



RESULTS REPORT

RESULTS THIRD QUARTER
JANUARY – SEPTEMBER 2020



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DURO FELGUERA

Results Report January – September 2020

1. Main figures and milestones in the period

	Sep-20	Sep-19
Sales	111,471	317,733
EBITDA	(111,892)	11,279
EBIT	(117,698)	5,429
Net profit of parent company	(125,183)	(3,602)
(Net debt) / Net Treasury Position	(40,752)	97,215
Order intake	63,804	86,797
Backlog	328,326	557,552

In thousands of Euros

The Group's results for the first nine months of 2020 reflect the effects that the Covid-19 crisis has had on operations since mid-March 2020, and which have made it impossible to maintain the positive results achieved in FY 2019.

The significant fall in the level of activity in comparison to the previous year is due firstly to the slowdown in expected order intake as a result of the lower figures in investment decisions by potential customers due to the pandemic, and secondly, to the slower pace of work on projects underway, due to the restrictions suffered both in terms of staff mobility and the supply of materials, also generated by the health crisis. This slower pace of activity had a profound impact on the segments that concentrate the delivery of large projects: Energy, Mining & Handling and Oil & Gas. However, the Specialized Services and Manufacturing businesses, despite the restrictions, managed to reach activity levels even higher than in the previous year, although due to their lower proportional size, this did not offset the powerful strong impact of the pandemic on the Group's activity and order intake.

More specifically, sales in the period amounted to €111.5 million, down 64.9% compared to the first nine months of 2019.

The EBITDA showed a loss of €111.9 million, reflecting the impact of Covid-19, compared to €11.3 million profit in the same period in 2019.

The net attributable loss was €125.2 million.



In order to offset the impact that the health emergency has had on the balance sheet of the Company, which is strategic for the region's productive fabric, on 28 August 2020 an application was submitted for temporary public aid from the Solvency Support Fund for Strategic Companies (the Fund), initially for 100 million Euros and recently increased by an additional 20 million Euros, by means of the following instruments:

- Subscription by the Fund of a capital increase for the amount of €30 million.
- Participative loan for the amount of €70 million.
- Ordinary loan for the amount of €20 million.

At present, the application is being analysed by the SEPI, as the entity in charge of the investigation of the procedure.

This temporary public aid is part of a global restructuring process of the Company that includes the refinancing of the current syndicated debt of 85 million Euros and obtaining a revolving line of bonds for an amount of 100 million Euros to cover bonds for the next two years. Both aspects are currently under negotiation with the financial institutions.

At the same time, a process to attract private investors has been launched; non-binding offers from potential investors have been received and are currently being evaluated by the Company.

If the temporary public aid described above is not forthcoming, the Group could have serious problems to remain in business.

Order intake in the period amounted to 63.8 million Euros, 26.5% lower than in the same period in the previous year.

The order backlog at the end of the period amounted to 328.3 million Euros, 90% of which corresponds to international projects.

As of 30 September 2020, the Group's net financial debt amounted to 40.8 million Euros, with a gross debt of 92.1 million Euros and 51.3 million in cash.



2. P&L Account

P&L Account	Sep-20	Sep-19
Total net sales	111,471	317,733
EBITDA	(111,892)	11,279
EBIT	(117,698)	5,429
Financial result	(6,818)	4,115
Stake in (loss)/profit of associates	(159)	(1,075)
Profit before tax	(124,675)	8,469
Tax on earnings	(742)	(7,797)
FY profit	(125,417)	672
Minority interests	(234)	4,274
Net profit of the parent company	(125,183)	(3,602)

In thousands of Euros



3. Consolidated Balance Sheet

Balance Sheet	Sep-2020	Dec-2019
Intangible assets	12,623	14,469
Material assets	32,167	37,131
Investment in assets	21,991	27,327
Rights of use on assets leased	382	56
Investment by equity method	20	20
Long-term financial investment	5,804	5,739
Assets from deferred tax	26,400	30,306
Non-current assets	99,387	115,048
Stock	10,675	9,933
Commercial debtors, other accounts receivable	165,843	233,370
Other current assets	495	499
Cash and other equivalent assets	51,316	122,908
Current Assets	228,329	366,710
TOTAL ASSETS	327,716	481,758
Net worth of parent company	(96,656)	32,036
Minority interests	(7,801)	(16,451)
Net Worth	(104,457)	15,585
Long-term provisions	1,206	1,340
Long-term debt	4,860	89,907
Other non-current liabilities	30,069	34,030
Non-current liabilities	36,135	125,277
Short-term provisions	107,039	63,347
Short-term debt	87,208	10,020
Commercial creditors & other accounts payable	193,270	260,408
Other current liabilities	8,521	7,121
Current Liabilities	396,038	340,896
TOTAL NET WORTH AND LIABILITIES	327,716	481,758

In thousands of Euros



Net Treasury Position

September - 2020	Current	Non-current	TOTAL
Gross financial debt	(87,208)	(4,860)	(92,068)
Cash and equivalent			51,316
Net Treasury Position			(40,752)

In thousands of Euros

4. Inside information and other relevant information in the period

- On 7 January 2020 the Company reported the appointment of the new Chief Financial Officer.
- On 30 January 2020 the Company reported the appointment of Valeriano Gómez Sánchez as an independent board member and the resignation of the independent board member Ricardo de Guindos La Torre, effective as of 1 April 2020.
- On 29 February 2020 the Company reported the results for FY 2019.
- On 29 February 2020 the Company provided information about the situation of the Australian subsidiary, stating that it would no longer be providing financial support for it and that it had left the perimeter of consolidation.
- On 20 March the Company reported the favourable sentence by the National Court, which upheld the whole appeal made by the Company, determining that the decision taken by the Economic and Administrative Court (TEAC) was illegal in that it rejected the application to suspend the debt deriving from the Inspection on Corporate Tax for FY 2010 to 2012.
- On 1 April the Company reported changes in the composition of the Board of Directors Committees, as the resignation presented by the independent board member Ricardo de Guindos became effective.
- On 15 April the Company reported the agreement reached with workers' representatives for a temporary layoff.
- On 17 April the Company reported the appointment of Rosa Isabel Aza Conejo as Chairwoman of the Board of Directors after the resignation of Acacio F. Rodríguez García, and the appointment by co-optation of Jordi Sevilla Segura as an independent board member. As a consequence of these decisions, information was also provided as to the composition of the Board Committees.

Furthermore, the appointment of Rafael Bermejo González as the new Chief Financial Officer was announced.



- On 14 May, in relation to the Jebel Ali project, the Company reported the notification that the bonds had been called on by the client Dubai Electricity & Water Authority, pointing out that based on the information in the hands of the Company, no material impact is expected from the outcome of this contingency on its assets or financial situation.
- On 22 May the Company reported the results drawn up for FY 2019.
- On 22 May the Company reported the results for the first quarter of FY 2020.
- On 25 May the Company delivered the Annual Corporate Governance Report for FY 2019.
- On 28 May the Company reported the agreement reached for the Iernut project (Romania), which includes an extension of the deadline, freeing of bonds and acknowledgement of the claims presented for the amount of 14 million Euros.
- On 12 June the Company reported changes in the composition of the Board of Directors as the board member Mr. Ignacio Soria Vidal resigned and a new independent board member was appointed, whose resignation was announced on 16 June and complemented on 17 June.
- On 28 June the Company reported the estimated precautionary measures in relation to the Djelfa project (Algeria) to protect the Company's interests in the negotiation process with the client.
- On 28 June the Company reported on the situation of the Jebel Ali project (Dubai).
- On 13 July the Company reported changes in the composition of the Board of Directors Committees.
- On 16 July the Company reported that it might request special support for strategic companies.
- On 22 July the Company reported the decision to apply for support measures for strategic companies.
- On 28 July the Company reported on the effects of Covid-19 on the remuneration of board members for FY 2020.
- On 28 July the Annual Report on board member remuneration for FY 2019 was published.
- On 25 August the Company reported that the Board of Directors had agreed to formalize the request for temporary public aid.



- On 28 August the Company reported that it had submitted an application for temporary public aid under the Strategic Business Solvency Support Fund for a total amount of 100 million Euros.
- On 22 September 2020 the Company reported the resignation of the Secretary of the Board of Directors and the appointment of a new one.
- On 25 September the Company reported the call for the Annual General Shareholders' Meeting for 2020.
- On 7 October the Company reported the unanimous approval of a Deed of Company Arrangement in relation to the insolvency proceedings of Duro Felguera Australia Pty Limited, which removes the uncertainty regarding the possible reimbursement of amounts against the parent company mentioned in the consolidated annual accounts for FY 2019, and which has no economic impact on the Group.
- On 21 October the Company reported a complementary announcement for the call of the Annual General Shareholders' Meeting for 2020, now to be held by remote means.
- On 23 October the Company explained certain publications in the mass media.
- On 27 October, the results for the first half of 2020 were reported.
- On 29 October the Company delivered the presentation and speeches of the Chairwoman and CEO to the Annual General Meeting.
- On 29 October the Company reported on the resolutions adopted by the Annual General Meeting.
- On 3 December, with regard to reports in different media, the Company notified that it was not aware that the decision to approve the temporary public aid from the Solvency Support Fund for Strategic Companies had been adopted.
- On 10 December, the Company provided clarifications regarding the existence of offers submitted in the process of attracting private investors.
- On 30 December, information was sent in relation to the application for temporary public aid from the Solvency Support Fund for Strategic Companies, notifying the request for an additional increase of 20 million Euros, bringing the total amount requested to 120 million Euros.
- On 7 January, the implementation of a new Temporary Layoff Plan was notified.



5. Limited Responsibilities

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