

RESULTS RELEASE

First Half 2024

JULY 2024

TUBACEX
GROUP

MAIN CONSIDERATIONS

FOUNDATIONS FOR GROWTH HAVE BEEN LAID

- The first half of 2024 closed with **sales of €398.0M**, an **EBITDA of €50.1M**, and a **margin of 12.6%**
- First-half results were impacted by extraordinary factors as a result of the kick-off of the ADNOC project and the commissioning of the Abu Dhabi plant
- The first half of the year saw the **activation and kick-off of the ADNOC project** with the receipt of the first orders and commencement of product manufacturing at the Spanish plants
- First-half results were impacted by extraordinary factors as a result of the kick-off of the ADNOC project and the commissioning of the Abu Dhabi plant
- We foresee a better **second half of the year** in terms of **turnover, EBITDA** and **margin** and 2025 is set to be a year of strong expansion
- Construction of the tube finishing and threading plant in Abu Dhabi, as part of the large order worth more than US\$1 billion, is on schedule, with start-up expected in the last quarter of the year
- Net financial debt stands at €395.3M and includes investment in this plant amounting to €38.5M and an increase of €86.5M in working capital. The agreement signed with **Mubadala Investment Company** for its entry into the OCTG business will result in a cash inflow of \$195M in the last quarter of the year which will reduce not only the net financial debt but also future financial expenses
- The backlog remains at around €1,600M, the same level as at the end of the previous year, with a book-to-bill ratio of 1.0x and a very high concentration in high value-added products
- Given the current environment, we expect **2024 to be a year of consolidation of the Group's new positioning**, with results similar to those of 2023 and with considerable growth prospects in 2025 and 2026



MANUFACTURE OF THE ADNOC ORDER HAS COMMENCED (\$1B)



LANDMARK AGREEMENT WITH MUBADALA INVESTMENT COMPANY TO BOOST OCTG BUSINESS



THE BACKLOG IS CONSOLIDATED AT HISTORIC LEVELS



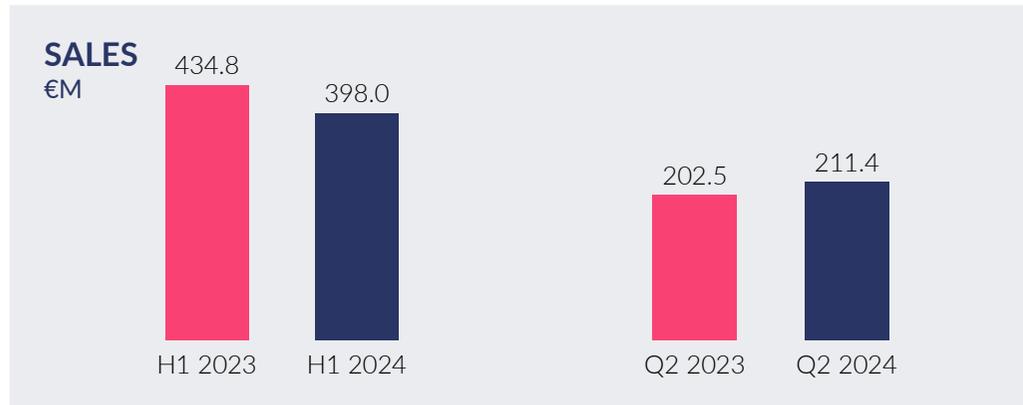
PROMISING START FOR LOW CARBON SOLUTIONS



GROWTH IN RESULTS IN THE SECOND HALF OF THE YEAR

The Tubacex Group is making an effort in the implementation of CapEx and working capital investments linked to strategic customers and projects, and while consolidating its annual results, it is also securing results for 2025, 2026 and compliance with the NT2 2027 strategic plan

MAIN FIGURES FROM THE **INCOME STATEMENT**



First-half **sales** stood at **€398.0M**, below the figure reached in the same period of the previous year

- **Declining trend in nickel prices:** turnover of the most commodity products is being negatively affected
 - *The average nickel price in the first half of 2024 was 27% lower than the average price in the first half of the previous year*
- Increase of **€29.4M** in **stocks** to be invoiced in the coming quarters
- Extraordinary material stockpiling and manufacturing effort by the Group's main units in relation to strategic orders to be delivered in the second half of the year and early 2025



The effect of the increase in semi-finished and finished products pending invoicing, which will have a positive impact on the margin, is also reflected in the EBITDA figure, which amounted to €50.1M



The **EBITDA margin** for the first half of the year stood at 12.6%, temporarily below that of the same period of 2023, but it is expected to increase in the coming quarters



All of the Group's units have consolidated reductions in structural costs and are **focusing on added value rather than production volume**



In the **coming quarters**, a **gradual improvement** in both **turnover** and **EBITDA** figures is foreseen given the current portfolio

MAIN FIGURES FROM THE BALANCE SHEET: **WORKING CAPITAL**

WORKING CAPITAL OVER SALES: INCREASED TURNOVER IS FORESEEN

INCREASE IN WORKING CAPITAL DUE TO THE FORESEEABLE RISE IN TURNOVER

The working capital amounts to €321.0M, up €86.5M on the 2023 year-end
The prospects of increased turnover in the coming quarters and the manufacturing period for complex projects are the main reason for this rise

STOCK FIGURE HAS INCREASED BY €29.4M DURING THE FIRST HALF OF THE YEAR

Most of the stock figure corresponds to high value-added products related to strategic long-term supply agreements that will be invoiced in the coming quarters

RISE IN THE STOCK FIGURE REFLECTS THE GROWTH IN FINISHED PRODUCT ALREADY SOLD

Premium product in manufacturing: high-value production strategy linked to long-term agreements vs. non-value volume with short backlogs

REDUCTION IN THE ACCOUNTS PAYABLE

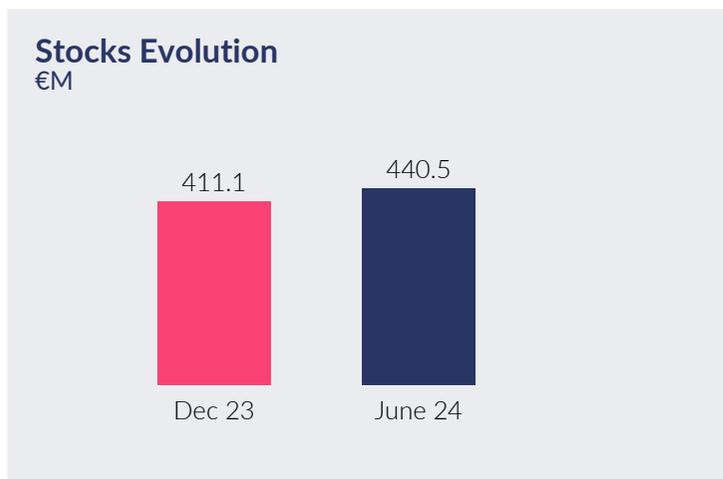
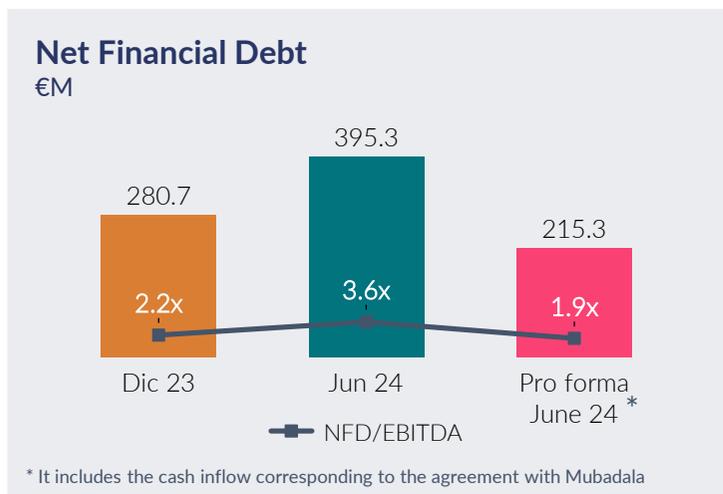
The supplier balance has been reduced by €42.6M so far this year, as a result of the high value-added projects in backlog with long manufacturing cycles to be invoiced in the second half of 2024 and first half of 2025, whose supply has already been disbursed

EVOLUTION OF SEMI-FINISHED PRODUCT

The commissioning of the Abu Dhabi plant requires semi-finished product to be increased during the year in order to guarantee supplies agreed for 2025 and their invoicing and, therefore, the working capital in the Group's production heading



MAIN FIGURES FROM THE BALANCE SHEET: **NET FINANCIAL DEBT**



- ☑
 - TUBACEX is building a new OCTG tube finishing and threading plant in **Abu Dhabi**, as part of the major \$1,000M project, whereby operations will commence later this year
 - **Investment** to date in this plant amounts to **€38.5M**
 - In addition, there has been **strategic investment in new products manufacturing** for the NTS/AW Group and the purchase of a minority stake
 - Both investments ensure TUBACEX's **differential competitive position in the Middle East**

- ☑
 - 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 kick-off of the ADNOC Project with its investments in equipment and working capital is causing, as expected, a significant increase in debt. Starting to invoice this project in 2025 will result in an **immediate deleveraging**

- ☑
 - The **net financial debt** amounts to €395.3M and **it is expected a cash inflow of \$195M** in the last quarter of the year due to the agreement with Mubadala which will reduce not only the debt but also the future financial costs
 - \$49M of that cash inflow will be allocated to the investment in Abu Dhabi

- ☑
 - The current net financial debt over EBITDA ratio amounts to 3.6x
 - Regardless of the specific working capital position or turnover in each quarter, **the company maintains the same strategic objective as the NT2 Plan 2023 - 2027**: namely to keep debt below 2x
 - This ratio is currently met with the pro forma company's net financial debt

- ☑
 - The Stock figure of €444M corresponds mainly to finished products and work in progress, essentially complex solutions manufactured against firm orders

- ☑
 - The Group's financial position is sound with €141.4 M in cash and **liquidity of €222M**

REVENUES BREAKDOWN



SECTOR DIVERSIFICATION

Diversified sales mix by sector with the right positioning to take advantage of both current and future low-emission energy sources, as well as the so-called transition energies (gas and nuclear)

UPSTREAM GAS IN ASIA AND THE MIDDLE EAST

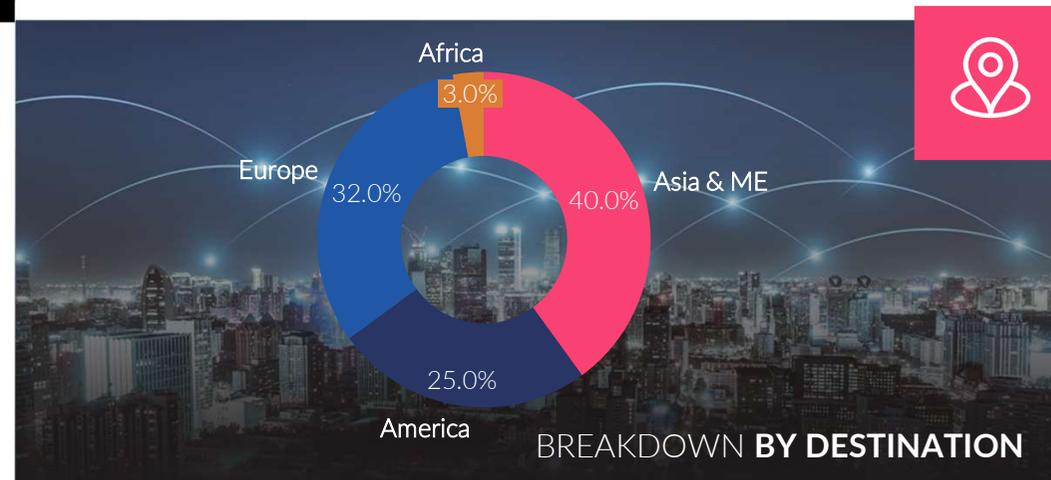
The Group's sales maintain significant weight in the Gas Upstream sector and the Asian and Middle East region, in line with the strategic objectives

PREMIUM PRODUCTS

Very good figures in intake of high value-added products, with a clearly better performance than traditional products
 Significant pipeline of project awards expected for the second half of the year, which could give new impetus to the Group

ORDER INTAKE

Order intake resumes a growing trend following a slowdown at the end of the previous year due to delays in orders caused by the macroeconomic and geopolitical environment



BACKLOG EVOLUTION

ROBUST SITUATION OF THE BACKLOG



Book-to-bill ratio

TOTAL BACKLOG INCLUDING
ADNOC'S PROJECT

1,600M€

H1 2024



1.0x

- ✓ Backlog remains stable compared to the 2023 year-end
- ✓ This figure is concentrated in projects with high added value
- ✓ Book-to-bill ratio for the year is 1.0x, slightly higher than 0.94x at the close of 2023
- ✓ The current backlog situation provides **visibility regarding the second half of the year**, enabling us to anticipate growth in results compared to the first half

COMMERCIAL REMARKS (I) E&P OIL&GAS



UPSTREAM



▪ OCTG

- Tubacex commences first orders for the Abu Dhabi OCTG long term frame agreement with ADNOC
- Tender activity in the **Middle East** remains buoyant, complimented by steady demand in **Brazil**
- Tubacex continues to strengthen its positioning as **leading provider of comprehensive solutions in the CRA OCTG sector**

▪ Drilling

- Except for Canada where there is a slowdown due to seasonal changes and local legislation, **order intake remains robust** mainly in **US**, across the **Middle East** and particularly in **Saudi Arabia** and in **Norwegian North**, where a record-breaking year is anticipated



OFFSHORE



▪ SURF

- **Intense activity in the number of bids** which will lead to a high level of awards during the latter part of the year
- Award of a **significant order in the Gulf of Mexico**, which keeps our **backlog at more than 12 months**

▪ Offshore

- Record turnover in this segment as a result of the large projects awarded last year
- The market in Norway remains strong
- The same line is maintained in FPSO awards

COMMERCIAL REMARKS (II) INDUSTRIAL & POWERGEN



INDUSTRIAL



- The industrial sector continues to account for a major part of Tubacex's sales
- In the first quarter of 2024, order intake for refinery and petrochemical pipelines and furnaces in China, mainly **Ethylene**, can be highlighted
Tubacex's positioning in high value-added products enables us to maintain our presence in markets characterized by low-cost competitors
- **High nickel alloys and ceramic-coated tubes** have maintained high levels of profitability
- The **distribution** sector has experienced a slight increase in order intake following the stabilization of the nickel price
- In the coming quarters, ongoing heavy investment should keep activity levels high
Primarily in the Middle East, with the significant weight of LNG following the announcements of investments by Saudi Aramco, Adnoc or Qatargas



POWERGEN



- Group divestment from conventional coal projects and reorientation towards the circular economy and energy transition, aligned with United Nations' goals
- Positive activity in the **PowerGen** segment
Orders for two USC power plants in China
Good business prospects in India with significant listings expected this year
- Growing importance of the **nuclear energy** market
EDF is still the main customer
Orders for the Hinkley Point project in the United Kingdom and maintenance orders for the French fleet
Initial Frame Agreement negotiations for future EDF units in France (EPR2)
- Strong perspectives for Small Modular Reactors (SMRs) in the long run
Under qualification process with several designers
Early engagement with GE and Rolls Royce in engineering of long lead items

COMMERCIAL REMARKS (III) LOW CARBON & NEW BUSINESESS



LOW CARBON



- **Carbon Capture**
 - Some slowdown in bidding activity in the USA (the most dynamic region to date) due to delays in the execution of operators' projects as a result of delays in approvals
 - Good positioning in various projects in the USA, North Sea and Middle East
- **Hydrogen**
 - First major order for an electrolyzer plant in Spain
- **Fertilizer & Ammonia**
 - Excellent quarter for fertilizer sector with sales for projects in China, India and Uzbekistan
 - Ammonia demand expected to surge in both traditional fertilizer applications and emerging clean energy technologies, being a versatile hydrogen carrier
- **Circular Economy**
 - Growing demand for the Tubacoat solution for refineries worldwide to solve fouling problems



NEW BUSINESESS



- Good positioning in the **Aerospace** and **Space Exploration** sectors, with the signing of long-term agreements that foresee growth in the coming years
- Tubacex has signed a contract to collaborate technologically in the development of the **Future Combat Air System** (FCAS) program
- Tubacex India has successfully manufactured its first tubes for **the semiconductor industry**
- Increase in Tubacex's capabilities in the **Hydraulic & Instrumentation** segment with good prospects, especially in hydrogen applications

MAIN ESG KPIs



	Indicator	Ud.	2019*	H1 2024	Goal 2030
ENERGY & CLIMATE	Energy Intensity ⁽¹⁾	Mwh/ GAV	2.85	1.64	2.13
	Scope 1 y 2 Emissions intensity ⁽²⁾	Ton CO ₂ / GAV	0.70	0.26	0.28
	% Renewable Energy	% total energy	0%	32.8%	40%
CIRCULAR ECONOMY	Waste recycled	% total generated	60.5%	82.7%	95%
SUPPLY CHAIN	% suppliers evaluated on ESG factors	%	0%	86%	99%
DIVERSITY	Gender pay Gap	Ratio	11.5%	10.6%	10.1%
PROFFESIONAL DEVELOPMENT	Training delivery per employee	Hours /FTE	13.7	14.4	15
HEALTH & SAFETY	Lost Time Injury Frequency Rate [LTIFR] Evolution	2019 Basis	100	32.5	25
	Severity Rate Evolution	2019 Basis	100	39.1	25

*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

GROWTH POTENTIAL

Stock Evolution

€/share



SIGNIFICANT **GROWTH POTENTIAL** ACCORDING TO MARKET CONSENSUS



Key Data

# shares outstanding	126,549,251
€/share (06.30.24)	3.24€
Market Cap. (M€)	410.0M€
% evolution	-7.4%
Maximum	3.64€ (Jan. 5)
Minimum	3.035€ (May 10)
Average Target Price ⁽¹⁾	4.87€

Source: Bolsas y Mercados

1) Average target Price on 30th June according to Market consensus

STRATEGIC AGREEMENT

TUBACEX BOOSTS ITS GROWTH WITH THE ENTRY OF MUBADALA IN ITS OCTG BUSINESS

SETTING UP OF A JOINT VENTURE IN WHICH TUBACEX HOLDS THE MAJORITY STAKE

The operation is structured as a Joint Venture in which TUBACEX holds 51% and Mubadala Investment Company enters with 49%

STRUCTURAL CONSOLIDATION OF WORLD LEADERSHIP IN THE OCTG-CRA MARKET

With this operation, Tubacex consolidates its long-term leadership in the OCTG-CRA market worldwide, focused on tubular solutions for gas extraction

INCREASE IN SALES

The OCTG-CRA sector is one of the fastest growing worldwide. Tubacex foresees a significant increase of sales in this segment

STRATEGIC PARTNER

The incorporation of strategic partners that accelerate Tubacex's business and growth is one of the objectives of the NT² Strategic Plan

INCREASED STRATEGIC PRESENCE IN THE MIDDLE EAST

This alliance marks a before and after in Tubacex's presence in the Middle East, the world's fastest growing market in this technology, particularly in the United Arab Emirates, where Tubacex is building a finishing and threading plant for the supply of a historic multi-annual project awarded by ADNOC (Abu Dhabi National Oil Company) for at least \$1Billion

THE VALUE OF THE OPERATION AMOUNTS TO \$195 MILLION

With this operation, Tubacex enhances its Balance Sheet whilst enabling it to accelerate investments in the Low Carbon business and in all those diversification and growth opportunities that add value to the project



CONCLUSIONS

GROWTH PROSPECTS OVER THE COMING QUARTERS



ACTIVATION OF THE ADNOC PROJECT

Manufacture of materials for the ADNOC project has commenced



ORDER BACKLOG

Order backlog remains at historical levels and is concentrated in high value-added products



NEW OCTG PLANT

Construction of the new OCTG finishing and threading plant is on schedule and will start testing in the fourth quarter of the year



STRATEGIC AGREEMENT

Strategic agreement with Mubadala Investment Company to boost OCTG business



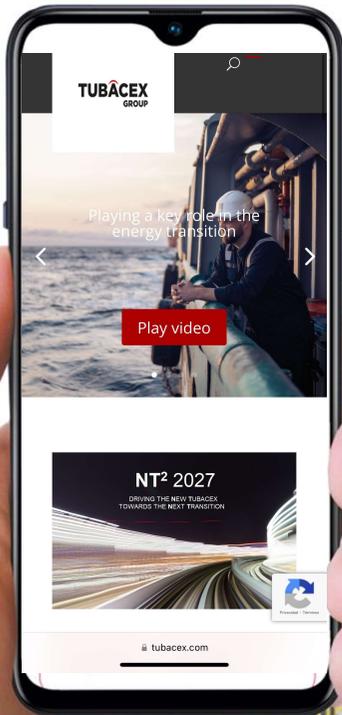
LOW CARBON

The Low Carbon unit is on track and ready to take advantage of all business opportunities in transition energy



VISIBILITY

Gradual increase in turnover and margins over the coming quarters



NEW STRATEGIC PLAN

NT2: NEW TUBACEX NEXT TRANSITION

DRIVING SUSTAINABLE VALUE AND ENTERING INTO A NEW PHASE OF VALUE CREATION FOR OUR SHAREHOLDERS

REASONS TO INVEST IN TUBACEX

- A **world leader** in unique advanced industrial solutions for energy and mobility
- With a **fully integrated production model** to capture the long-term growth offered by the macro trends that are driving both sectors
- **Global presence with long-term agreements** with strategic partners
- Showing a proven **solid track record of transformation**, adaptation to the market ahead of trends and goal achievement
- Endorsed by **solid results and a strong backlog**
- Committed to **human progress** through strong sustainability objectives

NT2 2027 TARGETS



TO REDUCE OIL & GAS EXPOSURE TO 1/3 OF THE BUSINESS



MARKET LEADERS IN LOW CARBON BUSINESS



TO BE A POINT OF REFERENCE IN SUSTAINABILITY



REVENUE €1,200-1,400M

Including potential investment in inorganic growth (M&A)



EBITDA >€200M

Including potential investment in inorganic growth (M&A)



NFD / EBITDA <2X

Including potential investment in inorganic growth (M&A)

SHAREHOLDERS' REMUNERATION 30-40% PAY-OUT

APPENDIX

TUBACEX
GROUP

CONSOLIDATED INCOME STATEMENT

DETAIL

(€M)	H1 2023	H1 2024	% var.	Q2 2023	Q2 2024	% var.
Sales	434.8	398.0	-8.5%	202.5	211.4	4.4%
Change in inventories	37.6	31.0	-17.5%	24.5	6.3	-74.3%
Other income	7.8	7.3	-6.5%	4.1	2.1	-48.1%
Cost of materials	(210.1)	(187.2)	-10.9%	(96.4)	(93.9)	-2.5%
Personnel expenses	(82.8)	(81.9)	-1.1%	(42.5)	(40.6)	-4.3%
Other operating costs	(123.0)	(117.1)	-4.8%	(58.4)	(60.2)	3.0%
EBITDA	64.3	50.1	-22.2%	33.9	25.1	-25.9%
EBITDA Margin	14.8%	12.6%		16.7%	11.9%	
Depreciation & Amortization	(23.3)	(22.6)	-3.0%	(11.6)	(11.2)	-3.4%
EBIT	41.0	27.4	-33.1%	22.3	13.9	-37.6%
EBIT Margin	9.4%	6.9%		11.0%	6.6%	
Financial Results and FX	(13.1)	(18.2)	39.4%	(7.1)	(9.5)	34.2%
Profit Before Taxes and Min	27.9	9.2	-67.0%	15.2	4.4	-71.2%
Margin	6.4%	2.3%		7.5%	2.1%	
Net Profit	20.0	6.5	67.7%	10.1	3.4	-66.2%
Net Margin	4.6%	1.6%		5.0%	1.6%	

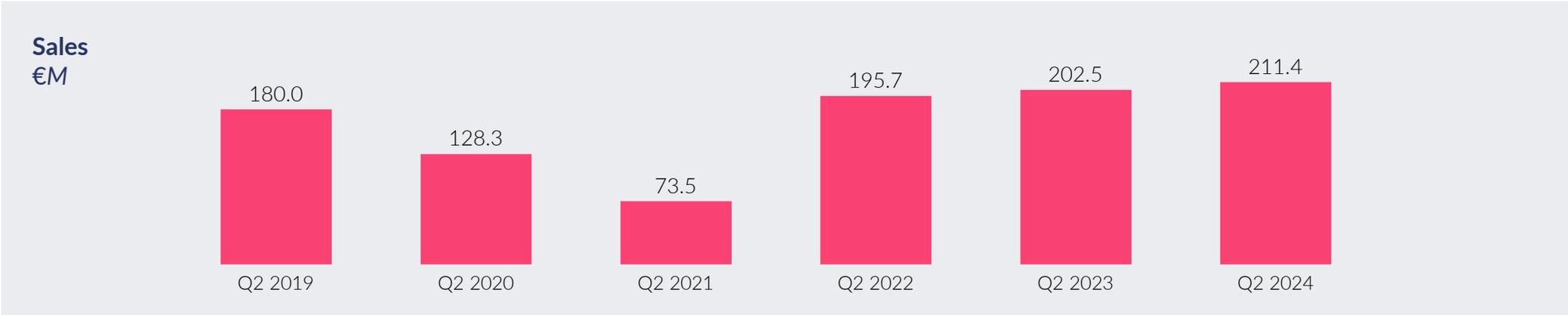
CONSOLIDATED BALANCE SHEET

DETAIL

(€M)	31/12/23	30/06/24	%var.
Intangible assets	112.6	112.6	0.1%
Tangible assets	306.7	318.4	3.8%
Financial assets	99.1	100.0	0.9%
Non-current assets	518.3	531.0	2.4%
Inventories	411.1	440.5	7.1%
Receivables	74.2	88.8	19.6%
Other account receivables	22.1	25.9	17.5%
Other current assets	3.7	5.6	52.9%
Derivative financial instruments	3.1	1.1	-62.4%
Cash & equivalents	179.0	141.4	-21.0%
Current assets	693.2	703.4	1.5%
TOTAL ASSETS	1,211.5	1,234.4	1.9%

(€M)	31/12/23	30/06/24	%var.
Equity, Group Share	240.0	237.4	-1.1%
Minority interests	53.6	54.4	1.4%
Equity	293.6	291.7	-0.6%
Interest-bearing debt	124.3	138.7	11.6%
Provisions and others	82.2	80.7	-1.8%
Non-current liabilities	206.5	219.3	6.2%
Interest-bearing debt	335.5	398.1	18.7%
Derivative financial instruments	1.5	1.9	29.1%
Trade and other payables	250.9	208.3	-17.0%
Other current liabilities	123.5	115.1	-6.9%
Current liabilities	711.4	723.3	1.7%
TOTAL EQUITY & LIABILITIES	1,211.5	1,234.4	1.9%

HISTORICAL QUARTERLY EVOLUTION: SALES & EBITDA



ALTERNATIVE PERFORMANCE MEASURES – APM I

Tubacex presents its results in accordance with the generally accepted accounting principles (IFRS). Furthermore, this report provides other non-IFRS financial measures, called Alternative Performance Measures (APM), which are used by management to assess the Company's performance. The definition, reconciliation and explanation of the main Alternative Performance Measures used in this report are set out below:

EBIT (Earnings Before Interests and Taxes)

Tubacex presents the calculation of EBIT in its Income Statement as the operating profit before interest and taxes

EBITDA (Earnings Before Interests, Taxes, Depreciations and Amortizations):

Tubacex presents the calculation of EBITDA in its Income Statement as the difference between the net turnover and the operating costs excluding the provision for the amortization of fixed assets, impairment of non-current assets and results from the disposal of non-current assets

$$\text{EBITDA} = \text{EBIT} + \text{Amortization} + \text{Provisions}$$

EBITDA provides an analysis of the Group's operating profit before the payment of interest and taxes and it is generally used as an assessment metric by analysts, investors, rating agencies and other types of shareholders. It also provides an initial approximation to the cash generated by operating activities. Indeed, Tubacex uses EBITDA as a starting point for the calculation of the cash flow

EBITDA MARGIN

Tubacex presents the calculation of the EBITDA margin as the ratio between the EBITDA and the sales figure. The EBITDA margin provides information on the Company's profitability in terms of its operating processes

MARGIN EBIT

Tubacex presents the calculation of the EBIT margin as the ratio between the EBIT and the sales figure

NET MARGIN

Tubacex presents the calculation of the Net margin as the ratio between the Net Profit and the sales figure

ALTERNATIVE PERFORMANCE MEASURES – APM II

PROFIT BEFORE TAXES MARGIN

Tubacex presents the calculation of the Profit before tax margin as the ratio between the Profit before tax and the sales figure

NET FINANCIAL DEBT

Tubacex presents the calculation of Net Financial Debt as the difference between the gross financial debt and the cash and cash equivalents balance along with the balance for temporary financial investments on the assets side of the Balance Sheet. For this calculation, Gross Financial Debt is understood to be the sum of short-term and long-term debt with credit institutions and the bonds and other securities in the liabilities on the Balance Sheet. Net Financial Debt provides an initial approximation to the Company's debt position and its solvency and liquidity, by relating cash and cash equivalents to debt on the liability side. Based on Net Financial Debt, commonly used metrics are calculated, such as the Net Financial Debt /EBITDA debt ratio, an indicator that is widely used in the capital markets to compare different companies that is calculated by dividing the Net Financial Debt by the EBITDA

WORKING CAPITAL

Tubacex presents the calculation of Working Capital as the sum of the Inventories and Customers entries on the Balance Sheet less the trade creditors entry

WORKING CAPITAL OVER SALES

Tubacex presents the calculation of Working Capital over sales as the ratio between the working capital and the sales figure

STRUCTURAL NET FINANCIAL DEBT

Tubacex presents the calculation of Structural Net Financial Debt as the difference between Net Financial Debt less Working Capital. It provides a view of the Company's structural debt as the Working Capital is sold given that the manufacturing strategy is mainly to order

BOOK-TO-BILL

Tubacex calculates the Book-to-Bill ratio as the relationship between order intake for the period and invoicing for the same period. The result of this ratio provides information on the strength of demand

The logo for TUBACEX GROUP is centered on a dark background. The word "TUBACEX" is in a large, bold, white sans-serif font, with a small red arc above the letter "A". Below it, the word "GROUP" is in a smaller, white sans-serif font.

TUBACEX
GROUP