

## MAIRE TECNIMONT ANNOUNCES ITS 9M 2018 CONSOLIDATED FINANCIAL RESULTS

- **On-going growth of the main KPIs:**
  - **Revenues: €2,732.9 million (+5.6%)**
  - **EBITDA: €149.6 million (+12.3% vs. 9M 2017 pro-forma)**
  - **Net Income: €89.6 million (+27.5% vs. 9M 2017 pro-forma)**
- **Backlog at €7.3 billion**
- **Order intake of €2.7 billion**

Milan, 7 November 2018 – Maire Tecnimont S.p.A.'s Board of Directors today has reviewed and approved the Interim Financial Report as at 30 September 2018, which reports a Net Income of €89.6 million.

### CONSOLIDATED HIGHLIGHTS

(in Euro millions)	9M 2018	9M 2017*	Change %
Revenues	2,732.9	2,588.4	5.6%
Business Profit <sup>(1)</sup>	205.2	186.9 <sup>(2)</sup>	9.8%
<i>Business Margin</i>	7.5%	7.2%	
EBITDA	149.6	133.2 <sup>(2)</sup>	12.3%
<i>EBITDA Margin</i>	5.5%	5.1%	
Pre-Tax Income	132.2	108.6 <sup>(3)</sup>	21.8%
<i>Tax Rate</i>	32.2%	35.3%	
Consolidated Net Income	89.6	70.3 <sup>(3)</sup>	27.5%

\* In order to facilitate the comparison with 9M 2018, 9M 2017 figures have been adjusted according to notes 2 and 3

- (1) "Business Profit" is the industrial margin before the allocation of general and administrative costs and research and development expenses.
- (2) Pro-forma calculated by retroactively applying the IFRS 15 accounting standards to 2017, which implies a €10.1 million negative effect on the EBITDA.
- (3) Pro-forma, calculated by both retroactively applying what indicated in note 2, and excluding a €33.3 million (pre-taxes) one-off positive effect of certain derivative transaction related to the convertible bond.

(in Euro millions)	30.9.2018	31.12.2017	Change
Net Cash	44.6**	108.0	(63.4)

\*\* Net of €36.1 million of Non-Recourse Project Financing Debt related to the construction and management under concession of the Alba/Bra hospital (Infrastructure BU)

**ORDER INTAKE AND BACKLOG**

(in Euro millions)	9M 2018	9M 2017	Change
Order Intake	2,702.6	4,037.8	(1,335.2)

(in Euro millions)	30.9.2018	31.12.2017	Change
Backlog	7,329.8	7,229.4	100.4

**FINANCIAL HIGHLIGHTS BY BUSINESS UNIT**

(in Euro millions)	9M 2018	% on Revenues	9M 2017	% on Revenues
<b>Technology, Engineering &amp; Construction</b>				
Revenues	2,602.4		2,495.2	
Business Profit	197.8	7.6%	182.7 <sup>(1)</sup>	7.3%
EBITDA	146.5	5.6%	133.2 <sup>(1)</sup>	5.3%
<b>Infrastructure &amp; Civil Engineering</b>				
Revenues	130.6		93.2	
Business Profit	7.4	5.7%	4.2	4.5%
EBITDA	3.1	2.4%	0.1	0.1%

(1) Pro-forma calculated by retroactively applying the IFRS 15 accounting standard to 2017, which implies a €10.1 million negative effect on the EBITDA.

**ORDER INTAKE BY BUSINESS UNIT**

(in Euro millions)	9M 2018	9M 2017	Change
Technology, Engineering & Construction	2,640.7	4,025.3	(1,384.6)
Infrastructure & Civil Engineering	61.9	12.5	49.4

**BACKLOG BY BUSINESS UNIT**

(in Euro millions)	30.9.2018	31.12.2017	Change
Technology, Engineering & Construction	7,050.8	6,864.3	186.5
Infrastructure & Civil Engineering	279.0	365.1	(86.1)

The changes reported refer to 9M 2018 versus 9M 2017, unless otherwise stated.

**Consolidated Financial Results as at 30 September 2018**

Maire Tecnimont Group **Revenues** were **€2,732.9 million**, up 5.6%. This increase is related to the progress of projects in the backlog, mainly EPCs, that are in their full construction phase.

**Business Profit** was **€205.2 million**, up 9.8% vs. the 2017 pro-forma number. The **Business Margin** was **7.5%** versus 7.2% (pro-forma).

**G&A costs** were **€52.0 million**, up €2.4 million. These costs' incidence over revenues remains at 1.9%.

**EBITDA** was **€149.6 million**, up 12.3% vs. the 2017 pro-forma number. The margin was 5.5%, up from 5.1% (pro-forma).

**Amortization, Depreciation, Write-downs and Provisions** were **€6.5 million**, in line with last year.

**EBIT** was **€143.1 million**, up 13.0% vs. the 2017 pro-forma number.

**Net Financial Charges** were **€10.9 million**, improving by €7.1 million vs. a 2017 pro-forma number of €18.0 million.

**Pre-tax Income** was **€132.2 million**, up 21.8% vs. the 2017 pro-forma number. Estimated taxes of €42.6 million have been provisioned.

The effective tax rate was approx. 32.2%, improving from 35.3%, taking into account the various jurisdictions where Group operations have been carried out.

**Consolidated Net Income** was **€89.6 million**, up 27.5% vs. the 2017 pro-forma number.

**Net Cash** (net of the above-mentioned Project Finance Debt) at 30 September 2018 was **€44.6 million**, down €63.4 million vs. 31 December 2017. Such a reduction is mainly due to the payment of €42.1 million for the dividend payment related to FY2017, outflows of €27.7 million for the acquisition of Treasury Shares related to the share conversion of the equity-linked bond and for the Group's Employees Share Ownership Plan. The Net Cash position was also negatively affected by a €28.9 million FX impact related to the projects' derivative positions, and by €32.6 million in cash taxes (which have significantly increased in comparison to the previous periods, which benefitted from tax credits).

**Consolidated Shareholders' Equity** was **€311.5 million**, up €27.7 million vs. December 31, 2017, thanks to the income for the period, the capital increase and the reduction of the Treasury Shares reserve following the share conversion of the equity-linked bond. It also takes into account the dividend payment mentioned above, the negative change of the Cash Flow Hedge reserve generated by hedging derivatives, and an approx. €27.8 million negative adjustment due to the implementation of the new IFRS 9 and 15 accounting principles.

## **Performance by Business Unit**

### **Technology, Engineering & Construction BU**

**Revenues** were **€2,602.4 million**, up 4.3%, thanks to the progress of the projects in the backlog, EPCs in particular, that became fully operational and in continuity with the last few quarters in 2017. **Business Profit** was **€197.8 million**, up 8.3% vs. the 2017 pro-forma number, leading to a **Business Margin** of **7.6%** (vs. 7.3% pro-forma). **EBITDA** was **€146.5 million** (5.6% margin), up 10.0% vs. the 2017 pro-forma number.

### **Infrastructure & Civil Engineering BU**

**Revenues** were **€130.6 million**, up **40.2%**, due to the progress of the projects in the Backlog, including large-scale renewables. **Business Profit** was **€7.4 million**, up €3.2 million. The **Business Margin** was **5.7%** vs. 4.5%. **EBITDA** was **€3.1 million**, up €3.0 million, thanks to a higher contribution of the renewable energy activities.

## **Order Intake and Backlog**

Thanks to **€2,702.6 million** of new orders generated during the period, the Group's **Backlog** at September 30, 2018 was **€7,329.8 million**, up €100.4 million on December 31, 2017.

In particular, the main projects awarded to the Group include the following:

- The upgrade and revamping of the Haydar Aliyev Refinery based in Baku, Azerbaijan, on behalf of SOCAR;
- The implementation of a new Polypropylene Unit (PP5) within the existing Borouge 3 Complex;
- The implementation of a new LPG Train within the ZCINA plant in Algeria, on behalf of Sonatrach, whose contract was officially signed on November 5, 2018;
- The implementation of a new High-Density Polyethylene unit and the upgrading of a Polypropylene unit in India, on behalf of HPCL-Mittal Energy;
- The implementation of a new High-Density Polyethylene unit and the upgrade of a Polypropylene unit in the Philippines, on behalf of JG Summit Petrochemical Corporation, to be carried out through a JV with a local contractor.

## **Outlook**

The Group expects to mainly execute EPC projects in the last quarter of the year, thanks to the significant backlog as of September 30, 2018. The last quarter's revenues are expected to be in line with the first nine months', with a marginality typical of this kind of contracts.

Cash flows for the rest of the year are expected to generate a better financial performance, also considering recent acquisitions and new potential orders to be awarded before the end of the year.

In spite of the on-going expansion of both the organizational structure and the geographic diversification, efficiency improvement targets will continue to be maintained, even if such improvements have already led to the lowest G&A-Revenues ratio in the industry.

Even though the market environment is expected to remain challenging, a high level of backlog is to be maintained, thanks to our well-recognized technological expertise, which is continuously being developed and expanded to include adjacent technologies in synergy with the existing ones, and to a flexible business model that can offer innovative products and services, which are able to anticipate the market trends.

This outlook is supported by a significant commercial pipeline that is expected to generate new contracts by the end of this year.

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## **Webcast Conference Call**

The 9M 2018 financial results will be outlined today at 5:30pm CET during an audio-webcast conference call held by the top management.

The conference call may be followed as a webcast by connecting to the website ([www.mairetecnimont.com](http://www.mairetecnimont.com)) and clicking on the "9M 2018 Financial Results" banner on the Home Page or through the following url:

<https://services.choruscall.eu/links/mairetecnimont181107.html>

Alternatively, you may participate in the conference call by calling one of the following numbers:

Italy: +39 02 805-8811

UK: +44 121 281-8003

USA: +1 718 705-8794

The presentation given by the top management will be available at the start of the conference call in the "Investors/Results and Presentations/Financial Results" section of Maire Tecnimont's website (<https://www.mairetecnimont.com/en/investors/results-and-presentations/financial-results>). The presentation shall also be made available on the 1info storage mechanism ([www.1info.it](http://www.1info.it)).

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*Dario Michelangeli, as Executive for Financial Reporting, declares - in accordance with paragraph 2, Article 154-bis of Legislative Decree No. 58/1998 ("Consolidated Finance Act") - that the accounting information included in this press release corresponds to the underlying accounting records.*

*The Interim Report at September 30, 2018 will be available to the public at the registered office in Rome, at the operative office in Milan, at Borsa Italiana S.p.A., on the Company website [www.mairetecnimont.com](http://www.mairetecnimont.com) at Investors/Documents & Presentations section, and on the authorized storage device "1info" ([www.1info.it](http://www.1info.it)), according to the timing allowed by law.*

*This press release, and in particular the "Outlook" section contains forecasts. The declarations are based on current estimates and projections of the Group concerning future events and, by their nature, are subject to risk and uncertainty. Actual results may differ significantly than the estimates made in such declarations due to a wide range of factors, including the continued volatility and further decline of the capital and finance markets, raw material price changes, altered economic conditions and growth trends and other changes in business conditions, in addition to other factors, the majority of which outside the control of the Group.*

**Maire Tecnimont S.p.A.**

Maire Tecnimont S.p.A. is a company listed with the Milan stock exchange. It heads an industrial group (the Maire Tecnimont Group) that leads the international Engineering & Construction (E&C), Technology & Licensing and Energy Business Development & Ventures markets, with specific competences in plants, particularly in the hydrocarbons segment (Oil & Gas, Petrochemicals and Fertilisers), as well as in Power Generation and Infrastructures. The Maire Tecnimont Group operates in approximately 30 different countries, numbering around 45 operative companies and a workforce of about 5,500 employees, along with approximately 3,000 additional Electrical & Instrumentation professionals. For more information: [www.mairetecnimont.com](http://www.mairetecnimont.com).

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*The Consolidated Income Statement, Balance Sheet and Cash Flow Statement are presented below.*

**Maire Tecnimont Group**  
**CONSOLIDATED INCOME STATEMENT**

(Euro thousands)	30 September 2018	30 September 2017	Δ %
Revenues	2,716,660	2,570,905	
Other operating revenues	16,290	17,501	
<b>Total revenues</b>	<b>2,732,949</b>	<b>2,588,406</b>	<b>5.6%</b>
Raw materials and consumables	(751,729)	(1,067,760)	
Service costs	(1,444,884)	(1,046,056)	
Personnel expense	(304,534)	(276,273)	
Other operating expenses	(82,210)	(55,012)	
<b>Total Costs</b>	<b>(2,583,355)</b>	<b>(2,445,101)</b>	<b>5.7%</b>
<b>EBITDA</b>	<b>149,594</b>	<b>143,305</b>	<b>4.4%</b>
Amortization, depreciation and write-downs	(6,342)	(4,518)	
Write-down of current assets	0	(1,827)	
Provision for risks and charges	(162)	(225)	
<b>EBIT</b>	<b>143,091</b>	<b>136,734</b>	<b>4.6%</b>
Financial income	14,048	45,453	
Financial expenses	(26,042)	(30,340)	
Investment income/(expense)	1,126	170	
<b>Income before tax</b>	<b>132,221</b>	<b>152,018</b>	<b>-13.0%</b>
Income taxes, current and deferred	(42,591)	(53,622)	
<b>Net income</b>	<b>89,630</b>	<b>98,396</b>	<b>-8.9%</b>
Group	83,665	91,489	<b>-8.6%</b>
Minorities	5,966	6,907	
<b>Basic earnings per share</b>	<b>0.255</b>	<b>0.299</b>	

**Maire Tecnimont Group  
CONSOLIDATED BALANCE SHEET 1/2**

(Euro thousands)	30 September 2018	31 December 2017
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and Equipment	33,159	33,927
Goodwill	291,754	291,754
Other intangible assets	43,731	40,427
Investments in associates	18,567	16,436
Financial Instruments – Derivatives	1,372	1,222
Other non-current financial assets	24,002	22,516
Other Non-current Assets	62,133	55,584
Deferred tax assets	40,228	38,535
<b>Total Non-Current Assets</b>	<b>514,946</b>	<b>500,401</b>
<b>Current Assets</b>		
Inventories	4,043	3,453
Advance payments to suppliers	385,811	255,514
Construction Contracts	1,511,416	1,264,178
Trade Receivables	372,114	481,342
Current tax assets	77,471	91,641
Financial Instruments – Derivatives	8,615	19,976
Other current financial assets	6,273	5,356
Other current assets	126,933	146,847
Cash and cash equivalents	620,654	630,868
<b>Total Current Assets</b>	<b>3,113,330</b>	<b>2,899,175</b>
Non-current assets classified as held for sale	0	0
Elimination of assets to and from assets/liabilities held for sale	0	0
<b>Total Assets</b>	<b>3,628,276</b>	<b>3,399,576</b>

**CONSOLIDATED BALANCE SHEET 2/2**

(Euro thousands)	30 September 2018	31 December 2017
<b>Shareholders' Equity</b>		
Share capital	19,921	19,690
Share premium reserve	272,921	224,698
Other reserves	519	6,683
Valuation reserve	(13,133)	22,114
<b>Total Shareholders' Equity and reserves</b>	<b>280,228</b>	<b>273,186</b>
Retained earnings/(accumulated losses)	(80,797)	(129,882)
Net income for the year	83,665	118,650
<b>Total Group Shareholders' Equity</b>	<b>283,096</b>	<b>261,953</b>
Minorities	28,379	21,817
<b>Total Shareholders' Equity</b>	<b>311,474</b>	<b>283,770</b>
<b>Non-Current Liabilities</b>		
Financial Debt - non-current portion	210,889	324,602
Provisions for risks and charges - beyond 12 months	63,883	62,007
Deferred Tax Liabilities	26,392	31,159
Post-employment and other employee benefits	11,902	11,452
Other Non-Current Liabilities	111,708	79,465
Financial Instruments – Derivatives	4,100	249
Other Non-Current Financial Liabilities	202,535	39,719
<b>Total non-current Liabilities</b>	<b>631,410</b>	<b>548,652</b>
<b>Current Liabilities</b>		
Short-term Debt	197,070	103,943
Provisions for Risk and Charges - within 12 months	2,926	3,384
Tax Payables	43,467	41,413
Financial Instruments – Derivatives	23,730	9,876
Other Current Financial Liabilities	330	79,911
Client Advance Payments	660,356	573,783
Construction Contracts	301,172	408,561
Trade Payables	1,388,045	1,282,306
Other Current Liabilities	68,295	63,976
<b>Total current liabilities</b>	<b>2,685,392</b>	<b>2,567,154</b>
Liabilities directly associated with non-current assets classified as held for sale	0	0
Elimination of liabilities to and from assets/liabilities held for sale	0	0
<b>Total Shareholders' Equity and Liabilities</b>	<b>3,628,276</b>	<b>3,399,576</b>

**Maire Tecnimont Group  
CONSOLIDATED CASH FLOW STATEMENT**

(Euro thousand)	30 September 2018	30 September 2017
<b>Cash and cash equivalents at the beginning of the year (A)</b>	<b>630,868</b>	<b>497,138</b>
<b>Operations</b>		
<b>Net Income of Group and Minorities</b>	<b>89,630</b>	<b>98,396</b>
<b>Adjustments:</b>		
- Amortisation of intangible assets	3,991	2,341
- Depreciation of non-current tangible assets	2,350	2,177
- Provisions	162	2,053
- (Revaluations)/Write-downs on investments	(1,126)	(170)
- Financial (Income)/Charges	11,996	(15,113)
- Income and deferred tax	42,591	53,622
- Capital (Gains)/Losses	220	4
- (Increase)/Decrease inventories/supplier advances	(130,886)	69,710
- (Increase)/Decrease in trade receivables	101,021	19,627
- (Increase)/Decrease in construction contract receivables	(294,394)	(382,262)
- Increase/(Decrease) in other liabilities	36,563	(1,276)
- (Increase)/Decrease in other assets	15,806	21,802
- Increase/(Decrease) in trade payables/advances from clients	192,312	340,249
- Increase/(Decrease) in payables for construction contracts	(107,389)	(142,078)
- Increase/(Decrease) in provisions (including post-employment benefits)	2,569	(3,002)
- Income taxes paid	(32,643)	(13,145)
<b>Cash flow from operations (B)</b>	<b>(67,228)</b>	<b>52,932</b>
<b>Investments</b>		
(Investment)/Disposal of non-current tangible assets	(1,802)	(2,802)
(Investment)/Disposal of intangible assets	(7,295)	(7,414)
(Investment)/Disposal in associated companies	(1,005)	382
<b>Cash flow from investments (C)</b>	<b>(10,102)</b>	<b>(9,833)</b>
<b>Financing</b>		
Increase/(Decrease) in bank overdrafts	31,061	(1,821)
Changes in financial liabilities	(64,201)	(8,821)
Increase/(Decrease) in securities/bonds	162,674	39,707
Change in other financial assets and liabilities	7,353	2,707
Dividends	(42,064)	(28,414)
Treasury Shares-Buyback	(27,706)	(6,763)
<b>Cash flow from financing (D)</b>	<b>67,117</b>	<b>(3,404)</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents (B+C+D)</b>	<b>(10,213)</b>	<b>39,695</b>
<b>Cash and cash equivalents at year end (A+B+C+D)</b>	<b>620,655</b>	<b>536,833</b>
of which: Cash and cash equivalents of Discontinued Operations	-	-
<b>CASH AND CASH EQUIVALENTS REPORTED IN THE FINANCIAL STATEMENTS</b>	<b>620,655</b>	<b>536,833</b>