



RESULTS REPORT

RESULTS FOR THE FIRST SIX MONTHS
JANUARY-JUNE 2017



Powered by experience



DURO FELGUERA

Results Report January-June 2017

1. Main figures and milestones for the period

	1H 2017	1H 2016	Var. %
Backlog	2,264,615	2,175,573	4.1%
Order intake	413,635	217,905	89.8%
Sales	319,161	334,064	-4.5%
EBITDA	7,787	15,892	-51.0%
EBITDA Margin	2.4%	4.8%	
EBIT	6,321	12,426	-49.1%
Net profit	-1,904	-1,796	-6.0%
Net debt	-229,482	-235,424	2.5%

In thousands of Euros

- The Energy division contracted the Jebel Ali "K" project in Dubai, for the construction of a 500MW open cycle plant for 204 million Euros, and the Mining & Handling business contracted the OJSC Naftan project for installing a gas recovery system in Belarus for 84 million, which led to an order intake in the period of 414 million Euros, an improvement of 90% in comparison to the same period in the previous year. After the close of the six-month period, the company won a turnkey contract to build a series of new facilities for the storage and supply of coal at the Petacalco Power Plant (Mexico) for over 130 million US dollars. This improvement in the order intake took place despite the financial difficulties the company is going through. As of 30 June 2017, Duro Felguera's backlog amounted to 2,264 million Euros, although there is no starting date yet for the Rio Grande, Novo Tempo and Octopus projects, which amount to 865 million Euros.
- Sales as of 30 June amounted to 319 million Euros, 4.5% under the same period in the previous year. This slight fall in sales is due to both the delays in starting some projects in the backlog and also the lower order intake in the previous year.
- The EBITDA for the period was 7.8 million Euros, which is lower than the figure of 15.9 million Euros in the first six months of the previous year. This fall in the gross operating profit is due to less business in the Mining & Handling division, adjusted margins in Services, restructuring costs in both Manufacturing and the debt, and differences in exchange rates. The net profit without taking into account restructuring costs was 0.3 million Euros, although if we include these costs it was -1.9 million Euros.
- Closure of the "Group 10" combined cycle at the Termocentro project (Venezuela) was completed in January 2017. Progress in the project meant that 15 million Euros were collected from the project in the first half of the year. In 2017 we expect to continue with work on the "Group 20" combined cycle closure and the expected payments for the outstanding balance of 83 million Euros.
- At the Vuelta de Obligado project (Argentina) we started the commissioning process for the combined cycle in June 2017 and work should finish in the first quarter of 2018. This activity did not affect the EBITDA, but required cash payment in accordance with the provisions included in the results for 2016. The client, GE and DF have agreed to temporarily suspend the arbitration process and start negotiations until the project is finalized. If no agreement is reached the arbitration process will be reopened.



- The company is still involved in the arbitration process for the Roy Hill project (Australia), which started last year in Singapore. Among other concepts, the claim includes 88 million Euros for the bonds called on by our client, Samsung, and 48 million Euros for the non-payment of the last certificate. In recent months the parties have agreed to talk to try and find a negotiated solution.
- The Carrington project (United Kingdom) has come to an end and had no negative impact on the accounts for this period. Duro Felguera, GE and the client have signed the final agreement to close the project.
- As of 31 June 2017, the net debt amounted to 229 million Euros, a reduction of 15 million Euros in comparison to the 244 million Euros as of 31 March 2017, mainly because of the fall in working capital in current projects. There was an increase of 4.8 million in the net debt in the period and the group amortized 26 million Euros of financial debt.
- The company is undergoing an inspection by the tax authorities which has given rise to a settlement agreement, signed in disconformity, and a penalty, against which the company has lodged a claim at the court for cases against the government. In the company management's and the fiscal advisors' opinion it is not likely that the company will have to pay either the settlement amount or the penalty.
- The company is still negotiating with Bankia, BBVA, Caixabank, Popular, Sabadell and Santander about due debt and commercial guarantees. The negotiations started in 2016. Early in July the company signed a standstill agreement with these Banks until 30 September 2017. The extension of this agreement, which the Board of Directors has accepted, is being processed internally by the corresponding bodies of the financial entities taking part, in order to sign it as soon as possible and make it effective from 1 October 2017.
- Likewise, a capital structure reinforcement is currently being designed. The amount and instrument have yet to be decided upon, and whether it will take place in one sole operation or in various successive ones. In this regard, the company is holding talks with various different entities as part of the process to find a strategic partner, under the coordination of Rothschild.



2. P&L Account

	1H 2017	1H 2016	Var. %
Total net sales	319,161	334,064	-4.5%
EBITDA	7,787	15,892	-51.0%
EBIT	6,321	12,426	-49.1%
Financial result	-9,871	-11,088	11.0%
Result by equity	-140	52	nm
Profit before tax	-3,690	1,390	nm
Tax on earnings	679	-2,489	nm
FY profit	-3,011	-1,099	-174.0%
Minority interests	-1,107	697	nm
Net profit of the parent company	-1,904	-1,796	-6.0%

In thousands of Euros

Sales

Sales by business division	1H 2017	1H 2016	Var. %
Energy	140,226	148,138	-5.3%
Mining & Handling	37,375	62,707	-40.4%
Oil & Gas	35,124	26,261	33.7%
Services	69,529	44,906	54.8%
Manufacturing	27,625	39,237	-29.6%
Others	9,282	12,815	-27.6%
Total	319,161	334,064	-4.5%

In thousands of Euros

Sales by geographical area	1H 2017	1H 2016	Var. %
Latam	148,629	164,823	-9.8%
Spain	33,312	47,556	-30.0%
Rest of Europe	53,704	57,224	-6.2%
Africa and Middle East	70,961	49,489	43.4%
Asia Pacific	10,221	11,634	-12.1%
Others	2,334	3,338	-30.1%
Total	319,161	334,064	-4.5%

In thousands of Euros



EBITDA

	1H 2017	1H 2016	Var. %	Margin % 1H 2017	Margin % 1H 2016
Energy	2,957	-13,890	nm	2.1%	-9.4%
Mining & Handling	2,083	10,329	-79.8%	5.6%	16.5%
Oil & Gas	1,853	2,110	-12.2%	5.3%	8.0%
Services	5,250	11,162	-53.0%	7.6%	24.9%
Manufacturing	-1,453	3,737	nm	-5.3%	9.5%
Others	-2,903	2,444	nm	-31.3%	19.1%
Total	7,787	15,892	-51.0%	2.4%	4.8%

In thousands of Euros

Net profit

The net financial loss was 9.8 million Euros, an improvement in comparison to the loss of 11.1 million Euros in the same period in the previous year. In the first half of the year there were negative exchange differences of 3.6 million Euros while in the same period the previous year the negative difference was 0.5 million Euros.

The net profit without taking restructuring costs into account was 0.3 million Euros, and if we include these costs it was a loss of 1.9 million Euros.



3. Evolution by Business Division

Energy

	1H 2017	1H 2016	Var. %
Sales	140,226	148,138	-5.3%
EBITDA	2,957	-13,890	nm
EBITDA Margin	2.1%	-9.4%	
Backlog	1,477,041	1,381,475	6.9%

In thousands of Euros

In the first half of 2017, sales in the Energy division remained stable, with a slight fall of 5%. Sales in the second quarter, however, rose by 97% in comparison to the same period the previous year, as work started on the Iernut (Romania) and Jebel Ali (Dubai) projects.

The EBITDA margin on sales in the first half of the year was 2.1%, a significant improvement over the losses recorded in the same period the previous year.

Mining & Handling

	1H 2017	1H 2016	Var. %
Sales	37,375	62,707	-40.4%
EBITDA	2,083	10,329	-79.8%
EBITDA Margin	5.6%	16.5%	
Backlog	362,093	390,086	-7.2%

In thousands of Euros

Sales were down 40% in Mining & Handling, due to both the delays in starting some projects in the backlog and also the lower order intake.

The EBITDA margin of 5.6% is significantly lower than the figure of 16.5% in the same period the previous year, due to higher fixed costs in a time of less activity.

Oil & Gas

	1H 2017	1H 2016	Var. %
Sales	35,124	26,261	33.7%
EBITDA	1,853	2,110	-12.2%
EBITDA Margin	5.3%	8.0%	
Backlog	247,530	243,238	1.8%

In thousands of Euros

Sales in the Oil & Gas division were up by almost 34%, reaching a figure of 35.1 million Euros, due to the heavier workload at the Fluxys project (Belgium) in the second quarter of the year. Margins were adjusted to 5.3%.



Services

	1H 2017	1H 2016	Var. %
Sales	69,529	44,906	54.8%
EBITDA	5,250	11,162	-53.0%
EBITDA Margin	7.6%	24.9%	
Backlog	108,242	81,252	33.2%

In thousands of Euros

Sales in the Services division in the first half of the year showed a significant improvement, with an increase of 54.8% in comparison to the same period the previous year. This improvement is due to starting the Luján and Mateu projects in Argentina. Margins in the services business were down to 7.6%.

Manufacturing

	1H 2017	1H 2016	Var. %
Sales	27,625	39,237	-29.6%
EBITDA	-1,453	3,737	nm
EBITDA Margin	-5.3%	9.5%	
Backlog	38,718	52,976	-26.9%

In thousands of Euros

Sales in the Manufacturing division were at 27.6 million Euros, 30% under the figures for the same period the previous year. The EBITDA for the division in the first half of the year was -1.5 million Euros, mainly because of the restructuring costs related to the closure of Tedesa.

Others

	1H 2017	1H 2016	Var. %
Sales	9,282	12,815	-27.6%
EBITDA	-2,903	2,444	nm
EBITDA Margin	-31.3%	19.1%	
Backlog	30,991	26,546	16.7%

In thousands of Euros. Includes Smart Systems and General Expenses

The Smart Systems business is still involved in the commercial offer rationalization and cost reduction process.



4. Order intake and Backlog

	1H 2017	1H 2016	Var. %
Backlog	2,264,615	2,175,573	4.1%
Order intake	413,635	217,905	89.8%

In thousands of Euros

Backlog by business division	30-June-2017	% total
Energy	1,477,041	65.2%
Mining & Handling	362,093	16.0%
Oil & Gas	247,530	10.9%
Services	108,242	4.8%
Manufacturing	38,718	1.7%
Others	30,991	1.4%
Total	2,264,615	100.0%

In thousands of Euros

Backlog by geographical area	30-June-2017	% total
Latam	1,192,042	52.6%
Spain	52,482	2.3%
Rest of Europe	406,927	18.0%
Africa and Middle East	542,514	24.0%
Asia Pacific	43,715	1.9%
Others	26,935	1.2%
Total	2,264,615	100.0%

In thousands of Euros

Pipeline (30-June-2017)	Presented	In preparation*	Total
Energy	5,098	3,048	8,146
Mining & Handling	394	1,240	1,634
Oil & Gas	171	386	557
Services	379	647	1,026
Manufacturing & Others	434	179	613
Total	6,475	5,500	11,975

In millions of Euros

* Includes bids in preparation and bids to be prepared over the next 12 months.



5. Consolidated Balance Sheet

	30-June-2017	31-Dec-2016
Intangible assets	37,981	38,371
Material assets	80,799	114,178
Investment in assets	32,517	32,741
Investment by equity method	3,210	4,403
Long-term financial investment	7,618	7,703
Assets from deferred tax	67,024	68,471
Non-current assets	229,149	265,867
Non-current assets held for sale	31,522	-
Stock	25,801	28,921
Commercial debtors, other accounts receivable	596,841	608,867
Other current assets	7,583	7,317
Cash and other equivalent assets	121,726	152,397
Current Assets	783,473	797,502
TOTAL ASSETS	1,012,622	1,063,369
Net worth of parent company	115,321	117,500
Minority interests	2,794	3,671
Net Worth	118,115	121,171
Long-term provisions	3,672	7,558
Long-term debt	192,800	272,922
Other non-current liabilities	19,703	19,135
Non-current Liabilities	216,175	299,615
Liabilities related to non-current assets held for sale	21,014	-
Short-term provisions	92,639	121,367
Short-term debt	138,241	105,030
Commercial creditors & other accounts payable	411,68	401,009
Other current liabilities	15,370	15,177
Current Liabilities	678,332	642,583
TOTAL NET WORTH AND LIABILITIES	1,012,622	1,063,369

In thousands of Euros



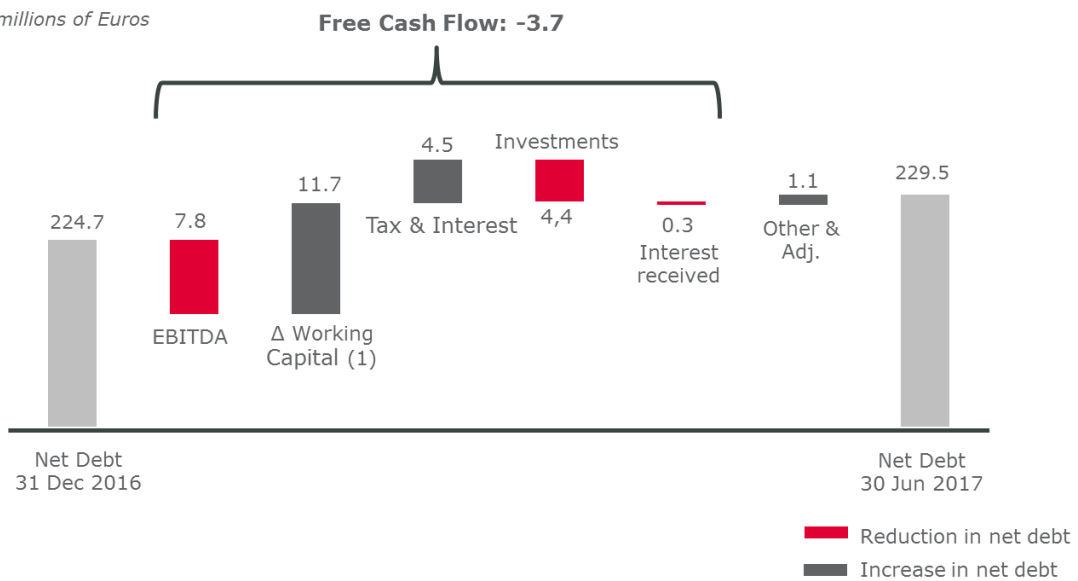
Net Treasury Position

30-June-2017	Current	Non-current	TOTAL
Gross financial debt (*)	158,408	192,800	351,208
Cash and equivalent			121,726
Net financial debt			229,482

In thousands of Euros

(*) includes financial derivative instruments

In millions of Euros





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.



6. Limited Responsibility

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.

7. Contact Data

For further information, please contact:

Investor Relations Department

Tel: +34 900 714 342

E-mail: accionistas@durofelquera.com

Web site: www.dfdurofelquera.com