

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 Zabalgardi.

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