



## 2010 Financial Information

*24<sup>rd</sup> February, 2011*

- **Key figures and Highlights**
- **Business performance**
- **Order Intake and Backlog evolution**
- **Dividends**
- **Financial Results**
- **Outlook**
- **Conclusions**

*Excellent results for the year. Focus on sustained margins and quality backlog.*

<i>Mn €</i>	2010	2009	Var. %
<b>SALES</b>	<b>800</b>	<b>928</b>	<b>-13,8%</b>
<b>EBITDA</b>	<b>111</b>	<b>84</b>	<b>32,6%</b>
<b><i>EBITDA Margin</i></b>	<b>13,8%</b>	<b>9,0%</b>	<b>53,7%</b>
<b>NET PROFIT</b>	<b>96</b>	<b>70</b>	<b>36,6%</b>
<b>NET CASH</b>	<b>394</b>	<b>315</b>	<b>25,1%</b>
<b>DIVIDENDS PAID IN 2010</b>	<b>52</b>	<b>37</b>	<b>41,1%</b>

*Backlog, close to historic highs, allow for earnings visibility for two years.*

<b>BACKLOG</b>	<b>1.892</b>	<b>2.065</b>	<b>-8,4%</b>
<b>ORDER INTAKE</b>	<b>627</b>	<b>1.876</b>	<b>-66,6%</b>

- **Pre-tax profit has reached a new maximum of 106.4 mn €. This amount includes a 11.9 mn € provision related to the restructuring plan of the Manufacturing area**
- **This result is the product of following the correct strategy of bidding for larger and more profitable projects. It also is the fruit of successful negotiations with suppliers with significant cost savings due to larger orders, the shift in the origin of supplies in order to benefit from the most favourable foreign exchange rate and economies of scale which have allowed a better efficiency in supplies of intermediated goods related to sales**
- **Sales declined slightly compared to the previous year to 800.1 mn €. Personnel costs decreased by 7.7%**
- **EBITDA and EBT margins reached 13.8% and 13.3% respectively, significantly above the industry average**
- **All projects are on schedule, except the new extension of the Ferrominera del Orinoco project, awarded in 2010, with a temporary, minor delay to start up which will not affect margins**
- **The manufacturing segment is experiencing a reduction of demand and is being restructured, including a reduction of personnel**
- **The Specialized Services segment is seeing a temporary reduction in demand and has finished, with negative results, some European projects**
- **The Energy and Industrial Plants areas have obtained extraordinary results**

	2010	2009	Var %
<b>Sales</b>	800.103	927.727	-13,8%
<b>EBITDA</b>	110.727	83.523	32,6%
<i>EBITDA Margin</i>	13,8%	9,0%	53,7%
<b>EBIT</b>	93.202	75.158	24,0%
<i>EBIT Margin</i>	11,6%	8,1%	44%
<b>Net Financial results</b>	5.235	2.867	83%
<b>Profit Before Tax</b>	106.380	80.029	32,9%
<i>PBT Margin</i>	13,3%	8,6%	54,1%
<b>Profit After Tax</b>	97.283	70.736	37,5%
<i>Minority Interest</i>	-1.740	-600	190,0%
<b>Net Income</b>	95.542	70.136	36,2%

*\*In Thousand Euros*

<u>Assets</u>	2010	2009	Var %
<b>Non current assets</b>	<b>148.348</b>	<b>156.732</b>	<b>-5,3%</b>
Properties	103.232	111.602	-7,5%
<b>Current assets</b>	<b>999.100</b>	<b>986.251</b>	<b>1,3%</b>
Cash and cash equivalents	416.449	346.072	20,3%
<b><u>Total equity and liabilities</u></b>			
<b>Equity</b>	<b>225.083</b>	<b>186.764</b>	<b>20,5%</b>
Dividends	10.236	10.076	1,6%
<b>Non current liabilities</b>	<b>90.659</b>	<b>76.169</b>	<b>19,0%</b>
Non Current Long term financial de	73.834	57.795	27,8%
<b>Current liabilities</b>	<b>821.470</b>	<b>869.974</b>	<b>-5,6%</b>
Current Short term financial debt	22.172	31.549	-29,7%
<b>TOTAL</b>	<b>1.147.448</b>	<b>1.142.983</b>	<b>0,4%</b>

*In Thousand Euros*

**Increasing internationalization: 54.8% of sales and 87% of backlog are foreign projects. Projects in 19 countries**

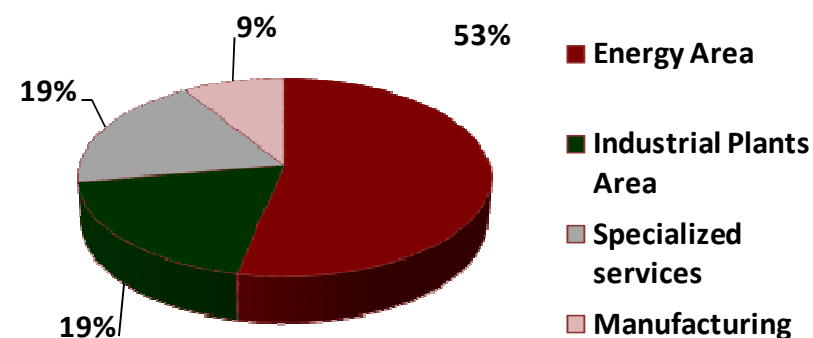
	2010	2009	Var %
Energy Area	445.805	463.061	-3,7%
Industrial Plants Area	160.356	185.230	-13,4%
Specialized services	156.303	212.012	-26,3%
Manufacturing	74.646	99.669	-25,1%

*\*In Thousand Euros*

	2010	2009	Var %
National	361.433	491.528	-26,5%
<b>International</b>	<b>438.670</b>	<b>436.199</b>	<b>0,6%</b>

*\*In Thousand Euros*

- Slightly lower sales are due to longer duration of projects and the pace of recognition of revenues.
- Progress in the restructuring process of the Manufacturing area.

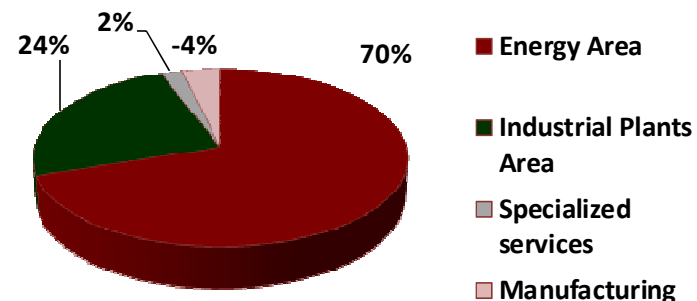


**Diversification by geography and business areas provides stability**

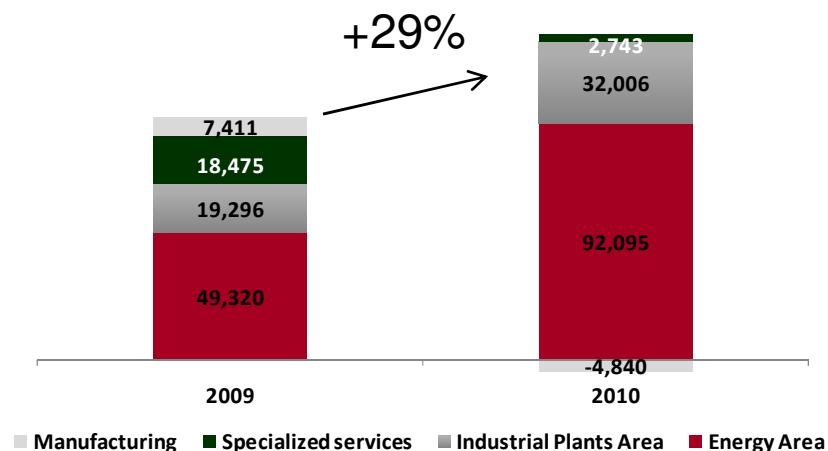
**High EBITDA levels, close to EBT**

	2010	2009	Var %
Energy Area	92.095	49.320	86,7%
Industrial Plants Area	32.006	19.296	65,9%
Specialized services	2.743	18.475	-85,2%
Manufacturing	-4.840	7.411	-165,3%

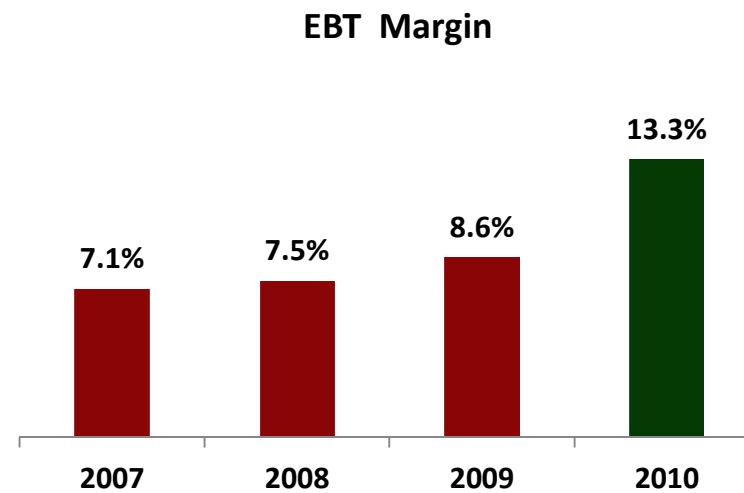
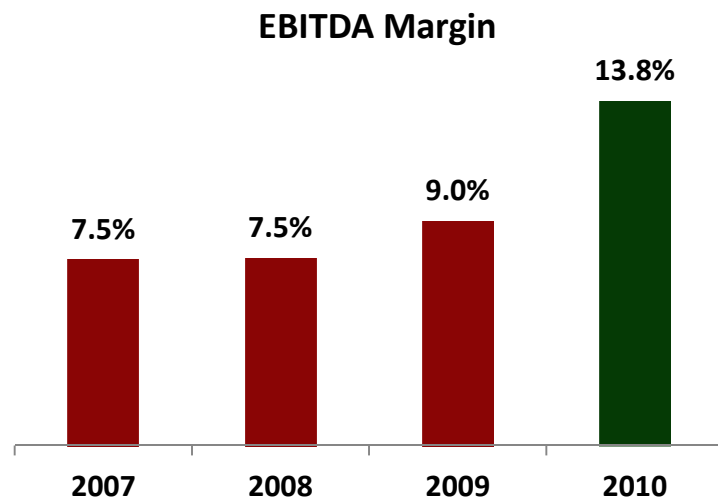
*\*In Thousand Euros*



- Ongoing renegotiation with suppliers
- Change in the origin of supplies to take advantage of the US\$/€
- Personnel Costs reduction



**Resilience to the crisis, which is affecting us, but will not impede a continuing improvement to results**



**Large Projects:** We expect sustained demand from emerging markets and entry to new markets

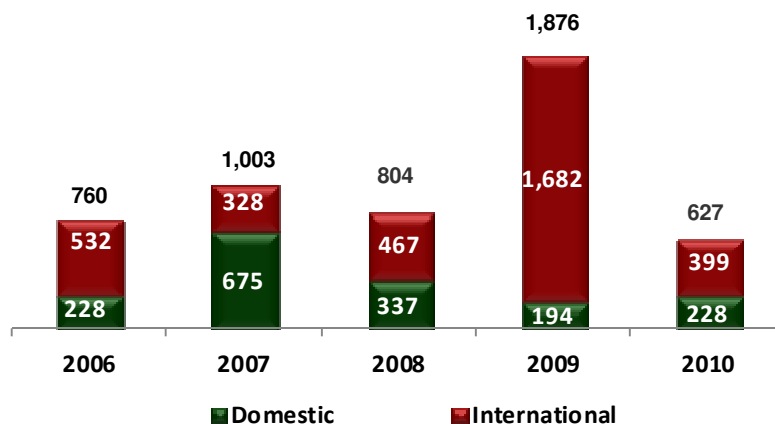
- **Energy:** infrastructure deficit in developing countries
- **Industrial Plants:** strong demand for turn-key projects in the mining and port equipment areas
- **Oil & Gas:** will increase due to the entry to new countries

**Specialized Services:** after a temporary reduction in demand due to cost savings in the maintenance and operation of plants, the recurrent flow of revenues will stabilize or increase

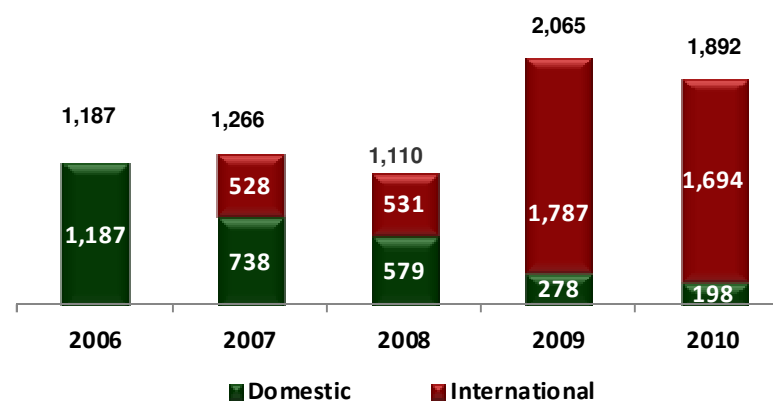
**Manufacturing:** Under restructuring process, to adjust it to the demand needs. 4Q10 figures include a 11.9 mn € provision due to personnel reduction and accelerated amortization of fixed assets

*Current backlog gives earnings visibility for the next 2 years*

**Order Intake Evolution (Mn€)**



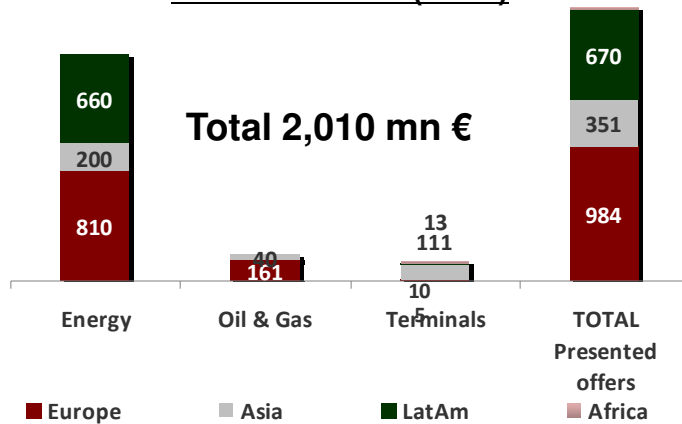
**Backlog Evolution (Mn €)**



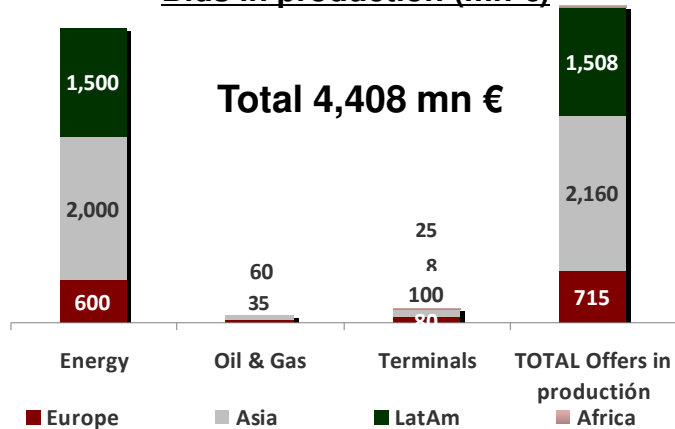
- High quality backlog, composed of larger and more profitable projects
- In recent months there is also momentary feeding of the Industrial Plant portfolio with smaller projects which allow us to explore new activity areas and technologies
- Order intake slightly below the historical average, but enough to maintain our backlog at very high levels

*Pipeline of 6,418 mn € projects – already bid and in production*

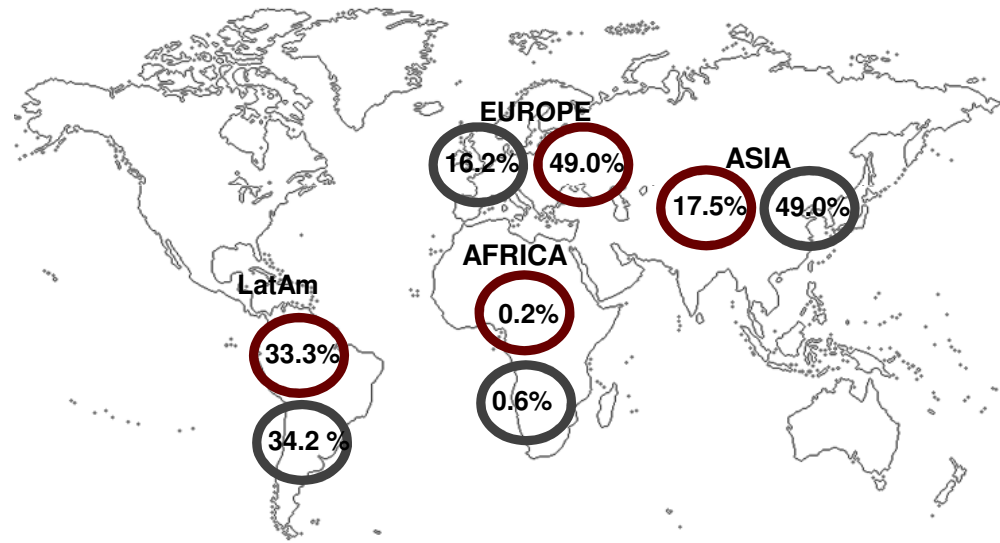
**Bids Presented (mn €)**



**Bids in production (mn €)**



**Distribution of bids presented and in production (%)**

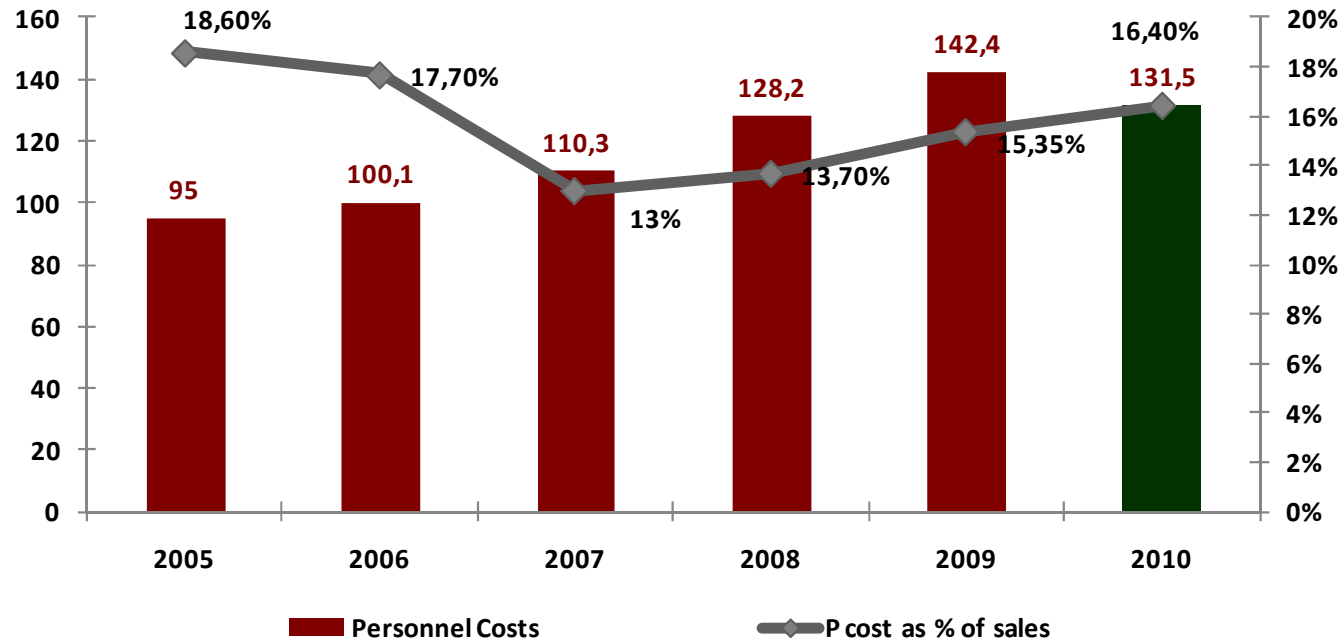


Legend: Presented (Red circle), In production (Grey circle)

**Diversified pipeline by business and geographic areas**

Workforce at 31/12/10: 1,746  
 Permanent: 776  
 Temporary: 950

Average workforce at 2010: 1,957  
 Direct: 1,087  
 Support: 970



**Personnel costs down 7,7%**

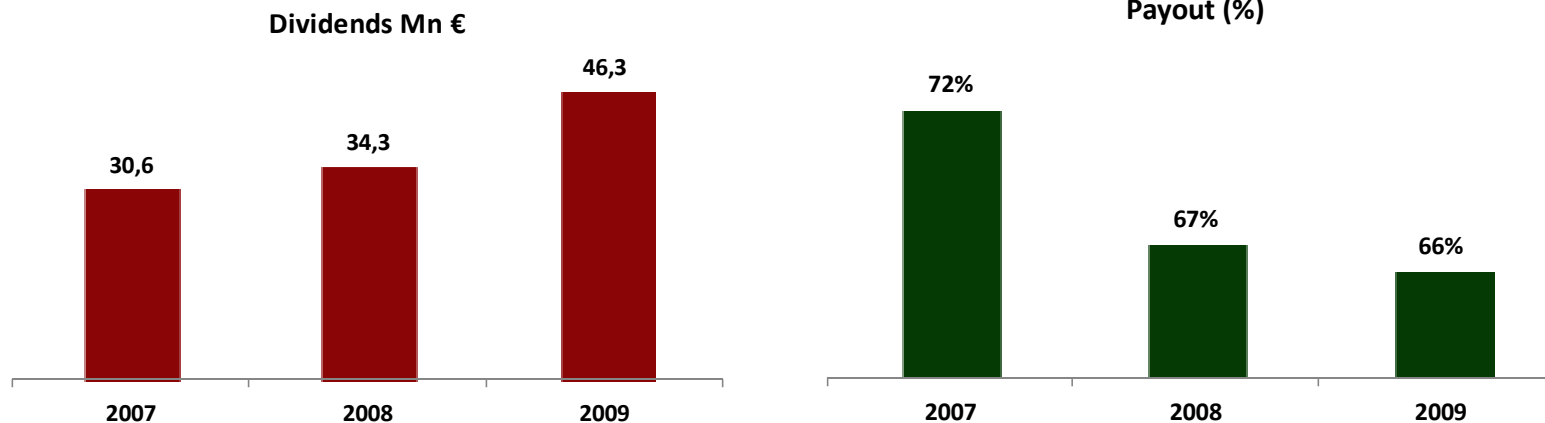
*A strong balance sheet allows us to face the future with confidence*

Mn €	2010	2009	Var. %
Cash & Equivalents	416	346	20,3%
LT debt	74	58	27,6%
ST debt	22	32	-31,3%

**Net cash position (\*) of 394 mn €, which represents more than 46% of market cap. As of 15<sup>th</sup> February cash and equivalents of 532 mn €**

(\*) Net cash position = Cash & Equivalents minus ST debt

*Leading the Spanish stock market in terms of dividend yield*



- Increase of 41% in the total dividend paid on 2010 results (cash terms)
- In the last 2 years, Duro Felguera ranks among the top 5 listed Spanish stocks with the highest dividend yield and payout
- Next dividend: 0,10 €/share to be paid on March 15<sup>th</sup>, 2011

**The economic and financial crisis have not affected the group's strong performance, despite some isolated impacts, due to a correct strategy initiated several years ago and our rapid response which resulted in the restructuring process in the manufacturing area currently underway**

- Priority on preserving profitability rather than contracting at less than acceptable conditions. Acceptance of projects of all sizes if they carry suitable risk/return levels but preference for larger sized projects with better margins
- Priority on international expansion. Entry to new markets and technologies. Strengthening of our position in emerging markets
- Adjustment of the manufacturing area
- Maintenance of high shareholder remuneration policy.

**We face the future with clear prospects of resilience and improvement despite the difficult environment**

- Current backlog gives earnings and margins visibility for the next two years
- We notice sustained demand for energy and industrial equipment from emerging countries
- Momentary feeding of the portfolio with smaller sized projects, that allows us to gain know-how and open new markets, sectors and technology, as well as to strengthen those already existing
- Rigorous project selection process

**We keep delivering according to expectations thanks to:**

- **An adequate selection of projects based on an optimal mix of size-risk-return**
- **Solid alliances with the largest industrial technology companies in the world**
- **Attractive and diversified project pipeline**
- **And a backlog at high levels, which provides visibility for the next two years vs an average of seven months for the sector**

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