First Half 2020 Earnings Release

The 50% fall in the market and COVID-19 mark TUBACEX's results

- **The sales figure for the first half of the year amounts to €282 M, down 12.8% on the same period last year, and the EBITDA stands at €19.8 M, 40.5% less.**
- **These figures are a far cry from TUBACEX's prospects at the start of the year but, even in such an unfavorable environment as the present, the Group still has positive operating results.**
- **This has been possible thanks to the geographic and product diversification and the rapid action plan implemented with a thorough adjustment of costs at all levels.**
- **TUBACEX's sound financial structure guarantees the Group's solvency in the medium and long term.**

Llodio, July 28th, 2020. Today, TUBACEX has presented the results for the first half of the year characterized by a general economic crisis caused by the COVID-19 pandemic, which is particularly affecting the energy sector. The closure of China since January has led to a drop in sales in the power generation market and the lockdown of diverse countries by government order since March and the necessary physical distancing measures have led to a reduction in global activity of 50%. In this situation, the impact of the reduction in global activity has extended throughout the second quarter, significantly affecting the results for this period.

TUBACEX's sales figure for the first half of the year amounts to €282 million, down 12.8% on the same period last year, while the EBITDA stands at €19.8 million, 40.5% less, with a margin of 7.0%. Although the figures are a far cry from TUBACEX's prospects at the start of the year, it must be highlighted that even in such an unfavorable environment as the present, the Group still has positive operating results with reasonable margins. Indeed, the second quarter, which is the most affected by the current situation to date, closed with sales of €128.3 M and an EBIDTA of €7.4 M. This has been possible thanks to the geographic and product diversification and the rapid action plan implemented with a thorough adjustment of costs at all levels.

TUBACEX's CEO, Jesús Esmorís, has said that "the drop in energy consumption as a result of the global recession and the high degree of uncertainty regarding the future evolution of the virus are leading to a reduction in investments by our end-users, along with the cancellation of some orders and delays in the award and kick-off of major projects. This situation has quashed the good prospects we had for 2020 and is forcing us to manage an extremely complicated situation."

It is important to highlight that in view of the global recession and in order to adapt the Group's activities to this scenario, a restructuring plan has been announced that will affect approximately 20% of the workforce, which, together with other adjustment measures taken, will enable the company's costs to be reduced by around €25 M by 2021. The June results, with losses of €8.3 M, incorporate part of the cost associated with this restructuring.

"We have implemented an adjustment plan to adapt our level of activity to the new situation. It has not been easy and, in some cases, we have had to make tough decisions, such as job losses, pay cuts, reduction of overheads and the suspension of non-strategic investments, among others", states Esmorís.

The working capital stands at €208.1 million in June, up €20.9 million on the 2019 year-end, but down €27,8 million with respect to the end of March. On publishing the results for the first quarter of the year, it was already predicted that the working capital would fall throughout the year as it adapted to the current levels of activity, which is borne out by these results.

Sound Financial Structure

The net financial debt amounted to €274.4 M whereby its rise with respect to the close of 2019 is closely related to the increase in working capital. According to TUBACEX's business model, in which products are made to order, the financial debt is closely related to the working capital, most of which has already been sold at a positive net realizable value. The working capital represents 75.8% of the debt, so the company's structural financial debt excluding the working capital stands at €66.6 M, in line with the figure at the close of 2019.

As has become customary, the Group's solid financial situation must be highlighted once more. Since the outbreak of the pandemic, TUBACEX's financial strategy has focused on a dual purpose in order to face this uncertain scenario. On one hand, it has strengthened its cash position. On 30th June, the cash position amounted to €171.8 M. The company has €86 M authorized and available funds in credit lines, of which €68.8 M are long term. This structure guarantees the Group's solvency in the medium and long term. On the other hand, efforts have been concentrated on extending the debt maturity periods. Therefore, the long-term financial debt at the close of the first half of the year represents 52.4% of the total financial debt, in comparison with 39.6% in December 2019. By taking these actions, liquidity is assured as well as the full operability of the company in such extraordinary circumstances that are determining global business activity, but, above all, its ability to recover immediately when the global market situation allows it, is also assured.

Prospects for the Second Half of the Year

As for the second half of the year, it is impossible to predict the evolution of worldwide activity, which, in turn, will be determined by the evolution of the virus. In light of this situation, the Tubacex Group has set the fundamental goal of not destroying the operating cash position, by maintaining an operating cash flow close to zero and maintaining net financial debt at levels similar to those of previous years.

For the CEO, "TUBACEX's growth and value creation potential remains intact, waiting for this situation to pass and for us to be able to take advantage of the efforts and improvements made in recent years".

Financial figures
€M

	H1 2020	H1 2019	change %	Q2 2020	Q2 2019	change %
Sales	282.0	323.5	-12.8%	128.3	180.0	-28.7%
EBITDA	19.8	33.3	-40.5%	7.4	19.0	-61.0%
EBITDA margin	7.0%	10.3%		5.8%	10.6%	
EBIT	(4.3)	13.3	n.m.	(4.8)	8.8	n.m.
EBIT margin	neg.	4.1%		neg.	4.9%	
Net Profit	(8.3)	5.0	n.m.	(6.7)	3.3	n.m.
Net margin	neg.	1.5%		neg.	1.8%	

	2020.06.30	2019.12.31
Equity Attributable to the Parent	271.1	287.5
Equity / Net Financial Debt	98.7%	113.4%
Working Capital	208.1	187.2
Working Capital / Sales	36.4%	30.5%
Structural Net Financial Debt (1)	66.6	66.3
Total Net Financial Debt	274.7	253.6
NFD/ EBITDA	5.1x	3.8x

neg.: negative
n.m.: not meaningful
(1) Total Net Financial Debt - Working Capital

Key financial figures for the first half of 2020.

About TUBACEX

TUBACEX is a multinational group with its headquarters in Alava and a global leader in the manufacture of stainless steel and high-alloyed tubular products (tubes and accessories). It also offers a wide range of services from the design of tailored solutions to installation and maintenance operations.

It has production plants in Spain, Austria, Italy, the United States, India and Thailand, as well as Saudi Arabia, Dubai and Norway through the NTS Group, worldwide service centers and sales offices in 38 countries.

The main demand segments for the tubes manufactured by TUBACEX are the oil and gas, petrochemical, chemical and power generation industries.

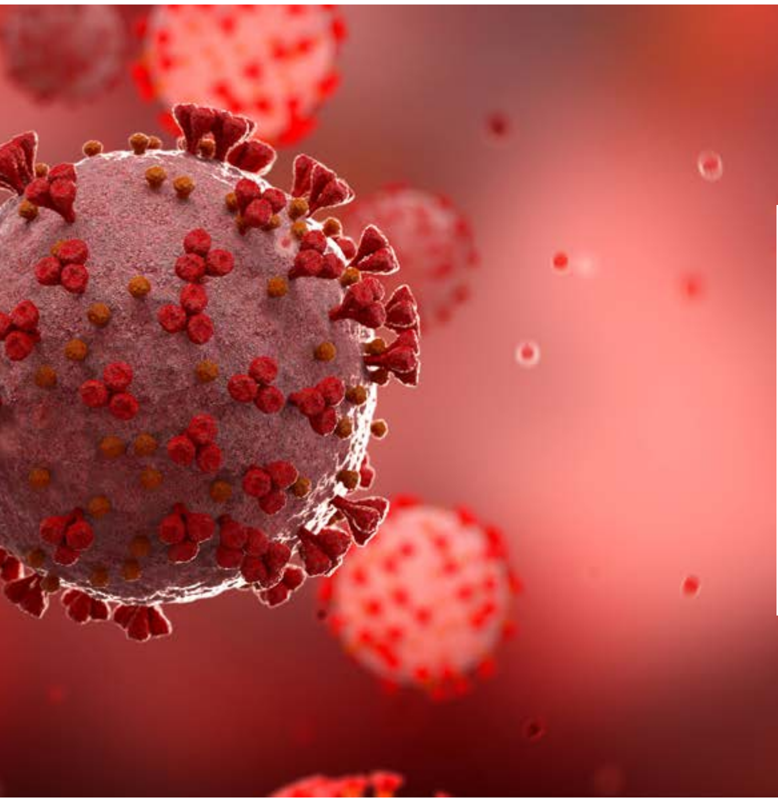
TUBACEX has been listed on the Spanish Stock Market since 1970 and is part of the "IBEX SMALL CAPS" Index. www.TUBACEX.com

Earnings Release

1st HALF

2020

TUBACEX GROUP



"... we have implemented a successful financial strategy aimed at preserving and strengthening the Company's cash position. In parallel, we have implemented an adjustment plan to adapt our level of activity to the new situation."

After a long crisis in our sector, TUBACEX kicked off 2020 with very good prospects. The organic and inorganic growth of recent years and the efforts made on the commercial, industrial and R&D front to position ourselves as a global supplier of tubular solutions meant that important growth could be anticipated this year.

However, this forecast has changed radically since the outbreak of COVID-19. The worldwide pandemic caused by the Coronavirus is bringing about an unprecedented global downturn. The crisis is general and is affecting almost all companies, but particularly those related to the energy sectors. The drop in energy consumption as a result of the global recession and the high degree of uncertainty regarding the future evolution of the virus are leading to a reduction in investments by our end-users, along with the cancellation of some orders and delays in the award and kick-off of major projects. This situation has quashed the good prospects we had for 2020 and is forcing us to manage an extremely complicated situation.

Given this scenario, one of TUBACEX's major priorities is to safeguard the health of its workers. To do so, the necessary measures have been adopted since the first quarter of the year to ensure the safety of all the teams whilst fulfilling the commitments undertaken with our customers.

The other major priority is to ensure the Group's economic viability. Therefore, we have implemented a successful financial strategy aimed at preserving and strengthening the Company's cash position. In parallel, we have implemented an adjustment plan to adapt our level of activity to the new situation. It has not been easy and, in some cases, we have had to make tough decisions, such as job losses, pay cuts, reduction of overheads and the suspension of non-strategic investments, among others.

We are facing an unprecedented crisis. We cannot predict how long it will last nor its impact. However, we must not forget that, fortunately, it will be temporary. Looking towards the future, I am convinced that our recent efforts which allowed us to be optimistic are still there. TUBACEX's growth and value creation potential remains intact, waiting for this situation to pass and for us to be able to take advantage of the efforts and improvements made in recent years.

Jesús Esmorís
CEO

1 Market enviroment

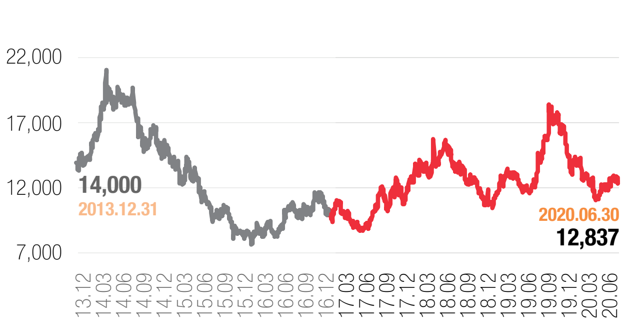
We are currently facing an exceptional global situation. The fight to contain the spread of the COVID-19 epidemic has brought the worldwide economy to an unprecedented standstill in the first half of the year. Social distancing measures, which are necessary as long as there is no vaccination or treatment for the virus, are making the recovery slower than initially expected. This situation is affecting the expected GDP growth rates of all countries, leading to a worldwide recession. Uncertainty regarding the final magnitude of the setback remains high and in the words of the International Monetary Fund, "a deeper recession is projected in 2020 and a slower recovery in 2021".

The prices of **raw materials** underwent harsh adjustments in the first quarter, which were partially offset by a slightly better performance in the second quarter, in parallel to the de-escalation phases in different countries and the implementation of financial incentives by central banks. However, the risk of a spike and a second wave of the virus means that volatility remains at extremely high levels.

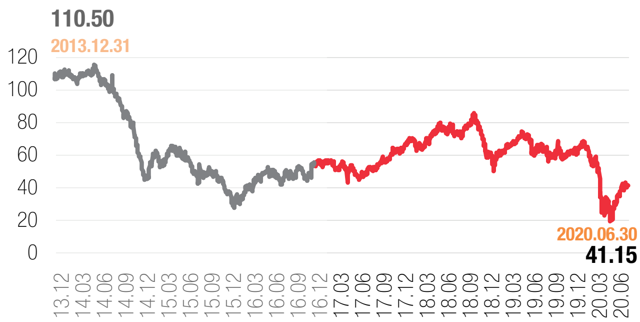
The price of **nickel** closed the first half of the year at $12,837 per ton, representing a fall of 9.0% in the year. The other two alloys with significant weight in the Group's supplies for the manufacture of stainless steel are **molybdenum** and **chromium**. The price of molybdenum has dropped 15.6% in relation to the 2019 year-end, while the price of chromium has increased by 12%.

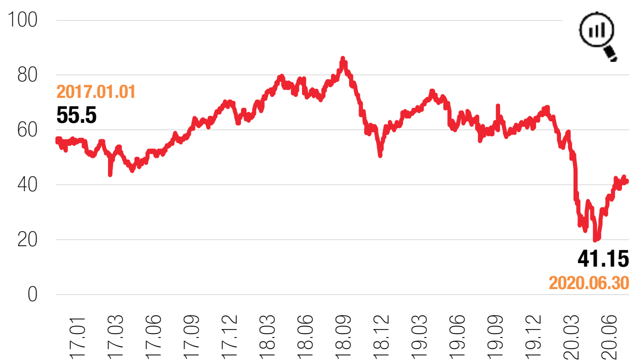
The price of the **Brent barrel** has experienced a major recovery since the record lows of less than $20 in April and closed June at $41.15. The gradual acceleration in demand for fuel as a result of the steady reactivation of the economy, together with the fall in supply from OPEC and its allies has paved the way for this recovery. However, it still remains at very low levels, with an accumulated fall of 37.7% for the year.

Evolution of the nickel price
DEC 13 - JUN 20 ($/TON)



Evolution of the Brent price
DEC 13 - JUN 20 ($/barrel)





2 Key financial figures

The global pandemic caused by COVID-19 already affected the results for the first quarter of the year. The closure of China since January has led to a drop in sales in the power generation market and the lockdown of diverse countries by government order since March and the necessary physical distancing measures have led to a reduction in global activity of 50%. In this situation, the impact of the reduction in global activity has extended throughout the second quarter, significantly affecting the results for this period.

The sales figure for the first half of the year amounted to €282 million while the EBITDA was €19.8 million with a margin of 7.0%. Although the figures are a far cry from TUBACEX's prospects at the start of the year, it must be highlighted that even in such a dramatic environment as the present, the Group still has positive operating results with reasonable margins. Indeed, the second quarter, which is the most affected by the current situation to date, closed with sales of €128.3 M and an EBIDTA of €7.4 M. This has been possible thanks to the geographic and product diversification and the rapid action plan implemented with a thorough adjustment of costs at all levels.

It is important to highlight that in view of the global recession and in order to adapt the Group's activities to this scenario, a restructuring plan has been announced that will affect approximately 20% of the workforce, which, together with other adjustment measures taken, will enable the company's costs to be reduced by around €25 M by 2021. The June results incorporate part of the cost associated with this restructuring.

Financial figures
€M

	H1 2020	H1 2019	change %	Q2 2020	Q2 2019	change %
Sales	282.0	323.5	-12.8%	128.3	180.0	-28.7%
EBITDA	19.8	33.3	-40.5%	7.4	19.0	-61.0%
EBITDA margin	*7.0%*	*10.3%*		*5.8%*	*10.6%*	
EBIT	(4.3)	13.3	n.m.	(4.8)	8.8	n.m.
EBIT margin	*neg.*	*4.1%*		*neg.*	*4.9%*	
Net Profit	(8.3)	5.0	n.m.	(6.7)	3.3	n.m.
Net margin	*neg.*	*1.5%*		*neg.*	*1.8%*	

	2020.06.30	2019.12.31
Equity Attributable to the Parent	271.1	287.5
Equity / Net Financial Debt	98.7%	113.4%
Working Capital	208.1	187.2
Working Capital / Sales	36.4%	30.5%
Structural Net Financial Debt (1)	66.6	66.3
Total Net Financial Debt	274.7	253.6
NFD/ EBITDA	*5.1x*	*3.8x*

neg.: negative
n.m.: not meaningful
(1) Total Net Financial Debt - Working Capital

The working capital stands at €208.1 million in June, up €20.9 million on the 2019 year-end, but down €27.8 million with respect to the end of March. On publishing the results for the first quarter of the year, it was already predicted that the working capital would fall throughout the year as it adapted to the current levels of activity, which is borne out by these results.

The net financial debt amounted to €274.7 M whereby its rise with respect to the close of 2019 is closely related to the increase in working capital. According to TUBACEX's business model, in which products are made to order, the financial debt is closely related to the working capital, most of which has already been sold at a positive net realizable value.

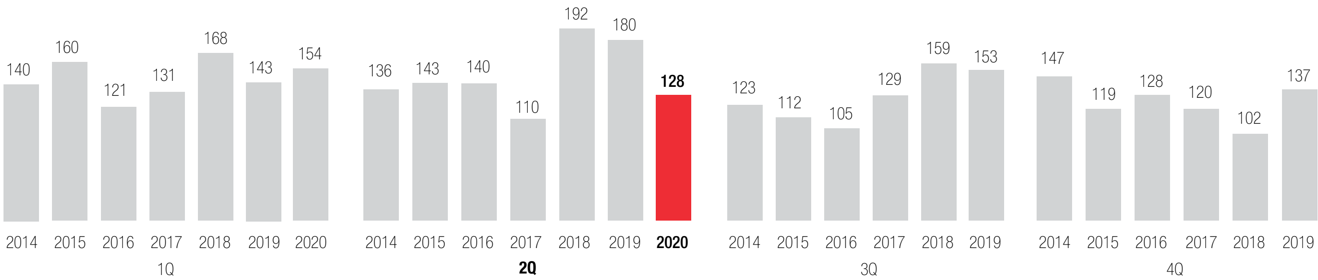
The working capital represents 75.8% of the debt, so the company's structural financial debt excluding the working capital stands at €66.6 M, in line with the figure at the close of 2019.

As has become customary, the Group's solid financial situation must be highlighted once more. Since the outbreak of the pandemic, TUBACEX's financial strategy has focused on a dual purpose in order to face this uncertain scenario. On one hand, it has strengthened its cash position. On 30th June, the cash position amounted to €171.8 M. The company has €86 M authorized and available funds in credit lines, of which €68.8 M are long term. This structure guarantees the Group's solvency in the medium and long term. On the other hand, efforts have been concentrated on extending the debt maturity periods. Therefore, the long-term financial debt at the close of the first half of the year represents 52.4% of the total financial debt, in comparison with 39.6% in December 2019. By taking these actions, liquidity is assured as well as the full operability of the company in such extraordinary circumstances that are determining global business activity, but, above all, its ability to recover immediately when the global market situation allows it, is also assured.

As for the second half of the year, it is impossible to predict the evolution of worldwide activity, which, in turn, will be determined by the evolution of the virus. In light of this situation, the Tubacex Group has set the fundamental goal of not destroying the operating cash position, by maintaining an operating cash flow close to zero and maintaining net financial debt at levels similar to those of previous years.

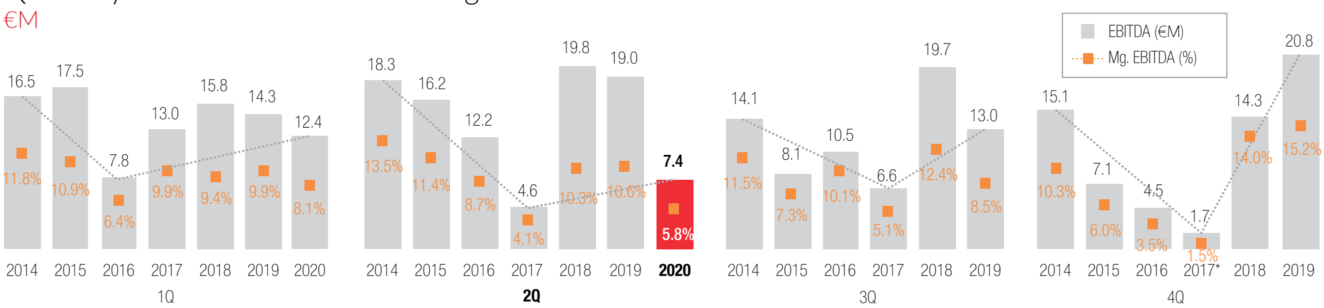
Quarterly evolution of the sales figure

€M

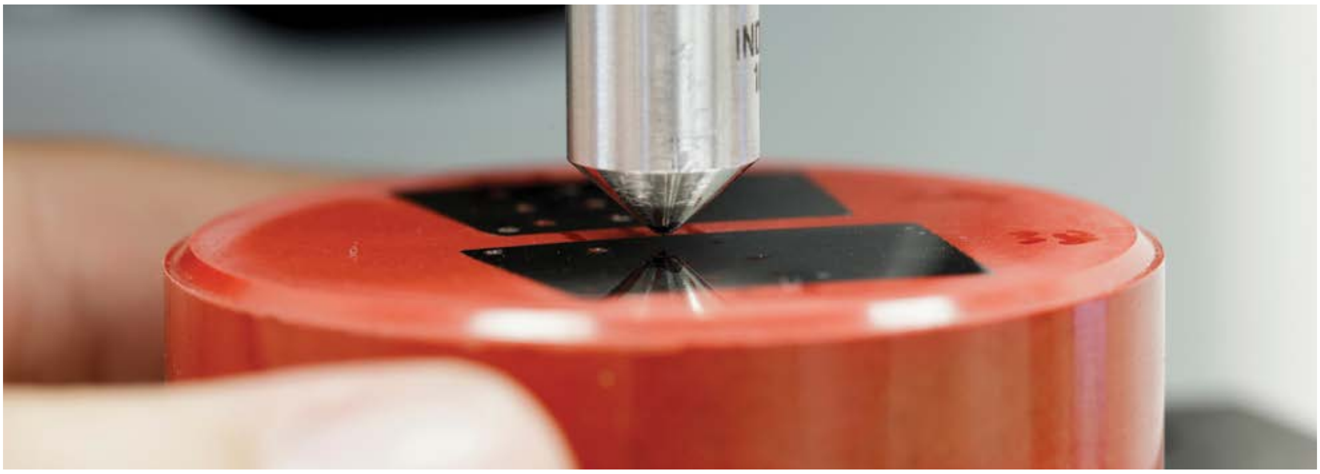


Quarterly evolution of the EBITDA figure

€M

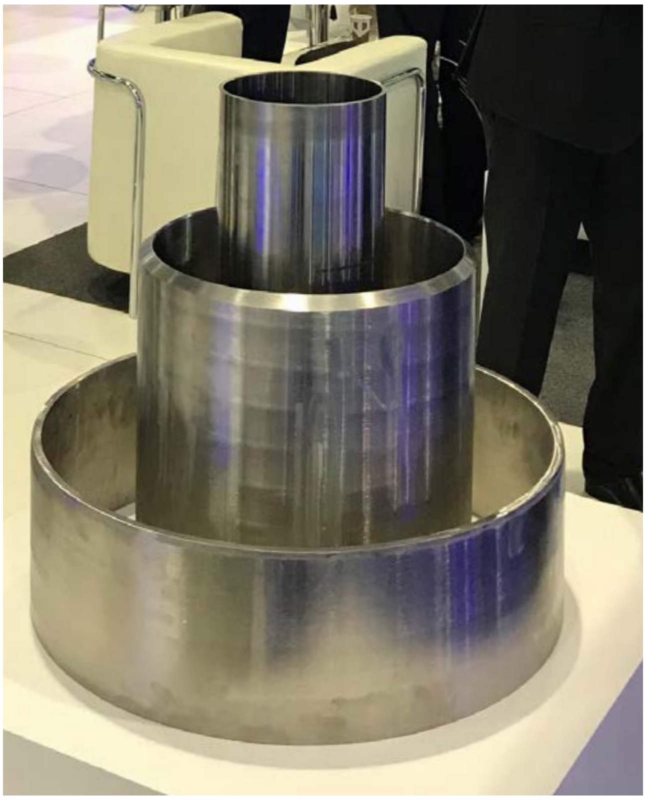


** EBITDA generated in the fourth quarter of 2017 included extraordinary adjustments corresponding to the regularization of equipment, tooling and stocks linked to the manufacturing of conventional products in Austria which were moved to India*



3 Business evolution

The severe crisis in the sector, which started mid 2014 began to show signs of recovery in 2018. The positive tendency in the volume of projects awarded was maintained in 2019, which, together with the need to resume investments after several years of caution, enabled a gradual recovery of activity to be foreseen over the coming years. However, the worldwide pandemic caused by COVID-19 has led to the drastic shutdown of economic activity in all sectors and in all countries, totally changing the positive prospects for 2020, placing us in a new context of worldwide recession.



The distribution channel's sales figure maintained a positive trend during the first quarter of the year. However, demand through this channel has shown signs of a slowdown in the second quarter, which has led to an increase in competitive pressure.

The sales channel to end-users and engineering firms is still the most important channel for TUBACEX, in line with the Group's strategy of developing customized tubular solutions for the end-user. The sales breakdown via this channel is as follows: Gas E&P 28%, Oil E&P 14%, Power Generation 13% and Mid&Downstream 37%.

The **Oil&Gas E&P** sector has been characterized by a sharp fall in activity during the second quarter, due to the effect of Coronavirus and the oil price war. The shutdown of the world economy led to general falls in the consumption of oil and gas, as well as delays in the award of major projects by the leading operators. It is important to highlight that the scenario is mainly one of a slowdown and postponement of awards rather than cancellation, so it is expected that this reduction will be temporary. Within this sector, Gas E&P is particularly relevant as it represents 28% of total sales, due to the fact that gas production is being boosted by global goals of reducing pollutant and CO2 emissions. In the OCTG segment, invoicing for the first half of the year has focused on deliveries for gas wells in the Caucasus and India. During the second half of the year, it is foreseeable that invoicing will maintain its negative tendency as a result of delays in awards. However, the relaunch of activity is expected for the end of 2020. This improvement is particularly expected in national companies (NOC) where TUBACEX has been positioning itself technically and commercially in recent years and there the award of important contracts that use our range of alloys is imminent.

The **SURF** (Subsea, Umbilicals, Risers and Flowlines) segment deserves special mention, whereby the positive order backlog, with the most recent investments in the SBER plant, along with the increase in productivity driven by improvements to the TxPS processes, have reached another record turnover of umbilical tubes in the second quarter of the year. The slowdown in order intake has also been observed in this segment and may continue until the beginning of the fourth quarter. However, measures such as those introduced by the Norwegian government of reducing taxes in new Oil&Gas projects, may accelerate the recovery of some of the projects that have been deferred.

In the **Power Generation** sector, TUBACEX enjoys a significant international presence and its strategy is based on its positioning as a leading supplier of high value-added tubular solutions, increasingly seeking the latest generation energy efficiency and a reduction in CO_2 emissions. In the nuclear segment, the Group continues with its good performance in the procurement of nuclear projects for EDP as part of its activity in the replacement of primary components to fulfill the new post-Fukushima safety measures. In this segment, TUBACEX's strong positioning in India can also be highlighted thanks to its commercial and industrial structure in this country and its alliance with Midhani. India has an ambitious nuclear plan in which it expects that 25% of the country's electric power will come from nuclear energy by 2025.

As far as the traditional market is concerned, during the first half of the year, manufacturers and Asian EPCs have had a low level of activity, although there are signs of recovery, particularly in China, with the help of the government, which has recommenced activity by fast tracking projects that had been brought to a standstill. Once more, TUBACEX's good competitive position in this segment in India must be highlighted in order to play a key role in the modernization plan of the Indian coal powered plants through the *Advanced Ultra Super Critical Boilers (AUSC)*, a new, more efficient generation of tubes for boilers which fulfill the goal of reducing CO2 emissions.

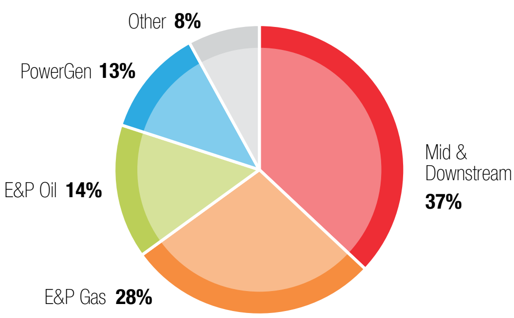
Like in the rest of the sectors, the COVID-19 crisis has also had a negative impact on the first half of the year in the **Mid and Downstream** business. The slowdown in projects that were close to commencing their implementation has had a major impact, not only on demand volumes, but also on the increase in competitive pressure. Furthermore, delays in the award of new projects will also affect the second half of the year. However, in spite of this scenario, the second quarter has had some positive signs.

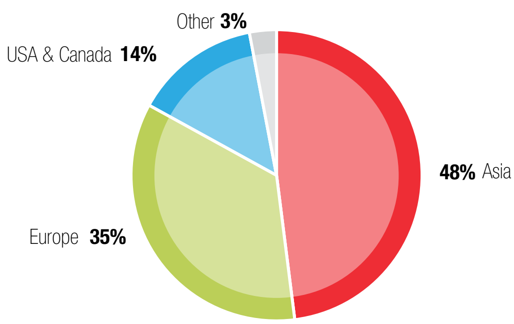
The successful direct participation strategy with *General Contractors* and *End Users* has enabled complex projects to be won, such as Shenghong in China for the Ref & Petrochemical complex in Lianyungang. The supply of complete solutions and high value-added services has led to the award of projects like the Qatargas North Field Gas Development with Saipem. For the second half of the year, the award of several high value-added projects is expected, particularly in the topside offshore segment.

Breakdown by sector

Breakdown of direct sales to engineering firms and end-users
1H 2020

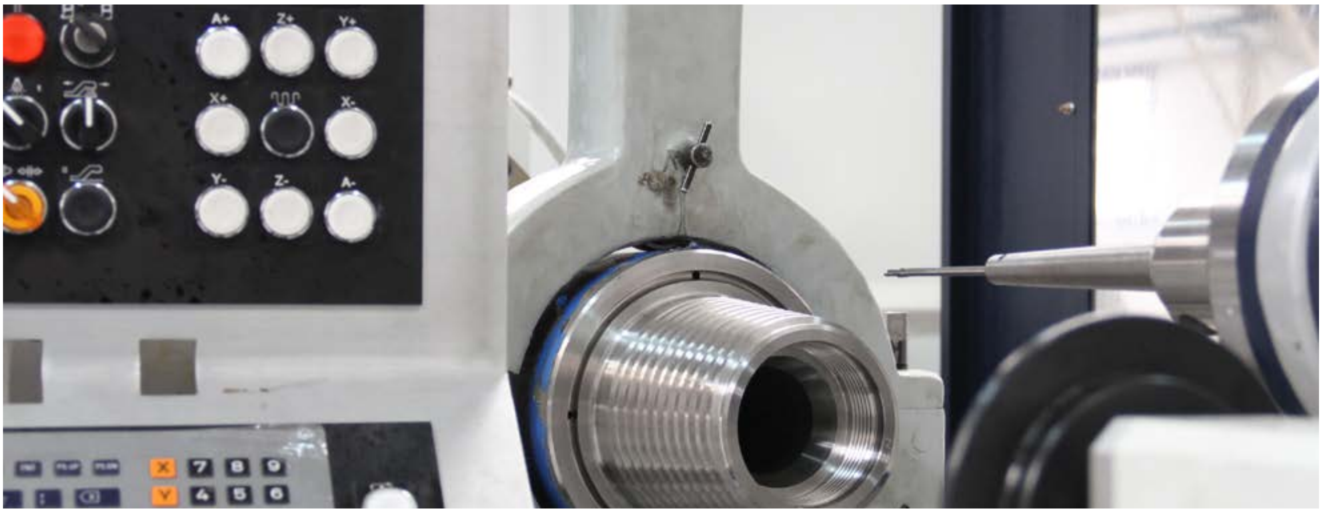
Breakdown by final destination





From a geographic viewpoint, Asia remains the Group's main market with 48% of sales due to its high exposure to gas extraction E&P segment as well as to power generation. Growth forecasts in this region remain high for the forthcoming years.

Moreover, the positive evolution of the North American market in 2019, somewhat reduced this year due to the global pandemic, combined with the commissioning of the new plant in Oklahoma, enable us to forecast increasing relative importance of this market in the future.



4 Highlights

Share Buyback Program

June 2020

As a channel for shareholder remuneration and proof of the trust in the Group's growth project, TUBACEX implemented a share buyback program in March 2020 for subsequent amortization for the sum of €6 million.

On 30th June, €4.6 M have been invested in the acquisition of 3.5 million shares, representing 2.6% of the capital.

Shareholders' Annual General Meeting

June 2020

On 25th June, TUBACEX held its Shareholders' General Meeting on-line for the first time ever, and shared the main aspects of its management during the pandemic. The financial statements corresponding to the 2019 financial year were approved along with the respective management report.

ARAMCO fosters a plan to support the Basque society against COVID-19

ARAMCO has fostered a plan to support Basque society to ease the effects of Coronavirus, channeled through the Energy Advanced Engineering Foundation, of which TUBACEX is a member. The funds raised exceed €300,000 and have been allocated to diverse social and assistance initiatives in the fields of health care, food and education. With this program, ARAMCO shows its commitment to a key region, which concentrates the highest volume of companies related to the energy sector in Spain.

5 TUBACEX on the stock market

Share evolution

JAN 20 - JUN 20

The global pandemic caused by the Coronavirus led to record lows on all stock exchanges during the first quarter. Since March, the powerful financial and tax incentives by central banks and governments have somewhat favored a recovery of risk assets, such as stock exchanges and corporate debt. However, the volatility levels and uncertainty still remain very high.

In line with the general market evolution, the TUBACEX share has also undergone a slight improvement during the second quarter.

The share price closed June at €1.348, which represents a market capitalization of €179.3M and a drop of 52.4% in the year.

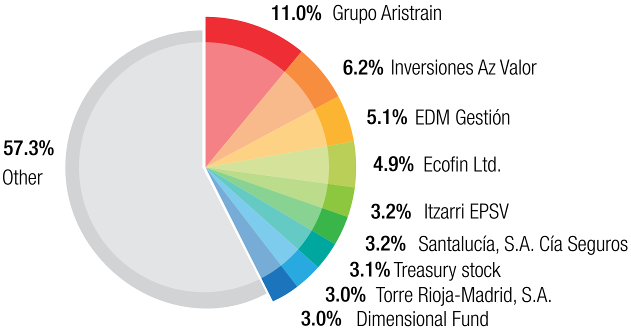
Regarding share liquidity, the number of shares traded on the regulated market throughout the first six months of the year amounted to 50.3 million, compared to 17.5 million in the same period of 2019.

Shareholding structure

2020.06.30

During the first half of the year, there has been no change in the structure of TUBACEX's significant shareholders. The only variation corresponds to the increase in treasury stock, which stands at 3.1% as a result of the aforementioned buyback scheme.

Therefore, as recorded in the CNMV, the TUBACEX shareholder structure at 30th June 2020 is as follows:



Source: CNMV (Spanish Securities Exchange Commission)

6 Key financial figures

Consolidated balance sheet
€M

	2020.06.30	2019.12.31	% change
Intangible assets	98.5	102.4	-3.8%
Tangible assets	299.6	308.1	-2.8%
Financial assets	88.3	80.5	9.6%
Non-current assets	**486.4**	**491.1**	**-0.9%**
Inventories	272.9	305.0	-10.5%
Receivables	79.4	89.0	-10.7%
Other account receivables	19.6	22.2	-11.8%
Other current assets	9.5	6.9	37.7%
Derivative financial instruments	1.3	2.2	-41.9%
Cash and equivalents	171.8	167.2	2.8%
Current assets	**554.6**	**592.5**	**-6.4%**
TOTAL ASSETS	**1,041.1**	**1,083.6**	**-3.9%**
Equity, Group Share	271.1	287.5	-5.7%
Minority interests	48.9	48.2	1.5%
Equity	**319.9**	**335.6**	**-4.7%**
Interest-bearing debt	233.8	166.6	40.3%
Derivative financial instruments	0.6	0.1	n.m.
Provisions and other	56.7	59.6	-4.9%
Non-current liabilities	**291.1**	**226.3**	**28.6%**
Interest-bearing debt	212.7	254.2	-16.3%
Derivative financial instruments	1.0	0.8	27.8%
Trade and other payables	144.3	206.8	-30.2%
Other current liabilities	72.1	59.9	20.3%
Current liabilities	**430.1**	**521.6**	**-17.6%**
TOTAL EQUITY AND LIABILITIES	**1,041.1**	**1,083.6**	**-3.9%**

n.m.: Not meaningful

Consolidated income statement
€M

	H1 2020	H1 2019	change %	Q2 2020	Q2 2019	change %
Sales	282.0	323.5	-12.8%	128.3	180.0	-28.7%
Change in inventories	(23.2)	6.2	n.m.	(15.8)	5.1	n.m.
Other income	6.6	4.2	55.9%	3.1	1.2	n.m.
Cost of materials	(116.4)	(160.6)	-27.5%	(50.2)	(90.8)	-44.7%
Personnel expenses	(69.3)	(74.3)	-6.8%	(31.7)	(37.6)	-15.5%
Other operating costs	(59.9)	(65.7)	-8.8%	(26.2)	(39.0)	-32.7%
EBITDA	19.8	33.3	-40.5%	7.4	19.0	-61.0%
EBITDA Margin	*7.0%*	*10.3%*		*5.8%*	*10.6%*	
Amortiz. and impairment of fixed assets	*(24.2)*	*(20.0)*	*20.8%*	*(12.2)*	*(10.2)*	*19.3%*
EBIT	(4.3)	13.3	n.m.	(4.8)	8.8	n.m.
EBIT Margin	neg.	4.1%		neg.	4.9%	
Financial Result	(6.7)	(5.4)	24.9%	(3.5)	(2.4)	48.3%
Exchange differences	(0.3)	0.2	n.m.	(0.3)	0.0	n.m.
Net Income, Group Share	(8.3)	5.0	n.m.	(6.7)	3.3	n.m.
Net Margin	neg.	1.5%		neg.	1.8%	

n.m.: Not meaningful
neg.: Negative

WWW.TUBACEX.COM