RESULTS REPORT

ANNUAL RESULTS
DECEMBER 2019

Powered by experience

DURO FELGUERA

Results Report
December 2019

1. Main figures and milestones in the period

	2019	2018 without extraordinary income from refinancing	2018
Sales	397,578	421,325	421,325
EBITDA	20,097	(124,396)	(124,396)
EBITDA Margin	5.1%	(29.5%)	(29.5%)
EBIT	17,082	(131,760)	(131,760)
Net profit	10,948	(119,270)	99,430
Consolidated Net Worth	16,586		8,518
Treasury position (Net of debt)	16,960		(3,479)
Order intake	105,480		78,792
Backlog	464,243		779,324

In thousands of Euros

The Group's business activity in FY 2019 was determined by the efficient completion of significant actions which meant that the goals established in the strategic plan were surpassed, thanks to the following principles: the self-financing of each project, prioritizing profitability over growth, working efficiently and keeping costs under control, reducing risk and focusing on our geographical perimeter.

The Group's operating profit (EBITDA) amounted to 20.1 million Euros, as opposed to losses of 124.4 million Euros in the previous year. The EBITDA margin was up to 5.1%, which is considerably above the goals established by the company in its strategic plan.

Under the essential premise of generating cash flow, this result has been achieved by implementing a new organizational model focused on rigorous cost control and the reduction of risk exposure. A new Management Committee was set up, reducing the cost structure. Agreements were reached with different clients to renegotiate the contractual terms of ongoing projects in order to mitigate the risk of over costs, delays and additional losses. Furthermore, transaction agreements were reached with clients who have provided liquidity for the Group, bringing prolonged and costly litigations to an end, and finally, non-strategic assets have been disinvested in line with what was established in the strategic plan.

Sales amounted to 397.6 million Euros. 89% of this amount was outside Spain. Broken down by geography, sales were in Europe (38%), Africa and the Middle East (27%) and Latam (22%).

The net profit attributed to the Parent Company in 2019 was 10.9 million Euros. In 2018 the figure was 99.4 million Euros, although this included the extraordinary income of 218.7 million Euros from the refinancing. If this is not taken into account, the net losses for the Parent Company in 2018 would have been -119 million Euros.

As of 31 December 2018, the Group's net debt was 3.5 million Euros. This situation was reverted in 2019 as there was a 16.9 million Euro surplus of liquidity at the end of the year.

The consolidated net worth was double what it was in 2018.

Order intake for 2019 amounted to 105.5 million Euros, 35% more than in the previous year. Not having the bond lines in the refinancing agreement signed in 2018 is making it difficult to reach the order intake figures forecast in the strategic plan.

The backlog at the end of the year amounted to 464.2 million Euros, of which 421.9 million Euros (91%) is for international projects.

Broken down by geography, the backlog is mainly in Latam (40%), and Africa and the Middle East (32%).

The most significant deeds in 2019 were:

- The presentation of the Group's strategic plan for 2019-2023.
- Renewal of the Company's management team. Matrix organizational structure.
- Efficient management and control of cash flow.
- Closure of the offices in Madrid and transfer of staff to headquarters in Gijón.
- Reduction of structural costs in general, and in particular external advisor costs.
- Implementation of new control systems: Management Control, Risk Control and Internal Financial Control Systems (SCIIF in Spanish).

- Within the framework of the non-strategic disinvestment planned, the Group sold the plant in Cartagena, 20% of the holding in Duro Felguera Rail, S.A. and other real estate assets such as the land from Tedesa. The disinvestment of other non-strategic assets is currently under negotiation.

Renegotiation of legacy projects under the principle of self-financing, generating cash flow and profits:

- Australia: Transaction agreement between SC&T Corporation and the Group. Furthermore, on 26 February 2020 the Group agreed to stop providing financial support for DF Australia and appoint a voluntary receiver; the subsidiary is therefore no longer included in the Group's consolidated accounts.

- India: Eight transaction agreements were signed in 2019 for the eleven arbitrations open at the end of 2018. Favourable transaction agreements were also reached with diverse suppliers in India, resulting in a global profit of 4 million Euros.

- Friendly resolution for the contract related to the new ILO terminal in Peru, leading to 13 million Euros in the accounts.

- Fluxys; an agreement was successfully reached with the client enabling the starting up of the project in accordance with the established deadlines, considerably improving the profit and the cash flow (5 million Euros), and reducing the bonds issued in favour of the client.

- Bellara: an addendum to the contract was signed, solving the discrepancies between the parties and extending the project delivery deadline with no penalty, reducing the amount of the bonds put up by the Group and the client also acknowledged a higher contract value.

- Iernut: an agreement was signed with the client to extend the contractual deadline by 4 months and a commitment to extend it to December 2020, increasing the contract value, mitigating risks and working on reaching an agreement for the near future for the other claims.

- Aconcagua: we signed an agreement with the client to open a negotiation period, delivering the plant and reducing the amount of the guarantees by half.

Likewise, the Group is still carrying out numerous actions to implement a culture focused on reducing risk, generating cash flow and optimizing resources in order to comply with the strategic plan defined. The following steps are being taken:

- An ongoing negotiation process with the financial entities in order to obtain the financial resources and bonds required for current operations.

- A search process for long-term industrial investors to reinforce our equity and treasury position, and conversations with all interested parties in order to obtain the necessary support to benefit the Group.

- A renegotiation process for the contractual terms with the clients of some of the projects underway in order to mitigate the risk of over costs, delays and additional losses. The Group is holding various different negotiations and has presented several claims for a total of 244 million Euros; they are at different stages and have not yet been registered in the summarized consolidated financial statements.

- Making greater efforts to win new contracts by improving the efficiency of the business structure.

2. P&L Account

P&L Account	2019	2018 without extraordinary income from refinancing	2018
Total net sales	397,578	421,325	421,325
EBITDA	20,097	(124,396)	(124,396)
EBIT	17,082	(131,760)	(131,760)
Financial result	1,286	(7,871)	210,829
Result by equity	(1,075)	(177)	(177)
Profit before tax	17,293	(139,808)	78,892
Tax on earnings	(2,797)	(3,700)	(3,700)
FY profit	14,496	(143,508)	75,192
Minority interests	3,548	(24,238)	(24,238)
Net profit of the parent company	10,948	(119,270)	99,430

In thousands of Euros

3. Consolidated Balance Sheet

Balance Sheet	2019	2018
Intangible assets	9,753	16,727
Material assets	37,185	40,263
Investment in assets	27,327	33,590
Investment by equity method	20	4,595
Long-term financial investment	5,610	5,433
Assets from deferred tax	30,306	41,643
Non-current assets	110,201	142,251
Non-current assets maintained for sale	9,976	4,254
Stock	8,211	12,319
Commercial debtors, other accounts receivable	222,624	395,711
Other current assets	499	1,240
Cash and other equivalent assets	119,894	103,097
Current Assets	361,204	516,621
TOTAL ASSETS	471,405	658,872
Net worth of parent company	33,037	45,007
Minority interests	(16,451)	(36,489)
Net Worth	16,586	8,518
Long-term provisions	1,340	24,691
Long-term debt	93,001	99,881
Other non-current liabilities	34,030	46,366
Non-current liabilities	128,371	170,938
Liabilities related to non-current assets maintained for sale	3,355	-
Short-term provisions	62,459	96,275
Short-term debt	9,933	6,695
Commercial creditors & other accounts payable	243,730	365,384
Other current liabilities	6,971	11,062
Current Liabilities	326,448	479,416
TOTAL NET WORTH AND LIABILITIES	471,405	658,872

In thousands of Euros

Net Treasury Position

December – 2019	Current	Non-current	TOTAL
Gross financial debt	(9,933)	(93,001)	(102,934)
Cash and equivalent			119,894
Net Treasury Position			16,960

In thousands of Euros

4. Significant deeds 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 the Company reported information concerning the results for the first quarter of 2019.
- On 31 May the Company reported the presentation and speeches by the Chairman and Chief Executive Officer at the Annual General Meeting.
- On 31 May the Company reported the agreements reached by the Annual General Meeting.
- On 26 June the Company reported the Board of Directors agreement to carry out a reverse share split, as approved by the Annual General Meeting on 31 May 2019.
- On 28 June the Company reported the registration of the capital reduction, as approved by the Annual General Meeting on 31 May 2019, at the Business Registry of Asturias.

- On 2 July the Company reported the registration of the reverse share split agreement, as approved by the Annual General Meeting, at the Business Registry of Asturias.
- On 8 July the Company reported the effective date of the reverse split.
- On 9 July the Company reported the change in the corporate website address to www.durofelguera.com
- On 26 July the Company reported on the management of its financial situation.
- On 18 September the Company reported changes in the Board of Directors and its committees.
- On 30 September the Company reported the results for the first half of 2019.
- On 1 October the Company reported changes in the Board of Directors and its committees.
- On 29 October the Company reported the amendment to the Board of Directors Regulations to complete it and include technical improvements in certain matters.
- On 29 October the Company reported changes in the Appointments and Compensation Committee.
- On 14 November the Company presented information concerning the results for the third quarter of 2019.

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.durofelguera.com