



— SUMMARY REPORT —
YEAR 2019

*Translation into English of the Summary Report for year 2019 originally issued in Spanish.
In the event of discrepancy, the Spanish language version prevails.
Inhouse translation, under its sole responsibility and not deemed official*



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1. MAIN ACCOMPLISHMENTS FOR THE PERIOD

MAIN AWARDINGS

The main awarding of Grupo SANJOSE during 2019 are the following:

- **Stretch of the High-Speed Railway line Sangonera-Totana, of the Mediterranean Corridor**
Adif has awarded SANJOSE Constructora, in JV with Copasa and Rubau, the construction and civil engineering works on the 24.7-kilometre Sangonera-Totana section of the new AVE connection between Murcia and Almería. Among its most remarkable structures, highlight: 5 viaducts, 1 pedestrian way, 6 flyovers, 7 underpasses and two stations at Librilla and Alhama de Murcia.
- **Stretch Évora Norte - Freixo of the Southern International Corridor (Portugal).**
Infraestruturas de Portugal has awarded to the JV formed by SANJOSE Constructora, Comsa and Fergrupo, the execution of 20.5 kilometres of railway line between Évora Norte and Freixo, which will strengthen the connection with the port of Sines as a gateway to Europe. Highlights the construction of a technical building, 6 viaducts, 8 overpasses and 7 underpasses
- **Stretch Olivares de Duero - Tudela de Duero of Highway A-11 Autovia del Duero, Valladolid:**
The Ministry of Development has awarded SANJOSE Constructora, in JV with Avintia, the contract for the construction of a new section of the A-11 Autovía del Duero, 20.2 kilometres long, between the towns of Olivares de Duero and Tudela de Duero, in Valladolid.
- **Wind farms for Norvento in Galicia**
Norvento Ingeniería awarded SANJOSE Constructora the civil works of three wind farms located in the province of Lugo, which total 19 wind turbines and a total installed capacity of 65.7 MW.
- **University Hospital Complex of Ferrol, A Coruña**
The Axencia Galega de Infraestructuras, under La Xunta de Galicia, has awarded SANJOSE Constructora, in JV with Acciona and Prace, the execution of Stage I of the University Hospital Complex of Ferrol, A Coruña
This new Master Plan launched by the Xunta, designed in three stages, will involve the definitive integration of the architect Marcide, Naval and Novoa Santos public hospitals. Works of this first stage involved a built surface of 35,000 m².
- **Community Hospital of Huasco (Chile):**
The Atacama Health Service, under the Ministry of Health of Chile, has awarded SANJOSE Constructora Chile the construction of a new health infrastructure of more than 6,000 m², distributed in 4 buildings and incorporating the use of clean energy with the installation of solar collectors.
- **Healthcare centres of Zuia-Murgía in Álava and Aiete in San Sebastián:**
Osakidetza SVS (Basque Health Service) has awarded EBA (subsidiary of SANJOSE Constructora) the execution works of two new health centres totalling 4,000 m² of built surface.
- **Maintenance of the air conditioning of 201 Primary Care centres in the Community of Madrid:**
The Madrid Health Service (SERMAS) awarded SANJOSE Constructora the preventive, technical-legal and corrective maintenance of the air conditioning and air conditioning facilities of 115 Social Security Primary Care Centres (Local Offices and Health Centres) in the Northern and North-western areas. Likewise, Tecnocontrol Servicios (subsidiary of the SANJOSE Group), was also awarded the maintenance of 86 centres in the Southern and Western zones.
- **Integral maintenance of the buildings of the General Directorate of Police in Madrid:**
The General Directorate of the Police has awarded Tecnocontrol Servicios the preventive, technical-legal and corrective maintenance of 77 buildings and units distributed throughout the province of Madrid.

▪ **Air conditioning of the airports of Reus and Alicante-Elche:**

AENA has awarded SANJOSE Constructora the renovation and installation works for the air conditioning of both airports.

▪ **Conservation of the gardens of National Heritage of Spain:**

National Heritage has awarded the joint venture formed by SANJOSE Constructora, Valoriza and El Ejidillo Viveros Integrales, the most unique garden conservation contract in Spain. In total, more than 600 hectares and some 6,345 trees are preserved in locations as unique as the palaces of La Granja de San Ildefonso, Aranjuez, El Pardo and El Escorial.

▪ **Hotel RIU Palace Santa María 5* in Salt island (Cape Verde):**

Cabotel - Hotelaria e Turismo Lda has awarded SÃOJOSE Construtora Cape Verde the execution of 5 buildings of three heights, which will add more than 45,000 m2 of built surface, and will house 743 rooms and a restaurant, mainly.

▪ **Hotel H10 Hoyo de Esparteros 4* in Malaga:**

Doncella Inversiones has awarded SANJOSE Constructora the construction works for a 138-room hotel. The project, designed by the Rafael Moneo Pritzker Prize, involves 20,000 m2 of built surface, includes an office building, parking spaces for 220 cars, as well as the reconstruction of a 19th-century building known as La Mundial

▪ **Remodelling of the Ludovice Palace in Lisbon (Portugal) as a 5* star hotel:**

Imohine has awarded SANJOSE Constructora Portugal Stage II of the remodelling works of the Ludovice Palace in Lisbon, of about 5,000 m2, as well as its conversion into a five-star hotel with 62 rooms. Stage I has also been executed by SANJOSE.

▪ **Hotel Netto 5* in Sintra:**

Restelo Aul Exploração Turística has awarded SANJOSE Constructora Portugal Stage II (Installations and finishes) of a new boutique hotel with 31 rooms. SANJOSE has also executed Stage I.

▪ **The Largo Hotel, Oporto (Portugal):**

919 By E&B Portugal, S.A. has awarded SANJOSE Constructora Portugal Stage I of the works of a new hotel located in the Rua de Largo de São Domingos. The work to be done consists mainly of demolition, containment of the façade and peripheral, earthworks, foundations and structure.

▪ **Martinhal Elegant Residences in Lisbon (Portugal):**

Elegant Residences, S.A. has awarded SANJOSE Constructora Portugal the execution works of a building of about 35,000 m² of built surface distributed in two underground floors for 142 parking spaces and 16 above ground that will house 162 homes in an aparthotel system.

▪ **White Shell 4* in Porches - Lagoa, Algarve (Portugal):**

VGPT III - Investimentos Imobiliários, Unipessoal Lda has awarded SANJOSE Constructora Portugal the construction of a tourist complex of more than 11,000 m² that will have 55 housing units distributed in 20 villas, swimming pool, spa, sports centre, parking and a Club House It houses the reception and services for the entire premises.

▪ **Hostel in Seville:**

Eurhostels Hostelier Cartuja has awarded the execution of a tourist hostel with 31 rooms and 148 parking spaces with access for Buiza and Mesaque Street and Goyeneta Street, in Seville.

▪ **Administrative complex Martinhal Expo Offices, Lisbon (Portugal):**

SPPP - Praça Principe Perfeito, SA has awarded SANJOSE Constructora Portugal the execution works of the administrative complex "Martinhal Expo Offices" of 41,000 m² of built surface.

▪ **New Ciudad de la Tele in Tres Cantos (Madrid):**

Secuoya Group awarded SANJOSE Constructora Stage II of the construction works of this complex that houses the Corporate Headquarters of the Secuoya Group and the first Netflix production headquarters in Europe Stage II contemplates acting on a constructed area exceeding 12,000 m2. Stage I, also carried out by SANJOSE, represented approximately 10,000 m2 of constructed area

▪ **RTVE studies in San Cugat del Vallés, Barcelona:**

The Spanish Radio and Television Corporation has awarded SANJOSE Constructora the works to adapt the air conditioning installations of the RTVE studios located in San Cugat del Vallés, Barcelona.

▪ **Estrella Galicia factory in A Coruña.**

Hijos de Rivera, S.A. has awarded SANJOSE Constructora the expansion works of the A building at its facilities in A Coruña. The new premises, 78 meters wide, 87 long and 26 high, will have a metallic panel finish, similar to the existing ones.

▪ **Factory of Nivea in Tres Cantos, Madrid:**

Beiersdorf Manufacturing Tres Cantos has awarded SANJOSE Constructora the expansion works of its facilities in the northern town of Madrid, which will involve more than 11,000 m² of new built surface.

▪ **Shopping Centres Xanadú and Parque Corredor, Madrid:**

Madrid Xanadú 2003 SL and Riv Corredor have entrusted SANJOSE Constructora various improvement works of their respective shopping centres. Both involved a built surface of more than 100,000 m².

▪ **Four residential building in Almarjão, Miraflores - Oeiras (Portugal):**

Parquesoles Inmobiliaria y Proyectos - Inwestimentos Inmobiliarios has awarded SANJOSE Constructora Portugal the construction of a residential complex consisting of 4 buildings, which will house 100 homes and will cover 26,651 m² of constructed area.

▪ **Residences for the elderly in Igualada and Cerdanyola del Vallès, Barcelona:**

Healthcare Activos Inmobiliarios has awarded SANJOSE Constructora the refurbishment of two buildings and their transformation into residences in the two towns. Both involved 6,000 m² of built surface and 167 bed.

▪ **CEIP O Revel - Vilalonga, Pontevedra:**

The Xunta de Galicia has awarded SANJOSE Constructora the construction of a new school with a capacity for 450 students and an approximate constructed area of 4,000 m².

▪ **Special educational centre in Rivas Vaciamadrid (Madrid)**

Supera Rivas, S.L. has awarded SANJOSE Constructora the construction of a new Supera Sports Center of approximately 8,000 m² of constructed area, located on Avenida de la Tierra s/n of the Madrid town.

▪ **Housing in Spain:**

During 2019, SANJOSE has been awarded several projects, to be highlighted among others: the Sabina complex in Cala Tarida - Ibiza, General Oraá 9 in Madrid, Llul in Palma de Mallorca, Barqueta Gate in Seville, Lagasca 38 in Madrid, Tabit in El Cañaveral - Madrid, Zorroaga supervised apartments in San Sebastián, Serenity Collection in Estepona Málaga, García de Paredes 4 in Madrid, Célere Vega in Málaga, Castillejo 95 in Las Palmas de Gran Canaria, Lantana in Córdoba, Bagaria in Cornellá de Llobregat - Barcelona, Azara in Alicante, Plaza Duque de Pastrana 7 in Madrid, social housing units in Barakaldo - Vizcaya, Célere Cuatro Caminos in A Coruña, Pier I in Rota - Cádiz, Torre Patraix in Valencia, Claudio Coello 108 of Madrid, Park & Residential Palace in Madrid

These projects add more than 1,372 housing units and 200,000 m² of built surface.

AWARDS AND RECOGNITIONS

▪ **SANJOSE among the 100 largest construction companies worldwide according to Deloitte:**

“Global Powers of Construction 2018”, prepared by the consulting firm Deloitte, analyses the state of the construction industry and examines the strategies of the main companies in the sector worldwide. Likewise, it includes a ranking of the 100 largest global construction companies by sales, in which Grupo SANJOSE is included.

▪ **Hotel Pestana Collection Plaza Mayor 4* in Madrid Best New Hotel Boutique in Europe 2019 at “The Boutique Hotel Awards”:**

Recently elected by an expert jury, among more than 300 hotels in 80 countries. The hotel built by SANJOSE, after the remodelling of the old “Casa de la Carnicería” and a fire station, is the first hotel in history in this famous square in its more than 400 years of history, and has 89 rooms, several spaces for events and outdoor pool on the top floor of the building. Also note that Hotel Pestana Collection Plaza Mayor, opened in May 2019, is the only Spanish hotel nominated for the “International Hospitality Awards” hotel award, specifically in the categories of “Best Historical Hotel” and “Best Design Hotel”.

OTHER MILESTONES

▪ **Inauguration of the largest shopping centre in the south of Gran Canaria:**

Last November, the Mogan Mall of Puerto Rico, Gran Canaria, built by SANJOSE, was inaugurated. It is a new shopping centre, with more than 44,000 m² of built surface, designed as an open space where you can find 71 shops and 750 parking spaces.

▪ **Opening of the PortoBay Flores 5* hotel Porto (Portugal):**

This new hotel built by SANJOSE, located in the historic centre, which perfectly blends the Dos Ferrazes Palace (16th century) with a new building opened last September. The new hotel, with 66 rooms, has, among other facilities, a restaurant, bar, spa, gym, indoor pool, meeting room, a restored 18th-century chapel, etc.

▪ **Opening of the 5* The One Palacio da Anunciada Hotel, Lisbon (Portugal)**

Last March, this hotel was inaugurated in the heart of Lisbon, with 83 rooms it spreads over two buildings. The building, whose construction dates from 1533, retains all the majesty of the 16th century after the works carried out by UDRA Constructora Portugal

▪ **Opening of the Hospital of Cáceres:**

In January 2019, this new health infrastructure was inaugurated and serves some 2,500 patients per month. The hospital, built by SANJOSE Constructora in JV with Magenta, has 56,000 m² of built surface, 207 beds, 15 operating rooms, 56 external consultations, about 2,000 m² for the Emergency Department, laboratories, 793 parking spaces, etc.

2. MAIN CONSOLIDATED FIGURES

Main consolidated figures of Grupo SANJOSE for year 2019, having recorded a EUR 163.2 million profit versus the EUR 18.2 million in the previous year,

Thousands of euros

| | Grupo SANJOSE | | |
|----------------------------------|---------------|---------|---------|
| | Dic. 19 | Dic. 18 | Var.(%) |
| Revenue | 958,249 | 758,423 | 26.3% |
| Operating cash flow (EBITDA) | 52,190 | 51,680 | 1.0% |
| | EBITDA margin | 5.4% | 6.8% |
| Ordinary operating profit (EBIT) | 23,212 | 41,031 | -43.4% |
| | EBIT margin | 2.4% | 5.4% |
| Earnings before tax | 176,237 | 26,996 | 552.8% |
| Income tax | -13,056 | -8,828 | 47.9% |
| Profit/(Loss) for the period | 163,181 | 18,168 | 798.2% |

To be highlighted:

- **26.3% increase of turnover, standing at EUR 958.2 million in 2019.**
- **EBITDA stands at EUR 52.2 million.**
- **Profit before tax stands at EUR 176.2 million.**
- **Net profit for the period stands at EUR 163.2 million.**

Turnover

Net revenue of Grupo SANJOSE for year 2019 stands at EUR 958.2 million, experiencing a 26.3% increase compared to the previous year.

The main activity of Grupo SANJOSE is Construction, which currently represents more than 90% of the total turnover for the Group in the period, and accounts for 70% of the Group's total portfolio at the end of the 2019. The turnover of this line of activity in 2019 stands at EUR 862.3 million, experiencing a 27.6% growth with respect to the figure obtained in the previous year.

Likewise, during the year 2019, the recovery of income from the real estate activity carried out in Peru has been revealed. The net amount of the turnover of this line of activity amounts to EUR 12.8 million in 2019, compared to EUR 3.8 million obtained in the previous year.

The Energy and Concessions and Services business lines are maintained during 2019 at activity levels in line with those obtained in the previous year.

Revenue of Grupo SANJOSE by type of activity is as follows:

Thousands of euros

| Revenues by activity | Grupo SANJOSE | | | | |
|--------------------------------------|----------------|-------|----------------|-------|--------------|
| | Dic. 19 | | Dic. 18 | | Var.(%) |
| Construction | 862,316 | 90.0% | 675,961 | 89.0% | 27.6% |
| Real estate and property development | 12,778 | 13% | 3,761 | 0.5% | 239.7% |
| Energy | 9,494 | 10% | 9,711 | 13% | -2.2% |
| Concessions and services | 49,765 | 5.2% | 50,875 | 6.7% | -2.2% |
| Adjustment and other | 23,896 | 2.5% | 18,115 | 2.4% | 31.9% |
| TOTAL | 958,249 | | 758,423 | | 26.3% |

The diversification of the turnover at geographical level is one of the strengths of the Group. The international turnover of the Group in year 2019, experienced a growth of 13.3% and contributed 46% of the total turnover of the Group.

Likewise, the national market presents an important growth of 39.9% in turnover compared to year 2018, reaching EUR 521.5 million and representing 54% of the Group's income.

Thousands of euros

| Revenues by geography | Grupo SANJOSE | | | | |
|-----------------------|----------------|-----|----------------|-----|--------------|
| | Dic. 19 | | Dic. 18 | | Var.(%) |
| National | 521,532 | 54% | 372,893 | 49% | 39.9% |
| International | 436,717 | 46% | 385,530 | 51% | 13.3% |
| TOTAL | 958,249 | | 758,423 | | 26.3% |

Profit:

EBITDA of Grupo SANJOSE for year 2019 amounts to EUR 52.2 million, with a 5.4% margin on net revenue.

EBITDA contributed by the construction activity during year 2019 amounts to EUR 39.8 million, experiencing growth compared to the previous year of 8.4%, and representing more than 76% of the Group's total EBITDA

It is worth mentioning the favourable evolution experienced in 2019 in the EBITDA of the outstanding lines of activity: Energy presents an EBITDA growth of 15.2%; Concesiones y Servicios increases its EBITDA by 8.8%.

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EBITDA breakdown by activity is as follows:

Thousands of euros

| EBITDA by activity | Grupo SANJOSE | | | | |
|--------------------------------------|---------------|-------|---------------|-------|-------------|
| | Dic. 19 | | Dic. 18 | | Var.(%) |
| Construction | 39,791 | 76.3% | 36,695 | 71.1% | 8.4% |
| Real estate and property development | 1,785 | 3.4% | 27 | 0.1% | 6515.4% |
| Energy | 3,117 | 6.0% | 2,705 | 5.2% | 15.2% |
| Concessions and services | 2,498 | 4.8% | 2,297 | 4.3% | 8.8% |
| Adjustment and other | 4,999 | 9.6% | 9,956 | 19.3% | -49.8% |
| TOTAL | 52,190 | | 51,680 | | 1.0% |

The Net Operating Income (EBIT) of the SANJOSE Group for the year 2019 stands at 23.2 million euros.

Profit before tax of Grupo SANJOSE for the year ending 31 December 2019 stands at EUR 176.2 million.

During year 2019, the Group sold to “Merlin Properties Socimi, S.A.” shares representing 14.46% of the capital of the company “Distrito Castellana Norte, S.A.” (company that owns the real estate rights that make up the urban development called “Madrid Nuevo Norte”), for an amount of EUR 168.9 million¹, proceeding to the full amortisation of the syndicated financial debt and cancellation of the warrants issued.

At 31 December 2019, the Group holds a 10% interest in the share capital of “Distrito Castellana Norte, S.A.”, as well as representation in its management body.

The net treasury position of Grupo SANJOSE at the end of 2019 financial year is placed in a positive cash amounting to EUR 126.9 million.

¹ The consideration established has been a cash payment of EUR 168.9 million and a loan granted by the buyer for an amount of EUR 129.1 million, consisting of two tranches, outstanding repayment at 31 of December 2019 the amount corresponding to tranche A, amounting to 86.4 million.

3. ANALYSIS BY ACTIVITY

3.1 Construction:

The turnover of this line of activity in 2019 stands at EUR 862.3 million, experiencing a 27.6% growth with respect to the figure obtained in the previous year.

EBITDA stands at EUR 39.8 million, reaching a 8.4% increase with regards to year 2018.

Profit before tax of Grupo SANJOSE for 2019 stands at EUR 56.6 million, experiencing a 97.3% increase compared to the previous year.

At the end of this year, the volume of construction portfolio contracted by the Group amounts to EUR 1,312 million, practically maintaining the existing levels at the end of 2018 (EUR 1,334 million).

Thousands of euros

| CONSTRUCTION | Grupo SANJOSE | | |
|---|---------------|---------|---------|
| | Dic. 19 | Dic. 18 | Var.(%) |
| Revenue | 862,316 | 675,961 | 27.6% |
| Earnings before interest, taxes, D&A (EBITDA) | 39,791 | 36,695 | 8.4% |
| EBITDA margin | 4.6% | 5.4% | |
| Earnings before interest and taxes (EBIT) | 20,262 | 27,296 | -25.8% |
| EBIT margin | 2.3% | 4.0% | |
| Earnings before tax | 56,641 | 28,703 | 97.3% |

Breakdown of revenue of this line of activity of Grupo SANJOSE, classified by main project type and geographic area, is as follows:

Thousands of euros

| DETAIL OF CONSTRUCTION REVENUES | National | | Internac. | | Total | |
|---------------------------------|----------------|------------|----------------|------------|----------------|-------|
| Civil works | 54,741 | 11.8% | 45,260 | 11.4% | 100,001 | 11.6% |
| Non residential building | 229,549 | 49.4% | 210,988 | 52.9% | 440,537 | 51.1% |
| Residential building | 167,055 | 36.0% | 140,076 | 35.0% | 307,131 | 35.6% |
| Industrial | 12,414 | 2.7% | 0 | 0.0% | 12,414 | 1.4% |
| Others | 822 | 0.2% | 1,411 | 0.4% | 2,234 | 0.3% |
| TOTAL | 464,581 | 54% | 397,735 | 46% | 862,316 | |

International construction revenue for year 2019 stands at EUR 397.7 million, with an 11.8% increase compared to the data recorded in the previous year, and it accounts for 46% of the total of this line of activity.

Domestic sales stand at EUR 464.6 million versus the EUR 320.2 million recorded for the previous year, recording a 45.1% increase.

3.2 Real Estate:

The main real estate activity carried out by the Group during year 2019 has been that corresponding to the development, commercialisation and delivery of the first housing units in the “Condominio Nuevavista” residential development, in Lima, Peru. The project foresees the construction of a total of 1,104 housing units arranged into 10 buildings, whose works began in the previous year

During year 2019, the Group has made deliveries corresponding to Phases I and II, for a total of 200 homes, what has allowed the Group to recover income levels from previous years

Currently, stages III and IV (128 housing units each) of the aforementioned development are in progress, presenting satisfactory levels of commercialisation and the delivery of both stages during 2020.

Turnover in 2019 corresponding to the SANJOSE Group Real Estate activity stands at EUR 12.8 million, resulting in an EBITDA of EUR 1.8 million, representing a margin of 14% over the revenue figure

The Group includes in this activity the shareholding in “Distrito Castellana Norte, S.A.”, also including the benefit derived from the partial sale of the participation, carried out during year 2019

Thousands of euros

| REAL ESTATE AND PROPERTY DEVELOPMENT | Grupo SANJOSE | | |
|---|----------------------|----------------|----------------|
| | Dic. 19 | Dic. 18 | Var.(%) |
| Revenue | 12,778 | 3,761 | 239.7% |
| Earnings before interest, taxes, D&A (EBITDA) | 1,785 | 27 | 6515.4% |
| EBITDA margin | 14.0% | 0.7% | |
| Earnings before interest and taxes (EBIT) | -4,848 | -633 | 666.0% |
| EBIT margin | -37.9% | -16.8% | |
| Earnings before tax | 138,415 | -6,311 | -- |

3.3 Energy:

Turnover corresponding to year 2019 for this line of activity stands at EUR 9.5 million.

EBITDA corresponding to year 2019 of this line of activity stands at EUR 3.1 million compared to the EUR 2.7 million obtained in the previous year, representing a growth of 15.2%.

Thousands of euros

| ENERGY | Grupo SANJOSE | | |
|---|----------------------|----------------|----------------|
| | Dic. 19 | Dic. 18 | Var.(%) |
| Revenue | 9,494 | 9,711 | -2.2% |
| Earnings before interest, taxes, D&A (EBITDA) | 3,117 | 2,705 | 15.2% |
| EBITDA margin | 32.8% | 27.9% | |
| Earnings before interest and taxes (EBIT) | 1,929 | 1,446 | 33.4% |
| EBIT margin | 20.3% | 14.9% | |
| Earnings before tax | 1,494 | 914 | 63.5% |

The percentage of EBITDA on sales of this business activity corresponding to year 2019 stands at 32.8% (27.9% in 2018).

For the portfolio of this line of activity, in addition to the normal production and exploitation of the contracts in force, the Group carries out regular reviews due to the effect of the regulatory changes and the estimated occupancy and demand levels, making the necessary adjustments when appropriate.

Grupo SANJOSE has a total contract backlog for this line of activity amounting to EUR 392 million at the end of year 2019, which shall be translated as more activity of the group during a period of 25 years.

3.4 Concessions and Services:

Turnover corresponding to year 2019 for this line of activity stands at EUR 49.8 million.

EBITDA for 2019 increased by 8.8%, amounting to EUR 2.5 million, representing a 5.0% margin on sales (4.5% in 2018).

Thousands of euros

| CONCESSIONS AND SERVICES | Grupo SANJOSE | | |
|---|----------------------|----------------|----------------|
| | Dic. 19 | Dic. 18 | Var.(%) |
| Revenue | 49,765 | 50,875 | -2.2% |
| Earnings before interest, taxes, D&A (EBITDA) | 2,498 | 2,297 | 8.8% |
| EBITDA margin | 5.0% | 4.5% | |
| Earnings before interest and taxes (EBIT) | 1,334 | 1,576 | -15.3% |
| EBIT margin | 2.7% | 3.1% | |
| Earnings before tax | 5,030 | 5,936 | -15.3% |

At the closing of 2019, contract backlog of this line of activity amounted to EUR 164 million.

4. FINANCIAL STATEMENTS

Consolidated Income Statement

Thousands of euros

| | Grupo SANJOSE | | | | |
|---|----------------|---------------|----------------|---------------|---------------|
| | Dic. 19 | | Dic. 18 | | Variac. |
| | Amount | % | Amount | % | |
| Revenue | 958,249 | 100.0% | 758,423 | 100.0% | 26.3% |
| Other operating income | 15,397 | 1.6% | 11,816 | 1.6% | 30.3% |
| Change in inventories | -616 | -0.1% | 1,933 | 0.3% | -- |
| Procurements | -665,993 | -69.5% | -507,779 | -67.0% | 31.2% |
| Staff costs | -142,956 | -14.9% | -116,801 | -15.4% | 22.4% |
| Other operating expenses | -111,890 | -11.7% | -95,912 | -12.6% | 16.7% |
| EBITDA | 52,190 | 5.4% | 51,680 | 6.8% | 1.0% |
| Amortisation charge | -10,867 | -1.1% | -5,040 | -0.7% | 115.6% |
| Impairment on inventories | -6,382 | -0.7% | -258 | 0.0% | 2372.0% |
| Changes in trade provisions and other impairment | -11,730 | -1.2% | -5,351 | -0.7% | 119.2% |
| EBIT | 23,212 | 2.4% | 41,031 | 5.4% | -43.4% |
| Ordinary financial results | 21,888 | 2.3% | -8,764 | -1.2% | -- |
| Changes in fair value for financial instruments | -158 | 0.0% | -2 | 0.0% | - |
| Foreign exchange results and others | -7,530 | -0.8% | 1,221 | 0.2% | -- |
| Impairment and profit/(loss) from disposal of financial instruments | 142,980 | 14.9% | -6,578 | -0.9% | -- |
| NET FINANCIAL RESULT | 157,180 | 16.4% | -14,123 | -1.9% | -- |
| Results on equity method | -4,155 | -0.4% | 88 | 0.0% | -- |
| PROFIT BEFORE TAX | 176,237 | 18.4% | 26,996 | 3.6% | 552.8% |
| Income tax | -13,056 | -1.4% | -8,828 | -1.2% | 47.9% |
| CONSOLIDATED PROFIT | 163,181 | 17.0% | 18,168 | 2.4% | 798.2% |

- **Provisions, personnel expenses and other operating expenses:** in general, the increase in these items experienced during the year 2019 is due to the increase in the level of activity of the Group during the year (increase in the net amount of the turnover 26.3%).
- **Financial result:** very significant increase in year 2019, mainly due to the profit obtained in the sale of shares representing 14.46% of the capital of the company "Distrito Castellana Norte, S.A." and in the total amortisation of the syndicated financial debt of the Group.
- **Profit for the period:** profit for the period amounts to EUR 163.2 million (EUR 18.2 million for year 2018).
- **Adjustment for inflation in hyperinflationary economies:** as a consequence of the fact that during 2018 the Argentine economy was classified as "hyperinflationary", during 2018 and 2019, the Group has made the necessary adjustments. In the year 2019, the Group has recorded a loss for a total of 3.9 million euros

Consolidated Balance sheet:

Thousands of euros

| | Dic. 19 | | Dic. 18 | | Var. |
|---|------------------|---------------|----------------|---------------|---------------|
| | Amount | % | Amount | % | |
| Intangible assets | 17,577 | 1.8% | 18,079 | 1.8% | -2.8% |
| Property, plant and equipment | 76,949 | 7.7% | 71,033 | 7.1% | 8.3% |
| Real state investments | 9,542 | 1.0% | 10,731 | 1.1% | -11.1% |
| Investments accounted for using the equity method | 20,295 | 2.0% | 40,422 | 4.1% | -49.8% |
| Long term financial investments | 51,294 | 5.1% | 87,738 | 8.7% | -41.5% |
| Deferred taxes assets | 34,462 | 3.4% | 36,558 | 3.7% | -5.7% |
| Goodwill on consolidation | 9,984 | 1.0% | 9,984 | 1.0% | 0.0% |
| TOTAL NON-CURRENT ASSETS | 220,102 | 22.0% | 274,545 | 27.6% | -19.8% |
| Inventories | 109,879 | 11.0% | 114,885 | 11.5% | -4.4% |
| Trade and other receivables | 350,634 | 35.1% | 259,865 | 26.1% | 34.9% |
| Other short term financial investments | 82,761 | 8.3% | 58,166 | 5.8% | 42.3% |
| Short-term accruals | 3,851 | 0.4% | 4,902 | 0.5% | -21.4% |
| Cash and cash equivalents | 233,045 | 23.3% | 283,434 | 28.5% | -17.8% |
| TOTAL CURRENT ASSETS | 780,170 | 78.0% | 721,252 | 72.4% | 8.2% |
| TOTAL ASSETS | 1,000,272 | 100.0% | 995,797 | 100.0% | 0.4% |

Thousands of euros

| | Dic. 19 | | Dic. 18 | | Var. |
|---|------------------|---------------|----------------|---------------|---------------|
| | Amount | % | Amount | % | |
| Equity attributable to shareholders of the parent | 135,947 | 13.6% | 81,079 | 8.1% | 67.7% |
| Minority interest | 27,123 | 2.7% | 24,262 | 2.3% | 11.8% |
| TOTAL EQUITY | 163,070 | 16.3% | 105,341 | 10.6% | 54.8% |
| Long term provisions | 44,774 | 4.5% | 40,121 | 4.0% | 11.6% |
| Long term financial liabilities | 132,833 | 13.2% | 252,084 | 25.3% | -47.3% |
| Long term derivative financial contracts | 169 | 0.0% | 351 | 0.0% | -51.9% |
| Deferred taxes liabilities | 24,261 | 2.4% | 25,635 | 2.6% | -5.4% |
| Long-term accruals | 864 | 0.1% | 865 | 0.1% | -0.1% |
| TOTAL NON CURRENT LIABILITIES | 202,901 | 20.3% | 319,056 | 32.0% | -36.4% |
| Short term provisions | 32,932 | 3.3% | 31,227 | 3.1% | 5.5% |
| Short term financial liabilities | 55,951 | 5.6% | 65,759 | 6.6% | -14.9% |
| Trade accounts and other current payables | 545,418 | 54.5% | 474,414 | 47.7% | 15.0% |
| TOTAL CURRENT LIABILITIES | 634,301 | 63.4% | 571,400 | 57.5% | 11.0% |
| TOTAL EQUITY & LIABILITIES | 1,000,272 | 100.0% | 995,797 | 100.0% | 0.4% |

- **Management net equity:** at 31 December 2019, the Group's net equity amounts to EUR 163.1 million, experiencing an increase of 54.8% over the previous year. During year 2019, the Group has significantly strengthened its equity situation, especially if it is taken into account that currently, the amount of management net equity does not include any amount derived from participative loans (at 31 December 2018, it included EUR 111.4 million corresponding to the participatory loan granted by the Parent).
- **Financial debt:** likewise, it is worth mentioning the significant reduction of the financial debt that took place during year 2019.

Consolidated Net Cash Position

Thousands of euros

| NET CASH POSITION | Dic. 19 | | Dic. 18 | | Var. |
|--|----------------|-------------|----------------|-------------|---------------|
| | Amount | % | Amount | % | |
| Other short term financial investments | 82,761 | 26.2% | 58,166 | 17.0% | 42.3% |
| Cash and cash equivalents | 233,045 | 73.8% | 283,434 | 83.0% | -17.8% |
| Total cash | 315,806 | 100% | 341,600 | 100% | -7.6% |
| Long term financial liabilities (*) | 132,833 | 70.3% | 252,084 | 79.2% | -47.3% |
| Long term derivative financial contracts | 169 | 0.1% | 351 | 0.1% | -51.9% |
| Short term financial liabilities | 55,951 | 29.6% | 65,759 | 20.7% | -14.9% |
| Total debt | 188,952 | 100% | 318,194 | 100% | -40.6% |
| TOTAL NCP | 126,853 | | 23,406 | | 442.0% |

The net treasury position at the end of 2019 is placed in a positive cash for EUR 126.9 million compared to EUR 23.4 million at the end of 2018, which represents a significant improvement in the net treasury position, having increased in the year by just over EUR103 million.

Financial debt also includes the financing of project finance without recourse for a total value of EUR 71.4 million at 31 December 2019 (EUR 105.9 million at 31 December 2018).

Consolidated cash flow statement

Thousands of Euros

| CASH FLOW | Grupo SANJOSE | |
|--|-----------------|----------------|
| | Dic. 19 | Dic. 18 |
| Cash flow from operating activities | 49,252 | 56,552 |
| Working capital | -489 | 41,291 |
| Others adjustments | -31,328 | -12,467 |
| Operating cash flow | 17,435 | 85,375 |
| Divestments / (Investments) | 159,509 | -6,236 |
| Others adjustments | 10,579 | 56,533 |
| Investment cash flow | 170,088 | 50,297 |
| Free cash flow | 187,523 | 135,672 |
| Capital flow & Minorities | -1,166 | -261 |
| Increase / (Decrease) in borrowings | -231,102 | -63,215 |
| Net interest | -1,704 | -7,180 |
| Others adjustments | -4,446 | -1 |
| Financing cash flow | -238,418 | -70,657 |
| Diferences due to changes in exchange rates | 506 | -1,715 |
| Total cash flow | -50,389 | 63,300 |

In year 2019, the resources generated by operations amount to EUR 49.3 million.

There is a significant improvement in the cash flow from investments, which amounts to EUR 170.1 million in 2019, mainly justified by the liquidity received in the partial sale transaction of the Group's stake in the "Distrito Castellana Norte, SA",

In the last two years, Grupo SANJOSE has reduced its financial debt by a total amount of EUR 294.3 million.

5. PROYECT BACKLOG

Millions of euros

| BACKLOG by segment | Grupo SANJOSE | | | | |
|---------------------------------|---------------|-------------|--------------|-------------|---------------|
| | Dic. 19 | | Dic. 18 | | Var.(%) |
| Construction | 1,312 | 70% | 1,334 | 70% | -1.7% |
| Civil works | 221 | 11.8% | 169 | 8.9% | 31.0% |
| Non residential building | 721 | 38.5% | 829 | 43.4% | -13.0% |
| Residential building | 357 | 19.1% | 331 | 17.4% | 7.7% |
| Industrial | 13 | 0.7% | 5 | 0.5% | 170.8% |
| Energy | 392 | 21% | 395 | 21% | -0.8% |
| Concessions and services | 164 | 9% | 187 | 10% | -12.3% |
| Maintenance | 24 | 1.3% | 18 | 1% | 35.8% |
| Concessions | 140 | 8.5% | 169 | 9% | -17.4% |
| TOTAL BACKLOG | 1,868 | 100% | 1,916 | 100% | -2.5% |

Millions of euros

| BACKLOG by geography | Grupo SANJOSE | | | | |
|----------------------|---------------|------------|--------------|------------|---------------|
| | Dic. 19 | | Dic. 18 | | Var.(%) |
| National | 1,165 | 62% | 1,098 | 57% | 6.1% |
| International | 703 | 38% | 818 | 43% | -14.1% |
| TOTAL BACKLOG | 1,868 | | 1,916 | | -2.5% |

Millions of euros

| BACKLOG by client | Grupo SANJOSE | | | | |
|-----------------------|---------------|------------|--------------|------------|---------------|
| | Dic. 19 | | Dic. 18 | | Var.(%) |
| Public client | 708 | 38% | 820 | 43% | -13.6% |
| Private client | 1,160 | 62% | 1,096 | 57% | 5.9% |
| TOTAL BACKLOG | 1,868 | | 1,916 | | -2.5% |

At 31 December 2019, project backlog amounts to EUR 1,868 million, very similar to that recorded in year 2018.

Similarly, there is a shift in contracting towards the private client compared to the public client, as has been shown in recent quarters.

The Construction area portfolio, the main activity of Grupo SANJOSE, stands at EUR 1,312 million at the end of the 2019 and represents 70% of the Group's total portfolio

6. LEGAL DISCLAIMER

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7. CONTACT DETAILS

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