

PRESS RELEASE

Tubacex reports record-breaking results in terms of profitability, liquidity, and visibility of its backlog

- EBITDA amounted to €92.3M, and net income totals €20.2M.
- Sales amounted to €714.7M, almost double last year's figure.
- The 1,650M€ backlog, the highest in Tubacex's history, confirms a long-term structural trend.
- First major projects in energy sustainability with CO2 capture and storage contracts in the USA and Norway.
- Significant progress in R&D for hydrogen projects development.

Derio, February 24, 2023

Tubacex presented its results for FY2022 today to the Spanish Securities Exchange Commission, which are the group's best results in the last 14 years. They demonstrate the strength of its diversified and global position, which have even more value against the current global economic backdrop of uncertainty and inflation rates.

EBITDA amounted to €92.3M, ratifying the upward trend of this indicator over the last six quarters.

The company obtained a net profit of €20.2M, and the Board of Directors has proposed the distribution of a gross dividend of €8.1M, which represents a pay-out of 40%.

At €714.7M, **sales** were almost double the previous year's figure. In addition, the backlog amounted to €1,650M - the highest in the group's history, and including a very high percentage of value-added products.

The CEO of Tubacex, Jesús Esmorís, stated, *"this portfolio includes major milestones in our track record, such as the largest OCTG order in the gas production segment, as well as several projects aligned with the energy transition like carbon capture and storage, green hydrogen development or biomass recovery plants. "After many years of underinvestment in the energy sector, which have generated tensions in its ability to adapt to demand, this sector is now focused on security of energy availability with the subsequent effect that we are immersed in a new cycle of expansion and growth to address this need, and this is where we are a major player in global energy security"*, added Esmorís.

The working capital stands at €230M, up €7.5M on the 2021 year-end. However, the percentage of working capital over sales has almost halved, from 60.9% at the close of 2021 to 32.2% today and is moving very close to the strategic target of 30%.

This significant improvement in results has led to a high level of cashflow generation, which has allowed the company to reduce its leverage. The **net financial debt** has been reduced by €49.1M compared to the end of 2021. Despite the increase in inventories and inflationary pressure, the net financial debt to EBITDA ratio has improved significantly standing at 3.1x. The group's cash position currently stands at €175.4M compared to €158M at the end of 2021.

Furthermore, it is worth remembering that Tubacex made-to-order strategy means that the net financial debt is closely linked to the working capital, most of which has already been sold, but logically increased by the effect of inflation on supply and energy costs.

A driving force in energy transition and sustainability

Sustainability is an essential hub in Tubacex's operations, having established two fundamental milestones in its energy transition: on the one hand, 2030 is the year by which the Group has committed to reduce its emissions by 60%, and on the other hand, 2050 has been targeted to achieve net zero emissions. The main sustainability indicators recorded in 2022 support the company's progress towards the target set in its Strategic Plan.

Tubacex, as a group committed to sustainability, is part of the solution in the path towards a sustainable energy transition, aligned with its own transformation to this reality, contributing to the decarbonization processes of its customers.

Market segment diversification and innovation

Aligned with the diversification and international growth undertaken in the previous Strategic Plan, Tubacex consolidates its presence in new business sectors such as automotive, aeronautical, aerospace, biomass, or hydrogen. It is worth highlighting the significant increase in order intake for the aeronautical sector, which reached record figures in the last quarter. Likewise, forecasts for the H&I (Hydraulic and Instrumentation) segment have been confirmed thanks to long-term agreements signed with key customers, and in particular, high-pressure tubes.

The significant innovation efforts made in recent years are enabling Tubacex to offer its comprehensive tailor made range of products for an increasingly decarbonized energy and mobility sector, gaining a prominent position in energy storage, hydrogen, biorefineries and biofuels projects, among others. In fact, the company has been awarded the first contract for

deep CO2 storage through injection wells located in North Dakota (USA), with deliveries scheduled for 2023.

Another sector targeted by the Group's diversification strategy is aerospace, a segment in which Tubacex has first-class customers, where it has just gained another major order, also in the USA.

In this line, 2022 has witnessed an important milestone for Tubacex, achieving the first significant orders for the supply of equipment directly to automotive manufacturers. At the same time, it has good prospects for contracts in the fertilizer segment globally, given the current demand for agri-food products.

In the words of its CEO, Jesús Esmorís, *"we have consolidated our position on the market as a supplier of advanced industrial solutions for energy and mobility sectors. Thanks to our ability to adapt our customer's requirements, we have continued with our strategy of diversification into new markets with high added value."*

Global growth, local proximity

In addition, the company has continued with its **international growth** strategy throughout 2022, a year in which 36% of sales were directed to the Asian market, 31% to Europe, 29% to America and the remaining 4% to Africa.

It is remarkable that Tubacex has been awarded with the largest contract in its history, worth over 30,000 tons for gas extraction in the Middle East over the next 10 years. Within this agreement, Tubacex will build a tube finishing and threading plant in Abu Dhabi, which will be operational in 2024, representing a historic milestone in its growth and positioning on this market. Thanks to this investment Tubacex will become the world's leading supplier in the OCTG-CRA segment.

At present, Tubacex has new production centers already in operation in Guyana, Kazakhstan, Brazil and the USA. In fact, one of the world's main hubs to produce Oil&Gas will be Guyana, where Tubacex has set up a new production plant up through its subsidiary NTS, currently having active projects at major clients, such as Exxon or Schlumberger. On the other hand Kazakhstan is another example of Tubacex's operational presence, where it has obtained, the first order from KPO - the JV monitoring the expansion and development of Karachaganak, one of the main Oil&Gas fields worldwide.

Additionally, Tubacex has implemented a local service and repair center in Brazil for the supply of OCTG to Petrobras, with the aim of improving its global value proposition in the country.

These projects, along with the plant in Durant (USA), have been launched over the past two years and enable the company to be closer to the end-users and diversify its global presence.

The good composition of its backlog made up with strategic and premium products, and its extraordinary position as a supplier of multi-energy products and services, favour the Tubacex's visibility in the forthcoming year. *"The high visibility provided by the current backlog allows us to anticipate another year of growth in results and cash generation, a trend that will continue in the forthcoming years,"* said Jesús Esmorís.

Key Financial Figures

2022 Results



Main financial figures

(€M)	2021	2022	% Var.	Q4 2021	Q4 2022	% Var.
Sales	365.0	714.7	+95.8%	118.6	187.7	58.3%
EBITDA	17.5	92.3	426.5%	12.6	25.0	99.4%
EBITDA Margin	4.8%	12.9%		10.6%	13.3%	
EBIT	-27.3	44.5	n.m.	0.3	12.7	n.m.
EBIT Margin	neg	6.2%		0.2%	6.8%	
Net Profit	-32.2	20.2	n.m.	0.2	3.2	n.m.
Margin	neg	2.8%		0.1%	1.7%	
	Dec 21	Dec 22	Var. (€M)			
Working Capital	222.5	230.0	+7.5			
Working Capital / Sales	60.9%	32.2%				
Net Financial Debt	336.2	287.1	-49.1			
Net Financial Debt / EBITDA	19.2x	3.1x				
Structural Net Financial Debt⁽¹⁾	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

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About Tubacex

Tubacex is the world leader in the design, manufacture and installation of sophisticated industrial products and high value-added services for energy and mobility sectors.

Tubacex delivers value to its customers thanks to its global presence, with production plants and service centers in Spain, Austria, Italy, USA, India, Thailand, Saudi Arabia, Dubai, Norway, Canada, Singapore, Guyana and Kazakhstan. Its sustainability and environment policies are backed by the main ESG certification bodies, such as the Science Based Targets (SBT) emission reduction commitments, accreditation in ratings such as CDP (A- score), and EcoVadis or S&P sustainability standards. Tubacex is a listed company on the Spanish Stock Market since 1970 as part of the Ibex Small Caps Index.