



2019

ANNUAL REPORT



**YES TO
CHALLENGES**

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SENER GROUP



1 PRESIDENT'S LETTER



Jorge Sendagorta Gomendio, President of SENER Group.

The 2019 financial year was one of the most difficult in SENER's history, as the principal economic figures recorded indicate. The Group's sales fell to 434 million euros, and we had a consolidated after-tax loss of -3.1 million euros.

The reasons for these unfavorable results are to be found in our engineering and construction activities in the field of Energy. In this sector, a deep change in the business model continues to gather momentum: the migration from complex industrial facilities for gas, petroleum and thermoelectric generation towards units of photovoltaic

and wind generation, which are conceptually much simpler, as they are projects which require considerably less engineering input and are less complex. This migration has drastically reduced the demand for new "conventional" products, both in the form of engineering services and turnkey or EPC projects. A downturn which has for a number of years been making it difficult to secure enough new orders, and which has also tipped the balance of contracts in favor of investors. In 2019, we incurred additional costs in the completion of a number of Energy EPC projects, and this coupled with the downward trend in performance and

contracts has resulted in a situation which is forcing us to address structural changes in our Energy business unit.

We will continue to carry out engineering and EPC projects for the energy sector, although in the future we will avoid doing so in those scenarios in which the risk-benefit profile is unfairly asymmetric. A self-limitation which, in an already weak market, has inevitably led us to need to reduce the size of the Energy business unit.

This adjustment process, which will be concluded by mid-2020, will undoubtedly be tough for everyone at SENER,

given that links have extended far beyond the labor setting in the achievement and shared pride of so many important projects and contributions, in the joint efforts and hopes of creating and defending our future. But we need to take the necessary decisions to enable our company to move forward in these unprecedented times, responding to the real market conditions. We will make the necessary adjustments, working closely with the affected individuals, and we will consider all viable alternatives

to mitigate the impact. In any event, we will treat everyone with dignity and respect.

Fortunately, SENER's development and results in all other business areas have been unreservedly favorable.

**WE NEED TO TAKE
THE NECESSARY
DECISIONS IN THESE
UNPRECEDENTED TIMES**



The relocation of our Space, Science, Defense and Healthcare operations in the new subsidiary, SENER Aeroespacial, has been completed, unifying them with those of the TRYO Group, acquired in 2018. In 2019, the results of this new company were promising, even though several highly relevant perspectives were delayed during the period. We trust that these will come to fruition in 2020, laying the foundations for significant growth in the immediate future. In Transport Infrastructure and Marine Engineering, we

carried out numerous projects in 2019 worthy of note for their prominence, responsibility and technological content, while also obtaining excellent economic results. The perspectives at year-end were conducive to consolidating the positive developments in these areas.

Also highly satisfactory in 2019 were the operations, production and performance of all our investee companies in the Renewable Investments Group, namely: Torresol Energy Investments and its subsidiaries,

Gemasolar, Arcosol and Termesol, as well as Zabalgarbi.

We will get through this difficult period and we will continue to develop SENER in order to offer our clients, and society as a whole, a better service, providing our clients from all over the world with engineering solutions that are always innovative, sustainable and effective, while also responding decisively to the commitment, drive and vocation of our shareholders, executives and professionals.

Jorge Sendagorta Gomedio
President of SENER Group

2 A LOOK BACK AT 2019

SUMMARY OF THE YEAR

2.1 | MAIN FIGURES



REVENUES

€ 433.66 MILL.

REVENUES BY GEOGRAPHY

69% Sales outside Spain

31% Sales in Spain

NET RESULT

€-3.06 MILL.



NON CURRENT ASSETS

€299.99 MILL.

TOTAL ASSETS

€916.63 MILL.



R&D&I INVESTMENT

€19.62 MILL.



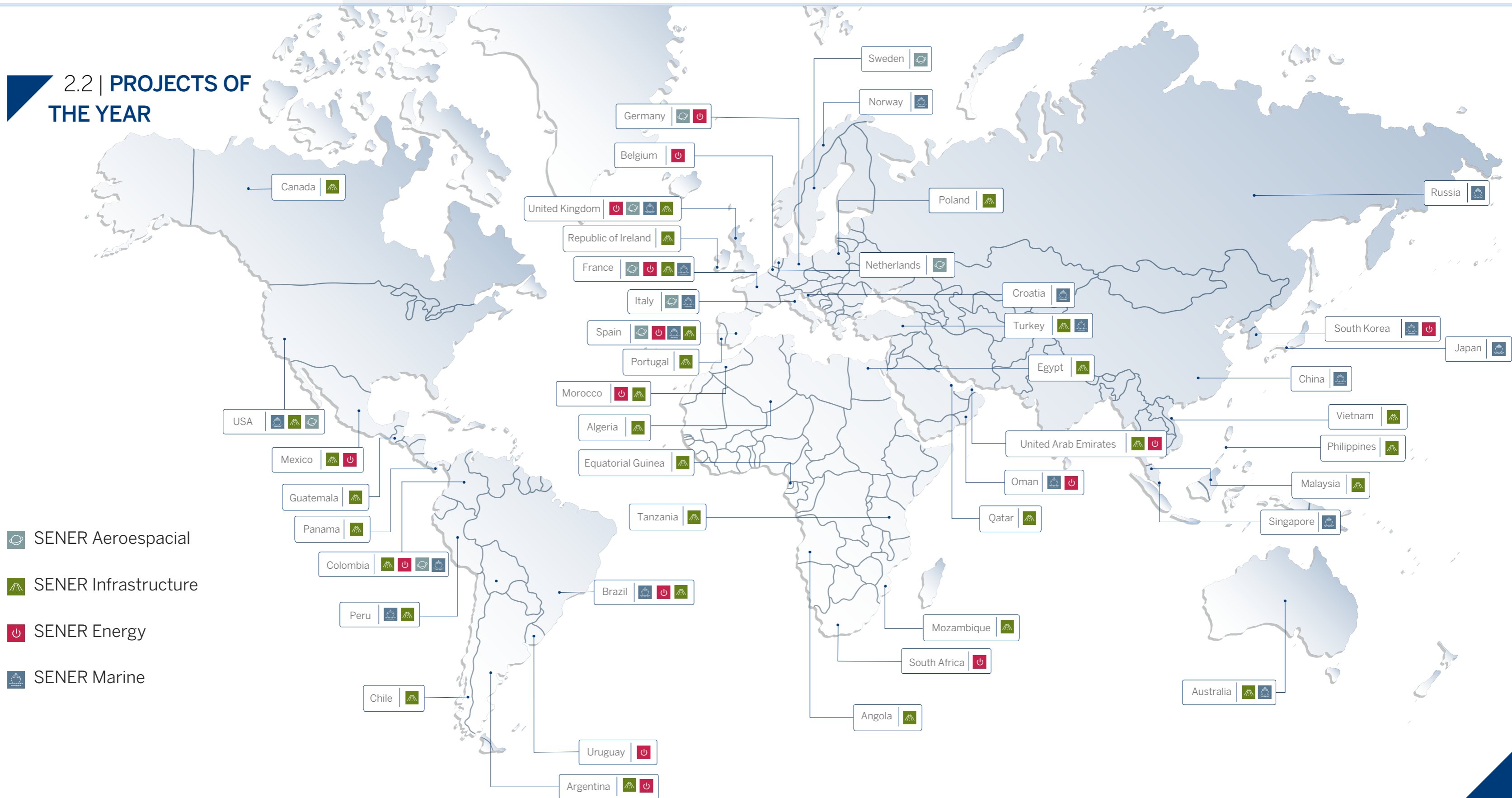
STAFF (YEAR AVERAGE)

2,429 people

STAFF (YEAR END)

2,350 people

2.2 | PROJECTS OF THE YEAR



3 A COMPANY OF VALUE

THE ADVENTURE
OF WANTING
TO EXCEL

3.1 | SHAREHOLDING STRUCTURE AND BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

- ▾ **President**
 Jorge Sendagorta Gomendio. Proprietary Director.
 🔍 ✎
- ▾ **Vice-President**
 Andrés Sendagorta McDonnell. Proprietary Director.
 ✎ 🌿
- ▾ **CEO**
 Jorge Unda Malcorra. Executive Director.
- ▾ **Board Members**

Luis Barallat Sendagorta. Proprietary Director.	👜
Jordi Canals Margalef. Independent Director.	✎ 🌿
José Galíndez Zubiría. Independent Director.	👜
Rosa García García. Independent Director.	
Juan Gich Roldán. Independent Director.	🔍 👜
Enrique Sendagorta. Proprietary Director. Until 28/06/2019.	✎ 🌿
- ▾ **Secretary (non-Board member)**
 Ignacio Guerra Gimeno.



NUMBER AND TYPE OF SHARES

€34,448,299.60
Issued and paid-up capital

830,680
Registered shares

€41.47
Par value/share



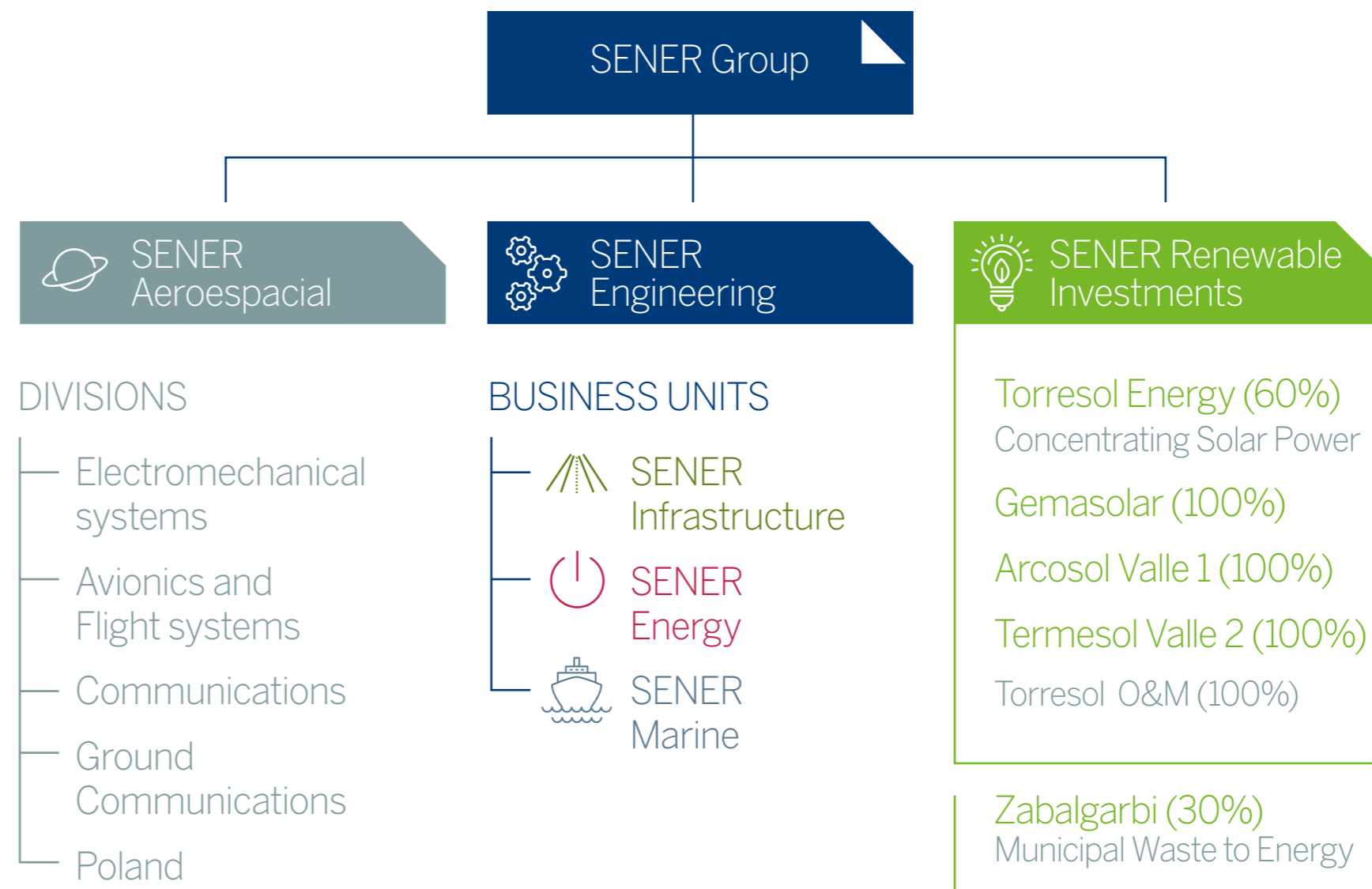
LIST OF SHAREHOLDERS

At December 31th, 2019, 100% of the shares in SENER Grupo de Ingeniería, S.A. were held by the **founding family**.

- 🔍 Audit, Risk Monitoring and Regulatory Compliance Commission
- ✎ Appointments and Remuneration Commission
- 👜 Investment Commission
- 🌿 Corporate Identity and Corporate Social Responsibility Commission

3.2 | CORPORATE STRUCTURE

The SENER Group has proceeded with its reorganization on the basis of resuming its constant vocation of developing its most industrial aspect, without losing sight of the key position that engineering must occupy. The group's organizational chart clearly reflects the separation in 2019 of the activities of SENER Aeroespacial and SENER Engineering, as well as how this led to the emergence of a third arm, under the new name of SENER Renewable Investments



4 RESULTS 2019

FIGURES

SENER GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Consolidated balance sheets of the SENER Group at December 31, 2019 and 2018

Thousand euros

Assets	2019	2018	%
Non current assets	299,995	278,022	7.9
Property, plant and equipment	23,772	15,419	54.2
Goodwill	39,655	39,579	0.2
Other intangible assets	15,179	16,263	-6.7
Real state investments	11,350	11,350	-
Investment accounted for using the equity method	69,169	52,385	32
Deferred tax assets	125,220	126,423	-1
Financial investments in equity instruments	11,359	11,012	3.2
Other accounts receivable	4,291	5,591	-23.3
Current assets	616,643	689,305	-10.5
Inventories	9,609	9,071	5.9
Trade and other receivables	235,704	324,794	-27.4
Other current assets	1,414	1,410	0.3
Cash and other cash equivalents	369,916	354,030	4.5
Total assets	916,638	967,327	-5.2

Thousand euros

Consolidated balance sheets
of the SENER Group
at December 31, 2019 and 2018

Net equity and liabilities	2019	2018	%
Net equity	521,462	523,483	-0.4
Capital and reserves attributable to the Company's shareholders	521,021	522,890	-0.4
Share capital	34,448	34,448	0
Share premium	366	366	0
Legal reserve	7,894	7,894	0
Accumulated translation differences	-14,228	-17,253	17.5
Reserve for investments in equity instruments	4,415	4,151	6.4
Hedging reserve	-23,559	-30,727	23.3
Retained earnings	511,685	524,011	-2.4
Non-controlling interests	441	593	-25.6
Non current liabilities	18,766	20,876	-10.1
Borrowings	14,318	10,375	38
Deferred income tax liabilities	3,988	7,941	-49.8
Provisions for liabilities and charges	460	2,560	-82
Current liabilities	376,410	422,968	-11
Borrowings	26,092	23,128	12.8
Trade and other payables	202,707	270,834	-25.2
Advances received for contracted work	117,283	127,591	-8.1
Financial derivatives	3	3	0
Provisions for liabilities and charges	30,325	1,412	2,047.7
Total net equity and liabilities	916,638	967,327	-5.2

Thousand euros

Consolidated profit and loss
accounts of the SENER Group
at December 31, 2019 and 2018

	2019	2018	%
Operating profit	-18,516	21,575	-185.8
Revenue	433,662	589,190	-26.4
Other operating income	6,563	3,751	75
Changes in inventories of finished products and work in progress	367	-711	151.6
Work carried out by the Group on its fixed assets	214	266	-19.5
Raw materials and other consumables	-186,519	-326,704	42.9
Employee benefit expense	-154,825	-163,151	5.1
Depreciation and impairment of fixed assets	-8,302	-4,662	-78.1
Other operating expenses	-84,610	-77,535	-9.1
Charge to provisions for liabilities	-25,838	624	-4,240.7
Other net gains/(losses)	772	507	52.3
Financial income/(expense)	1,031	473	118
Financial income	1,422	5,642	-74.8
Financial expenses	-510	-5,217	90.2
Net exchange differences	119	48	147.9
Shareholdings in the results of associates and joint ventures	15,166	7,152	112.1
Profit before taxes	-2,319	29,200	-107.9
Corporate income tax	-6,235	-18,446	66.2

Thousand euros

	2019	2018	%
Result of the financial year from continuing operations	-8,554	10,754	-179.5
Result of the financial year from discontinued operations, net of tax	5,494	10,886	-49.5
Consolidated profit/loss for the year	-3,060	21,640	-114.1
Attributable to			
Owners of the parent	-2,585	21,409	-112.1
Non-controlling interests	-475	231	-305.6

Thousand euros

Consolidated cash flow statements
of the SENER Group
at December 31, 2019 and 2018

	2019	2018	%
Cash flow from operation activities	21,167	-44,042	148.1
Result of the financial year before tax from continuing operations	-2,319	29,200	-107.9
Result of the financial year before tax from discontinued operations	5,494	10,886	-49.5
Adjustments	15,052	-12,040	225
Result of the sale of discontinued operations	-5,494	-10,886	49.5
Depreciation and impairment for PPE and other intangible assets	8,302	4,662	78.1
Changes in provisions	25,838	-624	4,240.7
Valuation adjustments due to impairment	551	2,385	-76.9
Shareholdings in the results of associates and joint ventures	-15,166	-7,152	-112.1
Result of the sale of subsidiary company	394	0	-
Financial costs	1,809	5,217	-65.3
Financial income	-1,422	-5,642	74.8
Other income and expenses	240	0	-
Changes in working capital	6,178	-66,931	109.2
Inventories	-582	109	-633.9
Trade and other receivables	86,249	-55,002	256.8
Other assets	-108	0	-
Trade and other payables	-79,381	-12,038	-559.4
Taxes paid	-2,414	-1,820	-32.6
Interests paid	-824	-3,337	75.3

Thousand euros

Consolidated cash flow statements
of the SENER Group
at December 31, 2019 and 2018

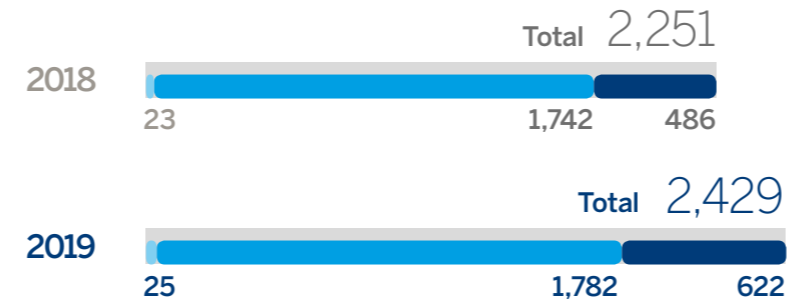
	2019	2018	%
Cash flow from investment activities	10,606	-41,508	125.6
Disposal of subsidiary, net of cash drawn down	7,834	13,544	-42.2
Acquisition of subsidiary company, net of cash acquired	0	-48,967	100
Acquisition of PPE, intangible assets and investment property	-3,332	-13,923	76.1
Payment due to Investments in associates and joint ventures	-130	-11,450	98.9
Receipts from sale of property, plant, equipment and intangible assets	75	546	-86.3
Collections received from associates and joint ventures	0	11,893	-100
Dividends received from associates and joint ventures	3,437	1,500	129.1
Other cash flows from investments activities	1,300	-293	543.7
Interest received	1,422	5,642	-74.8
Cash flow from financing activities	-15,887	-152,661	89.6
Income from borrowings	8,722	1,378	532.9
Repayment of borrowings	-13,692	-24,912	45
Dividends paid to the company's shareholders	-10,865	-129,127	91.6
Other dividends paid	-52	0	-
Net variation in cash and cash equivalents	15,886	-238,211	106.7
Cash and cash equivalents at beginning of the year	354,030	592,241	-40.2
Gain/(Losses) on exchange differences of cash and cash equivalents	0	0	-
Cash and cash equivalents at end of the year	369,916	354,030	4.5

5 A FOCUS ON PEOPLE

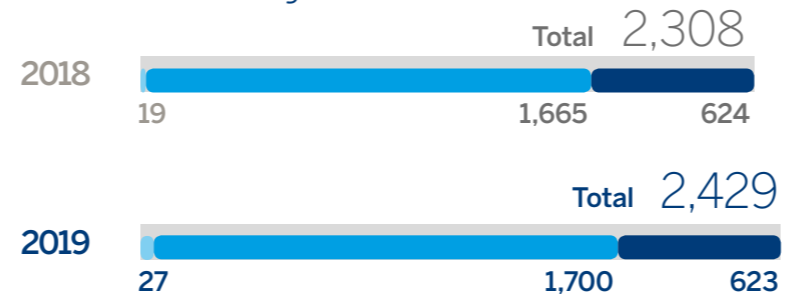
FACING THE CHALLENGE TOGETHER

5.1 | PEOPLE

Average personnel

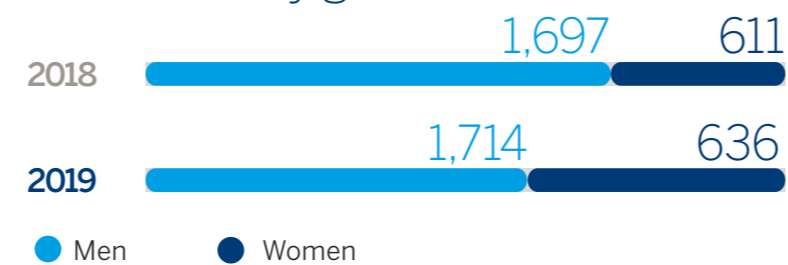


Personnel at year-end



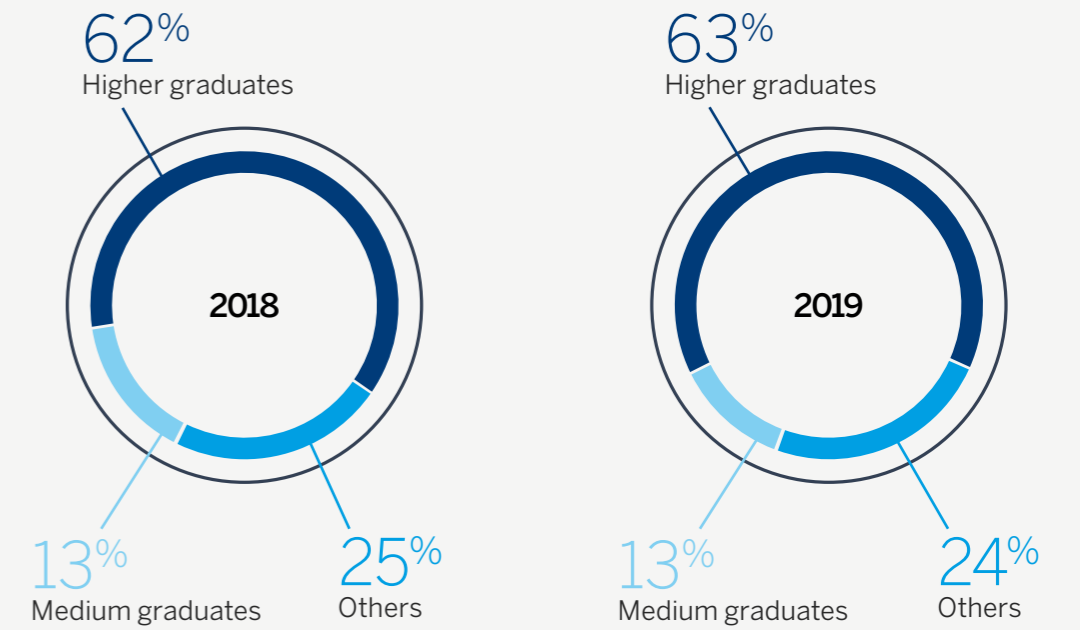
● SENER Group ● SENER Engineering ● SENER Aeroespacial

Breakdown by gender



● Men ● Women

Breakdown by qualification



IN 2019 SENER INCORPORATED NEW TALENT TO **GROW BY 7.9% IN AVERAGE PERSONNEL**

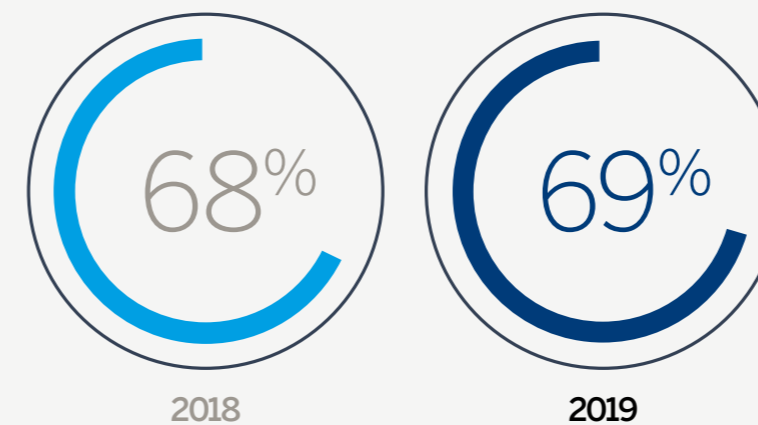
- SENER participated in the creation of the Youth Talent Program in Engineering and in the Graduate Program for the attraction and recruitment of young people.
- A common pre-welcoming and welcoming policy was defined with an international scope.
- With the aim of expanding knowledge within SENER, the Campus Sofia platform was developed, in which individuals are the managers of their own professional development.
- With the aim of improving the company's organizational capacity, a model of roles which recognizes standard posts and levels was determined, specifying the responsibilities and decision-making processes involving individuals.
- A new evaluation process was defined which enables an assessment of the specific competences of each role and of performance through results-based evaluation.
- The international mobility policy was updated.



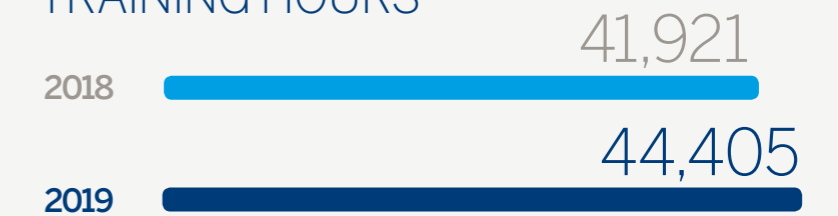
% HOURS OVER TIME WORKED



WORKFORCE INVOLVED



TRAINING HOURS



COURSES DURING WORKING HOURS



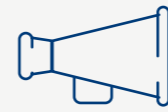
IN 2019,
**TRAINING HOURS
INCREASED BY 6%,**
AS WELL AS THE PERCENTAGE
OF TRAINING HOURS OVER
TIME WORKED

5.2 | COMMUNICATION

The SENER Communication Management team promoted responsible and transparent communication.




IN 2019, THE PRINCIPAL RESULTS AND KEY PERFORMANCE INDICATORS WERE:



In order to **increase knowledge** and the perceived importance of projects:

 **24** events
15 fairs and congresses
9 internal events


 **20** newsletters


 **41** items of value
29 videos
12 catalogs



In order to enhance the SENER brand in the **digital environment**:

 Corporate website
820,371 hits in 2019

 LinkedIn
90,553 followers (+ 42.33 % vs 2018)
2,743,276 impressions

 Youtube
81,143 views (+ 12.5 % vs 2018)
508,577 impressions (+ 32.13 % vs 2018)



In order to favorably consolidate our **corporate reputation**:

 **5,096** media appearances

Equivalent advertising value:
€10,369,961

6 DRIVEN BY INNOVATION

WHEREVER THE
CHALLENGES
TAKE US

6.1 | VISION OF INNOVATION

SENER works on a daily basis with the aim of creating an intelligent future, as it is fully aware of the change that is opening up a highly competitive, constantly changing environment. In this setting, the company is conceiving and adopting a new, more disruptive model, which will be key in the SENER Group's innovative success in the coming years.

To guarantee the implementation of this new business model, the

businesses in the group, driven by their already inherent innovative DNA, will focus their R&D strategies on four basic pillars: digitization, transversality, Big Data and a client-based approach.

With business leadership, SENER is constantly reinventing itself to provide solutions to the challenges posed by society as a whole.


SENER PV tracker in the Valle 1 and Valle 2 plants in Cádiz.




6.2 | ALLOCATED RESOURCES

 **SENER Aerospace** has worked on improving the different lines such as: antenna pointing systems for space missions; the development of the **SIROM standard robotic interface** for space applications; terrestrial navigation projects for defense applications; reception and goniometry for communications intelligence; and active/passive equipment for new flexible useful loads for communications satellites; new antenna models for primary and secondary air traffic control radar; and avionics, with the development of **Multiprocessor System on Chip technology**, which


will enable compact, flexible and efficient solutions for the management of both space and defense systems.

 At **SENER Infrastructure**, innovative solutions have been developed around **BIM** (Building Information Modeling) aimed at providing new technology implementation services. In the setting of urban transport, work has been carried out on an innovative station concept based on modularization, as well as **RESPIRA®**, a new intelligent system for ventilation management on underground systems. Work has also continued with the

development of **EXCAVA**, a platform for controlling the operating parameters of tunnel boring machines employing Artificial Intelligence, and with the development of **BLOCKSAT**, a radio-based railway signaling system for safely controlling a railway line without the need to install equipment on the track.

 **SENER Energy** has focused its efforts on reducing the costs of the principal thermosolar power plant systems, such as heliostats, storage systems and salt tanks. Progress has also been made in the development of **SENER Digital Plant**, the objective of

which is the remote monitoring of data from industrial plants for the creation of new business models from Operation and Maintenance (O&M). The **SENSOL** energy generation plant simulation software incorporates new capabilities required for the changing setting in which we find ourselves. In photovoltaic, in-house software for the techno-economic analysis and optimization of photovoltaic plants with built-in BIM methodology has been developed. Lastly, a study of Solid Urban Waste (SUW) gasification technologies has been promoted for application on an industrial scale in waste treatment plants.

 **SENER Marine** incorporated improvements to the **FORAN** system, machine learning components, artificial intelligence, analysis and treatment of Big Data.

Worthy of note in **Marine Engineering**, was the development of a new design for storage tanks for pressurized liquefied natural gas.

SENER EARMARKED
19.6 MILLION EUROS FOR R&D,
FOCUSING ITS EFFORTS
ON DIGITIZATION

6.3 | EXTERNAL HONORS AND AWARDS FOR INNOVATION

SENER Mexico **received a TOP Companies award** in the Top Reward category for its internal policies aimed at fostering technological innovation in all its projects. TOP Companies is the leading firm in the diagnosis and strengthening of organizational culture. SENER, along with ACCIONA and Kathu Solar Park,

received the **Best Sustainable Renewable Energy Project (10 MW +)** award for the Kathu Solar Park project in the 2019 African Utility Week awards. The ceremony brought together the most renowned professionals in the energy and water industries in Africa.

SENER Aeroespacial received the **Best Improver**, award, given by Airbus Defense & Space, in the Equipment & Systems category for the Inmarsat-9 METOP projects.



Recognition for Kathu Solar Park as “Best Sustainable Renewable Energy Project” in the 2019 African Utility Week awards.

6.4 | INTERNAL HONORS AND AWARDS FOR INNOVATION



16th EDITION OF THE SENER INNOVATION AWARDS

- These awards encourage innovation, an essential value on which the SENER corporate culture is based.
- They recognize the people who contribute to maintaining SENER's technological leadership and competitiveness in the market.



CATEGORY

TECHNOLOGIES AND BUSINESSES

METOP: design of high-performance receivers for meteorological radiometers. Thanks to the features developed in its MicroWave Sounder (MWS), MicroWave Imager (MWI) and Ice Cloud Imager (ICI) instruments, which offer substantial improvements in the quality of their measurements.

CATEGORY

ADVANCED TOOLS AND PROCESSES

SIRECA: Software application developed entirely in SENER for the swifter automation of tasks and the more reliable, efficient, fast and flexible implementation of projects, improving quality while reducing costs.



4th SENER Innovation Forum.

CHIEF TECHNICAL ENGINEERS



Duties

Full members of the SENER Innovation Forum and advisers on the SENER R&D&i Committee.



Members

- ▶ **Joaquín Botella Malagón**
Railways.
- ▶ **Carlos Compostizo Sañudo**
Space Mechanisms.
- ▶ **Guillermo Dierssen Sotos**
Geotechnics and tunnels.
- ▶ **Jesús María Lata Pérez**
Solar energy.
- ▶ **Carlos Miravet Fuster**
Optics and Image Processing.
- ▶ **Alfonso Muñoz Hernández**
Aerospace Actuation and Control Electronics.
- ▶ **Rafael Rebolo Gómez**
Fluid Dynamics.
- ▶ **Jaume Solé Bosquet**
Noise and Vibration Control.

7 COMMITMENT AND SUSTAINABILITY

**TODAY IS
ALREADY
TOMORROW**

7.1 | BREAKDOWN OF THE VALUE PROVIDED

	2019	2018
Production value	440,806	592,496
Operating income	440,439	593,207
Increase in stock	367	-711
Purchases	186,519	326,704
Gross margin from continuing operations	254,287	265,792
Independent professional services	19,188	11,588
Other external services	64,915	63,808
Gross added value from continuing operations	170,184	190,396
Depreciations	8,302	4,662
Other provisions	25,573	1,008
Distributable added value from continuing operations	136,309	184,726
Wages & salaries	121,353	128,515
Taxes	39,707	53,082
Debt retribution	-16,197	-7,625
Shareholders retribution	-8,554	10,754
Retained profit	-19,419	6,218
Dividends for SENER Grupo de Ingenieria, S.A. shareholders	10,865	4,536
Distributed added value from continuing operations	136,309	184,726

	2019	2018
Taxes paid	35,886	36,456
Social Security	33,472	34,636
Corporate income tax	2,414	1,820
R&D&I investment	19,628	21,207
Donations	177	170
Wages & salaries	121,353	128,515
Social contribution from continuing operations	177,044	186,348
Employees	2,350	2,308

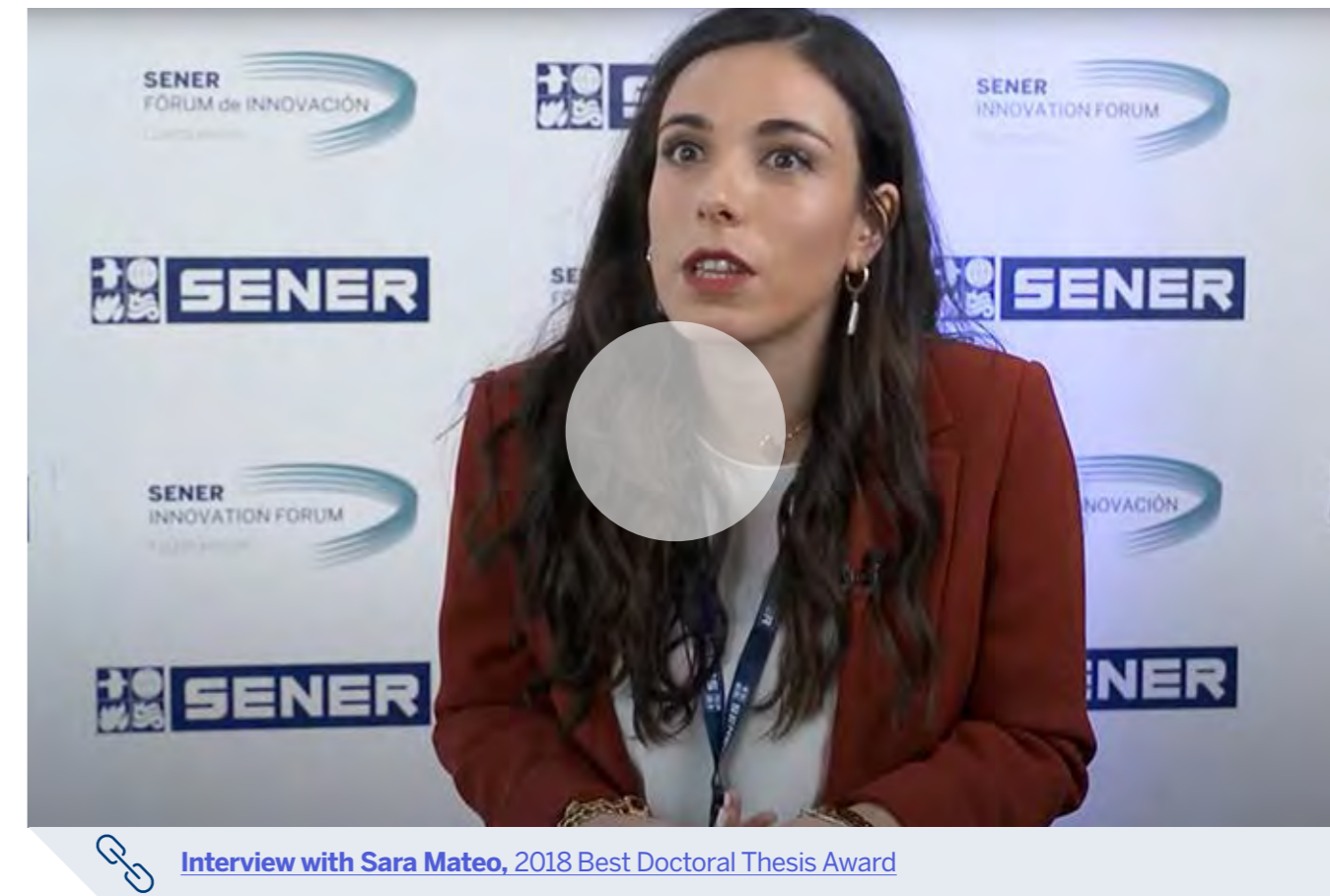
7.2 | SOLIDARITY INITIATIVES

Corporate responsibility has been part of SENER's culture since the outset. Committed to contributing to the progress of society through engineering for over six decades, SENER pursues its mission to provide a service that helps improve people's well-being. In 2019, these initiatives included, among others:

- ▶ Collaboration of SENER in Mexico with the **Casa Hogar Jaral**. Donation of personal hygiene products, toys, furniture and clothes for girls with motor and intellectual disabilities cared for by this institution.
- ▶ Collaboration with the **Bizkaia - Osakidetza Blood Donors Association** and the **Spanish Red Cross** in blood donation campaigns.
- ▶ **Donations of corporate merchandising** for charity markets for foundations, schools and NGOs.
- ▶ Donation to the **Pablo Horstmann Foundation** to improve access to health care among the child population at **Pablo Horstmann Pediatric Hospital in Lamu, Kenya**.

SENER FOUNDATION

The SENER Foundation awarded the Prize for the best doctoral thesis in engineering for works submitted in 2018. The prize was given to the thesis by Dr. Sara Mateo, for her work titled "Towards the development of highly efficient microbial fuel cells".



[Interview with Sara Mateo, 2018 Best Doctoral Thesis Award](#)

UNIVERSITY AWARDS AND PROGRAMS SPONSORED BY SENER

UC3M-SENER Aeroespacial Chair. University-business initiative for the development of a university technology demonstration satellite mission, in collaboration with the departments of Aerospace, IT, Electronic Technology and Signal and Communications theory at the Carlos III University of Madrid (UC3M).

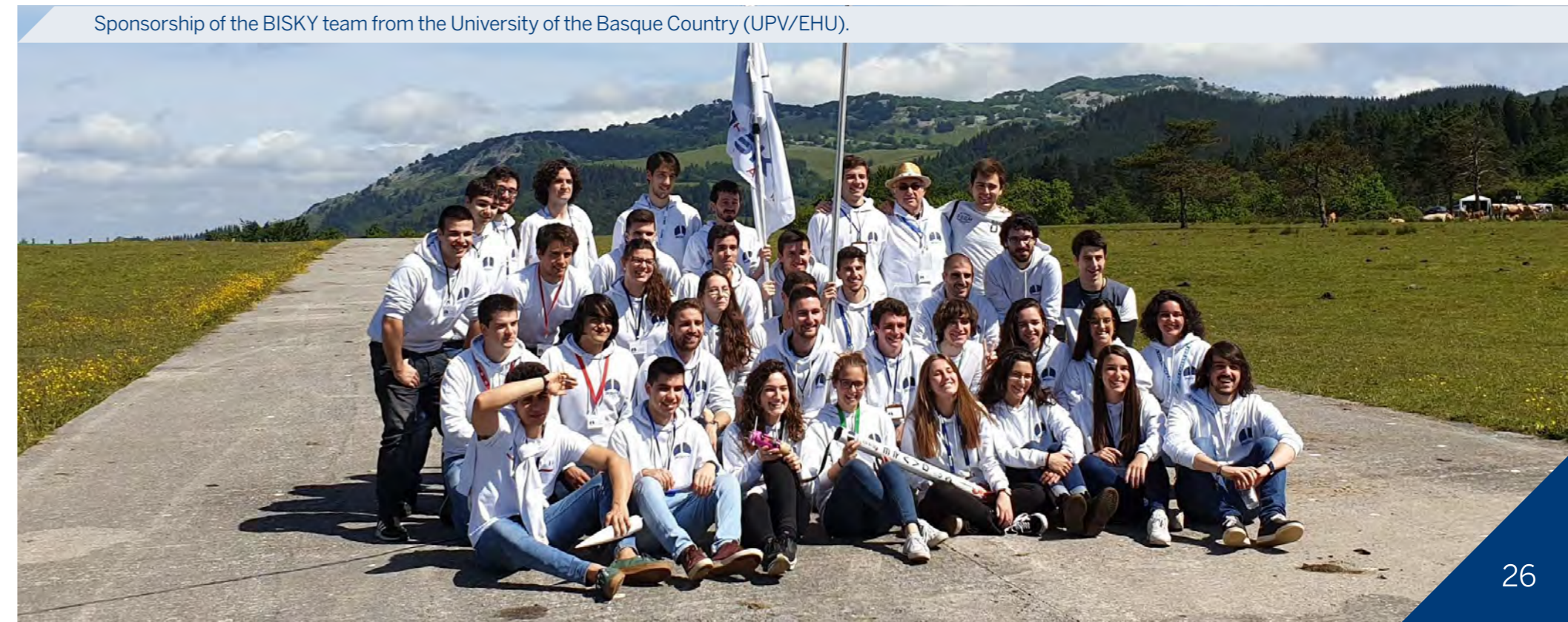
Sponsorship of Formula Student Bizkaia (FSB2019), integrally designed by the students from the Higher Technical School of Engineering of Bilbao (UPV, Spain), and mentoring of the members of the racing car creation team.

Sponsorship of the **BISKY team**, the first team of students from the University of the Basque Country (UPV/EHU) to participate in the chance of launching a rocket to the Karman line, at an altitude of 100 Km, considered to be the boundary between the Earth's atmosphere and outer space.

Participation in the **Master's degrees** in Sustainable Energy Engineering and in Research into Energy Efficiency and Sustainability in Industry, Transport, Building and Urban Planning at the University of the Basque Country, with two seminars on solar thermal energy.

Participation in the **continuous training course on BIM management** from the University of Cantabria, giving two classes on the role of the BIM manager in infrastructure and energy projects.

Participation in the **IDEAS program** for integration into teaching of civil engineering companies in the School of Civil Engineering of Santander, offering a training session on BIM in civil works.



7.3 | GOOD PRACTICES

Despite not being listed, the SENER Group has conducted a detailed analysis of the “proposal to amend certain recommendations of the Code of Good Governance of Listed Companies” published by the Spanish National Stock Market Commission (CNMV) on January 14, 2020, to align itself with the CNMV’s good governance requirements.

In 2019, the diagnosis, design and effective implementation of the model for the prevention and detection of criminal offenses was addressed in SENER Aeroespacial to respond to the need to unify

two different businesses –one internal due to a demerger and one external due to an acquisition– which configured new operations and activities, and which gave rise to new criminal risks which needed to be analyzed specifically. Accordingly, SENER has five models for the prevention and detection of criminal offenses: SENER Group, SENER Engineering, SENER Aeroespacial, Torresol Energy and SENER Mexico.

In addition, throughout 2019, in the setting of ethics and compliance, the following events were worthy of note:

- Preparation and publication of the third version of the code of conduct.
- Preparation and publication of the group’s new compliance policy.
- Review, redefinition and extension of the scope of the ethics line.
- Implementation of the third-party compliance check procedure which is integrated into the bid preparation and bid risk management processes.
- Implementation of a new corporate screening tool for integrity and background checks.
- Training of the SENER Brazil management team in matters of compliance and integrity.

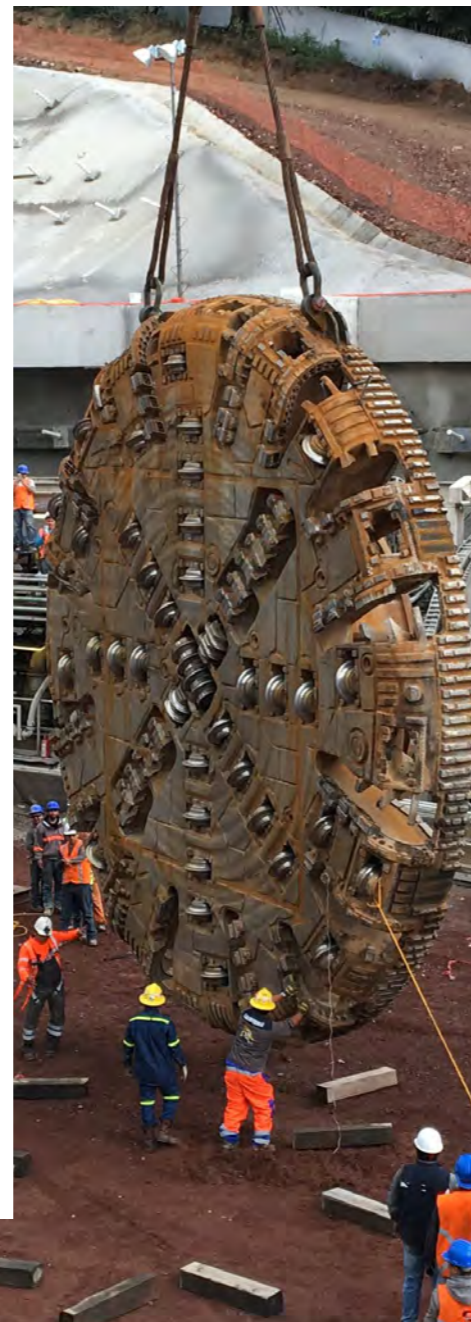
The compliance function is a clear priority for the SENER Group, which has marked out a road map and opened up a strategic reflection to cover the needs and development that compliance must address in the future, and taking an international context into account.

7.4 | HEALTH AND SAFETY, ENVIRONMENT AND QUALITY

OCCUPATIONAL HEALTH AND SAFETY

Since 2014, SENER has had a health and safety management system certified to OHSAS 18001. Since 2017, the group has been reporting accident indicators in line with the standards of the American Occupational Safety and Health Administration (OSHA), which are benchmarks in the business setting in which the company operates.

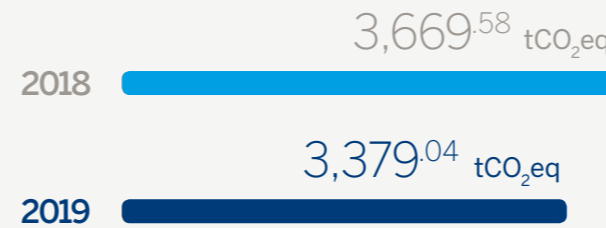
SENER RECORDED NO CASES OF WORK-RELATED ILLNESS IN 2019



SENER workers at the passenger train work site in Toluca (Mexico).

Greenhouse gas emissions

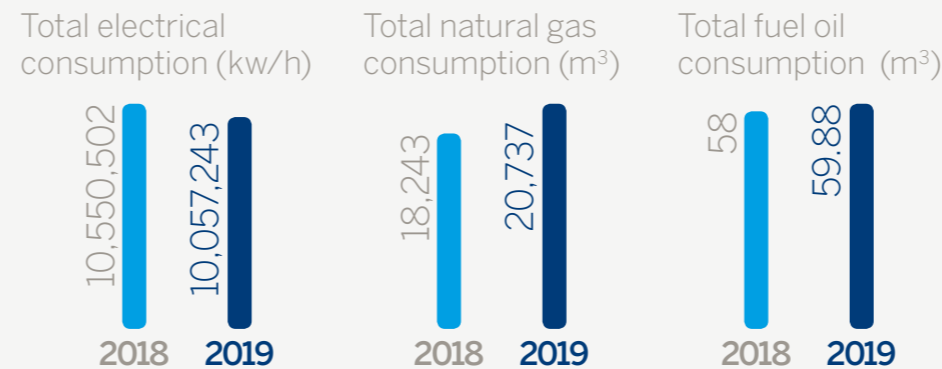
Total equivalent emission



Air, noise and light pollution

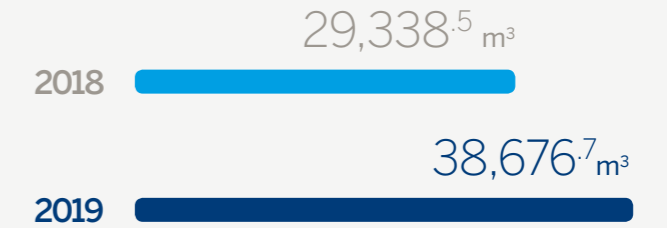
SENER's plants and facilities comply with the local legal requirements regarding emission limits.

Energy consumption



Water consumption and wastewater discharge

Total water consumption

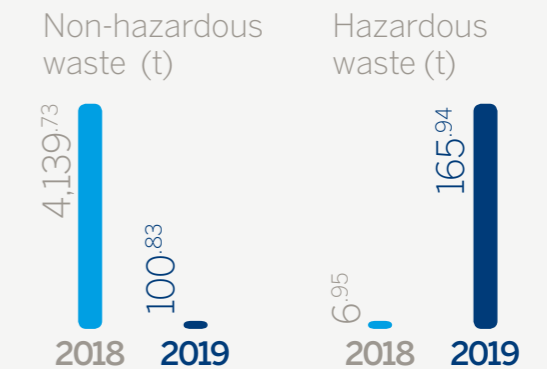


Paper consumption

Total paper consumption



Principal types of waste generated



ENVIRONMENT

SENER has been certified according to **ISO 14001** in its centers in Madrid, Biscay (Las Arenas), Barcelona, Valencia, Mexico, Argentina, Brazil, Portugal, Poland and Abu Dhabi since 2014. The company has the capacity to make energy efficiency

improvements in those plants it designs, offering its clients substantial optimization in terms of sustainability.

With regard to the corporate objective in terms of reducing the company emissions, it adopted measures to:

- Reduce electricity consumption in SENER facilities.
- Reduce transport and journey requirements for SENER employees.
- Promote electrical vehicles.



QUALITY

SENER performs quality management based on two operations: on the one hand, through a program of internal audits as a method for guaranteeing its integrated

Quality and Health, Safety and Environment System; and on the other hand, through the participation of Quality personnel in the teams of all projects undertaken.

The company is certified by Lloyd's Register in accordance with **ISO 9001 and 14001**, among others.





SENER
ENGINEERING



1

SENER ENGINEERING MANAGING DIRECTOR'S LETTER



Jorge Sendagorta Cudós, Managing Director of SENER Engineering.

2019 was a year of contrasts for SENER Engineering. We performed very well in Infrastructure and Marine, although it was a disappointing year for Energy, both in terms of margins and in the contracting of new projects.

Beginning with our Marine business, results were satisfactory across the board. Fulfilment was high, execution margins were good, and contracting was the best-ever. In Marine Engineering, the contract secured for the design of an icebreaker, which will place us at the forefront of building vessels of this type, deserves special

mention. We are continuing to work on the FORAN System to progress as the benchmark in an ever-changing environment. Clients are digitizing their processes, and this new approach will require us to be ready to adapt to the new needs.

In Energy, the year was impacted by numerous difficulties. The lack of contracting in previous years was mirrored by poor fulfilment. Margins suffered on account of the deterioration of certain projects, which ran into execution problems. New project contracting also failed

to live up to expectations. This all yielded a poor result, which provides us with food for thought about the situation of this business unit. The energy world is evolving towards new models. SENER must be capable of repositioning itself in order to continue to compete in this setting, recovering stability and profitability.

IN ENERGY, THE
YEAR WAS IMPACTED
BY NUMEROUS
DIFFICULTIES



WE MUST CONTINUE TO BUILD SOLUTIONS THAT MAKE US A CUT ABOVE THE REST AND WILL ENABLE US TO COMPETE



The year was very positive in the Infrastructure business unit, thanks to high fulfilment and very good execution in terms of project outcomes. Contracting did not live up to expectations, as certain projects were delayed past December, although many of

these opportunities are being consolidated in 2020. We are growing in those geographic areas that interest us and we are developing technological capabilities that set us apart. This all provides us with a positioning that will enable us to rise to the challenge of growing.

Overall, the three businesses yielded negative results for the year for SENER Engineering. The good performance in Marine and Infrastructure was insufficient to offset the below-par showing in Energy.

While it is clear that we face demanding challenges, SENER is more than ready to contend with them. Our technological capabilities, our transversal nature and the human quality of our people should provide us with the foundations upon which to continue to build solutions that make us a cut above the rest, and will enable us to compete, now and in the future.

 **Jorge Sendagorta Cudós**
Managing Director of SENER Engineering



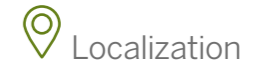
2 MAIN ACTIVITIES

2.1 | SENER INFRASTRUCTURE

In 2019, SENER reaffirmed its position as an international benchmark in engineering, with significant efforts in territories such as Canada, Australia and Brazil, and with excellent results in Mexico, where SENER Infrastructure is participating in some of the country's most emblematic projects.

It was also a particularly outstanding year for SENER in the national market, where it closed the year with a healthy project portfolio and excellent perspectives for continuing growth.

Notable among the projects carried out by SENER Infrastructure in 2019 were the following:



Artist's impression of the Salvador monorail (Brazil).

URBAN TRANSPORT

SALVADOR MONORAIL

Location: Brazil.

Project: Basic project of principal systems.

Client: BYD.



URBAN TRANSPORT

FORTALEZA METRO EASTERN LINE

- Brazil.
- Detailed project.
- Ferreira Guedes/Sacyr consortium.**

CAIRO MONORAIL

- Egypt.
- Detailed project.
- Orascom/ Arab Contractors.**

SÃO PAULO METRO LINE 2. ARICANDUVA STATION

- Brazil.
- Executive civil engineering and systems project.
- Cetenco/Acciona/ Ferreira/Guedes consortium.**



Recreation of an elevated station on line 3 of the Panama metro (Panama).



Aerial view of the Aricanduva station. Line 2 of the São Paulo Metro (Brazil).

LISBON METRO GREEN LINE

- Portugal.
- Extension Rato – Cais do Sodré.
- Sacyr/DST.**

OTTAWA LIGHT METRO CONFEDERATION LINE

- Canada.
- Systems integration.
- OLRT Constructors.**

EDINBURGH TRAMWAY

- United Kingdom.
- Airport extension – York Place.
- SACYR/Farrans/ Neopul.**

RAILWAYS

DYNAMIC SUPERVISION OF HIGH-SPEED PROJECTS

- Spain.
- ADIF.**

TREN MAYA

- Mexico.
- Basic Engineering.
- National Fund for the Promotion of Tourism (FONATUR).**

ALAMEDA- BARRANCAS FREIGHT CORRIDOR, PORT OF SAN ANTONIO

- Chile.
- Basic and conceptual engineering.
- Empresa de los Ferrocarriles del Estado (EFE).**

URBAN INTEGRATION OF HIGH SPEED TRAIN IN ALMERÍA

- Spain.
- Second phase of the preliminary project, basic projects and construction projects.
- ADIF.**

REGIONAL TRANS DUBBO, SIDNEY

- Australia.
- Systems integration support.
- CPB Contractors.**



Maintenance facilities in the Dubbo regional railway, in New South Wales (Australia).

HIGHWAYS

A33 MOTORWAY NÓ DE PENALVA SECTION A12/A33 JUNCTION

- Portugal.
- Executive project.
- Auto-Estrada do Baixo Tejo, S.A.**



Aerial view of the A33 Motorway in Portugal.

CARDEL – VERACRUZ MOTORWAY

- Mexico.
- ITS systems project, Communications and Operations Control Center (OCC).
- Administrative Services ACCSA S.C.**

WEST GATE TUNNEL MELBOURNE

- Australia.
- Independent design review.
- CPB Contractors JH.**

AIRPORTS

AREQUIPA AIRPORT

- Peru.
- Pre-investment study.
- Aeropuertos Andinos del Perú.**

DUBLIN AIRPORT

- Republic of Ireland.
- Detailed Engineering.
- ROADBRIDGE/FCC JV.**

PORTS

PORT OF GENOA

- Italy.
- Feasibility project for new breakwater.
- Invitalia.**

PORT OF GIJÓN

- Spain.
- Construction plan. IFCM Border inspection premises.
- Gijón Port Authority.**

WATER AND ENVIRONMENT

BESÓS WWTP

- Spain.
- Replacement sludge recirculation pipes.
- Agbar / Aigues de Barcelona.**

FERROATLÁNTICA

- Spain.
- Modernization of Hydroelectric Plants. Inspection and diagnosis of assets.
- Ferroatlántica S.A.U.**

ARCHITECTURE

BAJA CALIFORNIA SOUTH SEA MUSEUM

- Mexico.
- Analysis, opinion and registration of the PPP project.
- Meta Desarrollo S.A. de C.V.**

ZARAUZ STATION

- Spain.
- Construction plan.
- Euskal Trenbide Sarea.**



Virtual image of the construction project for Zarauz Station (Spain).

2.2 | SENER ENERGY

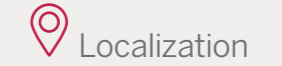
The contraction of SENER Energy's project portfolio in 2019 was the result of both the change in the world energy model and the political situation in certain key countries for SENER, on top of the low levels of investment in Spain.

In this setting, SENER is contemplating a new strategic approach aimed at the hybridization and manageability of renewable energies, offshore wind and digitization, maintaining traditional businesses such as liquefied natural gas and thermal generation, which still has some way to go in the energy transition.

Among the most positive notes of the year, SENER highlights the improvement of risk management in turnkey projects and the co-generation contracting of Scholven, for UNIPER in Germany, as an essential project for reinforcing its presence in Western Europe.

The projects carried out in SENER Energy during 2019 were as follows:

OIL & GAS



SAIH RAWL CENTRAL PROCESSING PLANT

- Oman.
- Provisional reception.
- Petroleum Development Oman LLC (PDO).**

DOS BOCAS REFINERY

- Mexico.
- Engineering contract in several units.
- Samsung for PEMEX.**

PETROLEUM REFINERY IN THE EMIRATE OF FUJAIRAH

- United Arab Emirates.
- Engineering of the topping units.
- Sahara Engineering.**

LA LAGUNA AGUASCALIENTES & SAN JUAN TURBOCHARGING STATIONS

- Mexico.
- Engineering, purchasing and construction contract.
- FERMACA.**

ETHYLENE STORAGE AND REGASIFICATION TERMINAL IN FOS SUR MER

- France.
- Engineering, purchasing and construction contract.
- Kem One.**

SRCPP Plant (Saih Rawl Central Processing Plant) in Oman.

SENER IS CONTEMPLATING A NEW STRATEGIC APPROACH AIMED AT THE HYBRIDIZATION AND MANAGEABILITY OF RENEWABLE ENERGIES

RENEWABLE ENERGY

KINCARDINE OFFSHORE FLOATING 50 Mw MW WIND FARM IN ABERDEEN

- Scotland.
- Supervision of the manufacture of the floating turbines, technical feasibility analysis and technical assistance in the monitoring of the plant.

Cobra.

OFFSHORE FLOATING WIND TURBINES IN EUROPE

- Europa.
- Framework support agreement for engineering.

Iberdrola.

KATHU THERMOSOLAR PLANT

- South Africa.
- Delivery and commercial operation.

KATHU SOLAR PARK Ltd.

METEOGUNE PHOTOVOLTAIC PLANT

- Spain.
- Installation of single-row SENER PV trackers.

Meteo For Energy, Álava Technology Park.

CONSTRUCTION OF SURF LAGOON SPORTS FACILITIES

- Seoul (Korea), Malaga (Spain), Valais (Switzerland) and Fazenda Do Grama (Brazil).
- Turnkey contract framework agreement for the design, manufacture and supply of wave generation systems.

Wavegarden.



Leisure installation for wave generation, Wavegarden Fazenda Do Grama (Brazil).

INDUSTRIAL POWER AND SOLUTIONS

STEAM AND ELECTRICITY SERVICES PLANT GUADALUPE NUEVO LEÓN

- Mexico.
- Basic and detailed engineering, purchasing, construction and commissioning.

Gondi Group.

GAS COGENERATION PLANT IN SCHOLVEN/ GELSENKIRCHEN

- Germany.
- Turnkey contract – SENER and MMEC Mannesmann consortium.

Uniper SE.

EMPALME I COMBINED CYCLE POWER PLANT - SONORA

- Mexico.
- Provisional reception.

Comisión Federal de Electricidad (CFE).

2.3 | SENER MARINE

SENER Marine achieved excellent contracting, performance and margin results in 2019, exceeding the budget and all historical records. The company has also embarked on an ambitious renewal plan for the FORAN System, with the aim of maintaining its position as a leader in the field of technology. This plan has been accompanied by new contracts

and the extension of previous contracts all over the world, including the most important areas for shipbuilding, such as China and Korea and in all sectors: military, where FORAN tops the rankings, commercial and offshore.

The projects carried out in SENER Marine during 2019 were as follows:



MARINE ENGINEERING



LIQUEFIED NATURAL GAS SUPPLY UNIT



Italy.



Conceptual, basic and classification engineering.



Rimorchiatori Riuniti Panfido.



1,200-PASSENGER FERRY FOR LAKE VICTORIA



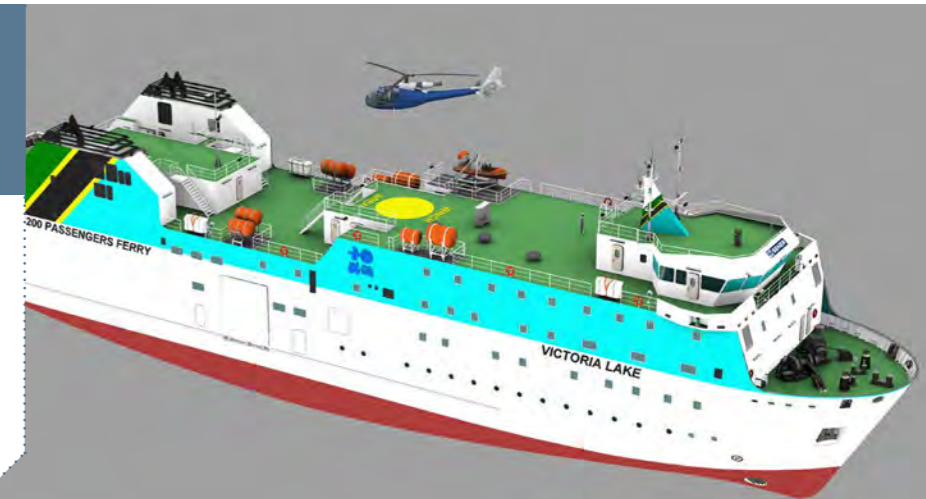
Tanzania.



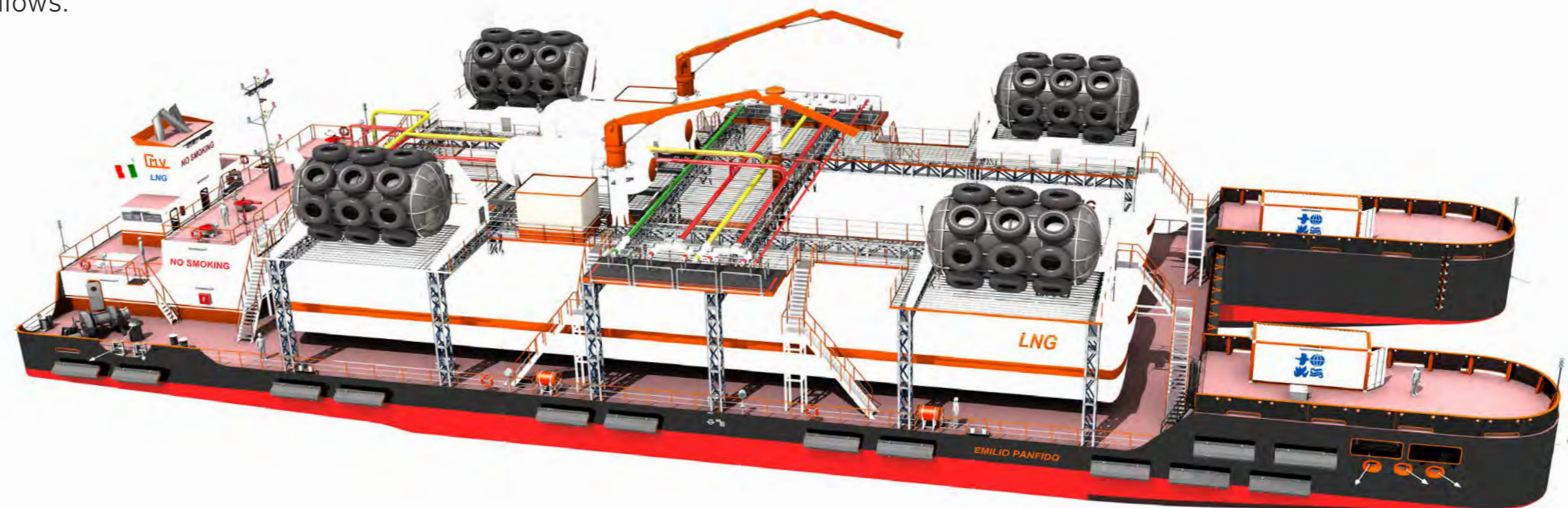
Conceptual, basic and detailed engineering.



GasEntec.



1,200 passenger ferry for Lake Victoria (Tanzania).



Solution for the supply of liquefied natural gas (LNG) for the ship owner, Panfido.

MARINE ENGINEERING



VARIOUS CRUISE LINER PROJECTS



Italy.



Basic structural and armament engineering.



Fincantieri.

FORAN HAS A RENEWAL PLAN
TO MAINTAIN ITS POSITION AS
LEADER IN THE FIELD
OF TECHNOLOGY

CUNARD cruise ship for Fincantieri (Italy) © Fincantieri.



SELF-PROPELLED BARGE FOR THE RIVER TRANSPORT OF VINYL CHLORIDE (VCM)



United Arab Emirates.



Feasibility analysis and
conceptual project.



Kem One.



PROJECTS FOR NEW CONSTRUCTIONS AND CONVERSIONS FOR LIQUEFIED NATURAL GAS



China and Singapore.



Technical assistance and
construction inspection.



Mitsui O.S.K. Lines.



ANALYSIS OF THE MARINE LOGISTICS CHAIN FOR LIQUEFIED NATURAL GAS



Spain.



Definition of demand scenarios and
site optimization.



Enagás.

SYSTEMS

FORAN LICENSES
AND SERVICES

- South Korea.
- New contracts.
- KHAN, Samkang y Daeyoung Solution.**
- Extension of contracts.
- Fairline, Geo Shipbuilding and Marine Technology, and KOSEC.**

FORAN LICENSES
AND SERVICES

- China.
- New contracts.
- Jiangsu Maritime Institute (JMI) and Dalian Maritime University (DLMU).**
- Extension of contracts.
- WSDDI, Hin Lee y CIMC-ORIC.**

FORAN LICENSES
AND SERVICES

- United Kingdom.
- Extension of contract.
- BAE (Submarines and Naval Ships).**

FORAN LICENSES
AND SERVICES

- Peru.
- New contract.
- SIMA (Iquitos).**

FORAN LICENSES
AND SERVICES

- USA.
- Extension of contract.
- Eastern Shipbuilding Group.**

FORAN LICENSES
AND SERVICES

- Russia.
- New contracts.
- Shipbuilding & Shiprepair Technology Center (SSTC).**
- Extension of contracts.
- Nautic Rus.**

FORAN LICENSES
AND SERVICES

- Spain.
- Extension of contract.
- Navantia.**

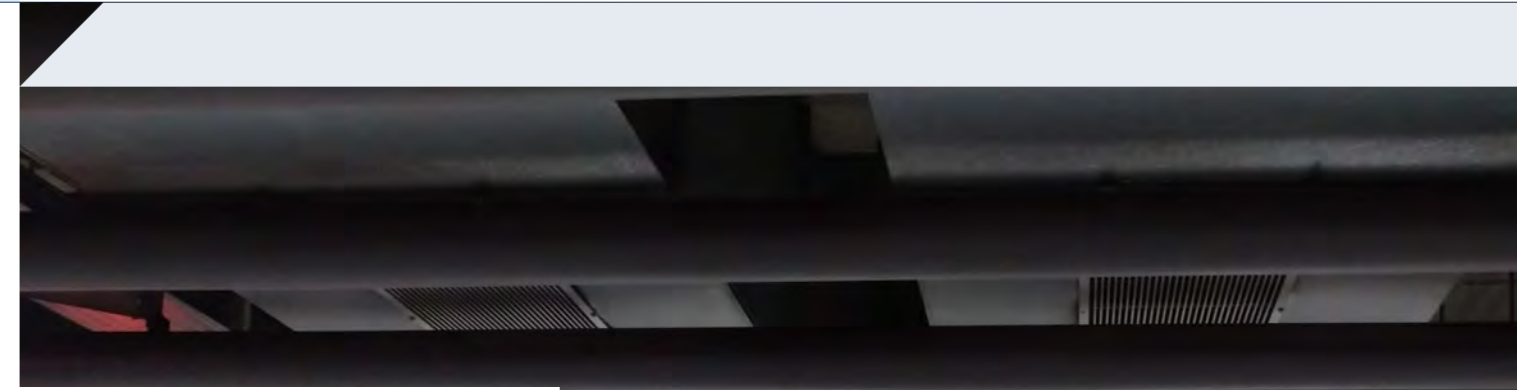
3

OUTSTANDING INNOVATION PROGRAMS



3.1 | SENER INFRASTRUCTURE

- Development of **RESPIRA®**, an intelligent ventilation control system in underground networks, currently being implemented in the Barcelona Metro, through a partnership agreement with Ferrocarril Metropolità de Barcelona.
- As part of the Horizon 2020 program, participation in the **Assets4Rail project** to foster the EU Shift2Rail rail innovation scheme. In partnership with the University of Leeds, the Sapienza University of Rome, the Technical University of Berlin and the Technical University of Vilnius Gediminas.
- In the setting of the Basque Government's Hazitek program, strategic development of **NiERBIMO** (Near zero emission building incorporating renewable energies, BIM, maintenance and operation) in partnership with the IK4 and TECNALIA technological centers.
- Development of the **Master Station**, a functionally optimized, safe, interactive and connected station for urban transport systems, and which has a configuration of standard elements which, in a BIM setting, is conducive to its optimal customization and the creation of an attractive image to improve the traveler's experience.



RESPIRA® IMPROVES COMFORT THROUGH ITS ACTION ON THE TEMPERATURE, AIR QUALITY, REDUCTION OF MICRO-ORGANISMS, ETC

3.2 | SENER ENERGY

- Carrying out of advanced load and performance simulation for **floating offshore wind energy**.
- Development of a procedure for **treating solid urban waste**, aimed at material recovery through the production of recycled synthetic gas and the subsequent use thereof for chemical synthesis.
- Monitoring the performance of **single-row and multiple-row photovoltaic prototypes**, and advances in the development of

the software tool for automated definition of the optimal configuration of photovoltaic plants.

- Development of green hydrogen production using an **electrolyzer powered by renewable energy** as well as the production of hydrogen through the autothermal reforming of ethanol.

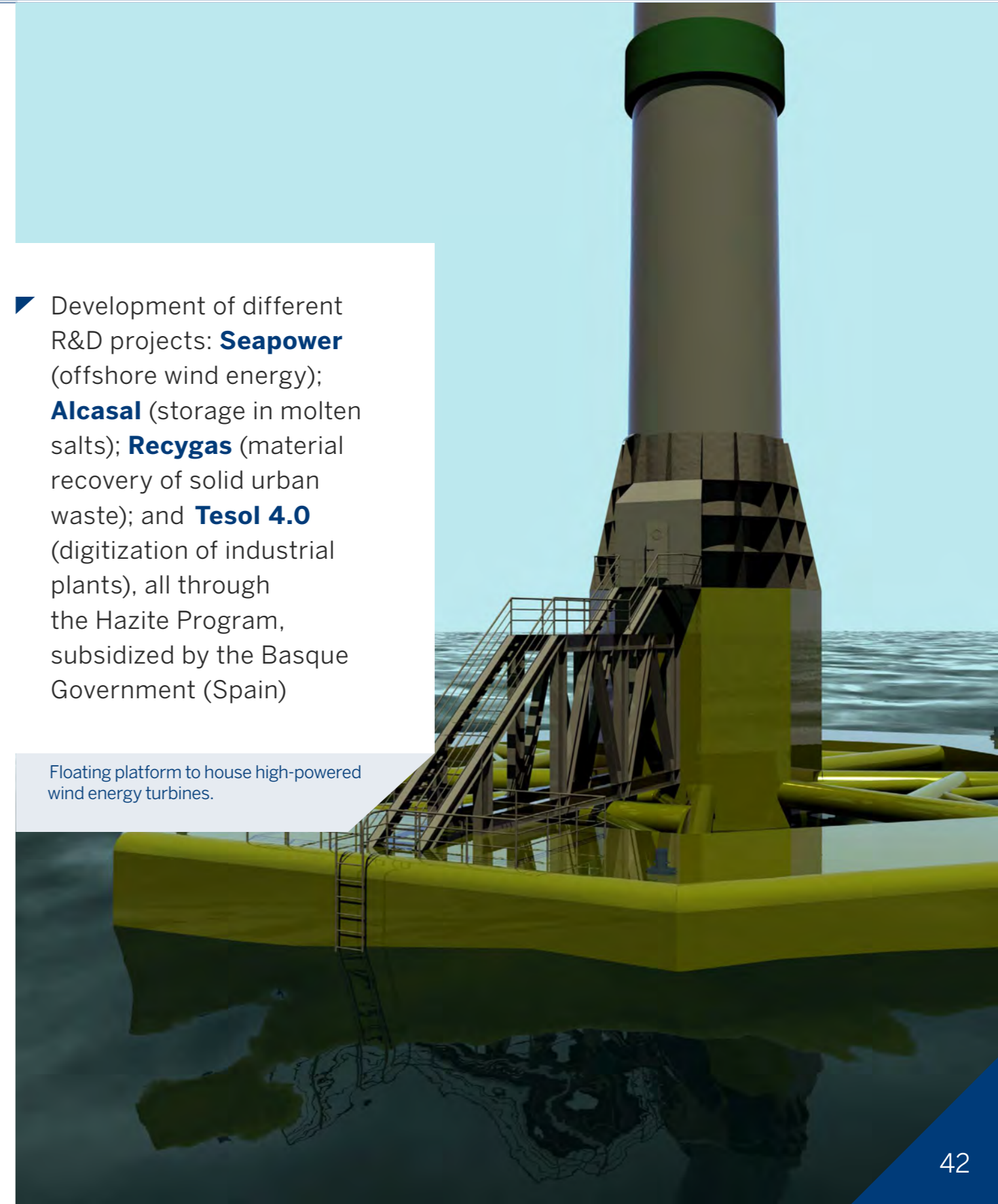
Equipment for the production of green hydrogen by means of the autothermal reforming of bio-alcohols.



- Progress in the **integration of different technologies in the same plant**: thermosolar with biomass, photovoltaic with batteries and hydrogen, thermosolar with photovoltaic, etc.
- Development of the design of **high-powered electric heaters**, aimed at extending the application setting in the salt storage system.
- Development of **industrial plant digitization activities**, particularly in thermosolar plants, and the development of ad hoc solutions.

- Development of different R&D projects: **Seapower** (offshore wind energy); **Alcasal** (storage in molten salts); **Recygas** (material recovery of solid urban waste); and **Tesol 4.0** (digitization of industrial plants), all through the Hazite Program, subsidized by the Basque Government (Spain)

Floating platform to house high-powered wind energy turbines.



Shipyards 4.0 © SENER.

3.3 | SENER MARINE

- In Engineering, the development of a **global model of port solutions** for the use of liquefied natural gas has been completed, and work has started on the design of a sustainable, low-emissions vessel for passenger and vehicle transport.
- In Systems, initiatives have been launched for the use of **FORAN Assistant and FORAN Asset Management**, artificial intelligence technologies, forming part of the concept of Shipyards 4.0, which SENER has been developing and applying to its FORAN system for some time.

FORAN ASSISTANT AND
FORAN ASSET MANAGEMENT
AS ARTIFICIAL INTELLIGENT
TECHNOLOGIES



4 SOCIAL ACTION

4.1 | RELATIONS WITH UNIVERSITIES AND RESEARCH CENTERS

Agreement with the National Autonomous University of Mexico, the Technological Institute of Monterrey, the National Polytechnic Institute, and the National Institute for Electricity and Clean Energies to collaborate in technological developments and research projects.

Collaboration with the TECNALIA Technological Center in a number of developmental lines in the area of Energy and Processes, and with the TEKNIKER Technological Center in the area of control, within the development of advanced floating offshore wind simulation.

In the setting of the development of waste gasification, SENER has collaborated with different

technological centers, including GAIKER, CENER, and the Carbochemistry Institute of the Spanish National Research Council (ICB-CSIC).

Collaboration in the European Horizon 2020 Program in the FLExible Dimethyl ether production from biomass Gasification with sorption-enhanced processes (FLEDGED) project and in the SIROM project.

Collaboration with the Welding Institute (United Kingdom) in validating the design and exploring alternative welding processes for steel recipients of great thicknesses.

Collaboration with the Higher Technical Institute of Lisbon (Portugal) in the simulation of loads and performance in offshore wind generators.

Within the AIRIS II – Synchro Innovation project, in partnership with the Port Authority of Seville, SIPORT21 and the Universities of Seville and Malaga, the development of a pilot application for the synchromodal planning of road, rail and maritime port operations in the Port of Seville.



AIRIS II project for the digitization of the waterway of the River Guadalquivir AIRIS II, Port of Seville (Spain).

5 RESULTS 2019

FIGURES

SENER ENGINEERING CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Consolidated balance sheets of the SENER Ingeniería y Sistemas, S.A. at December 31, 2019 and 2018

Thousand euros

Assets	2019	2018	%
Non current assets	104,542	121,068	-13.7
Property, plant and equipment	13,091	4,716	177.6
Goodwill	7,793	9,611	-18.9
Other intangible assets	655	5,639	-88.4
Investment accounted for using the equity method	9,439	8,677	8.8
Deferred tax assets	70,283	89,651	-21.6
Other accounts receivable	3,281	2,774	18.3
Current assets	376,805	487,078	-22.6
Inventories	0	6,146	-100
Trade and other receivables	192,271	296,463	-35.1
Short term loans to related parties	4,284	4,431	-3.3
Other current assets	946	1,117	-15.3
Cash and other cash equivalents	179,304	178,921	0.2
Total assets	481,347	608,146	-20.9

Thousand euros

Consolidated balance sheets of the
SENER Ingeniería y Sistemas, S.A.
at December 31, 2019 and 2018

Net equity and liabilities	2019	2018	%
Net equity	151,981	210,734	-27.9
Capital and reserves attributable to the Company's shareholders	151,540	209,842	-27.8
Share capital	6,018	6,018	0
Share premium	2,418	2,418	0
Legal reserve	1,213	1,213	0
Accumulated translation differences	-14,492	-15,680	7.6
Hedging reserve	0	-801	100
Retained earnings	156,383	216,674	-27.8
Non-controlling interests	441	892	-50.6
Non current liabilities	11,387	10,308	10.5
Borrowings	10,579	5,424	95
Deferred income tax liabilities	524	4,474	-88.3
Provisions for liabilities and charges	284	410	-30.7
Current liabilities	317,979	387,104	-17.9
Borrowings	6,562	5,890	11.4
Trade and other payables	175,973	255,285	-31.1
Advances received for contracted work	105,769	125,026	-15.4
Provisions for liabilities and charges	29,675	903	3,186.3
Total net equity and liabilities	481,347	608,146	-20.9

Thousand euros

Consolidated profit and loss accounts of
the SENER Ingeniería y Sistemas, S.A.
at December 31, 2019 and 2018

	2019	2018 (*)	%
Operating profit	-26,580	18,677	-242.3
Revenue	336,060	504,779	-33.4
Other operating income	7,202	1,599	350.4
Raw materials and other consumables	-149,844	-295,170	49.2
Employee benefit expense	-114,147	-126,221	9.6
Depreciation and impairment	-5,068	-2,879	-76
Other operating expense	-74,721	-64,719	-15.5
Charge to provisions for liabilities	-26,763	517	-5,276.6
Other net gains/(losses)	701	771	-9.1
Financial income/(expense)	1,898	749	153.4
Financial income	1,375	5,312	-74.1
Financial expenses	-1,194	-4,615	74.1
Net exchange differences	1,717	52	3,201.9
Share in profit/(loss) of equity-accounted investees	-79	-1,244	93.6
Profit before taxes	-24,761	18,182	-236.2
Corporate income tax	-1,536	-13,166	88.3

(*) Figures restated in accordance with the spin-off of the Aerospace business, the result of which is presented under the heading "Profit for the year resulting from discontinued activities, net of tax" of the consolidated profit and loss account for both years.

Thousand euros

	2019	2018 (*)	%
Result of the financial year from continuing operations	-26,297	5,016	-624.3
Result of the financial year from discontinued operations, net of tax	4,664	5,334	-12.6
Profit for the year	-21,633	10,350	-309
Attributable to			
Owners of the parent	-21,158	10,095	-309.6
Non-controlling interests	-475	255	-286.3

(*) Figures restated in accordance with the spin-off of the Aerospace business, the result of which is presented under the heading "Profit for the year resulting from discontinued activities, net of tax" of the consolidated profit and loss account for both years.

Thousand euros

Consolidated cash flow statements of
the SENER Ingeniería y Sistemas, S.A.
at December 31, 2019 and 2018

	2019	2018	%
Cash flow from operation activities	26,802	-31,277	185.7
Result of the financial year before tax from continuing operations	-24,761	18,182	-236.2
Result of the financial year before tax from discontinued operations	6,137	7,018	-12.6
Adjustments	32,846	5,918	455
Depreciation and impairment for PPE and other intangible assets	5,381	3,427	57
Variation in provision for receivables impairment	564	2,177	-74.1
Change in other provisions	26,763	-517	5,276.6
Results on equity-accounted investees	79	1,244	-93.6
Other income and expenses	240	207	15.9
Profit((loss) on fixed assets disposal	0	-78	100
Financial expenses	1,194	4,905	-75.7
Financial income	-1,375	-5,447	74.8
Changes in working capital	15,301	-58,054	126.4
Inventories	0	683	-100
Trade and other receivables	67,082	-62,233	207.8
Other assets	206	-232	188.8
Trade and other payables	-51,987	3,728	-1,494.5
Taxes paid	-2,345	-1,316	-78.2
Interests paid	-376	-3,025	87.6

Thousand euros

Consolidated cash flow statements of
the SENER Ingeniería y Sistemas, S.A.
at December 31, 2019 and 2018

	2019	2018	%
Cash flow from investment activities	-1,012	-7,802	87
Acquisition of property, plant, equipments and intangible assets	-1,725	-1,885	8.5
Investments in associates	-130	-11,450	98.9
Receipts from sale of property, plant, equipment and intangible assets	0	248	-100
Reimbursement / (grant) other non-current receivables	-532	-162	-228.4
Interest received	1,375	5,447	-74.8
Cash flow from financing activities	-2,493	-19,709	87.4
Income from borrowings	748	1,094	-31.6
Repayment of borrowings	-3,189	-20,803	84.7
Other dividends paid	-52	0	-
Net variation in cash and cash equivalents	23,297	-58,788	139.6
Spin-off	-22,914	0	-
Cash and cash equivalents at beginning of the year	178,921	237,709	-24.7
Cash and cash equivalents at end of the year	179,304	178,921	0.2



SENER
AEROESPACIAL



1

SENER AEROESPACIAL MANAGING DIRECTOR'S LETTER



José Julián Echevarría Aguirre, Managing Director of SENER Aeroespacial.

One highly relevant event in 2019 was the incorporation of SENER Aeroespacial as a company. Although the Aerospace business had previously formed part of SENER Engineering, last year it broke away from the latter to become a new company in its own right. This fulfilled the transformation objective conceived in 2018 with the takeover of the Tryo Group. Moreover, 2019 witnessed the beginning of the integration and organization of all the capabilities and markets which, it should be said, are very complementary, and now comprise SENER Aeroespacial:

Space (institutional and commercial), Defense, Science (including Healthcare), Broadcast and Air-traffic control.

2019 WAS THE INCORPORATION OF SENER AEROESPACIAL AS A COMPANY

The vision underpinning this transformation consists of developing SENER Aeroespacial as a company with an industrial vocation, that is becoming increasingly product-oriented, with extensive and proven multidisciplinary engineering capabilities.

These two major corporate and structural challenges are complemented by the excellent and intense work performed in the preparation and presentation of commercial offerings. These offerings, comprised within the Space programs, include Copernicus, Galileo and new telecommunication satellites. In Defense, the challenge has been to lay the foundations for significant growth, in light of opportunities on the domestic front, such as Santiago II, or other international openings, such as our participation in the NGWS (Next Generation Weapon Systems) Remote

Carriers Pillar, which began to take shape in the first few months of the year. In order to provide the Defense area with a personality of its own and boost its expansion, Rafael Orbe joined SENER Aeroespacial at the beginning of 2020.

Despite the delays in contracting in 2019, SENER Aeroespacial's performance was satisfactory, with ordinary revenue totaling 99.821 million Euros, with 83% corresponding to exports, and profits of 13.721 million Euros.

Investments in R&D totaled 11.1 million Euros, and at year-end, SENER Aeroespacial employed a workforce of 623 across its offices in Madrid, Bilbao, Barcelona and Poland.

SENER Aeroespacial will continue to monitor the rapid evolution of technologies from different areas very closely.

DESPITE THE DELAYS IN CONTRACTING IN 2019, SENER AEROESPACIAL'S PERFORMANCE WAS SATISFACTORY

No company can conceivably cover all areas, meaning that specialization is of the essence, which is why we will maintain an open and very close attitude to universities, institutes and research centers. We will stay focused on the role that Europe continues to play in defense, where we restate our commitment to provide the Ministry of Defense of Spain with all our capabilities and assets to support the domestic industry through alliances, industrial cooperation and the development of an increasingly larger product portfolio.

In Space, we will continue to bolster all our activity to ensure that the outstanding growth of recent years does not flag, without losing sight of the expected take-off in the telecommunications satellites market.

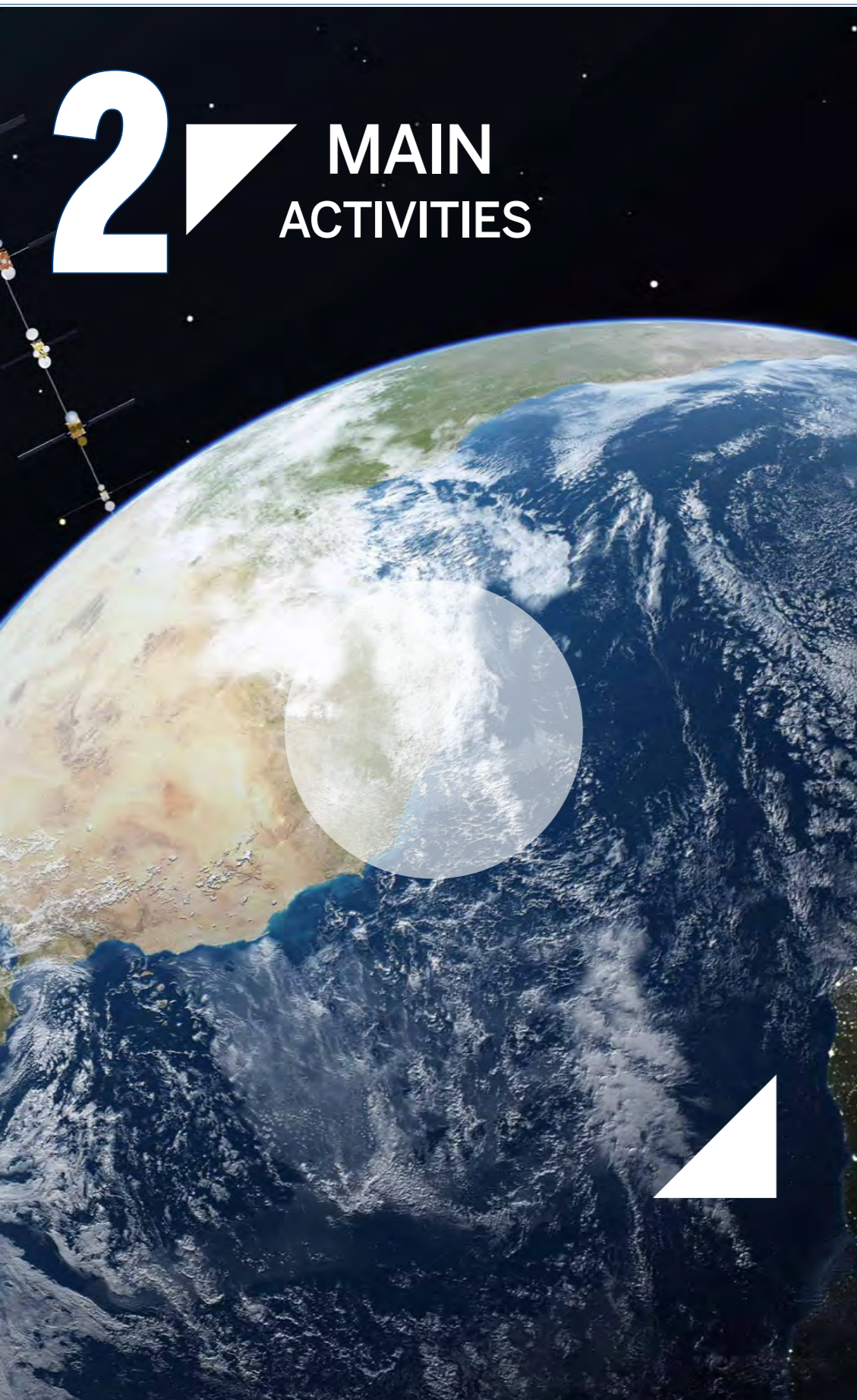
SENER's multidisciplinary and excellence-driven culture pushes it towards a constant evolution in which innovation, involvement in highly-complex and value-added programs and products, and leveraging the stellar talent of our human assets are essential if we

are to grow, be reliable and compete profitably.

The future will bring exciting challenges worthy of our technical potential, and in which, once again, our professionals will be the driving force.

José Julián Echevarría Aguirre
Managing Director of SENER Aeroespacial

2 MAIN ACTIVITIES



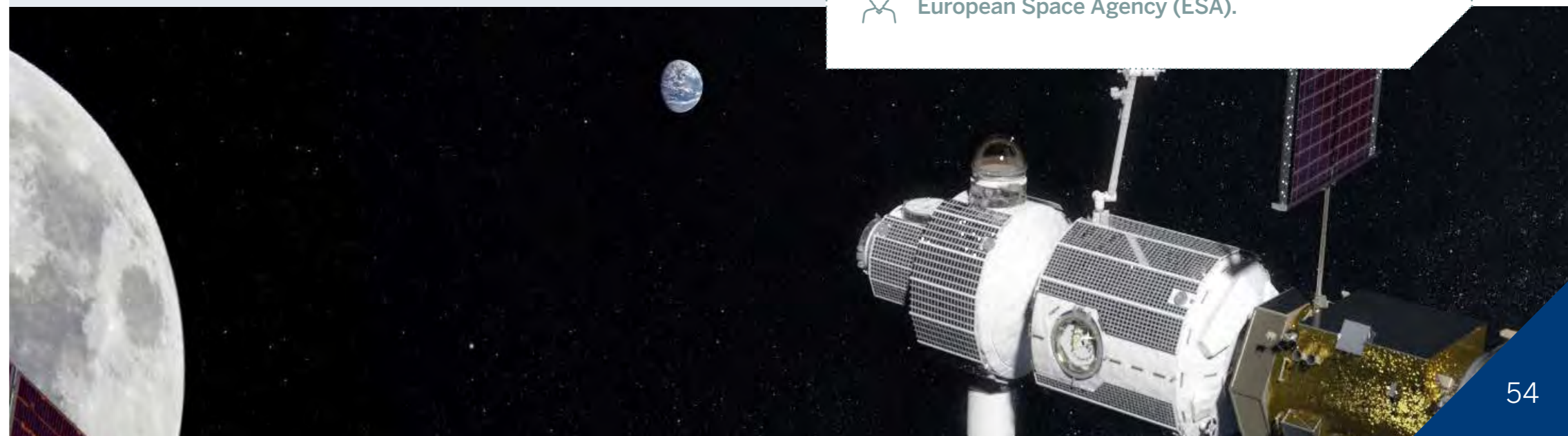
2.1 | SENER AEROESPACIAL

2019 was the year of the formal incorporation of SENER Aeroespacial as a new company within the SENER Group. After a sound financial year, in which significant efforts have been made to guarantee the profitability and competitiveness of projects and to position the company in the market, the year-end shows good results in all areas of work.

The objective focuses on continuing to make progress towards a more industrial model, with a guarantee of great engineering capacity for the company, progressively developing products and evaluating new investments and markets.

The projects in 2019 were numerous and significant.

Artist's impression of the Gateway orbital platform ©NASA.



SPACE

GATEWAY ORBITAL PLATFORM

Definition of components for robotic arms housed within the habitable module; design of the communication antenna and components for the robotic arm in the non-pressurized module.

Thales Alenia Space.

Design of the interior structures and outer hatches of the habitable module and design of the structure, mechanisms and thermal control of the lunar landing vehicle.

Airbus.

S-band deployable antenna built into the ascent module.

European Space Agency (ESA).

SPACE

ATHENA MISSION

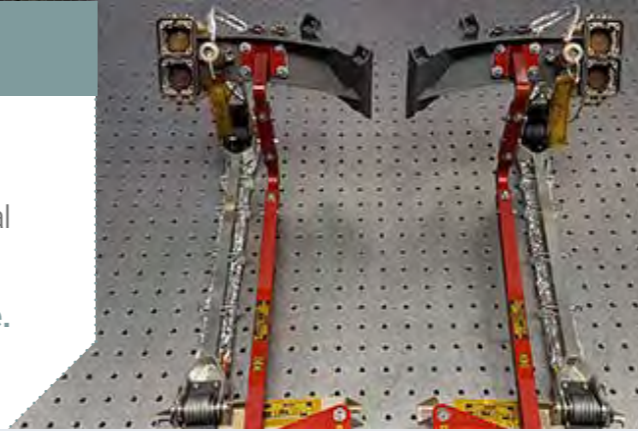
- Supply of 24 heat control blinds to clad the surface of the Space Systems Loral (SSL) satellite.
- NASA.

PSYCHE MISSION

- Design, manufacturing and testing of the hold down and release actuator (HDRA).
- ESA.

EXOMARS MISSION

- Delivery to the client of the flight model of the umbilical release mechanism.
- Airbus Defence & Space.



Flight model of the "umbilical cord" for the ExoMars mission.

ELECTRA SATELLITE

- Design and production of mechanical ground support equipment (MGSE).
- OHB.



Artist's impression of the first European commercial satellite with electrical propulsion, Electra ©ESA.

SPAINSAT

- LNA amplifiers and X-band SSPAs for DRA Antenna.
- Airbus for Hisdesat.

SECOND-GENERATION MeTop

- Delivery of engineering qualification models for the back-end receivers of the Ice Cloud Imager instrument.
- ESA.

JUICE MISSION

- Filter wheel and control electronics for the JANUS Instrument.
- Astrophysics Institute of Granada.

EUCLID SATELLITE

- Delivery of the flight model of the antenna deployment and pointing mechanism (ADPM).
- Thales Alenia Space/ESA.

PROBA-3 MISSION

- Delivery of telemetry and telecommand antennas.
- ESA.

DEFENSE

SCALABLE AND CERTIFIABLE POD

- Design, qualification and certification of a scalable, manufacturable and certifiable pod.
- General Atomics.

SCIENCE

EXTREMELY LARGE TELESCOPE (ELT)

- Design, construction and verification of the cell for the M5 mirror, control system and back-up system.
- Austral European Observatory.



Artist's impression of the M5 mirror of the European Large Telescope (ELT).

3 OUTSTANDING INNOVATION PROGRAMS



3.1 | SENER AEROESPACIAL

- Development of **Q/V frequency band RF (radio-frequency) filters** for the next generation of commercial satellites that will use these new frequency bands, with the aim of analyzing and measuring their behavior and proposing more compact and less complex solutions.
- Development of a **Ka band solid-state power amplifier (SSPA) for active antennas**. Device aimed at the aerospace market for telecommunications applications and a key element in new satellite architectures. It allows flexibility in orbit, both in the pointing of the antenna and in the use of the spectrum to increase its efficiency or capacity.



CQ band RF filters.



Smart culture.

- HAZITEK Strategic MADE project** for the research into and development of new materials and manufacturing routes (additive) for creating a new generation of electro-mechanical devices: electrical actuators for space applications.
- Development of **advanced Petri dish incubation and inspection equipment** for the detection and identification of pathogens in less time than with current equipment, and with a direct impact on the reduction of the mortality rate of infectious diseases.
- In the framework of the European Horizon 2020 program, conclusion of the **SIROM project for the development of the standard module for coupling structures in space**, that enables mechanical, electrical, communications and thermal interconnections.

4 SOCIAL ACTION



4.1 | RELATIONS WITH UNIVERSITIES AND RESEARCH CENTERS

Partnership with the Energy, Environmental and Technological Research Center (CIEMAT) in the **ACTECA** Accelerators and Associated Technologies for Large Scientific Facilities) project for the development of a high-powered RF summing cavity, with 160 inputs for particle acceleration applications, with a more direct application DONES/IFMIF (National Fusion Laboratory) projects.

Participation in the **AMFORASS** program for the design and additive manufacturing of selective frequency and polarization surfaces for space applications. Project in partnership with the European Space Agency (ESA), the Autonomous University of Madrid (UAM) and the **CATEC** Technological Center.

Development of a filter wheel and electronics for the **JANUS** and **GALA** instruments for the **JUICE** mission, in partnership with the Astrophysics Institute of Andalusia.



5 RESULTS
2019

FIGURES

SENER AEROSPACIAL CONSOLIDATED
ANNUAL FINANCIAL STATEMENTS

Consolidated balance sheets of the SENER Aeroespacial, S.A. at December 31, 2019 and 2018

Thousand euros

Assets	2019	2018 (*)	%
Non current assets	79,578	82,681	-3.8
Property, plant and equipment	10,571	11,763	-10.1
Goodwill	31,863	31,863	0
Other intangible assets	14,524	14,981	-3.1
Investment accounted for using the equity method	1,335	1,882	-29.1
Deferred tax assets	21,222	22,132	-4.1
Other accounts receivable	63	60	5
Current assets	83,326	85,333	-2.4
Inventories	9,609	9,071	5.9
Trade and other receivables	45,524	54,232	-16.1
Short term loans to related parties	181	184	-1.6
Other current assets	461	297	55.2
Cash and other cash equivalents	27,551	21,549	27.9
Total assets	162,904	168,014	-3

(*) Figures not audited

Thousand euros

Consolidated balance sheets
of the SENER Aeroespacial, S.A.
at December 31, 2019 and 2018

Net equity and liabilities	2019	2018 (*)	%
Net equity	97.143	91.631	6
Capital and reserves attributable to the Company's shareholders	97.143	91.631	6
Share capital	17.242	17.242	0
Share premium	23.049	23.049	0
Legal reserve	4.310	4.310	0
Accumulated translation differences	260	240	8,3
Hedging reserve	-3	-3	0
Retained earnings	52.285	46.793	11,7
Non current liabilities	5.557	9.771	-43,1
Borrowings	3.551	7.402	-52
Deferred income tax liabilities	2.006	2.369	-15,3
Current liabilities	60.204	66.612	-9,6
Borrowings	19.483	18.364	6,1
Other current liabilities (derivatives)	3	3	0
Debts with group and associated companies	2.694	117	2.202,6
Trade and other payables	36.945	47.685	-22,5
Provisions for liabilities and charges	501	388	29,1
Short-term accruals	578	55	950,9
Total net equity and liabilities	162.904	168.014	-3

(*) Figures not audited

Thousand euros

Consolidated profit and loss accounts
of the SENER Aeroespacial, S.A.
at December 31, 2019 and 2018

	2019	2018 (*)	%
Operating profit	12,481	8,132	53.5
Revenue	99,281	84,877	17
Other operating income	1,215	143	749.7
Changes in inventories of finished products and work in progress	367	-712	151.5
Work carried out by the Group on its fixed assets	214	266	-19.5
Raw materials and other consumables	-40,414	-32,071	-26
Employee benefit expense	-36,655	-32,410	-13.1
Depreciation and impairment	-3,199	-1,755	-82.3
Other operating expenses	-8,460	-10,172	16.8
Other net gains/(losses)	132	-34	488.2
Financial income/(expense)	-578	-583	0.9
Financial income	47	162	-71
Financial expenses	-615	-741	17
Net exchange differences	-10	-4	-150
Share in profit/(loss) of equity-accounted investees	-501	249	-301.2
Profit before taxes	11,402	7,798	46.2
Corporate income tax	-3,169	-1,714	-84.9
Result of the financial year from continuing operations	8,233	6,084	35.3
Result of the financial year from discontinued operations, net of taxes	5,494	10,886	-49.5
Profit for the year	13,727	16,970	-19.1

(*) Figures not audited

Thousand euros

Consolidated cash flow statements
of the SENER Aeroespacial, S.A.
at December 31, 2019 and 2018

	2019	2018 (*)	%
Cash flow from operation activities	10,396	2,127	388.8
Result of the financial year before tax from continuing operations	11,402	7,798	46.2
Result of the financial year before tax from discontinued operations	5,494	10,886	-49.5
Adjustments	-826	-8,478	90.3
Depreciation and impairment for PPE and other intangible assets	3,199	1,755	82.3
Variation in provision for receivables impairment	244	219	11.4
Change in other provisions	146	88	65.9
Results of the sale of discontinued activities	-5,494	-10,886	49.5
Results on equity-accounted investees	501	-249	301.2
Profit (loss) on fixed assets disposal	0	12	-100
Financial expenses	625	745	-16.1
Financial income	-47	-162	71
Changes in working capital	-5,075	-7,620	33.4
Inventories	-538	109	-593.6
Trade and other receivables	5,730	-15,541	136.9
Other assets	-161	0	-
Trade and other payables	-10,106	7,812	-229.4
Taxes paid	-239	0	-
Interests paid	-360	-459	21.6

(*) Figures not audited

Thousand euros

Consolidated cash flow statements
of the SENER Aeroespacial, S.A.
at December 31, 2019 and 2018

	2019	2018 (*)	%
Cash flow from investment activities	6,829	-36,597	118.7
Acquisition of property, plant, equipments and intangible assets	-1,498	-1,400	-7
Sale of subsidiary company, net of cash drawn	8,228	13,544	-39.2
Receipts from sale of property, plant, equipment and intangible assets	0	124	-100
Acquisition of subsidiary company, net of cash drawn	0	-48,967	100
Reimbursement / (grant) other non-current receivables	-3	0	-
Dividend received	55	0	-
Other flows of investment activities	0	-60	100
Interest received	47	162	-71
Cash flow from financing activities	-11,223	-285,539	96.1
Income from borrowings	7,974	172	4.536
Repayment of borrowings	-10,971	-7,611	-44.1
Dividends paid to owners of the parent	-8,226	-278,100	97
Net variation in cash and cash equivalents	6,002	-320,009	101.9
Cash and cash equivalents at beginning of the year	21,549	341,558	-93.7
Cash and cash equivalents at end of the year	27,551	21,549	27.9

(*) Figures not audited



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