FY 2021 Results

28 February 2022

Audited accounts

MAIN HIGLIGHTS

- Backlog YTD[1] of €11.1 billion
- Order intake in 2021 and YTD of €4.8 billion
- Sales at €2,808 million
- Adjusted EBIT at €48 million, with a 1.7% margin. EBIT at €-157 million
- Net profit at €-192 million
- Net debt position of €76 million

Juan Lladó, Técnicas Reunidas Chairman, commented:

"The last two years have been very challenging for our sector and for Técnicas Reunidas. Awards stopped for several quarters; some projects were paused; and projects at later stages were much harder and costlier to execute. The lack of face-to-face interaction with clients made much more difficult to reach agreements on any issue: from Covid cost sharing to milestone and change order recognition. As a consequence, sales and earnings dipped, and our cash and balance sheet weakened.

This state of affairs is rapidly improving, and we expect to revert back to normality in all fronts as 2022 progresses. On the commercial side, in bidding and awards, we have already experienced a normalized situation throughout 2021. We expect it to further improve this year as clients step up their investment plans on the back of growing world energy needs. Recent awards are a good example of the forthcoming future.

On the operating side, we are moving closer to delivering some key projects to the full satisfaction of our clients, despite the difficult environment of previous quarters. This is the basis for our confidence on future bidding success. At the same time, we are retaking full speed in reprogrammed projects; and starting the initial phases of more than €4.8 billion projects awarded since the start of 2021. Sales and margins will follow.

Finally, on the financial side, the access to the European funds managed by SEPI will strengthen our balance sheet; and we are progressing in getting to agreements with our clients that will lower working capital needs and facilitate progress further down the supplier chain. The new organization that we implemented will also be instrumental in managing the recovery and piloting the new growth stage.

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[1] YTD: Year To Date

Normality is progressively back, and this is reflected in our guidance for 2022. Sales, margins and backlog will be improving throughout the year; and reaching the levels that should prevail in the future. A future in which TR will be a key player in the enormous task of making energy sustainability a reality."

Highlights € million	2021	2020	Variation
Backlog	10,519	8,347	*26%*
YTD Backlog*	11,114		
Net Revenues	2,808	3,521	*-20%*
Adjusted EBIT [(1)]	47.6 *1.7%*	104.8 *3.0%*	*-55%*
Adjusted Net profit [(1)]	-31.2 *-1.1%*	57.9 *1.6%*	*N.M.*
Net Profit [(2)]	-192.1 *-6.8%*	13.0 *0.4%*	*N.M.*
Net Cash Position [(1)]	-76	195	*N.M.*

(1) Figures classified as Alternative Performance Metrics ("APMs"). See appendix.

(2) Profit for the year from continuining operations

* Includes projects awarded after the end of the period

FY 2021 RESULTS SUMMARY

YTD Backlog, that includes all projects that have been awarded in 2022 YTD, amounts to €11.1 billion. This figure includes €4.8 billion in new orders since the start of 2021 and shows the recovery of investments after their slowdown during the pandemic crisis. Awards are the demonstration of the trust of new and old clients in TR to deliver their most strategic projects. **Backlog** at the end of 2021 stood at €10.5 billion.

The **main awards** added to YTD backlog were: the new petrochemical plant for Sasa Polyester in Turkey, the biomethanol plant for G.I.Dynamics in Netherlands, the olefins plant for PKN Orlen in Poland, the residual streams upgrading unit for Gazprom Neft in Russia, a power plant in Poland for General Electric, a natural gas plant in Qatar for Qatargas, a petrochemical complex in Turkey for a JV formed by Rönesans and Sonatrach, a clean fuels unit in Latam for YPF, a natural gas plant in EUA for ADNOC and four combined cycles in Mexico for CFE. In addition, the company signed important engineering contracts and agreements for future project developments in the petrochemical and energy transition industries.

Total sales reached €2,808 million in 2021, with a 20% decrease vs. 2020; and a 40% decrease in comparison to the pre-Covid period of FY 2019. This hefty reduction mainly reflects the reprogramming of some major projects requested by clients to adapt their investment budget to the Covid environment; as well as the slower pace in projects in execution, due to the complexity of operating under the pandemic environment.

EBIT in 2021 stood at €-156.6m and **adjusted EBIT** stood at €47.6 million. The adjusted EBIT margin of 2021 was 1.7%.

Adjustments to EBIT amounted to €216 million. They are net extraordinary costs and provisions due to the impact of the Covid pandemic on project execution that are not expected to be covered by clients. They include, in particular, the impact of the termination by the client of the Teesside project in the UK.

The **net debt position** at the end of 2021 stood at €76 million. The net debt position figure reflects the slow pace in project execution and the slow cash collection from clients.

The balance sheet of the company and the cash situation has been strengthened by the signature and disbursement at the end of February of two loan agreements from the Fund of Support to the Solvency of Strategic Companies, managed by SEPI. They sum up €340m and are structured as follows:

- A participative loan of €175 million with an average cost of Euribor plus 450 basis points. It will be reimbursed at the end of the term, June 2026.
- An ordinary loan of €165 million with a 2% cost over 4,5 years. It will be amortized from the second year with a reimbursement profile of 20% in 2023, 30% in 2024, 30% in 2025 and 20% in 2026.

OUTLOOK AND GUIDANCE FOR 2022

Although Covid will still continue to impact the progress of our projects, there are clear signs that we are reaching an inflection point towards normalization of the operating environment. Furthermore, the recent diversified and de-risked awards obtained in 2021, together with the SEPI support, will help to stabilize our operations and underpin our growth strategy for the coming years.

Consequently, the company currently forecasts sales for 2022 around €4.0 billion and EBIT margin for 2022 above 2%. In addition, the company expects awards to be around €4.0 billion.

Webcast results details

Técnicas Reunidas will hold a conference call on 1st March at 16:00 CET. It can be accessed through the link in its homepage: http://www.tecnicasreunidas.es/en/

BACKLOG AND ORDER INTAKE

€ million	2021	2020	Variation
Backlog	10,519	8,347	*26%*
Order intake	4,165	2,117	*97%*

Backlog

Downstream		
Project	Country	Client
Exxon Mobil refinery	Singapore	Exxon Mobil
Sitra refinery	Bahrain	BAPCO
Baku refinery	Azerbaijan	SOCAR
Duqm refinery	Oman	DRPIC
Ras Tanura refinery	Saudi Arabia	Saudi Aramco
Al Zour refinery	Kuwait	KNPC
Minatitlán refinery	Mexico	Pemex
Talara refinery	Peru	Petroperu
FEED Tuban	Indonesia	Pertamina / Rosneft
Polyethylene plant	Canada	Nova Chemicals
Hassi Messaoud refinery	Algeria	Sonatrach
Environmental enhancement project	Chile	ENAP
PTA Complex	Turkey	SASA Polyester
Petrochemical complex	Poland	Orlen
Upstream		
Project	Country	Client
Marjan	Saudi Arabia	Saudi Aramco
Bu Hasa	United Arab Emirates	ADNOC Onshore
Das Island	United Arab Emirates	ADNOC LNG
Haradh	Saudi Arabia	Saudi Aramco
GT5	Kuwait	KNPC
Jazan IGCC*	Saudi Arabia	Saudi Aramco
Residual streams upgrading	Russia	Gazprom
North Field package 3	Qatar	Qatargas
Power		
Project	Country	Client
Sewa	United Arab Emirates	Sumitomo / GE EFS
Cogeneration plant	Canada	Suncor
Energy efficiency	Colombia	Termocandelaria

* Project in mechanical completion or carrying out services for the start up phase of the plant

At the end of 2021, Técnicas Reunidas' backlog amounted to €10.5 billion, 26% higher than the level reached at the end of 2020. Including all projects that have already been awarded after 2021 closing, total YTD backlog escalates to €11.1 billion.

Downstream and Upstream projects comprised 93% of the total backlog, whereas the Power division accounted for 7%.

Order intake

2021 order intake reached €4.8 billion, including the projects that were awarded in early 2022. The main projects awarded during the year were:

- The Sasa project in Turkey. Strategic project with Sasa Polyester signed in February 2021 for the execution of a new petrochemical plant in Adana, Turkey. The new plant, with a capacity of 1.5 million tonnes per year, will produce Purified Terephtalic Acid (PTA), a product which is expected to see significant additional investments in the medium term.

  The investment estimated by the client is USD935 million. This amount includes the value of the contract of Técnicas Reunidas. The scope of the contract includes engineering, procurement and construction supervision and management.

- The petrochemical complex expansion for PKN Orlen in Poland. The project will maximize PKN's petrochemical potential by adding new units to the existing facilities. It will include a new olefins production unit licensed by KBR. The investment will be around €1,800 million, about half of which will be in Técnicas Reunidas' scope,

  The project will integrate petrochemical operations with the production of clean fuels and will optimize the use of raw materials and resources in both processes.

  Técnicas Reunidas will work in collaboration with Hyundai Engineering Co, in the full execution of the project.

- The Advanced Methanol Amsterdam (AMA) project, a new bio-methanol plant for G.I.Dynamics in Netherlands. This project seeks to replace fossil fuels with biomethanol produced from non-recyclable waste and biomass. The contract includes the execution of the detailed engineering and the investment estimation in the form of "open book" (FEED-OBE).

  With an estimated investment of more than €200 million, the future plant will have the capacity to produce 260 tons per day of bio-methanol and will consist of high-temperature gasification, acid gas recovery and methanol units.

  Bio-methanol will be obtained from the gasification of non-recyclable wood waste and residual derived fuel. It will be later blended with gasoline, reducing substantially the environmental impact of the fuel.

  The plant will be the first in a strategy to replicate this project throughout the Netherlands, the United Kingdom and other European countries.

- **The residual streams upgrading unit for Gazprom Neft in Russia**. The scope of works includes the detailed design, procurement of materials and equipment, construction management and start-up. It will be executed in 40 months. Total amount of the contract is EUR240 million.

  The processing capacity of the new unit will be 2.4 million of tons per year. This new unit will increase the conversion capacity of the plant, by transforming residuals streams into high quality fuels adapted to the most demanding environmental norms.

- **The natural gas plant for Qatar Petroleum in Qatar.** This project consists of the expansion of the onshore facilities associated with the production of natural gas of the North Field.

  The scope of the project, to be executed over 41 months, includes the expansion of storage and loading facilities of by-products of the natural gas liquefaction process and the expansion of the liquid products storage and loading to handle the needs of two additional LNG trains.

  It also includes the construction of liquid products rundown lines, lean gas pipeline for gas delivery into Qatar Petroleum's domestic gas grid, the expansion of the Ras Laffan Terminal Operations product storage and loading facilities, monoethylene glycol storage, the expansion of transfer facilities, and a CO2 sequestration pipeline and associated facilities at CO2 injection wellheads.

  The amount of the contract is USD800 million.

- **The petrochemical complex in Turkey for Rönesans and Sonatrach joint venture.** The complex is sponsored by Ceyhan Polipropilen Üretim A.Ş, a joint venture formed by the Turkish group Rönesans Holding and the Algerian company Sonatrach, which has entrusted its execution to a partnership formed by Técnicas Reunidas and the construction subsidiary of the Rönesans group itself.

  The contract involves an investment of over €1,000 million, of which around €550 million will correspond to Técnicas Reunidas. The project is in the process of reaching financial closing.

- **A contract for ADNOC for the Dalma gas project**, which is part of the Gasha concession, the world's largest offshore sour gas development.

  The contract covers the engineering, procurement and construction of the gas conditioning facilities. It has been awarded to the consortium formed by Técnicas Reunidas and its local partner Target.

  The total amount of the contract is USD950 million, of which USD510 million correspond to Técnicas Reunidas.

- **The new hydrotreatment and hydrogen production units of YPF's facilities in Luján de Cuyo in Argentina**. The project will enable the facility to meet new fuel specifications and achieve significant environmental improvements.

  In 2019, YPF awarded Técnicas Reunidas a contract for the cost estimation of the plant upgrade project under an "open book" scheme (FEED-OBE).

  In 2021, TR signed a contract with YPF for the engineering, procurement and construction management of the new hydrotreatment and hydrogen production units as well as various auxiliary systems.

  The construction of modules and the electromechanical assembly of the new units will be carried out by AESA (a construction company of the YPF group). Técnicas Reunidas will team up with the customer for the supervision of these works.

- **Four combined cycles in Mexico for CFE (Mexico's Federal Electricity Commission)**. These contracts have been awarded to the consortium formed by TR and TSK and include engineering, supply, construction and commissioning of the balance of plant of the combined cycle power plants.

  Two of the combined cycles will be located in the Yucatan Peninsula, at Valladolid and Mérida (with the power trains and heat recovery steam generators provided by Mitsubishi), and the other two will be placed in San Luis Rio Colorado and González Ortega (with the power trains and heat recovery steam generators provided by Siemens). They will all contribute to the improvement and decarbonization of the Mexican electricity sector.

  The total contract amount for Técnicas Reunidas is close to USD675 million.

Main engineering and strategic agreements

- Conceptual engineering for propane butane mixing for Gasmar in Chile.
- Basic engineering for a reverse osmosis plant for Arauco in Chile.
- Detailed engineering for a sulphur recovery plant at the Bíobío refinery of ENAP in Chile.
- Several FEEDs and engineering services for different clients in Oman.
- Competitive FEED for a polypropylene plant for Lukoil in Russia.

The Energy Transition

Throughout 2021 there has been a continued acceleration of the commitment to a low carbon energy supply, with the final goal of achieving a global energy supply free of emissions by the middle of the 21st century.

The oil and gas industry is taking a very active role towards this low carbon energy supply scenario, initiating important lines of investment.

The commercial activity of Técnicas Reunidas has registered intense activity in 2021, with multiple opportunities in the pipeline linked to the hydrogen value chain, carbon capture and storage investments and circular economy projects. In most of these opportunities, clients are positioning themselves in new technologies or business developments, with the need of engineering services for project definition.

The main energy transitions engineering services and strategic agreements executed in 2021 are:

- The aforementioned FEED OBE for the execution of the detailed engineering and investment estimation of a waste to bio-methanol plant for G.I.Dynamics in Amsterdam.
- An agreement with Repsol to develop decarbonization technologies and promote circular economy.
- A feasibility study for one large International Oil Company for the decarbonization of its refining assets with green hydrogen.
- Engineering services for ENAGAS and Acciona for the decarbonization of transport.
- A pre-FEED for a natural gas fuelled power plant with carbon capture in UK.
- An economic and technical assessment of the decarbonization roadmap for Acerinox facilities in the south of Spain.
- A feasibility study for a second-generation bioethanol plant in Spain.
- A conceptual assessment for a green ammonia project in the southeast of Spain.
- Conceptual engineering services for a green hydrogen plant at GNL Quintero in Chile.

Research and Development projects

Técnicas Reunidas continues with its firm commitment to research, development and scaling of new technologies focused on the energy transition. In this regard, several initiatives are being carried out and include, among others, the development of high-efficiency electrolyzers, technologies for recycling fiberglass and carbon fiber, new hydrogen production technologies, recycling of plastics and technologies for the extraction and recovery of critical raw materials that are essential for the energy transition.

During 2021 Técnicas Reunidas continued to work on national and European R&D projects:

Hydrogen

- **EVER:** development of Low Cost Electrolyzers for the Production of green Hydrogen based on anionic membrane technologies.
- **SHINEFLEET:** development of compact renewable and blue hydrogen generators for the heavy transport industry.

Circular Economy

- **SEA4VALUE:** European project (H2020) to develop technologies to recover valuable metals from brines produced in desalination plants.
- **DUST:** development of technology for the treatment and direct valorization of steel mill dust, waste considered hazardous waste due to its high heavy metal content.
- **RECYCLION:** development of technology for the recycling of electric vehicle end-of-life batteries with special emphasis on their sustainability, economic viability and integration into the circular economy of the value chain of lithium-ion battery manufacturers.

Critical Raw Materials

- **REMSELAN:** development of technology to obtain rare earths (cerium, neodymium, praseodymium, lanthanum and europium) by separation and purification of lanthanum.
- **BIORECOVER:** European project (H2020) for the development of rare earth and platinum recovery technology from primary and secondary sources.

Biorefinery

- **WALEVA-TECH:** development of technology for obtaining high added value products from lignocellulosic biomass waste.
- **LEVAPLUS:** development of technology for the valorization of raw materials rich in C6 sugars through the production of carboxylic acids that serve as a chemical platform for obtaining chemical products, polymers or pharmaceuticals. There is currently a portfolio of business opportunities for the industrial implementation of all these technologies in the coming years.

2021 RESULTS

€ million	2021	2020	Variation
Net Revenues	**2,807.6**	**3,520.6**	**-20.3%**
Other Revenues	19.6	20.5	
Total Income	2,827.2	3,541.1	-20.2%
Raw materials and consumables	-2,123.5	-2,563.2	
Personnel Costs	-475.7	-561.9	
Other operating costs	-344.6	-331.4	
EBITDA	**-129.2**	**84.7**	**-252.6%**
Amortisation	-27.4	-43.2	
EBIT	**-156.6**	**41.5**	**N.M**
Financial Income / expense	-22.1	-20.9	
Share in results obtained by associates	-1.1	-0.7	
Profit before tax	**-179.8**	**19.9**	**N.M**
Income taxes	-12.3	-6.9	
Profit for the year from continuining operations	**-192.1**	**13.0**	**N.M**
Profit (loss) from discontinued operations	0.0	0.0	
Profit for the year	**-192.1**	**13.0**	**N.M**
Non-controlling interests	1.7	-1.9	
Profit Attibutable to owners of the parent	**-190.4**	**11.0**	**N.M**

Revenues

Net revenues reached €2,807.6 million in 2021, with a 20% decrease versus 2020. This reduction mainly reflects the reprogramming of some major projects requested by clients to adapt its investment budget to the Covid environment; as well as a slower execution speed, due to the complexity of working under the pandemic environment.

€ million	2021	Weight	2020	Weight	Variation
Oil and gas	2,670.4	95.1%	3,235.9	91.9%	-17.5%
Power & Water	83.7	3.0%	205.4	5.8%	-59.3%
Other Industries	53.5	1.9%	79.3	2.3%	-32.6%
Net Revenues	**2,807.6**	**100%**	**3,520.6**	**100%**	**-20.3%**

Sales from the **oil and gas division** went down 18% and reached €2,670.4 million in 2021. Oil and Gas revenues represented most of total sales (95%):

- Downstream: The projects with the highest contribution to sales were Duqm for DRPIC in Oman, Sitra for BAPCO in Bahrain, the project for Socar in Azerbaijan and the petrochemical complex for Sasa Polyester in Turkey.
- Upstream: The main contributors to sales were the ADGAS project for ADNOC LNG and the Bu Hasa project for ADNOC ONSHORE, both in United Arab Emirates; as well as the Haradh and Marjan projects for Saudi Aramco in Saudi Arabia.

Revenues from the **power division** stood at €83.7 million in 2021, decreasing 59% versus the same period of last year. This reduction is related to the impact of the contract termination of the Teesside project by MGT, that took place in Q2 2021.

Operating and net profit

€ million	2021	2020	Variation
EBIT	-156.6	41.5	N.M
Covid impact	216.2	73.7	193.4%
Extraordinary effect related to Covid-19 pandemic	*116.0*	*57.7*	
UK Teesside project	*98.0*	*0.0*	
Restructuring costs	*2.2*	*16.0*	
Asset disposal gains	-12.0	-10.3	
Adjusted EBIT	47.6	104.8	-54.6%
Margin	*1.7%*	*3.0%*	

EBIT in 2021 stood at €-156.6 million, heavily impacted by Covid. **Adjusted EBIT** was €47.6 million in 2021, with an adjusted margin of 1.7%. The main adjustments applied to 2021 EBIT were: Covid related costs incurred to support project execution; the termination of the contract of Teesside project, closely linked to the severity of the Covid pandemic in the UK and the consequent project execution difficulties; and, in the oil and gas division, the extraordinary provision booked in Q2 2021 to cover potential negative outcomes associated to the pandemic from the final resolutions of claims and disputes with our clients, suppliers and contractors.

The Q4 2021 negative EBIT result reflects the impact of the final settlements achieved with clients, suppliers and subcontractors to solve the disputes that were provisioned in June 2021.

Additionally, 2021 EBIT adjustments include €2 million of restructuring costs, which are linked to the efficiency plan and that mainly consist of consultancy work and personnel restructuring costs.

€ million	Total	Oil&Gas	P&W	Other Ind.	Not assigned
Net revenues	2,807.6	2,670.4	83.7	53.5	
EBIT	-156.6	67.7	-130.1	8.5	-102.7
Margin	*-5.6%*	*2.5%*	*N.M.*	*15.8%*	
Covid impact	216.2				
Extraordinary effect related to Covid-19 pandemic	*116.0*	*106.9*	*9.1*		
UK Teesside project	*98.0*		*98.0*		
Restructuring costs	*2.2*				*2.2*
Asset disposal gains	-12.0				*-12.0*
Adjusted operating profit (Adjusted EBIT)	47.6	174.6	-23.0	8.5	-112.5
Margin	*1.7%*	*6.5%*	*N.M.*	*15.8%*	

€ million	2021	2020	Variation
Adjusted Net profit	-31.2	57.9	N.M.
Net Profit*	-192.1	13.0	N.M.

*Net Profit from from continuining operations

Adjusted net profit in 2021 reached €-31.2 million, decreasing from €57.9 million achieved in the same period last year.

Net profit in 2021 was €-192.1 million, which compares to €13.0 million in the previous year. In addition to the operating income evolution, explained above, net profit also reflects the effect of financial results and taxes:

- Financial expense was €-22.1 million, including €-16.9 million of financial costs and €-5.1 million due to losses from transactions in foreign currency.
- Company income tax was €12.3 million, since subsidiaries in certain countries are attaining profits and booking the subsequent tax expense.

€ million	2021	2020	Variation
Net financial Income *	-16.9	-14.3	18%
Gains/losses in transactions in foreign currency	-5.1	-6.6	-22%
Financial Income/Expense	**-22.1**	**-20.9**	**6%**

* Financial income less financial expenditure

Balance sheet

€ million	31 Dec 2021	31 Dec 2020
Tangible and intangible assets	113.1	105.6
Investment in associates	1.6	2.7
Deferred tax assets	410.9	407.3
Other non-current assets	83.0	89.0
Non-current Assets	**608.6**	**604.6**
Inventories	8.6	8.9
Trade and other receivables	2,568.0	2,355.3
Other current assets	31.3	35.8
Cash and Financial assets	666.9	931.5
Current assets	**3,274.8**	**3,331.5**
TOTAL ASSETS	**3,883.4**	**3,936.1**
Equity	**104.7**	**283.6**
Non-current liabilities	**570.7**	**452.9**
Financial Debt	475.5	372.2
Other non-current liabilities	95.2	80.7
Long term provisions	**70.3**	**37.2**
Current liabilities	**3,137.8**	**3,162.4**
Financial Debt	267.4	364.0
Trade payable	2,775.1	2,678.1
Other current liabilities	95.4	120.3
Total liabilities	**3,778.8**	**3,652.5**
TOTAL EQUITY AND LIABILITIES	**3,883.4**	**3,936.1**

Net debt stood at €76.0 million at the end of 2021, decreasing from the end of December 2020. This decrease reflects the negative effects of the Covid pandemic, including the €103 million cash outflow related to the Teesside project termination It also reflects the evolution of working capital during the Covid period. On the one hand, the slow pace of execution of projects due to the operational constraints produced by Covid delayed the achievement of milestones needed to invoice our clients, increasing the volume of accounts receivable throughout the year. On the other, slow resolution of client negotiations, due to less face-to face interaction under Covid conditions, also delayed the conversion of this working capital into cash.

€ million	31 Dec 2021	31 Dec 2020
Current assets less cash and financial assets	2,607.9	2,400.0
Current liabilities less financial debt	-2,870.5	-2,798.4
COMMERCIAL WORKING CAPITAL	-262.5	-398.4
Financial assets	0.0	0.0
Cash and cash equivalents	666.9	931.5
Financial Debt	-742.9	-736.2
NET CASH POSITION	-76.0	195.4
NET CASH + COMMERCIAL WORKING CAPITAL	-338.5	-203.0

At the end of 2021, equity of the company stood at €104.7 million, negatively impacted by the net profit of the period.

The balance sheet of the company and the cash situation has been strengthened by the signature and disbursement at the end of February of two loan agreements from the Fund of Support to the Solvency of Strategic Companies, managed by SEPI. They sum up 340 M€ and are structured as follows:

- A participative loan of €175 million with an average cost of Euribor plus 450 basis points. It will be reimbursed at the end of the term, June 2026.
- An ordinary loan of €165 million with a 2% cost over 4,5 years. It will be amortized from the second year with a reimbursement profile of 20% in 2023, 30% in 2024, 30% in 2025 and 20% in 2026.

€ million	31 Dec 2021	31 Dec 2020
Shareholders' funds + retained earnings	171.0	340.6
Treasury stock	-73.3	-73.1
Hedging reserve	-2.6	5.2
Interim dividends	0.0	0.0
Minority Interest	9.6	10.9
EQUITY	104.7	283.6

APPENDIX

IFRS 16: 2021 Reconciliation

€ Million	2021	Impact	2021 Adjusted IFRS 16
EBITDA	-129.2	18.3	-147.5
Depreciation	-27.4	-17.5	-9.9
Financial charges	-22.1	-0.3	-21.8
Net profit	-192.1	0.5	-192.6
"Right of use" assets	40.5	40.5	0.0
Short-term lease liabilities	13.1	13.1	0.0
Long-term lease liabilities	28.3	28.3	0.0

Alternative Performance Metrics ("APMs")

1. EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization") is a financial indicator used by Management to measure the Group´s ability to generate profits considering only its operations and allows the comparison with other oil services sector companies. It is calculated by deducting from the operating profit, the amortisation and impairments.

Concept	Definition	2021	2020
(+) Revenues	Revenues and other income	2.827,2	3.541,1
(-) Operating expenses	Raw materials and consumables, employee benefit expense, other expenses, depreciation/amortisation and	-2.983,9	-3.499,6
= Operating income	Revenues - Operating expenses	-156,6	41,5
(+) Depreciation/amortisation and impairment charges	Depreciation/amortisation and impairment charges	27,4	43,2
EBITDA	Operating income excluding depreciation and amortisation	-129,2	84,7

2. EBIT is defined as "Earnings Before Interest and Taxes": It is an indicator of the operating income of the group prior deducting interest and taxes. This indicator is used by Management, together with EBITDA, when comparing to other oil services sector companies. EBIT is equivalent to the "operating profit". Its calculation was as follow:

Concept	Definition	2021	2020
(+) EBITDA	Operating income excluding depreciation and amortisation	-129,2	84,7
(-) Amortisation and depreciation expenses	Depreciation/amortisation and impairment charges	-27,4	-43,2
EBIT	Operating income	-156,6	41,5

3. **Adjusted EBIT** and **Adjusted Net Profit** are the alternative performance metrics used by Management to measure the Group´s ability to generate profits considering only its operations, deducting extraordinary effects such as Covid, restructuring costs or non-core asset disposals; and their corresponding tax impact at the Adjusted net profit level. The cost of the Teesside project termination has also been included as an adjustment because of its extraordinary nature and its direct link to the Covid pandemic.

Concept	Definition	2021	2020
(+) EBIT	Operating income	-156.6	41.5
(+) Covid impact	Extraordinary effect related to Covid-19 pandemic	116.0	57.7
	UK Teesside project	98.0	0.0
	Extraordinary expenses related to the business reorganization	2.2	16.0
(-) Non-core asset disposal	Capital gain from non-core asset disposal, net of tax	-12.0	-10.3
Adjusted EBIT	Operating income excluding Covid impact	47.6	104.8

Concept	Definition	2021	2020
(+) Financial Income/expense	Difference between earnings before interest and taxes and earnings before taxes	-22.1	-20.9
(+) Share in results obtained by associates	Income received by associated	-1.1	-0.7
(-) Income taxes	Income tax generated by the business	-12.3	-6.9
(-) Adjustments to taxes	Adjustments to taxes	-43.2	-18.5
Adjusted net profit	Net profit excluding Covid impact and adjustments to taxes	-31.2	57.9

4. **Net Cash** is the alternative performance metric, used by Management, to measure the level of liquidity of the Group. It is calculated as the difference between "cash and cash equivalents" plus "financial assets at fair value through profit or loss" deducting the "financial debt" (including "financial debt linked to assets classified as held for sale"). Cash and equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. The calculation has been as follow:

Concept	Definition	2021	2020
(+) Cash and equivalents	Cash in hand, deposits held at call with banks, other short-term highly liquid investments with original	666.9	931.5
(+) Financial assets at fair value	Financial assets at fair value through profit and loss	0.0	0.0
(-) Financial debt	Short-term and long-term debt with credit entities	-742.9	-736.2
	Borrowings related to the assets classifies as held for sale	0.0	0.0
NET CASH	Cash and equivalents (+) Financial assets at fair value (-) financial debt	-76.0	195.4

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