

January - September 2022 Results

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## TUBACEX has already exceeded its results for 2019 and confirms that it will close the year better than foreseen

- At the start of the year, TUBACEX set out to surpass the results obtained in 2018 and 2019, and it has already exceeded the EBITDA figure for the whole of 2019 in the first nine months of 2022.
- The EBITDA for the first nine months amounts to €67.3M, with a profit before tax of €20.3M, which reflects the company's competitiveness and resilience in the current inflationary environment.
- Sales, which have amounted to €527.1M, double those obtained in the same period of last year and the positive rate of order intake has continued, which keeps the backlog above €1,500M, the highest ever.
- During 2021 and so far in 2022, the company has developed new production centers in Guyana, Kazakhstan, Brazil and USA.

**Llodio, October 27, 2022.** TUBACEX has presented its results for the first nine months of 2022 to the CNMV today, in which the company's recovery is consolidated. At the start of the year, TUBACEX set out to exceed the results obtained in 2018 and 2019, and it has already fulfilled its objective in the first nine months of the year, confirming that it will close the year better than initially foreseen. Thus, EBITDA stands at €67.3M, with profit before tax of €20.3M. These figures clearly reflect the company's competitiveness in the current environment, marked by high inflation. It must be pointed out that the quarterly EBITDA has amounted to €24.8M, the highest since the last quarter of 2007, with a margin of 14.3% over sales.

Sales between January and September 2022 have amounted to €527.1M, doubling those for the same period last year. It is also noteworthy that the positive rate of order intake has continued, which keeps the backlog above €1,500M, the highest ever.

Jesús Esmorís, CEO of TUBACEX, has stated that “it is undeniable that the current macroeconomic environment is extremely complicated, but our target sectors are now expanding after many years of under investment.” He also added that “these results reflect the progressive recovery of all the business units of the Group, thanks to the cost reduction plan carried out at a global level”.

The inflationary situation that we are experiencing is causing a general increase in all costs, the effects of which TUBACEX is at least managing to transfer to the market.

The working capital amounts to €242.3M, up €19.9M on the 2021 year-end and at a similar level to that reported in June. Nevertheless, the percentage of working capital over sales has improved, moving from 60.9% at the close of 2021 to 37.5% today.

### **Organic growth**

Net Financial Debt stands at €333.4 M, down €2.9M with respect to the 2021 year-end, despite the increase in stock levels. The Net Financial Debt over EBITDA ratio continues its upward trend, as it has gone from 19.2x at the close of 2021 to 5.6x in June, and now stands at 4.2x and is expected to maintain this tendency and close the year below 4x. When manufacturing to order, the number of stocks is mostly already sold, hence the importance of stocks being higher than the net financial debt by 56.5 million euros.

TUBACEX has carried out different organic growth projects in key products that have been launched in 2022. One of the world’s main hubs for the production of Oil&Gas will be Guyana, so TUBACEX has a new production plant up and running in this country through its NTS subsidiary, with projects aimed at major

clients, such as Exxon or Schlumberger. It also has operational presence in Kazakhstan, with an initial order from KPO - the joint venture between Royal Dutch Shell, Eni, Chevron, Lukoil and KazMunaiGas- that has been received and invoiced. It also has a local service and repair center in Brazil for the supply of OCTG to Petrobras, with the aim of improving the global value proposition in the country. These projects, along with the newly built 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.

### **Future prospects**

TUBACEX is developing specific solutions for CO2 capture and storage, an emerging sector with good future prospects. In Offshore, there are new projects in unusual areas, such as Turkey, Suriname, Tanzania or Namibia, among others, and good prospects in typical areas, such as Norway, the Gulf of Mexico and Angola.

There are also very positive prospects in the nuclear segment thanks to its classification as a transition energy by the European Union. Nuclear plans in India are expected to be reactivated by the end of the year, where 10 nuclear power plants will be built. The Group will gradually move away from conventional coal projects.

There are delays in the relaunch of Mid&Downstream projects due to geopolitical circumstances or the reanalysis of costs. The company foresees the gas Midstream sector to be the first to start recovering in the last quarter of the year. Significant growth in precision machining and drilling operations is also expected, particularly in the USA, which are boosted by the current geopolitical situation.

## Main financial figures

(€M)	9M 2021	9M 2022	% Var.	Q3 2021	Q3 2022	% Var.
<b>Sales</b>	246.4	527.1	+113.9%	86.4	173.3	+100.5%
<b>EBITDA</b>	5.0	67.3	n.m.	4.7	24.8	n.m.
<b>EBITDA Margin</b>	2.0%	12.8%		5.5%	14.3%	
<b>EBIT</b>	-27.6	31.7	n.m.	-5.6	13.6	n.m.
<b>EBIT Margin</b>	neg.	6.0%		neg.	7.9%	
<b>Profit Before Taxes</b>	-36.3	20.3	n.m.	-8.3	9.9	n.m.
<b>Margin</b>	neg.	3.9%		neg.	5.7%	
	Dec 21	Sept 22	Var. (€M)			
<b>Working Capital</b>	222.5	242.3	+19.9			
<b>Working Capital / Sales</b>	60.9%	37.5%				
<b>Net Financial Debt</b>	336.2	333.4	-2.9			
<b>Net Financial Debt / EBITDA</b>	19.2x	4.2x				
<b>Structural Net Financial Debt<sup>(1)</sup></b>	113.8	91.0	-22.7			

(1) Net Financial Debt – Working Capital

**Appendix 9M 2022 Results**



**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**

**Appendix 9M 2022 Results**



**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



**About TUBACEX**

TUBACEX is a world leader in sophisticated industrial products and high value-added services for the energy and mobility sectors. With offices in Álava, TUBACEX has production plants in thirteen companies (Spain, Austria, Italy, USA, India, Thailand, Saudi Arabia, Dubai, Norway, Canada, Singapore, Guyana and Kazakhstan) on four continents, and service centers and sales offices worldwide. TUBACEX is an expert in maximum-efficiency applications for the Oil & Gas and energy generation sectors and other industrial applications. The TUBACEX commitment to emission reduction has been validated by the Science Based Targets (SBT); TUBACEX has also been listed by other reputable rating agencies, including the CDP, and the Ecovadis and S&P sustainability ratings.

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)