



Annual Report
2020 • 2021



Execution
capacity
in every
circumstance

Letter to Shareholders



Dear shareholders,

The *COVID-19* pandemic has had an enormous impact on all activities of the social structure at a global level. The pandemic has caused a setback in every country's economic growth, coupled with the health sector's challenges to overcome to face this virus. Likewise, the world has seen the need to develop remote work mechanisms that allow, within parameters, the management of industrial and commercial activities.

inelectra has not escaped this reality. In our particular case, this year employees carried out a large part of their activities remotely, which limits the effective execution of our work. We have made a special effort to ensure that our staff complies with strict biosafety standards, contributing to less than 10% of the payroll contracting the virus.

In this context, we continued the projects of our backlog. However, attracting new contracts has been a challenge due to investors' uncertainty given the worldwide impact of the pandemic and in Venezuela due to the lack of financial resources product of the country's current environment.

We initiated actions that seek to give an agile and systematic approach to the marketing activity of our services, both in Venezuela and in Mexico, the other country to which we have strategically directed the diversification of our services. Thus, increasing our proposal preparation activities.

The experience acquired during these past months allows us to anticipate that the world as we know it will be subject to modifications in its work schemes to ensure its sustainability and viability. In this direction, to allow the continuity of

our operations we have undertaken significant cost reductions, changes in our organization, our work processes, and the austere use of our cash flow.

Given this complex context, which may extend for the rest of this year and probably the next, we want to assure you that we will continue to make all possible efforts to return to the path of economic growth.

Jorge Rojas González
Chairman of the Board



Leadership Team

Board of Directors



Jorge Rojas
Chairman of the Board



César Millán
Director



Ricardo Halfen
Director



Ezequiel Puterman
Board Member, CEO



Stelvio Di Cecco
Director



Antonio J. Vincentelli
Director



Ignacio Pulido
Director

Executive Committee

Ezequiel Puterman
Board Member, CEO

Pablo Videtta
Vice-President of Business Development - México

María Gabriella Castagnetti
Vice-President of Projects

Victoria Granados
Vice-President of Engineering

Irene Aguilar
Vice-President of Human Resources

Gabriel Hernández
Vice-President of Business Development

Deisy Briceño
Vice-President of Finance

María Magdalena Morillo
Procurement Director

Mariela Brandt
Proposals Director

Executive Summary



The global outbreak of *COVID-19* has imposed changes on all orders. As soon as the authorities of the countries where we operate adopted measures to control the pandemic, **inelectra** implemented a series of policies, including working from home, to ensure business continuity and the integrity of our staff, priorities that guided our performance throughout the fiscal year.

To achieve this, we increased and optimized our existing technical resources in digital connectivity. Another vital aspect that allowed our business continuity was a culture of collaboration between all employees in our different offices, who contributed with their commitment and effort in the process.

«We continued the execution of our projects while working from home, always safeguarding everything that has to do with the health and safety of our staff, which are our priority».

Ezequiel Puterman, Board Member, CEO

With the «Back to Work» protocol designed by our Safety, Health, and Environment team, and the appropriate personal biosafety protection materials employees returned to our offices once Venezuela and Mexico's governments lifted meeting restrictions.

Our activities were always sustained.

People who needed help to continue working from home received support. The company provided furniture, computer equipment, or electronic devices for connectivity.

Projects

Percentage of completion of our most important projects by March 2021



The conditions that arose during the fiscal year posed considerable challenges to achieve the continuity of our projects. The ones executed progressed to our satisfaction and of our clients..

During the FY, we started three new projects.

One, dedicated to the procurement of materials and equipment and the installation of a hydrochloric acid tank for Metor, whose engineering we had previously developed, another related to the design of a photovoltaic power generation system, also in Venezuela, and the third, a basic engineering project for a chemicals terminal in Veracruz, Mexico.



The implementation of different work arrangements with our clients and remote 3D design tools favored our engineering projects. We also strengthened quality control systems and technical reviews.

In construction, face-to-face work forced the adoption of strict biosafety measures. The Auxiliary Boiler EPC for Metor continued its execution satisfactorily. At the end of the FY, the plant shutdown was needed to complete the final connection of the facilities.

EPC Auxiliary Boiler Metor



Venezuela

Client

Metanol de Oriente S.A. (Metor)

Location

Complejo Jose, Anzoategui State



Scope

Engineering, procurement, and construction of a 65 ton/h medium pressure steam boiler.

Engineering scope and considerations

Engineering for the installation of the auxiliary boiler: detailed design of the civil, electrical, mechanical, and automation and control works; requisitions for material procurement, preparation of construction packages, safety and risk studies, constructability analysis, among others.

Procurement scope and considerations

Equipment and materials procurement required for the execution of the project, making sure they are requested, bought, and delivered on time, with the required quality. Attending acceptance tests at vendors' shops.

Construction scope and considerations

Provision of personnel, equipment, machinery, and consumables required for its installation. Pre-commissioning, commissioning, and start-up of the boiler.

Progress

Engineering: 100%

Boiler Procurement: 100%

Construction: 82%

Project general progress: 95%

Impact

Increase the steam generation capacity required by Metor Plant I and operational reliability.

Value for *inelectra*

Secure the role of reliable services main supplier for Metor and increase our expertise to compete with quality services and competitive costs in this segment.

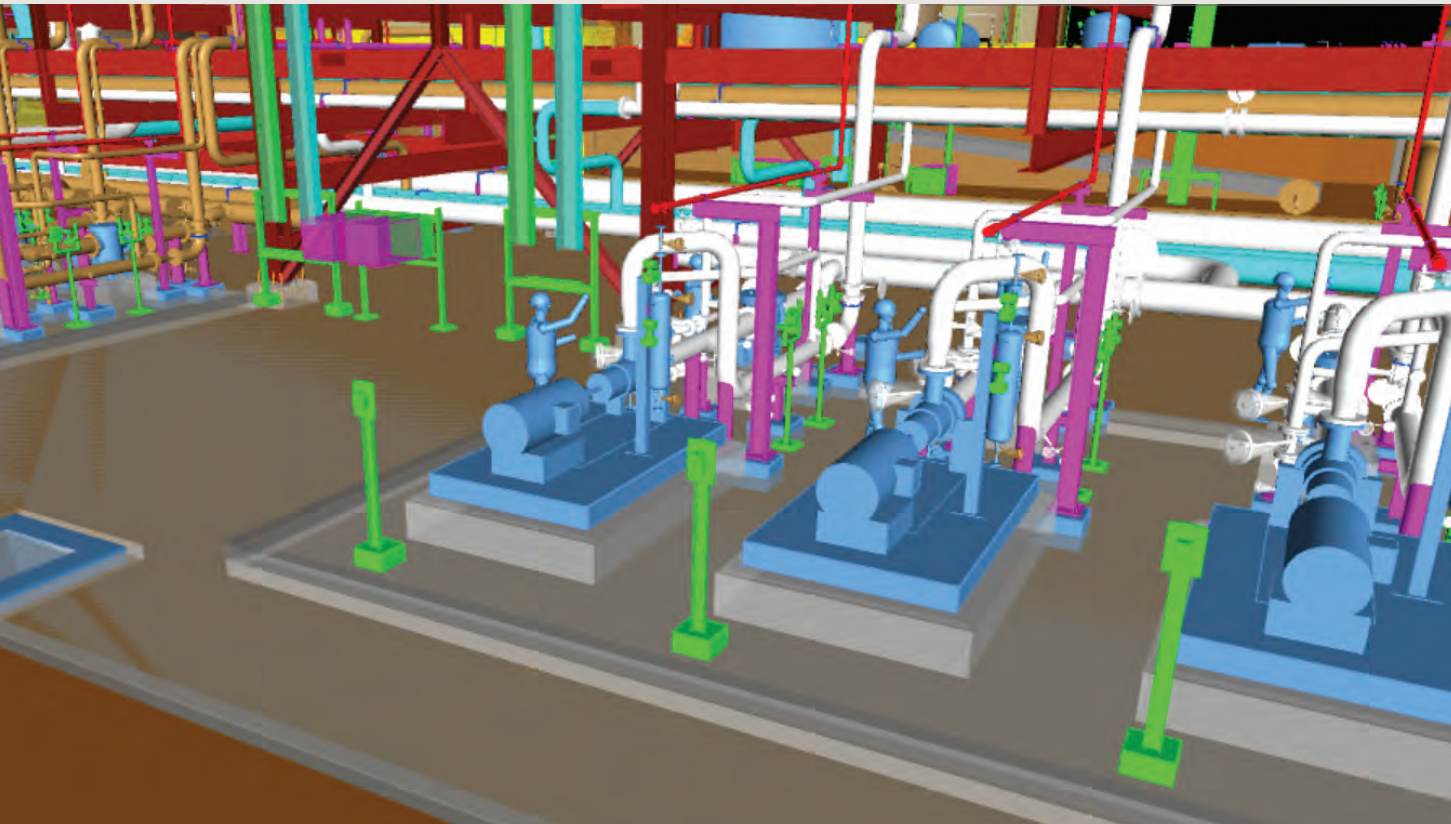
Fuels Terminal in Tuxpan



Mexico

Client
McDermott

Location
Tuxpan, Veracruz State



Scope

Engineering of a storage and dispatch terminal in Tuxpan property of Monterra Energy, for McDermott. Tuxpan International Fuels Terminal is a clean fuels terminal with a capacity of 2.2 million fuel barrels, as well as diesel, in 11 tanks.

Progress

Engineering: 100%

Impact

Increase the storage capacity and the Mexican fuel distribution network.

Value for *inelectra*

Capitalize the experience in EPC projects for terminals in Venezuela and establish business linkages with one of the largest tank storage suppliers in Mexico, to drive new business opportunities.

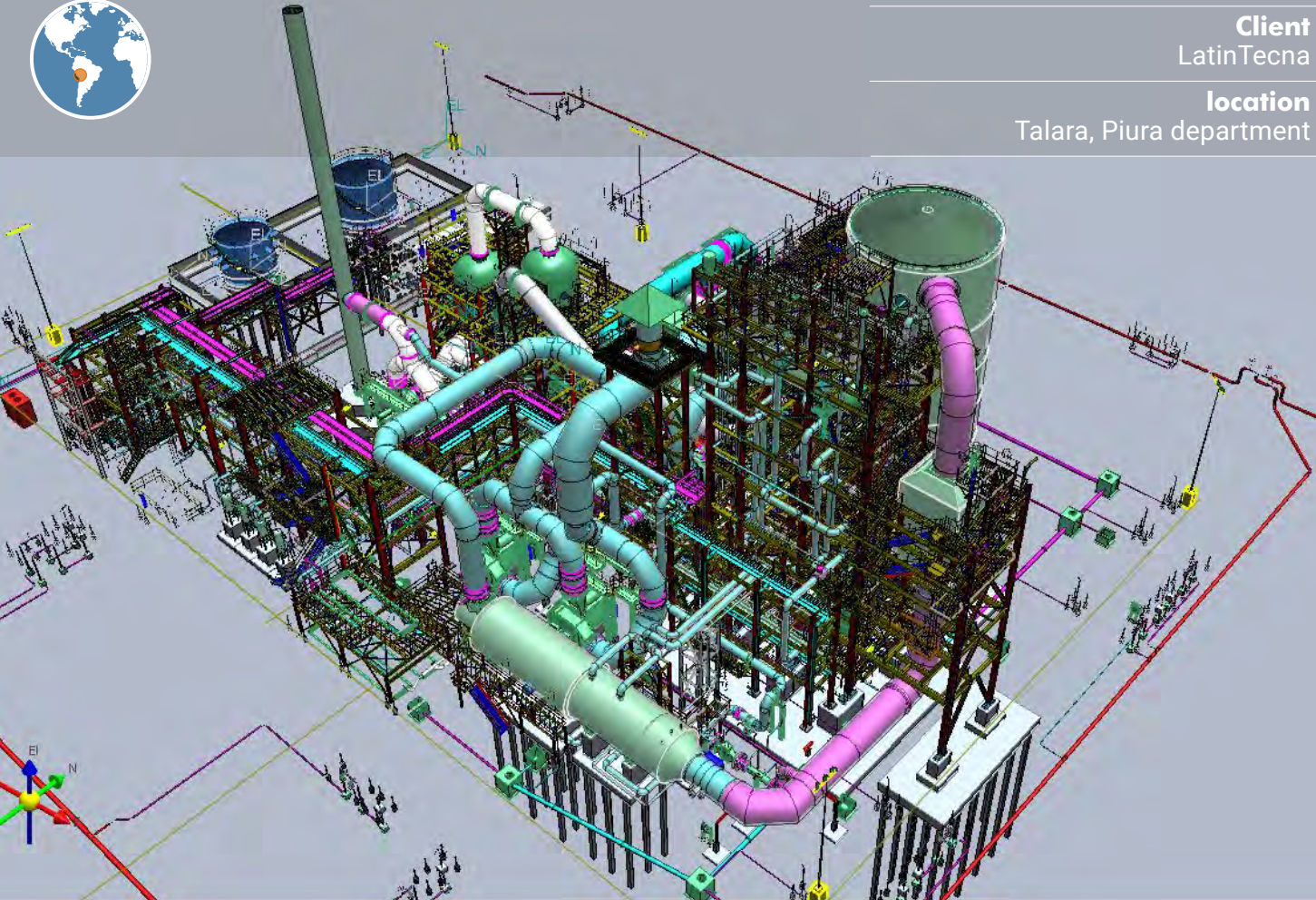
Sulphuric Acid Plant



Peru

Client
LatinTecna

Location
Talara, Piura department



Scope

Engineering for the WSA sulphuric acid unit and ASC sulphuric acid storage unit as part of the auxiliary units and complementary works (UA&TC) for the Modernization Project of the Talara Refinery, of PETROPERÚ, located in the city of Talara, northeast of Peru.

Progress

Engineering: 100%

Impact

Increase energy security by expanding capacities to refine heavy crudes with new technology.

Value for *inelectra*

Participate in the project's value chain with LatinTecna, a Cobra contractor, for PETROPERÚ. Increase business opportunities in the region.

Chemicals Terminal



Mexico

Client
Avanzia

Location
Altamira, Tamaulipas State

Scope

Development of detailed engineering for Avanzia, required for the expansion of a chemical terminal with a total of 15 tanks and their dispatch equipment, to store and distribute 37,500 cubic meters of products. It is located northeast of the existing terminal in Altamira, Mexico.

Progress

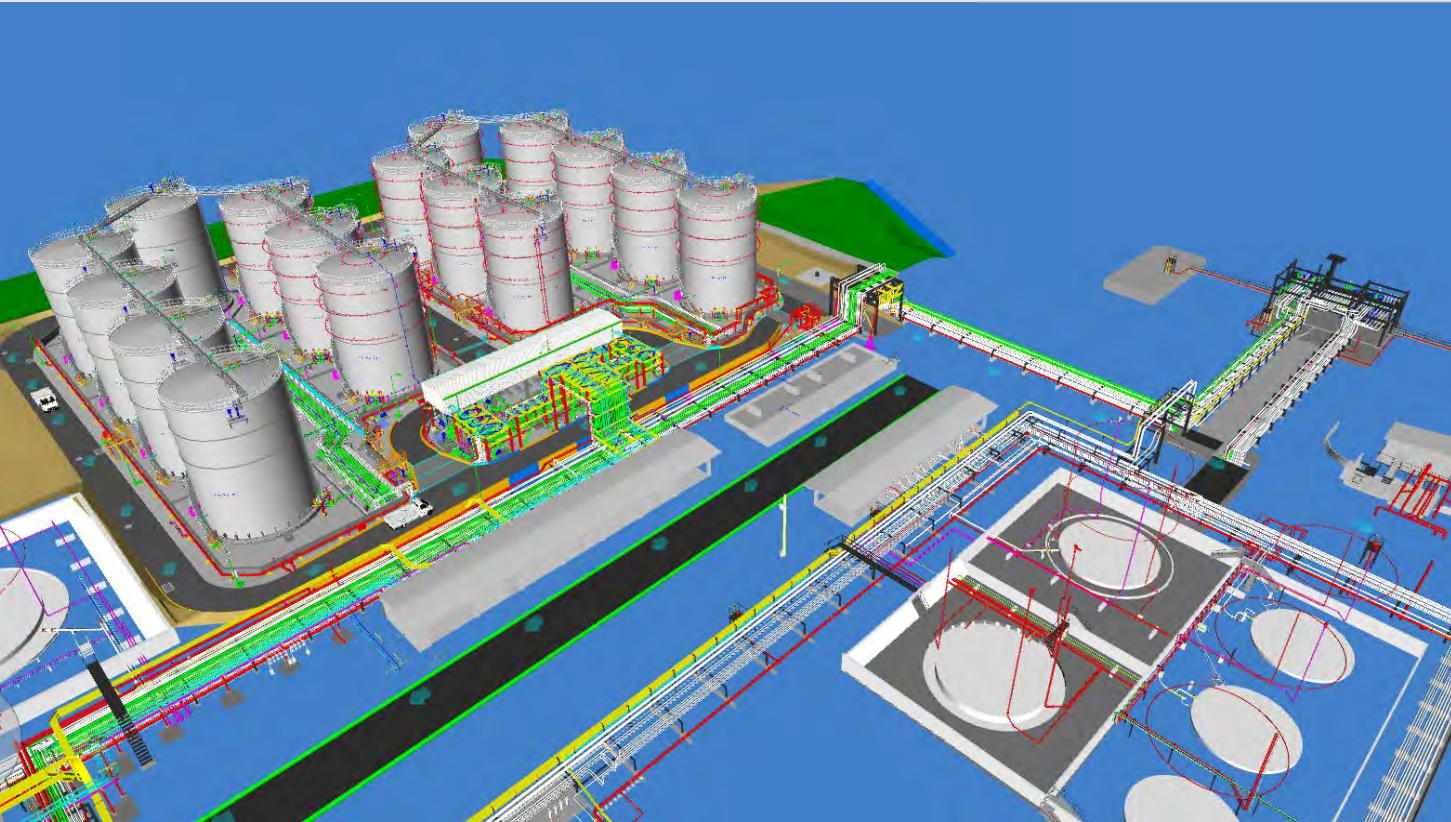
Engineering: 94%

Impact

The project is part of the local energy sector's investment plan to expand product delivery and reception capabilities, and increase security of supply.

Value for *inelectra*

Capitalize the experience in EPC projects for terminals in Venezuela and establish business linkages with one of the largest tank storage providers in Altamira, to drive new business opportunities.



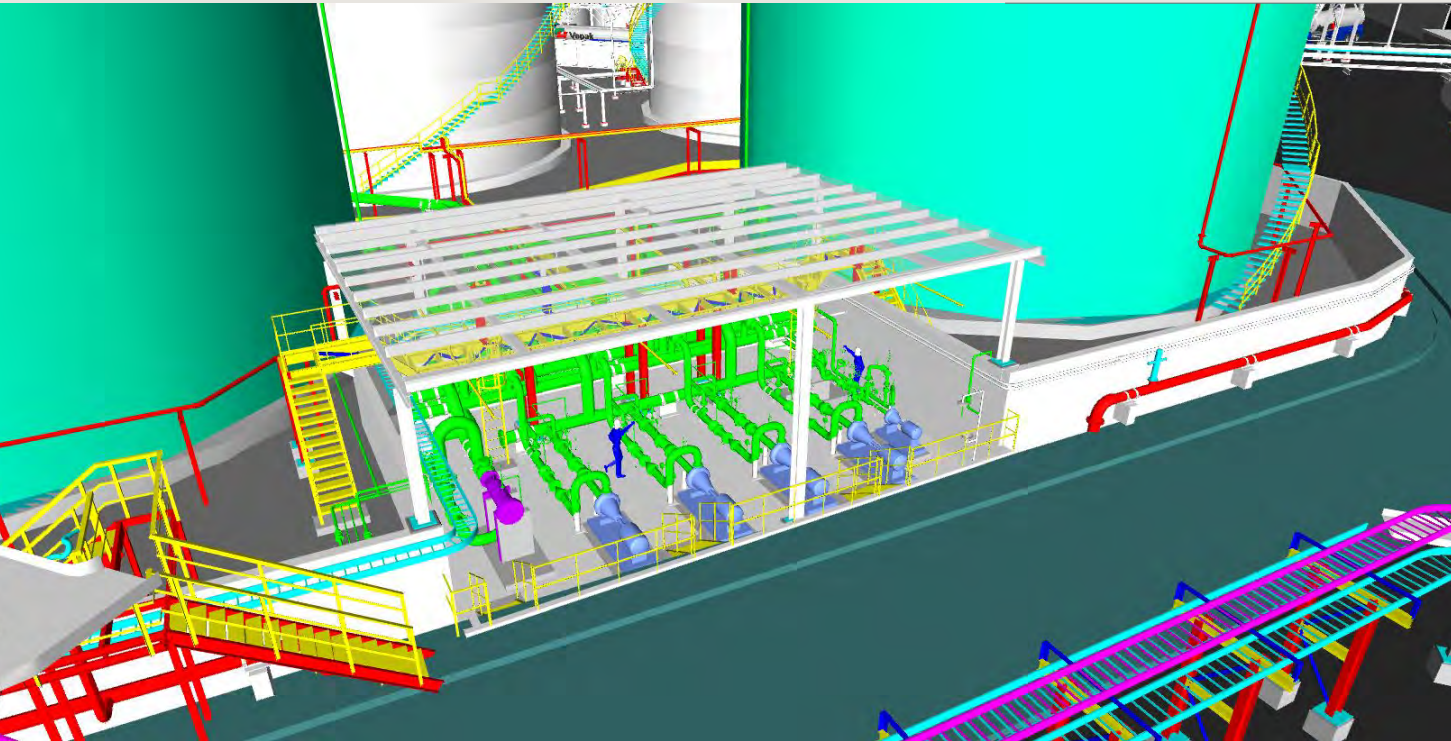
Ethanol Tanks



Mexico

Client
Vopak

Location
Veracruz, Veracruz State



Scope

Extended basic engineering for the expansion of the Vopak chemical terminal in Veracruz. This included two new tanks and their dispatch equipment to store and distribute 16,540 cubic meters of ethanol.

Progress

Engineering: 87%

Impact

The project is part of the local energy sector investment plan to expand product delivery and reception capacities.

Value for *inelectra*

Capitalize the experience in EPC projects for terminals in Venezuela and establish business linkages with one of the largest tank storage providers in Altamira, to drive new business opportunities.

Hydrochloric Acid Tank (HCL)



Venezuela

Client

Metanol de Oriente S.A. (Metor)

Location

Complejo Jose, Anzoategui State



Scope

Execution of activities related to the procurement and construction of the new HCL (hydrochloric acid) storage tank at the Metor plant.

Progress

Project general progress: 15%

Impact

Doubling the storage capacity of HCL to guarantee its availability for at least 60 days and not affect production, avoiding plant shutdowns.

Value for *inelectra*

Guarantee the role of the main supplier of reliable services for Metor and increase its expertise to compete with quality services and competitive costs in this segment.

Photovoltaic Electrical Cogeneration System



Venezuela

Location
Caracas

Scope

Technical and economic feasibility for the electrical autonomy of the installation. Development of basic engineering. Construction management. Commissioning assistance.

Progress

Engineering: 100%

Impact

Improve the availability of electrical service at the facility by using renewable energy.

Value for *inelectra*

Leverage our expertise and capabilities in power generation and electricity transmission projects. Promote new business opportunities in the renewable segment.



For the continuity of our operations, the performance of our staff was key. They demonstrated their commitment at all times.

The priority has been to keep the staff healthy. Our Human Resources and EHS teams designed a protocol to protect employees who returned to the office.

To guarantee the well-being of employees, since March 2020 we started an information and prevention campaign on *COVID-19*, and assisted

and provided the necessary materials to carry out activities. Our doctors are available to assist employees by phone at all times.

The restart of on-site activities within the EPC project for Metor (Venezuela) had all the biosafety measures. As a result, the project finished with no confirmed covid cases.



In FY 2020-2021, an average of
84.47 hours of training per employee
was achieved, doubling the initial estimate.



Training hours: **31,883**



Participants: **2,560**



Hours of internal technical courses (engineering): **22,984**



Engineering participants in internal technical courses: **1,101**



Hours of EHS courses: **5,537**

Human Resources reviewed and improved several systems and simplified processes such as performance evaluation. We also carried out internal surveys to evaluate employee's perceptions regarding teleworking. They resulted in specific actions aimed at ensuring a work environment under the current reality.



inelectra successfully switched to remote work, especially in the areas of design and engineering. Before the pandemic, only about 7% of employees worked remotely. As of 2020, more than 80% of our employees started working remotely. Key to achieve this was that there was already sufficient response capacity to ensure the continuity of operations

The first contingency measures included providing mobile connectivity devices for employees, computer relocation, furniture, and accessories from the offices to the homes requiring them, providing continuous technical and logistical support.

«We are undertaking inelectra's digital transformation with the best possible resources. Today we are prepared to successfully execute the projects to come, under this new normal.»

Arnin Frederik, IT Manager

To ensure the use of the necessary technology tools for the different types of projects, the IT team adapted the design and engineering tools to be used remotely.

inelectra's accelerated digital transformation allowed the continuity of our operations because we had the best technological tools. It also helped us keep our operating costs associated with technology in line with the company's size.

5 aspects key for the success of IT management in the transition to remote work



The existing capacities and resources at the time of the pandemic



Man-hours invested in IT solutions research



The renegotiation of licensing agreements



The number of lines and connecting and devices



Support provided by the entire IT department

In January 2021, Fondonorma carried out the ISO 9001: 2015 audit, resulting, once again, in Zero Non-Conformities and Zero Observations.

We received the same qualification in the last 29 audits carried out.



After this evaluation, the certifying body highlighted as strengths:

The commitment of senior management for the maintenance and continuous improvement of the implemented Quality Management System.

The commitment showed by the employees responsible for the evaluated processes.

Competitive advantages such as experience, comprehensive portfolio of services, and presence at a national and international level.

Administration of technological resources.

Teamwork.

inelectra's Quality Management System is one of the company's strengths. It is based on the commitment of teams and senior management, our clients' and other stakeholders' satisfaction, and the improvement of different work processes.

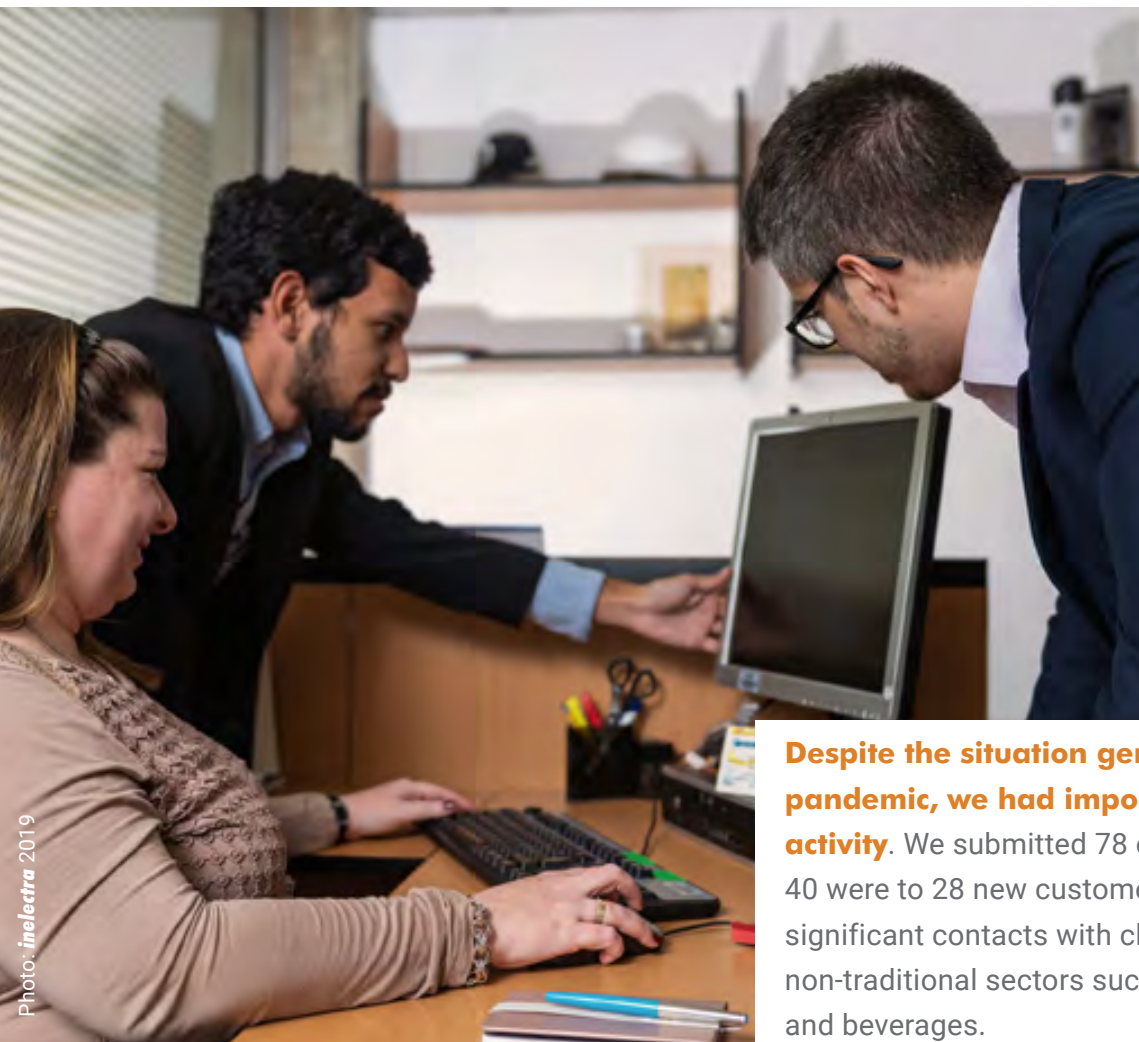
Protocolo de vuelta al trabajo COVID-19



Our EHS team worked mainly on the well-being of our employees throughout a year in which the declaration of a pandemic and the national provisions to contain the contagion imposed strict regulations.

COVID-19 newsletters were issued regularly throughout the fiscal year. Employees and their families had access to telemedicine consultations, including the cases with respiratory symptoms.

Each employee that attended our offices received the «Back to office» protocol, which included risk notifications, a biosafety kit with facemask, alcohol, and soap, as well as information on biosecurity measures to prevent the spread of *COVID-19*.



Despite the situation generated by the pandemic, we had important bidding activity. We submitted 78 offers, of which 40 were to 28 new customers. We established significant contacts with clients from non-traditional sectors such as food and beverages.

Regarding Venezuela, we preserved our networking activities and detection of possible business opportunities for when conditions allow.

This fiscal year we ventured into photovoltaic energy projects to prepare ourselves to meet the new global trends in renewable energy



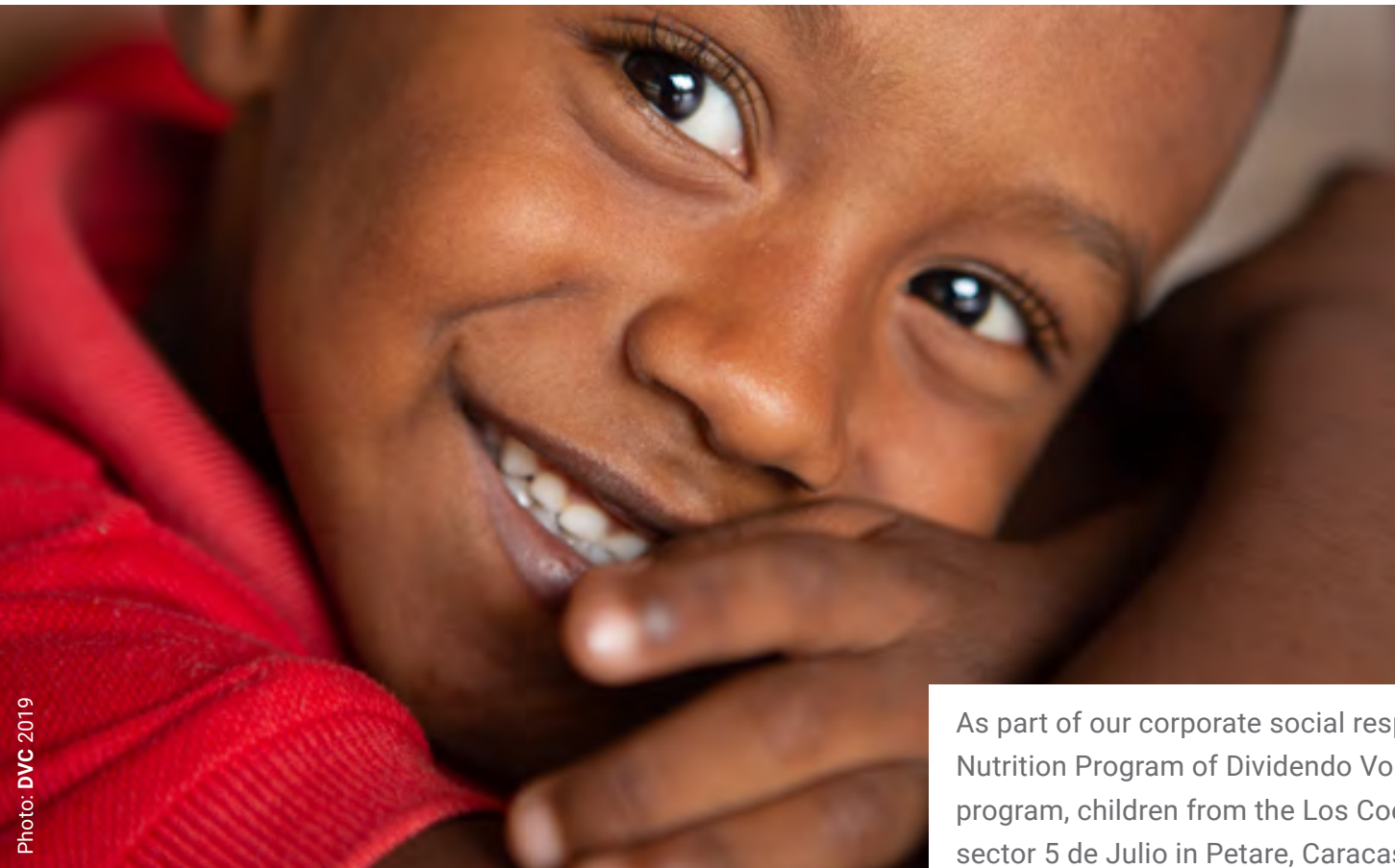
For the FY 2020-2021 inelectra had a positive net margin. This was because of the development of engineering projects in Venezuela and Mexico as well as the EPC's executed for Metor in Venezuela.

inelectra adapted to the changes imposed by the markets and achieved cost and expense optimization.

From this year, the consolidated financial statements adopted the US \$ as the functional currency, thus facilitating their analysis and eliminating the absence of correlation between inflation and the devaluation of the Bolivar.

This year's financial challenges were adopting the new functional currency, cash flow management focused on the collection, debt reduction, and timely fulfillment of the company's duties.

Our Commitment to the Community



«Working hand in hand with such an important social development organization as the Dividendo Voluntario para la Comunidad (DVC) allows us to ensure that our contribution makes an impact and improves the quality of life of these children and their families.»

Andreína Pérez, Public Affairs Manager

As part of our corporate social responsibility plans, **inelectra** joined the Early Childhood Nutrition Program of Dividendo Voluntario para la Comunidad (DVC). Through this program, children from the Los Coequitos Felices initial education center, located in sector 5 de Julio in Petare, Caracas, receive lunches and snacks prepared by a group of caregiving mothers. This program guarantees that children continue to eat, even when they are not attending classes.

Through this program, healthy menus provide daily caloric requirements. Also, children receive anthropometric evaluations to monitor and evaluate the program's impact.

Another benefit is that a team of nutritionists train mothers in charge of meals in food safety and the nutritional needs of the children, how to satisfy them in an optimal, affordable and efficient way. The program also offers teacher training and health insurance for collaborating mothers and teaching staff.

The «50 Scholarships, 50 Years» program continued during the 2020-2021 school year.

50 students of our employees received financial aid to guarantee their continuity in the formal educational system.

In the third year of the program, inelectra distributed the following scholarships:

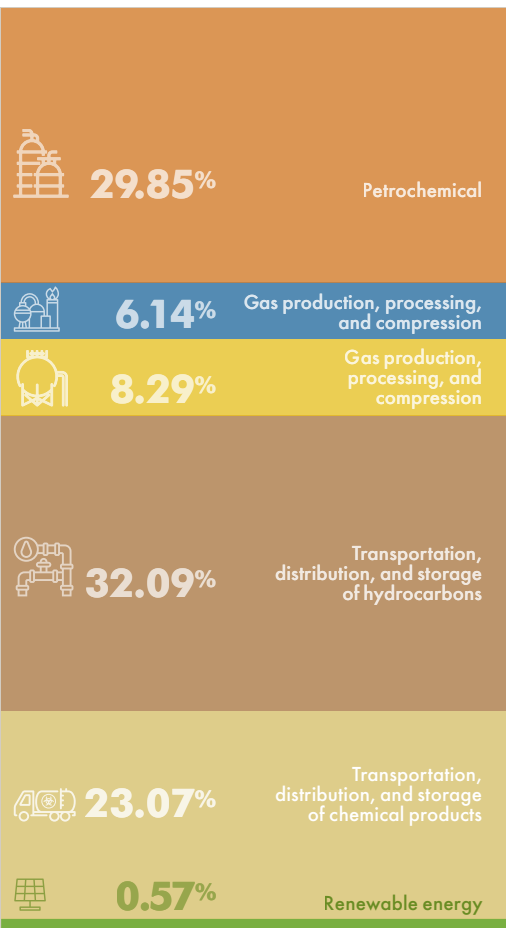
- 5 for preschool students**
- 13 for elementary students**
- 15 for high school students**
- 17 for university students**

Improvement for the UCV Institute of Tropical Medicine

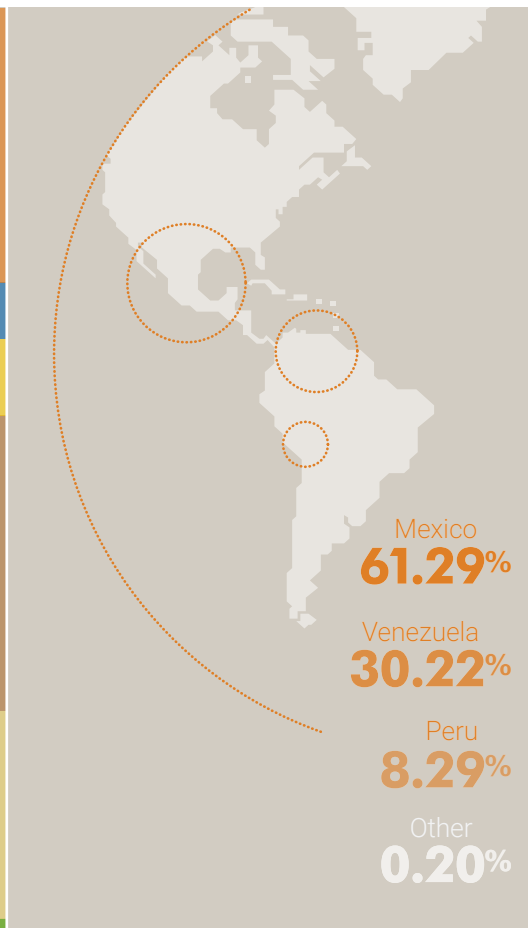
The Institute of Tropical Medicine of the Universidad Central de Venezuela requested *inelectra's* support to develop an electrical project for its facilities. A designated team visited the institute and worked on the project. The Institute is in charge of the procurement and installation process

inelectra in numbers 2020-2021

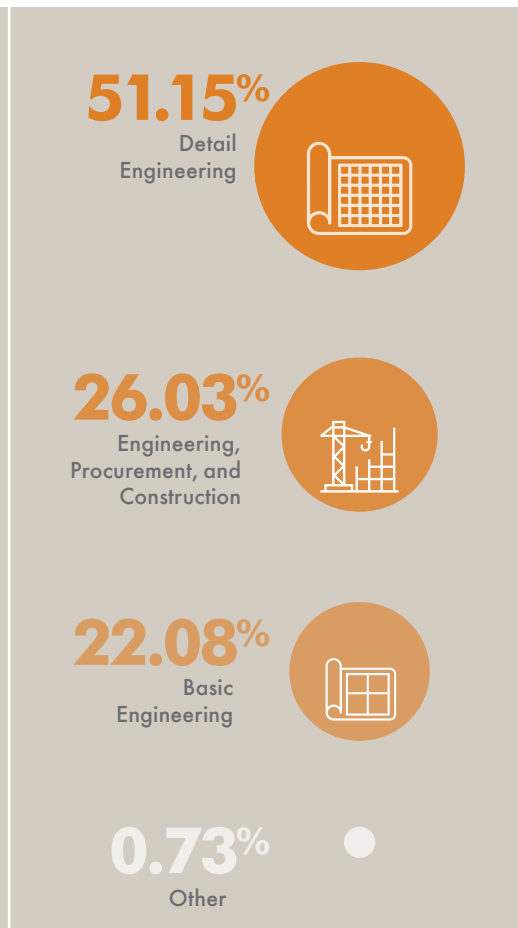
Man-Hours by market segment (%)



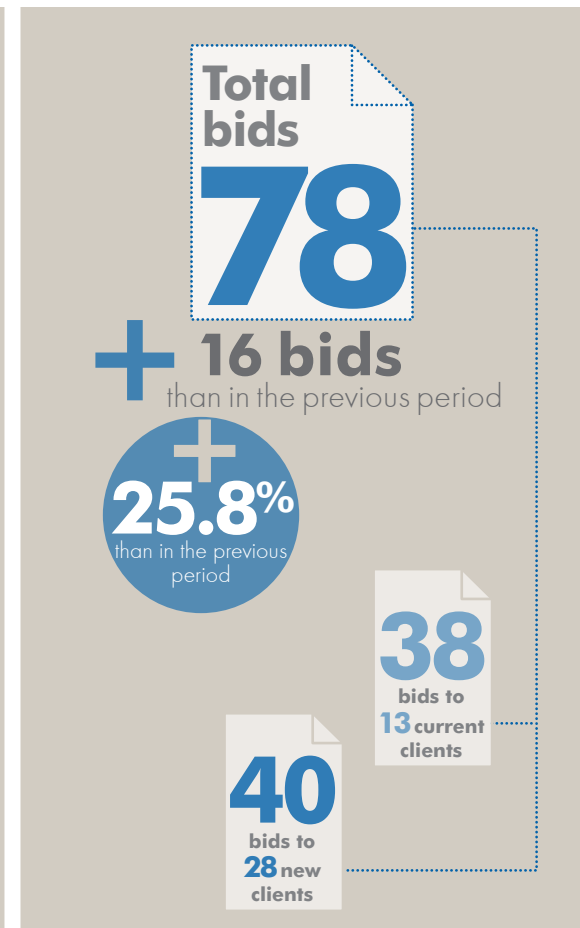
Man/Hours according to the location of the construction site (%)



Man/Hours according to project scope (%)



Bids



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