RESULTS REPORT

RESULTS FIRST SIX MONTHS
JANUARY - JUNE 2018

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DURO FELGUERA

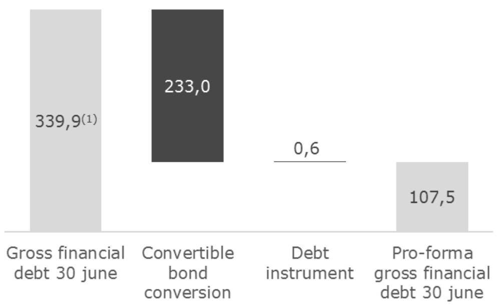
Results Report
January - June 2018

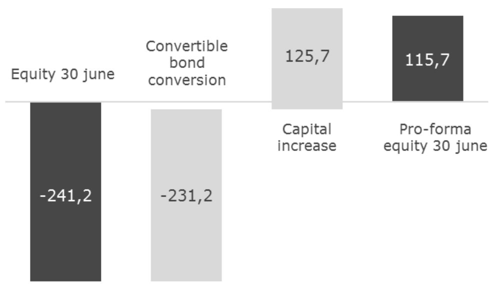
1. Forecast for the evolution of the company

- After the close of the period, the Company satisfactorily concluded the capital increase and the restructuring of its financial debt, which has enabled it to reach equity balance, and improve the situation of liquidity and working capital.

- On 27 July 2018 the capital increase was registered at the Business Registry of Asturias for a total amount of 125.7 million Euros, by issuing 4,656,000,000 ordinary shares at a face value of 0.01 Euros and a premium of 0.017 Euros on each one.
- On the same date, once all the suspensive clauses had been met with, the refinancing agreement came into force – it was signed on 21 June 2018 by the Company and its main financial entities. Said agreement, which affects a financial debt of 318 million Euros, implied: (1) the cancellation of 233 million Euros in liabilities by conversion into two types of bond, (2) the conversion of the remaining liabilities into a syndicated debt of 85 million Euros and (3) the extension of the existing bonds and the setting up of a new bond line of up to 100 million Euros.

- The above-mentioned convertible bonds are of two kinds: Class A, for 90.7 million Euros, and Class B, for 142.2 million Euros. Both kinds of bonds can be converted into newly issued ordinary shares of Duro Felguera S.A., have a maximum life of five years and if they are not converted by the due date they are cancelled. Previous conversions implied the registration of an equity instrument corresponding to Class A Convertible Bonds for 8.1 million Euros and the registration of a debt instrument at a reasonable value, corresponding to Class B Convertible Bonds, for 0.6 million Euros. This had a positive impact of 223.1 million Euros.
- By way of illustration, the pro-forma analysis of the capital increase and the restructuring of the debt on the liabilities as of 30 June would increase the net worth from -241.2 million Euros to 115.7 million Euros and would reduce the gross debt from 339.9 million Euros to 107.5 million Euros.





In millions of Euros

- In August, the Board of Directors hired the services of an independent external advisor who carried out a technical and financial review of the projects in the backlog and cash flows. The scope consisted of a detailed analysis of the budgets, risks and progress on projects, and included visits to the sites and an assessment of the teams.

- Consequently, cost differences and additional impairments on certain projects in comparison to the strategic plan will imply a fall in cash flow of 38 million Euros (29 million corresponding to projects and 9 related to arbitrations underway.

- The following events have also taken place:
    - Delays in the collection of certain accounts subject to litigation, for an amount of c.33 million Euros, which it was planned to collect in 2018 in the strategic plan.
    - Delay in the contracting of new financing lines foreseen in the strategic plan in 2018 for 50 million Euros.
    - Delay in the contracting of various projects for c. 180 million Euros, foreseen in 2018 in the strategic plan.

- In order to face up to these differences a series of urgent plans has been drawn up to try and revert the situation. These plans include:
    - Renegotiation of the terms of some of the projects underway with clients to mitigate the risk of over-costs, delays and additional losses.
    - Reinforcement in winning new contracts and increasing the efficiency of the business structure.
    - Reinforcement of the company's financial situation, which in 2019 might require an injection of additional liquidity, depending on the pace of recovery of the delays in collections and contracting new financing lines.

- The company is looking into the operational and financial alternatives available to reach the above-mentioned goals.

- After the capital increase and given the situation described, the company has applied the following actions to reinforce management:
    - Reinforcement of the Board of Directors with three new independent members.
    - Search for a general director to support the executive chairman.
    - Further incorporations to reinforce project management and control.
    - Until the new candidates join, the positions have been covered temporarily by external personnel with great experience.

- Regarding the situation of disinvestment processes, we should point out that they are going in accordance with the strategic plan. The office building in Madrid has been sold (as shown in the annual accounts for 2017), as have the subsidiaries Núcleo Comunicación y Control and DF Rail (80%).

- The cost saving plan is moving forwards in accordance with the strategic plan.

- The company is updating its strategic plan according to the above-mentioned analyses and action plans – the new plan will be presented in November, with the details of business evolution and financial needs.

2. Main figures and milestones in the period

- Business in the first six months was significantly affected by liquidity problems deriving from the financial situation before the capital increase, which made it difficult to win new projects, and a fall in the level of production. Sales in the period were 222.2 million Euros, 30.4% less than in the first six months of the previous year.

- The EBITDA was minus 48.2 million Euros as a consequence of reduced activity, differences in projects of 30.3 million Euros (the total margin forecast for said projects was 44.9 million Euros), and the provisions for arbitrations underway, for 8 million Euros. The differences in projects are in Energy, for 19.8 million Euros, and Oil & Gas, for 10.5 million Euros. As for arbitration underway, 5.5 million Euros has been provisioned for the Digestores de Medellín project and 2.5 million Euros for the re-evaluation of the accounts receivable in India.

- The net attributable result in the period was minus 54.9 million Euros and includes the book value of DF Rail at 4.7 million Euros.

	1H 2018	1H 2017	Var. %
Backlog	953,635	1,347,000*	-29.2%
Order intake	52,191	413,635	-87.4%
Sales	222,219	319,161	-30.4%
EBITDA	-48,182	7,787	n.s.
EBITDA margin	-21.7%	2.4%	n.s.
EBIT	-52,361	6,321	n.s.
Net profit	-54,937	-1,904	n.s.
Net debt	-292,093	-229,482	n.s.

In thousands of Euros
* Net pro-forma value of adjustments made to the backlog in November 2017 for -918 million Euros

- Order intake in the first six months was 52.2 million Euros, 87.4% less than in the same period the previous year. The reduction is because the balance was not healthy and no bonds were available, which makes it difficult to contract new projects. The backlog at the end of the first six months was 953.6 million Euros.

- As for commercial activity, the following milestones could be highlighted in the period:
  - In the Energy division, drawing up or presenting bids for: (1) combined cycles in Peru (500MW) and the United Kingdom (1600MW); (2) a coal generation plant in Colombia (500MW) and (3) diverse photovoltaic plants in Argentina, Brazil and Spain.
  - In the Services division, drawing up or presenting bids for: (1) assemblies in the iron and steel sector; (2) cogeneration and biomass plants in Mexico and Argentina and (3) signing a global agreement for Logistics Systems projects as the technological supplier of a consumer goods multinational.
  - In the Oil & Gas division, drawing up or presenting bids for the construction of: (1) ammonia tanks in Saudi Arabia, (2) salt tanks in Italy, (3) acid tanks in Peru, (4) propane and butane tanks in Russia, (5) hydrocarbon tanks in Mexico and the Middle East and (6) a hydrogen monoblock sphere in the USA.
  - In the Mining & Handling division, drawing up or presenting bids in: (1) South America, where the sector has been significantly reactivated, (2) Canada, where the company is taking part in the direct negotiation of a graphene plant and commercial activity has

been renewed in old projects that had been suspended due to the situation of the sector and (3) Asia, where a bid was presented for the design and supply of a 30-km-long conveyor belt.

- At Calderería we could highlight the presentation of a bid for *Coke Drums* and Reactors for a refinery in Russia, another bid for processing equipment in Azerbaijan and one for large columns for a propylene plant in Belgium.

- In July Duro Felguera sold its subsidiary Núcleo de Comunicaciones y Control. The operation did not have a significant effect on the accounts.

- Likewise, on 2 August, Duro Felguera announced the sale of 80% of its subsidiary DF Rail. The operation, carried out for a company value of 17 million Euros, implied for Duro Felguera a cash injection of 13.6 million Euros and a negative impact of 4.7 million Euros on the P&L account, figures in accordance with what was forecast in the strategic plan.

- As of 30 June the group's net consolidated financial debt amounted to 292.1 million Euros, the gross debt being 339.9 million Euros and treasury at 47.8 million Euros. Treasury was reduced by 43 million Euros due to use of the cash flow to cover the needs of working capital, and because of the 17.6 million Euros used as deposits in contracts instead of bonds.

- The evolution of the Termocentro, Vuelta Obligado and Roy Hill projects was as follows:
  - Termocentro (Venezuela). In the first half of 2018 and to date we have not received any significant payments. The company has re-valued the recoverability of this account receivable and has endowed an additional provision for 0.9 million Euros.
  - Vuelta de Obligado (Argentina). The plant is in guarantee after it started working on 23 February 2018, and the parties have agreed to extend the arbitration suspension period to 15 November 2018.
  - Roy Hill (Australia). Arbitration is ongoing in Singapore and the parties are still negotiating. The arbitration sentence is expected in the first quarter of 2019.

- As for the Group's litigations in India, in August the arbitration sentence against Navayuga was received, which awarded DF 2.3 million Euros, as it rejected all the client's claims for 9.6 million € and partially upheld those made by the Group. Based on this sentence, and another one for less money, the company and its advisors have re-valued the recoverability of the accounts receivable on the projects subject to arbitration in India. As a result of this evaluation new provisions have been set up for 2.5 million Euros.

- Concerning the proceedings initiated by the Tax Authorities questioning the application of exemptions on income obtained by UTE Termocentro, the agreements notified in July 2017 for 2010-2012 were appealed against at the TEAC, and are awaiting outcome. The criteria followed by the company is deemed reasonable by management and advisors, and so no liabilities have been registered. Concerning the partial dispensation of guarantees for the debt appealed against, a first request was rejected by the TEAC, and is now in cassation at the Supreme Court – a second request was presented in July 2018 based on recent jurisprudence, which limits the cases in which the TEAC can reject requests for suspension, and the new situation of the company after the successful refinancing lies outside these cases.

- In March 2018 an inspection started on Corporation Tax for FY 2013 and 2014, and for the Group VAT from 04/2014 to 12/2014. The company's criteria is solid and no future liability is expected.

3. P&L account

P&L account	1H 2018	1H 2017	Var. %
Total net sales	**222,219**	**319,161**	**-30.4%**
EBITDA	**-48,182**	**7,787**	**n.s.**
EBIT	**-52,361**	**6,321**	**n.s.**
Financial result	-8,723	-9,871	n.s.
Result by equity	-	-140	n.s.
Profit before tax	**-61,084**	**-3,690**	**n.s.**
Tax on earnings	-1,300	679	n.s.
FY profit	**-62,384**	**-3,011**	**n.s.**
Minority interests	-7,447	-1,107	n.s.
Net profit of the parent company	**-54,937**	**-1,904**	**n.s.**

In thousands of Euros

Sales

Sales by Business Division	1H 2018	1H 2017	Var. %
Energy	83,803	140,226	-40.2%
Mining & Handling	57,028	37,375	52.6%
Oil & Gas	20,173	35,124	-42.6%
Services	40,606	69,529	-41.6%
Manufacturing	12,560	27,625	-54.5%
Others	8,049	9,282	-13.3%
Total	**222,219**	**319,161**	**-30.4%**

In thousands of Euros

Sales by geographical area	1H 2018	1H 2017	Var. %
Latam	80,406	148,629	-45.9%
Spain	23,499	33,312	-29.5%
Rest of Europe	65,350	53,704	21.7%
Africa and Middle East	44,231	70,961	-37.7%
Asia Pacific	4,421	10,221	-56.7%
Others	4,312	2,334	84.7%
Total	**222,219**	**319,161**	**-30.4%**

In thousands of Euros

EBITDA

	1H 2018	Differences in projects	1H 2017	Var. %	Margin 1H	Margin 1H
Energy	-24,262	-19,817	2,957	n.s.	-29.0%	2.1%
Mining & Handling	-275		2,083	n.s.	-0.5%	5.6%
Oil & Gas	-18,018	-10,523	1,853	n.s.	-89.3%	5.3%
Services	992		5,250	-81.1%	2.4%	7.6%
Manufacturing	-3,009		-1,453	n.s.	-24.0%	-5.3%
Others	-3,610		-2,903	n.s.	-44.9%	-31.3%
Total	**-48,182**	**-30,340**	**7,787**	**n.s.**	**-21.7%**	**2.4%**

In thousands of Euros

4. Order intake, Backlog and Pipeline

	1H 2018	1H 2017	Var. %
Backlog	953,635	1,347,000*	-29.2%
Order intake	52,191	413,635	-87.4%

In thousands of Euros
* Net adjustment pro-forma value in backlog in November 2017 for -918 million Euros

Backlog by business division	1H 2018	% total
Energy	514,905	54.0%
Mining & Handling	251,451	26.4%
Oil & Gas	155,794	16.3%
Services	19,606	2.1%
Manufacturing	10,988	1.2%
Others	891	0.1%
Total	**953,635**	**100.0%**

In thousands of Euros

Backlog by geographical area	1H 2018	% total
Latam	165,538	17.4%
Spain	6,880	0.7%
Rest of Europe	305,848	32.1%
Africa and Middle East	411,973	43.2%
Asia Pacific	27,518	2.9%
Others	35,878	3.8%
Total	**953,635**	**100.0%**

In thousands of Euros

Pipeline	Presented	In preparation(1)	Opportunities(2)
Energy	1,332	460	1,865
Mining & Handling	251	82	831
Oil & Gas	153	107	221
Services	328	41	102
Manufac. & other	279	57	89
Total	**2.342**	**747**	**3.108**

In millions of Euros
(1) Bids being prepared which will be presented in the next 12 months.
(2) Commercial opportunities and bids presented with no confirmed decision deadline

5. Consolidated Balance Sheet

Balance Sheet	June-18	Dec-17
Intangible assets	17,791	19,174
Material assets	52,719	76,697
Investment in assets	27,194	27,400
Investment by equity method	20	20
Long-term financial investment	6,214	6,003
Assets from deferred tax	8,984	11,032
Non-current assets	**112,922**	**140,326**
Non-current assets maintained for sale	44,038	27,395
Stock	12,921	22,196
Commercial debtors, other accounts receivable	434,382	473,724
Other current assets	2,759	4,480
Cash and other equivalent assets	47,822	90,579
Current Assets	**541,922**	**618,374**
TOTAL ASSETS	**654,844**	**758,700**
Net worth of parent company	-221,750	-151,039
Minority interests	-19,426	-13,807
Net Worth	**-241,176**	**-164,846**
Long-term provisions	1,372	3,393
Long-term debt	8,384	74,256
Other non-current liabilities	15,263	20,382
Non-current liabilities	**25,019**	**98,031**
Liabilities related to non-current assets maintained for sale	39,004	20,861
Short-term provisions	113,267	108,120
Short-term debt	331,531	268,395
Commercial creditors & other accounts payable	375,053	418,168
Other current liabilities	12,146	9,971
Current Liabilities	**871,001**	**825,515**
TOTAL NET WORTH AND LIABILITIES	**654,844**	**758,700**

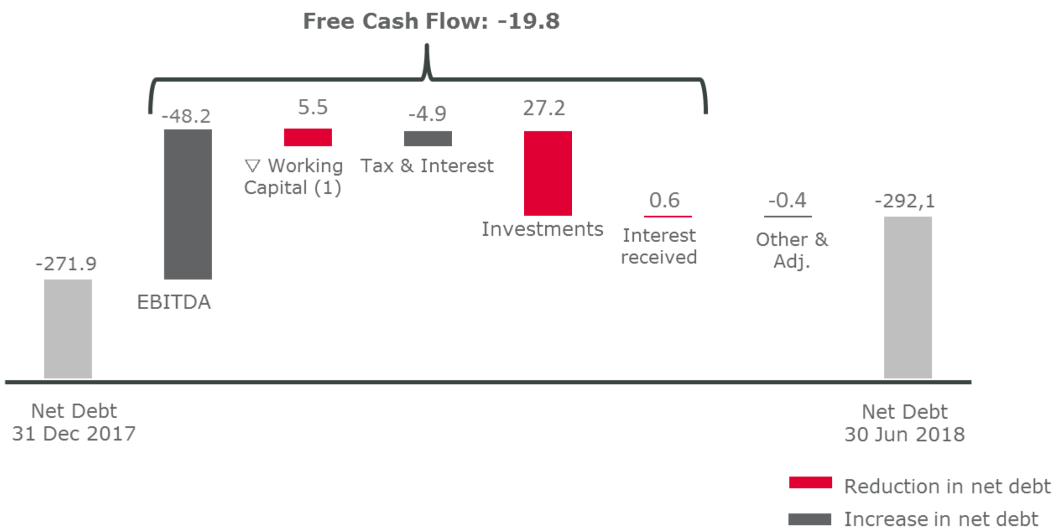
In thousands of Euros

Net Treasury Position

Net Treasury Position	Current	Non-current	TOTAL
Gross financial debt (*)	331,531	8,384	339,915
Cash and equivalent			47,822
Net financial debt			292,093

In thousands of Euros
(*) includes financial derivative instruments

In millions of Euros



(1) Changes in working capital: stock, commercial debtors and creditors

6. Significant events in the period

- On 4 January the Company reported the non-modification of the circumstances concerning disinvestments and the financial debt
- On 16 January the Company reported the subscription of the extension to the standstill agreement with its financial entities
- On 1 February the Company reported the replacement of the physical representative of the board member company Inversiones Somió, S.L.
- On 2 February the Company explained news published in the press
- On 21 February the Company explained news published in the press
- On 27 February the Company informed about the refinancing process with its financial entities
- On 27 February the Company sent further information about the refinancing process with its financial entities
- On 7 March the Company informed about the refinancing process with its financial entities
- On 14 March the Company sent information about the results for the second half of 2017
- On 14 March the Company sent the Annual Corporate Governance Report for FY 2017
- On 14 March the Company sent the Annual Report on Board Member Compensation for FY 2017
- On 14 March the Company reported the results for FY 2017
- On 20 March the Company notified the sentence by the Supreme Court of Western Australia in relation to the Roy Hill case
- On 26 March the Company reported the resignation of various Board Members
- On 31 March the Company reported the appointment of Independent Board Members
- On 16 April the Company reported on the refinancing process with its financial entities
- On 17 April the Company reported the signing of the extension to the standstill agreement with its financial entities
- On 27 April the Company notified the current status of the refinancing process with its main financial entities
- On 5 May the Company reported the proposal for financial restructuring
- On 11 May the Company reported that the Board of Directors had approved the terms and conditions proposed for the refinancing
- On 11 May the Company agreed to call the Annual General Meeting for 2018
- On 11 May the Company reported the accession of further financial entities to the terms and conditions of the refinancing proposed, exceeding 90% of the financial debt.

- On 15 May the Company delivered information about the results of the first quarter of 2018
- On 22 May the Company reported the accession of further financial entities to the terms and conditions of the refinancing proposed, thereby reaching 100% of the financial debt
- On 23 May the Company sent out the call for the Annual General Meeting
- On 24 May the Company reported changes in the composition of the Board of Directors Committees
- On 13 June the Company presented the strategic plan for 2018-2021
- On 14 June the Company reported the signing of a strategic alliance with *Arabian Construction Engineering Company* (ACEC)
- On 15 June the Company reported the Chairman's speech at the Annual General Meeting on 15 June 2018
- On 18 June the Company reported the agreements adopted by the Annual General Meeting held on 15 June 2018
- On 22 June the Company reported the notarization of the Refinancing Agreement
- On 25 June the Company reported the agreements adopted by the Annual General Meeting held on 25 June 2018
- On 27 June the Company reported the judicial acceptance of the refinancing agreement
- On 27 June the Company reported the registration at the Business registry of the capital operations agreed by the Annual General Meeting on 15 June 2018
- On 28 June the Company reported that the National Securities Market Commission (CNMV in Spanish) had registered as of today the ordinary share issue prospectus in its official records

7. Limited Responsibility

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8. Contact

For further information please contact:

Investor Relations Department

Telephone: (+34) 900 714 342

E-mail: accionistas@durofelguera.com

Website: www.dfdurofelguera.com