

ANNUAL GENERAL MEETING

06.25.2020

The logo for Tubacex Group, featuring the word "TUBACEX" in a bold, black, sans-serif font with a red arc above the letter "A". Below it, the word "GROUP" is written in a smaller, black, sans-serif font.

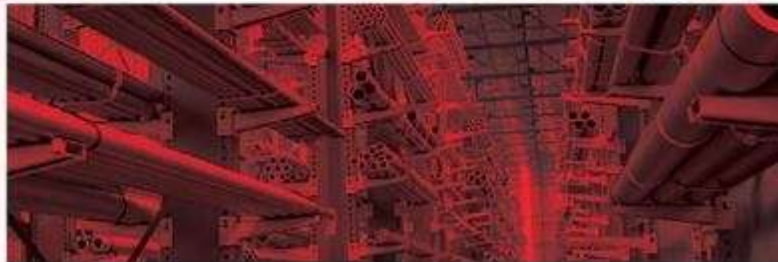
TUBACEX
GROUP

Index

1. Full year 2019
2. Initial 2020 Outlook
3. Current 2020 situation
4. Tubacex Share



TUBACEX
GROUP

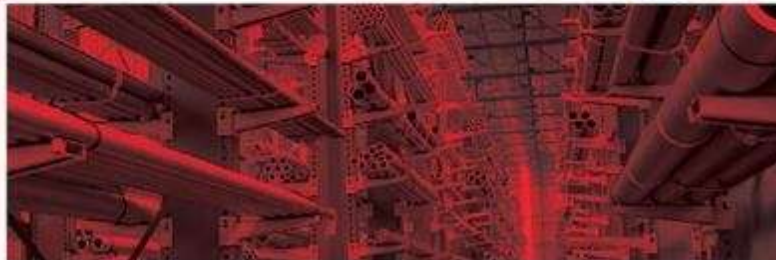




1

1. Full year 2019

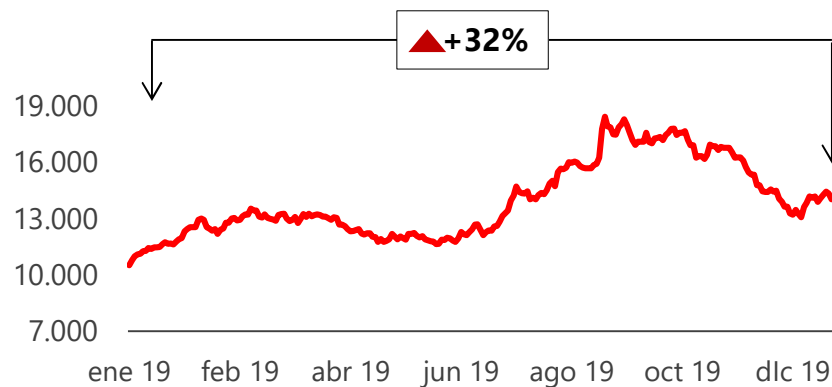
TUBACEX
GROUP



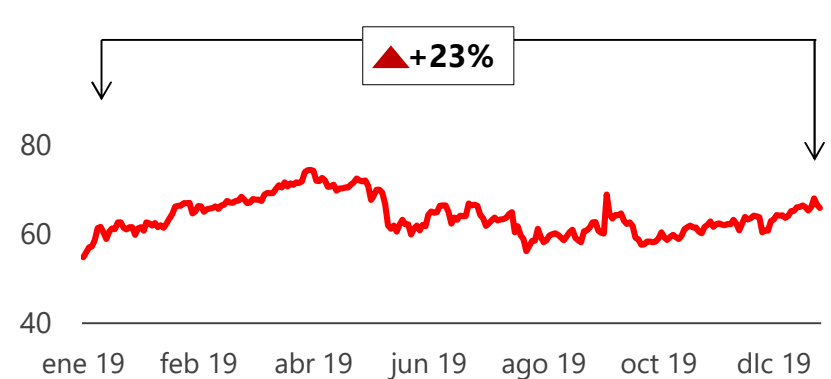
Main aspects related to the year

- We have seen ourselves forced to stop a significant order due to non-European sanctions with expected revenues above 150M€ and high double-digit margin
- Market started to improve slightly in 2019 with very good perspectives for the 2020 – 2023 period
- Strong improvement in our market positioning with an important increase of direct sales to end-users of premium products
- New products and services offered to the market
- Good positioning in the final phases of negotiation of significant projects expected to be awarded in 2020
- General upward trend in raw material prices

Nickel (\$/ton)



Brent (\$/barrel)



2019 Highlights

Alliance with SENAAT

- Alliance to undertake investment projects in **the Oil&Gas sector in the Middle East**
- Acquisition of **NTS Group**, specialized in manufacturing, repairing and maintaining machined stainless steels components for the Oil&Gas industries

SENAAT
GENERAL HOLDING CORPORATION



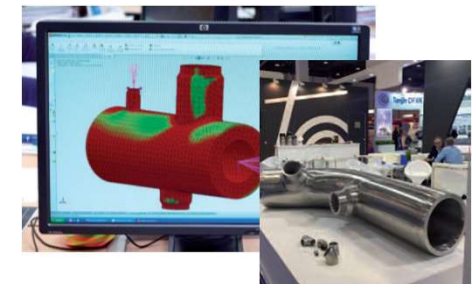
Reinforcement of position in USA

- Opening of a **new facility in Durant** (Oklahoma) and new administrative headquarters in Houston
- Increasing weight of **aerospace sector** and strengthening of our position in the **North American market**



Innovation

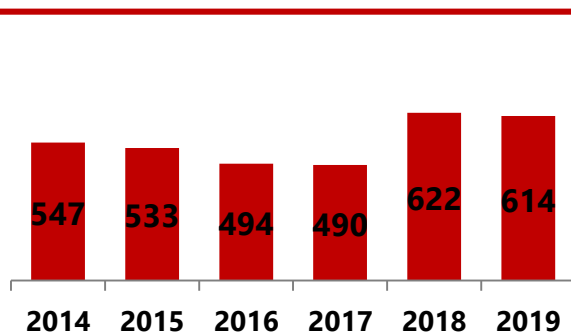
- Reinforcement of product portfolio (increasing ranges and alloys)
- Creation of an **Innovation Committee** with external market experts to promote our strategy



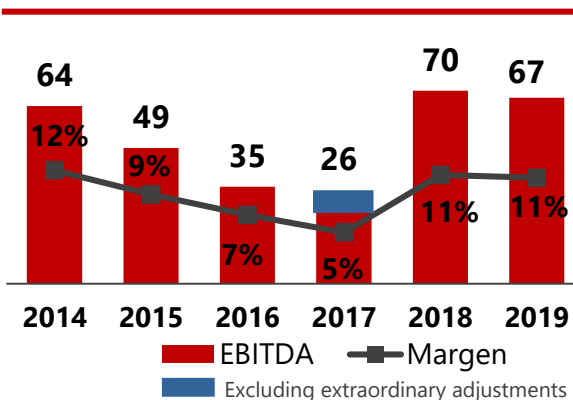
Supporting strategic investments for future growth

Main figures evolution

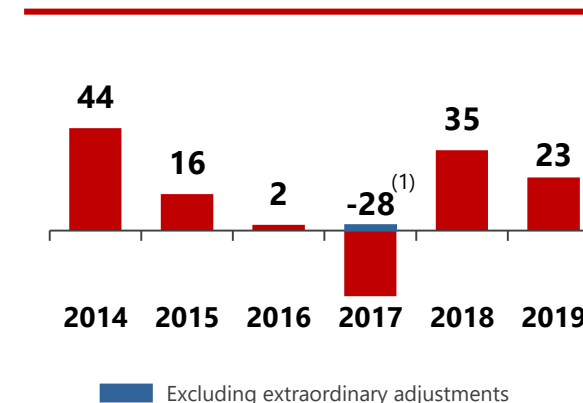
Revenues (€M)



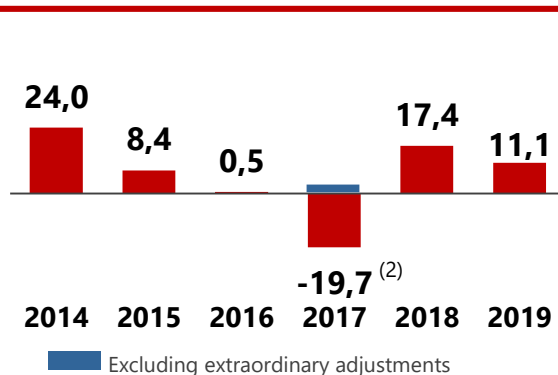
EBITDA (€M)



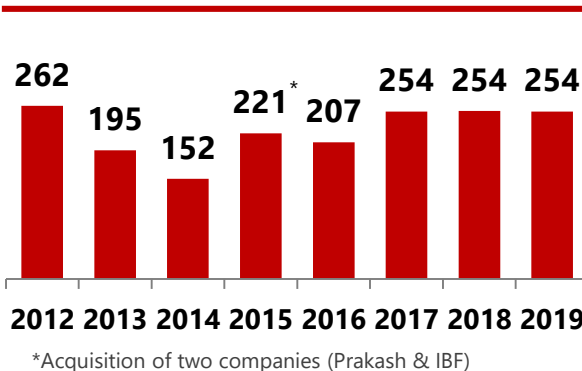
EBIT (€M)



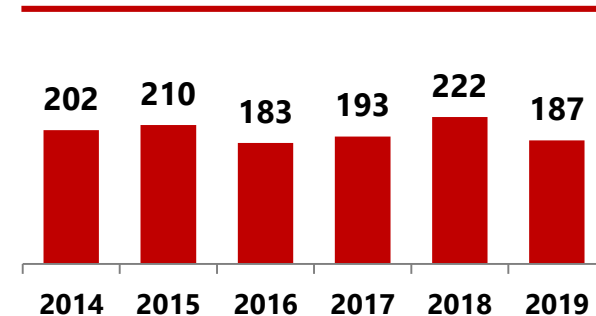
Net Profit (€M)



NFD (€M)



Working Capital (€M)



Significant improvement of results since Oil crash

- (1) It includes extraordinary adjustments corresponding to the regularization of equipment, tooling and stocks, linked to the manufacturing of conventional products in Austria which will be moved to India
 (2) It includes 23.4M€ of extraordinary adjustments mainly corresponding to the non-recognition of the Austrian subsidiary's goodwill

Sales breakdown by sector (2019)*



E&P Gas

24%

- Global trend towards sustainability and CO₂ reduction
- Record figures in the SURF segment



E&P Oil

6%

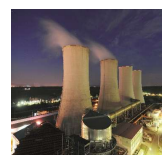
- Decrease of Oil Exposure



Mid & Downstr.

41%

- Strategy focused on selling integral tubular solutions
- Sales of Tubacoat begin



PowerGen

18%

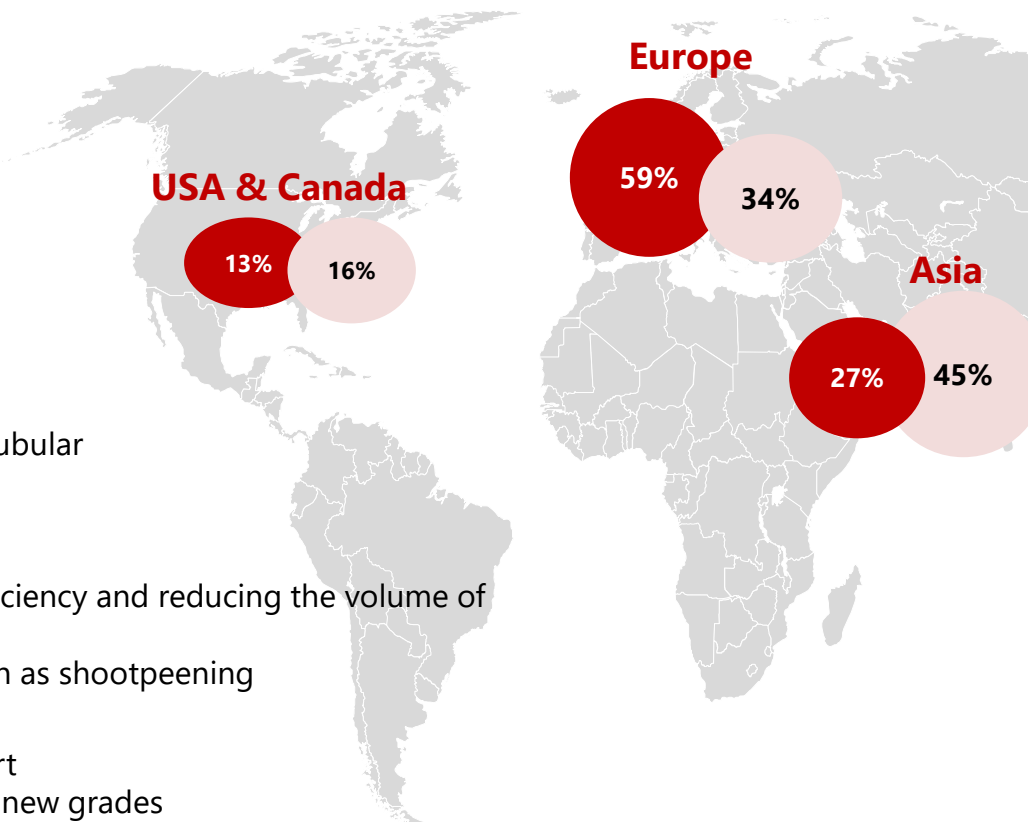
- Focus on state-of-the-art energy efficiency and reducing the volume of CO₂
- Advanced steels and treatments such as shootpeening
- Nuclear market (GNMS)



Otros

11%

- Diversifying effort
- Incorporation of new grades
- Precision tubes for transportation Market (aeronautical, new plant in USA)
- Other sectors: fertilizers, water processing, renewables, etc.



Increasing positioning in Gas and new energies linked to CO₂ emissions reduction

* Direct sales to engineering firms and end-users

Main financials

<i>€M</i>	FY 2019	FY 2018	Var.
Revenues	613.5	622.1	-1.4%
EBITDA	67.1	69.6	-3.6%
EBITDA margin	10.9%	11.2%	
EBIT	22.8	34.4	-33.8%
EBIT margin	3.7%	5.5%	
Net Attributable Profit	11.1	17.4	-35.9%
Net margin	1.8%	2.8%	
Net working capital	187.2	222.2	-31.6
Net working capital / sales	30.5%	35.7%	
Net Financial Debt	253.6	254.5	-0.9 M€
Net Financial Debt / EBITDA	3.8x	3.7x	
Structural Net Financial Debt ⁽¹⁾	66.3	32.2	+34.1 M€

Similar results despite the stoppage of the significant OCTG order

(1) Total Net Financial Debt – Working Capital



2

Initial 2020 Outlook

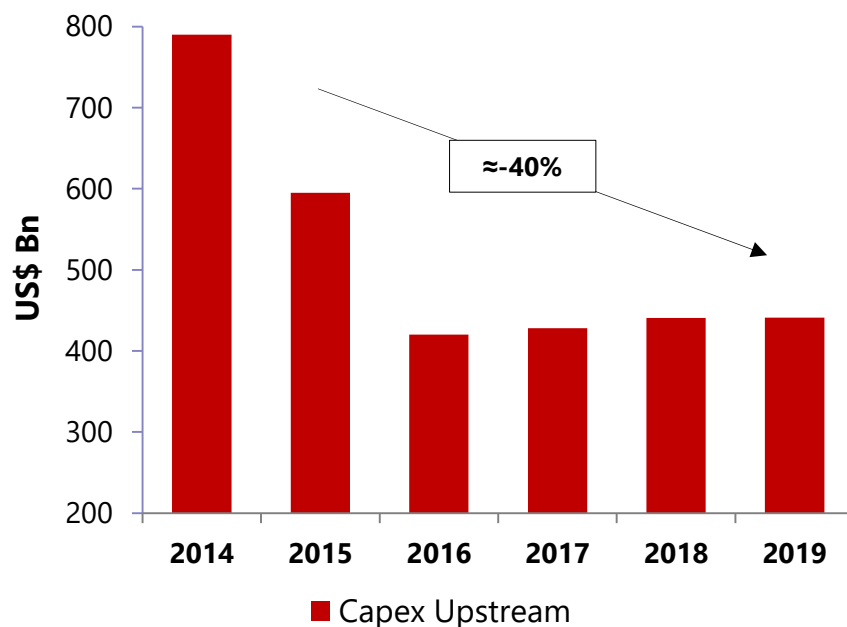
TUBACEX
GROUP



Before Covid-19 - Sales evolution

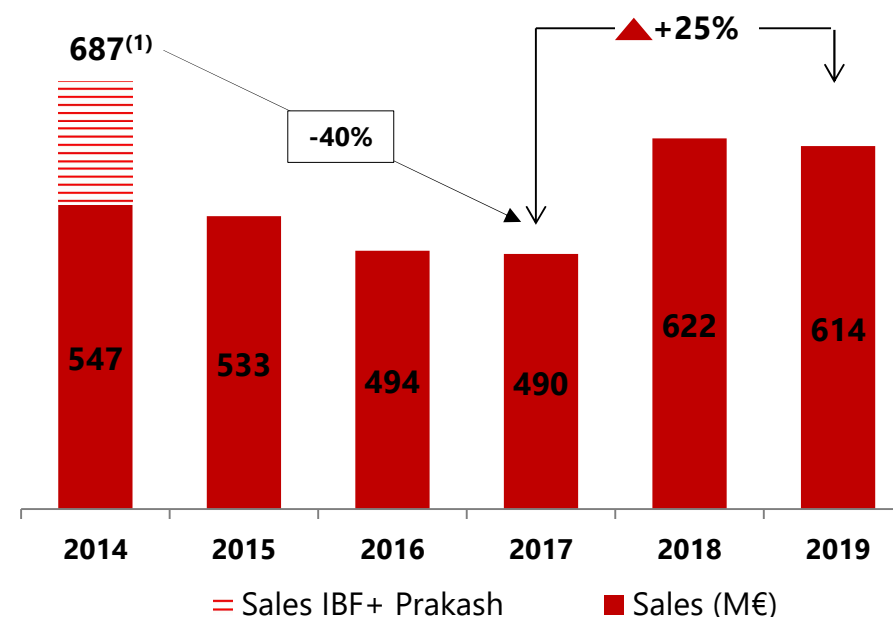
- The dramatic crisis in the Oil sector characterized by an unprecedented fall in Upstream Capex affected Tubacex's revenues
- However, the correct positioning in premium products allowed the Group to increase revenues in 2018 -2019

Global investment in Upstream



Source: World Energy Investment EIA; Tubacex

Tubacex Revenues



Revenues in recent years heavily affected by the investment reduction in the market

(1) Pro-forma sales, including the two companies acquired and incorporated in 2015 (IBF & Prakash)

Before Covid – 19 New Perimeter set up during Crisis

IBF (Italy)



Prakash (India)



Awaji (Thailand)



Nobu (Abu Dhabi)



Tubacex Upstream



Tubacex Services



Tubacex Service Solutions



Tubacex Durant



New perimeter investing in 9 productive mills with potential revenues of approx. €300M and with a positioning focused on complete solutions

Initial 2020 Outlook



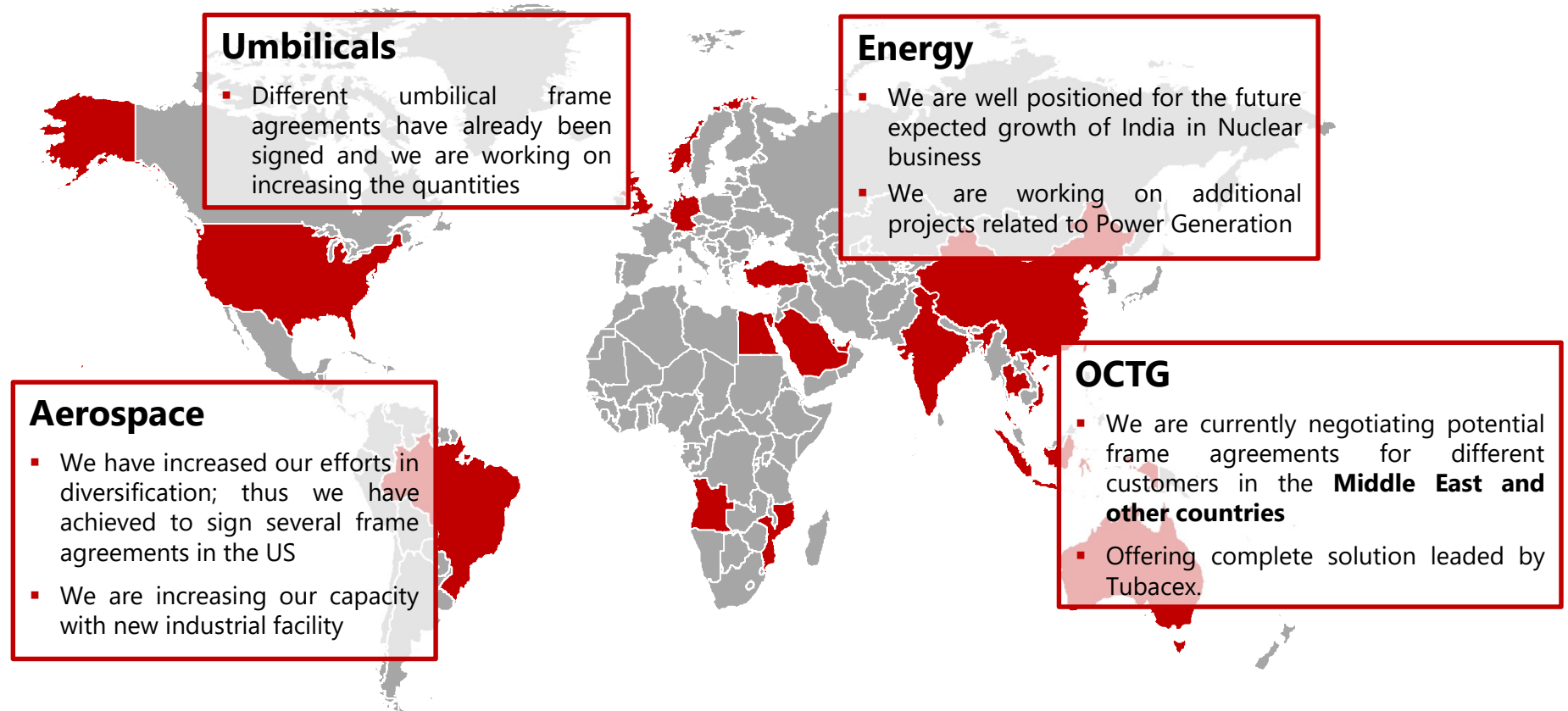
Before Covid - 19, we were positioned for the recovery

	Pre Crisis 2014 (Proforma)	Crisis 2016 - 2017	Recovery 2018 - 2019	Change
Revenues	750 M€	500 M€	620 M€	+120 M€ (+24%)
Gross margin	370 M€ (50%)	230 M€ (46%)	300 M€ (50%)	+70 M€ (+30%)
EBITDA	82 M€ (12%)	35 M€ (7%)	70 M€ (11%)	+35 M€ (+100%)
Headcount	2,800	2,314	~2,550	+236 p.
# Patents	0	7	8	+1
Order Intake	≈ 700 M€	≈ 1,000 M€	500 M€	-500 M (-50%)*
% Premium Product	40%	65%	60-70%	▲
Sales to End User / EPC	35%	65%	60-70%	▲

Before covid-19 we were getting closer to our Strategic Goals

(*) Not including Iran Order

Main relevant projects under discussion

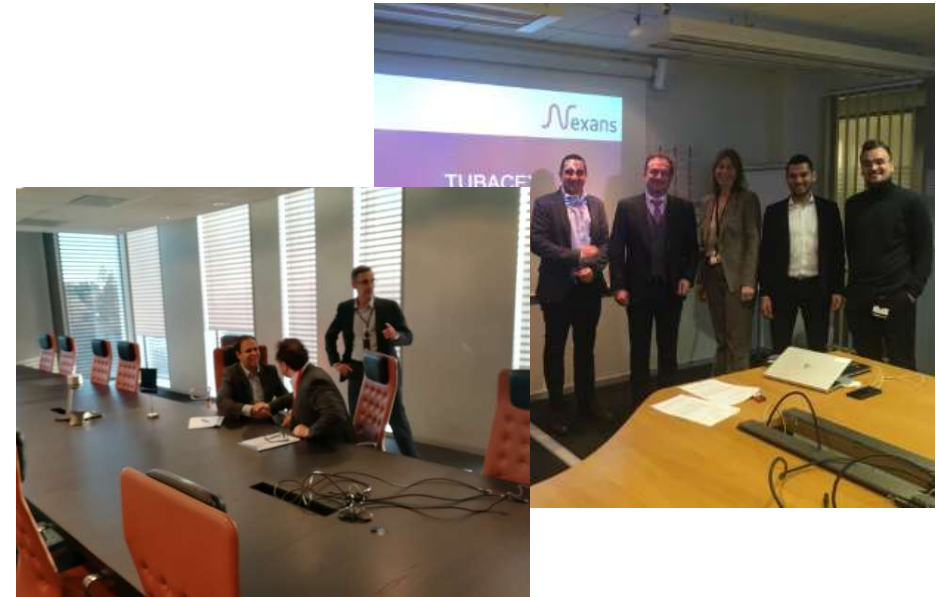


We are now better positioned for large frame agreements in different products

Initial 2020 Outlook



Focused on long term agreements

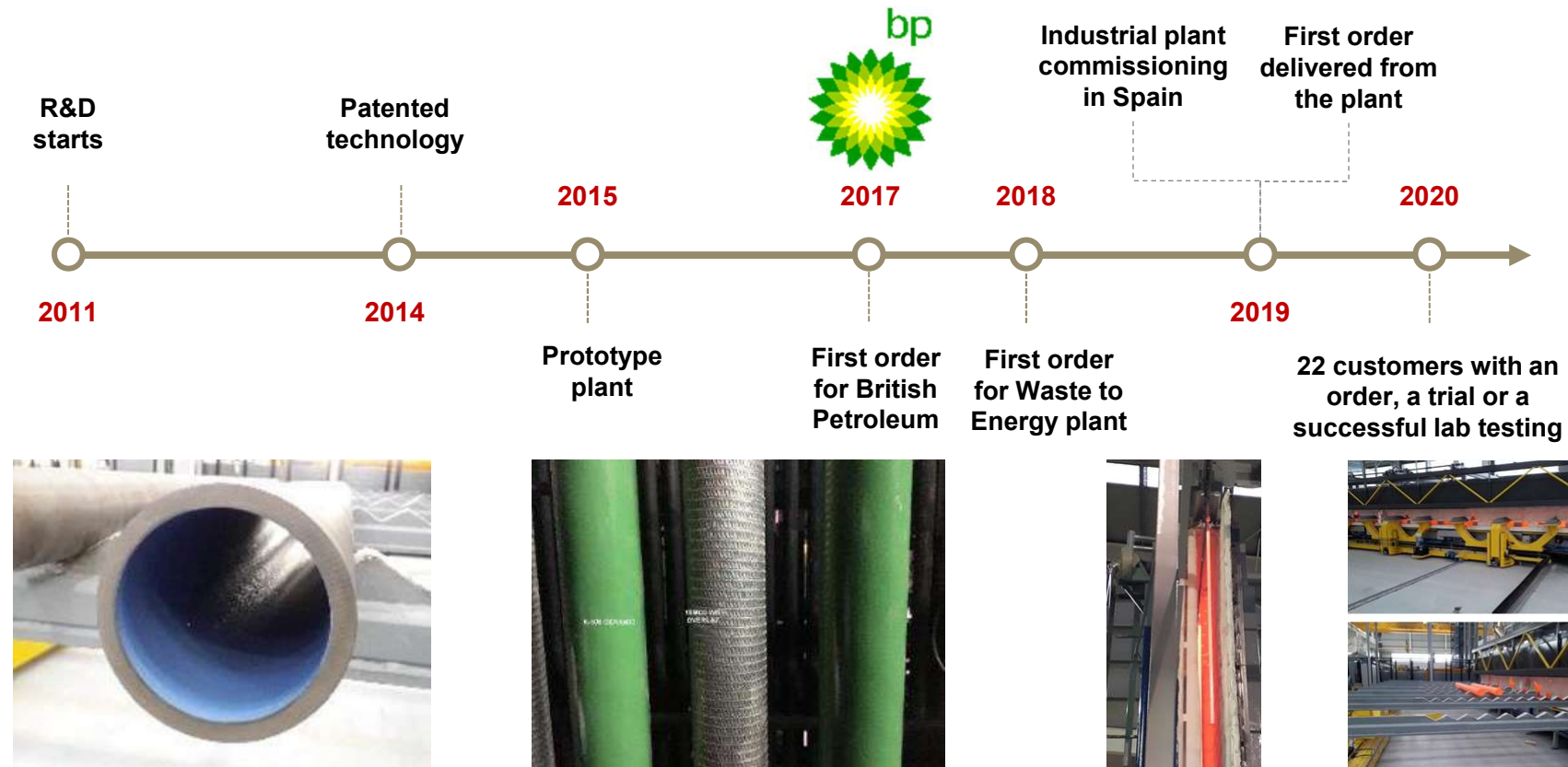


Initial 2020 Outlook



I+D – we have bet heavily in Innovation and we have a large backlog of projects: Tubacoat example

An R&D effort that has become a reality with a successful go-to-market strategy



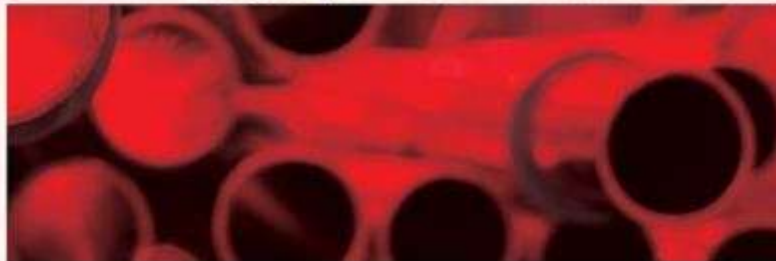
The technology is being widely accepted with orders already invoiced, trials and testing being done by most of the main refining companies in the world



2

Current 2020
situation

TUBACEX
GROUP



Financial Markets situation

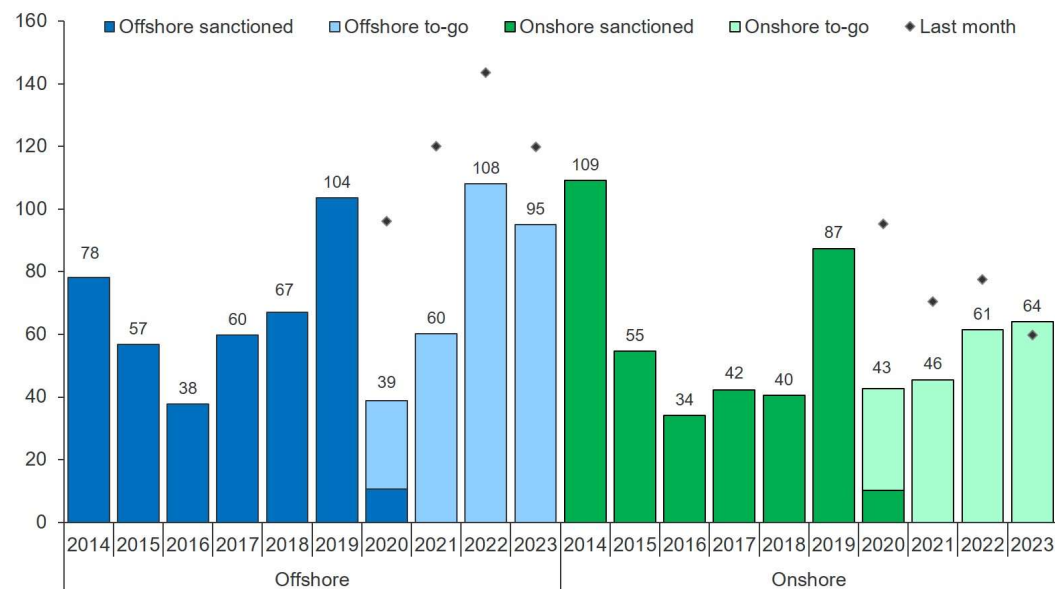
- Since February/March we are living moments of maximum volatility and uncertainty on the markets
- The fast spread of COVID-19 worldwide and its economic consequences has fed investors' risk aversion, causing unprecedented falls in the stock exchanges
- World's stocks exchanges have experienced dramatic drops, mainly in tourism, transportation, hospitality and energy sectors, together with other cyclical sectors such as the financial one
- Additionally the oil war between Saudi Arabia and Russia led to a drop of close to 60% in the brent barrel price, affecting even more negatively to companies related to the energy sector, although OPEC cuts have partially mitigated this drop
- In this situation the new base scenario for 2020 is a global recession with an expected global GDP of -3% according to the IMF (-7.5% in the Euro Area), that is the worst recession since The Great Depression
- This situation is considerably affecting our business

Oil Market situation

- The current situation effects on oil demand and the global economy, throws many projects into doubt when will be sanctioned
- Companies have already started reducing their annual capital spending for 2020 between 30-40% in recent financial updates, although improving in the upcoming years

Figure 1: Project sanctioning status and forecast from 2014 to 2023

Billion USD, by commitment year

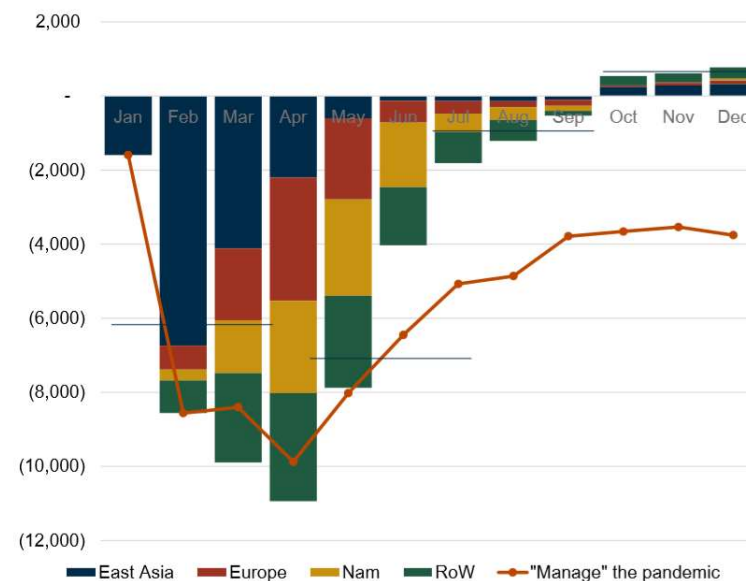


Source: Rystad Energy ServiceDemandCube

Impact on global oil demand

Global oil and petroleum products could contract by more than 10 million bpd in near term

Effective Prevention Scenario, supported by the spring
Thousand bpd

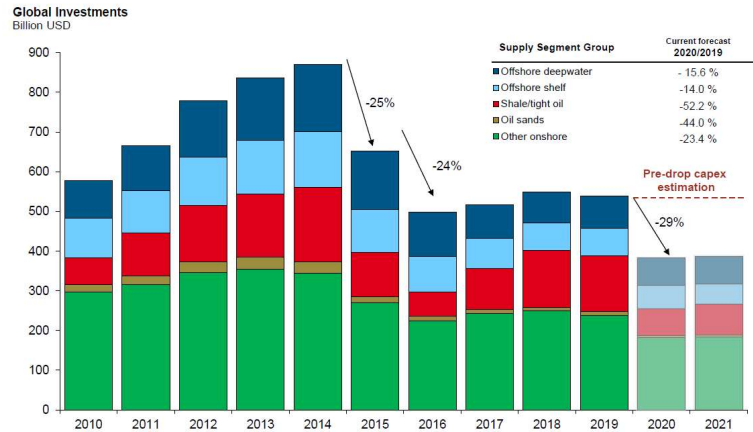


Current 2020 Situation

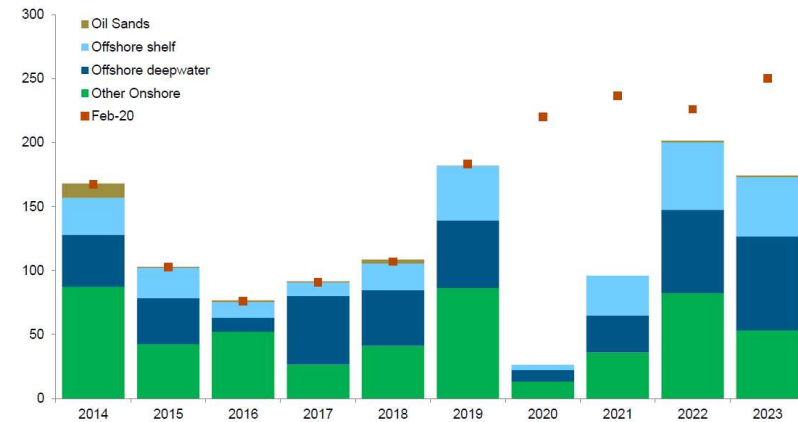


Market situation: 2020 & 2021 tough years

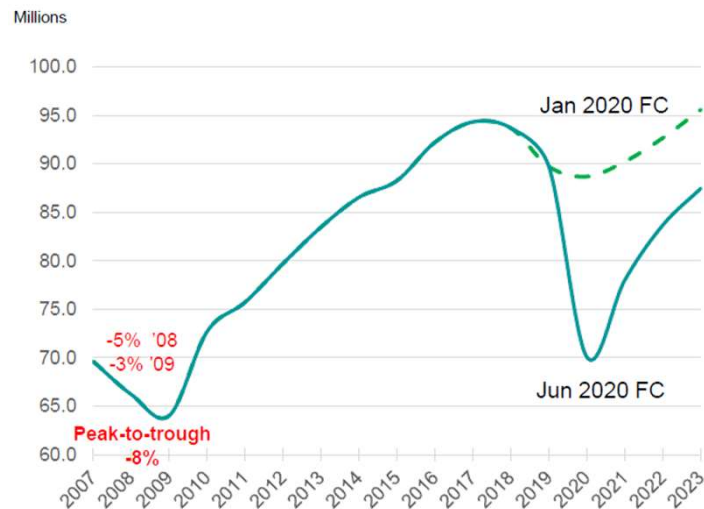
Global E&P Investment



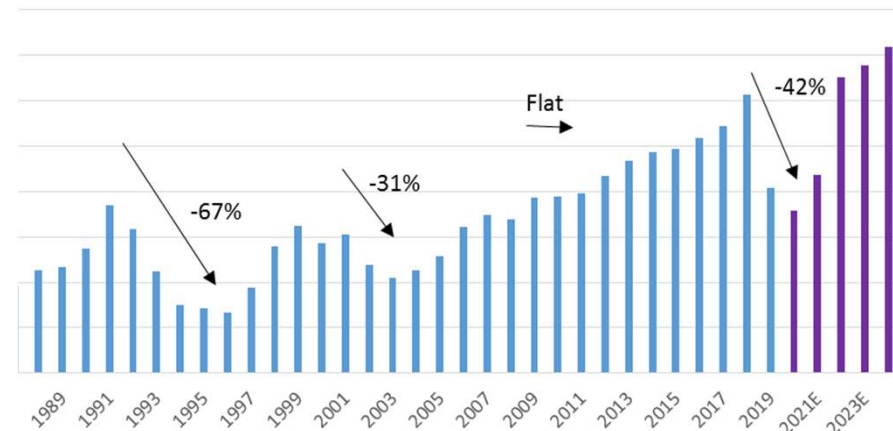
Global FID activity



Global light vehicle sales



Single Aisles deliveries



Taken Actions - Summary

Tubacex Group Crisis Committee cross-functional team created to ensure clear execution, coordinate and communicate the contingency plan with focus on the following 4 workstreams

HEALTH & SAFETY	BUSINESS CONTINUITY	FINANCIAL RESILIENCE	COMMERCIAL FOCUS
<ol style="list-style-type: none">1. Travel restrictions2. Hygiene & cleaning protocols3. Facility and on-site guidelines4. Communication	<ol style="list-style-type: none">1. Key products & services2. Supply Chain Stabilization3. Human Resources	<ol style="list-style-type: none">1. Scenarios based on stress tests2. Ensure liquidity/ Cash management3. Cost control, specific plan4. Analyze legal implications5. Cost cutting program	<ol style="list-style-type: none">1. Cash and payment collection2. Contractual coverage, avoid penalties2. Analyze short term opportunities4. Communication to customers

Social support (1/2)

- We have created a supply management team based on our international structure and related companies

Protective mask

- 10,000 protective masks
- Purchasing of material and distribution to a “maker group” to produce and distribute masks produced by 3D printers



Regular masks

- We have bought more than 500k masks to be delivered mainly at nursing homes in the Basque Country



PPE

- We have bought and distributed other types of Personal Protective Equipment such as boiler suits, coats, gloves, thermometers, etc.



Social support (2/2)

- We have offered our resources to the Basque Government to support them in logistics related to:



- To use our kitchens to cook and deliver that food to most needy (Actually cooking for "Cruz Roja")



- To use our installations to storage and manage all kind of material



- To use our medical service infrastructure in Llodio and Amurrio in order to realize rapid tests to population

Year 2020 – Immediate actions adopted

Cost cutting measures

- Salary reductions:
 - Management Committee & Board by 30%; Other groups and executives by 10-30%
 - 2020 bonus cancellation
- Job regulation measures (i.e. ERTes)
- Stoppage of non-strategic investments
- Non-essential cost removal and fixed cost reductions



Financial Actions

- Focus on protecting and strengthening the cash position
- Extension of the maturity of the debt
- Between March & May 90M€ of new long-term facilities have been signed
- 55M€ of short-term financing have been renewed and extended to 3-5 years of maturity
- Cash position of 145.8M€ by the end of March



Goals for the year

- To **keep current financial sources**: renewing/substituting credit lines and activating all the cash management defensive tools available
- **Don't burn cash at operating level** despite the current situation
- **Don't stop strategic projects**
- To complete **multiannual contracts** with customers and significant orders

Our main target is to maintain neutral operational cashflow

Possible scenarios of recovery

- We are considering three different scenarios depending on the rhythm of recovery:

"V" Scenario

- Great drop in 2020 but recovery starting on Q3 2020 until Q2 2021, to come back to 2019 situation
- 2021 would be in line with our previous projections, mainly in the second part of the year

"U" Scenario

- Great drop in 2020 that is maintained during the whole year
- Recovery takes longer and is lengthened during 2021 and 2022
- Our objectives would be postponed 1.5 or 2 years

Long-term crisis

- Longer stagnation scenario
- Great drop in 2020 that is extended to 2021
- Market situation in our sector similar to 2015-2018 period but we are better prepared

We believe in the "U Scenario"

Current 2020 Situation



Main financials

<i>Mill.€</i>	Q1 2020	Q1 2019	% Var.	
Revenues	153.7	143.5	+7.1%	<ul style="list-style-type: none"> ▪ Increase in revenues after incorporating NTS Group ▪ Low level of activity during the quarter affecting sales in China since January and production facilities in Europe and India since March
EBITDA	12.4	14.3	-13.1%	
EBITDA margin	8.1%	9.9%		
EBIT	0.4	4.5	-90.6%	
EBIT margin	0.3%	3.1%		
Net Attributable Profit	-1.6	1.8	n.m.	
Net margin	neg.	1.2%		
	Q1 2020	Dec 2019	Var. (€M)	
Net working capital	235.9	187.2	+48.6	<ul style="list-style-type: none"> ▪ Delays in collection due to lockdowns ▪ Working capital yet to reflect the reduction of the activity
Net working capital / sales	37.5%	35.7%		
Net Financial Debt	299.0	253.6	+45.4	<ul style="list-style-type: none"> ▪ Increase in NFD linked to increase in working capital ▪ Long term financing operations signed in April & May ensuring a strong liquidity position
Net Financial Debt / EBITDA	4.6x	3.8x		
Structural Net Financial Debt⁽¹⁾	63.1	66.3	-3.2	

(1) Total Net Financial Debt – Working Capital

Future...

- It is too early to forecast possible scenarios for the upcoming years, but it is important to highlight that our market positioning has significantly improved in the last years and that we have an experienced team that has already overcome different crisis periods:

1.

- New perimeter of Group, including 9 mills and 12 services centers, offering solutions and services, not only straight tubes
- New bundled products and services offered

2.

- New positioning in key products such as OCTG, Umbilical tubes, high-alloys...

3.

- We have signed important frame agreements with end-users and EPCs
- There are still more relevant projects pending of signature

4.

- New technological developments with great potential.
- 8 patents registered in recent years

5.

- Less dependent on oil. Great diversification effort: Gas, aerospace, automotive, energy generation, etc.

Current 2020 Situation



Long – Term Strategy: Offering Value in the full Chain Stream



Tubacex covers the whole value chain, from design and engineering to installation and maintenance, offering the most suitable products and services to our customers. Main focus:

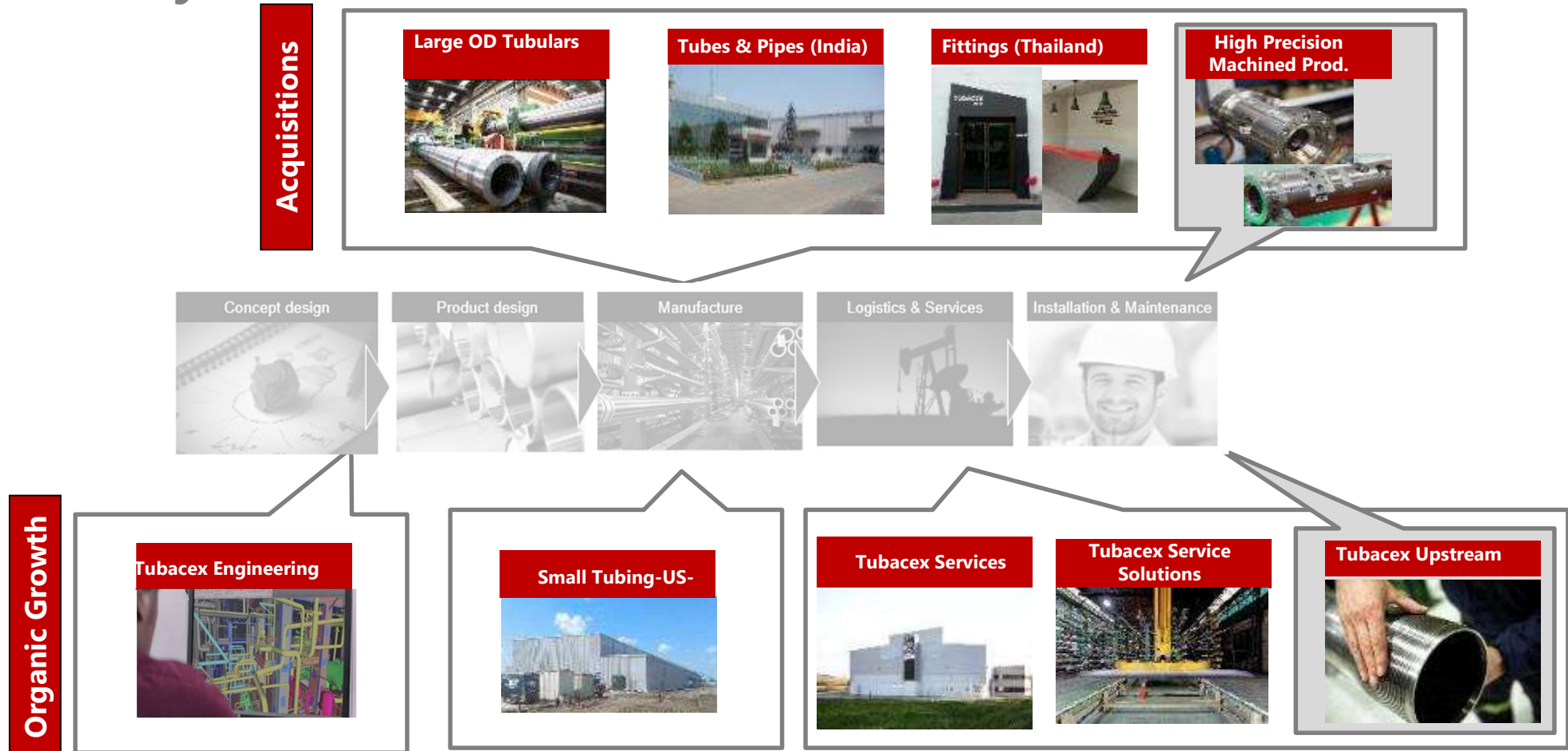
- 01 CAPEX & OPEX reduction**
- 02 Energy Transition & efficiency**
- 03 Co-development of new technologies**

Integrated solution adapted to market needs

Current 2020 Situation



Long – Term Strategy: Steps forward in our strategy over recent years



Organic and inorganic growth adapted to our strategy

Long – Term Strategy

TUBACEX Approach



1. Simplified Supply Chain
 - i. Cost Reduction
 - ii. Full package handling
2. Seamless Project Integration
 - i. Early Engagement
 - ii. Optimizing design
3. Stock management
 - i. Working Capital optimization
 - ii. Just in Time deliveries
4. Fabrication Engineering
 - i. Assembly of components
5. Single Point of Contact:
 - i. Risk and Liabilities
6. Open innovation approach

A unique model on the market



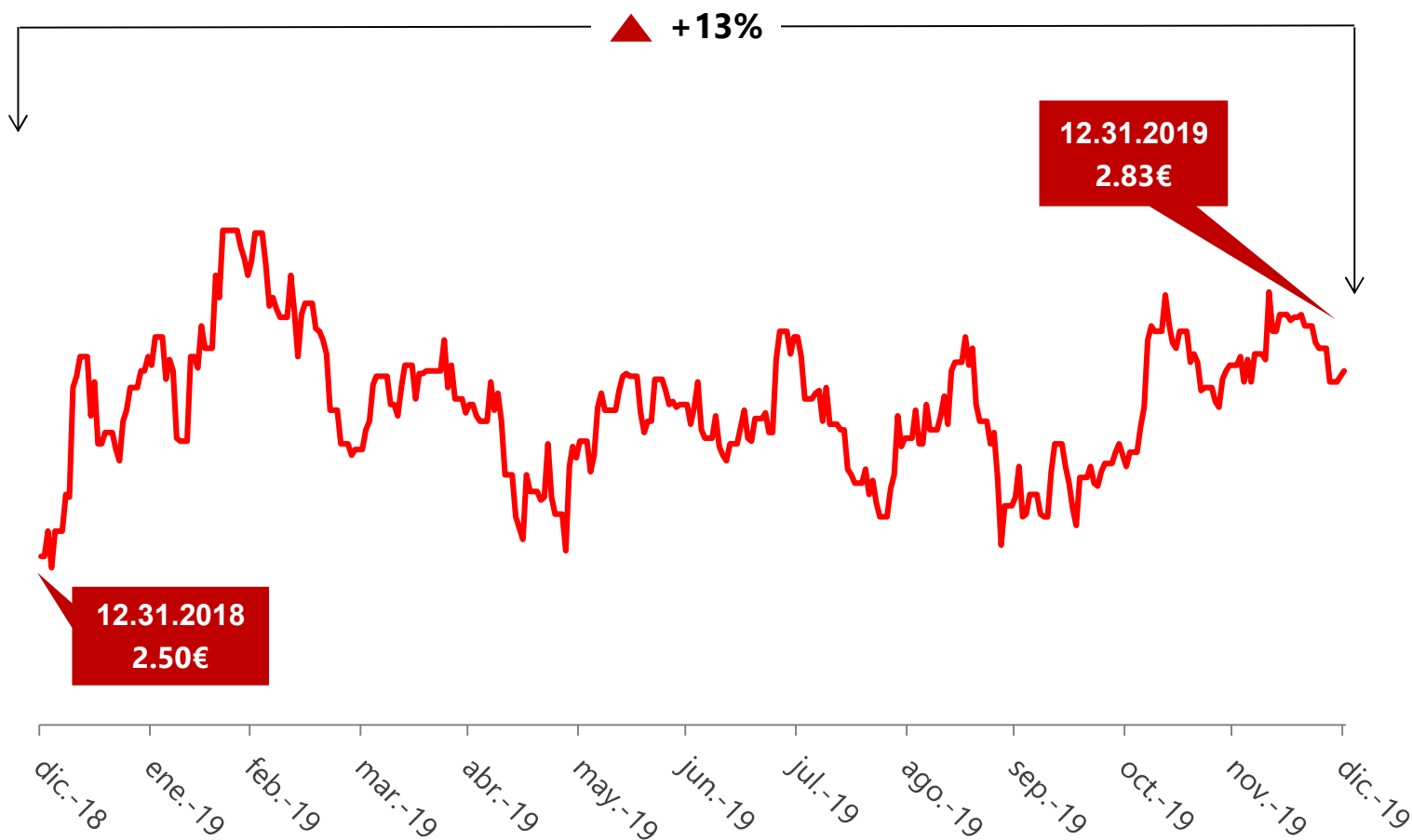
4

Tubacex Share

TUBACEX
GROUP



Tubacex share in 2019



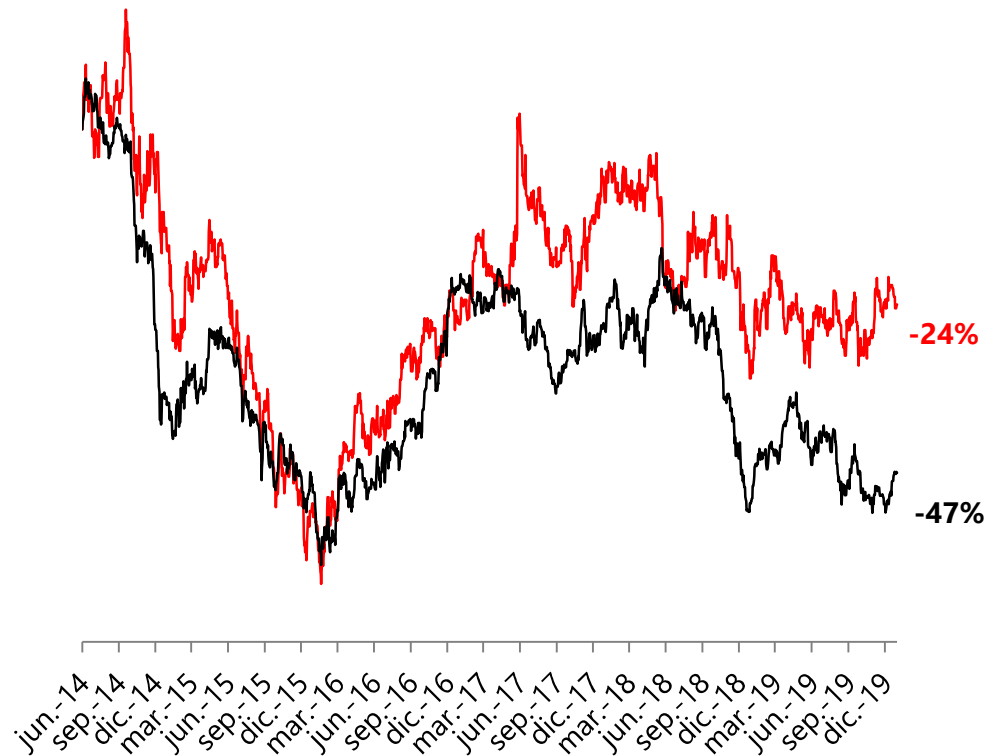
Key data

€/share (12.31.2019)	2.83
Market Cap (€M)	€376.3M
Minimum	2.48€ (3 Jan.)
Maximum	3.08€ (21-22 Febr)
% evolution	+13.2%

Positive performance in the year

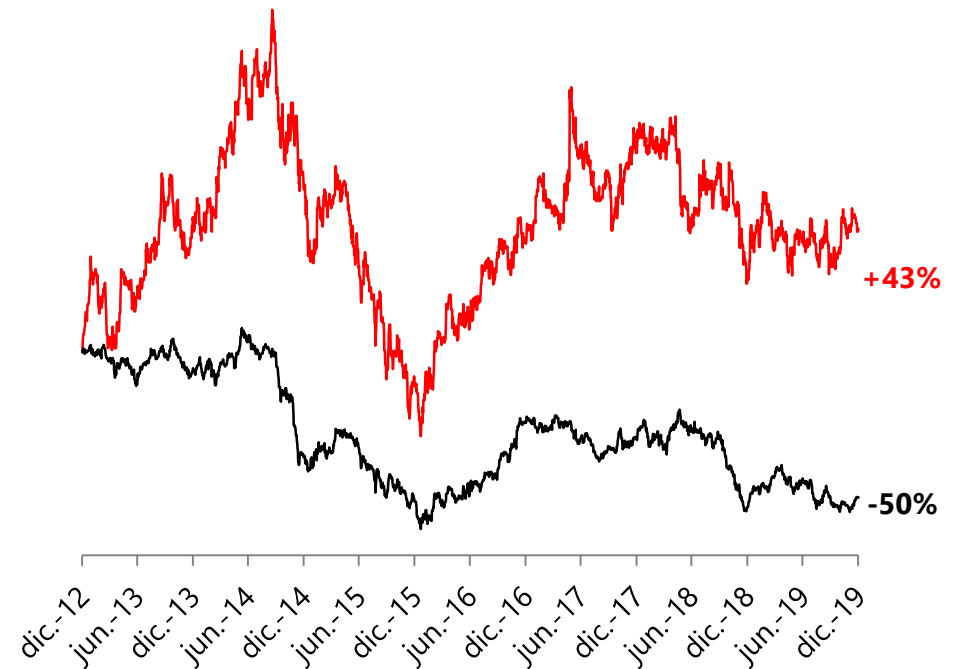
Share Price evolution

Beginning of crisis (Jun 2014)



— Tubacex share

Strategic Plan 2013



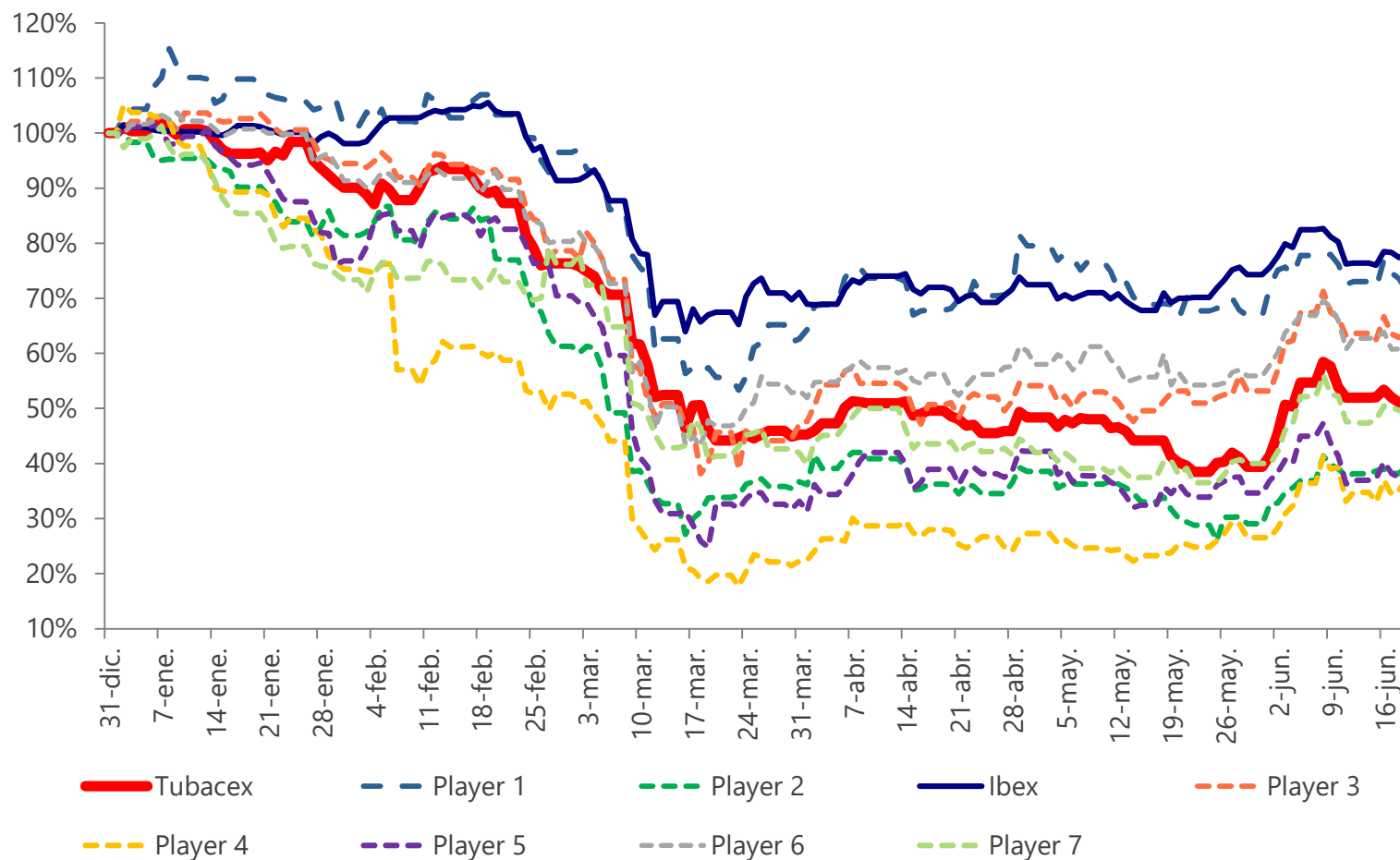
— Comparable Index

Better performance than the sector

Note: comparable index shows the evolution of the share price of the main oil services companies

Tubacex vs. other players in 2020

Stock Market evolution



Cía	% evol.
Tubacex	-49.4%
Player 1	-23.9%
Player 2	-60.6%
Player 3	-36.1%
Player 4	-62.8%
Player 5	-62.4%
Player 6	-40.7%
Player 7	-50.2%
IBEX	-22,4%

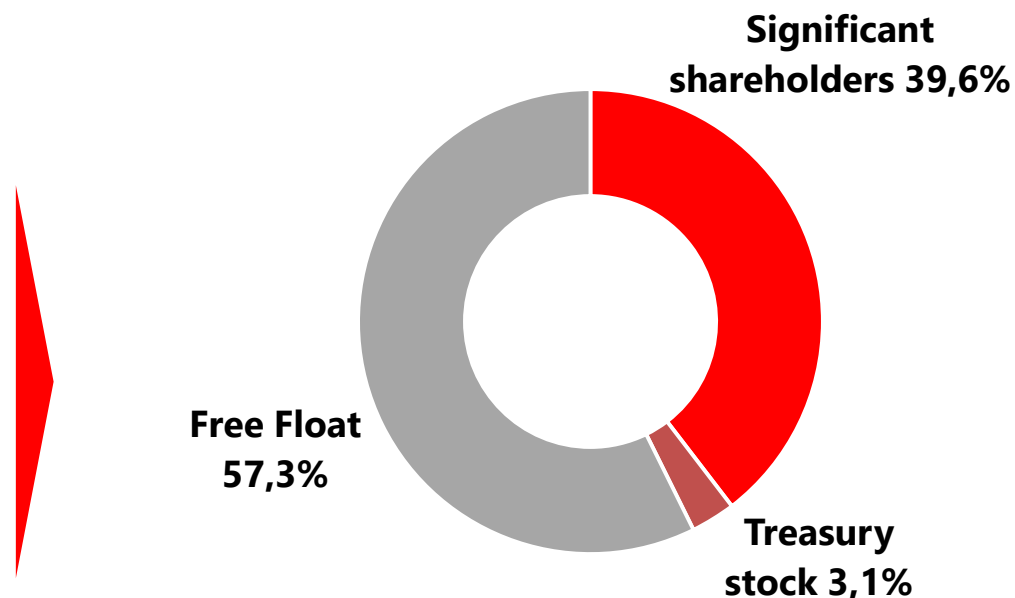
Data as of 19th June 2020

Shareholder Remuneration - Buy back Program

- The severe health and economic crisis unleashed by COVID-19 at the start of 2020, has forced the Board of Directors to act with caution and change the remuneration method to our shareholders cancelling the dividend payment and changing it for a Buy back Program
- TUBACEX maintains its firm commitment to shareholder remuneration and proves its confidence in the Group's continued potential for growth, with this buyback scheme for the subsequent retirement of these shares
- The funds assigned to this scheme amount to €6M (53.8% of Net Profit achieved in 2019)
- As of June 19th 3.295.036 shares had already been acquired through this program with an investment of 4.3M€ (72% of the total program)

Shareholding structure – significant shareholders

Shareholder	% ownership
Grupo Aristrain	11.0%
AzValor	6.2%
EDM	5.1%
Ecofin	4.9%
Itzarri	3.2%
Santalucía Seguros	3.2%
Torre Rioja	3.0%
Dimensional Fund	3.0%
Total	39.6%



Stable shareholder structure fully committed with our strategic plan

Source: Spanish Securities Exchange Commission (CNMV) in June 2019

THANK YOU!

TUBACEX
GROUP