

## Elecnor posts a profit of 78.3 million euros

- The Group achieved turnover of 2,455.9 million euros, slightly up on the figure for 2019.
- Consolidated net profit for the Infrastructure and Concession divisions has managed to hit the level seen the previous financial year.
- Corporate Net Financial Debt has been cut back by 4.2%.
- The Board proposes to maintain the same dividend.

**Madrid, 26 February 2021.**- The performance by the Group's businesses over the Covid 19 crisis serves to underline the essential nature of operations, which has allowed consolidated net profit for the Infrastructure and Concessions divisions to achieve the levels of the previous year.

Since March 2020, Elecnor has been generating and monitoring action protocols adapted to the recommendations issued by the competent authorities in Spain and in each market in which we operate, prioritising, at all times, the protection of people's health and safety. The positive evolution of the Group's results is due to the commitment, effort and responsibility of the employees who have maintained the activity in essential services in a particularly complex environment.

The **Infrastructure Business** operates a broad range of services which were hit in the first half yet managed to steady again in the second half owing to their essential nature. It also manages turn-key projects in various different sectors and countries, especially in the field of energy, where investment has been ongoing given their strategic characteristics. This business has achieved a sales turnover of **2,352.5 million euros**, an improvement of 3.2% on the previous year, while **profit after tax came in at 71.5 million euros**, showing 7.5 % growth against the previous year.

In the **domestic market** positive growth rates have been attained thanks to the commitment from our key services customers who have kept up and even brought forward their investment plans in anticipation of the opportunities presented by the 2021 - 2030 Integrated National Energy and Climate Plan (PNIEC). Elecnor has thus held onto its position as market leader nationwide in services for major operators, mainly within electricity and telecommunications. The Group has moreover been highly active in the renewable energy sector, performing construction work on wind and solar PV farms.

Highlights in the **international market** have included promising progress in constructing electric power transmission lines in **Brazil** and **Chile**, as well as at **US subsidiaries** Hawkeye (engineering, construction and maintenance in the electricity and gas sectors) and Belco

(traffic), the smooth running in **Italy** of the power distribution and telecoms activities pursued by the office of ElecNOR, S.A. there and at the electricity business in the **United Kingdom**, which is operated by subsidiary IQA.

Notable on the **African continent** has been work on design, construction and commissioning for substations and transmission lines in **Angola**, as well as the refurbishment of hydroelectric power stations and building of a water supply network there. Growth has also been boosted by design, supply and installation for substations and the construction of solar farms in **Ghana**, and construction work at hydroelectric plants in **Cameroon**.

In **Australia** work is underway on installing the substation and transmission line for a hybrid solar and wind plant at Port Augusta, as well as the engineering and construction of the New England Solar Farm also there. Meanwhile ElecNOR has been selected as part of a 50/50 joint venture along with Australian group Clough to do the construction on the Energy Connect project to include 700 kilometres of high voltage lines and four substations worth 917 million euros and backed by Australian operator TransGrid.

Turning to **Concessions**, the influence of the pandemic on activity has been moderate given that the bulk of assets are in operation. These have performed well, in spite of the impact on profits of weaker functional currencies (the Brazilian Real has fallen back 33% against the euro, as has the US dollar by 2%, approximately). Assets at the construction phase have suffered delays in certain cases, although these are not expected to have major repercussions for the business's profitability.

**Profit after tax for the Concessions division was 31 million euros** (36.7 million the previous year). In 2019 profit included the margin achieved from the sale of solar PV developments. Stripping out the profit made last year from this, the trend for attributable net profit in this segment would have been positive. Profit for this segment additionally reflects the depreciation of the Brazilian Real over the year.

The Group operates some 5,740 km of electric power transmission lines in **Chile** and **Brazil**. In these countries it is involved on the projects to construct new electricity transmission lines to be operated by Group subsidiaries **Celeo Redes Chile** and **Celeo Redes Brasil** respectively. The Group has completed the construction of six PV farms (179.8 MW) in the State of Piauí, Brazil, where the energy sales contract was awarded to the Brazilian subsidiaries in which Grupo ElecNOR has an interest in 2018.

On the other hand, the results for the projects managed by its wind development and operation subsidiary **Enerfín** have seen the effect of depreciation on the Group's functional currencies mitigated (especially in Brazil) by greater available wind resources there over the year, thereby retaining stability in profits for the other companies in this business area. The Group has installed capacity of 1,349 MW at wind farms in operation and construction in **Spain, Brazil, Canada, Colombia** and **Australia**.

Grupo ElecNOR **consolidated net profit** for 2020 **was 78.3 million euros**. Comparison with the profit of 126.4 million euros the previous year has been chiefly affected by the consequences of the corporate initiative agreed towards the end of 2019 with APG, the June 2019 acquisition of 42.57% and 44.3% of the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. respectively via Celeo Termosolar, and other non-recurring profits also included in the Notes to the company's Annual Financial Statements. **Leaving aside these effects on the results for the previous financial year, Group profits are similar to those from the previous year, as can be observed in the results for the businesses.**

**Net EBITDA** for corporate operations was 245.8 million euros, down 7.4 % on the year before, mainly due to the depreciation felt by the Group's functional currencies. The **contracts backlog at 31/12/20** and for which execution is foreseen in the next 12 months came to 2,273.1 million euros (2,222.7 at the close of the previous year). Backlog growth (relative to

the like figure at the close in the previous year) was 2.3%. 73% of the backlog relates to the international market.

### Financial solvency

Over 2020 the Group managed to generate **cash-flow** from operating activities of 194 million euros and has made net investment of 209.6 million euros

**Corporate Net Financial Debt** (129.9 million euros) has been trimmed by 4.2% compared to the previous year (135.7 million euros). This was basically on account of good progress by Group businesses in terms of cash-flow generation from operating activities.

**Total Net Financial Debt** (536.6 million euros) rose by 8.6% on the previous year (494.2 million euros) from project finance arrangements on the San Fernando projects in Brazil.

In the course of 2020 the company has garnered itself sufficient lines of credit to be able to maintain a sound liquidity position and service its obligations comfortably, even in any scenarios of greater market downturns that the COVID 19 situation might trigger.

Key points on Group financial strategy:

- ElecNOR has a syndicated loan agreement which it entered into in 2014 and has been the subject of five novations, in 2015, 2016, 2017, 2018 and 2019, which extended the term, improved on the original conditions and took into account the voluntary early repayment of 100 million euros in 2018. The facility is capped at 400 million euros, which is split between a loan tranche of 200 million euros and a credit tranche of 200 million.
- ElecNOR has a policy of diversifying its short to medium term funding sources beyond traditional banking and will for a further year be issuing commercial paper on the Alternative Fixed-Income Market (MARF), which will allow it to fund itself in euros and USD over terms of up to 24 months, thereby optimising the cost of financing working capital. The equivalent euro value of outstanding issues may not exceed a ceiling of 300 million euros.
- In December 2020, ElecNOR has established a Securitisation Fund named "ELECORNOR EFICIENCIA ENERGÉTICA 2020, Fondo de Titulización" [ELECORNOR ENERGY EFFICIENCY 2020], to which the credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations, which ElecNOR performs for 43 Spanish towns and public entities, have been assigned. Through this structure, ElecNOR obtains financing in advantageous terms for the investments in the contracts assigned in the amount of 50 million euros, through the assignment of the credit claims.
- ElecNOR successfully completed a bond issue in 2019 via its wind-power and development subsidiary Enerfin to underpin its wind farm operations in Brazil. It issued bonds without recourse to holders on the Brazilian securities market to the value of BRL 325 million (73 million euros) for the Ventos do Sul windfarms (150 MW) located in Brazil's Rio Grande do Sul state.

- Elecnor has decided to issue its first line of green bonds worth 70 million euros. These bonds will be earmarked for selected ecological projects that are environmentally-friendly and socially responsible.

## Dividend

With respect to shareholder remuneration, on 29 May 2020 an additional dividend was paid out against 2019 profits with a gross value per share of 0.27455644 euros. Further to this, on 9 December 2020 the interim dividend was paid against 2020 results of 0.05732 euros per share in gross terms.

Looking ahead to 2021, the Board has passed a resolution to include as one of the points in the order of business at the General Meeting of Shareholders a proposal to pay out an additional dividend which would mean paying the same overall amount for the year as in 2020, in line with its current policy of being attentive toward shareholders in the company.

## Sustainability

Elecnor is aware of the significance which its activities have for people and the environment where it pursues them. Its aim is therefore to maximise the positive effects and minimise the negative impact on society and the environment by acting in an ethical and transparent manner. This commitment is ingrained in everything it does in the course of its activities and following its business strategy, as well as its relations with its stakeholders.

In line with ESG (Environmental, Social and Governance) standards, in 2020, Grupo Elecnor played its part in ensuring global sustainability as follows:

### **Focused on people**

- Occupational risks prevention at the heart of the business
- Promoting equality and diversity
- Incorporation of people at risk of social exclusion
- 20% increase in the number of women in the workforce
- 30% of the Structure staff is made up of women

### **Protecting the environment**

- Continuity of the 2030 Climate Change Strategy
- Incorporation of the environmental dimension into investment decision-making processes and into the planning and implementation of activities
- Promotion of renewable energies
- Development of the activities following its own Environmental and Energy Management System certified according to ISO 14001 and ISO 50001, respectively
- 24% reduction in GHG emissions compared to 2014
- Highest score in the CDP international ranking, endorsing the company's leadership in the fight against climate change

### **Engaged with society**

- Signatory Partner of the United Nations Global Compact
- Ally of the Sustainable Development Goals (SDG)
- Social action led by Fundación Elecnor
- Communication with local communities
- Operational excellence

## Good governance

- Highest ethical standards
- Zero tolerance for malpractice
- Information transparency
- UNE-ISO 37001 certificate of Anti-bribery Management Systems
- UNE 19601 certificate of Criminal Compliance Management Systems

## Outlook for 2021

The Group continues to run its operations in application of the protocols to prevent the spread of COVID and protect the health and safety of workers.

Group businesses continue to generate a solid operating cash-flow, which adds strength to its financial position. Elecnor additionally has lines of credit available to it associated with sums that are enough to cover its cash requirement in the present situation. It is also closely following all customer receivables and valuations of work in progress to supervise credit risk. To conclude, we consider that investment recoverability will not be compromised by the impact of the pandemic.

With the firm grounding of the company's reliable contract backlog and its diversity of both geographical presence and business activities, Grupo Elecnor looks ahead to 2021 with the goal of achieving figures that can beat those obtained in 2020 for both turnover and results.

## About Elecnor

Elecnor is one of Spain's leading business groups in the infrastructure, renewable energy and telecommunications. With 60 years of continuous growth and a presence in 55 countries, Elecnor focuses its activity on different industries, from electricity, gas, industrial plants, railways, telecommunications, water, control systems, construction, the environment and installation maintenance to aerospace engineering. Its strong international outlook has led it to a continuous expansion process which has opened the doors to new markets around the world, especially in Europe, North America, Central America, South America, Africa, Australia and the Middle East. Elecnor, which is listed on the Continuous Market, has a highly qualified team of professionals and a total workforce of 18,203 employees. For more information, please visit [www.elecnor.com](http://www.elecnor.com).

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