

## January - September 2021 Results



# TUBACEX faces the coming quarters with optimism, with an order backlog of €500 million

- In Q3, the sales figure has reached €86.4 million, up 17.6% on sales for Q2. The EBITDA for the third quarter amounted to €4.7 million, significantly higher than the €0.2 million in the previous quarter.
- The third quarter of the year has shown a clearly positive trend, which will be maintained over the coming months thanks to the acceleration of investment projects in the energy market.
- The restructuring that began in 2020 has recently been completed and has enabled the consolidated cost structure to be reduced by approximately €35 million.
- The Group maintains a cash position of more than €135 million and liquidity in excess of €150 million, which guarantees the soundness of the Balance Sheet and covers the maturity of loans until 2024.

**Llodio, October 29, 2021** TUBACEX has presented its results for the third quarter of 2021 today, marked by the acceleration of investment projects in the energy market. Therefore, the company faces the coming months with an order backlog of €500 million, which will be reflected in the results for the final quarter of the year and the beginning of 2022. The reactivation of demand has enabled Q3 to close with

sales of €86.4 million, up 17.6% on sales for Q2, and an EBITDA of €4.7 million, significantly higher than the €0.2 million in the previous quarter.

This gradual market improvement contrasts with the situation in the same period of last year, marked by the low order intake which has affected the results presented throughout 2021, with special impact on the first half of the year. In the first nine months, the company obtained sales amounting to €246.4 million, down 36,8% on the same period in 2020, and an EBITDA of €5 million, with a margin of 2%. "Fortunately, we have been observing a change in this tendency since mid-2021 and a gradual improvement in the global market, with intake figures increasing slowly but surely", declared Jesús Esmorís, CEO of TUBACEX.

### ***Key role in the energy transition***

Today's market situation enables the coming months to be faced with optimism and with an eye on the medium and long term; a period that will be dominated by the transition towards the decarbonization of the current energy model. In this context, TUBACEX is set to play a key role. Regardless of their origin, all power generation, transport or storage processes require materials that are highly resistant to temperature, corrosion and pressure.

Similarly, increased presence in the Gas segment, the energy transition towards green energies as an alternative to coal, together with the relaunch of projects delayed as a result of COVID-19, is enabling important orders to be secured with the upcoming award of major projects in the field of extraction and production.

In parallel, the company continues working on new value proposals for the hydrogen segment, as well as in CO2 capture technologies. This market still represents a very small part of the Group's business, but it is set to increase its importance in line with the evolution of the energy market.

On the other hand, TUBACEX maintains a key role in the development of advanced materials that foster the decarbonization of conventional energy sectors. An example of this is the development of materials for advanced ultra-supercritical (AUSC) technology applications, enabling CO2 emissions to be reduced by 40%.

This type of solution focuses geographically on Asia and has high demand in India, with the award of the first contract that will be supplied from the TUBACEX plant in this region. The Group is participating in several public tenders in this country for the construction of new projects, which are expected to be awarded in 2022-2023.

### ***Restructuring Plan***

The reactivation of demand is enabling all of the Group's plants to resume normal levels of activity and gradually withdraw the furlough schemes (ERTEs) that have been in place in recent months, with the Spanish plants being the only ones that remain with active furlough schemes (ERTEs).

The restructuring that began in 2020 has recently been completed and has enabled the consolidated cost structure to be reduced by approximately €35 million, "increasing our competitiveness, which is essential in such a demanding market as the one we face", according to Esmorís.

On the other hand, the successful financial restructuring plan implemented by TUBACEX in 2020, has enabled the Group to maintain a cash position of more than €135 million and liquidity in excess of €150 million, which guarantees the soundness of the Balance Sheet and covers the maturity of loans until 2024. Although the net financial debt figure at the close of the third quarter stands at €368.2 million, which, combined with a very low EBITDA, leads to a very high debt ratio, the foreseeable cash flow generation for the coming months is strong, enabling the debt ratio to return to pre-COVID levels in mid-2022.

### **Prospects**

The third quarter of the year shows a clear improvement in results based on better perspectives of the Group's plants in Austria, the USA, India and the Middle East, that will be constant and progressive in the coming quarters in a growing energy market.

After several years with a structural deficit in terms of investments, there is now an acceleration of projects to sustain worldwide growth and ensure a transitional energy mix without disruption in global supply. The only downside is the rise in inflation, which will inevitably result in increases in our sales prices to the market. In this respect, it is remarkable that the end users of our products are precisely the energy sectors responsible for ensuring both the short-term supply and the future energy model.

#### Financial figures

€M

	<u>9M 2021</u>	<u>9M 2020</u>	<u>change %</u>	<u>Q3 2021</u>	<u>Q3 2020</u>	<u>change %</u>
Sales	246.4	389.6	-36.8%	86.4	107.6	-19.7%
EBITDA	5.0	26.4	-81.1%	4.7	6.6	-28.4%
EBITDA margin	2.0%	6.8%		5.5%	6.1%	
EBIT	(27.6)	(7.3)	n.m.	(5.6)	(3.0)	n.m.
EBIT margin	neg.	neg.		neg.	neg.	
Net Profit	(32.4)	(13.0)	n.m.	(9.1)	(4.7)	n.m.
Net margin	neg.	neg.		neg.	neg.	

	<u>30.09.2021</u>	<u>31.12.2020</u>
Equity Attributable to the Parent	205.6	240.9
Equity / Net Financial Debt	55.9%	80.8%
Working Capital	233.4	206.8
Working Capital / Sales	69.4%	43.1%
Structural Net Financial Debt <sup>(1)</sup>	134.8	91.4
Total Net Financial Debt	368.2	298.1
NFD/ EBITDA	22.1x	7.8x

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

## 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, Norway, Canada and Singapore 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](http://www.TUBACEX.com)