RESULTS REPORT

RESULTS FOR FIRST SIX MONTHS
JANUARY - JUNE 2019

Powered by experience

DURO FELGUERA

Results Report
January - June 2019

1. Main figures and milestones in the period

	1H 2019	1H 2018
Backlog	667,996	953,635
Order intake	51,356	52,191
Sales	178,418	222,219
EBITDA	10,806	(48,182)
EBITDA margin	6.1%	(21.7%)
EBIT	8,326	(52,361)
Net profit	820	(54,937)
Net financial debt	18,348	292,093

In thousands of Euros

Ordinary revenue from sales in the period amounted to 178.4 million Euros, a decrease of 19.7% in comparison to the first half of the previous year. This decrease is the result of liquidity tension that affected the pace of progress in ongoing projects. Despite this, significant progress has been made in the Fluxys, Empalme, Petacalco and Aconcagua projects, among others.

The EBITDA for the period was 10.8 million Euros, as opposed to the negative figure of 48.2 million Euros in the same period in the previous year. The net profit attributed to the Parent Company was also positive, amounting to 0.8 million Euros, which is an improvement on the loss of 54.9 million Euros obtained in the same period in the previous year.

The net financial debt at the close of the first half of the year amounted to 18.3 million Euros, a significant reduction on the 292 million Euros at the close of the same period in the previous year, due to the effect of the capital increase and refinancing carried out in July 2018.

Order intake for the period amounted to 51.4 million Euros, which does not include the provisional order for the 43 million Euro Naftal project (Algeria), which is awaiting final signing. This contract, which lies mainly in the Services and Manufacturing divisions, was awarded by Duro Felguera’s traditional clients such as Repsol, Cepsa, BP and ExxonMobil. After 30 June, contracts were signed with Endesa and others for approximately 35.4 million Euros, bringing the total amount of order intake as of 30 September up to 129.8 million Euros.

The backlog at the end of the period amounted to 667.9 million Euros, of which 642.6 million Euros comes from international projects.

Additionally, the recent agreement signed by the Group and SC&T Corporation should be mentioned as a highlight with an impact on the financial statements for the first half of the year. Collecting payment via this agreement is a double success as it provides the Group with liquidity, and brings an end to litigious situation of the Roy Hill project, in which the Group has been immersed in recent years. The impact on equity and the income statement for the first half of 2019 was 9 million Euros, in addition to the positive impact of 38 million Euros recorded in 2018.

We could also highlight the friendly resolution of the contract for the New ILO Terminal, the termination of which had a positive impact of 12.8 million Euros on the Group's profit and loss account. In addition, it is worth mentioning the negative impact of 13 million Euros on the income statement from additional costs in the Jebel Ali project in Dubai.

With regard to the situation of the disinvestment processes, it should be noted that they are being carried out in accordance with the forecasts in the strategic plan. The Cartagena plant has been sold, while the final details in the sale of other non-strategic assets are being prepared.

The Group's activity in the first half of the year has been marked by progress in the implementation of the Strategic Plan, and by the negotiation process with its creditor banks. As part of this strategic plan, a new organizational model has been implemented, a new Management Committee has been appointed, the cost structure has been reduced and a new strategic and commercial positioning model is being implemented, all under the essential premise of generating cash flow.

The Group is continuing to carry out numerous actions with the aim of implementing a culture focused on reducing exposure to risk, generating cash and optimizing resources to comply with the strategic plan defined. To this end, the following steps are being taken:

- Maintaining an ongoing negotiation process with its creditor banks in order to obtain the financial resources and bonds necessary for current operations.

- Initiating a process of searching for long-term industrial investors to strengthen the equity and cash position, as well as conversations with all interested parties to obtain the necessary support to ensure the Group's viability.

- Renegotiating with clients the contractual terms of some of the ongoing projects with the aim of mitigating the risk of additional cost overruns, delays and losses. In this regard, the Group has several open negotiations and claims filed with customers for a total amount of 80.5 million Euros, at different stages of progress, which have not been recorded in the consolidated summarized interim financial statements.

- Reinforcing the activity of winning new contracts and increasing the efficiency of the business structure.

2. Profit and Loss Account

P&L Account	1H 2019	1H 2018
Total net sales	**178,418**	**222,219**
EBITDA	**10,806**	**(48,182)**
EBIT	**8,326**	**(52,361)**
Financial result	4,428	(8,723)
Result by equity	(1,075)	-
Profit before tax	**11,679**	**(61,084)**
Tax on earnings	(6,727)	(1,300)
FY profit	**4,952**	**(62,384)**
Minority interests	4,132	(7,447)
Net profit of the parent company	**820**	**(54,937)**

In thousands of Euros

3. Consolidated Balance Sheet

Balance Sheet	June-19	Dec-18
Intangible assets	15,480	16,727
Material assets	38,975	40,263
Investment in assets	26,877	33,590
Investment by equity method	20	4,595
Long-term financial investment	5,886	5,433
Assets from deferred tax	33,891	41,643
Non-current assets	**121,129**	**142,251**
Non-current assets held for sale	9,218	4,254
Stock	16,644	12,319
Commercial debtors, other accounts receivable	365,760	395,711
Other current assets	1,131	1,240
Cash and other equivalent assets	85,681	103,097
Current Assets	**478,434**	**516,621**
TOTAL ASSETS	**599,563**	**658,872**
Net worth of parent company	46,946	45,007
Minority interests	(32,593)	(36,489)
Net Worth	**14,353**	**8,518**
Long-term provisions	7,689	24,691
Long-term debt	97,220	99,881
Other non-current liabilities	39,994	46,366
Non-current liabilities	**144,903**	**170,938**
Short-term provisions	86,322	96,275
Short-term debt	6,809	6,695
Commercial creditors & other accounts payable	330,366	365,384
Other current liabilities	16,810	11,062
Current Liabilities	**440,307**	**479,416**
TOTAL NET WORTH AND LIABILITIES	**599,563**	**658,872**

In thousands of Euros

Net Treasury Position

June 2019	Current	Non-current	TOTAL
Gross financial debt	6,809	97,220	104,029
Cash and equivalent			(85,681)
Net financial debt			18,348

In thousands of Euros

4. Significant Events in the Period

- On 28 February the Company reported information about the results for the second half of 2018.
- On 6 March the Company reported the appointment of Mr. Gonzalo Fernández-Ordoñez Cervera as Financial Director, replacing Mr. Jose Carlos Cuevas de Miguel.
- On 6 and 7 March the Company reported the arbitration sentence for the Roy Hill project against Samsung C&T.
- On 29 March the Company delivered the Annual Corporate Governance Report.
- On 29 March the Company delivered the Annual Board Member Compensation Report for FY 2018.
- On 1 April 2019 the Company notified the effect of the arbitration sentence in the Roy Hill project on the net worth and P&L account recorded as of 31 December 2018.
- On 26 April the Company reported the call for the Annual General Meeting to be held on 31 May 2019.
- On 14 May 2019 the Company reported on the results for the first quarter of 2019.
- On 31 May 2019 the Company reported the presentation and speeches of the Chairman and Chief Executive Officer at the Annual General Meeting.
- On 31 May 2019 the Company reported the resolutions adopted by the Annual General Meeting.
- On 26 June the Company notified the agreement of the Board of Directors for the grouping of shares as approved by the Annual General Meeting held on 31 May 2019.

- On 28 June the Company announced the registration of the reduction in share capital at the Business Registry of Asturias, as agreed by the Annual General Meeting held on 31 May 2019.

- On 2 July the Company announced the registration of the agreement for the grouping of shares (counter-split) at the Business Registry of Asturias, as agreed by the Annual General Meeting.

- The effective date of the counter-split was announced on 8 July.

- On 9 July the Company announced the new address of its website - www.durofelguera.com

- On 26 July the Company reported on the management of its financial situation.

- On 18 September, changes were announced in the Board of Directors and its committees.

5. Limited Responsibilities

This document has been drawn up by DURO FELGUERA for exclusive use in presentations of the company's results.

This document may contain previsions or estimates of the evolution of the company's business and results. These previsions reflect the opinion and future expectations of DURO FELGUERA, and as such are subject to risk and uncertainty which could lead to the real results being significantly different from said previsions and estimates.

What is set forth in this document should be taken into account by everybody and all entities who might have to take decisions or draw up and publish opinions about DURO FELGUERA securities, and in particular by analysts who read this document.

It is hereby stated that this document may contain summarized or non-audited information.

This document does not constitute an offer or an invitation to subscribe or purchase any securities, and neither this document nor its content shall be the basis for any contract or commitment.

6. Contact

For further information please contact

Investor Relations Department

Tel: +34 900 714 342

E-mail: accionistas@durofelguera.com

Website: www.dfdurofelguera.com