
Press Release

Nine-Month Results for 2024

Tubacex Completes a Strategic Project with the Closing of Mubadala Investment's Entry into its OCTG Business

Positive quarterly improvement in results and margins expected for Q4

- Through the agreement signed with Mubadala Investment, a cash inflow of €182.1 million has been generated (equivalent to €1.44 per Tubacex share or 41.1% of the Group's financial debt as of the end of September). This reduces the net financial debt (NFD) to €260.7 million and sets the NFD/EBITDA ratio at 2.4 times. The Group's debt is linked primarily to working capital, with inventory valued at over €400 million, largely presold.
- For the first nine months of 2024, Tubacex reports sales of €569.1 million, an EBITDA of €78.1 million with a 13.7% margin, and a net profit of €14.2 million. These results do not yet reflect the margin from products manufactured under the ADNOC contract, nor the contribution from the upcoming Abu Dhabi plant.
- The order backlog remains at 2023 record levels, approximately €1.6 billion, with a strong focus on high value-added products, providing substantial business visibility.
- In Q3, Tubacex closed a strategic contract with Petrobras worth €64.5 million for CRA OCTG supply, with further awards anticipated in the coming months.
- Tubacex reaffirms the goals set in its current NT2 Strategic Plan, targeting revenues of €1.2-1.4 billion, EBITDA exceeding €200 million, and an NFD/EBITDA ratio below 2x by 2027.

Bilbao, November 4, 2024 – Tubacex Group closed the first nine months of 2024 with consolidated sales of €569.1 million, a temporary 11.4% reduction compared to the same period last year. This decline reflects (i) a downward trend in nickel prices, (ii) an increase in inventory for projects to be invoiced in the coming quarters, and (iii) extraordinary stockpiling of materials for strategic orders scheduled for early 2025. As such, the stock generated for strategic orders does not yet reflect its sales margin, which will positively impact on the income statement once invoicing begins. Tubacex has been channeling capital expenditure (CAPEX) and working capital investments into strategic clients and projects, consolidating its annual results and positioning itself to secure future figures in line with the current strategic cycle.

Financial Performance and Cost Optimization

As of September 30, 2024, cumulative EBITDA reached €78.1 million with an EBITDA margin of 13.7%. As previously communicated, Q3 figures demonstrate gradual improvement, and despite seasonal factors, Tubacex recorded its highest quarterly EBITDA of the year at €28 million with a 16.4% margin. Each business unit has achieved structural cost reductions, emphasizing high value over production volume.

Quarterly Improvement and Recovery from Industry-Wide Delays

The company expects that the delays experienced during the first half of the year, which affected the broader sector, are now being addressed in the second half. This improvement trend should drive a steady increase in quarterly sales and EBITDA. As of September's close, Tubacex recorded a net profit of €14.2 million, a 48.9% decrease from the same period in 2023. However, the Q3 net profit (€7.7 million) was in line with the prior year's figure (€7.8 million in Q3 2023). Despite a challenging macroeconomic and geopolitical landscape, each of the Group's business units contributed positively to Tubacex's overall results, reinforcing its role as a key player not only in the energy transition but also in ensuring energy security.

Positive Outlook for Year-End and Growth Projections for 2025-2026

Toward the close of 2024, expectations remain positive. Given the visibility of its backlog and the continued quarterly improvement in results, the Tubacex Group anticipates significant growth in 2025 and 2026, with targets set to be met by 2027. This outlook is closely tied to the Abu Dhabi finishing and threading plant's progress, which remains on schedule as part of a major order exceeding \$1 billion. Order intake remains robust in both volume and margin, with a current book-to-bill ratio of approximately 1x, signaling Tubacex's strong health. The order backlog is around €1.6 billion, maintaining 2023 year-end levels and providing solid business visibility. This backlog is characterized by a high concentration of high-value products and increasing emphasis on Low Carbon solutions.

CEO Commentary on Strategic Progress

Jesús Esmorís, CEO of Tubacex, commented: “With these results, the Group is well-positioned to approach 2025 and 2026 with growth and profitability expectations, aligning with the objectives set forth in our NT2 business plan. During Q3, we signed a strategic CRA OCTG supply contract with Petrobras, and we anticipate further awards in the coming months, which will help to solidify our leadership position in premium gas extraction solutions”. This comes alongside the recent announcement of our **strategic agreement with Mubadala Investment**, which brings in a cash inflow of €182.1 million and strengthens our objective to become a global leader in the CRA OCTG business,” added Esmorís.

Revenue and Geographic Diversification

Breaking down revenue by sector, 29% of product income originated from the Industrial sector, 27% from gas exploration and production (E&P), 18% from oil E&P, 19% from new markets, and 7% from Powergen. This mix demonstrates Tubacex’s diversified sales portfolio, which is well-positioned to capitalize on both current energy sources and low-emission future energies, as well as transitional sources like gas and nuclear power.

Geographically, Tubacex’s income sources remain widely diversified: 41% of revenue came from Asia and the Middle East, 26% from the Americas, 30% from Europe, and the remaining 3% from Africa.

MAIN FINANCIAL FIGURES						
(€M)	9M 2024	9M 2023	% Var.	Q3 2024	Q3 2023	% Var.
Sales	569.1	641.9	-11.4%	171.1	207.2	-17.4%
EBITDA	78.1	93.8	-16.8%	28.0	29.5	-5.0%
EBITDA Margin	13.7%	14.6%		16.4%	14.2%	
EBIT	45.8	60.6	-24.5%	18.3	19.6	-6.3%
EBIT Margin	8.0%	9.4%		10.7%	9.4%	
Earnings Before Taxes	18.2	38.9	-53.4%	8.9	11.0	-18.6%
Margin	3.2%	6.1%		5.2%	5.3%	
Net Profit	14.2	27.8	-48.9%	7.7	7.8	-0.6%
Net Margin	2.5%	4.3%		4.5%	3.8%	
				Post Mubadala Closing Estimate		
	Sept. 24	Dec. 23	Var. (€M)	Sept. 24	Dec. 23	Var. (€M)
Working Capital	328.4	234.5	+94.0			
Working Capital / Sales	42.1%	27.5%				
Net Financial Debt	442.8	280.7	+162.1 ⁽¹⁾	260.7	280.7	-20.0
Net Financial Debt/ EBITDA				2.4x	2.2x	
Structural Net Financial Debt ⁽²⁾				(67.7)	46.2	-114.0

(1) Capex in Abu Dhabi to date amounts to €48.2M

(2) Net Financial Debt - Working Capital

TUBACEX
GROUP

Financial Strength: Tubacex Reaffirms NT2 Plan Financial Targets

As of the close of the first nine months of 2024, Tubacex reports a Net Financial Debt (NFD) of €442.8 million, which includes investments in the Abu Dhabi plant (€48.2 million) and an increase in working capital (€94 million) tied to the production of complex projects scheduled for billing in the coming quarters.

The launch of the Abu Dhabi project contributed to a significant, planned increase in debt, as previously anticipated. Billing for this order, set to begin in 2025, is expected to drive deleveraging. In addition, Tubacex has announced the closing of a strategic agreement with Mubadala Investment, which brings a cash inflow of €182.1 million, reducing NFD to approximately €260.7 million and setting the NFD/EBITDA ratio at 2.4x. Tubacex thus reiterates its strategic target of bringing this ratio below 2x.

This agreement with Mubadala reinforces the Group's current financial strength, with a liquidity position now exceeding €370 million. Tubacex holds cash reserves of €321.7 million and an inventory of presold stock valued at over €400 million, providing the company with a solid financial foundation.

About Tubacex

Tubacex is a global leader in the design, manufacture, and installation of advanced industrial products and high-value-added services for the energy and mobility sectors. Committed to innovation and excellence, Tubacex's fully integrated production model spans from research and development to final product delivery and maintenance services. This integration ensures cutting-edge technology, superior quality, and a focus on sustainability and circularity, setting industry standards. Tubacex specializes in advanced materials, including corrosion-resistant alloys (CRA), and advanced machining services. With production facilities and service centers in over 30 countries, Tubacex delivers value worldwide, validated by top ESG certification authorities, adherence to Science-Based Targets for emission reduction, and compliance with S&P sustainability criteria. www.tubacex.com

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