



RESULTS REPORT

RESULTS FOR NINE MONTHS
JANUARY-SEPTEMBER 2017



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DURO FELGUERA

Results Report January - September 2017

1. Main figures and milestones in the period

| | 9M 2017 | 9M 2016 | Var. % |
|----------------------|-----------|-----------|--------|
| Backlog | 1,305,738 | 2,104,641 | -38.0% |
| Order intake | 547,835 | 321,053 | 70.6% |
| Sales | 478,830 | 480,926 | -0.4% |
| EBITDA | 2,887 | 22,233 | -87.0% |
| EBITDA Margin | 0.6% | 4.6% | n.s. |
| EBIT | 1,502 | 17,333 | -91.3% |
| Net profit | -11,492 | 1,584 | n.s. |
| Net debt | 267,620 | 253,497 | 5.6% |

In thousands of Euros

- The company's business activity, both commercial and operational, is being negatively affected by the refinancing process. In particular, the non-availability of risk lines is limiting new order intake and making it difficult to advance with projects in the backlog.
- On 30 September an extension agreement to the standstill signed in July was signed with Bankia, BBVA, Caixabank, Popular, Sabadell and Santander, up to 15 January 2018. In October the other financial entities the company has debt with acceded to the agreement.
- In the third quarter of 2017 the company presented the banks in the standstill with a proposal for refinancing, the purpose of which is to obtain financial deleveraging, improve liquidity and make bonds available, with four initiatives: recapitalizing debt, increasing capital by contributing funds, greater risk lines available for commercial operations and a divestment plan.
- Order intake over the first nine months of the year amounted to 548 million Euros, 70.6% more than in the same period the previous year. This increase is especially significant given the current financial situation of the company. The major projects contracted in the period are the Jebel Ali "K" 500MW open cycle plant in Dubai for 204 million Euros, the installation of a gas recovery system in Belarus for OJSC Naftan for 84 million Euros and the coal supply for the Petacalco Power Plant (Mexico) for over 130 million US dollars.



- The group's backlog has suffered from the elimination of four projects which added up to 918 million Euros:
 - The Rio Grande and Novo Tempo power plants in Brazil, with a value of 735 million Euros. The client's licence for the Rio Grande project was revoked and the rights to the Novo Tempo project were sold to a third party.
 - The LNG terminal for Octopus LNG in Chile (GNL Penco-Lirquén) with a value of 127 million Euros. The project is paralysed and there is no starting date as environmental approval is not forthcoming.
 - The hydrocarbon storage terminal for Vopak in Panama with a value of 56 million Euros. The client rescinded the contract as DF could not provide the bonds.
- The current amount of the backlog, 1,306 million Euros, ensures 1.8 years of activity based on sales in 2016.
- The EBITDA for the first nine months of the year was 2.9 million Euros, 87% less than in the same period the previous year. This fall in the gross operating profit is mainly due to lower sales and the EBITDA margin in the Mining & Handling division (down from 34% to 11.5%) and Manufacturing (31.3%) and 6.3 million Euros in negative exchange differences. The net result for the first nine months of the year was a loss of 11.5 million Euros. The company is going to start up an adaptation plan for operational efficiency and structure to improve competitiveness in the all the business divisions.
- There were no significant milestones in the Termocentro, Vuelta Obligado and Roy Hill projects in the last quarter and in accordance with what was expressed for the first six months:
 - Termocentro (Venezuela). After finishing the "Group 10" combined cycle and collecting payment of 15 million Euros in January, the work corresponding to the "Group 20" combined cycle depends on the fulfilment of the debt payment agreement by Corpoelec.
 - Vuelta de Obligado (Argentina). Commissioning is planned for the first quarter of 2018, in accordance with project planning. The parties are still negotiating during the temporary suspension of the arbitration process agreed by the client, GE and DF.
 - Roy Hill (Australia). The arbitration process in Singapore and negotiation by the parties continue.
- As of 30 September 2017, net debt amounted to 267.6 million Euros. This is 38 million Euros more than in the second quarter, mainly because of covering working capital needs for ongoing projects.
- The inspection procedure by the Tax Authorities is advancing according to plan. Allegations will shortly be presented at the Central Economic and Administration Court. In the company management's and the fiscal advisors' opinion it is not likely that the company will have to pay anything for this concept.



2. P&L Account

| | 9M 2017 | 9M 2016 | Var. % |
|---|----------------|----------------|---------------|
| Total net sales | 478,830 | 480,926 | -0.4% |
| EBITDA | 2,887 | 22,233 | -87% |
| EBIT | 1,502 | 17,333 | -91.3% |
| Financial result | -13,177 | -15,157 | n.s. |
| Result by equity | -140 | 52 | n.s. |
| Profit before tax | -11,815 | 2,228 | n.s. |
| Tax on earnings | -1,484 | -1,049 | n.s. |
| FY profit | -13,299 | 1,179 | n.s. |
| Minority interests | -1,807 | -405 | n.s. |
| Net profit of the parent company | -11,492 | 1,584 | n.s. |

In thousands of Euros

Sales

| Sales by Business Division | 9M 2017 | 9M 2016 | Var. % |
|------------------------------|----------------|----------------|--------------|
| Energy | 208,693 | 229,291 | -9.0% |
| Mining & Handling | 58,018 | 87,351 | -33.6% |
| Oil & Gas | 49,945 | 35,069 | 42.4% |
| Services | 111,263 | 59,249 | 87.8% |
| Manufacturing | 35,898 | 52,218 | -31.3% |
| Others | 15,013 | 17,748 | -15.4% |
| Total | 478,830 | 480,926 | -0.4% |

In thousands of Euros

| Sales by geographical area | 9M 2017 | 9M 2016 | Var. % |
|-------------------------------|----------------|----------------|--------------|
| Latam | 225,531 | 240,926 | -6.4% |
| Spain | 44,731 | 64,744 | -30.9% |
| Rest of Europe | 88,595 | 68,736 | 28.9% |
| Africa and Middle East | 98,610 | 86,535 | 14.0% |
| Asia Pacific | 19,354 | 15,474 | 25.1% |
| Others | 2,009 | 4,511 | -55.5% |
| Total | 478,830 | 480,926 | -0.4% |

In thousands of Euros



EBITDA

| | 9M 2017 | 9M 2016 | Var. % | Margin % 9M 2017 | Margin % 9M 2016 |
|------------------------------|--------------|---------------|---------------|---------------------|---------------------|
| Energy | 3,417 | -11,969 | 128.5% | 1.6% | -5.2% |
| Mining & Handling | 1,303 | 12,006 | -89.1% | 2.2% | 13.7% |
| Oil & Gas | 2,103 | 4,242 | -50.4% | 4.2% | 12.1% |
| Services | 6,449 | 13,536 | -52.4% | 5.8% | 22.8% |
| Manufacturing | -3,911 | 5,229 | -174.8% | -10.9% | 10.0% |
| Others | -6,474 | -811 | -698.3% | -43.1% | -4.6% |
| Total | 2,887 | 22,233 | -87.0% | 0.6% | 4.6% |

In thousands of Euros

Net profit

The net financial loss in the first nine months of the year was 11.5 million Euros, an improvement of 1.5 million in comparison to the same period in the previous year.

The reduction is mainly due to the reduced EBITDA in the Mining & Handling and Manufacturing divisions, the impact of the negative exchange differences, amounting to 6.3 million Euros, and restructuring costs, which amounted to 2.9 million Euros.



3. Evolution by Business Division

Energy

| | 9M 2017 | 9M 2016 | Var. % |
|----------------------|---------|-----------|--------|
| Sales | 208,693 | 229,291 | -9.0% |
| EBITDA | 3,417 | -11,969 | 128.5% |
| EBITDA Margin | 1.6% | -5.2% | n.s. |
| Backlog | 671,612 | 1,298,423 | -48.3% |

In thousands of Euros

There was a significant improvement in the EBITDA in comparison to the same period the previous year, due to advances in ongoing projects and the termination of Carrington, which generated losses in 2016.

The Rio Grande and Novo Tempo projects in Brazil, with a value of 735 million Euros, have been deleted from the backlog. The client's licence for the Rio Grande project was revoked and the rights to the Novo Tempo project were sold to a third party.

Mining & Handling

| | 9M 2017 | 9M 2016 | Var. % |
|----------------------|---------|---------|--------|
| Sales | 58,018 | 87,351 | -33.6% |
| EBITDA | 1,303 | 12,006 | -89.1% |
| EBITDA Margin | 2.2% | 13.7% | |
| Backlog | 324,305 | 337,323 | -3.9% |

In thousands of Euros

Sales were down 33% in Mining & Handling in comparison to the previous year as certain projects came to an end in 2016 and activity is just starting on the Petacalco project.

The reduced EBITDA margin is a consequence of lower sales and the negative impact of the cost of litigation in India.

The backlog is down as the LNG terminal for Octopus LNG (GNL Penco-Lirquén), with a value of 127 million Euros, was removed. The project is paralysed and there is no starting date as environmental approval is not forthcoming.

Oil & Gas

| | 9M 2017 | 9M 2016 | Var. % |
|----------------------|---------|---------|--------|
| Sales | 49.945 | 35.069 | 42,4% |
| EBITDA | 2.103 | 4.242 | -50,4% |
| EBITDA Margin | 4,2% | 12,1% | n.s. |
| Backlog | 173.747 | 302.667 | -42,6% |

In thousands of Euros

There was greater activity in the Oil & Gas division in comparison to the previous year due to advances in projects won over the last year.

The EBITDA margin is down in comparison to 2016, a year that was favoured by obtaining non-recurring penalties from one of the projects.



The hydrocarbon storage terminal project for Vopak in Panama, with a value of 56 million Euros, was deleted - the client rescinded the contract as DF could not provide the bonds.

Services

| | 9M 2017 | 9M 2016 | Var. % |
|----------------------|---------|---------|--------|
| Sales | 111,263 | 59,249 | 87.8% |
| EBITDA | 6,449 | 13,536 | -52.4% |
| EBITDA Margin | 5.8% | 22.8% | n.s. |
| Backlog | 71,007 | 72,222 | -1.7% |

In thousands of Euros

In Services sales were up by 87.8% in comparison to the previous year, up to 111 million Euros. This improvement is due to the Luján and Mateu projects in Argentina.

Margins were down to 5.8% due to the greater proportion of these projects in the production mix.

Manufacturing

| | 9M 2017 | 9M 2016 | Var. % |
|----------------------|---------|---------|---------|
| Sales | 35,898 | 52,218 | -31.3% |
| EBITDA | -3,911 | 5,229 | -174.8% |
| EBITDA Margin | -10.9% | 10.0% | n.s. |
| Backlog | 33,381 | 65,512 | -49.0% |

In thousands of Euros

Sales in Manufacturing were down by 31.3% to 35.9 million Euros in comparison to the same period the previous year. This reduction is essentially because of the restriction on bonds for contracting.

The EBITDA was down to a loss of 3.9 million Euros, the consequence of lower sales and the extraordinary impact of the closure of Tedesa.

Others

| | 9M 2017 | 9M 2016 | Var. % |
|----------------------|---------|---------|---------|
| Sales | 15,013 | 17,748 | -15.4% |
| EBITDA | -6,474 | -811 | -698.3% |
| EBITDA Margin | -43.1% | -4.6% | n.s. |
| Backlog | 31,686 | 28,494 | 11.2% |

In thousands of Euros. Includes Smart Systems and General Expenses

The results of the Smart systems business is still evolving positively, despite a fall in sales of 15.4% during the period. The lower EBITDA in the "Others" segment is mainly because of the impact of negative exchange differences.



4. Order intake and Backlog

| | 9M 2017 | 9M 2016 | Var. % |
|---------------------|-----------|-----------|--------|
| Backlog | 1,305,738 | 2,104,641 | -38.0% |
| Order intake | 547,835 | 321,053 | 70.6% |

In thousands of Euros

| Backlog by business division | 30-Sep-2017 | % total |
|------------------------------|------------------|---------------|
| Energy | 671,612 | 51.4% |
| Mining & Handling | 324,305 | 24.8% |
| Oil & Gas | 173,747 | 13.3% |
| Services | 71,007 | 5.4% |
| Manufacturing | 33,381 | 2.6% |
| Others | 31,686 | 2.4% |
| Total | 1,305,738 | 100.0% |

In thousands of Euros

| Backlog by geographical area | 30-Sep-2017 | % total |
|-------------------------------|------------------|---------------|
| Latam | 307,334 | 23.5% |
| Spain | 52,890 | 4.1% |
| Rest of Europe | 374,158 | 28.7% |
| Africa and Middle East | 508,818 | 39.0% |
| Asia Pacific | 35,569 | 2.7% |
| Others | 26,969 | 2.1% |
| Total | 1,305,738 | 100.0% |

In thousands of Euros

| Pipeline | Presented | In preparation | Total |
|---------------------------------|--------------|----------------|---------------|
| Energy | 5,166 | 3,610 | 8,776 |
| Mining & Handling | 521 | 1,057 | 1,578 |
| Oil & Gas | 108 | 399 | 507 |
| Services | 76 | 305 | 381 |
| Manufacturing and Others | 479 | 61 | 540 |
| Total | 6,350 | 5,432 | 11,782 |

In millions of Euros



5. Consolidated Balance Sheet

| | 30-Sep-2017 | 31-Dic-2016 |
|---|----------------|------------------|
| Intangible assets | 37,300 | 38,371 |
| Material assets | 79,699 | 114,178 |
| Investment in assets | 32,405 | 32,741 |
| Investment by equity method | 3,210 | 4,403 |
| Long-term financial investment | 7,591 | 7,703 |
| Assets from deferred tax | 65,934 | 68,471 |
| Non-current assets | 226,139 | 265,867 |
| Non-current assets held for sale | 31,522 | - |
| Stock | 24,821 | 28,921 |
| Commercial debtors, other accounts receivable | 613,368 | 608,867 |
| Other current assets | 7,535 | 7,317 |
| Cash and other equivalent assets | 91,428 | 152,397 |
| Current Assets | 768,674 | 797,502 |
| TOTAL ASSETS | 994,813 | 1,063,369 |
| Net worth of parent company | 100,882 | 117,500 |
| Minority interests | 785 | 3,671 |
| Net Worth | 101,667 | 121,171 |
| Long-term provisions | 3,616 | 7,558 |
| Long-term debt | 157,869 | 272,922 |
| Other non-current liabilities | 21,034 | 19,135 |
| Non-current Liabilities | 182,519 | 299,615 |
| Liabilities related to non-current assets held for sale | 20,564 | - |
| Short-term provisions | 89,290 | 121,367 |
| Short-term debt | 182,614 | 105,030 |
| Commercial creditors & other accounts payable | 407,430 | 401,009 |
| Other current liabilities | 10,729 | 15,177 |
| Current Liabilities | 710,627 | 642,583 |
| TOTAL NET WORTH AND LIABILITIES | 994,813 | 1,063,369 |

In thousands of Euros



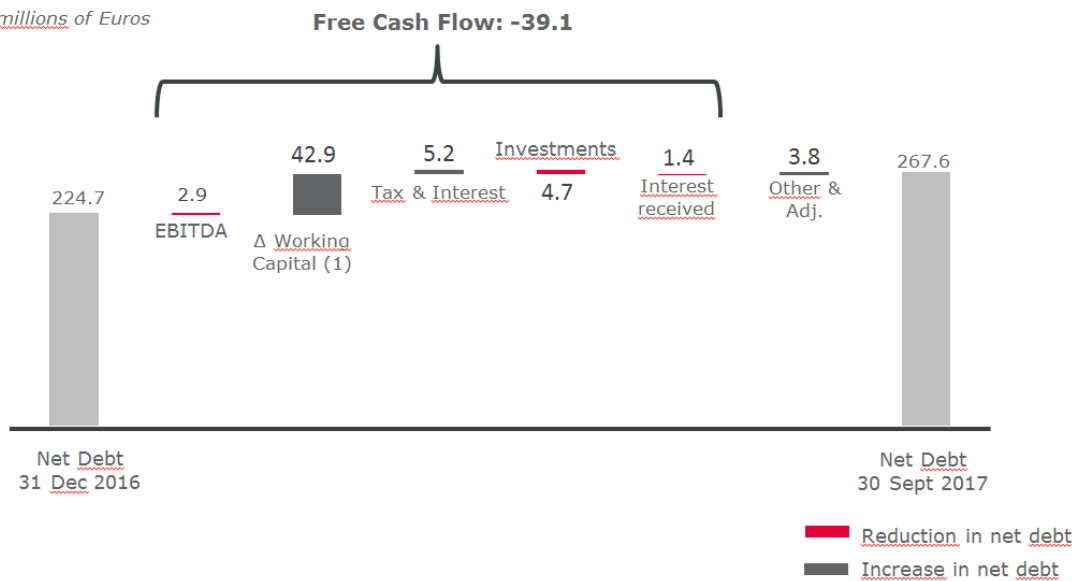
Net Treasury position

| 30-Sep-2017 | Current | Non-current | TOTAL |
|--------------------------|---------|-------------|---------|
| Gross financial debt (*) | 201,179 | 157,869 | 359,048 |
| Cash and equivalent | | | 91,428 |
| Net financial debt | | | 267,620 |

In thousands of Euros

(*) includes financial derivative instruments

In *millions* of Euros





6. Significant events in the period

- On 13 January the Company informed of the amendment of the Internal Conduct Code.
- On 18 January the Company informed of the award of a contract in a new market.
- On 15 February the Company informed of the award of two contracts in Argentina.
- On 24 February the Company delivered information about the results of the second half of 2016.
- On 6 March the Company informed of the appointment of Mr. José Carlos Cuevas de Miguel as CFO, replacing Mr. Pedro Peón Tamargo.
- On 23 March the Company informed of certain actions within the framework of the debt refinancing process.
- On 6 April the Company delivered the Annual Corporate Governance report for FY 2016.
- On 6 April the Company delivered the Annual Board Member Compensation report for FY 2016.
- On 10 April the Company informed of the resignation of the board member Mr. Valero Artola.
- On 27 April the Company informed of appointment of Mr. Ricardo Córdoba as independent board member and changes in the composition of the Audit Committee.
- On 11 May the Company informed of a new contract won in Dubai.
- On 11 May the Company delivered information concerning the results for the first quarter of 2017.
- On 19 May the Company issued the call for the Annual General Meeting 2017, to be held on 22 June 2017.
- On 19 May the Company informed of the appointment of the Coordinating Board Member.
- On 8 June the Company informed of the situation of the negotiations for the refinancing.
- On 21 June the Company informed of a new contract won in Belarus.
- On 22 June the Company published the Chairman of the Board of Directors' speech at the Annual General Meeting held on 22 June 2017.
- On 22 June the Company informed of the agreements adopted by the Annual General meeting on 22 June 2017.
- On 26 June the Company informed of the new composition of the Board of Directors and its committees.
- On 4 July the company informed of the signing of a standstill agreement with its main banks.
- On 20 July the company informed of winning a new contract in Mexico.



- On 26 July the company informed of action in the field of market prospection.
- On 29 September the company reported that the extension to the standstill agreement, accepted by the Board of Directors, was being internally processed by the banks.
- On 29 September the company reported the results for the first half of 2017.
- On 29 September the company delivered the results report for the first half of 2017.
- On 29 September the company informed of the signing of the extension to the standstill agreement with its banks.



7. Limited responsibility

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