



1H11 Financial Information

5th August 2011

- **Key figures and highlights**
- **Business performance**
- **Order Intake & backlog evolution**
- **Outlook**
- **Conclusions**

- Net income reached 45 mn € in the first half, a 9.7% increase from the same period last year.
- This excellent result is not just a mere continuation of positive results in previous periods; it has been made possible by the implementation of specific management measures despite an adverse business environment with growing pressures: a large reduction in the number of bids and contracts awarded on a global scale and price cuts from our competitors, especially those in Asia.
- These are the measures which have been put into practice:
 - The reluctance to reduce the quality of the pipeline in terms of margins, financial conditions and risk levels, although it could mean a momentary fall in contracts. The value of contracts in the last twelve months has fallen to 627 mn €, which has been partially down to a smaller number of sales in the period: 312 mn € compared to 424 mn € in the previous fiscal year.
 - An adjustment in the number of staff from 1,952 in 2010 to 1,712* in the current half. This has brought about a 9.3 mn € fall in costs compared with the same period in the previous fiscal year.
 - Given the positive temporary progress of the principal project of the group, and not taking into account in this period the principal equipments which have already been realized, we have been able to adjust the performance of fieldwork in such a way that in this period we have seen a significant fall in costs from the previous one. The degree of performance will affect sales figures but not income.
 - The result of these measures has been that the company has maintained its EBT margin, although this has varied within sectors.
 - The margins in Manufacturing and Services, of 2.27% and 2.22% respectively, are increasing steadily compared with the performance level in the previous fiscal year. The margin for Large Projects of Industrial Plants is 8.23%.
 - The EBT margin for the Energy Sector has reached 30.2%. This high margin is favored by the accrued agenda and the scale of prices in local contracts and by the on time and without additional costs conclusion of the installation of the first four machines of the single cycle of the main project 'la Línea'.

* Before the incorporation of Núcleo

- At 30th June the value of the contracts increased to 463 mn €. In July we won another contract for another 114 mn €, with a view to immediate new projects in Brazil. The flow which started these contracts up again is not the conclusion of a negative period but instead the consequence of a strategy which must bear more fruit in the short term.
- The tax rate is at 7% after a mark-up from income coming from abroad.
- Our cash position has risen to 492 mn € compared with 416 mn € in December of 2010. The working capital has reached 180 mn €. Bank debt has grown by 25.7 mn € as making credit lines is more profitable than undoing fixed deposits.
- In June we acquired Núcleo de Comunicaciones y Control, which has an important presence in strategic sectors in the naval and aeronautical areas as well as industrial, energy and environmental control. Geographically it is active in a diverse group of countries including African markets. The acquisition was carried out with the company's own funds to the tune of 20 mn €. Núcleo has been incorporated into the Group's accounts as of 7th of June.
- We have paid dividends on account to the tune of 16 mn €. On the 7th of June we proceeded with the payment of the final dividend of the fiscal year 2010 also to the tune of 16 mn €.
- The President D. Juan Carlos Torres resigned after 8 years in the position and was succeeded by D. Angel del Valle, previously the CEO.
- In this fiscal year the group presents a complete audit of its consolidated financial statements instead of a limited review as in previous fiscal years.

	1H2011	1H2010	Var %
Sales	311,834	423,582	-26.4%
EBITDA	50,083	51,053	-1.9%
<i>EBITDA Margin</i>	16.1%	12.1%	33.3%
EBIT	46,309	49,026	-5.5%
<i>EBIT Margin</i>	14.9%	11.6%	28%
Net Financial results	3,103	684	353%
Profit Before Tax	49,693	47,134	5.4%
<i>PBT Margin</i>	15.9%	11.1%	43.2%
Profit After Tax	46,214	41,666	10.9%
<i>Minority Interest</i>	-1,142	-587	94.6%
Net Income	45,072	41,079	9.7%

**In Thousand Euros*

<u>Assets</u>	1Q11	4Q10	Var %
Non current assets	163,480	148,348	10.2%
Properties	101,656	103,232	-1.5%
Current assets	1,003,615	999,100	0.5%
Cash and cash equivalents	491,550	416,449	18.0%
Total equity and liabilities			
Equity	230,567	225,083	2.4%
Dividends	10,531	10,236	2.9%
Non current liabilities	102,786	90,660	13.4%
Non Current Long term financial debt	85,993	73,834	16.5%
Current liabilities	823,211	821,470	0.2%
Current Short term financial debt	42,002	22,172	89.4%
TOTAL	1,167,095	1,147,449	1.7%

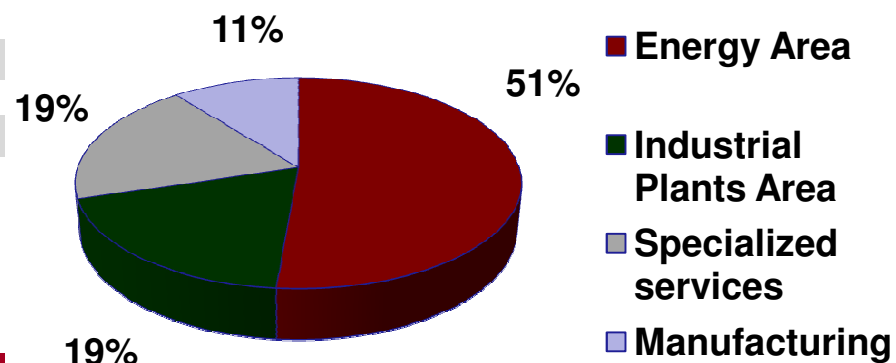
In Thousand Euros

	1H2011	1H2010	Var %
Energy Area	167,007	238,658	-30.0%
Industrial Plants Area	61,452	76,961	-20.2%
Specialized services	62,103	88,706	-30.0%
Manufacturing	34,500	37,129	-7.1%

**In Thousand Euros*

	1H2011	1H2010	Var %
National	120,494	186,866	-35.5%
International	191,339	236,716	-19.2%

**In Thousand Euros*

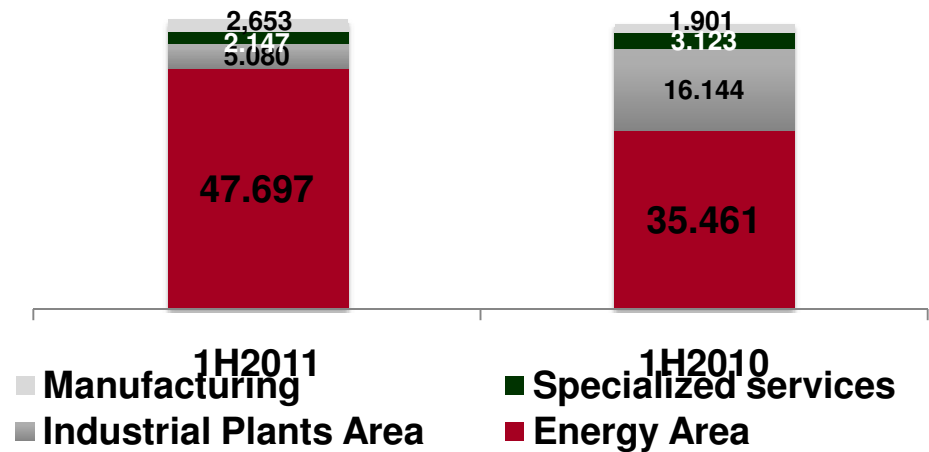


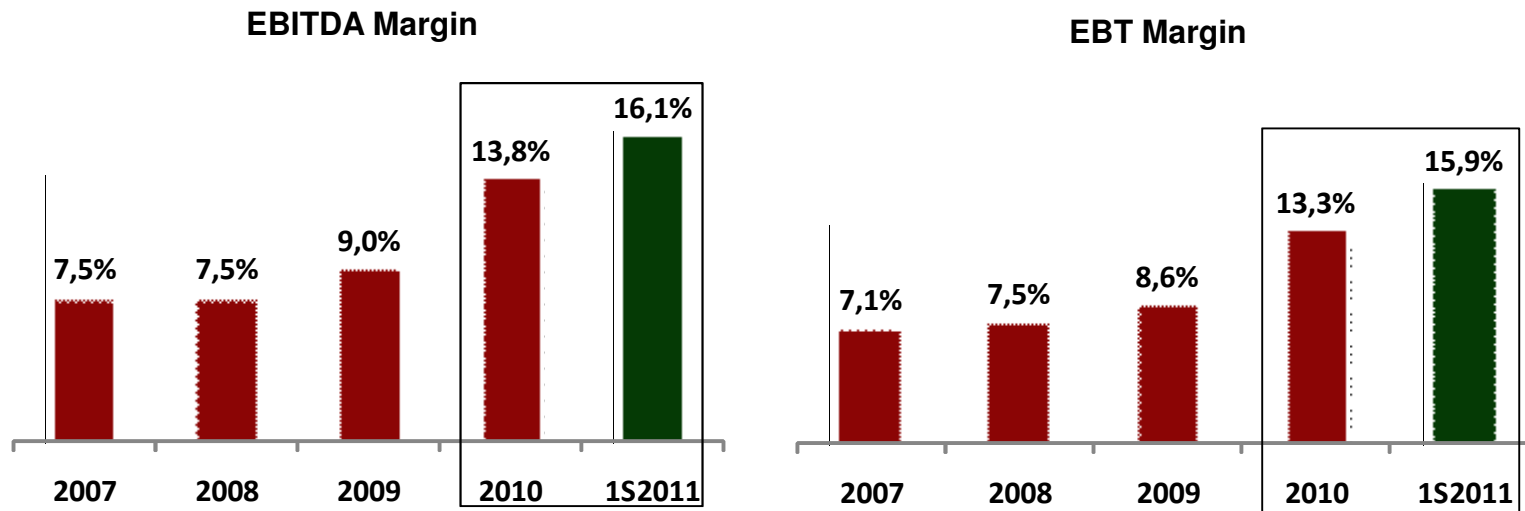
61% of sales are overseas

	1H2011	1H2010
Energy Area	47,697	35,461
Industrial Plants Area	5,080	16,144
Specialized services	2,147	3,123
Manufacturing	2,653	1,901

Focus on profitability:

- Savings in COGS.
- Reduction in personnel costs of 9.3 mn €

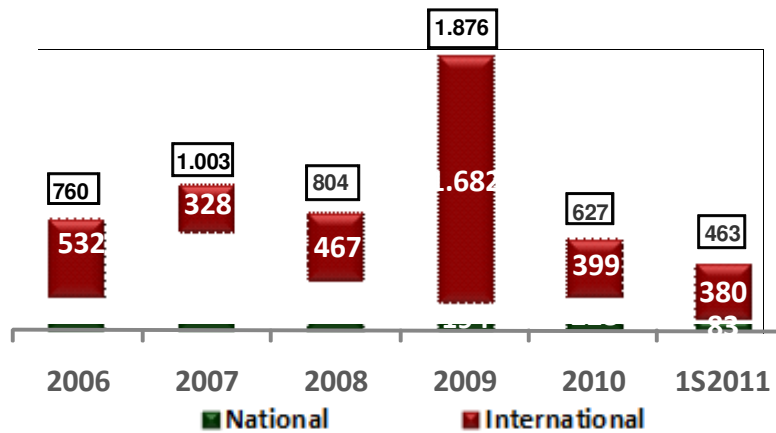




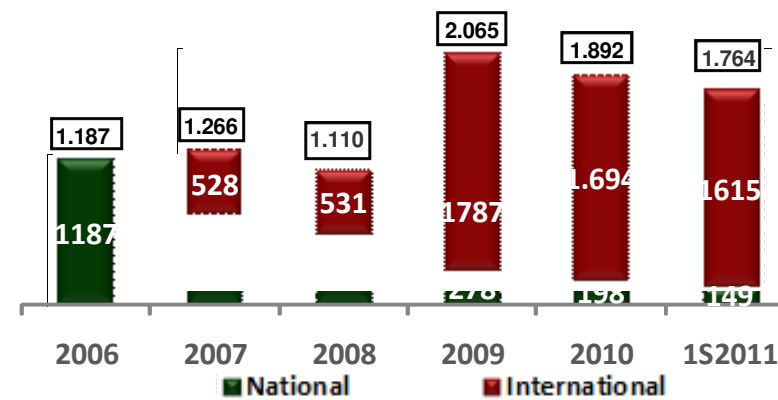
Margins at historical levels. Best-in-class margins in the industry

Current levels of backlog gives us visibility for the next two years

Order Intake Evolution (Mn €)



Backlog (Mn €)



- ✓ During the first six months, new orders reached 463 mn €. New projects in Brazil. In July we were awarded an additional 114 mn € in this country. We expect new awards shortly.

Workforce as of 30/06/2011 (ex Núcleo): 1,712

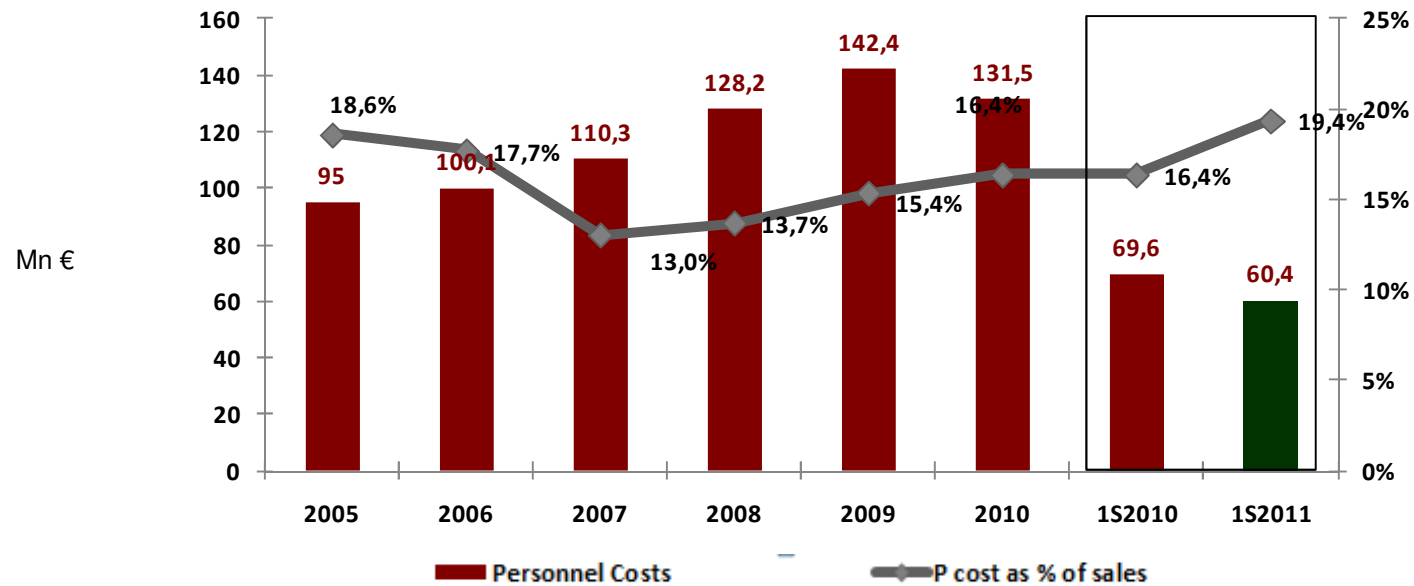
**Full-time: 739
Temporary: 973**

**Direct: 751
Overheads: 961**

Workforce as of 30/06/2011 (including Núcleo): 2,004

**Full-time: 1,010
Temporary: 994**

**Direct: 773
Overheads: 1,231**



Mn €	1S11	4Q10	Var. %
Cash & Equivalents	492	416	18.0%
LT debt	86	74	16.5%
ST debt	42	22	89.4%

Net cash position* of 449.5 mn € represents over 48% of market cap at the end of 1H11.

* Net cash: Cash and equivalents less Short Term Financial Debt

- ✓ **Recent projects awarded are synonymous with our strategy to preserve profitability which should bear fruit with high-quality projects. The pipeline of bids exceeds 6 bn €.**
- ✓ **Brazil has become one of our core markets in the fields of mining, oil & gas.**
- ✓ **DF has presented several bids to relevant customers in the Energy sector in Brazil. We expect new awards shortly.**
- ✓ **DF continues exploring new growth opportunities in that country through synergic projects and acquisitions.**
- ✓ **The area of Industrial Plants has good prospects of awards in Asia, especially India, with several medium-sized bids.**

- **The crisis and structural changes in the market are affecting the different business areas of the group. We are taking different measures to cope with current circumstances and will sustain the growing trend in profits seen in the last halves.**
- **We expect a recovery in sales in the second half of the year to levels similar to last year.**
- **We don't expect significant changes in margins.**

- On the 10th of January, 2011 the group announced the award of a turn-key contract for the design and supply of a delayed coquization unit for the enlargement of the Novopolotsk refinery, in Bielorrusia, worth 128 mn €.
- On the 15th of March, we paid the third dividend on 2010 results, amounting to 0.10 €/share gross and which represents an effective increase of 18% vs last year's same dividend.
- On the 10th of May, 2011 Duro Felguera made public its interest of a possible acquisition of Núcleo de Comunicaciones y Control, S.A., for which no agreement was made that on date.
- On the 12th of May, a public announcement was made for the 2011 Ordinary Shareholders Meeting, to take place in Oviedo on the 23rd of June.
- On the 31st of May, the group made public the award of a contract for the execution of two gas electric plants in the state of Maranhao, Brazil, for an amount of 114 mn €.
- On the 7th of June, we announced the acquisition of 100% of Núcleo de Comunicaciones y Control, S.A., for 20 mn €.
- On the 10th of June, 2011 the 2011 Shareholders Meeting took place. Agreements approved were made public afterwards.
- On the 27th of June, the final dividend on 2010 results was announced: 0.10 €/share gross to be effective as of the 7th of July.

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