1.5

* Financial income less financial expenditure

9M 2016 EBIT was € 138.9 million, with a 4% operating margin, in line with company guidance.

Net profit was € 101.3 million, 12% lower than 9M 2015, impacted by a negative share in results obtained by associates and a lower financial income.

- Financial Income decreased from € 3.3 million in 9M 2015 to € 1.1 million in 9M 2016. This reduction was mainly due to lower returns from cash holdings and the financing costs associated to a higher gross debt.
- In 9M 2016, the company income tax was € 36.5 million, which represents an effective tax rate of 26.5%.

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET September 30	9M 2016 € million	9M 2015 € million	Year 2015 € million
ASSETS:			
Non-current Assets			
Tangible and intangible assets	123.4	118.4	130.0
Investment in associates	7.2	16.0	4.9
Deferred tax assets	179.8	97.6	186.7
Other non-current assets	25.1	17.1	23.4
	335.5	249.1	345.0
Current assets			
Inventories	19.3	21.7	21.7
Trade and other receivables	2,069.8	1,953.9	2,401.5
Other current assets	48.5	54.8	73.0
Cash and Financial assets	626.2	523.4	772.0
	2,763.7	2,553.8	3,268.3
TOTAL ASSETS	3,099.2	2,802.9	3,613.2
EQUITY AND LIABILITIES:			
Equity	487.1	467.0	397.5
Non-current liabilities			
Financial Debt	65.9	21.9	157.7
Other non-current liabilities	15.3	61.6	29.9
Long term provisions	35.2	19.0	31.2
Current liabilities			
Financial Debt	71.8	153.8	81.8
Trade payable	2,268.8	1,870.7	2,611.3
Other current liabilities	155.0	208.9	303.8
	2,495.6	2,233.4	2,996.9
Total liabilities	2,612.1	2,335.9	3,215.7
TOTAL EQUITY AND LIABILITIES	3,099.2	2,802.9	3,613.2
EQUITY			
September 30	9M 2016 € million	9M 2015 € million	Year 2015 € million
Shareholders' funds + retained earnings	598.2	624.0	597.0
Treasury stock	-74.1	-74.1	-74.2
Hedging reserve	-40.8	-86.3	-93.2
Interim dividends	0.0	0.0	-35.8
Minority Interest	3.8	3.4	3.7
EQUITY	487.1	467.0	397.5

NET CASH POSITION September 30	9M 2016 € million	9M 2015 € million	Year 2015 € million
Current assets less cash and financial assets	2,137.5	2,030.4	2,496.2
Current liabilities less financial debt	-2,423.8	-2,079.6	-2,915.1
COMMERCIAL WORKING CAPITAL	-286.3	-49.2	-418.9
Financial assets	62.8	62.2	63.2
Cash and cash equivalents	563.4	461.2	708.8
Financial Debt	-137.7	-175.7	-239.5
NET CASH POSITION	488.5	347.7	532.6
NET CASH + COMMERCIAL WORKING CAPITAL	202.2	298.5	113.7

- At the end of September 2016, equity of the company was € 487.1 million, higher than the level as of September 2015 and as of December 2015, favoured by a lower impact of the negative hedging reserves.
- The net cash position closed at € 488.5 million, 41% up compared to September 2015 and in line with company expectations, following the company's commitment to a dedicated cash management.
- In December 2015, the Board of Directors approved an interim dividend of € 0.667 per share (€ 35.8 million) out of the 2015 results, which was paid on the 12th of January 2016. In February, the company announced a complementary dividend of € 0.7289 per share (€ 39.2 million) out of the 2015 results, which was paid on the 14th of July 2016. Consequently, total dividends paid in 2016 out of 2015 results, were € 75 million which represents the same absolute amount, compared to the dividends paid in 2015.

ANNEX: FILINGS WITH CNMV RELEVANT EVENTS AND OTHER COMMUNICATIONS

In the third quarter of 2016, the company filed the following communications with the Spanish “Comisión Nacional del Mercado de Valores” (CNMV):

- MGT Teesside Ltd, a UK based company, selected Técnicas Reunidas, in a consortium with Samsung C&T, for the execution of a contract to build a new 299 MWe power plant with combined heat and power in Teesside, United Kingdom. The power plant involves the installation of one steam generator followed by a steam turbine with a total gross power output of 299 MWe.

The main steam generation system is composed of a Circulating Fluidized Bed (CFB) boiler using wood pellets and chips as main fuel. The scope also includes all necessary balance of plant, including fuel handling and the necessary abatement systems to fulfil latest emission standards.

The total contract value of the power plant will be close to EUR 700 million of which TR's contract share is approximately 70%.

It covers the services for engineering, procurement, construction, commissioning and start-up of the power plant, up to commercial operation. The power plant commercial operations are expected to begin in 2020. Notice to proceed was received on the 11th of August 2016 following contract signature on August 10th, 2016.

This will be the first contract in the UK for TR following a strong commercial effort over the last years in this market, which is expected to present other opportunities in the power generation business in the mid-term.

MGT Tees side Ltd is owned 50% by Macquarie Group and 50% by the Danish Fund PKA Ltd. Macquarie is a global financial services organization and PKA is one of the largest pension service providers for labour market pension funds in Denmark.

The award of this contract will reinforce the competitive position of TR as one of the few companies in the world able to work in areas as diverse as oil and gas, power generation, oil refining and petrochemical industry. Since 1960, TR has designed and constructed more than 1,000 industrial plants in over 60 countries.

Macquarie Group (Macquarie) is a leading global provider of banking, financial, advisory, investment and funds management services. Founded in 1969, Macquarie operates in more than 64 office locations in 28 countries and employs more than 14,300 people. Assets under management total approximately £256 billion as of the 31st of March, 2016.

PKA is one of the largest pension funds in Denmark with 275,000 members and assets of more than £28 billion. PKA has invested around £2 billion in climate-related projects, including wind farms, green bonds and the Danish Climate Investment Fund. The aim is that climate-related projects will be 10% of total investments in 2020.

MGT Power is a UK independent power station developer focused on large-scale sustainable biomass projects. Its management team has experience in the UK and overseas power generation projects totalling c.15 GWe. The team has a long history in biomass supply and sustainable sourcing. MGT Power's investors include Capeview Capital and Ecofrontier of South Korea.

- Regarding the liquidity agreement signed with Santander Investment Bolsa, Sociedad de Valores, SAU, the company reported information of the operations made during the fifth quarter:

SUMMARY			
	Shares	Net Value (€)	Average price (€)
Opening account	80,838	1,375,627	
Purchases	1,667,428	-48,525,334	29.10
Sales	-1,684,153	49,032,682	29.11
Final account	64,113	1,882,975	