



RESULTS REPORT

RESULTS FIRST SIX MONTHS
JANUARY – JUNE 2020



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DURO FELGUERA

Results Report January – June 2020

1. Main figures and milestones in the period

	1H 2020	1H 2019
Sales	71,702	178,418
EBITDA	(103,185)	10,806
EBIT	(111,637)	8,326
Net profit of parent company	(113,887)	820
Net debt	(23,046)	(18,348)
Order intake	52,377	51,356
Backlog	360,351	667,996

In thousands of Euros

The recovery that began in FY 2019, which enabled the Group to return to positive figures, putting an end to the operating losses recorded in 2017 and 2018, has been considerably affected by the crisis situation caused by the pandemic.

The results for the first half of 2020 have been affected by Covid-19, which led to direct operating losses of approximately 81 million Euros, deriving from provisions associated with the extra costs caused by the extension of project deadlines and the termination of the Jebel-Ali contract; as well as other provisions recorded in accounts receivable and in certain real estate assets, reaching a total impact of 100.8 million Euros deriving from Covid.

In this context, given that all the actions the Company has promoted to provide the necessary solvency to ensure business continuity have not been sufficient in themselves, and given that the banking syndicate has not yet granted any new financing lines (bonds), on 28 August 2020, in compliance with the established eligibility criteria, the Company submitted a request for temporary public aid from the Strategic Business Solvency Support Fund for a total amount of 100 million Euros, in order to compensate for the impact of the health emergency on the Company's balance sheet, in accordance with the regulations governing the Fund.

If the temporary public support described above is not forthcoming, the Company could face serious difficulties in remaining as an ongoing concern.



Sales in the period amounted to 71.7 million Euros, which is a fall of 59.8% compared to the first half of the previous year. The resulting EBITDA was -103.2 million Euros, while the net attributable profit/loss was -113.9 million euros.

In the current context of Covid-19, in which the number of tenders has been significantly reduced due to the uncertainty for potential clients of undertaking new investments, order intake in the first half of the year stood at 52.4 million Euros, in line with the figure recorded in the same period of the previous year, but much lower than forecast.

In addition to the above, it should be noted that the Group is still operating without the bonds that were agreed in the refinancing agreement signed in 2018, which makes the process of contracting new projects even more difficult.

The backlog at the end of the first half of the year, after the booking of the termination of the Jebel Ali project, amounted to 360.4 million Euros, 90% of which was in international projects.

As of 30 June 2020, the group's net financial debt totalled 23.1 million Euros, with a gross debt of 92.6 million Euros and 69.5 million Euros in the treasury.

2. P&L Account

P&L Account	1H 2020	1H 2019
Total net sales	71,702	178,418
EBITDA	(103,185)	10,806
EBIT	(111,637)	8,326
Financial result	(1,837)	4,428
Participation (loss)/profit of affiliates	(147)	(1,075)
Profit before tax	(113,621)	11,679
Tax on earnings	(427)	(6,727)
FY profit	(114,048)	4,952
Minority interests	(161)	4,132
Net profit of the parent company	(113,887)	820

In thousands of Euros



3. Consolidated Balance Sheet

Balance Sheet	June-2020	Dec-2019
Intangible assets	13,266	14,469
Material assets	32,666	37,131
Investment in assets	22,392	27,327
Rights of use on leased assets	390	56
Investment by equity method	20	20
Long-term financial investment	5,827	5,739
Assets from deferred tax	26,422	30,306
Non-current assets	100,983	115,048
Stock	10,194	9,933
Commercial debtors, other accounts receivable	171,959	233,370
Other current assets	506	499
Cash and other equivalent assets	69,520	122,908
Current Assets	252,179	366,710
TOTAL ASSETS	353,162	481,758
Net worth of parent company	(88,730)	32,036
Minority interests	(8,089)	(16,451)
Net Worth	(96,819)	15,585
Long-term provisions	1,272	1,340
Long-term debt	5,012	89,907
Other non-current liabilities	30,142	34,030
Non-current liabilities	36,426	125,277
Short-term provisions	96,437	63,347
Short-term debt	87,554	10,020
Commercial creditors & other accounts payable	221,834	260,408
Other current liabilities	7,730	7,121
Current Liabilities	413,555	340,896
TOTAL NET WORTH AND LIABILITIES	353,162	481,758

In thousands of Euros



Net Treasury Position

June – 2020	Current	Non-current	TOTAL
Gross financial debt	(87,554)	(5,012)	(92,566)
Cash and equivalent			69,520
Net Treasury Position			(23,046)

In thousands of Euros

4. Inside information and other significant 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.

5. Limited Responsibilities

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