



TECNICAS REUNIDAS

FULL YEAR RESULTS
January – December 2014

CONTENTS:

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

2014 Annual accounts audited by Price Waterhouse Coopers

1. HIGHLIGHTS

HIGHLIGHTS <i>January - December</i>	Year 2014 € million	Year 2013 € million	Var. %
Backlog	8,412.4	6,376.6	31.9%
Net Revenues	3,149.2	2,846.1	10.6%
EBITDA	169.6	157.3	7.9%
<i>Margin</i>	<i>5.4%</i>	<i>5.5%</i>	
EBIT	157.6	148.0	6.5%
<i>Margin</i>	<i>5.0%</i>	<i>5.2%</i>	
Net Profit	134.5	128.5	4.7%
<i>Margin</i>	<i>4.3%</i>	<i>4.5%</i>	
Net cash position	664.2	628.6	5.7%

RECORD AWARDS FOR TR IN 2014

- Tecnicas Reunidas' backlog reached € 8,412.4 million at year end, up 31.9% compared to the end of 2013, supported by € 4,498.6 million of awards in 2014, a record figure for the company. 4Q 2014 main award was the Heroya acid nitric plant for Yara in Norway.
- In 2014, revenues went up by 10.6% to € 3,149.2 million, as a result of the execution of the company's significant backlog.
- The growth in sales expanded the EBITDA and EBIT by 7.9% and 6.5% respectively, to € 169.6 million and € 157.6 million. Operating margins stayed at similar levels to 2013.
- Net profit increased by 4.7% to € 134.5 million, impacted by a higher a tax rate.
- At the end of December 2014, the net cash position expanded to € 664.2 million, 5.7% higher than a year ago.

2. BACKLOG

	Project	Country	Client	Estimated Delivery
Refining and Petrochemical	Heroya Industrial Park	Norway	Yara Norge AS	2018
	RAPID refinery	Malaysia	Petronas	2018
	Talara refinery	Peru	Petroperu	2018
	Jazan IGCC	Saudi Arabia	Saudi Aramco	2017
	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
	Refining units Cochabamba and Santa Cruz	Bolivia	YPFB Refinación S.A.	2016
	Volgograd refinery	Russia	Lukoil	2015
	Sadara	Saudi Arabia	Saudi Aramco/Dow Chemical	2015
	Kemya	Saudi Arabia	Sabic/Exxon Mobil	2015
	TAN project	Australia	Yara Int./Orica Lim./Apache Corp.	2015
	Petrokemya*	Saudi Arabia	SABIC	-
	Izmit refinery*	Turkey	Tüprás	-
	Yanbu refinery*	Saudi Arabia	Saudi Aramco	-
Normandy refinery*	France	Total	-	
Upstream & Gas	Oil sands	Canada	Canadian Natural Resources	2016
	Perla Offshore	Venezuela	Repsol/Eni	2016
	Touat gas field	Algeria	GDF Suez / Sonatrach	2016
	Margarita field II	Bolivia	Repsol/British Gas/Pan American Energy	2015
	Gran Chaco Shah*	Bolivia United Arab Emirates	YPFB ADNOC	2015 -
Power	Turów	Poland	Polska Grupa Energetyczna	2019
	Fort Hills	Canada	Fort Hills Energy L.P.	2017
	Nodo Energetico del Sur	Peru	Enersur	2016
	Los Mina	Dominican Republic	AES Dominicana	2016
	Ashuganj	Bangladesh	Ashuganj Power Station Company	2016
I & I	Southern Sea Water Desalination Plant stage 2*	Australia	Water Corporation	-

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

Backlog as of December, 31st 2014

Tecnicas Reunidas' (TR) backlog amounted to € 8,412 million at the end of December 2014, which represents a 32% growth compared to 2013.

The Oil and Gas division represented 93% of the total backlog, while the Power division accounted for the remaining percentage. Infrastructure and Industries division projects are not included in the backlog calculation.

Full Year 2014 order intake was € 4,499 million, the largest level of awards ever signed by TR. The main projects awarded during the year were the following:

- Sturgeon refinery for North West Redwater in Canada
- Talara refinery for Petroperu in Peru
- RAPID refining project for Petronas in Malaysia
- Minatitlán refinery for Pemex in Mexico
- Heroya nitric acid plant for Yara Norge AS in Norway
- The offsites and utilities for Jizan IGCC plant for Saudi Aramco in Saudi Arabia
- Power plant for Ashunganj Power Station Company in Bangladesh
- Los Mina power plant for AES in Dominican Republic
- Turów coal plant for Polska Grupa Energetyczna in Poland
- Nodo Energetico del Sur power plant for GDF Suez in Peru
- Fort Hills cogeneration plant for Suncor Energy, Total and Teck in Canada.

Regarding the aforementioned Yara project award, the company was awarded this contract in the last quarter of the year. Yara Norge AS selected TR to develop a nitric acid plant, as part of its expansion project of Heroya Industrial Park, in Porsgrunn, Norway. The contract follows a Front End Engineering Package also completed by TR. Yara selected TR not only as the main contractor for the whole project, but also, selected TR's own technology and "know-how" in nitric acid. The value of the contract amounts to approximately € 85 million. This is the second lump sum turnkey (LSTK) project awarded by Yara after the Australian project.

After the 4Q 2014, the company was awarded a gas project to be included in the 2015 backlog. Abu Dhabi Gas Industries Ltd. (GASCO) awarded TR the execution of Package 3 of the Integrated Gas Development Expansion Project, in Abu Dhabi, UAE. GASCO is a joint venture with the participation of ADNOC, Shell and Total. The contract was awarded under a lump sum turnkey basis and the scope includes the engineering, procurement, construction, installation, pre-commissioning, commissioning and test run of several gas processing units, gas pipelines, condensate pipelines plus all required interconnections. The contract has an approximate value of USD 700 million, with a 40 month construction schedule. This is the fourth large project that TR will execute for ADNOC.

2014 FEEDs and R&D projects

The company is awarded conceptual studies, feasibility studies and FEEDs (Front End Engineering and Design), which are not announced individually. These projects are crucial to strengthening our relationship with clients and to maintaining our leading technical and technological references. The company is directing its strategy to carry out more of this type of projects, and, up to February 2015, TR has already been selected for 6 FEEDs projects. Also, TR

participates in different projects for research and development of new technologies.

The main FEEDs, conceptual studies and R&D projects awarded during 2014 were:

- FEED for a nitric acid plant for Yara Norge AS in Norway.
- FEED for an ultra low diesel unit at the Minatitlán refinery, in Mexico for Pemex
- Feasibility study for a polyethylene complex project for BADLANDS NGLs LLC in the United States.
- The SAMER project: R&D project which involves the development of components with longer endurance to the Zn / air technology flow battery for massive energy storage.
- The WALEVA project: R&D project which involves the scale-up of the Levulinic Acid obtaining technology, previously developed at laboratory scale, to be used in a techno- economic feasibility study.
- The ZAESS project: R&D project which involves the scale-up of the Zn / air technology flow battery, previously developed at laboratory scale, to be used in a techno- economic feasibility study.
- The SDIL project, Zinc sulfides Direct Leaching: R&D project which involves the development of a new technology, which will increase the ZINCEX technology application market, such technology already industrially implemented for other types of feed materials.

Main projects for the Infrastructure and Industries division in 2014

In August 2014, Oman Wastewater Services Company S.A.O.C. selected TR for the design and the construction of the sea outfalls of the new Darsait sewage treatment plant and the Auzaibah central pumping station in Oman. The project was awarded under a LSTK basis and the execution period will be 20 months. The value of the contract is approximately USD 31 million (50% for TR).

In October 2014, the company was awarded the upgrade and the expansion of the industrial terminal of Aqaba Port in Jordan for the Jordan Industrial Ports Company (JIPC). The contract has a value of approximately USD 166 million (50% for TR) and will last for 22 months.

The same month, the Ministry of Forestry and Water Affairs of Turkey awarded TR the conversion to EU standards of the protection plans for the Ankara river basin. The project, signed under a engineering service contract, has an execution period of 36 months and the contract value amounts to € 8 million (28% for TR).

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT January - December	Year 2014 € million	Year 2013 € million	Var. %
Net Revenues	3,149.2	2,846.1	10.6%
Other Revenues	4.8	7.7	
Total Income	3,153.9	2,853.8	10.5%
Raw materials and consumables	-2,059.1	-1,945.6	
Personnel Costs	-495.3	-439.1	
Other operating costs	-429.8	-311.8	
EBITDA	169.6	157.3	7.9%
Amortisation	-12.1	-9.2	
EBIT	157.6	148.0	6.5%
Financial Income/ expense	8.6	5.3	
Share in results obtained by associates	-0.5	-2.8	
Profit before tax	165.7	150.5	10.1%
Income taxes	-31.3	-22.0	
Net Profit	134.5	128.5	4.7%

3.1 REVENUES

REVENUES BREAKDOWN January - December	Year 2014 € million	%	Year 2013 € million	%	Var. %
Oil and gas	2,921.6	92.8%	2,613.8	91.8%	11.8%
Power	139.6	4.4%	79.1	2.8%	76.5%
Infrastructure and industries	88.0	2.8%	153.2	5.4%	-42.6%
Net Revenues	3,149.2	100%	2,846.1	100%	10.6%

In 2014, net revenues reached € 3,149.2 million, up 10.6% compared to 2013 sales, as a consequence of the execution of the company's significant backlog.

Oil and Gas: Sales in this division increased by 11.8% and reached € 2,921.6 million in 2014. The oil and gas revenues represented 93% of total sales and the Refining and Petrochemical business was the largest contributor to this division and to the group sales.

- Refining and Petrochemical: The projects with larger contribution to sales were: Volgograd for Lukoil (Russia), Sturgeon for North West Redwater (Canada), Izmit for Tüpras (Turkey), Jazan refinery for Saudi Aramco (Saudi Arabia), Optara for Total (Belgium) and the three projects in Sadara for Dow Chemical / Saudi Aramco (Saudi Arabia).
- Upstream and Natural Gas: The main projects for sales contribution were the Touat project for GDF Suez/Sonatrach (Algeria), the oil sands project for CNR (Canada) and the Gran Chaco project for YPF (Bolivia).

Power: revenues of the power division increased from € 79.1 million in 2013, to € 139.6 million in 2014, up 76%, as a result of the recently awarded projects. The main contributors to sales revenues were: the Ashuganj CCGT for Ashuganj Power Station Company (Bangladesh) and the Fort Hills cogeneration plant for Suncor, Total and Teck (Canada).

Infrastructure and industries: revenues in this division fell 42.6% in 2014 to € 88.0 million, due to the termination of a large desalination project in Australia in 2014 and the small contribution of projects awarded within 2014.

3.2 OPERATING PROFIT

OPERATING MARGINS January - December	Year 2014 € million	Year 2013 € million	Var. %
EBITDA	169.6	157.3	7.9%
<i>Margin</i>	5.4%	5.5%	
EBIT	157.6	148.0	6.5%
<i>Margin</i>	5.0%	5.2%	

EBIT BREAKDOWN January - December	Year 2014 € million	Year 2013 € million	Var. %
Operating Profit from divisions	233.5	215.3	8.5%
Costs not assigned to divisions	-76.0	-67.2	13.0%
Operating profit (EBIT)	157.6	148.0	6.5%

- EBITDA and EBIT followed the trend of revenues and rose by 7.9% and 6.5% respectively, amounting to € 169.6 million and € 157.6 million.
- In 2014, TR conservative margin hedging policy had mitigated the impact on margins of the USD appreciation, while revenues grew.

3.3 NET PROFIT

NET PROFIT January - December	Year 2014 € million	Year 2013 € million	Var. %
Net Profit	134.5	128.5	4.7%
Margin	4.3%	4.5%	

Financial Income/Expense January - December	Year 2014 € million	Year 2013 € million
Net financial Income *	5.0	7.0
Gains/losses in transactions in foreign currency	3.6	-1.8
Financial Income/Expense	8.6	5.3

* Financial income less financial expenditure

In 2014, net profit increased by 4.7% from € 128.5 million to € 134.5 million, slightly impacted by a higher tax rate and benefited from an increase of net financial results. In 2014, financial income stood at € 8.6 million, supported by the gains in transactions in foreign currency.

The company tax expense was € 31.3 in 2014, which represents an effective tax rate of 19%.

The Spanish Government, on November 27, 2014, passed Law No. 27 amending the Corporate Income Tax Law. With the approval of this law, the corporate income tax rate is being reduced from 30% to 28% in 2015 and to 25% from 2016. This law eliminates relevant tax allowances as the tax allowances coming from "UTES" (Union Temporal de Empresas), which have been historically applied by the company since 1982.

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET December 31, 2014	Year 2014 € million	Year 2013 € million
ASSETS:		
Non-current Assets		
Tangible and intangible assets	113.7	112.8
Investment in associates	14.6	12.4
Deferred tax assets	81.9	37.9
Other non-current assets	18.4	11.1
	228.6	174.1
Current assets		
Inventories	23.3	24.3
Trade and other receivables	1,436.9	1,461.1
Other current assets	58.3	44.8
Cash and Financial assets	691.6	658.7
	2,210.0	2,188.8
TOTAL ASSETS	2,438.6	2,362.9
EQUITY AND LIABILITIES:		
Equity	455.8	438.5
Non-current liabilities		
Financial Debt	23.7	25.9
Other non-current liabilities	71.4	28.7
Long term provisions	36.8	29.6
Current liabilities		
Financial Debt	3.8	4.1
Trade payable	1,653.6	1,729.8
Other current liabilities	193.6	106.3
	1,851.0	1,840.2
Total liabilities	1,982.8	1,924.4
TOTAL EQUITY AND LIABILITIES	2,438.6	2,362.9

EQUITY December 31, 2014	Year 2014 € million	Year 2013 € million
Shareholders' funds + retained earnings	611.4	548.1
Treasury stock	-73.4	-73.4
Hedging reserve	-49.3	-4.4
Interim dividends	-35.8	-35.8
Minority Interest	2.9	4.0
EQUITY	455.8	438.5

NET CASH POSITION	Year 2014	Year 2013
December 31, 2014	€ million	€ million
Current assets less cash and financial assets	1,518.5	1,530.2
Current liabilities less financial debt	-1,847.2	-1,836.1
COMMERCIAL WORKING CAPITAL	-328.7	-306.0
Financial assets	63.2	67.9
Cash and cash equivalents	628.4	590.8
Financial Debt	-27.4	-30.0
NET CASH POSITION	664.2	628.6
NET CASH + COMMERCIAL WORKING CAPITAL	335.4	322.7

- At the end of December 2014, Equity of the company improved to € 455.8 million, despite the negative hedging reserve following TR's conservative hedging policy.
- In 2014, the net cash position expanded to € 664.2 million, from € 628.6 million in 2013.
- The Board of Directors has proposed to distribute € 75 million in 2015 as dividends out of 2014 results, which will be approved at the General Shareholder Meeting.

In December 2014, the Board of Directors already approved an interim dividend of € 0.667 per share out of 2014 results, which was paid on the 15th of January, 2015.

ANNEX: FILINGS WITH CNMV RELEVANT EVENTS AND OTHER COMMUNICATIONS

In the fourth quarter of 2014, the company filed with the Spanish CNMV the following communications:

- Yara Norge AS selected Técnicas Reunidas for the nitric acid plant, as part of its expansion project of Heroya Industrial Park, in Porsgrunn, Norway. The contract value amounts to approximately € 85 million.

The project confirms Yara's commitment to create value through brownfield expansion and debottlenecking projects.

Yara, based on a Front End Engineering package also previously developed by TR, chose TR not only as the main contractor for the whole project, but also selected TR's technology and "know-how" in nitric acid (with a design capacity of 1,050 MTPD) licensed by its 100% owned subsidiary company ESPINDESA. This fact consolidates TR technologies as a reference in this sector in the world market.

Técnicas Reunidas has spent 40 years developing chemical technology. Throughout these years, it has built more than 60 plants with entirely Spanish technologies in fertilizer manufacturing, nitric acid and ammonium nitrate explosives for civil applications, ranking among the best in the world.

TR is currently working for YARA in the execution of complete grass roots nitric acid and ammonium nitrate project in Australia with expected start-up during the second quarter of 2015

- The company reported to the CNMV that the Board of Directors approved on 18th of December 2014 the distribution of € 0.667 per share, € 35.8 million in total, as an advanced payment of the dividend out of 2014 results, to be approved in the next Shareholders General Meeting. The interim dividend was paid on 15th of January of 2015.

Also, since the end of the fourth quarter, the company filed in February with the Spanish CNMV the following communication:

- Técnicas Reunidas was awarded a contract by Abu Dhabi Gas Industries Ltd. (GASCO) for the execution of the integrated Gas Development Expansion Project Package 3 in Abu Dhabi, UAE. GASCO is a joint venture with the participation of ADNOC, Shell and Total.

This project is part of the ADNOC program to produce 400 MMSCFD (million cubic feet) of additional gas from its offshore fields in order to increase onshore gas sales.

The contract has an approximate value of USD 700 million with 40 scheduled months. It was awarded on a lump sum turnkey basis and the scope of TR includes engineering, procurement, construction, installation, pre-commissioning, commissioning and test run.

The project consists of several gas processing units, gas pipelines, condensate pipelines and all required interconnections.

This is the fourth large project for TR in Abu Dhabi. TR has successfully completed a project for the petrochemical complex of Borouge, the Sahil and Shah field development project and it is just starting up the SHAH gas gathering center.

This new EPC (Engineering, Procurement and Construction) contract will considerably strengthen TR's presence in Abu Dhabi and demonstrates TR's commitment in supporting UAE's energy developments.