



**TUBACEX**  
GROUP

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GROUP



**ANNUAL GENERAL MEETING**  
May 2023





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2. Outlook for 2023
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# 1.

## 2022 Results

### Main Highlights

- The 2022 financial year has closed with **excellent results, achieving over 700M€ sales and 92M€ EBITDA**
- The **EBITDA margin is structurally aligned** with the Group's strategic objective (12% - 15%)
  - Particularly outstanding results in an inflationary environment, reflecting Tubacex's competitiveness and resilience
  - The significant cost increases for energy and raw materials are being passed on to the sales price, albeit with some lag, which has affected the results
- **Strong cash flow generation** allowing significant reduction of the debt ratio
- Alignment with the **energy transition**, obtaining the first orders for CO2 capture in the United States and Norway and developing different hydrogen projects
- Very good backlog mix, with a high percentage of strategic and premium products, fostering the company's **visibility for the coming year**
- **Return to dividend** payment (40% pay-out ratio) after three years



## Main financial figures

(€M)	2021	2022	% Var.
<b>Sales</b>	365.0	714.7	+95.8%
<b>EBITDA</b>	17.5	92.3	426.5%
<b>EBITDA Margin</b>	4.8%	12.9%	
<b>EBIT</b>	-27.3	44.5	n.m.
<b>EBIT Margin</b>	neg.	6.2%	
<b>Net Profit</b>	-32.2	20.2	n.m.
<b>Margin</b>	neg.	2.8%	
	Dec 21	Dec 22	Var. (€M)
<b>Working Capital</b>	222.5	230.0	+7.5
<b>Working Capital / Sales</b>	60.9%	32.2%	
<b>Net Financial Debt</b>	336.2	287.1	-49.1
<b>Net Financial Debt / EBITDA</b>	19.2x	3.1x	
<b>Structural Net Financial Debt<sup>(1)</sup></b>	113.8	57.1	-56.6

Note: The figures in the attached table differ from those in the Consolidated Income Statement for 2021 due to the effect of discontinued operations (sale of Tubos Mecánicos on December 23, 2021), as set out in the prevailing regulation. Same criteria used in previous quarters is maintained to facilitate the financial comparison.

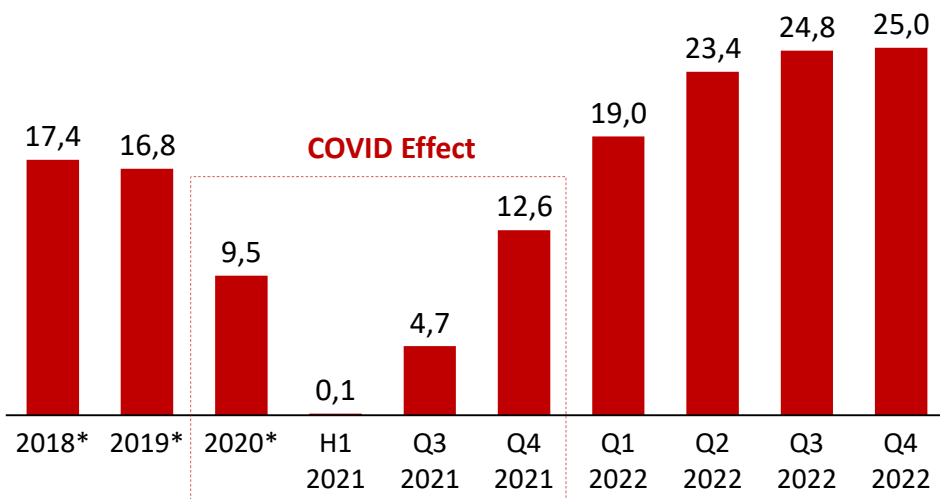
(1) Net Financial Debt – Working Capital

# 2022 Results

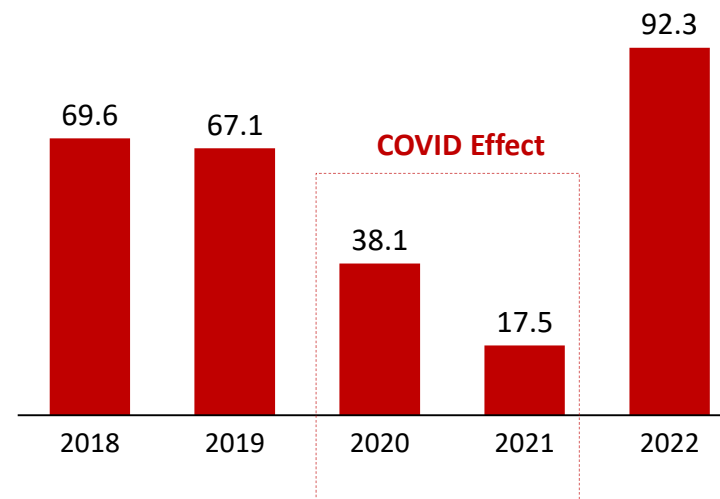


## EBITDA recent evolution analysis

### Quarterly Average EBITDA evolution (€M)






### Annual EBITDA evolution (€M)



\*Quarterly average EBITDA in the relevant period

The EBITDA for 2022 stands far higher than the initial forecast of exceeding pre-COVID levels

## Main ESG KPIs

Category	Subcategory	Indicator	Unit	2019*	2022	Goal 2030
 <b>Environment</b>	<b>Energy &amp; Climate</b>	Energy intensity <sup>1</sup>	Mwh/ GAV	2.58	<b>1.71</b>	2.07
	<b>Energy &amp; Climate</b>	Scope 1 + 2 Emissions intensity <sup>2</sup>	tonCO2 /GAV	0.70	<b>0.30</b>	0.28
	<b>Energy &amp; Climate</b>	% Renewable Energy	% of total energy	0.0%	<b>33.3%</b>	40.0%
	<b>Circular Economy</b>	Waste recycled	% Total generated	60.5%	<b>81.3%</b>	95.0%
 <b>Sustainable Value Chain</b>	<b>Supply Chain</b>	% of suppliers evaluated on ESG factors	%	0.0%	<b>90.0%</b>	99.0%
 <b>People</b>	<b>Diversity</b>	Gender pay Gap	ratio	11.5%	<b>12.0%</b>	10.1%
	<b>Professional develop.</b>	Training delivered per employee	Hours/fte	13.7	<b>14.3</b>	15.0
	<b>Health &amp; Safety</b>	Lost Time Injury Frequency Rate [LTIFR] Evolution	2019 basis	100.0	<b>42.4</b>	25.0
	<b>Health &amp; Safety</b>	Severity rate Evolution	2019 basis	100.0	<b>50.0</b>	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)

## Growth in 2022 – 3 new locations

### NTS in Guyana



- Guyana will be one of the largest oil & gas production hubs in the world
- Project to support main customers' (Exxon, Schlumberger, etc.)
- New manufacturing site already operational

### TX local footprint in Kazakhstan



- First order with KPO (joint venture between Royal Dutch Shell, Eni, Chevron, LUKOIL and KazMunaiGas) already booked and invoicing started
- KPO oversees the expansion and development of the Karachaganak field – one of the world's largest oil and gas condensate fields

### OCTG repair in Brazil



- Some local repair service is required for supporting OCTG supplies with Petrobras
- Local content initiative to improve our value proposition with Petrobras

Growth projects already in place for our core and strategic products



## Achievements in 2022

- **Highest order intake** ever achieved: 1.8Bn€
- **Significant awards** received from ADNOC, Aker Solutions, Petrobras, KPO, EDF Nuclear and others
- **Multiannual** contracts and frameworks agreements signed
- **Record backlog** at year-end, diversified and with high margin



Significant achievements paving the way for future growth

### Conclusions

- **Strong growth in terms of results and cash flow generation** for the 2022 financial year, exceeding initial expectations
- **Well positioned** in the fulfillment of our strategic objectives for 2025
- Strategic commitment to **sustainability** and the **energy transition**:
  - Ambitious objectives for 2030, related to internal decarbonization, the circular economy and social commitment
  - Working with our customers on their decarbonization processes, as part of the energy transition
  - First projects for CCS, hydrogen development and biomass energy recovery projects
- **Positive prospects for 2023** based on the current backlog
  - 2023 will be another year of growth in terms of results and cash flow generation

2022 year aligned with our Strategic Plan objectives for the Phase 1



## 2. Outlook for 2023

## Main Highlights

- Extremely positive quarter in terms of results generated and order intake
- **Seventh consecutive quarter of growth**, with the highest ever quarterly sales figure and EBITDA
- The sales margins have been consolidated at the Strategic Plan target levels (**EBITDA margin at 13.1% and EBIT margin at 8.1%**)
- **Reduction of the net financial debt to EBITDA ratio to 2.8x**, also at the strategic target
- **Firm commitment to ESG principles** that has led us to become a reference in our sector
- **Significant growth in Low Carbon products**, aligned with the energy transition, with clearly positive prospects for the carbon capture market
- The commitment to diversification of sectors, orientation towards premium products and cost containment gives the Group high visibility and resilience
- High level of order intake, enabling the backlog to keep a record level of €1,650M and a book-to-bill ratio of 1.01x
- Quarterly results are expected to remain in line with the current ones throughout the year

**Robust results**

**The Backlog  
remains at historic  
levels**

**Steady growth in  
Low Carbon**

**Positive trend for  
the coming  
quarters**

# Outlook for 2023



## Main financial figures

(€M)	Q1 2022	Q1 2023	% Var.	Q4 2022	Q1 2023	% Var.
<b>Sales</b>	158.1	232.2	46.9%	187.7	232.2	23.8%
<b>EBITDA</b>	19.0	30.5	60.0%	25.0	30.5	21.6%
<b>EBITDA Margin</b>	12.0%	13.1%		13.3%	13.1%	
<b>EBIT</b>	7.4	18.7	153.6%	12.7	18.7	46.9%
<b>EBIT Margin</b>	4.7%	8.1%		6.8%	8.1%	
<b>Net Profit</b>	3.4	10.0	196.3%	3.2	10.0	206.9%
<b>Margin</b>	2.1%	4.3%		1.7%	4.3%	
	Dec 22	March 23	Var. (€M)			
<b>Working Capital</b>	230.0	229.2	-0.7			
<b>Working Capital / Sales</b>	32.2%	29.1%				
<b>Net Financial Debt</b>	287.1	286.8	-0.3			
<b>Net Financial Debt / EBITDA</b>	3.1x	2.8x				
<b>Structural Net Financial Debt<sup>(1)</sup></b>	57.1	57.5	0.4			

- Work in progress Inventory already sold accounting over 380 million euros
- Part of the cash generated in the quarter has been allocated to the purchase or the minority stakes in Saudi and in Norway and to the beginning of the investment in the Abu Dhabi plant (€8.5M)

(1) Net Financial Debt – Working Capital

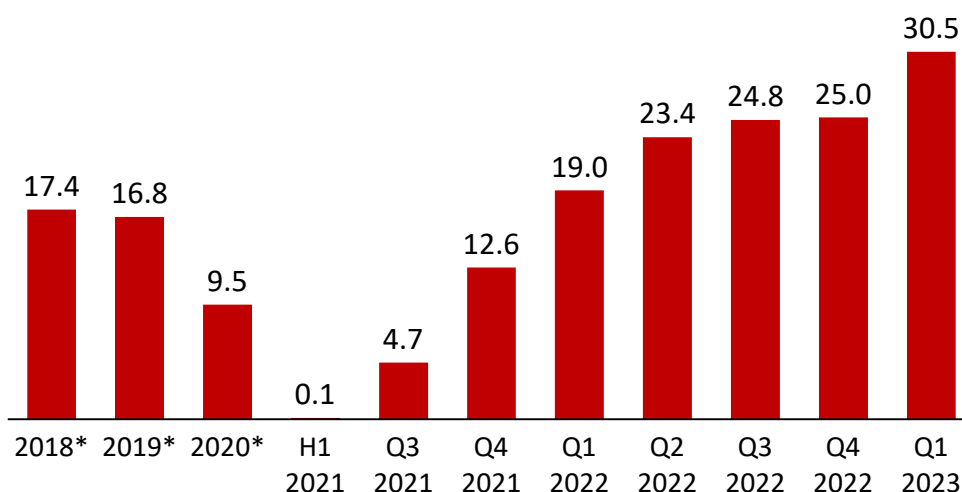


# Outlook for 2023

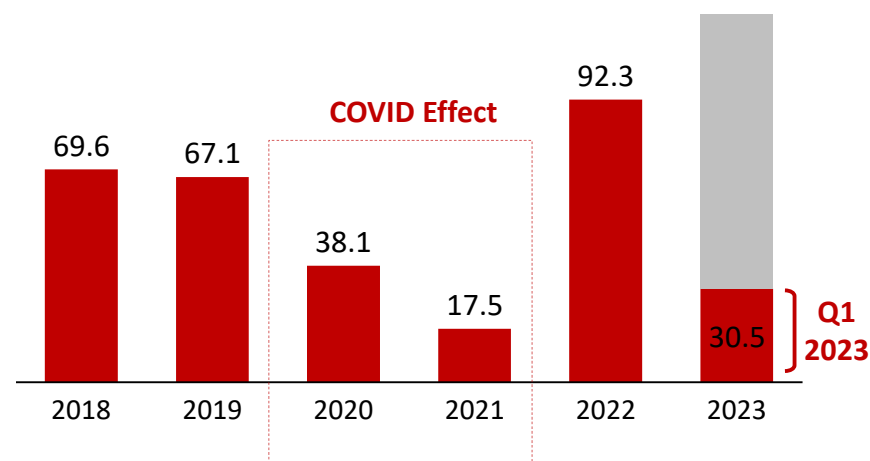


## Main Figures from the Income Statement

### Quarterly Average EBITDA evolution (€M)



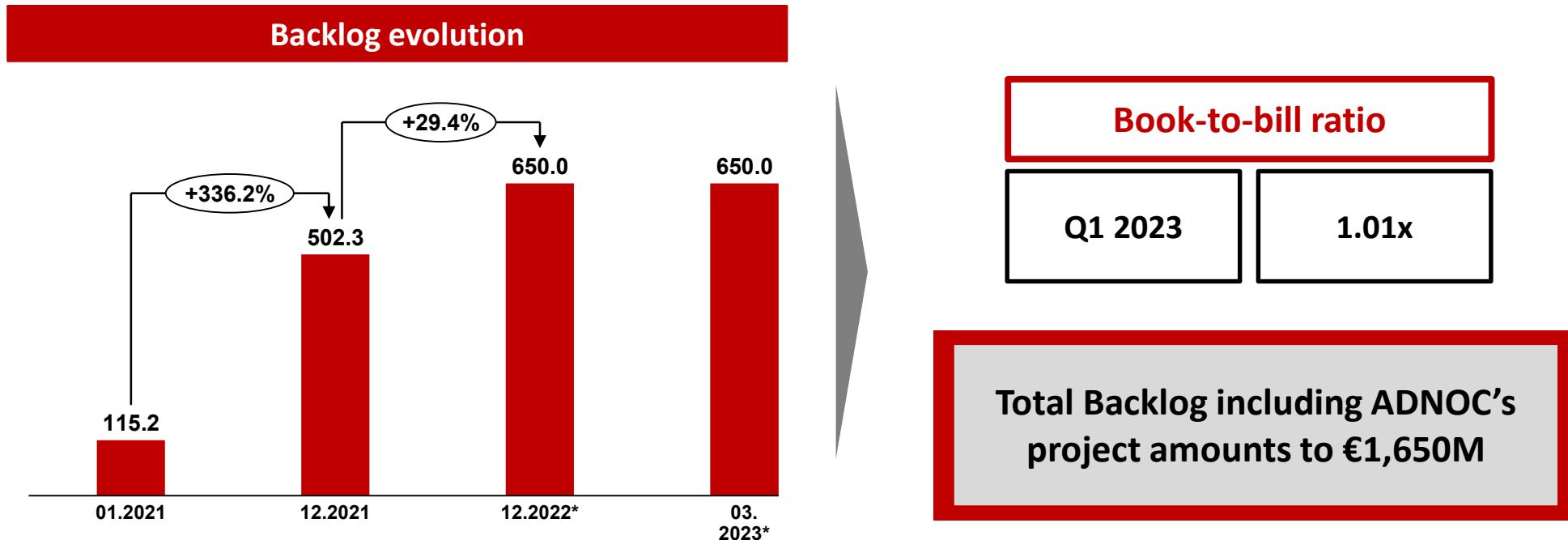
### Annual EBITDA evolution (€M)



\*Quarterly average EBITDA in the relevant period

The market trend and high visibility of the backlog foresee another year of growth

## Backlog Evolution



- Record invoicing with the order intake at the same level as the 2022 year-end
- Book-to-bill ratio for the quarter stands at 1.01x, proving the soundness of the market
- The current backlog situation points towards a very positive financial year in 2023, improving on the results for 2022

**Robust situation of the backlog even omitting the major OCTG order**

\*Major OCTG order received from ADNOC is not included.

### Conclusions on Q1 2023 results

- The improvement rate in terms of results has been maintained, reaching the **Group's highest ever quarterly Sales Figure and EBITDA**
- Working capital and debt containment in an upward earnings environment
- On track to fulfill the strategic objectives by 2025
  - Already fulfilled the goals of net financial debt over EBITDA and working capital over sales
- Strategic commitment to **sustainability** and the **energy transition**:
  - Ambitious objectives for 2030, related to internal decarbonization, the circular economy and social commitment
  - Working with our customers on their decarbonization processes, as part of the energy transition
  - First projects for CCS, hydrogen development and biomass energy recovery projects
- **Positive prospects for 2023** based on the current backlog
  - Results for the coming quarters are expected to remain in line with the current ones

**We are on the way to fulfill our strategic goals**



# **3.**

## **Strategic Plan 2021-2025**

## We are constantly evolving

### Up to 2014

#### Traditional Seamless Stainless-Steel Producer



- Straight seamless stainless-steel pipes up to 8"
- Commodity products
- Focus on volume
- Focus on distribution business

### 2014-2020

#### Premium Tubular solutions



- New product development to cover the whole spectrum (organic and inorganic)
- Additional services around pipes & tubes
- Multichannel
- Better understanding of final application
- Getting closer to our end users
- Investing in non-tubular products

### Tubacex 2021-2025

#### Multi-energy solution provider



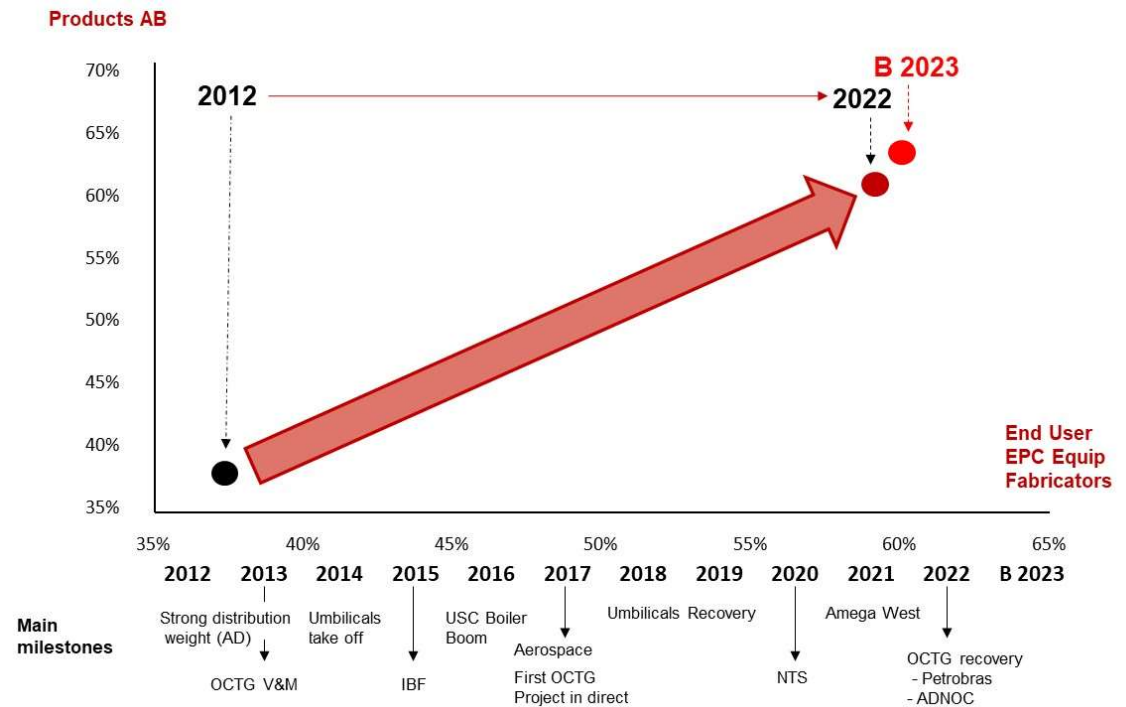
- Diversification from Oil & Gas business to multi energy
- Key player in securing the energy supply
- Becoming a Tier 1 adding new value-added services to our portfolio
- Focus on premium segments and package business

**We need to continue transforming and evolve from Oil & Gas company to Energy company**



## Previous Strategic Plan (2014-2020) – Market repositioning

- Relevant investments in industrial installations and **R&D** to develop new products
- Integration of new companies in Asia to reposition our lower value-added products selling through our **new sales channel** (TSS – 12 service centers)
- Acquisition of companies with complementary products to complete the **full range portfolio** (6 acquisitions)
- Different value proposition to the market focusing on **value added services**
- Place and homologate **new products and new customers**
- Important yearly evolution increasing **market share in premium products**



**Successful evolution betting on value added instead of volumes (tons)**

## Background

- The 2014-2020 Strategic Plan allowed Tubacex an important market repositioning betting on **comprehensive value added solutions**
- During 2020 & 2021 we focused on **restructuring our Company** adapting it to the new market conditions and to the current **expansive cycle** for the energy sector
- In 2022 we released a new **Strategic Plan** with a clear vision

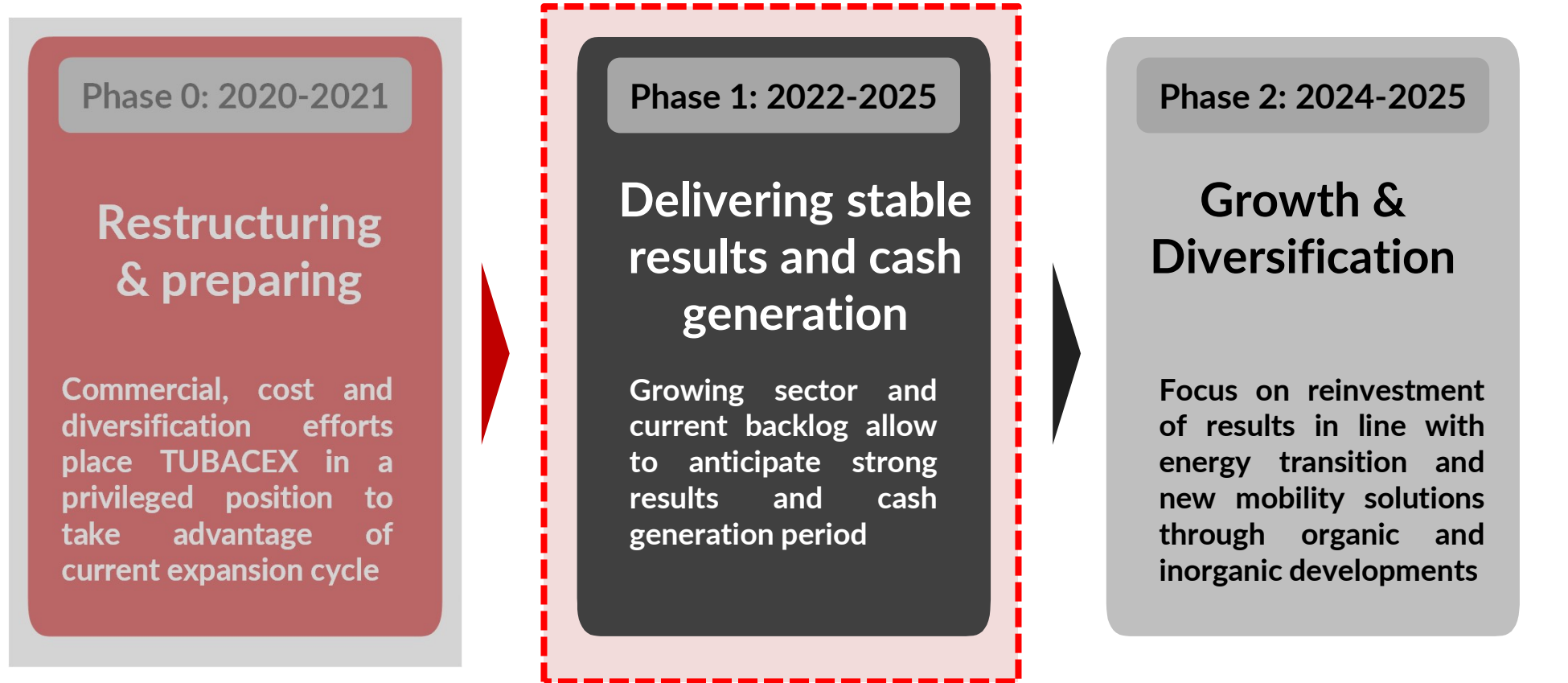
**2030 Vision**

**High Value Sophisticated Solutions provider for Energy and Mobility sectors**

- The results and milestones achieved during 2022 demonstrate that we are **in the right path** to achieve our strategic goals

**Strategic Plan to become a key player in the energy transition**

## Three clearly differentiated phases



**2030  
Vision**

**High Value Sophisticated Solutions provider for Energy and Mobility sectors**

## Three Business lines aligned with Society's decarbonization goals



**Supporting our customers in their decarbonization processes**

- Increase of natural gas consumption
- Reactivation of nuclear projects
- New technologies to reduce carbon emissions
- Improvement of our customers' processes efficiency
- Taylor made solutions
- Innovation in new materials



**Offering low carbon solutions for energy generation, storage and transport**

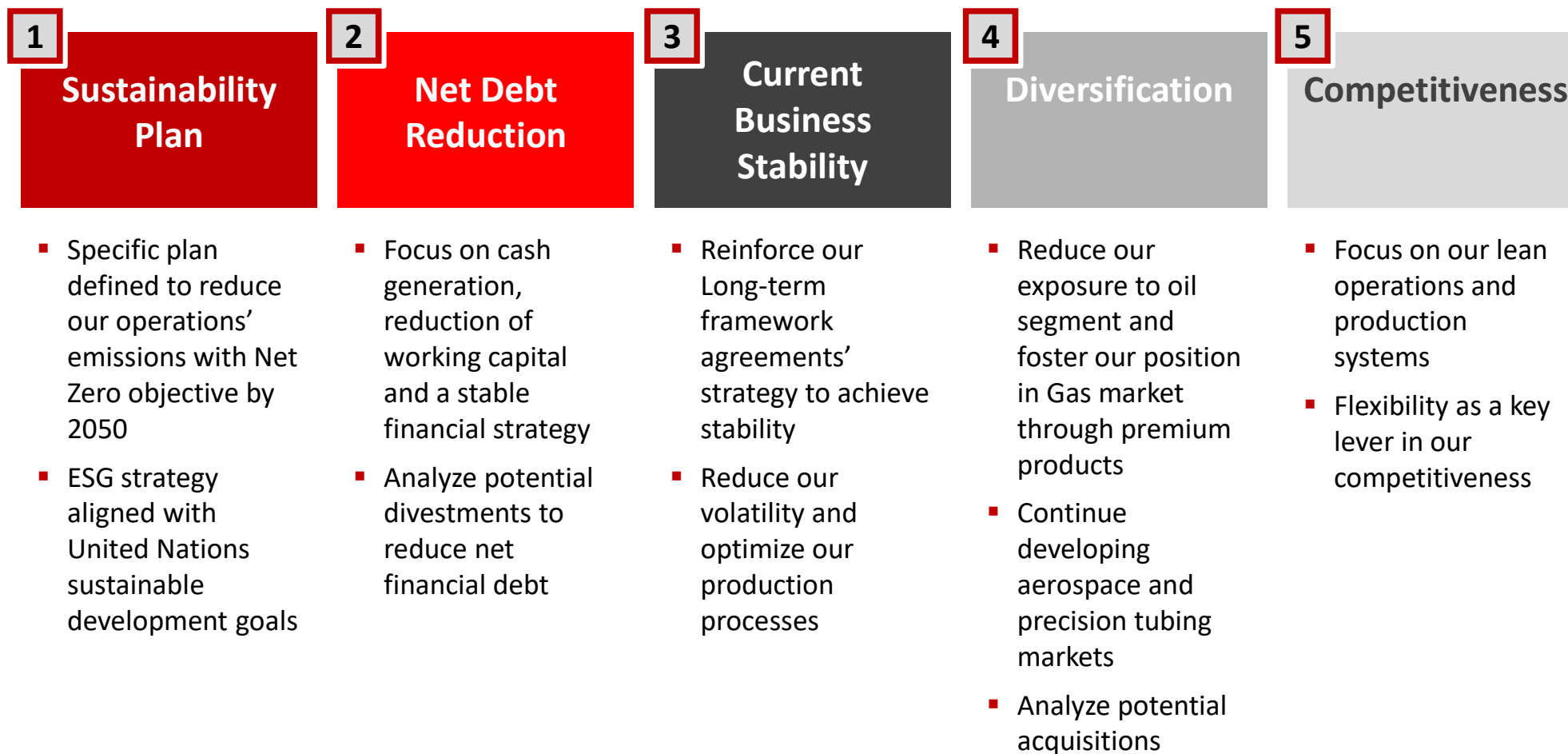
- Tailor-made solutions and materials for hydrogen applications
- Projects focused on energy storage and transport
- CC (Carbon Capture) and CCS (Carbon Capture and Storage) solutions



**Analyzing organic and inorganic growth in energy and mobility sectors**

- M&A
- Greenfield projects
- Complementary companies that allow us to speed up our diversification process

## Five strategic axes



Five lines of action to successfully implement our Strategic Plan



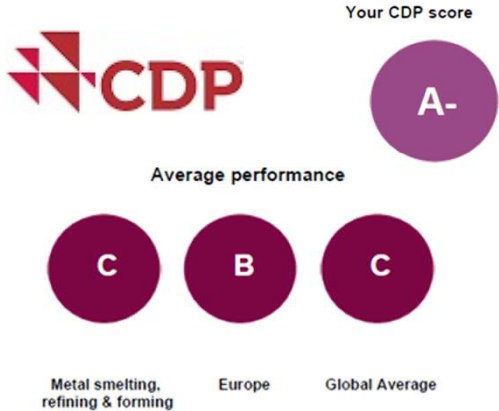


## Five strategic axes – Evolution 2022-2023

### 1 Sustainability Plan

- Significant developments in all respects:
  - **Internally:** we have successfully implemented different projects to reduce our carbon emissions and waste valorization
  - **Supply Chain:** we have been recognized for our commitment with our suppliers in terms of sustainability by the “Supplier Engagement Leaderboard”
  - **R&D: we have continued** developing specific materials and solutions to contribute to the decarbonization of our customers

Tubacex recognized by CDP as a leading company



S&P Global Corporate Sustainability Assessment (CSA)

**S&P Global**

Topic	Score	Percentile
TOTAL	48 (+8)	90 (+4)
Governance	60 (+6)	94 (+3)
Environment	45 (+12)	87 (+3)
Social	41 (+9)	89 (+4)

Aligned with international ESG frameworks



**Firm commitment to ESG principles**

## Five strategic axes – Evolution 2022-2023

2

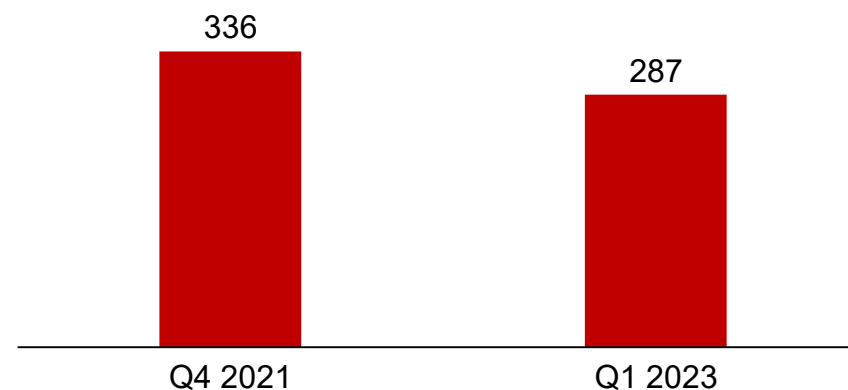
### Net Debt Reduction

- Important cash generation achieved in 2022 and also expected for this year 2023
- Reduction of net debt to ratios aligned with strategic plan objectives

#### Main ratios

Cash Conversion Ratio	<b>&gt;50%</b>
Working Capital over Sales	<b>30%</b>
Net Debt / EBITDA	<b>2-3x</b>

#### Net Financial Debt (M EUR)



- Continue analyzing the valorization of certain non-strategic businesses or participate in specific projects with disciplined capital approach aligned with our strategic objectives

**Prepare the company to be able to face the future growth expected in Phase 2 of the strategic plan**

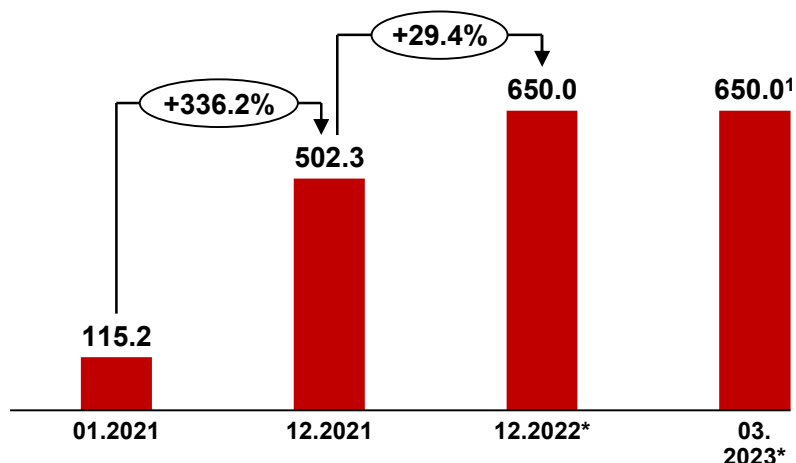
## Five strategic axes – Evolution 2022-2023

3

### Current Business Stability

- The company has experienced significant growth in every area:
  - **Diversification:** we continue developing our presence in Aerospace and H&I segments
  - **Long Term Agreements:** we have successfully achieved long term agreements with key customers to secure future volumes
  - **Raw Material Hedging & energy hedging:** mechanisms to prevent volatility caused by raw material and energy prices

### Backlog Evolution (M EUR)



1)1,650M€ if major OCTG order received from ADNOC is included

### Over 30 Frame Agreements



Reduce business volatility and achieve stable results

## Five strategic axes – Evolution 2022-2023

4

### Diversification

- Clear commitment to the **aerospace market**
- Important **growth expected in nuclear segment**, where we provide essential products and services to our main customers: EDF and Westinghouse
- We supply **tailor-made solutions** to our customers that **reduce CO2 emissions** for industrial applications
- Tubacex is involved in the **energy transition**:
  - Key role in the hydrogen supply chain with **specific materials designed for Hydrogen applications**
  - We provide our **solutions for Carbon Capture market**



Reduce our Oil & Gas dependency to <30% in 2025 with most of our focus in Gas

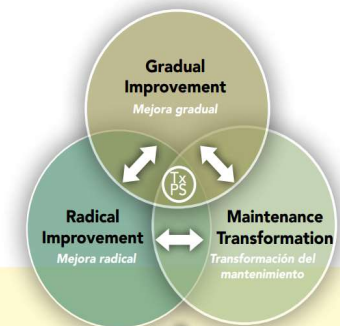
## Five strategic axes – Evolution 2022-2023

5

### Competitiveness

- Significant effort made in 2020-2021 with a reduction of more than €30 million in fixed costs
- Effective rightsizing of the 22 companies in the group
- Correct product allocation based on production plant's competitiveness
- We have successfully been able to pass on inflation costs to our customers
- Management model based on continuous improvement

**12-15%**  
EBITDA Margin  
+4-5 p.p. vs pre-covid levels



Maintain a stable and robust operating profitability



## Our strategic goals

**Expansive cycle of traditional business**

**Growth aligned with energy transition**

**Diversification through new businesses**



### Financial Goals 2025

Revenues	1,000-1,200M
EBITDA Margin	12%-15%
NFD / EBITDA	2-3x
Working capital	30% over sales
RoNA	>10%*

### ESG Goals 2030

CO2 emissions	-60%
Energy intensity	-25%
Waste recycled	95%
LTIFR	-75%
Injury severity rate	-75%

**Reduce our exposure to Oil&Gas to 1/3 of total revenues**

\* Excluding potential investments in inorganic growth

## Conclusions

- We have achieved our objectives in terms of market positioning, entry into new products and new customers
- We are continuously adapting our organization in cost structure to new market conditions
- Market is recovering gradually, and we have been able to sign long term agreements that give us stability for the future
- Tubacex has a key role in the Energy Transition and our products & solutions are indispensable to achieve the net zero emissions goal
- We are fully committed with sustainability, and we have defined challenging objectives in our ESG plan
- Our Strategic Plan will lead us to be a more diversified and resilient company

**NEW CHALLENGES, NEW SOLUTIONS**

***Face the new challenges of human progress  
providing advanced industrial products and  
services***

***Hacer frente a los nuevos retos para el  
progreso humano aportando soluciones  
industriales avanzadas***



# 3. Future Outlook

## Our financial strategic goals

Financial Goals 2025			FY 2022		Q1 2023	
Revenues	1,000-1,200M	➔	715M	➔	789M <sup>1</sup>	
EBITDA Margin	12%-15%	➔	12.9%	➔	13.1%	✓
NFD / EBITDA	2-3x	➔	3.1x	➔	2.8x	✓
Working capital	30% over sales	➔	32.1%	➔	29.1%	✓
RoNA	>10% <sup>2</sup>	➔	7.3%	➔	9.1%	

Most of the goals already achieved and on the right track for the other ones

1. Last 12 months sales as of 31<sup>st</sup> March 2023

2. Excluding potential investments in inorganic growth



# Future Outlook



## Our ESG strategic goals

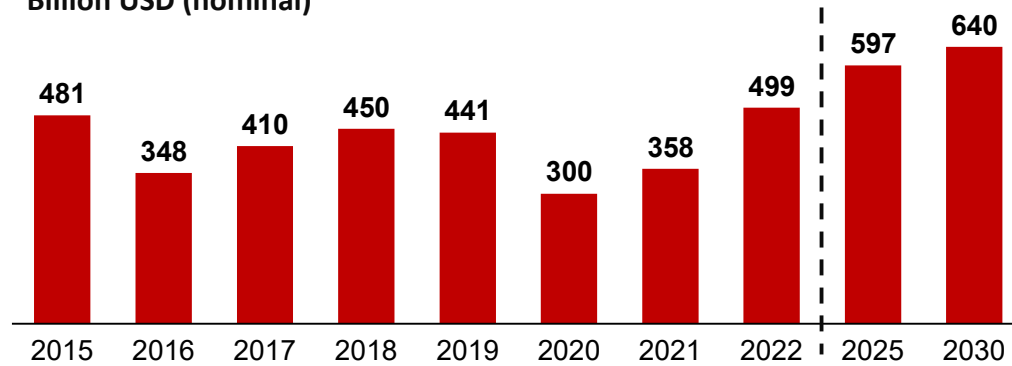
ESG Goals 2030		FY 2022	Q1 2023	
CO2 emissions	-60%	-57,2%	-68,6%	✓
Energy intensity	-25%	-40%	-51%	✓
Waste recycled	95%	81,3%	89,5%	
LTIFR	-75%	-57,6%	-52,6%	
Injury severity rate	-75%	-50,0%	-25,0%	

Great progress towards the fulfillment of the ESG goals

## Market Outlook

### Global Oil & Gas Upstream CAPEX

Billion USD (nominal)

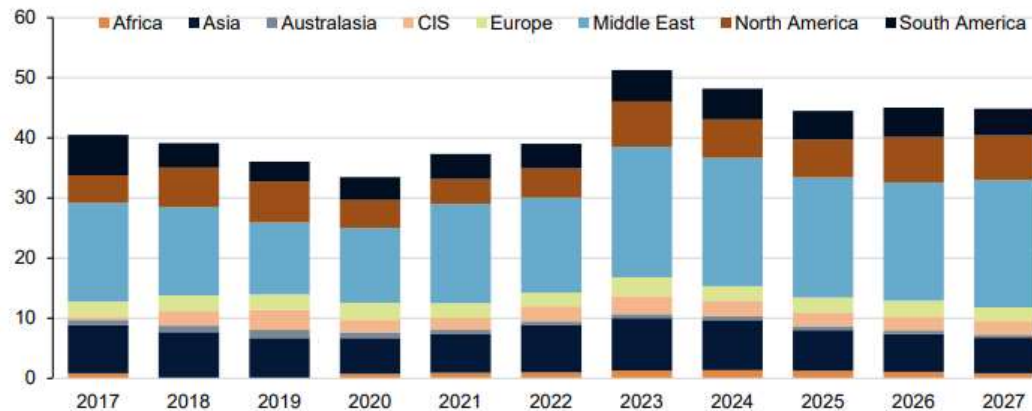


Source: IEF, S&P Global Commodity Insights

- While upstream investment in 2022 returned to an eight-year high and posted the largest year-on-year increase in history, it will need to rise. Upstream investment will need to increase to \$640 billion annually by 2030 to meet future demand and offset declining production.

### CRA OCTG demand by major global region

Thousand tons

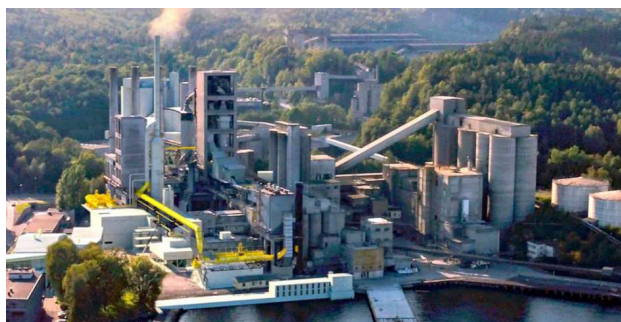


Source: Rystad Energy OCTG Report

- OCTG demand continues to be higher than previous year especially driven by projects in Middle East and South America.
- From 2023 to 2027 over 45,000 tons expected in global demand.
- Most of the CRA OCTG demand will come from Gas Upstream.
- Tubacex is well positioned in the key product for the Gas extraction in the future.

## Low Carbon Solutions

### Carbon Capture and Storage



- Development of **OCTG solution** for injection of CO<sub>2</sub> in **CCS Storage Process**
- Development of **specific materials for cryogenic Carbon Capture tubular systems**
- **First projects** already contracted with **Aker Carbon Capture and Summit Carbon Solutions**

### Hydrogen and Renewable Energy



- Development of specific materials for **High Temperature and High-Pressure** conditions for Hydrogen applications:
  - **Alloy 699XA**
  - **XM 19**
- Development of tubular systems and squids for electrolyzers

### Fertilizers



- Decarbonization of Fertilizer's industry through Low Emissions Ammonia (LEA)
- Two recent projects with UG29 material developed together with Casale in Australia and Spain

**Tubacex Low Carbon Solutions business already a reality in the Energy Transition**

## Other markets

### Nuclear



- Recognition of nuclear energy as **transition energy** by the European Union
- **Reactivation** of projects
- Collaboration with several leading **nuclear engineering** companies in the design of the new advanced nuclear plants as well as for the **SMR** (Small Modular Reactor)

### Industrial & Precision applications



- High demand for **high precision machining** components in high alloys
- **H&I (Hydraulic and Instrumentation)** segment exceeding expectations

### Mobility



- Good perspectives for **aeronautical and aerospace** sector
- Demand from the **automotive and rail sectors** remains at high levels

Strong perspectives for new markets

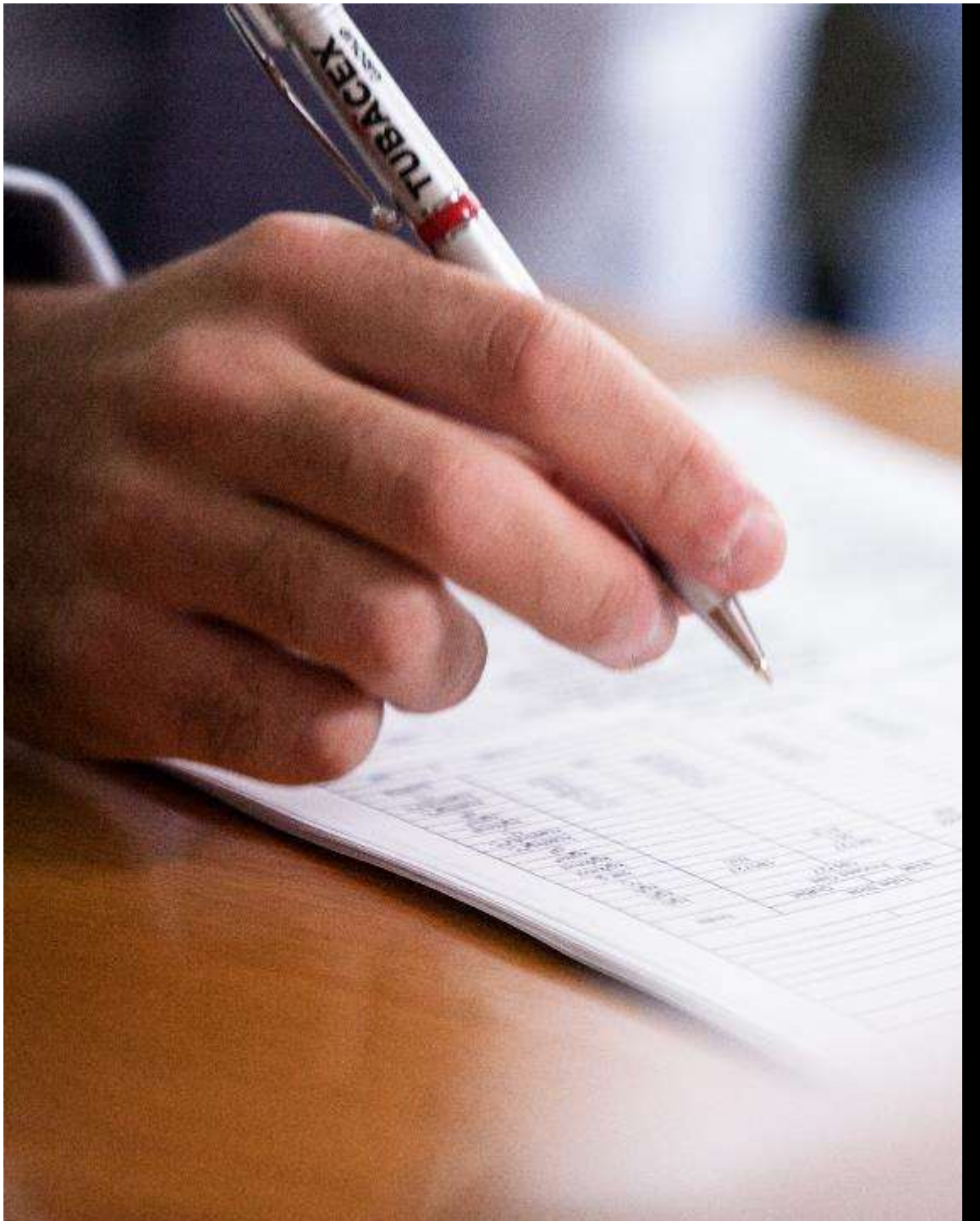
## Conclusions

- **Robust results** have allowed to anticipate the fulfillment of most of the financial strategic goals in 2023
- **Strong market perspectives** enable to maintain growth for the upcoming years
  - **Conventional markets** booming led by Upstream of Gas and nuclear energy
  - Energy transition aligned: **Low Carbon business** unit already positioned for CCS and Hydrogen
  - Growing demand expected for **new markets**
- **Framework agreements** allow further visibility of our backlog for the next years



**REVISION AND UPDATE OF THE STRATEGIC GOALS IN H2 2023**





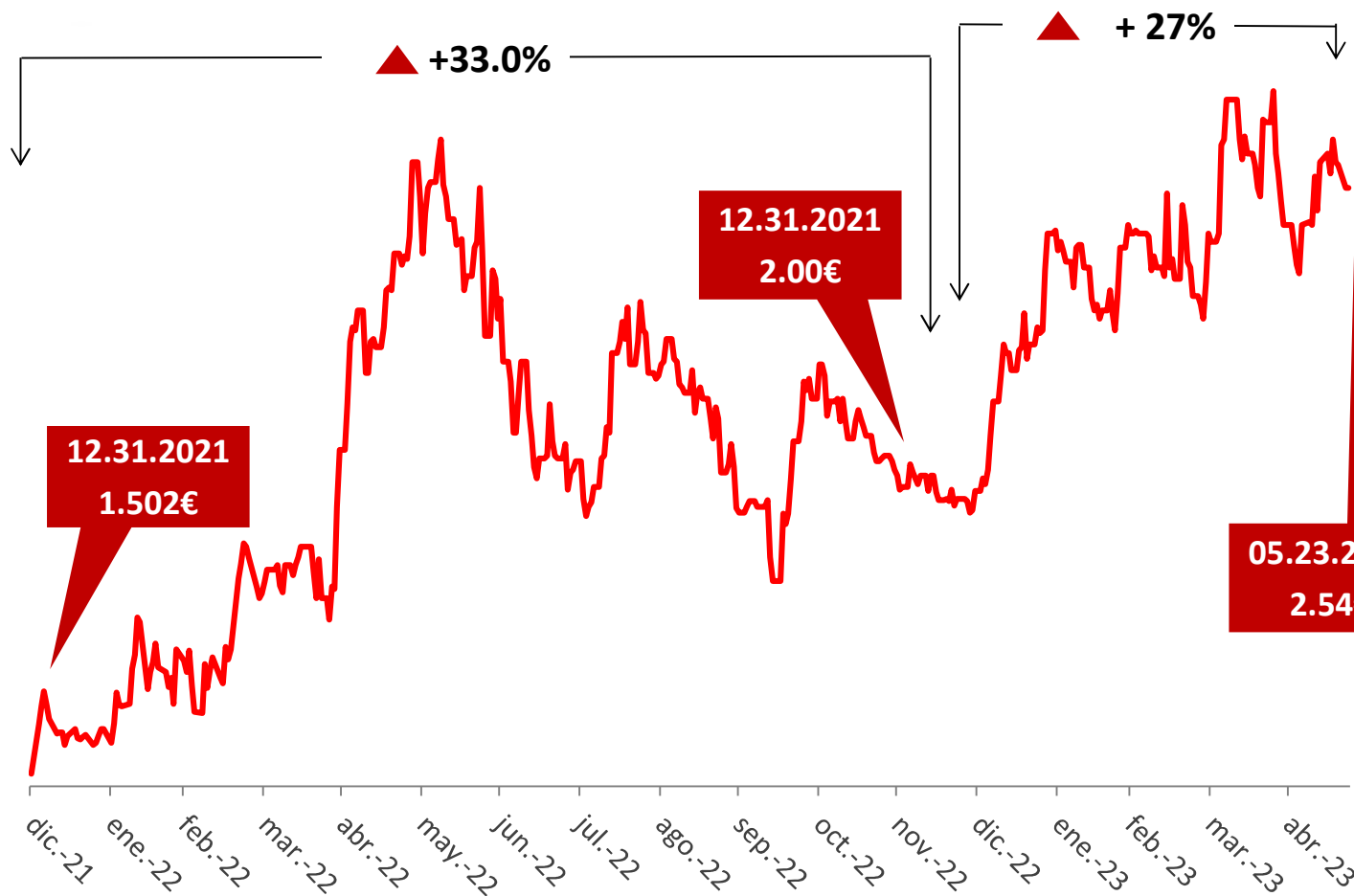
# 3.

## Stock market

# Tubacex Share



## Tubacex share



### Key data 2022

€/share (12.31.2022)	2.00€
Market Cap (€M)	€257.7M
Minimum	1.552€ (Jan. 13&24)
Maximum	2.615€ (June 8)
% evolution	+33.0%

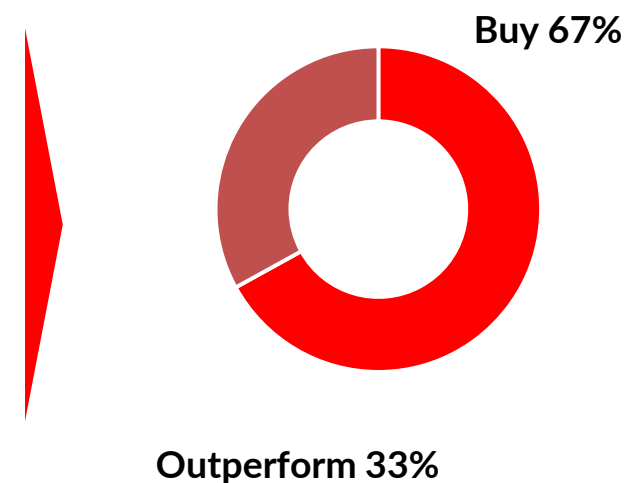
### YTD 2023

€/share (05.23.2022)	2.54€
Market Cap (€M)	€327.0M

Positive performance in 2022 boosted in 2023

## Analysts Coverage

Company	Recommendation	Target Price
Norbolsa	Buy	3.11
JB Capital	Buy	3.60
Renta 4	Outperform	4.00
Santander	Outperform	4.50
GVC Gaesco	Buy	3.80
BPI	Buy	3.60

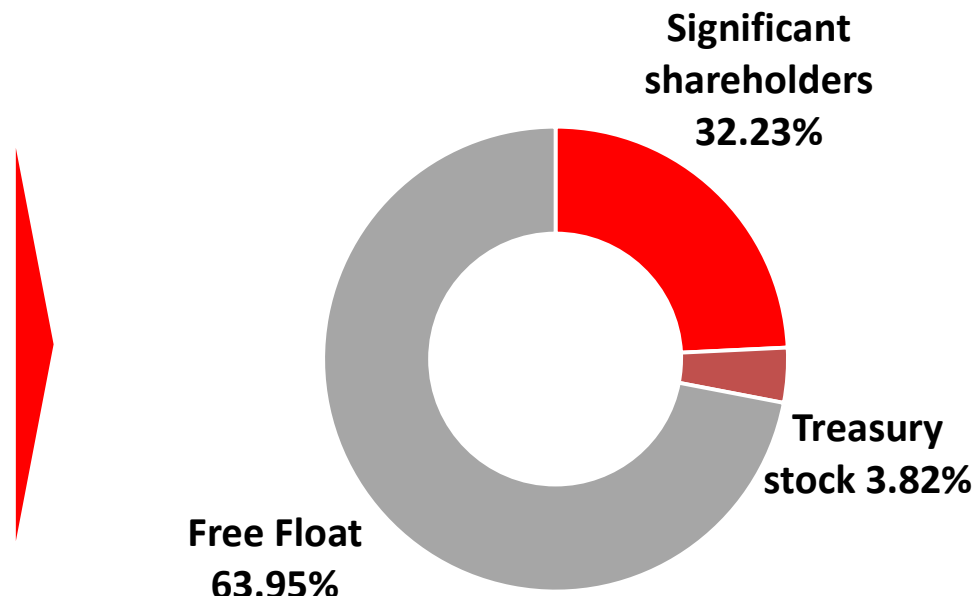


<b>Average Target Price</b>	<b>3.77</b>
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**Support from the sell-side with all positive recommendations**

## Shareholding structure – significant shareholders

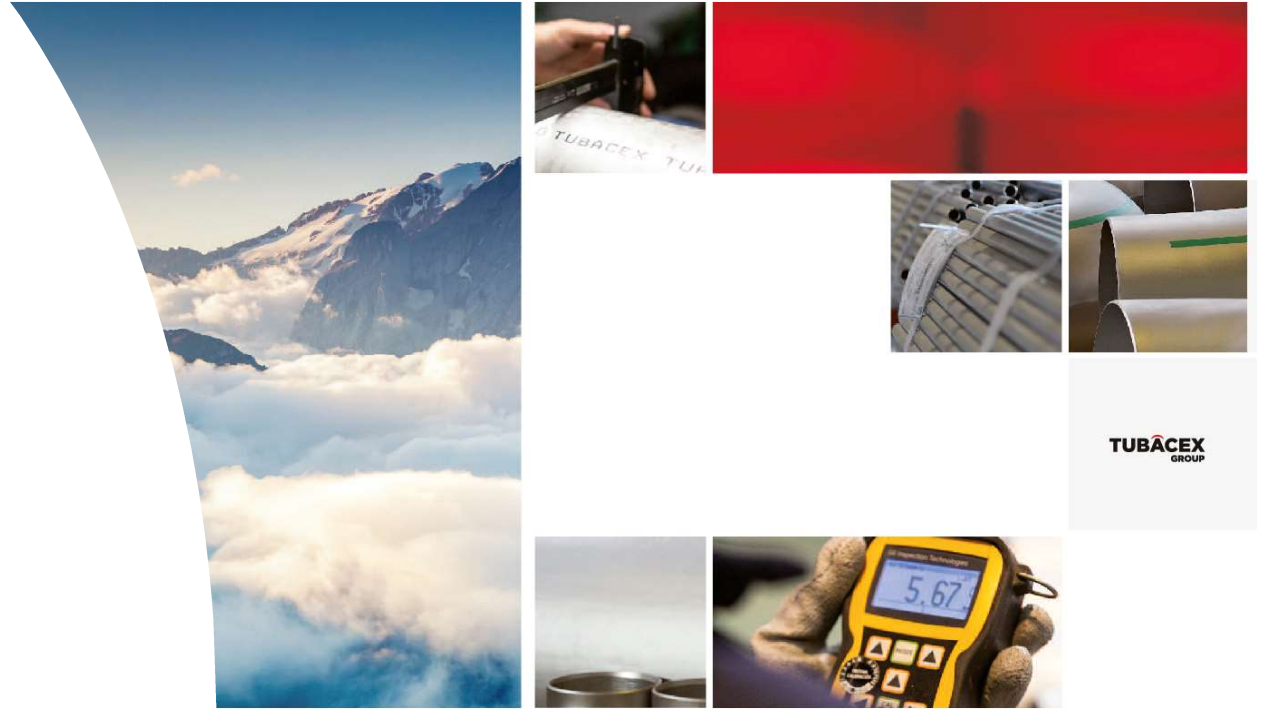
Shareholder	% ownership
Grupo Aristrain	11.00%
Torre Rioja	5.00%
EDM	4.97%
Itzarri	3.22%
Treasury stock	3.82%
<b>Total</b>	<b>28,02%</b>



**As part of its commitment with shareholders’ remuneration, in 2023, TUBACEX will amortize 2.4 million shares acquired within the framework on a buyback program fulfilled in 2022 and will deliver a 40% pay-out as dividend**

**Stable shareholder structure fully committed with our strategic plan**

Source: Spanish Securities Exchange Commission (CNMV) in May 2023



**THANK YOU!**

**TUBACEX**  
**GROUP**