
The results for the second quarter of 2022 mark the continuation of the growth started halfway through last year. We have presented the fourth consecutive quarter of improved results, with an EBITDA reaching €23.4M, which is the highest quarterly EBITDA since the last quarter of 2007. The accumulated EBITDA for the year stands at €42.5M with a margin of 12%, in line with the strategic objective that we set in June.

These results represent the success of the market repositioning strategy that we started some years ago, with the introduction of new products and access to new customers. Under this strategy, we have achieved the correct allocation of products by plant, according to its competitiveness. We have also focused our efforts on moving closer to the end user, not only through direct sales, but also physically, with the opening of sales offices, service centers and warehouses in the main demand hubs worldwide.

The past seven years of drastic cuts in investment, along with the current supply crisis, are leading to the general reactivation of the energy market. Gas and nuclear power, segments that require our most demanding products, are key in the medium term following the European Union's recognition of them as essential sources of energy for the energy transition. All of this, together with our good positioning in the market has led to a solid order intake in all strategic products during the first half of the year. We have also reached the milestone of obtaining the biggest ever OCTG order awarded for the extraction of gas in Abu Dhabi. We therefore have a backlog of more than €1,500M, which is the Group's highest ever and is essentially made up of high value-added products, such as OCTG, Umbilicals, Fertilizers, Nuclear and other highly-demanding applications, for which our special materials are required.

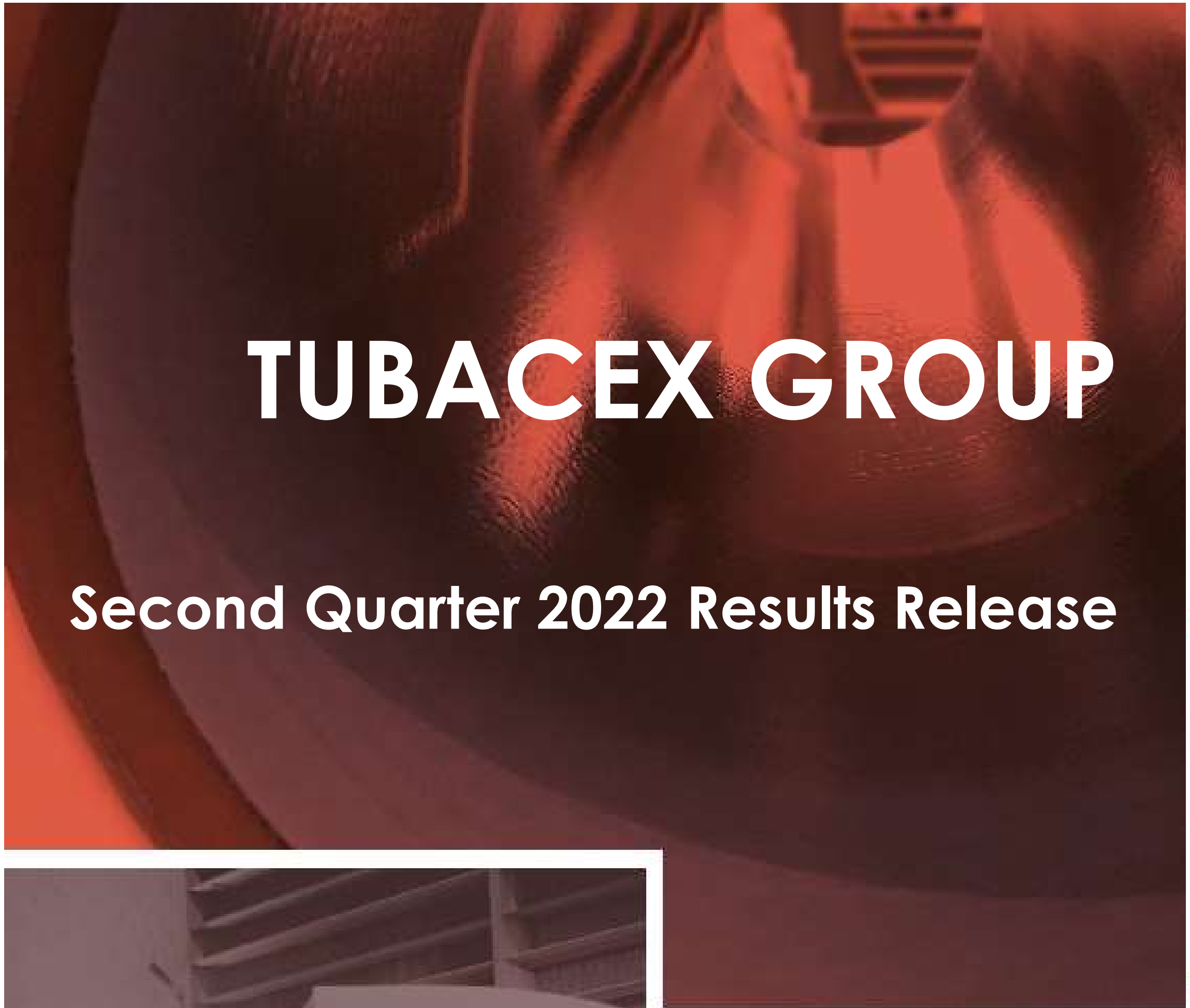
We are faced with a challenging environment, characterized by significant cost increases, particularly in raw materials and energy, which, up to now we have been passing on to the market through price increases, albeit with some difficulty and lag. We are cautious in light of the general economic situation of the coming quarters and the threats of a potential crisis or even stagflation. However, we also believe that we are protected by our high backlog and the fact that we essentially target a sector that is currently in expansion. As a result, we maintain our forecast of achieving results in 2022 above those obtained in 2018 and 2019.

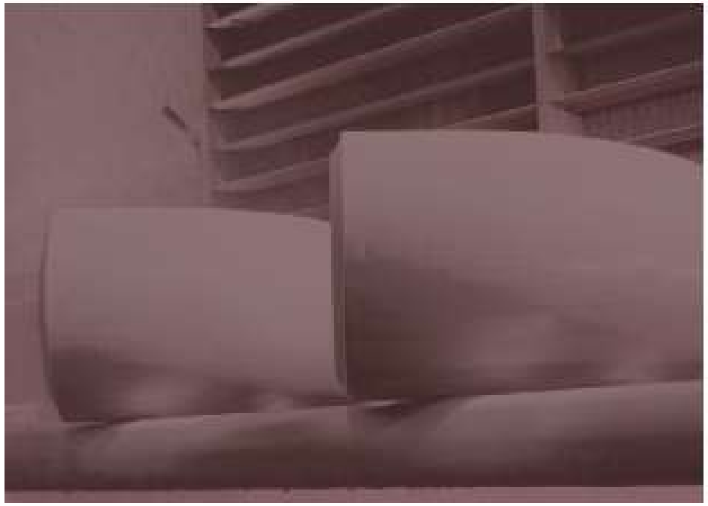
Jesús Esmorís

CEO of TUBACEX

# TUBACEX GROUP

## Second Quarter 2022 Results Release





July 2022

# Highlights

- Fourth consecutive quarter of improved results, with EBITDA margins structurally in line with the Group's strategic objective
- Particularly outstanding results in an inflationary environment that reflect TUBACEX's competitiveness and its capacity to pass on the cost increases to the sales price
- Positive order intake in all of the strategic products that led to a backlog of more than €1,500M, the Company's highest ever order intake
- Furthermore, this backlog is essentially made up of high value-added products, such as OCTG, Umbilicals, Fertilizers, Nuclear and other highly-demanding applications, for which special materials are required
- Major award of an order from ADNOC, the leading oil company in the United Arab Emirates, in June for the manufacture of at least 30,000 tonnes of OCTG for gas extraction
- We show our firm commitment to Sustainability and will include indicators related to ESG in the publication of quarterly results from now on
- Although cautious in light of the general economic situation, we confirm the forecast of achieving results above those obtained in 2018 and 2019 by the year-end.

**Fourth consecutive quarter of improved results**

**Backlog > €1,500 M**

**Controlled inflationary environment**

**Expected results above those for 2018 and 2019**

# Q2 2022 Results

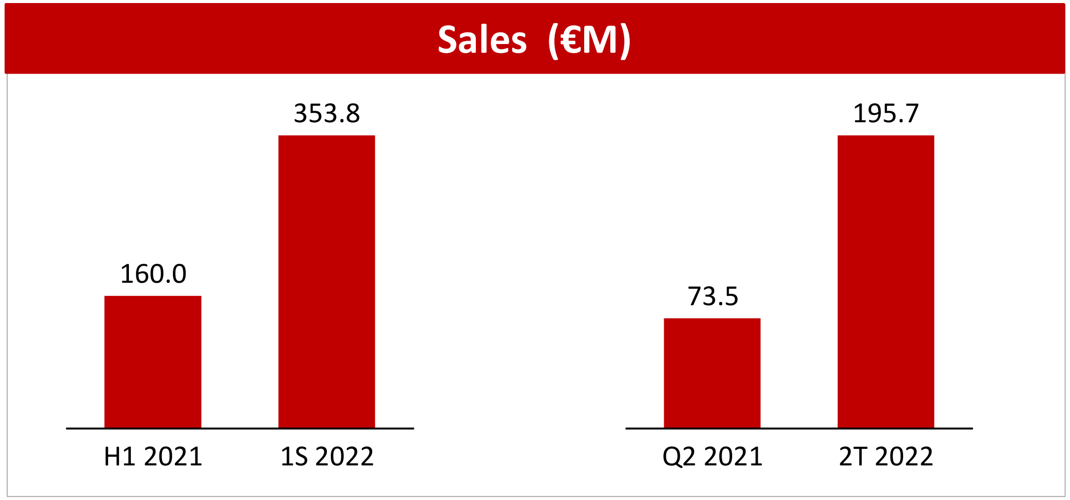
## Main financial figures

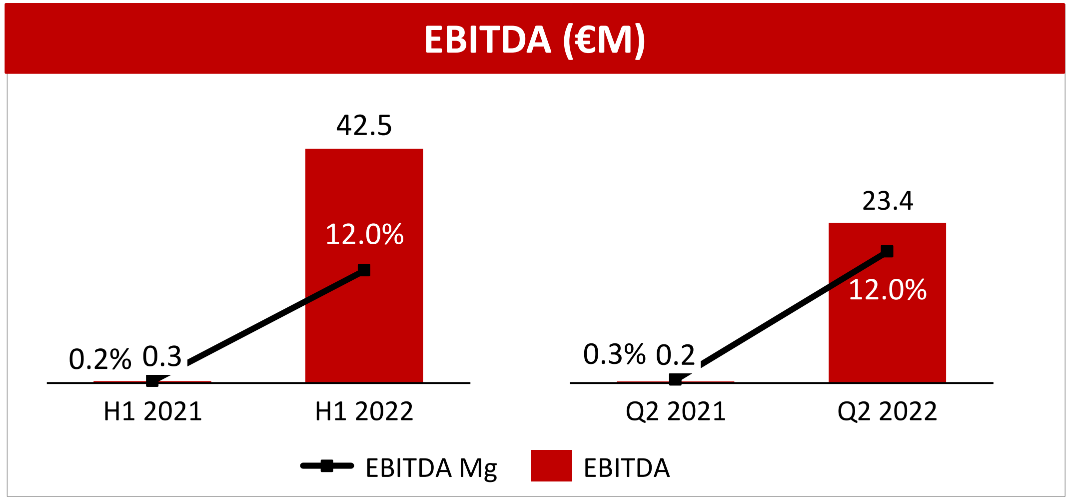
| (€M) | H1 2021 | H1 2022 | % Var. | Q2 2021 | Q2 2022 | % Var. |
|---|---|---|---|---|---|---|
| Sales | 160.0 | 353.8 | +121.1% | 73.5 | 195.7 | +166.3 |
| EBITDA | 0.3 | 42.5 | n.m. | 0.2 | 23.4 | n.m. |
| EBITDA Margin | 0.2% | 12.0% | | 0.3% | 12.0% | |
| EBIT | -22.0 | 18.1 | n.m. | -9.4 | 10.7 | n.m. |
| EBIT Margin | neg. | 5.1% | | neg. | 5.5% | |
| Profit Before Taxes | -28.0 | 10.4 | n.m. | -12.3 | 7.9 | n.m. |
| Margin | neg. | 2.9% | | neg. | 4.1% | |

| | Dec 21 | June 22 | Var. (€M) |
|---|---|---|---|
| Working Capital | 222.5 | 242.4 | +19.9 |
| Working Capital / Sales | 60.9% | 43.4% | |
| Net Financial Debt | 336.2 | 334.9 | -1.3 |
| Net Financial Debt / EBITDA | 19.2x | 5.6x | |
| Structural Net Financial Debt(1) | 113.8 | 92.5 | -21.3 |

(1) Net Financial Debt – Working Capital

# Main Figures from the Income Statement

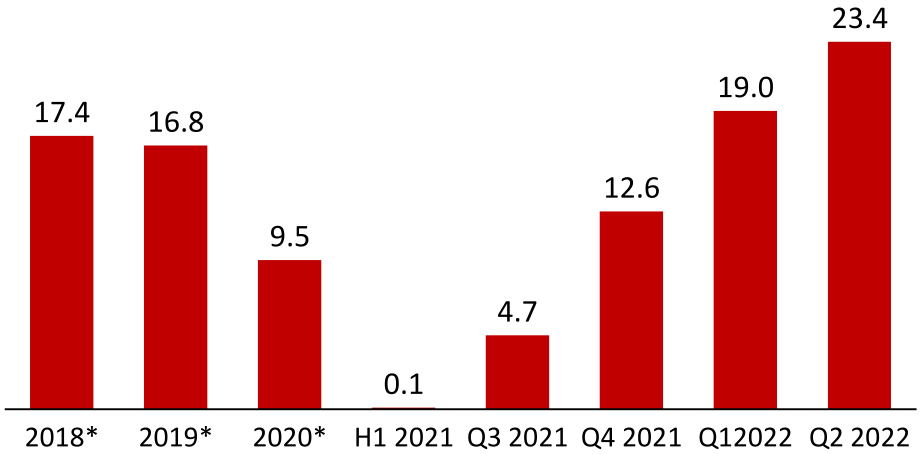


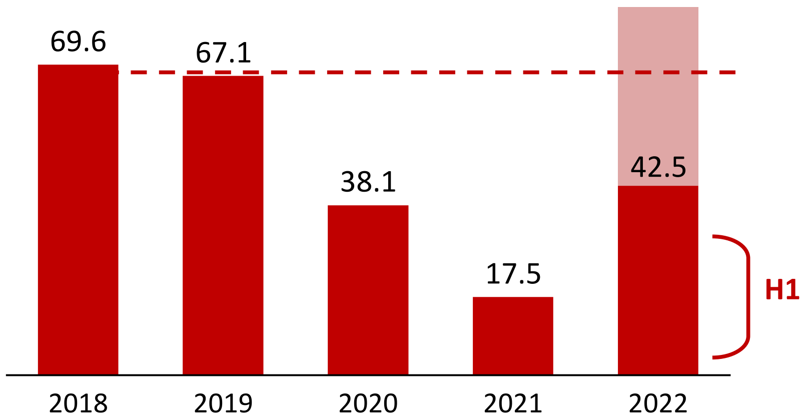

- Sales of €353.8M for the first half of the year: doubling those of the first half of 2021
- Sales for the second quarter: €195.7M, far above those of the second quarter of 2021 and those of the previous quarter
- The growth in sales reflects the increase in volume sold and an improved mix
- EBITDA of €42.5M for the first half of the year and €23.4M for the quarter
  - Highest quarterly EBITDA since the last quarter of 2007
- EBITDA Margin 12%: in line with the strategic objective
  - A good mix and cost adjustments in recent years are partially offsetting the inflationary price environment, particularly in energy costs

# Main Figures from the Income Statement

## Quarterly Average EBITDA evolution (€M)



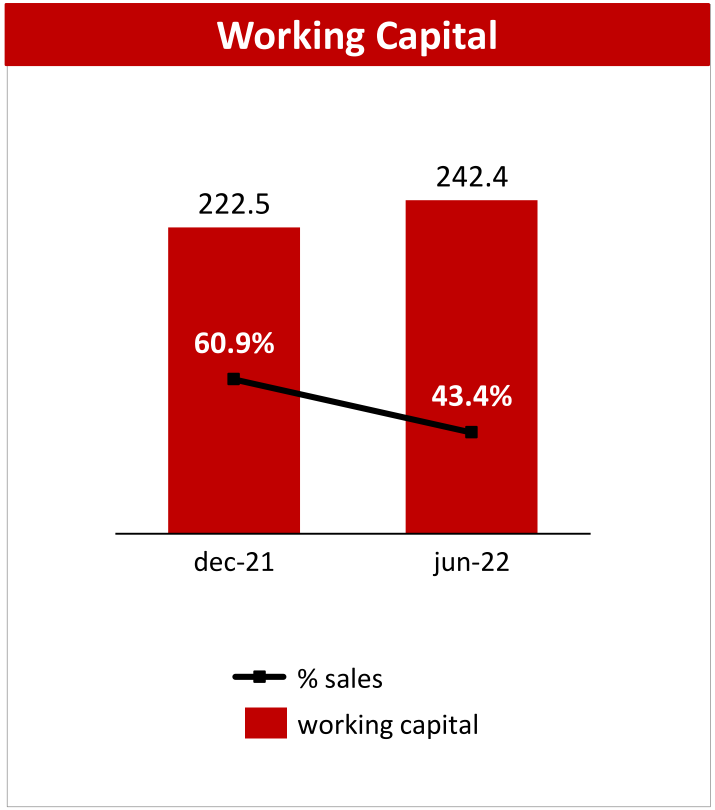

## Annual EBITDA evolution (€M)




*Quarterly average EBITDA in the relevant period

**Quarterly EBITDA in line with strategic levels that will enable results in 2018 and 2019 to be exceeded**

# Main Figures from the Balance Sheet: Working Capital

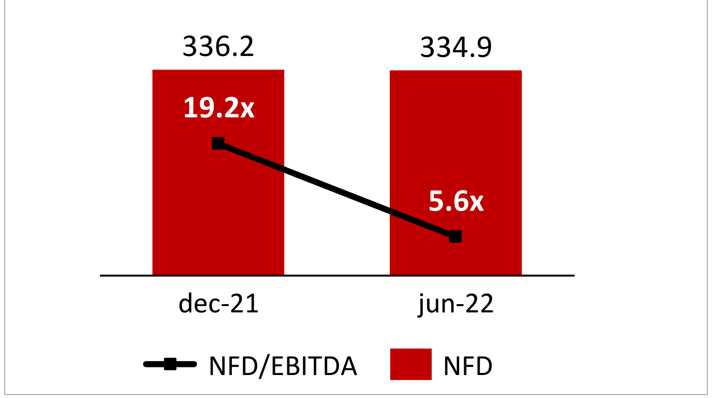



- The working capital amounts to €242.4M, up €19.9M on the 2021 year-end
- Increase of €70.9M in inventory levels driven by:
  - Increased cost of raw materials and energy reflected in the increase in stock value
  - Increased stock value as a result of the premium product mix in manufacturing.
  - Stock in progress related to special orders whose invoicing will be initiated as of August
  - Among these special orders, those from Petrobras and EDF can be highlighted
- The percentage over sales is improving, moving from 60.9% at the close of 2021 to 43.4%
- This percentage is expected to continue falling until reaching the 30-35% strategic objective

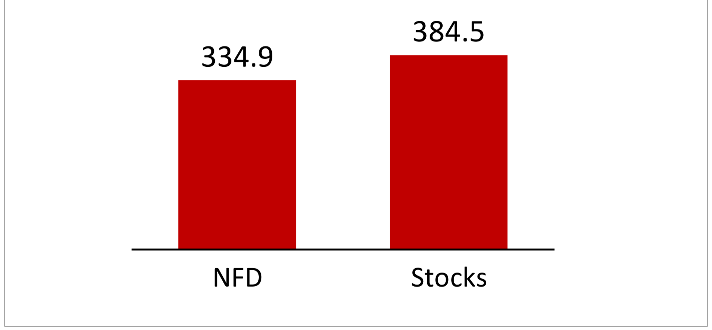
**Increase in stocks derived from special projects whose invoicing will be triggered as of August**

# Main Figures from the Balance Sheet: Net Financial Debt

## Net Financial Debt




## Net Financial Debt vs Stocks




- Reduction of Net Financial Debt by €1.3M with respect to the 2021 year-end
- The net financial debt ratio over EBITDA has improved significantly, moving from 19.2x to 5.6x
  - This downward trend is expected to continue and it will stand between 3x and 4x by the end of the year
- TUBACEX's made to order strategy means that the net financial debt is closely linked to the working capital, which has mostly already been sold
- The Stock figure is higher than that of Net Financial Debt
- Strong liquidity in excess of €130M

# Revenues breakdown by sector

- The overall tendency in order intake is extremely positive in practically all sectors and geographical areas
- Very good prospects in the gas and nuclear markets thanks to their recognition as transition energies by the European Union
- Growing energy market after seven years of dramatic investment cutbacks, which, along with the current uncertainty in gas supply, is accelerating the relaunch of projects
- High oil prices are leading to the relaunch of many projects in this segment
- Backlog in excess of €1,500M

Industrial 50%

Others 20%

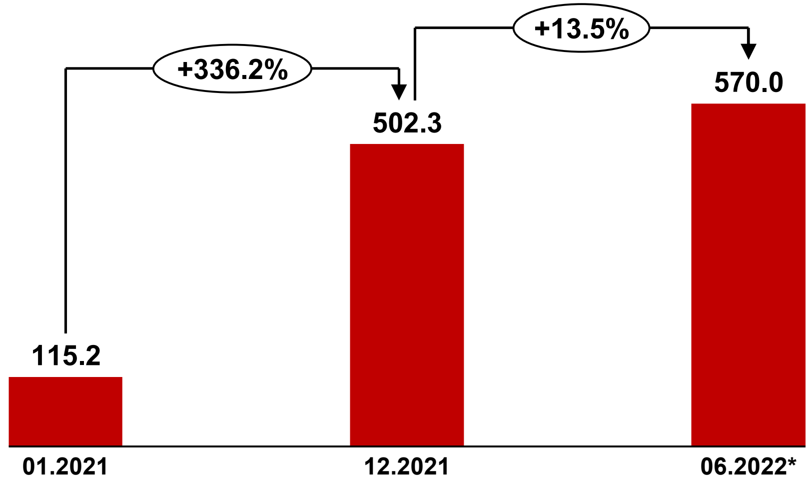
E&P Gas 14%

E&P Oil 13%

Powergen 3%

# Backlog Evolution

## Backlog evolution




| Book-to-bill ratio | |
|---|---|
| H1 2022 | 1.27x |

- Extraordinarily low order intake in 2020 and 2021 as a result of the pandemic, which severely affected the backlog
- Significant improvement at the end of 2021 that has enabled 2022 to get off to a good start
- Continued growth in the backlog in the first half of the year thanks to the good market situation

**Robust growth in the backlog even omitting the major OCTG order**

*Major OCTG order received from ADNOC is not included.

# Commercial remarks (i)

**OCTG**

- Major orders in Brazil, where TUBACEX has strengthened its presence with the opening of a service and repair center
- General increase in demand for gas extraction
- Success in commercial positioning in the Middle East with the award of a major order in Abu Dhabi

**Offshore**

- Good prospects for the offshore segment
- Large number of project approvals are expected in Norway before the end of the year
- Brazil and Guyana are the main markets for the award of new projects (Greenfield projects), with FPSO components and Subsea developments
- Relaunch of tie-backs in the Gulf of Mexico and Africa with less investment but quicker returns

**PowerGen**

- Very positive prospects in the nuclear segment thanks to its classification as a transition energy for the European Union
- Framework agreement signed with EDF for the supply of equipment (Opex)
- Nuclear plans in India are expected to be reactivated by the end of the year
- TUBACEX is gradually moving away from conventional coal projects

# Commercial remarks (ii)

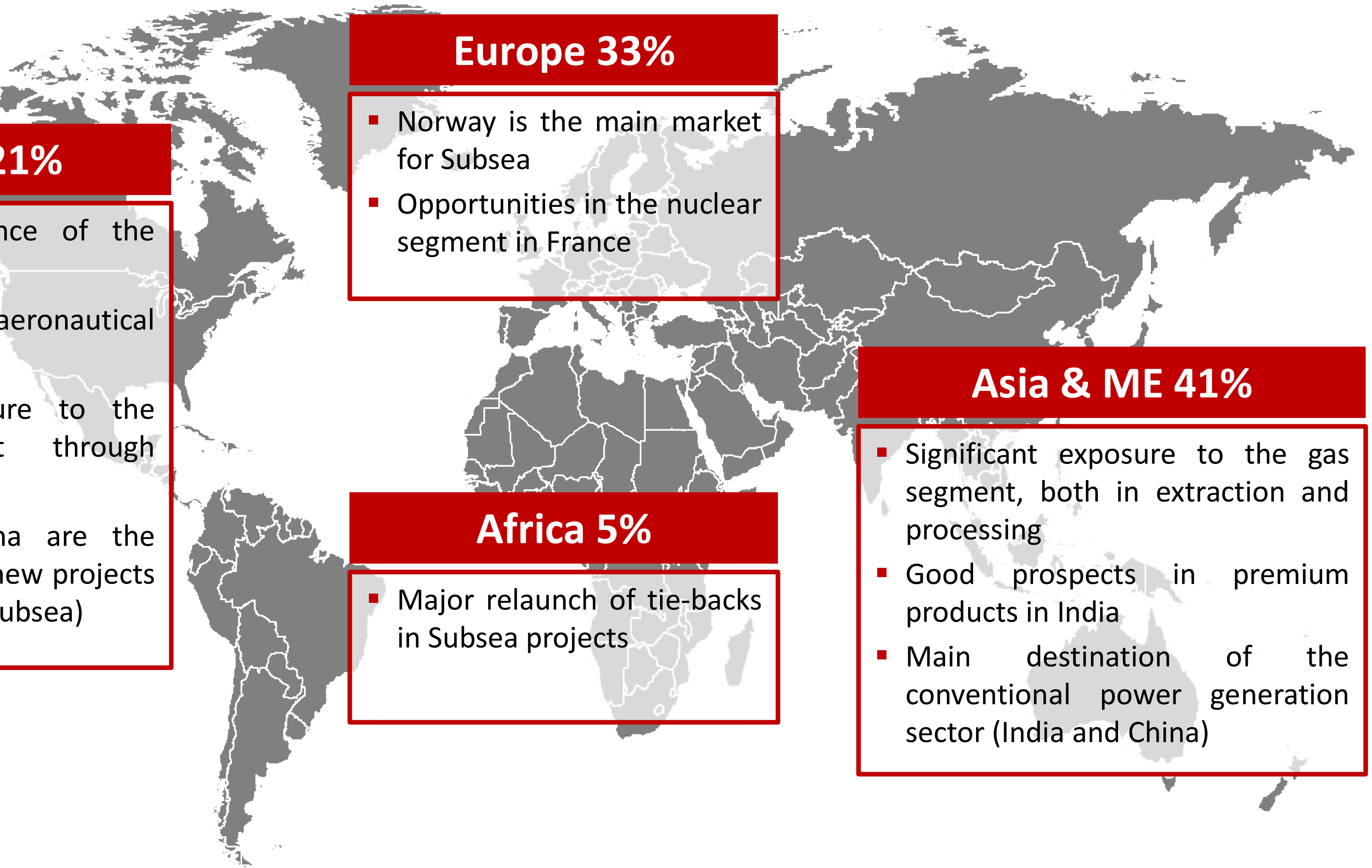
Oil&Gas

- Certain delays in the relaunch of Mid and Downstream projects due to geopolitical circumstances or the reanalysis of costs. Relaunch is expected in the last quarter
- Natural gas projects (LNG, FLNG and natural gas processing plants) will be the first to be relaunched
- Significant growth in precision machining and drilling operations, particularly in the USA

Others

- Good prospects for contracts in the global fertilizer sector (Urea)
- Significant growth in the H&I (Hydraulic and Instrumentation) segment thanks to long-term agreements with key customers, an increase in the market share and high global demand
- Signing of an important project with one of the main companies worldwide in the aerospace segment
- First relevant orders for direct supply to automotive manufacturers have been received

# Revenues breakdown by final destination



## America 21%

- Growing importance of the precision segment
- Recovery of the aeronautical sector
- Increasing exposure to the drilling segment through Amega West
- Brazil and Guyana are the main markets for new projects (OCTG, FPSO and Subsea)

## Europe 33%

- Norway is the main market for Subsea
- Opportunities in the nuclear segment in France

## Africa 5%

- Major relaunch of tie-backs in Subsea projects

## Asia & ME 41%

- Significant exposure to the gas segment, both in extraction and processing
- Good prospects in premium products in India
- Main destination of the conventional power generation sector (India and China)

Note: Breakdown of direct sales to engineering firms and end-users

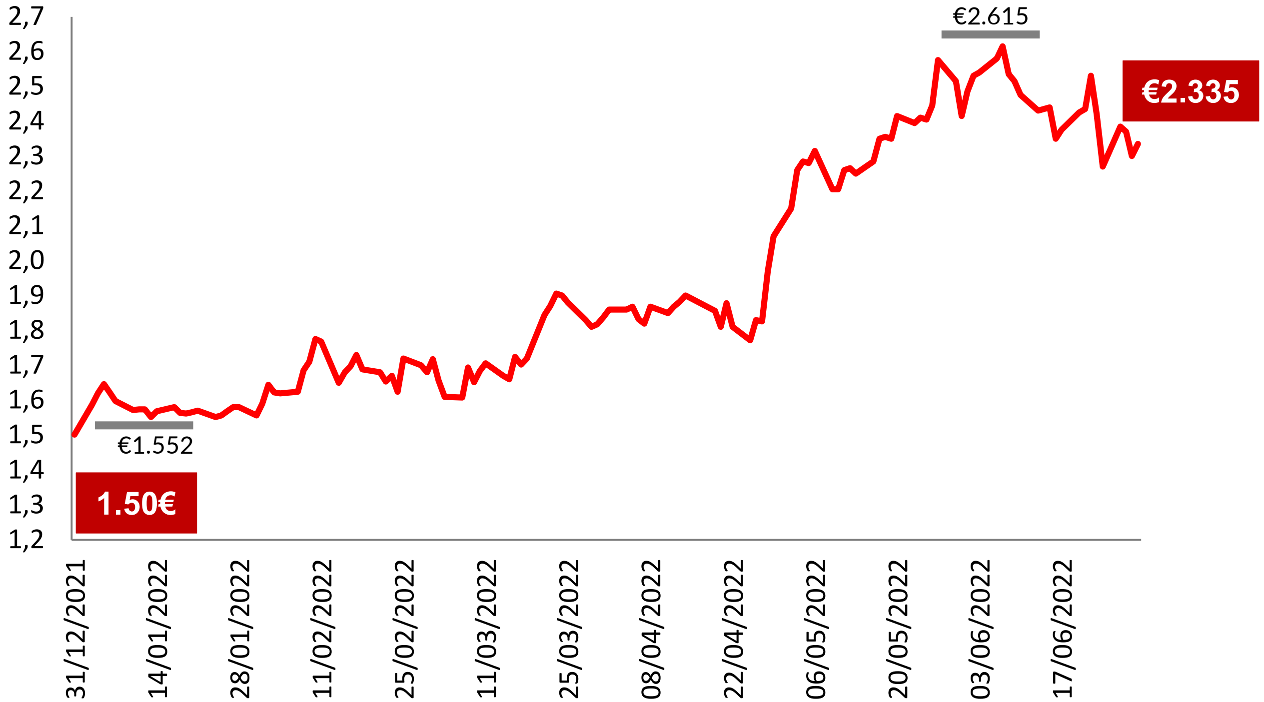
# Main ESG KPIs

| Category | Subcategory | Indicator | Unit | 2019* | Q2 22 | Goal 2030 |
|---|---|---|---|---|---|---|
| Environment | Energy & Climate | Energy intensity[1] | Mwh/ GAV | 2.58 | 1.56 | 2.07 |
| Environment | Energy & Climate | Scope 1 + 2 Emissions intensity[2] | tonCO2 /GAV | 0.70 | 0.31 | 0.28 |
| Environment | Energy & Climate | % Renewable Energy | % of total energy | 0.0% | 27.2% | 60.0% |
| Environment | Circular Economy | Waste recycled | % Total generated | 59.6% | 83.6% | 85.0% |
| Sustainable Value Chain | Supply Chain | % of suppliers evaluated on ESG factors | % | 0.0% | 90.8% | 99.0% |
| People | Diversity | Gender pay Gap | ratio | 11.5% | 12.1% | 10.1% |
| People | Professional develop. | Training delivered per employee | Hours/fte | 13.7 | 10.2 | 15.0 |
| People | Health & Safety | Lost Time Injury Frequency Rate [LTIFR] Evolution | 2019 basis | 100.0 | 52.9 | 25.0 |
| People | Health & Safety | Severity rate Evolution | 2019 basis | 100.0 | 46.9 | 25.0 |

*2020 and 2021 are not considered as representative years due to Covid-19 and strike in some sites
1. Group companies intensities weight by energy use
2. Group companies intensities weight by emissions
GAV: Gross Added Value (€k)

# Stock Information

## Tubacex stock evolution (€/share)




| Key data | |
|---|---|
| # shares outstanding | 128,978,782 |
| €/share (06.30.22) | 2.335€ |
| Market Cap (€M) | 301.2€ |
| % evolution YTD | +55.5% |
| Max. | €2.615 (June 7th) |
| Min. | €1.552 (January 13th & 24th) |
| Average Target Price[1] | €3.41 |

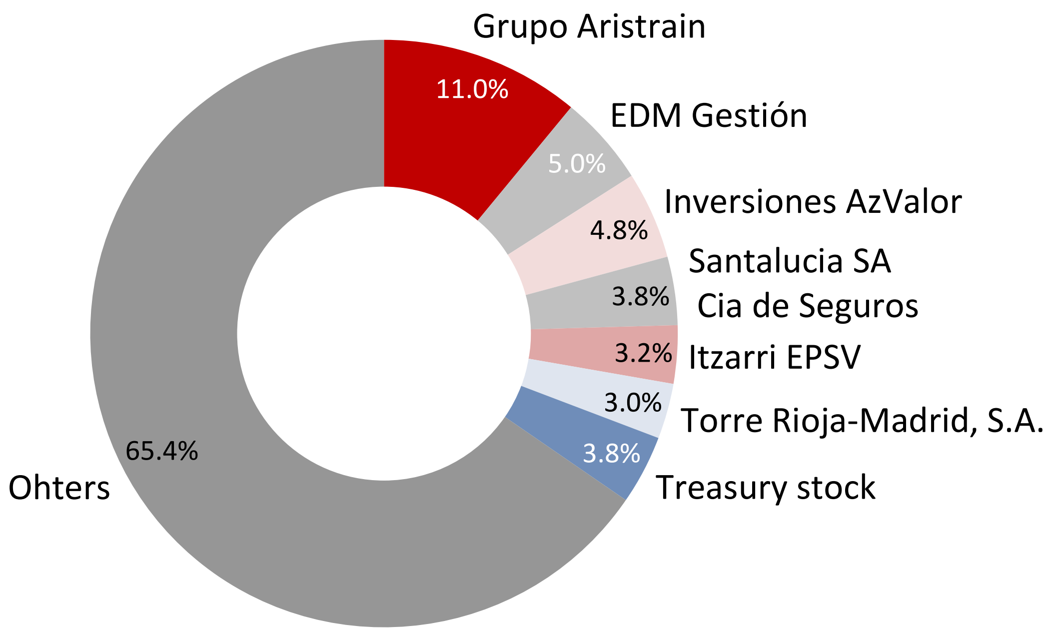
**Extremely positive share performance with significant growth potential according to the market consensus**

Source: Stock Exchanges and Markets

1) Average target price on 30 June according to the market consensus

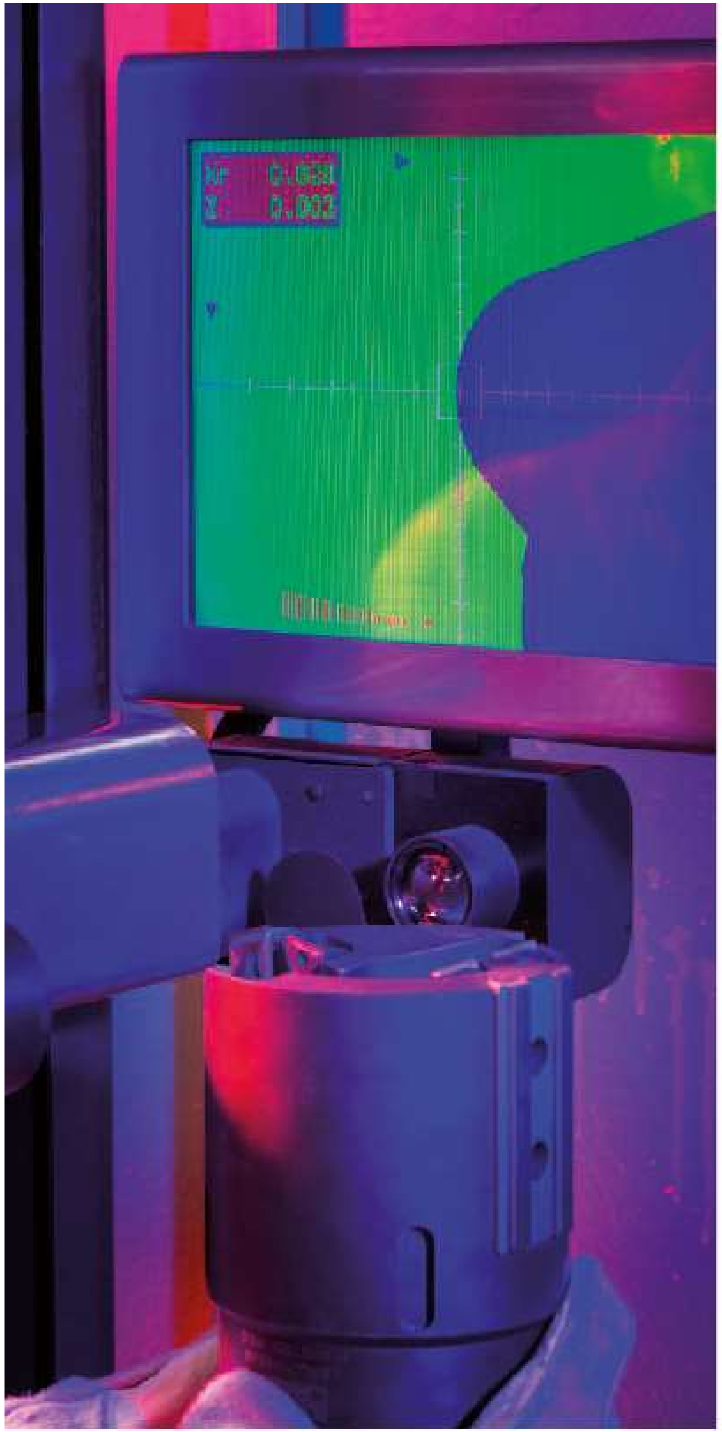
# Stock Information

## Shareholders' Structure

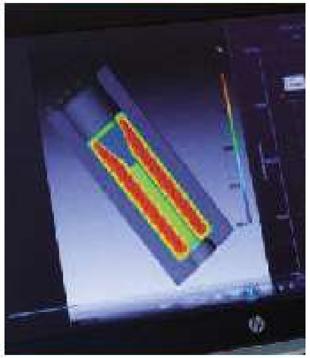



Source: CNMV (Spanish Securities Exchange Commission)

- Changes in the significant shareholder structure:
  - March 2022: Ecofin informed of the loss of its significant shareholder situation (reached in 2014)
  - May 2022: Santalucía updated its stake, from 3.9% to 3.8%
  - June 2022: AzValor announced the reduction of its stake from 6.2% to 4.8%
- The variation in the treasury stock figure corresponds to the buyback program that began on 25th February to acquire shares up to a maximum of €5M in order to amortize them.
  - The buyback program terminated on 14 July



# Appendix



TUBACEX
GROUP

# Significant award

- On 22 June, TUBACEX announced the award of its biggest ever order for a value in excess of 30,000 tonnes for the supply of comprehensive CRA OCTG solutions for gas extraction in the Middle East over the coming ten years
- The order represents a minimum of guaranteed demand, and it is expected that the real demand will be even higher
- Under this framework agreement, TUBACEX will build a tube and thread finishing plant in Abu Dhabi, which will be operational in 2024
- With this order, TUBACEX reinforces its positioning in a key region and becomes the world’s leading OCTG manufacturer for gas extraction


# Income Statement - Detail

| (€ M) | H1 2021 | H1 2022 | change % | Q2 2021 | Q2 2022 | change % |
|---|---|---|---|---|---|---|
| Sales | 160,0 | 353,8 | 121,1% | 73,5 | 195,7 | 166,3% |
| Change in inventories | (0,1) | 43,0 | n.m. | 5,6 | 17,5 | 212,6% |
| Other income | 9,1 | 9,2 | 0,8% | 4,8 | 3,5 | -26,9% |
| Cost of materials | (74,1) | (171,8) | 131,9% | (38,4) | (94,9) | 146,9% |
| Personnel expenses | (51,2) | (73,2) | 43,1% | (25,2) | (37,7) | 49,7% |
| Other operating costs | (43,5) | (118,4) | 172,4% | (20,1) | (60,7) | 202,5% |
| **EBITDA** | **0,3** | **42,5** | **n.m.** | **0,2** | **23,4** | **n.m.** |
| *EBITDA Margin* | *0,2%* | *12,0%* | | *0,3%* | *12,0%* | |
| Amortization | (22,2) | (24,4) | 9,8% | (9,6) | (12,8) | 32,7% |
| **EBIT** | **(22,0)** | **18,1** | **n.m.** | **(9,4)** | **10,7** | **n.m.** |
| *EBIT Margin* | *neg.* | *5,1%* | | *neg.* | *5,5%* | |
| Financial Result and FX | (6,0) | (7,6) | | (2,9) | (2,7) | |
| **Profit Before Taxes** | **(28,0)** | **10,4** | **n.m.** | **(12,3)** | **7,9** | **n.m.** |
| *Profit Before Taxes Margin* | *neg.* | *2,9%* | | *neg.* | *4,1%* | |
| Income taxes | 2,5 | (0,8) | n.m. | 3,9 | (1,8) | n.m. |
| **Consolidated Net Income** | **(25,5)** | **9,6** | **n.m.** | **(8,5)** | **6,2** | **n.m.** |
| Minority interests | 2,2 | (0,5) | n.m. | 1,5 | (0,4) | n.m. |
| **Net Income, Group Share** | **(23,3)** | **9,1** | **n.m.** | **(6,9)** | **5,8** | **n.m.** |
| *Net Margin* | *neg.* | *2,6%* | | *neg.* | *2,9%* | |

n.m.: not meaningful

neg.:negative

Note: : The H1 2021 figures in the attached table differ from those in the Consolidated Income Statement released on the Spanish Securities Exchange Commission for comparative purposes vs H1 2022 due to the effect of discontinued operations (sale of Tubos Mecánicos on December 23, 2021), as set out in the prevailing regulation

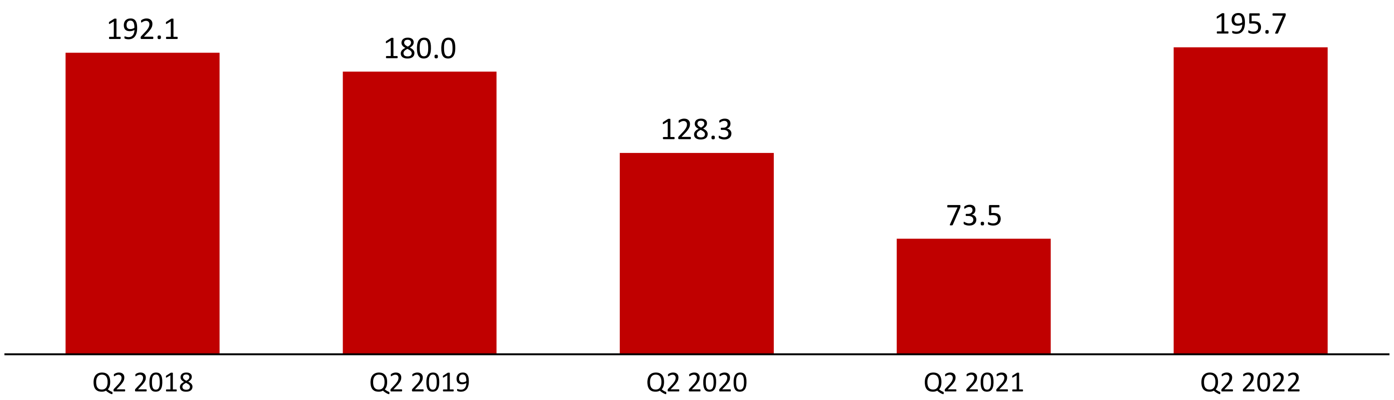
# Balance Sheet - Detail

| (€ M) | 2021-12-31 | 2022-06-30 | %change |
|---|---|---|---|
| Intangible assets | 114,1 | 115,3 | 1,1% |
| Tangible assets | 278,1 | 274,0 | 1,5% |
| Financial assets | 90,6 | 93,1 | 2,8% |
| **Non-current assets** | **482,8** | **482,4** | **-0,1%** |
| Inventories | 313,5 | 384,5 | 22,6% |
| Receivables | 60,2 | 91,0 | 51,3% |
| Other account receivables | 24,7 | 33,1 | 33,9% |
| Other current assets | 2,4 | 7,2 | 199,5% |
| Derivative financial instruments | 0,2 | 2,8 | n.s. |
| Cash and equivalents | 158,0 | 134,4 | -14,9% |
| **Current assets** | **559,0** | **653,0** | **16,8%** |
| **TOTAL ASSETS** | **1.041,8** | **1.135,4** | **9,0%** |

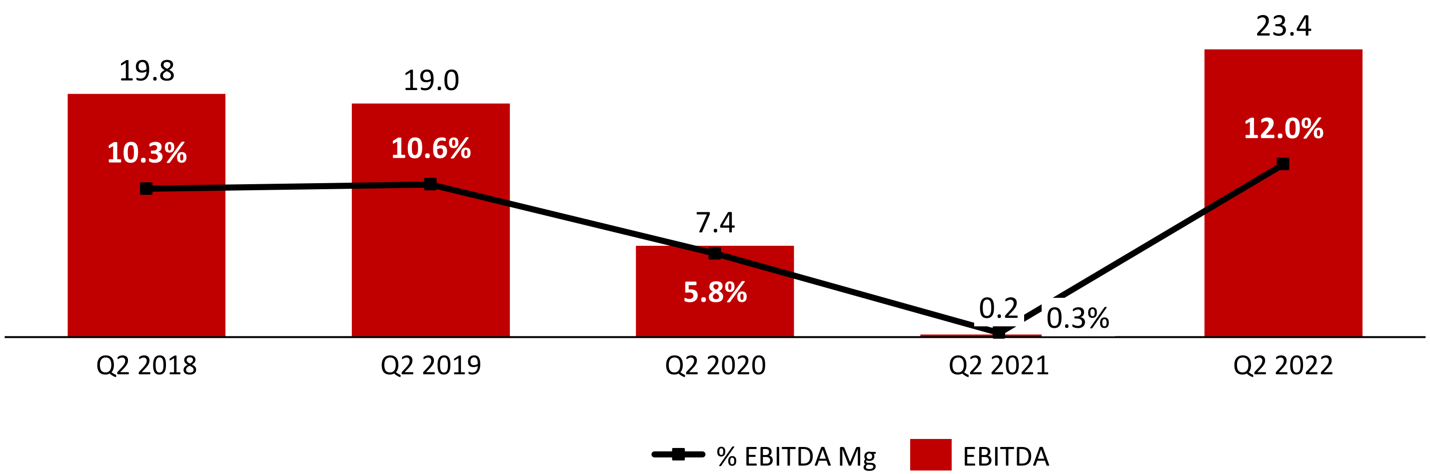
| (€ M) | 2021-12-31 | 2022-06-30 | %change |
|---|---|---|---|
| Equity, Group Share | 197,4 | 212,0 | 7,4% |
| Minority interests | 51,8 | 52,3 | 1,0% |
| **Equity** | **249,2** | **264,3** | **6,1%** |
| Interest-bearing debt | 274,0 | 188,3 | -31,3% |
| Derivative financial instruments | 0,0 | 3,5 | n.s. |
| Provisions and other | 64,5 | 62,5 | -3,1% |
| **Non-current liabilities** | **338,5** | **254,3** | **-24,9%** |
| Interest-bearing debt | 220,2 | 281,0 | 27,6% |
| Derivative financial instruments | 1,6 | 1,0 | -37,9% |
| Trade and other payables | 151,2 | 233,1 | 54,1% |
| Other current liabilities | 81,1 | 101,8 | 25,5% |
| **Current liabilities** | **454,1** | **616,9** | 35,9% |
| **TOTAL EQUITY AND LIABILITIES** | **1.041,8** | **1.135,4** | **9,0%** |

# Historical quarterly evolution: Revenues & EBITDA

## Revenues (€M)




## EBITDA (€M)



# THANK YOU!

TUBACEX GROUP