



FOURTH QUARTER 2022 RESULTS

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

Tubacex announced its best results in the last 14 years today, with an **EBITDA** of €92.3M. Furthermore, from the perspective of the **Balance Sheet**, this large improvement in results is translated into a significant generation of cashflow, thereby reducing our leverage up to 3.1 times our **Net Financial Debt to EBITDA**.

In FY2022, the strategic product and service segments on which our business is based have undergone enormous growth. As a result, we have closed the year with the largest **order backlog** in our history, reaching €1,650M and including a very high percentage of value-added products.

It is worth mentioning this backlog includes major milestones in our history, such as the largest OCTG order in the gas production segment, likewise, participation in several projects aligned with the energy transition like carbon capture and storage, green hydrogen development or biomass recovery plants. This places the company not only as a relevant actor in **global energy security** but also as a driving force in terms of obtaining an **ever more sustainable energy mix**.

The results presented today were achieved against an international economic backdrop conditioned by the increase in energy costs, volatility of raw materials and uncontrolled inflation. The **savings in structural costs** consolidated over the last 2 years plus management of order intake (with ongoing margin orientation over volume) have enabled partial mitigation of the aforementioned effects.

Moreover, we should highlight that last year we laid down the foundations for **internationalizing** our entire production base, strategically approaching the end users of our products, as in the start-up of our OCTG-CRA production plants in Abu Dhabi. This long-term strategic investment puts us in a geographically stable market in constant growth, thanks to which Tubacex will become the main global supplier of comprehensive solutions in this sector.

Looking ahead to forthcoming years, visibility and implicit value of the current backlog enables us to anticipate a structural trend of **result growth** and **cashflow generation**, determined by both the many years of underinvestment in the energy sector and the strategic positioning shift regarding product, process and service through the group units.

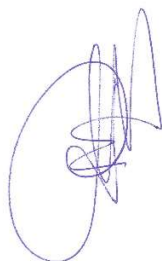
We are starting a cycle characterized by a guaranteed energy supply coupled with extraordinary dynamism in the acceleration of energy transition, as well as a non-delayable growth, ratifying our long-term strategy based on **multi-year agreements** with major private and public energy companies.

In this context, the new **business model** established in the Strategic Plan consolidates and elevates Tubacex positioning as an advanced innovative industrial solution provider for the energy and mobility sectors, winning important projects in automotive or aerospace industry segments among others.

We have moved forward in the strategic focus of **sustainability** as the essential hub of our activity during the last year with the ultimate goal of reducing Tubacex Group's CO2 emissions to zero by 2050. The sustainability indicators guaranteed by the main ESG certification bodies, show we are making rapid progress in relation to our market peers. As a fact, we have already achieved some goals set on the 2030 scenario where a 60% reduction is targeted.

I would like to finish this presentation of results by expressing my sincere gratitude to every single **person** in our Group, whose contribution, sacrifice, hope and commitment has enabled us to achieve this result in the uncertain environment described. I should also like to thank all the customers, suppliers, financial bodies, not to mention our shareholders for having confidence in us.

Together, hand-in-hand, we are building a more efficient and industrialized Tubacex at international level, a veritable energy transition trailblazer, providing **innovative solutions** for sustainability throughout the entire value chain.

A handwritten signature in blue ink, consisting of a large, stylized 'J' followed by a series of loops and a final vertical stroke.

Jesús Esmorís

CEO

Tubacex

TUBACEX GROUP

FY 2022 Results Release

TUBACEX
GROUP

February 2023



Main Highlights

- The 2022 financial year has closed with the best results in the past 14 years, whereby the final quarter of the year saw the EBITDA improve for the sixth consecutive quarter
- 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
- Reduction of the debt ratio to 3.1x thanks to the strong cash flow generation, particularly in the last quarter
- Alignment with the energy transition, obtaining the first orders for CO2 capture in the United States and Norway and developing different hydrogen projects
- Solid order intake, with a backlog of €1,650M, the highest ever for the Company, and a book-to-bill ratio of 1.27x, not including the major order from ADNOC
- Very good backlog mix, with a high percentage of strategic and premium products, fostering the company's visibility for the coming year
- The Board of Directors has proposed the distribution of a gross dividend of €8.1M, which represents a pay-out of 40%

**Best results in 14
years**

**Backlog amounts
to €1,650M**

**Strong cash flow
generation during
the year**

**Alignment with
the energy
transition**

2022 Results



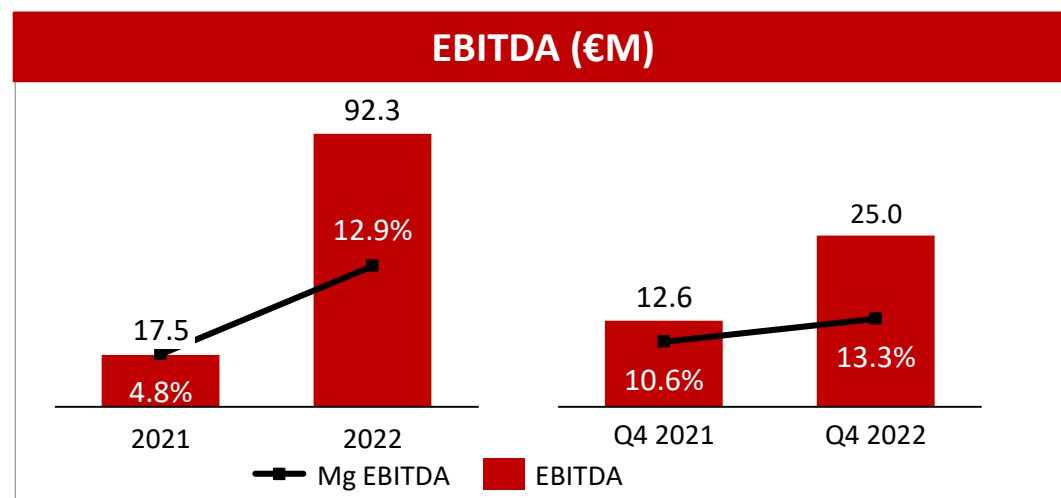
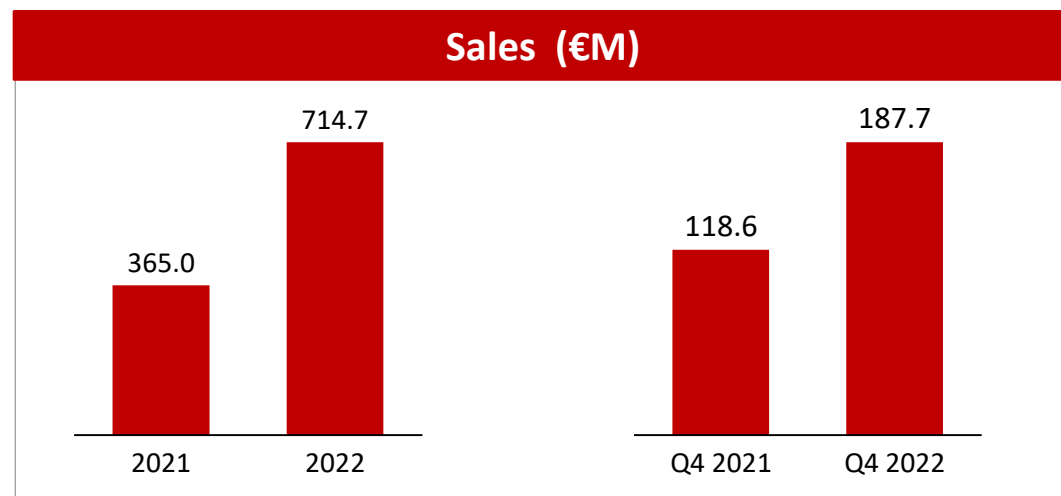
Main financial figures

(€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

Main Figures from the Income Statement



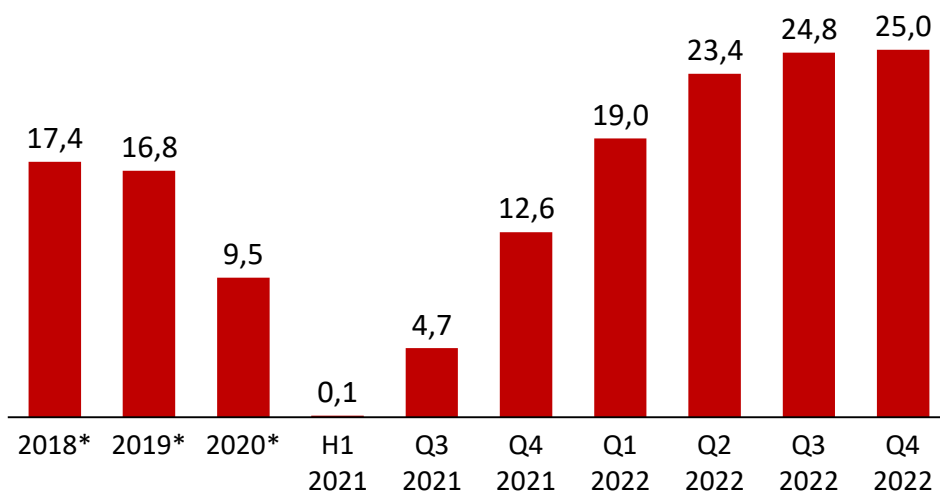
- Sales for the year reached €714.7M, up 95.8% on the previous year
- The growth in sales reflects the increase in volume sold and an improved mix
- Market recovery to pre-COVID levels
- Annual EBITDA stands at €92.3M with an EBITDA margin of 12.9%
- Both the EBITDA and the EBITDA margin are the highest in the last 14 years
- The good mix and cost adjustment efforts in recent years have partially offset the inflationary environment and enabled record figures to be reached
- All of the production units are positioned in the manufacture of the optimum product mix, with an appropriate cost following the restructuring

2022 Results

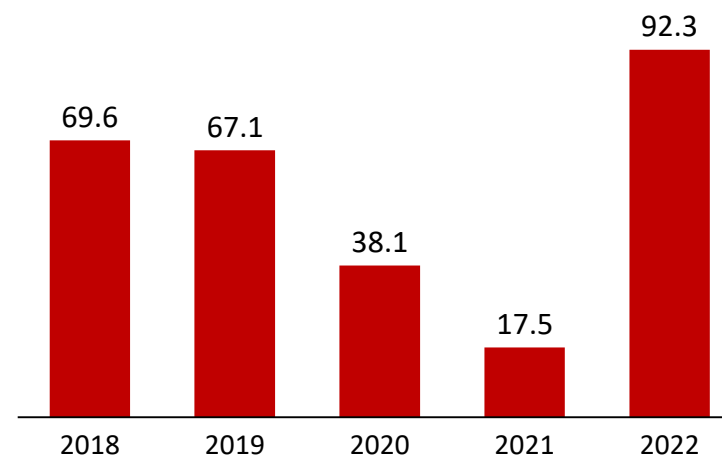


Main Figures from the Income Statement

Quarterly Average EBITDA evolution (€M)



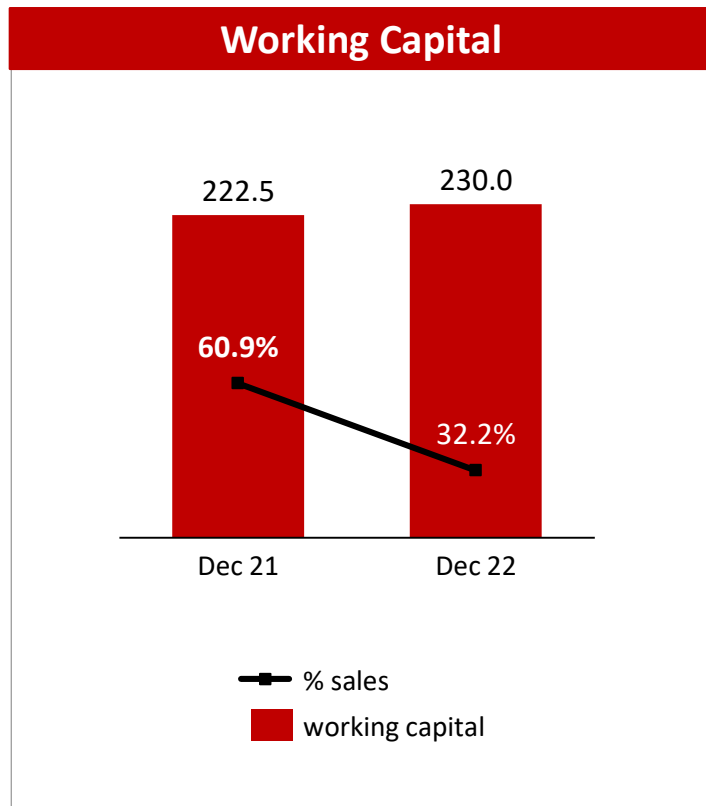
Annual EBITDA evolution (€M)



*Quarterly average EBITDA in the relevant period

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

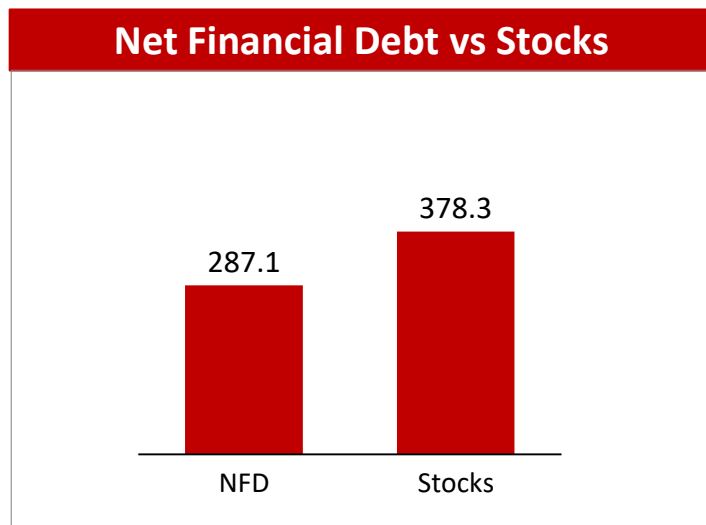
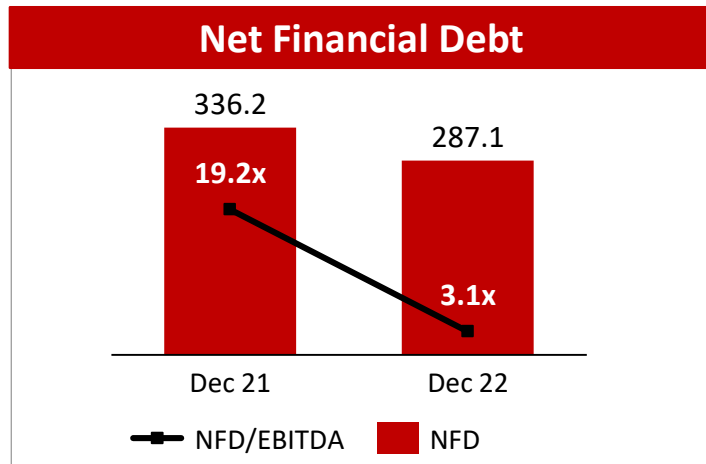
Main Figures from the Balance Sheet: Working Capital



- The working capital amounts to €230.0M, up €7.5M on the 2021 year-end but €12.3M below the close of the third quarter
- Increase of €64.8M in inventory levels due to:
 - Increased cost of raw materials and energy reflected in the increase in stock value
 - Increased stock value as a result of the premium product mix in manufacturing
 - Stock in progress related to special premium order with longer execution times, among which orders from Petrobras and EDF can be highlighted
- The percentage over sales is better, moving from 60.9% at the close of 2021 to 32.2%.
 - It is very close to the strategic objective of 30%

Increase in stocks as a result of inflation in the value chain and multi-annual projects with a longer delivery time

Main Figures from the Balance Sheet: Net Financial Debt



- Reduction of Net Financial Debt by €49.1M with respect to the 2021 year-end, despite the increase in stock levels
 - Cash flow generation above €100M prior to the increase in working capital of €64.8M
- The Net Financial Debt ratio over EBITDA has improved significantly over the year, moving from 19.2x to 3.1x
 - The improving tendency is expected to continue in future quarters
- Tubacex's made-to-order strategy means that the net financial debt is closely linked to the working capital, most of which has already been sold
- The Stock figure is higher than that of Net Financial Debt
- The Group's liquidity has increased to €175.4M compared with €158M at the close of 2021

Revenues breakdown by sector

- The overall tendency in order intake is extremely positive in practically all sectors and geographical areas
- Very good prospects in the **gas and nuclear markets** thanks to their recognition as transition energies by the European Union, with a high level of order intake in gas sector after many years of under investment
 - This situation has been deepened by the current geopolitical uncertainties related to gas supply from Russia
- The rate of sales has remained for the **maintenance of the European nuclear sector** (Opex) and short-term prospects have increased for the **reactivation of the commissioning of new power plants** in Europe and India (Capex)
- Diversification towards **new business sectors**, such as the automotive, aeronautical, biomass, hydrogen, carbon capture sectors, etc. has been consolidated, whereby the significant increase in order intake in the aeronautical and aerospace sector stands out, having reached record figures in the last quarter
- Expectations for the **H&I (Hydraulic and Instrumentation) Segment** have been conformed thanks to reaching long term agreements with key customers, particularly high pressure tubes for industrial applications
- The backlog stands at €1,650M



Industrial 46%



New businesses
18%



E&P Gas 17%



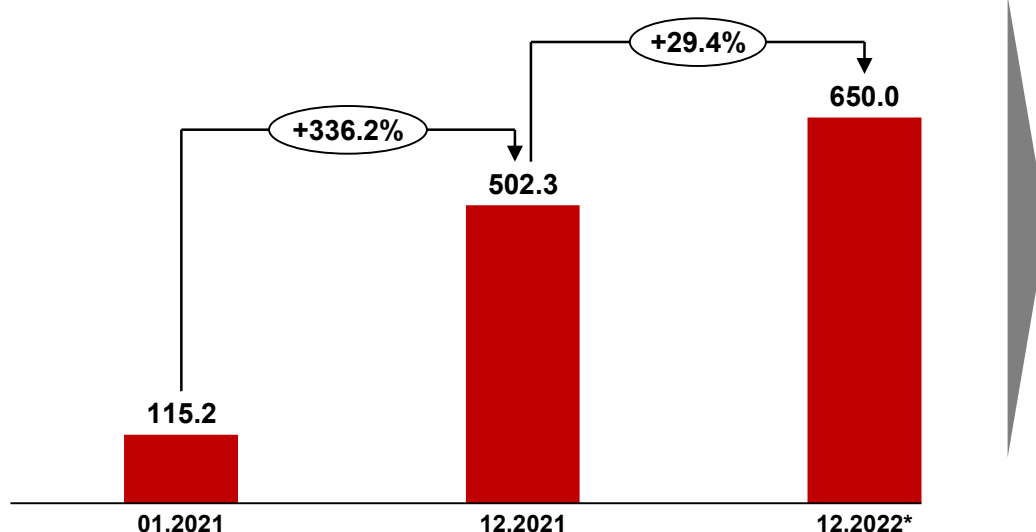
E&P Oil 14%



Powergen 5%

Backlog Evolution

Backlog evolution



Book-to-bill ratio*

FY 2022

1.27x

Total Backlog including ADNOC's project amounts to €1,650M

- The backlog continues increasing, even in an environment of invoicing growth
- Book-to-bill ratio for 2022 stood at 1.27x, 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 growth in the backlog even omitting the major OCTG order

*Major OCTG order received from ADNOC is not included.

Commercial remarks (i)

E&P Oil&Gas



General

- Acceleration in the execution of OCTG projects for Petrobras in Brazil and Exxon in Guyana with regular deliveries during the second half of the year and for coming quarters
- Commissioning of new gas extraction projects in Qatar and Abu Dhabi
- Significant growth in precision machining and of drilling tools operations, particularly in the USA, boosted by the current geopolitical situation



Offshore

- Record order backlog at the year-end in the Offshore market for subsea connections
- Market performance is economically resilient to geopolitical instability
- Good prospects for the coming years in traditional markets (North Sea, GoM, Brazil, Angola and Australia) and in unusual areas (Suriname, Tanzania, Namibia, Mozambique and South Africa), where major developments are projected
- Extension of the life of projects through the use of elements related to subsea processes (Compressors, pumps, separators, etc.), which entail a potential increase in demand for umbilical tubes and other accessories supplied by Tubacex

Commercial remarks (ii)

Industrial



- Increase in Opex expenditure with operators seeking plant efficiency and optimization but delays in the reactivation of new projects (Capex) due to geopolitical circumstances or the re-analysis of costs
- Positive prospects for 2023, particularly in regions with investments for strategic projects that have already been approved (Middle East and Caspian Sea)

PowerGen



- Gradual decoupling of the Group from conventional coal projects and reorientation towards the circular economy and energy transition
- Positioning with EDF as a long term strategic partner for maintenance and safety projects at its nuclear power plants
- Collaboration in the design of the new ERP2 nuclear power plant (6 units planned to be built by the French Government)
- Reactivation of projects for new nuclear power plants

Commercial remarks (iii)

Energy transition



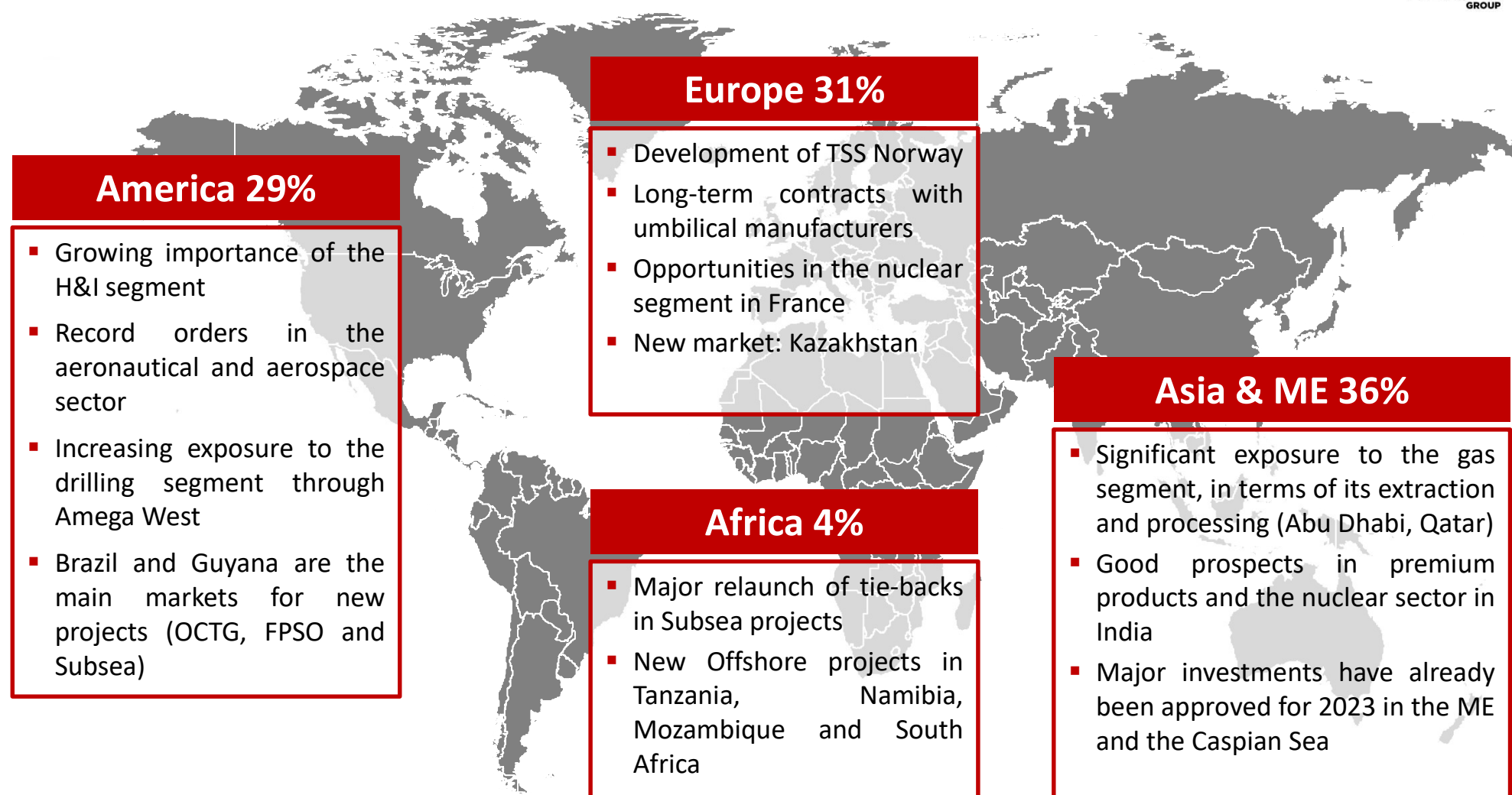
- Good positioning of Tubacex in new technologies aligned with the energy transition, such as Small Modular Reactors (SMR), Carbon Capture and Storage (CCS), Hydrogen, energy storage, Bio-refineries and Biofuels, among others, in collaboration with various engineering firms
- First contract awarded for deep CO2 storage through injection wells located in North Dakota (USA), delivery of which is scheduled for 2023
- Search for more sustainable projects in the offshore market (e.g. Carbon capture elements, reduction in flaring and electrification of platforms) aligned with the Tubacex solutions portfolio
- Contracting of several projects for Biomass energy recovery plants in the north of Europe

New businesses



- Increase in demand in the **aeronautical and aerospace sector**, particularly in the united States, with record orders in the history of Tubacex in the last quarter of 2022
- Gradual introduction into the **defense sector**
- The **H&I (Hydraulic and Instrumentation)** segment is exceeding expectations thanks to the long-term agreements with key customers. High pressure tubes stand out
- Demand from the **automotive and rail sectors** remains at high levels
- First relevant orders for direct supply to automotive manufacturers have been received
- Good global prospects for contracts in the **fertilizer segment**, where Tubacex has an increasingly individualized strategy

Revenues breakdown by final destination



Note: Breakdown of Direct Sales to engineering firms and end users

Main ESG KPIs

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

*2020 and 2021 are not considered as representative years due to Covid-19 and strike in some sites

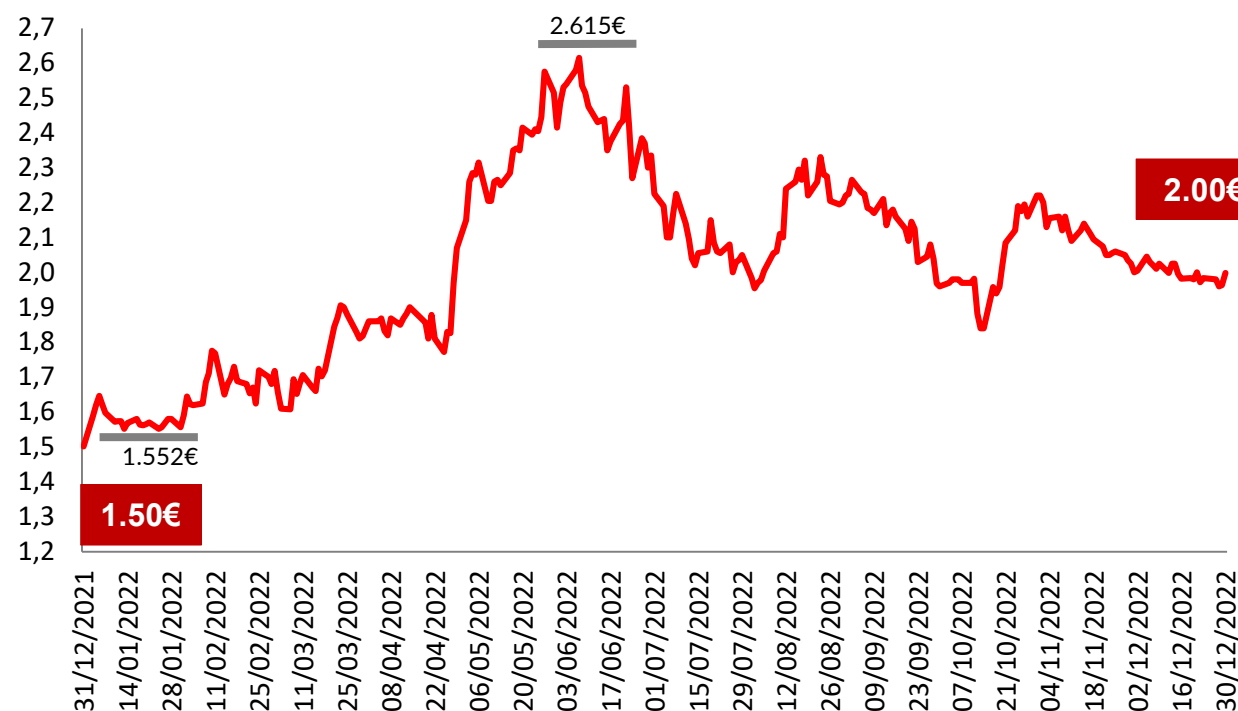
1. Group companies intensities weight by energy use

2. Group companies intensities weight by emissions

GAV: Gross Added Value (€k)

Stock Information

Tubacex stock evolution (€/share)



Key data

# shares outstanding	128,978,782
€/share (12.31.22)	2.00€
Market Cap (€M)	257.7€M
% evolution YTD	+33.0%
Max.	€2.615 (June 7th)
Min.	€1.552 (January 13th & 24th)
Average Target Price ¹	€3.53

Extremely positive share performance with significant growth potential according to the market consensus

Source: Stock Exchanges and Markets

1) Average target price on 31st December according to the market consensus

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 Results: Significant events (i)

Growth projects– Core products

NTS JV 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

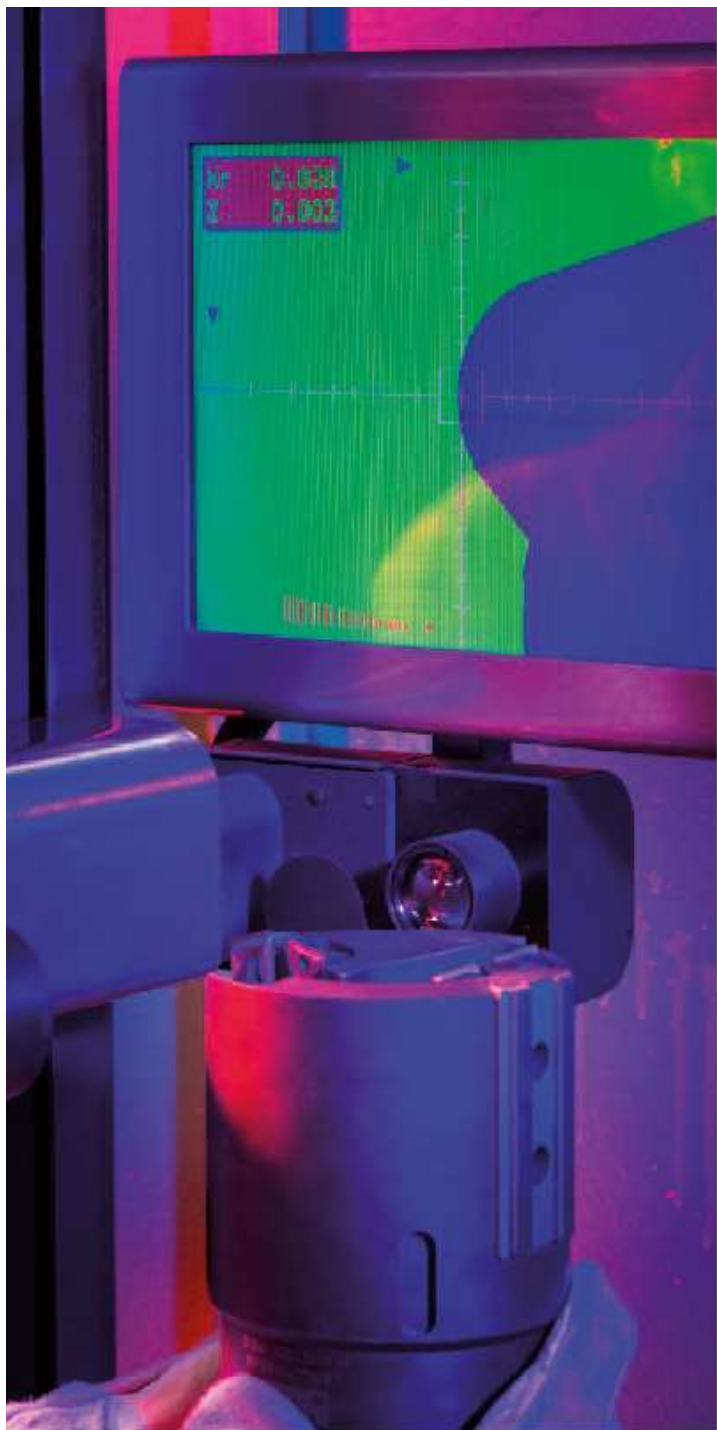
2022 Results: Significant events (ii)



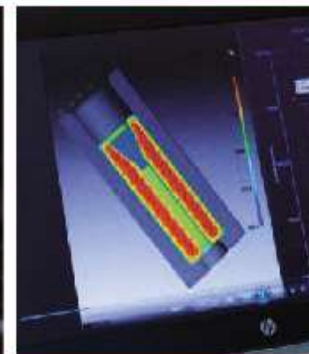
Significant award

- On 22 June, Tubacex announced the award of its biggest ever order for a value in excess of 30,000 tonnes for the supply of comprehensive CRA OCTG solutions for gas extraction in the Middle East over the coming ten years
- The order represents a minimum of guaranteed demand, and it is expected that the real demand will be even higher
- Under this framework agreement, Tubacex will build a tube and thread finishing plant in Abu Dhabi, which will be operational in 2024
- With this order, Tubacex reinforces its positioning in a key region and becomes the world's leading OCTG manufacturer for gas extraction





Appendix



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Appendix 2022 Results



Income Statement - Detail

(€ M)	FY 2021	FY 2022	change %	Q4 2021	Q4 2022	change %
Sales	365,0	714,7	95,8%	118,6	187,7	58,3%
Change in inventories	(7,0)	53,6	n.m.	(7,5)	12,4	n.m.
Other income	15,0	15,5	3,3%	3,6	4,0	10,9%
Cost of materials	(155,4)	(330,5)	112,7%	(39,0)	(82,7)	112,1%
Personnel expenses	(104,7)	(142,4)	36,0%	(31,3)	(38,7)	23,9%
Other operating costs	(95,3)	(218,6)	129,3%	(31,9)	(57,5)	80,5%
EBITDA	17,5	92,3	426,5%	12,6	25,0	99,4%
<i>EBITDA Margin</i>	<i>4,8%</i>	<i>12,9%</i>		<i>10,6%</i>	<i>13,3%</i>	
Amortization	(44,8)	(47,9)	6,9%	(12,3)	(12,3)	0,1%
EBIT	(27,3)	44,5	n.m.	0,3	12,7	n.m.
<i>EBIT Margin</i>	<i>neg.</i>	<i>6,2%</i>		<i>0,2%</i>	<i>6,8%</i>	
Financial Result and FX	(11,2)	(17,6)		(2,5)	(6,2)	
Profit Before Taxes	(38,5)	26,9	n.m.	(2,2)	6,6	n.m.
<i>Profit Before Taxes Margin</i>	<i>neg.</i>	<i>3,8%</i>		<i>neg.</i>	<i>3,5%</i>	
Net Income, Group Share	(32,2)	20,2	n.m.	0,2	3,2	n.m.
<i>Net Margin</i>	<i>neg.</i>	<i>2,8%</i>		<i>0,1%</i>	<i>1,7%</i>	

n.m.: not meaningful

neg.:negative

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.

Appendix 2022 Results



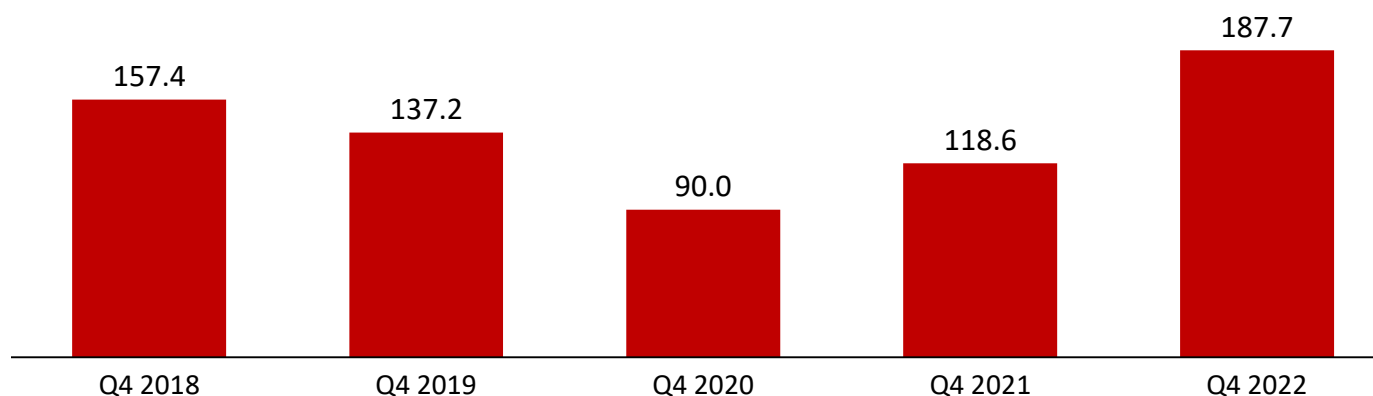
Balance Sheet - Detail

(€ M)	2021-12-31	31/12/2022	%change
Intangible assets	114,1	114,4	0,2%
Tangible assets	278,1	266,8	-4,1%
Financial assets	90,6	100,3	10,7%
Non-current assets	482,8	481,5	-0,3%
Inventories	313,5	378,3	20,7%
Receivables	60,2	89,2	48,3%
Other account receivables	24,7	25,6	3,6%
Other current assets	2,4	6,9	187,2%
Derivative financial instruments	0,2	2,8	n.s.
Cash and equivalents	158,0	175,4	11,0%
Current assets	559,0	678,3	21,4%
TOTAL ASSETS	1.041,8	1.159,8	11,3%

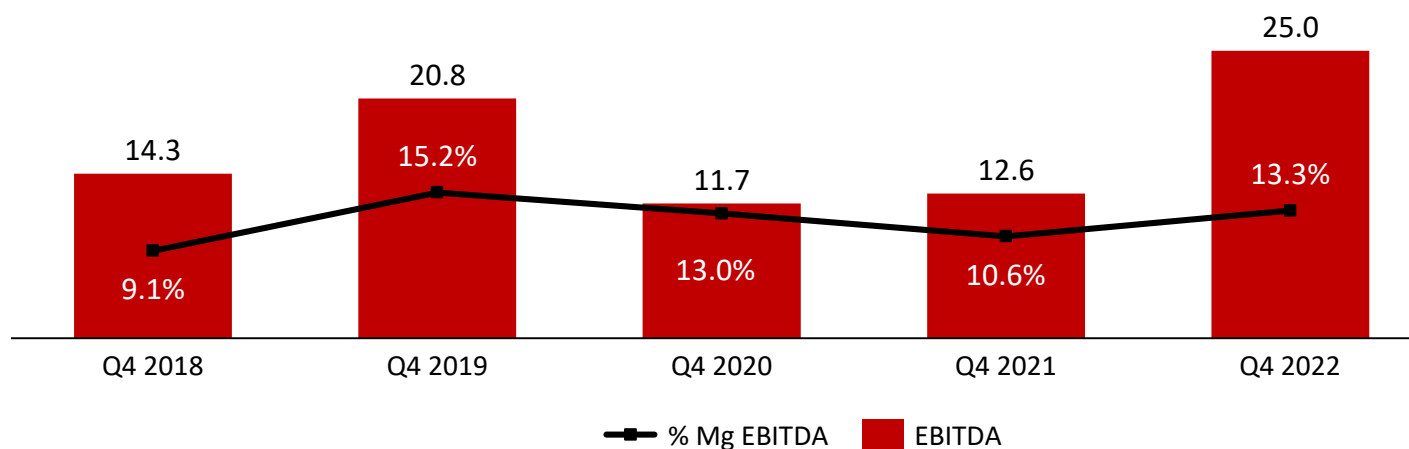
(€ M)	2021-12-31	31/12/2022	%change
Equity, Group Share	197,4	221,5	12,2%
Minority interests	51,8	54,6	5,5%
Equity	249,2	276,1	10,8%
Interest-bearing debt	274,0	169,0	-38,3%
Derivative financial instruments	0,0	-	n.s.
Provisions and other	64,5	71,7	11,1%
Non-current liabilities	338,5	240,7	-28,9%
Interest-bearing debt	220,2	293,5	33,3%
Derivative financial instruments	1,6	3,8	142,4%
Trade and other payables	151,2	237,6	57,1%
Other current liabilities	81,1	108,1	33,3%
Current liabilities	454,1	643,0	41,6%
TOTAL EQUITY AND LIABILITIES	1.041,8	1.159,8	11,3%

Historical quarterly evolution: Revenues & EBITDA

Revenues (€M)



EBITDA (€M)





THANK YOU!

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