

08

2018
figures



SHARING SUCCESSSES

8.1

2018
figures

DIRECTOR'S REPORT FOR 2018

1. Development of the business and Group's situation

All matters affecting the business during 2018, essentially impacting its business and investment volume, are included in the consolidated annual accounts.

The Group recorded a result before taxes totalling €29.2 million at the end of 2018 compared to the result before tax of the previous year which amounted to €22.9 million. This confirms the positive development of the business.

The improvement of ITP's sales operation in 2017 generated a significant inflow of resources that has favoured the development of the core activity of Ingeniería y Sistemas, as well as of the

Renewable Investments area, strengthening the Group's positioning in innovation, technological differentiation, internationalisation and investment.

In 2018, the acquisition of the TRYO Aerospace & Electronics group is noteworthy. With this first investment, SENER reinforces its technological, engineering and production capacities in the aerospace sector with a clear vocation for growth. In making the decision, SENER has taken into account the complementarity that TRYO's capabilities provide both in technologies and in markets, as well as the coincidence in an outstanding commitment to innovation. With this purchase, SENER strengthens its position as an international top-level supplier of electromechanical components and systems, navigation systems and communications systems for Space and Defence.

With respect to the environment subgroup, there was a significant improvement in the Group's integrated result, which amounted to €7.2 million compared to €4.8 million the previous year.

2. Significant events for the Group taking place after the year-end

Between the end of the year and the date this report was prepared, there have been no events that have had a significant effect on the consolidated annual accounts and the Group's overall situation.

8.1

2018 figures



SENER branch office in Toronto (Canada).

3. Foreseeable development of the Group

Our expectations allow us to be confident that in 2019 the Group's activity will continue to grow in accordance with the business development plans.

With respect to the Engineering subgroup, 2019 is going to develop through a similar environment that in the current year, with a high importance of international engineering projects, products and turnkey projects. During 2019, SENER Ingeniería plans to carry out a reorganisation of its activity consisting of partially dividing the SENER Aeroespacial unit. This operation seeks, among other things, to specialise the SENER Aeroespacial management and to adequately organise the strategy of the different businesses, taking into account the growth opportunities of each of them.

The environment subgroup predicts a very satisfactory evolution in terms of production, results and compliance with the contractual obligations acquired with financial institutions.

4. Research and development activities

The efforts we have made in researching and developing technologies, product designs and new capacities that may be implemented in projects are borne out in the expenses incurred during the year reflected in the consolidated annual accounts.

We expect these efforts in innovation, research and development—through which we attain technological differentiation—to intensify during 2019.

5. Acquisition of treasury shares

No transactions involving treasury shares were carried out in 2018. The parent company does not hold any treasury shares at the year-end.

6. Risk management

The Group has an active risk management policy which is primarily intended to identify and manage those risks that represent threats to the attainment of results and goals so that appropriate avoidance action may be taken. The Group's financial risk management policy is described in Note 3.1 of the notes to the consolidated annual accounts.

8.1

2018 figures



Corporate headquarters of SENER in Madrid (Spain).

7. Statement of non-financial information

In accordance with the provisions of Law 11/2018 of 28 December, the non-financial information statement of the SENER Group is presented in a separate report. This non-financial information forms part of this Management Report and will be deposited, together with the consolidated annual accounts, with the Biscay Mercantile Registry.

In addition, the non-financial information statement will be published on SENER's website within a period of six months after the close of the financial year and for a period of five years, as established by applicable law.

8. Other information

The average workforce of the Group has increased in 2018 to 2,251 employees (2017: 2,241 employees).

The information regarding the average payment period for domestic suppliers is set out in Note 18 to the consolidated annual accounts.

8.2

2018 figures

SENER Group consolidated balance sheet at December 31, 2018 and 2017

SENER GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Thousand euros

Assets	2018	2017	%
Non current assets	278,022	213,774	30.1
Property, plant and equipment	16,716	5,485	204.8
Goodwill	38,333	10,084	280.1
Other intangible assets	16,263	6,908	135.4
Real state investments	11,350	0	-
Investments in associates	52,385	34,634	51.3
Deferred tax assets	126,372	133,322	-5.2
Financial investments in equity instruments	11,012	5,550	98.4
Other non current assets	5,591	17,791	-68.6
Current assets	689,305	849,089	-18.8
Inventories	9,071	6,829	32.8
Trade and other receivables	324,794	249,134	30.4
Other current assets	1,410	885	59.3
Cash and other cash equivalents	354,030	592,241	-40.2
Total assets	967,327	1,062,863	-9

8.2

2018 figures

SENER Group consolidated balance sheet at December 31, 2018 and 2017

Thousand euros

Net equity and liabilities

Net equity

	2018	2017	%
Capital and reserves atributate to the Company's shareholders	522,890	501,508	4.3
Share capital	34,448	34,448	0
Share premium	366	366	0
Legal reserve	7,894	7,894	0
Accumulated traslation differences	-17,253	-14,061	-22.7
Reserve for investments in equity instruments	4,151	0	-
Hedging reserve	-30,727	-34,201	10.2
Retailed earnings	524,011	781,653	-33
Interim dividend	0	-274,591	100
Non-controlling interests	593	517	14.7
Non current liabilities	20,876	60,747	-65.6
Borrowings	10,375	56,483	-81.6
Deferred income tax liabilities	7,941	2,269	250
Provisions for liabilities and charges	2,560	1,995	28.3
Current liabilities	422,968	500,091	-15.4
Borrowings	23,128	98,703	-76.6
Trade and other payables	270,834	281,475	-3.8
Advances received for contracted work	127,591	116,705	9.3
Financial derivatives	3	23	-87
Provisions for other liabilities and charges	1,412	3,185	-55.7
Total net equity and liabilities	967,327	1,062,863	-9

8.2

2018 figures

SENER Group consolidated income statements at December 31, 2018 and 2017

Thousand euros

	2018	2017	%
Operating profit	21,575	17,215	25.3
Revenue	589,190	758,253	-22.3
Other operating income	3,751	6,637	-43.5
Changes in inventories of finished products and work in progress	-711	-341	-108.5
Work carried out by the Group on its fixed assets	266	0	-
Raw materials and other consumables	-326,704	-511,391	36.1
Employee benefit expense	-163,151	-150,088	-8.7
Depreciation and impairment of fixed assets	-4,662	-4,202	-10.9
Other operating expenses	-77,535	-84,054	7.8
Charge to provisions for liabilities	624	3,266	-80.9
Other net gains/(losses)	507	-865	158.6
Financial income/(expense)	473	835	-43.4
Financial income	5,642	6,967	-19
Financial expenses	-5,217	-2,048	-154.7
Net exchange differences	48	-4,084	101.2
Shareholdings in the results of associates and joint ventures	7,152	4,817	48.5
Profit before taxes	29,200	22,867	27.7
Corporate income tax	-18,446	-7,868	-134.4

8.2

2018 figures

SENER Group consolidated income statements at December 31, 2018 and 2017

Thousand euros

	2018	2017	%
Results of the financial year from continuing operations	10,754	14,999	-28.3
Result of the financial year from discontinued operations, net of tax	10,886	444,122	-97.5
Consolidated profit/loss for the year	21,640	459,121	-95.3
Attributable to			
Owners of the parent	21,409	403,413	-94.7
Non-controlling interests	231	55,708	-99.6

8.2

2018 figures

SENER Group consolidated cash flow statements at December 31, 2018 and 2017

Thousand euros

	2018	2017	%
Cash flow from operation activities	-44,042	137,899	-131,9
Result of the financial year before tax from continuing operations	29,200	22,867	27.7
Result of the financial year before tax from discontinued operations	10,886	449,999	-97.6
Adjustments	-12,040	-341,038	96.5
Result of the sale of discontinued operations	-10,886	-328,239	96.7
Depreciation and impairment for PPE and other intangible assets	4,662	4,202	10.9
Changes in provisions	-624	-5,576	88.8
Valuation adjustments due to impairment	2,385	0	-
Shareholdings in the results of associates and joint ventures	-7,152	-4,817	-48.5
Release to income of grants	0	-2,247	100
Financial costs	5,217	19,026	-72.6
Financial income	-5,642	-24,793	77.2
Other income and expenses	0	1,406	-100
Changes in working capital	-66,931	19,940	-435.7
Inventories	109	-39,152	100.3
Trade and other receivables	-55,002	122,616	-144.9
Trade and other payables	-12,038	-63,524	81
Taxes paid	-3,337	-13,869	75.9
Interests paid	-1,820	0	-

8.2

2018 figures

SENER Group consolidated cash flow statements at December 31, 2018 and 2017

	Thousand euros		
	2018	2017	%
Cash flow from investment activities	-41,508	414,819	-110
Disposal of subsidiary, net of cash drawn down	13,544	441,729	-96.9
Acquisition of subsidiary company, net of cash acquires	-48,967	0	-
Acquisition of PPE, intangible assets and investment property	-13,923	-71,882	80.6
Payment due to Investments in associates and joint ventures	-11,450	0	-
Receipts from sale of property, plant, equipment and intangible assets	546	3,589	-84.8
Collections received from associates and joint ventures	11,893	0	-
Dividends received associates and joint ventures	1,500	0	-
Other cash flows from investments activities	-293	25,535	-101.1
Interest received	5,642	15,848	-64.4
Cash flow from financing activities	-152,661	-420,633	63.7
Income from borrowings	1,378	6,525	-78.9
Repayment of borrowings	-24,912	-182,923	86.4
Treasury shares	0	-87,383	100
Grants received	0	387	100
Dividends paid to the company's shareholders	-129,127	-156,555	17.5
Dividends paid to non-controlling interests	0	-684	100
Net variation in cash and cash equivalents	-238,211	132,085	-280,3
Cash and cash equivalents at beginning of the year	592,241	471,542	25.6
Gain / (Losses) on exchange differences of cash and cash equivalents	0	-11,386	100
Cash and cash equivalents at end of the year	354,030	592,241	-40.2

8.3

2018 figures

SENER Ingeniería y Sistemas, S.A. consolidated balance sheet at December 31, 2018 and 2017

SENER INGENIERÍA Y SISTEMAS, S.A. CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Thousand euros

Assets	2018	2017	%
Non current assets	121,068	128,396	-5.7
Property, plant and equipment	4,716	5,335	-11.6
Goodwill	9,611	10,084	-4.7
Other intangible assets	5,639	6,906	-18.3
Investment in associates	8,677	15	57,746.7
Deferred tax assets	89,651	102,844	-12.8
Other non current assets	2,774	3,212	-13.6
Current assets	487,078	486,504	0.1
Inventories	6,146	6,829	-10
Trade and other receivables	296,463	237,155	25
Short term loans to related parties	4,431	3,926	12.9
Other current assets	1,117	885	26.2
Cash and other cash equivalents	178,921	237,709	-24.7
Total assets	608,146	614,900	-1.1

8.3

2018 figures

SENER Ingeniería y Sistemas, S.A. consolidated balance sheet at December 31, 2018 and 2017

Thousand euros

Net equity and liabilities	2018	2017	%
Net equity	210,734	203,565	3.5
Capital and reserves attributable to the Company's shareholders	209,842	202,843	3.5
Share capital	6,018	6,018	0
Share premium	2,418	2,418	0
Legal reserve	1,213	1,213	0
Accumulated translation differences	-15,680	-12,762	-22.9
Hedging reserve	-801	-523	-53.2
Retained earnings	216,674	206,479	4.9
Non-controlling interests	892	722	23.5
Non current liabilities	10,308	9,483	8.7
Borrowings - other debts	5,424	6,704	-19.1
Deferred income tax liabilities	4,474	2,193	104
Provisions for liabilities and charges	410	586	-30
Current liabilities	387,104	401,852	-3.7
Borrowings - other debts	2,707	13,504	-80
Borrowings - debts with financial institutions	3,183	10,199	-68.8
Other current liabilities	0	23	-100
Trade and other payables	255,285	259,968	-1.8
Advances received for contracted work	125,026	116,705	7.1
Provisions for other liabilities and charges	903	1,453	-37.9
Total net equity and liabilities	608,146	614,900	-1.1

8.3

2018 figures

SENER Ingeniería y Sistemas, S.A. consolidated income statements at December 31, 2018 and 2017

Thousand euros

	2018	2017	%
Operating profit	25,850	22,066	17.1
Revenue	570,209	760,311	-25
Other operating income	1,638	6,526	-74.9
Changes in inventories of finished products and work in progress	-683	-341	-100.3
Raw materials and other consumables	-320,326	-512,034	37.4
Employee benefit expense	-150,900	-147,494	-2.3
Depreciation and impairment	-3,427	-4,069	15.8
Other operating expenses	-71,949	-80,402	10.5
Charge to provisions for liabilities	517	434	19.1
Other net gains/(losses)	771	-865	189.1
Financial income / (expense)	594	1,858	-68
Financial income	5,447	8,541	-36.2
Financial expenses	-4,905	-2,599	-88.7
Net exchange differences	52	-4,084	101.3
Share in profit / (loss) of equity-accounted investees	-1,244	83	-1,598.8
Profit before taxes	25,200	24,007	5
Corporate income tax	-14,850	-7,803	-90.3
Profit for the year	10,350	16,204	-36.1
Attributable to			
Owners of the parent	10,095	15,404	-34.5
Non-controlling interests	255	800	-68.1

8.3

2018 figures

SENER Ingeniería y Sistemas, S.A. consolidated cash flow statements at December 31, 2018 and 2017

Thousand euros

	2018	2017	%
Cash flow from operation activities	-31,277	-14,328	-118.3
Profit / (loss) for the year before taxes	25,200	24,007	5
Adjustments	5,918	-1,256	571.2
Depreciation	3,427	4,069	-15.8
Variation in provision for receivables impairment	2,177	1,620	34.4
Change in other provisions	-517	-434	-19.1
Results on equity-accounted investees	1,244	-83	1,598.8
Other income and expenses	207	16	1,193.8
Profit / (loss) on fixed assets disposal	-78	0	-
Gain / (Losses) from fair value adjustments, net of tax	0	-502	100
Financial expenses	4,905	2,599	88.7
Financial income	-5,447	-8,541	36.2
Changes in working capital	-58,054	-30,923	-87.7
Inventories	683	341	100.3
Trade and other receivables	-62,233	110,790	-156.2
Other assets	-232	5,751	-104
Trade and other payables	3,728	-147,805	102.5
Taxes paid	-1,316	-3,557	63
Interests paid	-3,025	-2,599	-16.4

8.3

2018 figures

SENER Ingeniería y Sistemas, S.A. consolidated cash flow statements at December 31, 2018 and 2017

Thousand euros

	2018	2017	%
Cash flow from investment activities	-7,802	152,296	-105.1
Acquisition of property, plant, equipments and intangible assets	-1,885	-3,810	50.5
Investments in associates	-11,450	0	-
Receipts from sale of property, plant, equipment and intangible assets	248	225	10.2
Reimbursement / (grant) other non-current receivables	-162	149,521	-100.1
Interest received	5,447	6,360	-14.4
Cash flow from financing activities	-19,709	-55,375	64.4
Income from borrowings	1,094	0	-
Repayment of borrowings	-20,803	-48,259	56.9
Dividends paid to the parent company's owners	0	-7,116	100
Net variation in cash and cash equivalents	-58,788	82,593	-171.2
Cash and cash equivalents at beginning of the year	237,709	155,116	53.2
Cash and cash equivalents at end of the year	178,921	237,709	-24.7