

## MAIRE TECNIMONT ANNOUNCES ITS Q1 2020 CONSOLIDATED FINANCIAL RESULTS

- **Revenues: €706.0 million**
- **EBITDA: €42.5 million**
- **Backlog: €6.1 billion**
- **Covid-19: Business continuity ensured by a flexible organizational model and processes' digitalization**
- **Launched cost savings initiatives worth about €60 million**
- **The recent further acquisition of the €1.2 billion Amur Gas Chemical Complex contract reflects the resilience of the petrochemical business in a particularly challenging period**

Milan, 7 May 2020 – Maire Tecnimont S.p.A.'s Board of Directors today has reviewed and approved the Interim Financial report as at 31 March 2020 which reports a Net Income of €10.9 million.

### CONSOLIDATED HIGHLIGHTS

(in Euro millions)	Q1 2020	Q1 2019	Change %
Revenues	706.0	888.5	-20.5%
Business Profit <sup>(1)</sup>	64.1	77.3	-17.1%
<i>Business Margin</i>	9.1%	8.7%	+40bp
EBITDA	42.5	57.2	-25.7%
<i>EBITDA Margin</i>	6.0%	6.4%	-40bp
Pre-Tax Income	15.9	46.1	-65.6%
<i>Tax Rate</i>	31.2%	31.2%	0bps
Consolidated Net Income	10.9	31.8	-65.7%

(1) "Business Profit" is the industrial margin before the allocation of general and administrative costs and research and development expenses.

(2) If the temporary impact of the valuation of outstanding derivatives contracts were excluded from the net result, the net profit for Q1 2020 would have been €17.6 million and €29 million for Q1 2019, with a delta of 39.7%.

(in Euro millions)	31.3.2020	31.12.2019	Change
Adjusted (Net Debt)/Net Cash*	(344.8)	78.9	(423.7)

\* Net of €60.7 million (€59.4 million at 31/12/19) of Non-Recourse Debt related to the construction and management under concession of the Alba/Bra hospital (Green Energy BU) and for the MyReplast acquisition, and €17.0 million to be recovered in India (€16.6 million at 31/12/19), and excluding trade receivables equivalent to financial credits for €38.3 million (same as at 31/12/19), and excluding the IFRS 16 impacts for €152.2m (€150.1m at 31 December 2019).

### ORDER INTAKE AND BACKLOG

(in Euro millions)	Q1 2020	Q1 2019	Change
Order Intake	458.9	597.9	(139.0)

(in Euro millions)	31.3.2020	31.12.2019	Change
Backlog	6,141.7	6,373.4	(231.7)

### FINANCIAL HIGHLIGHTS BY BUSINESS UNIT

(in Euro millions)	Q1 2020	% on Revenues	Q1 2019	% on Revenues
<b>Hydrocarbons</b>				
Revenues	689.0		856.0	
Business Profit	63.9	9.3%	74.7	8.7%
EBITDA	43.8	6.3%	56.2	6.6%
<b>Green Energy</b>				
Revenues	17.0		32.5	
Business Profit	0.2	1.2%	2.7	8.2%
EBITDA	(1.2)	n.m.	1.1	3.3%

### ORDER INTAKE BY BUSINESS UNIT

(in Euro millions)	Q1 2020	Q1 2019	Change
Hydrocarbons	453.2	587.3	(134.1)
Green Energy	5.7	10.6	(4.9)

### BACKLOG BY BUSINESS UNIT

(in Euro millions)	31.03.2020	31.12.2019	Change
Hydrocarbons	5,769.3	5,999.2	(229.9)
Green Energy	372.4	374.2	(1.8)

**Covid-19**

The explosion of the emergency triggered by the Covid-19 pandemic has presented major business and financial challenges. The general level of uncertainty and consequent dramatic and widespread drop in demand for services has driven many of the sector's leading players to considerably review their future investment plans.

As a result of increasingly restrictive protective measures put in place by governments in countries affected by the pandemic, the Group experienced an impact on its operating processes that became evident during the month of March. This impact was due to limitations on the mobility of professional staff working on projects, as well as effects on the supply chain after manufacturing companies interrupted their production of materials and components. The stringent measures taken to prevent the spread of the pandemic sometimes also led to a slowdown in construction activities, and, in limited cases, to site closures.

The health and safety of employees is the Group's top priority. The Group at first responded promptly to the emergency by taking steps to manage and contain the pandemic's spread.

Once all health protection measures had been put in place, work activities were reorganized quickly in order to offset the effects of the restrictions wherever possible. The flexible organizational model, the digitalization of processes, and the advanced collaboration between partners and clients enabled us to mitigate the impact on our operations. Commercial activities also continued, enabling us to sign new contracts thanks to the Group's ability to work remotely. All of our support activities, in fact, continued without interruption, thanks to a successful smart working model that made it possible to meet all business needs.

**Consolidated Financial Results as at 31 March 2020**

Maire Tecnimont Group **Revenues** were **€706.0 million**, down 20.5%. Volumes still reflect the non-linear progress of projects in the backlog, depending on the planned schedules for each project. As highlighted starting from the second half of 2019, volumes reflect both the final stage of some EPC projects awarded over the past years, not yet compensated by new acquisitions, and the type of contracts that were recently acquired, mainly Engineering, Procurement, Construction Management and Commissioning services, that due to their nature, generate lower volumes.

Furthermore, as already stated, First Quarter Revenues also reflect the slowdown of operations in certain geographies, in particular in the second half of March following the decisions taken by various Governments in order to contain the Covid-19 pandemic.

**Business Profit** was **€64.1 million**, down 17.1%. **Business Margin** was **9.1%**, up versus 8.7%, as a result of the temporary change in the project mix that were executed in the First Quarter.

**G&A costs** were **€19.7 million**, or 2.8% of revenues, slightly up, due to the strengthening of Group's entities in some geographical areas, as well as the strengthening of NextChem's operations in the Green Energy business unit.

**EBITDA** was **€42.5 million**, down 25.7%, due to lower volumes in the quarter, and a higher share of fixed costs. The margin was **6.0%**, slightly down from 6.4%.

**Amortization, Depreciation, Write-downs and Provisions** were **€11.2 million**, substantially unchanged.

**EBIT** was **€31.3 million**, down 31.9%. Margin decreased from 5.2% to **4.4%**

**Net Financial Charges were €15.4 million**, down by €15.6 million versus a positive value €0.2 million. The change is mainly due to a negative net valuation of certain derivative contracts for €9.6 million vs. a positive value of €3.9 million. This valuation was negatively impacted by an unfavorable exchange rate performance of the Russian Ruble and the US Dollar versus the Euro, caused by the pandemic's impact on the FX markets. Excluding derivatives, Financial Charges showed a slight improvement.

**Pre-tax Income** was **€15.9 million**, down 65.6%. Estimated taxes of €4.9 million have been provisioned.

The effective tax rate was approx. 31.2%, in line with the average normalized tax rate of the last few quarters, taking into account the various jurisdictions where Group operations have been carried out.

**Consolidated Net Income** was **€10.9 million**, down 65.6%. If the temporary impact of the valuation of outstanding derivatives contracts were excluded from the net result, the net profit for Q1 2020 would have been €17.6 million and €29 million for Q1 2019, with a delta of 39.7%.

**Net Debt** (net of the above-mentioned value in the table footnote) at March 31, 2020 was **€344.8 million**, down compared to a Net Cash of €78.9 million of at 31 December 2019. The decrease is mainly due to the change required by certain EPC projects' working capital dynamics, which have been characterized by significant payments for equipment and construction activities in the first Quarter. These payments have not been compensated by expected cash receipts which have not taken place due to the spread of Covid-19 which has caused some clients to postpone their scheduled payments and defer the approval process of certain milestones because of their inability to carry out their normal work remotely also referring to certain settlement activities under negotiation. Finally, the aforementioned effects of the pandemic also affected the timing of the assignment of new projects with the consequent deferment of the collection of contractual advances. At 31 March 2020, this item has also been negatively impacted by a €63.1 million mark-to-market valuation of the derivative contracts, mainly due to the performance of the Euro vs. the US Dollar and the Russian Ruble, and by cash taxes equal to €8.8 million.

**Consolidated Shareholders' Equity** was **€413.7 million**, down €35.3 million vs. December 31, 2019. This increase was driven by a negative change of the derivatives' Cash Flow Hedge reserve related to the negative mark to market of the derivatives hedging the projects' flows, net of the fiscal effect of €25.4 million, and of the negative amount of €21.3 million related to the translation of the financial statements reported in a foreign currency.

### **Performance by Business Unit**

#### **Hydrocarbons BU**

**Revenues** were **€689.0 million**, down 19.5%, due to the same reasons commented above.

**Business Profit** was **€63.9 million**, down 14.4%, leading to a **Business Margin** of **9.3%**, up vs. 8.7%. **EBITDA** was **€43.8 million**, with a margin of 6.3%, down vs. 6.6%, mainly due to the lower volumes in this quarter, and to a higher share of the fixed costs.

#### **Green Energy BU**

**Revenues** were **€17.0 million**, down 47.8%, due to the end of a few contracts for large-scale plants in the renewable energy sector, not yet replaced by new acquisitions, and also due to the final phase of a project in the hospital sector. At the same time, our subsidiary NextChem, active in the Circular Economy and the energy transition, has recorded a slight increase in its activities. **Business Profit** was **€0.2 million**, down vs. €2.7 million. The **Business Margin** was **1.2%** vs. 8.2% due to the lower volumes and higher commercial costs. **EBITDA** was negative **€1.2 million**, compare to a positive result of €1.1 million.

### **Order Intake and Backlog**

Thanks to **€458,9 million** of new orders generated in Q1 2020, the Group's **Backlog** at March 31, 2020 was **€6,141.7 million**.

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

- an EPC contract from Gemlik Gubre, part of Yildirim Holding, for the implementation of a new Urea and Urea Ammonium Nitrate solution plant in Gemlik, Turkey, for approximately €200 million.
- New contracts for a total amount of approximately €220 million in the core business, mainly in Europe, including an EPCC contract signed with Total for the construction of a new Hydrotreatment unit to be realized in the Donges' refinery in France.
- New awards by top-notch clients including Borealis and Lukoil for feasibility, FEED and detailed engineering services for about USD10 million.

### **Subsequent Events**

- On April 30, 2020, Maire Tecnimont S.p.A Shareholder's Meeting has approved:
  - The Financial Statements as at 31 December 2019;
  - The Board of Directors' proposal to carry forward the year's net income;
  - The Remuneration Policy for 2020 and second section of the "*Report on the 2020 Remuneration Policy and fees paid*";
  - The Conversion of the 2019-2021 LTI Plan;
  - The 2020-2022 LTI Plan;
  - The 2020-2022 Employees Share Ownership Plan, and
  - The 2020-2024 NextChem Investment Plan.
- On May 5, 2020, Maire Tecnimont announced that its subsidiary Tecnimont S.p.A., as majority leader of a consortium, signed an Engineering, Procurement and Site Services contract with Amur GCC LLC, part of PJSC Sibur Holding, for the petrochemical development of the Amur Gas Chemical Complex (AGCC). AGCC is the downstream expansion of the Amur Gas Processing Plant (AGPP), a package of which Maire Tecnimont Group is currently executing in the Amur region in the Far East of the Russian Federation. The contract's overall value is approximately €1.2 billion, the significant majority of which pertains to the Maire Tecnimont Group.

## **Outlook**

At present, in view of the development of the “Coronavirus” and the consequences that it may have on the global general economy, the Group is continuing to assess the possible financial and operating impacts over the upcoming quarters of 2020, taking into account that such emergency could reasonably slowdown and conclude in the coming months, while also considering the restart measures planned by the governments and central banks of the countries affected by the spread of the virus.

Despite uncertainty over the impacts of Covid-19 and consequences for the oil price and its derivatives, the market has seen continued investment in the downstream segment. Through global and diversified operations and with the technological infrastructure that the Group has had in place for some time - the benefits of which have been extensively demonstrated in this period of major crisis - it is expected that the complexities of 2020 will be faced in a structured and competitive manner.

In terms of a management structure reaction to the contingent situation from Covid-19, the Group has launched several initiatives - some of which representing a structural change in the traditional way of providing excellent services - which will generate a total saving of approximately €60 million.

In addition to boosting the Group’s competitiveness, these savings - which can be achieved starting in the current year – together with the settlement of negotiations under way with clients – could contribute to a progressive normalization of the net working capital with a consequent improvement in the financial position.

Considering all the above, and in light of the approval by shareholders on 30 April 2020, the Board of Directors - upon an initiative of the Top Management which has been positively met by the Remuneration Committee and after consulting the Board of Statutory Auditors, as per its competences – taking a prudent approach, resolved to suspend the delivery of the Maire Tecnimont shares to the Beneficiaries of the 2017-2019 Restricted Stock Plan, and, with reference to the Incentive and Investment Plans approved by the Shareholders' Meeting on 30 April 2020, and notwithstanding the 2020 Remuneration Policy, also resolved not to implement the 2020-2022 Long Term Incentive Plan, and to suspend for this fiscal year the assignment of the objectives related to the short term incentive plans (MBOs).

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**Webcast Conference Call**

The First Quarter 2020 Financial Results will be presented today at 5:30pm CEST 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 "Q1 2020 Financial Results" banner on the Home Page or through the following url:

<https://87399.choruscall.eu/links/mairetecnimont200507.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 Financial Report as at 31 March 2020 will be available to the public at the registered office in Rome, at the operative office in Milan, on the Company's website [www.mairetecnimont.com](http://www.mairetecnimont.com) (in the "Investors/Results and Presentations/Financial Results" 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 the "Outlook" section in particular, 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., a company listed on the Milan Stock Exchange, is at the head of an international industrial group leader in the transformation of natural resources (plant engineering in downstream oil & gas, with technological and execution competences). Through its subsidiary NextChem it operates in the field of green chemistry and the technologies to support the energy transition. Maire Tecnimont Group operates in about 45 countries, numbering around 50 operative companies and a workforce of approximately 6,300 employees, along with approximately 3,000 professionals in the electro-instrumental division. For more information: [www.mairetecnimont.com](http://www.mairetecnimont.com).

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*The Consolidated as well as Maire Tecnimont S.p.A.'s Income Statement, Balance Sheet and Cash Flow Statement are presented below.*

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

<i>(Euro thousands)</i>			
	31 March 2020	31 March 2019	Δ %
Revenues	699,445	872,135	
Other operating revenues	6,557	16,380	
<b>Total revenues</b>	<b>706,002</b>	<b>888,515</b>	<b>-20.5%</b>
Raw materials and consumables	(213,871)	(262,179)	
Service costs	(328,551)	(430,032)	
Personnel expense	(107,748)	(110,505)	
Other operating expenses	(13,323)	(28,560)	
<b>Total Costs</b>	<b>(663,492)</b>	<b>(831,275)</b>	<b>-20.2%</b>
<b>EBITDA</b>	<b>42,510</b>	<b>57,240</b>	<b>-25.7%</b>
Amortization, depreciation and write-downs	(10,153)	(10,394)	
Write-down of current assets	(1,080)	(936)	
Provision for risks and charges	0	0	
<b>EBIT</b>	<b>31,277</b>	<b>45,910</b>	<b>-31.9%</b>
Financial income	2,926	7,125	
Financial expenses	(18,940)	(8,151)	
Investment income/(expense)	612	1,242	
<b>Income before tax</b>	<b>15,875</b>	<b>46,125</b>	<b>-65.6%</b>
Income taxes, current and deferred	(4,953)	(14,370)	
<b>Net income</b>	<b>10,923</b>	<b>31,755</b>	<b>-65.6%</b>
Group	10,939	30,844	<b>-64.5%</b>
Minorities	(17)	911	
<b>Basic earnings per share</b>	<b>0.033</b>	<b>0.094</b>	
<b>Diluted earnings per share</b>	<b>0.033</b>	<b>0.094</b>	

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

<i>(Euro thousands)</i>	31 March 2020	31 December 2019
Assets		
Non-current assets		
Property, plant and Equipment	41,076	42,573
Goodwill	296,132	296,132
Other intangible assets	73,778	72,734
Right-of-use - Leasing	149,127	148,600
Investments in associates	16,111	15,777
Financial Instruments - Derivatives	355	5,500
Other non-current financial assets	49,584	48,148
Other Non-current Assets	155,446	143,389
Deferred tax assets	45,280	32,420
<b>Total non-current assets</b>	<b>826,890</b>	<b>805,273</b>
Current assets		
Inventories	2,791	2,738
Advance payments to suppliers	471,076	439,358
Contract Assets	1,898,097	1,892,365
Trade receivables	529,769	555,286
Current tax assets	110,733	118,577
Financial Instruments - Derivatives	4,116	23,705
Other current financial assets	6,950	6,457
Other current assets	191,551	185,262
Cash and cash equivalents	381,876	727,394
<b>Total current assets</b>	<b>3,596,958</b>	<b>3,951,141</b>
Non-current assets classified as held for sale	102,117	97,314
Elimination of assets to and from assets/liabilities held for sale	(21,514)	(17,988)
<b>Total Assets</b>	<b>4,504,452</b>	<b>4,835,741</b>

**CONSOLIDATED BALANCE SHEET 2/2**

<i>(Euro thousands)</i>	31 March 2020	31 December 2019
Shareholders' Equity		
Share capital	19,921	19,921
Share premium reserve	272,921	272,921
Other reserves	-13,480	7,460
Valuation reserve	(22,133)	3,232
<b>Total Shareholders' Equity and reserves</b>	<b>257,229</b>	<b>303,534</b>
Retained earnings/(accumulated losses)	105,182	(7,968)
Net income	10,939	112,981
<b>Total Group Shareholders' Equity</b>	<b>373,350</b>	<b>408,547</b>
Minorities	40,321	40,389
<b>Total Shareholders' Equity</b>	<b>413,671</b>	<b>448,936</b>
Non-current liabilities		
Financial debt - non-current portion	241,837	244,274
Provisions for risks and charges - beyond 12 months	24,032	23,256
Deferred tax liabilities	23,749	27,941
Post-employment and other employee benefits	10,777	10,926
Other non-current liabilities	76,993	82,194
Financial Instruments - Derivatives	13,448	1
Other non-current financial liabilities	198,193	198,094
Non-current financial Leasing liabilities	128,891	127,876
<b>Total non-current Liabilities</b>	<b>717,919</b>	<b>714,562</b>
Current liabilities		
Short-term debt	362,601	342,468
Short-term financial Leasing liabilities	23,342	22,208
Provisions for risk and charges - within 12 months	26,087	23,179
Tax payables	25,570	60,735
Financial Instruments - Derivatives	32,866	7,909
Other current financial liabilities	333	330
Client advance payments	555,814	684,272
Contract Liabilities	346,435	305,013
Trade payables	1,745,403	1,960,592
Other Current Liabilities	189,758	202,749
<b>Total current liabilities</b>	<b>3,308,210</b>	<b>3,609,456</b>
Liabilities directly associated with non-current assets classified as held for sale	86,165	80,775
Elimination of liabilities to and from assets/liabilities held for sale	(21,514)	(17,988)
<b>Total Shareholders' Equity and Liabilities</b>	<b>4,504,452</b>	<b>4,835,741</b>

**Maire Tecnimont Group  
CONSOLIDATED CASH FLOW STATEMENT**

<i>(Euro thousand)</i>	31 March 2020	31 March 2019
Cash and cash equivalents at the beginning of the year (A)	727,394	650,008
<b>Operations</b>		
<b>Net Income of Group and Minorities</b>	<b>10,923</b>	<b>31,755</b>
<b>Adjustments:</b>		
- Amortisation of intangible assets	2,926	3,578
- Depreciation of non-current tangible assets	1,277	925
- Depreciation of Right-of-use - Leasing	5,950	5,890
- Provisions	1,080	936
- (Revaluations)/Write-downs on investments	(612)	(1,242)
- Financial Charges	18,940	8,151
- Financial (Income)	(2,926)	(7,124)
- Income and deferred tax	4,953	14,370
- Capital (Gains)/Losses	1	1
- (Increase)/Decrease inventories/supplier advances	(31,770)	(184,517)
- (Increase)/Decrease in trade receivables	24,657	24,634
- (Increase)/Decrease in contract assets receivables	(4,543)	(279,102)
- Increase/(Decrease) in other liabilities	(17,942)	4,173
- (Increase)/Decrease in other assets	(20,937)	233
- Increase/(Decrease) in trade payables/advances from clients	(372,625)	265,801
- Increase/(Decrease) in payables for contract liabilities	41,422	5,575
- Increase/(Decrease) in provisions (including post-employment benefits)	3,852	(4,922)
- Income taxes paid	(8,759)	(3,272)
<b>Cash flow from operations (B)</b>	<b>(344,133)</b>	<b>(114,155)</b>
<b>Investments</b>		
(Investment)/Disposal of non-current tangible assets	(81)	(1,558)
(Investment)/Disposal of intangible assets	(3,942)	(1,811)
(Investment)/Disposal in associated companies	349	2,031
(Increase)/Decrease in other investments	0	(338)
(Investments)/Disposal of companies net of cash and cash equivalents acquired	-	(11,733)
<b>Cash flow from investments (C)</b>	<b>(3,674)</b>	<b>(13,408)</b>
<b>Financing</b>		
Repayments of principal of financial Leasing liabilities	(4,328)	(5,490)
Payments of financial charges on financial Leasing liabilities	(1,523)	(1,568)
Increase/(Decrease) in short-term debt	10,408	31,600
Repayments of long-term debt	-	(1,492)
Proceeds from long-term debt	-	17,432
Increase/(Decrease) bonds	(65)	-
Change in other financial assets and liabilities	(407)	(4,453)
<b>Cash flow from financing (D)</b>	<b>4,085</b>	<b>36,029</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents (B+C+D)</b>	<b>(343,722)</b>	<b>(91,534)</b>
<b>Cash and cash equivalents at year end (A+B+C+D)</b>	<b>383,671</b>	<b>558,474</b>
of which: Cash and cash equivalents of Discontinued Operations	1,796	-
<b>CASH AND CASH EQUIVALENTS REPORTED IN THE FINANCIAL STATEMENTS</b>	<b>381,876</b>	<b>558,474</b>