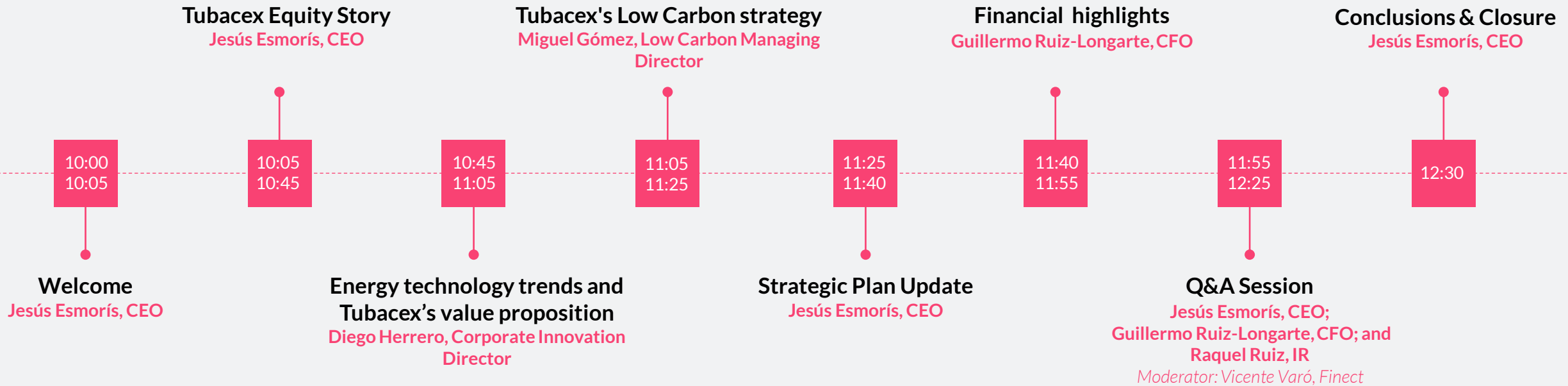


# AGENDA





DRIVING TUBACEX'S  
TRANSFORMATION  
**SUCCESS STORY**  
**TOWARDS THE NEXT**  
**TRANSITION**

CAPITAL MARKETS DAY

NOVEMBER 21<sup>st</sup>, 2023

**Jesús Esmorís**  
CEO

**TUBACEX**  
GROUP



TUBACEX  
**TODAY**

OUR PURPOSE:

“We are committed to human progress by addressing new challenges, providing advanced industrial products and services”

**TUBACEX**  
GROUP

EST 1953  
SWS PIPE 00214/102 NDN x 3F20  
P25 N 102 NHT 11500  
P.D. 770002665  
TEST THROUGHOUT C.I. 10  
IN 11/1/2001

# WE EMERGE AS A WORLD LEADER IN ADVANCED INDUSTRIAL SOLUTIONS FOR ENERGY AND MOBILITY

*Demanding environments:  
high/low temperature, high  
pressure and high corrosion*



## FROM TUBULAR TO **ADVANCED INDUSTRIAL SOLUTIONS**

We are a global benchmark in the design, manufacturing, and installation of advanced industrial products and high-value-added services where only the most sophisticated solutions deliver the best performance



## PREFERRED **GLOBAL PARTNER**

Clients are our asset. We meet their needs, transcend national boundaries and foster collaboration on a global scale with our fully integrated production model, covering the entire life cycle of the products. We take pride in co-creating innovative solutions alongside our customers



## **PIONEERING DIVERSIFICATION** ACROSS MULTIPLE BUSINESS SECTORS

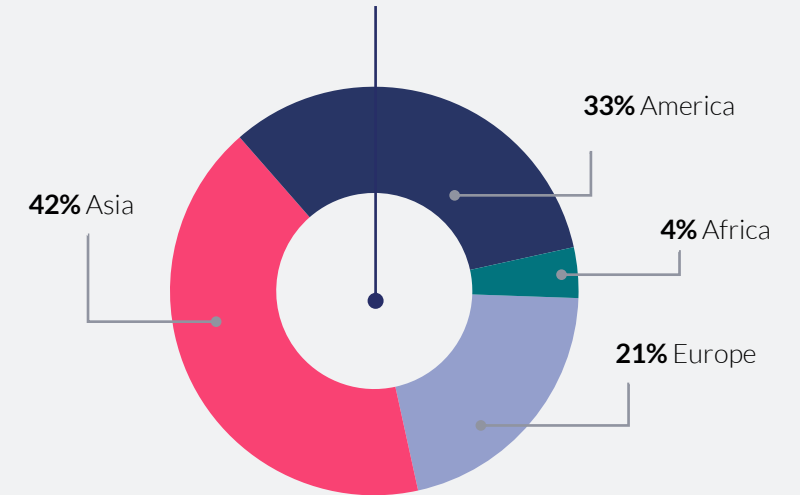
From the oil & gas sector to the low-carbon industry. As part of our commitment to high technological value products, we have developed production capabilities in those segments requiring higher levels of expertise where significant growth is expected

# A **GLOBAL LEADER** IN INDUSTRIAL PRODUCTS AND SERVICES FOR ENERGY AND MOBILITY

GLOBAL PRESENCE AND THREE MAIN HUBS



Sales by geography (as of 2023E)

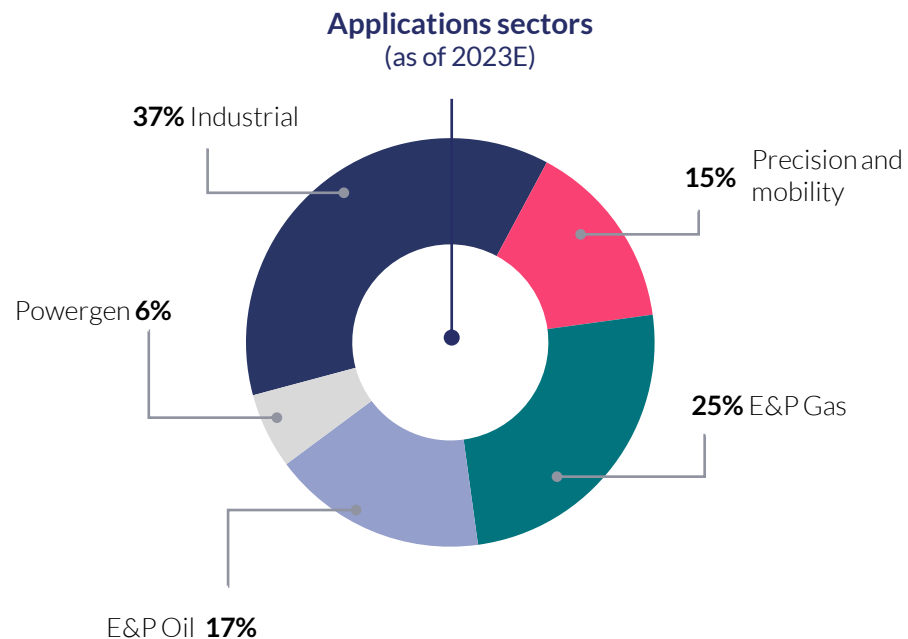


2023E Sales: ≈ €900M

# PIONEERING DIVERSIFICATION ACROSS MULTIPLE BUSINESS SECTORS

## Focus on industries where:

- Only the most sophisticated solutions can deliver the best performance
- High requirements applications become critical



# WITH A **ROBUST PORTFOLIO**

LOOKING AHEAD BY REACHING LONG-TERM AGREEMENTS WITH KEY CUSTOMERS



01

Stainless steel & high nickel alloys bars and billets



02

Seamless Stainless-Steel Pipes & Tubes



03

Forged fittings and special connections



04

High precision machining



05

Value added operation & services



06

Stock, Service & Trading



+30 FRAME AGREEMENTS



HIGH VISIBILITY



SECURE MARGIN

# 1. **STAINLESS STEEL & HIGH NICKEL** ALLOYS BARS AND BILLETS

LONG STAINLESS-STEEL PRODUCTS, SPECIALIZED IN INGOTS, BARS AND BILLETS, ROLLED AND FORGED (120-600 mm)



Served from

SPAIN



Application sector

- Pipes & bars
- Flanges
- Valves
- Industrial
- Hollow bars & other metal mechanical applications



## 2. SEAMLESS STAINLESS-STEEL PIPES & TUBES

SEAMLESS STAINLESS-STEEL PIPES & TUBES (EXTRUSION, PIERCING AND COLD FINISHING) – UP TO 8”



\*Photo caption: Tube typology (OCTG, H&I, Umbilicals, Linepipe and heat exchanger, space tubes).

Served from

SPAIN



AUSTRIA



INDIA



USA



Application sector

—• E&P of Oil & Gas —• Offshore subsea —• Industrial —• Chemical —• Nuclear Powergen —• Aerospace —• Low Carbon Solutions

### 3. FORGED AND MACHINED **TUBULAR COMPONENTS, FITTINGS** AND SPECIAL **CONNECTIONS**



Served from

SPAIN



ITALY



THAILAND



KAZAKHSTAN



Application sector

—● Nuclear Powergen

—● Industrial & Petrochemical

—● E&P of Oil & Gas

## 4. HIGH PRECISION MACHINING

COMPLEX MECHANICAL SOLUTIONS FOR HIGH GRADE ALLOY EQUIPMENT THAT SUPPORTS DRILLING, WELLBORE EVALUATION, COMPLETIONS, PRODUCTION, AND UPSTREAM O&G OPERATIONS



Served from

USA



UAE



NORWAY



SINGAPORE



CANADA



GUYANA



SAUDI ARABIA



Application sector

—● E&P of Oil & Gas

—● Offshore subsea

—● Aerospace

—● Drilling tools

## 5. VALUE ADDED OPERATION & SERVICES



Served from

SPAIN



USA



DUBAI



SINGAPORE



CANADA



ABU DHABI



Application sector

- Tube Threading
- Welding & bending
- Tool rental & Repair
- Heat treatment
- Component machining
- Coatings

## 6. STOCK, SERVICE & TRADING

MASTER STOCKIST IN SEAMLESS STAINLESS STEEL TUBES AND PIPES



Served from

SPAIN



USA



AUSTRIA



DUBAI



INDIA



SAUDI ARABIA



FRANCE



NORWAY



BRAZIL



SINGAPORE



Application sector

—● All industries and energy sector

—● Stock management

—● Service centers



# TUBACEX'S KEY SUCCESS FACTORS

## ✓ PREFERRED GLOBAL PARTNER

1. **Global** and diversified footprint
2. **Long-term agreements** with key customers
3. **A best in class in sustainability** according to the most demanding ratings

## ✓ UNIQUE VALUE PROPOSITION

4. **Cutting-edge** industrial products and services for **multi-energy & mobility**
5. **Fully integrated** and traceable production model
6. **World's largest manufacturer** of seamless stainless-steel pipes
7. **World's leading CRA-OCTG** for E&P of Oil & Gas

## ✓ SOLID STRATEGY

8. **High visibility** for the coming years
9. **Proven track** record in **long-term targets delivery**
10. **Highly qualified leadership team**

## ✓ SHAREHOLDER VALUE CREATION

11. **Shareholders remuneration:** 30-40% pay-out
12. **48% stock price appreciation** YTD
13. **Significant growth potential** according to market consensus

## ■ 2022

**Outstanding performance**  
in a very challenging international  
economic climate

RECORD  
CONTRACT:

**\$1bn**  
FOR GAS EXTRACTION/  
10 YEARS

## ■ 9M23

€641.9M  
SALES

€93.8M  
EBITDA

14.6%  
EBITDA  
MARGIN

€1,630M  
BACKLOG

## ■ 2023: a record year for the group

# MAIN FINANCIAL FIGURES

9M 2023 Results

|  | (€M)           |                 |                  |         |         |        |
|--|----------------|-----------------|------------------|---------|---------|--------|
|  | 9M 2022        | 9M 2023         | % Var.           | Q3 2022 | Q3 2023 | % Var. |
| <b>Sales</b>                                       | 527.1          | 641.9           | 21.8%            | 173.3   | 207.2   | 19.6%  |
| <b>EBITDA</b>                                      | 67.3           | 93.8            | 39.3%            | 24.8    | 29.5    | 18.7%  |
| <b>EBITDA Margin</b>                               | 12.8%          | 14.6%           |                  | 14.3%   | 14.2%   |        |
| <b>EBIT</b>  | 31.7           | 60.6            | 91.1%            | 13.6    | 19.6    | 43.4%  |
| <b>EBIT Margin</b>                                 | 6.0%           | 9.4%            |                  | 7.9%    | 9.4%    |        |
| <b>Earnings Before Taxes</b>                       | 20.3           | 38.9            | 91.8%            | 9.9     | 11.0    | 11.1%  |
| <b>Earnings Before Taxes Margin</b>                | 3.9%           | 6.1%            |                  | 5.7%    | 5.3%    |        |
| <b>Net Profit</b>                                  | 17.0           | 27.8            | 63.5%            | 7.9     | 7.8     | -1.2%  |
| <b>Net Profit Margin</b>                           | 3.2%           | 4.3%            |                  | 4.5%    | 3.8%    |        |
|  | <b>Dec. 22</b> | <b>Sept. 23</b> | <b>Var. (€M)</b> |         |         |        |
| <b>Working Capital</b>                             | 230.0          | 234.9           | +4.9             |         |         |        |
| <b>Working Capital / Sales</b>                     | 32.2%          | 28.3%           |                  |         |         |        |
| <b>Net Financial Debt</b>                          | 287.1          | 291.2           | +4.1             |         |         |        |
| <b>Net Financial Debt / EBITDA</b>                 | 3.1x           | 2.5x            |                  |         |         |        |
| <b>Structural Net Financial Debt<sup>(1)</sup></b> | 57.1           | 56.2            | -0.9             |         |         |        |

(1) Net Financial Debt – Working Capital

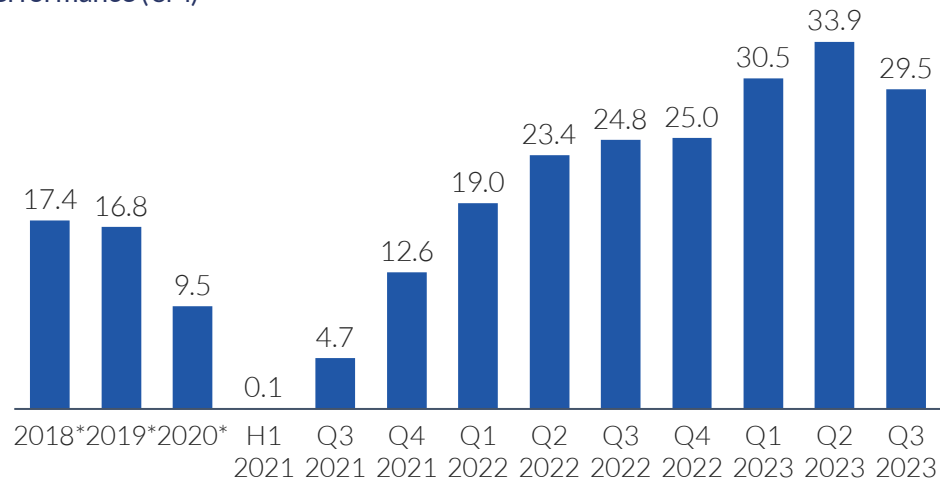


# MAIN FIGURES FROM THE INCOME STATEMENT

9M 2023 Results

## Quarterly Average EBITDA evolution

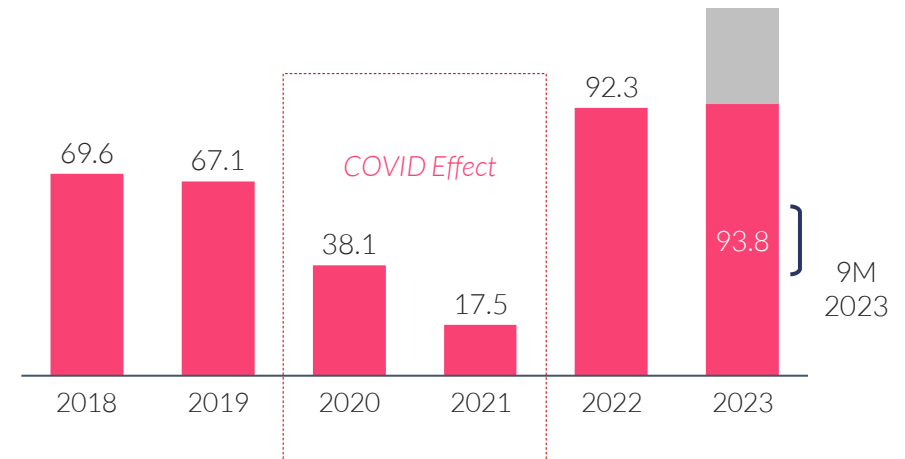
Performance (€M)



\*Quarterly average EBITDA in the relevant period

## Annual EBITDA evolution

Performance (€M)



**THE MARKET TREND AND THE RECORD LEVEL OF THE BACKLOG CONFIRM THE POSITIVE OUTLOOK FOR 2023 AND INCREASE VISIBILITY FOR 2024**

# CONCLUSIONS

## HISTORICAL MOMENT FOR TUBACEX



**Strategic commitment to sustainability** and the energy transition



**Good market momentum** in which securing the energy supply is a priority



Order intake remains at high levels, enabling the **backlog** to remain at **record levels**



**Q4 results will be in line** with previous quarters



**Expectations for 2023 to become a landmark year** have been confirmed



The current backlog **increases visibility for 2024** and foresees a good financial year



Tubacex is **ahead of schedule** in meeting most of the strategic objectives for 2025



**We have updated** our strategic plan

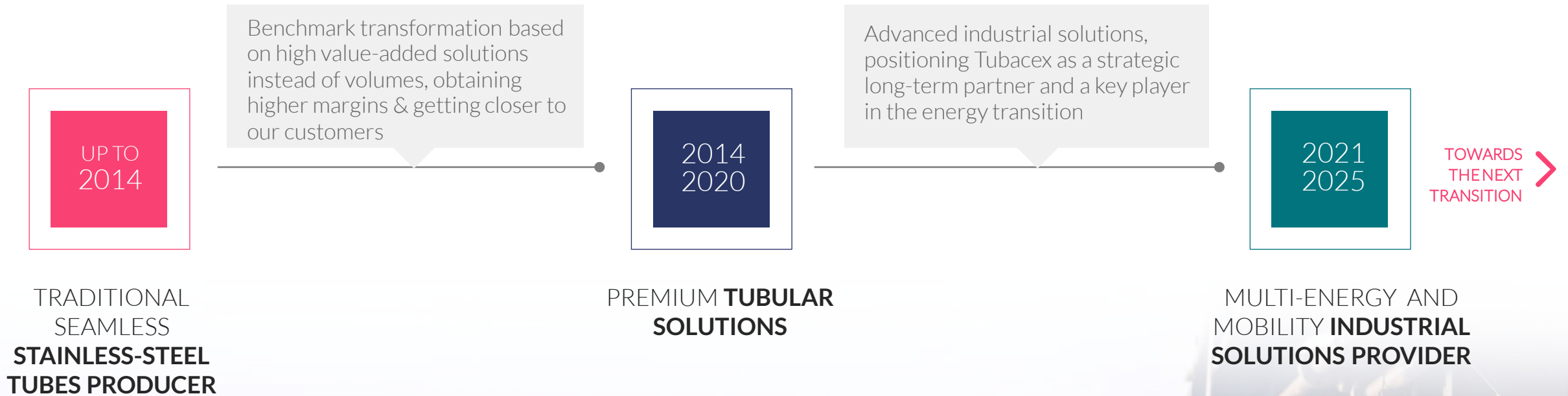
# A SUCCESSFUL TRANSFORMATION STORY

**TUBACEX**  
GROUP



# SINCE OUR ESTABLISHMENT IN 1963, **WE HAVE CONTINUALLY EVOLVED**

HAND IN HAND WITH OUR CUSTOMERS AND THE SOCIETY



PROACTIVELY ANTICIPATING MARKET TRENDS,  
**POSITIONING OURSELVES AHEAD OF THE CURVE**

# SUCCESSFUL EVOLUTION MARKET REPOSITIONING

## STRATEGIC PLAN 2014-2020

Marketing repositioning

Relevant investment in industrial installations and **R&D** to develop new products

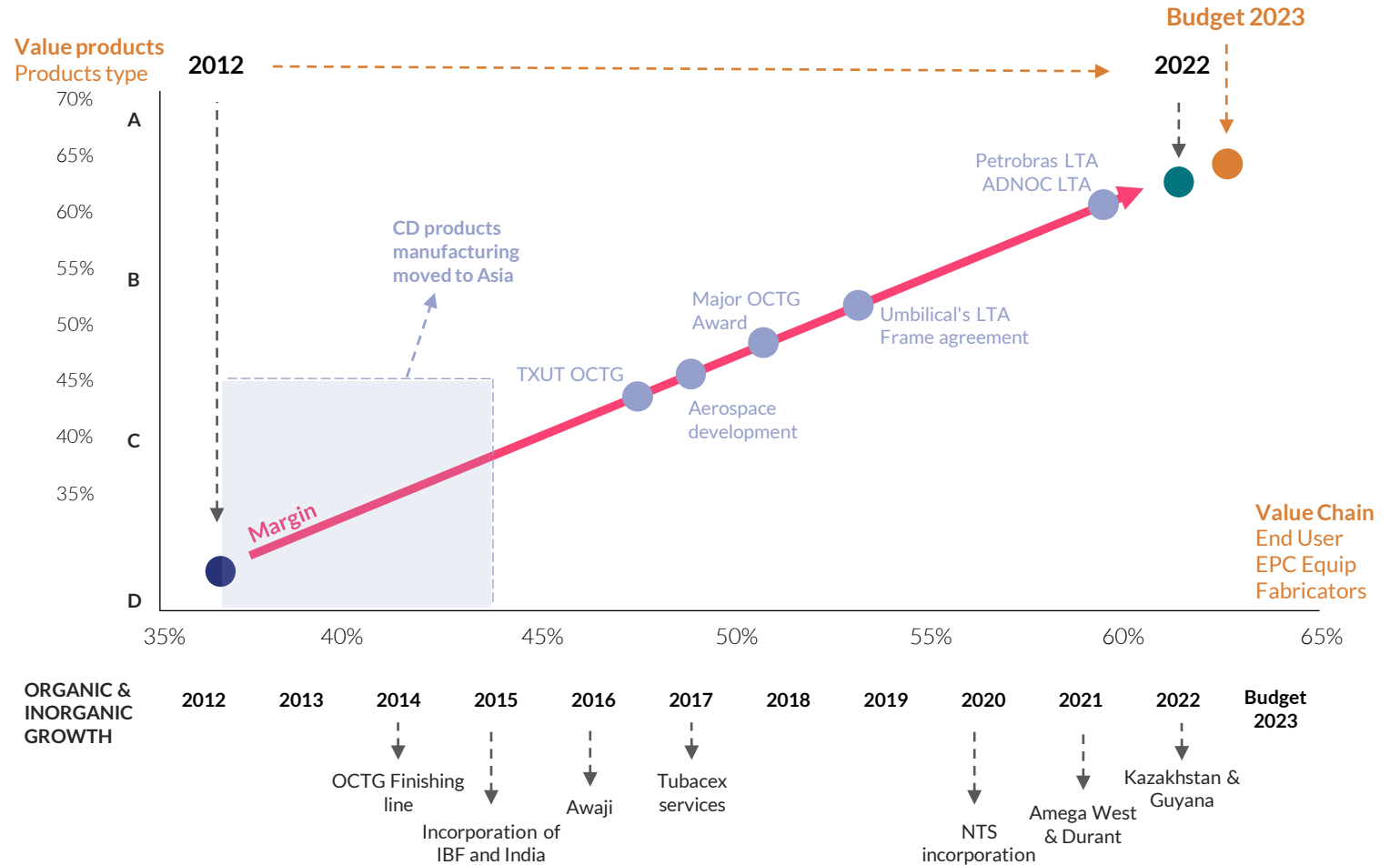
Integration of new companies in Asia to reposition our lower value-added products by selling through our **new sales channel** (TSS - 12 service centers)

Acquisition of companies with complementary products to complete the **full range portfolio** (6 acquisitions)

Different value proposition to the market focusing on **value added services**

Place and homologation of **new products and new customers**

Important yearly evolution increasing **market share in premium products**



# TUBACEX TRANSFORMATION



## PREVIOUS TUBACEX

Seamless stainless steel tubes manufacturer

Selling through distributors

Focused on volume

High volatility

3-4 months backlog

Commodity product mix

Industrial footprint mainly focused in Europe

Oil & Gas sectors

Product supplier



## CURRENT TUBACEX

Advanced industrial suppliers of high alloys

Long Term Agreements with main end users and customers

Focused on value

Low volatility

€1.63bn backlog

Premium product mix

Global industrial footprint (local content)

Multienergy and mobility sectors

Integrated solutions to customer



# STRATEGIC PLAN 2021-2025

# CAPITALIZING ON **EMERGING MACROTRENDS...**

## ENERGY TRANSITION

- Renewable energy production increase
- Net-zero commitments
- Electrification of production processes
- Carbon Capture emerging technology

## ECONOMIC GROWTH

- Consumption increase
- Growth in emerging markets
- Energy demand growth
- Energy security

## MOBILITY

- Increased movement of people
- Transport demand growth
- Digitalization

**OUR STRATEGY IS ALIGNED WITH MACROTRENDS**



## ... AND ON **KEY MARKETS EVOLUTION**



### OIL & GAS

Global energy demand growth driven by the necessity of securing an affordable energy supply in accordance with the World Energy Trilemma and the updated forecasts by OPEC

*The world requires \$14 trillion in oil sector investments by 2045 to ensure market stability (OPEC)*



### LOW CARBON TECHNOLOGIES

Transition to low carbon energies (Carbon Capture, H<sub>2</sub>, etc.)

*Carbon Capture market has just started, and capture capacity is about to increase exponentially in 2023-2030 period (Rystad Energy)*



### NUCLEAR ENERGY

Nuclear energy based on traditional and Small Modular Reactors (SMR) where we hold a solid position providing critical industrial solutions

*Contribution of this energy will be about 14% of global electricity by 2050, up from its 10% share today (IAEA)*



### AERONAUTIC & SPACE EXPLORATION

A bright horizon ahead: fast growing and very profitable sectors

*Poised to experience robust expansion at a Compound Annual Growth Rate (CAGR) of 6.3% to 2032 (The Business Research Company)*



### INDUSTRIAL APPLICATIONS

Hydraulic and Instrumentation (H&I): small diam, ultra clean, high-precision tubes

*Global growth forecasted of 2.9% in 2024 (International Monetary Fund)*



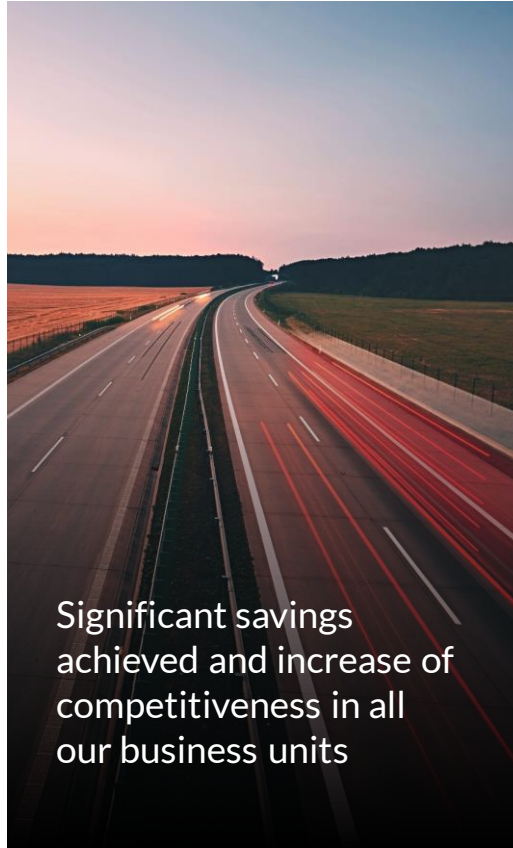
# THREE CLEARLY **DIFFERENTIATED** **PHASES**



## 2030 VISION

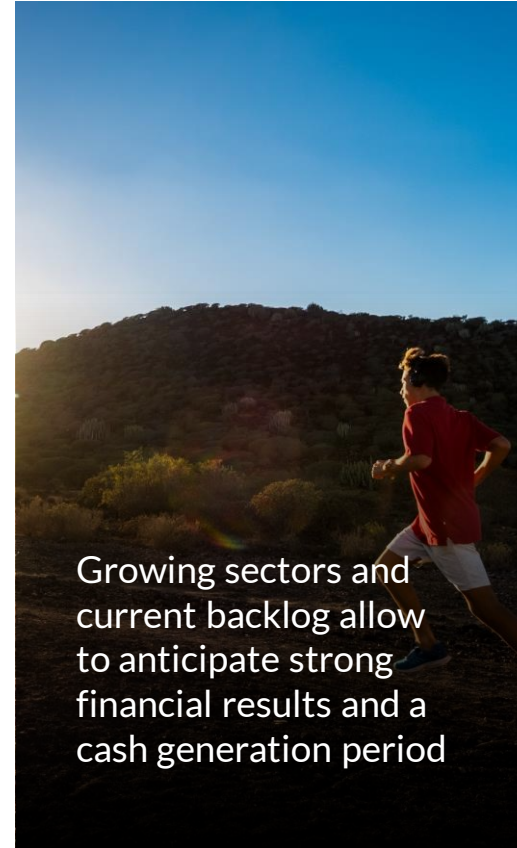
HIGH VALUE  
SOPHISTICATED  
SOLUTIONS PROVIDER  
FOR ENERGY AND  
MOBILITY

### *Phase 0: 2020-2021* **RESTRUCTURING & PREPARING**



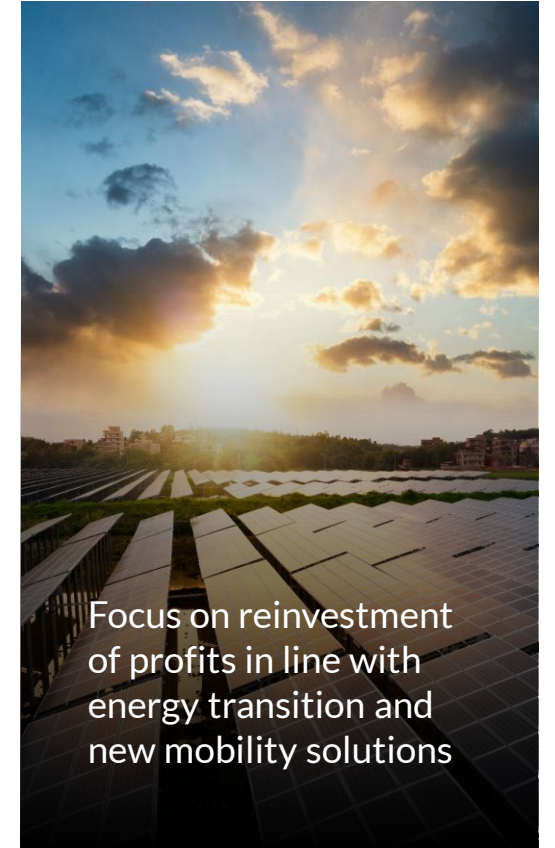
Significant savings  
achieved and increase of  
competitiveness in all  
our business units

### *Phase 1: 2022-2025* **DELIVERING STABLE RESULTS AND CASH GENERATION**



Growing sectors and  
current backlog allow  
to anticipate strong  
financial results and a  
cash generation period

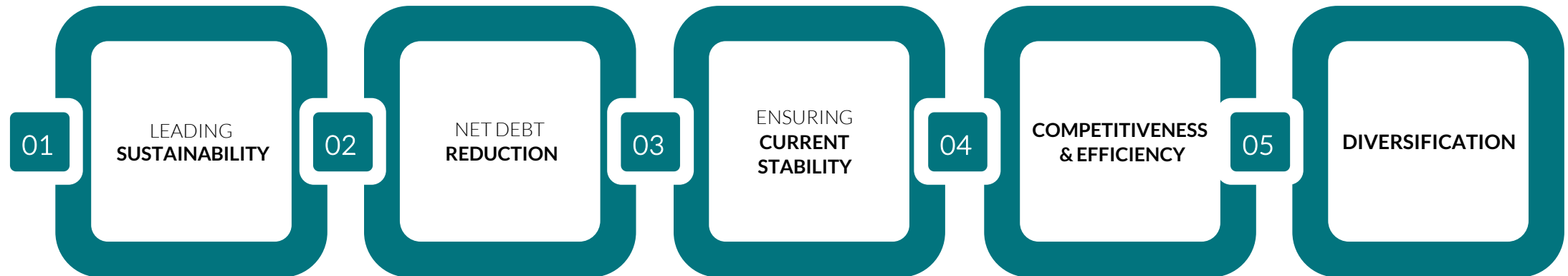
### *Phase 2: 2024-2025* **GROWTH & DIVERSIFICATION**



Focus on reinvestment  
of profits in line with  
energy transition and  
new mobility solutions

READY  
TO **LEAD THE NEXT TRANSITION**

BACKED BY FIVE SOLID  
STRATEGIC AXES



# A BEST IN CLASS IN SUSTAINABILITY

## OUR AMBITION 2030

1

Advancing towards neutrality and enhancing business circularity

<60% | 40% | 95%  
INTENSITY OF EMISSIONS | GREEN ENERGY | OF WASTE CIRCULARITY



2

Contributing to the development of innovative solutions for energy transition

€50M | 80% | 1%-2%  
BILLED TO NEW ENERGY SOURCE | R&D ENERGY TRANSITION PROJECTS | OF SALES INVESTED IN R&D



CONTRIBUTING TO **HUMAN PROGRESS**  
BY DRIVING RESPONSIBLE BUSINESS

3

Caring for our people and local environment

<75% | <2% | 1%  
ACCIDENTS | PAY GAP | PROFIT INVESTED IN SOCIAL ACTION



4

Doing what is right and promoting transparency

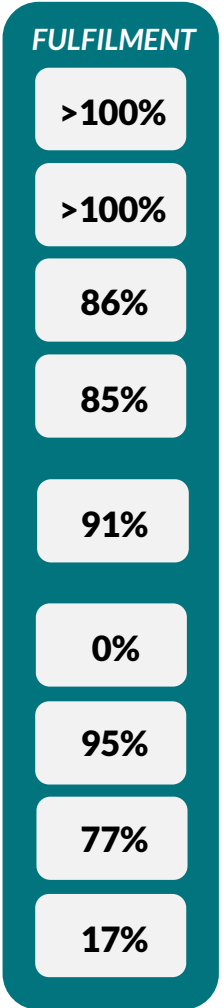
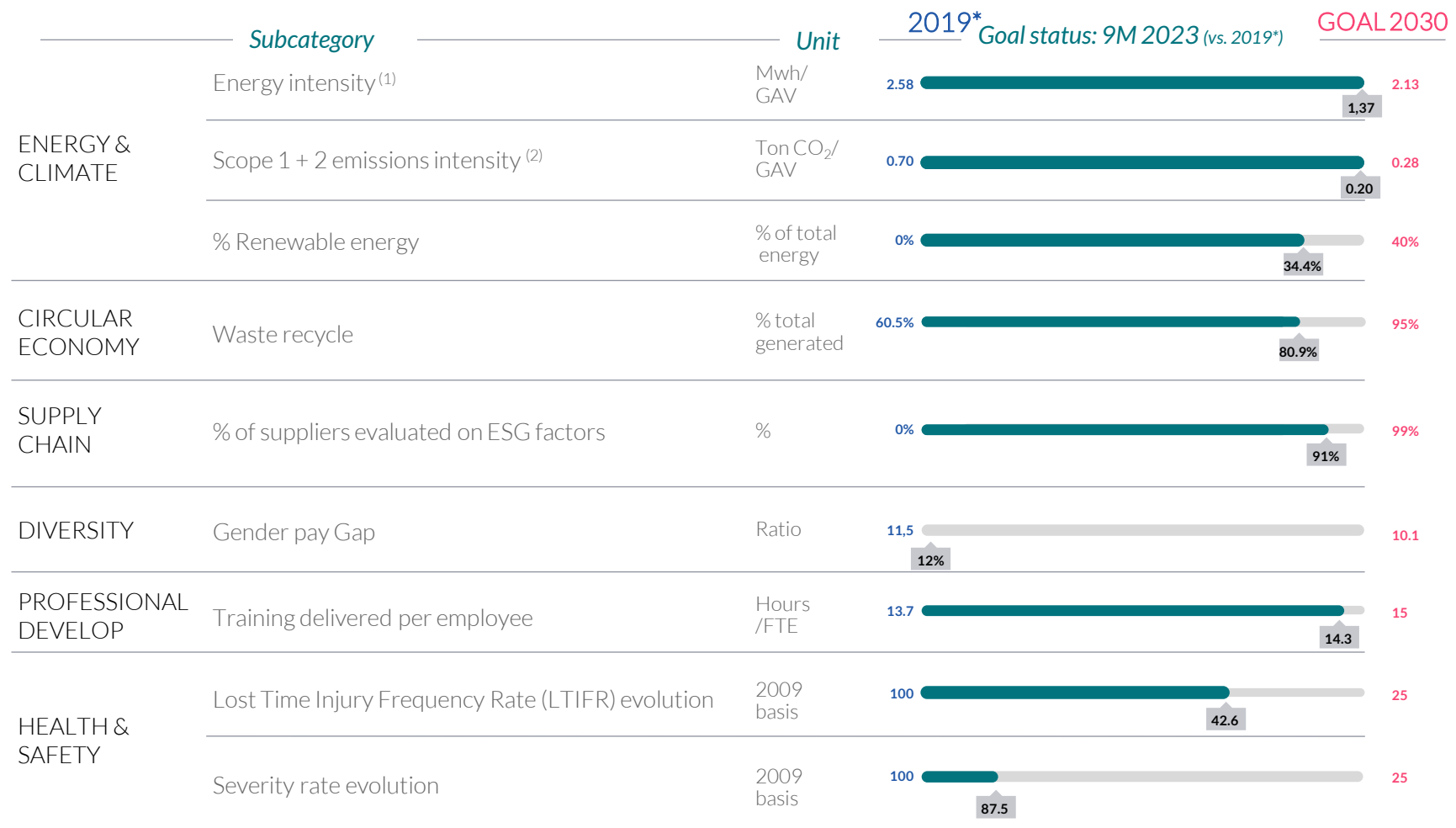
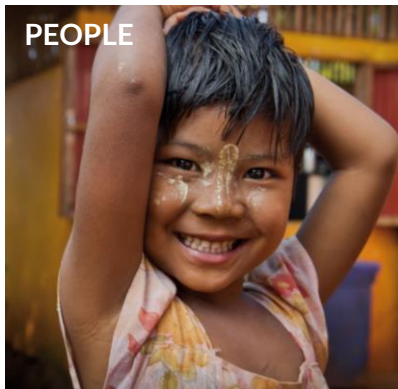
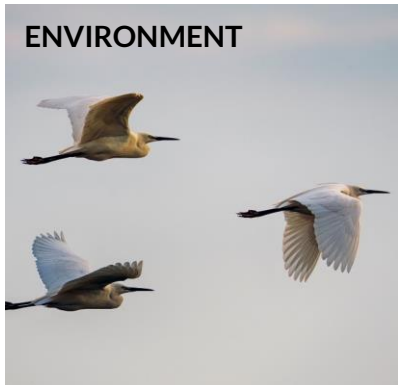
CORPORATE POLICIES | REMUNERATION LINK TO ESG | SUSTAINABLE FINANCING | RISK MANAGEMENT



# ANTICIPATING OUR SUSTAINABILITY TARGETS AHEAD OF EXPECTATIONS

1

LEADING SUSTAINABILITY

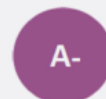


(1) Group companies' intensities weight by energy use

(2) Group companies' intensities weight by emissions

\*The comparison refers to 2019 since 2020-2021 are not representative due to Covid's situation

**INTERNATIONAL RECOGNITION**  
 leading position in the world's most prestigious climate change index




| Topic       | Score    | Percentile |
|-------------|----------|------------|
| TOTAL       | 48 (+8)  | 90 (+4)    |
| Governance  | 60 (+6)  | 94 (+3)    |
| Environment | 45 (+12) | 87 (+3)    |
| Social      | 41 (+9)  | 89 (+4)    |

# WITH MORE THAN 50 PROJECTS LAUNCHED ACROSS THE TUBACEX GROUP


## SOME ENERGY RELATED INITIATIVES

**01 EFFICIENCY**




1. Energy efficiency improvements
2. ISO 50001. Energy efficiency certification for all plants

**02 RENEWABLES**



1. PPA European facilities powered by green energy sources

**03 CIRCULARITY**

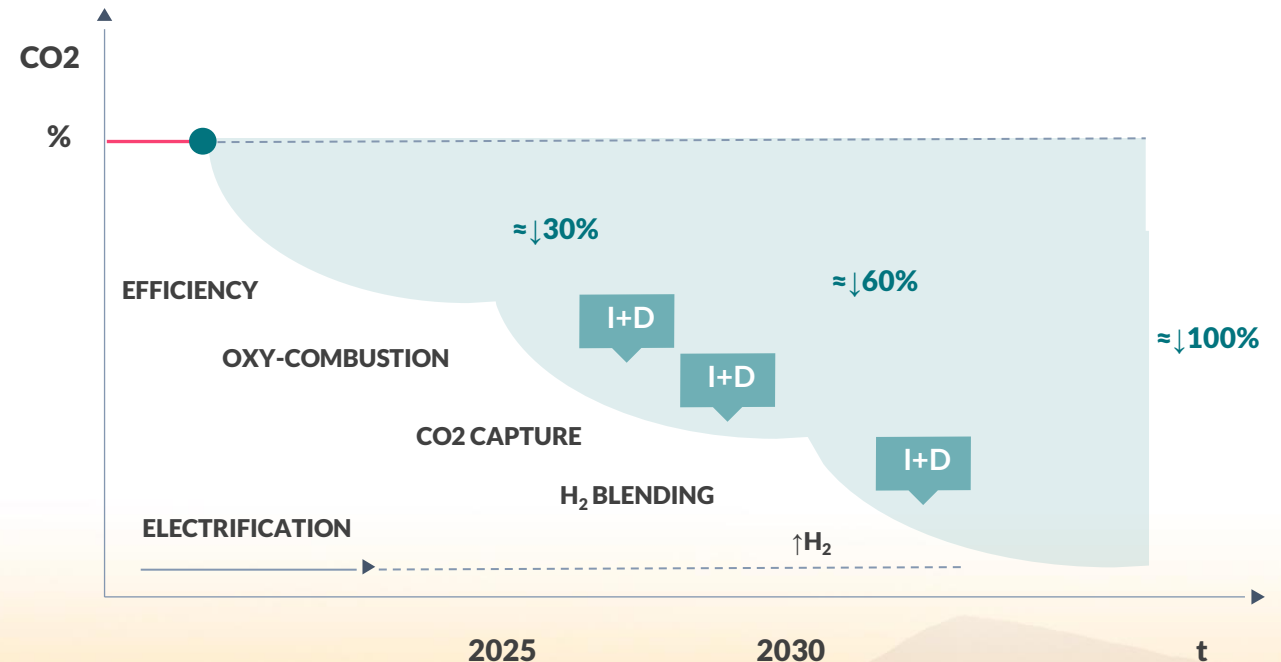


1. Corporate waste management model.
2. Scrap recovery model (>80% waste recycled)
3. Slag and Refractory Recycling

### DECARBONIZATION OF OUR STEEL MILL

The defined roadmap incorporates technologies such as oxy-combustion, electrification, CO2 capture, and hydrogen.

*Vision: To be the European leader in the production of green stainless steel*



# A SOUND BALANCE SHEET TO CAPITALIZE ON FUTURE GROWTH

- ✓ Focus on cash generation
- ✓ Continue with strict CAPEX control and disciplined capital approach
- ✓ Reduction of working capital
- ✓ Analyzing potential divestments or integrate financial partners
- ✓ Solid financial strategy

## Main ratios

Cash Conversion Ratio

 **>50%**

Working Capital over sales

 **30%**

Net debt / EBITDA

 **2-3x**

## Net Financial Debt / EBITDA

3.84x

2019

2.5x

Q3 2023



# MITIGATING BUSINESS FLUCTUATIONS FOR **STEADY OUTCOMES**



### DIVERSIFICATION

continue to develop our presence in Aerospace and H&I segments, as well as Low Carbon business



### UNIQUE GLOBAL FOOTPRINT



### RAW MATERIAL AND ENERGY HEDGING

mechanism to prevent volatility caused by raw material and energy prices



### LONG TERM AGREEMENTS



## LONG TERM AGREEMENTS PROVIDING HIGH VISIBILITY

In 2022 **order book stood at €1.6bn**, the highest level in the group's history with a significant percentage of high value-added products.

More than **30 long-term agreements** signed with most relevant end users.





CASE STUDY I

# LONG-TERM AGREEMENTS IN OCTG WITH LARGE BUSINESS PLAYERS



## ABU DHABI

1st State-of-the-art CRA-OCTG manufacturing plant in the Middle East

*(Completion expected by the end of 2024)*

**\$1bn**  
ORDER VALUE

**\$100M**  
INVESTMENT VALUE

**100,000**  
M<sup>2</sup> PLOT

**150**  
EMPLOYEES

- 'In Country Value' program
- 'Make it in the Emirates'



## BRAZIL

Value added operation and services based on a LTA with Petrobras, for the supply of OCTG tubes

**€300M**  
ORDER VALUE

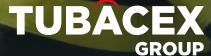
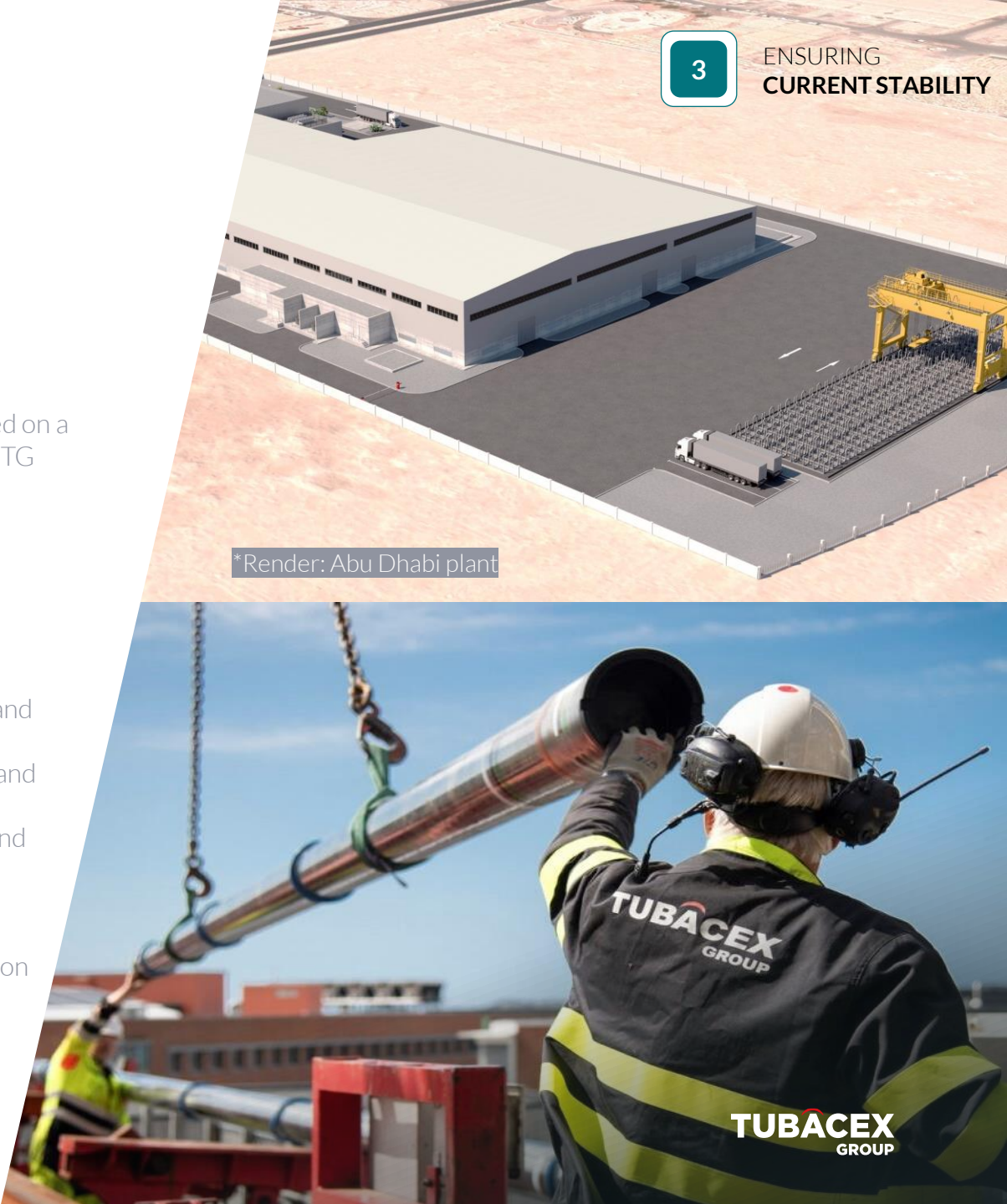
### Streamlined Project Execution

- Expertise in inventory oversight and regulation
- Integrated solutions for logistics and warehousing
- Management of rig preparation and post-operation rig returns

### Service Excellence

- Global running services supervision
- API, ISO registered quality management systems
- 24/7 technical support service

\*Render: Abu Dhabi plant



**CASE STUDY II****TUBACEX AND AKER SOLUTIONS**  
FORGE CO-CREATION PARTNERSHIP

## A MODEL OF ENERGY SECURITY AND SUSTAINABILITY

Within its Long-Term Agreement Program with the Norwegian Aker Solutions A/S, Tubacex signed a framework contract for 3 relevant hydrocarbon reservoir projects in the North Sea. Gas supply is critical for securing energy requirements in the region, thereby addressing the current situation with Russia.

The agreement consists of the supply of state-of-the-art Tubacex designed and produced umbilical pipes in addition to the material supply, it is mutually agreed to work together on:

**ENGINEERING**

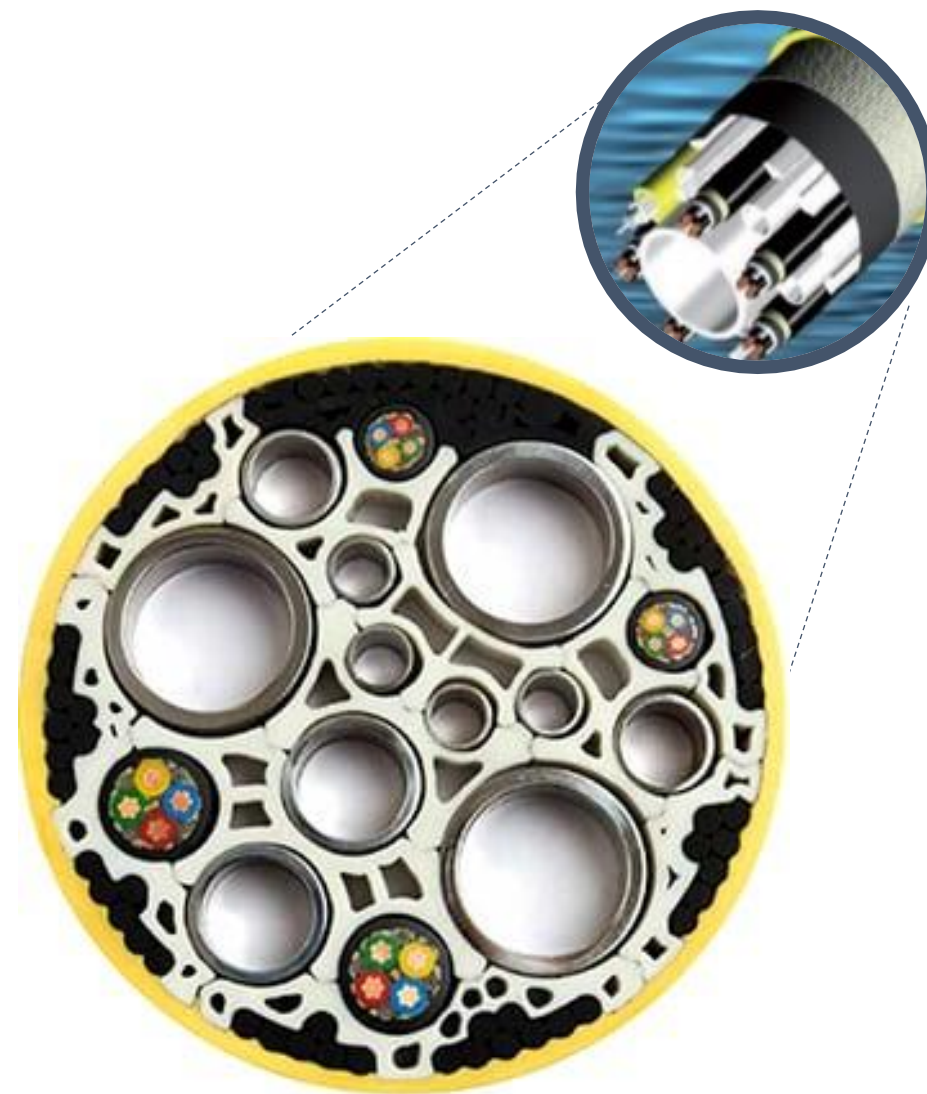
- Optimization of product dimensions to reduce costs
- Avoiding "overengineering" in the manufacturing process, aiming for more efficient delivery

**DIGITALIZATION**

Of Project Management activities

**SUSTAINABILITY**

- Monitoring and reviewing CO2 emissions throughout the material manufacturing process, aiming for a sustainable product footprint
- Optimization of logistics, prioritizing maritime transportation over other methods
- Implementation of a circular economy, recycling surplus pipes as scrap and reusing packaging elements



CASE STUDY III

# A SOLUTION PROVIDER IN POWERGEN NUCLEAR ENERGY

NUCLEAR REACTOR COOLING PIPE CORROSION: EDF/ 2022



## THE CHALLENGE

October 2022: Twenty-six of France’s 56 nuclear reactors are offline for maintenance or because of corrosion on **pipings that cools the reactor cores**. Fixing the corrosion is taking longer than expected at several reactors, delaying their restart by as much as six weeks, according to regulatory filings and a French nuclear executive familiar with the matter.

EDF, the world’s largest owner of nuclear plants, is one of Western Europe’s most important power companies. Its fleet of reactors normally exports large quantities of low-cost nuclear power to neighboring countries, helping stabilize prices across the region.



## THE SOLUTION

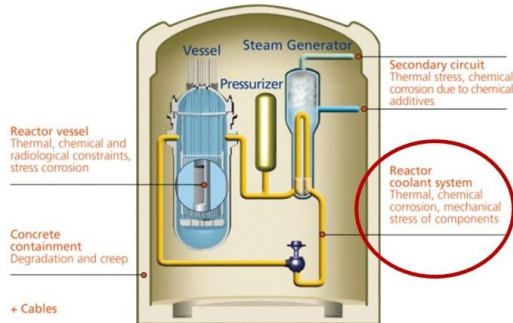
Tubacex was awarded with the pipe and fitting design and manufacturing Project, includes approximately **700 fittings and 400 m of pipes** which were delivered in 5 lots spread through 2022-2023 in a **fast-track mode**.

**Production was extraordinary complex due to several constraints:**

- Tight delivery schedule
- Paperwork accompanying the material is relevant due to the safety class of the material (Class I)
- Every single piece is fully tested before packing
- A permanent team of third-party inspectors from the Nuclear Regulatory Agency as well as from the end user
- The supplier of the material must provide the order with zero defect parts

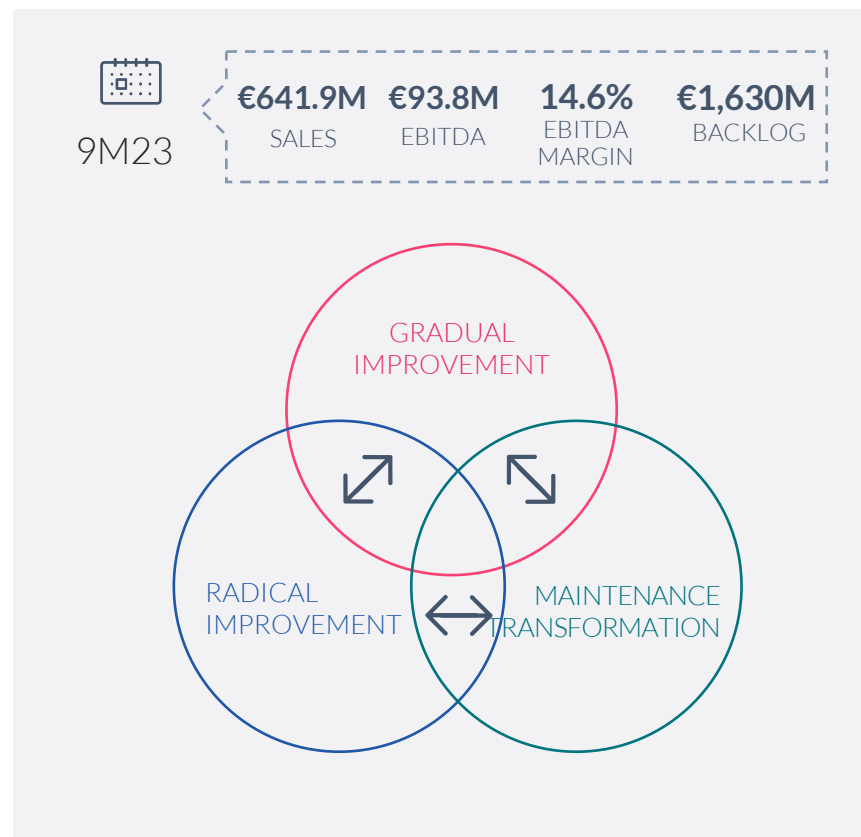
**Project management service is very demanding with daily reports of manufacturing status.**

All information is exchanged through the EDF portal. Daily Exchange of EDF-IBF Project teams. GNMS exclusive PM engineer for the project.



# MAINTAINING A **STABLE AND ROBUST** **OPERATING PROFITABILITY**

- ✓ Focus on our lean operations and production systems
- ✓ Constant optimization of our production processes
- ✓ Flexibility as a key lever, continuously adapting our organization structure
- ✓ Management model based on continuous improvement
- ✓ All companies delivering positive results
- ✓ Robust results
- ✓ Correct product allocation



# BUSINESS LINES ALIGNED WITH SOCIETY'S DECARBONIZATION GOALS

A POWERFUL STRUCTURE FOR A NEW ERA



*Supporting our customers in their decarbonization processes*

#### **Traditional**

- Oil & Gas - E&P
- Industrial
- Precision and transportation
- Powergen

#### **Diversification**

- Aerospace
- Nuclear
- Health



*Offering low carbon solutions for energy generation, storage and transport*

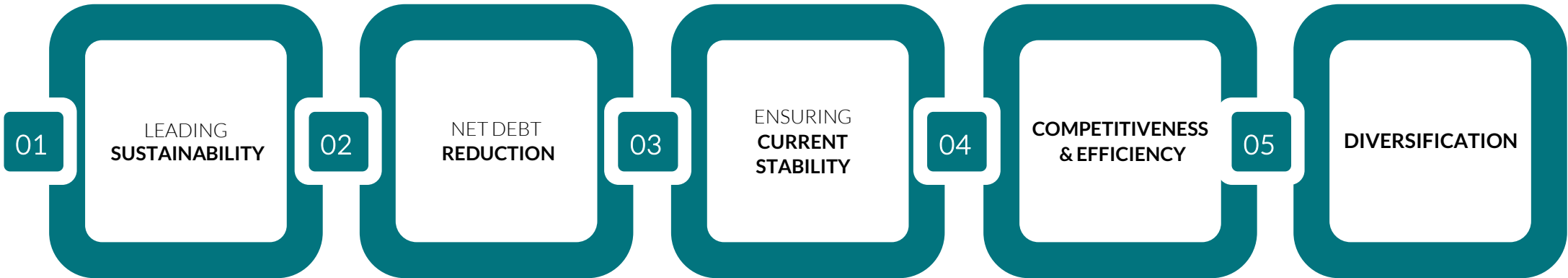
- Projects focused on energy storage and transport, backed by CCS (Carbon Capture and Storage) and H<sub>2</sub> solutions
- Tailor-made solutions for low carbon segments and materials for hydrogen applications



*Analyzing organic and inorganic growth in energy and mobility Sectors*

- M&A
- Greenfield projects
- Complementary companies that allow us to boost our diversification process

# WE HAVE ALREADY MADE **GREAT PROGRESS**



- **International recognitions** for our sustainability policies: CDP A- and S&P standards
- Successfully implemented **internal projects** to **reduce our carbon emission** and waste valorization
- R&D: continued to develop specific materials and solutions to **contribute to the decarbonization of our customers**

- Strict **CAPEX control**
- **Cash conversion** ratio >50%
- **Debt ratio** down to 2.5x despite organic growth

- Significant **growth** achieved in every business area
- Robust **financial results**
- Over **30 LTAs** and Frame Agreements signed
- **€1.6bn backlog** (historic levels)
- **Book-to-bill ratio of >1x**
- Raw Material and Energy **Hedging**

- +€30M in **fixed costs reduction** (2020-2021)
- **Inflation** costs successfully pass to our customers
- Effective **rightsizing** of the 22 companies in the group
- **EBITDA margins 13-15%**

- Significant growth in **Low Carbon business** (Carbon Capture & Hydrogen)
- Tailor-made solutions to reduce CO<sub>2</sub> emissions for industrial applications
- **Aeronautic and space exploration** market great development
- High expected growth in **nuclear**

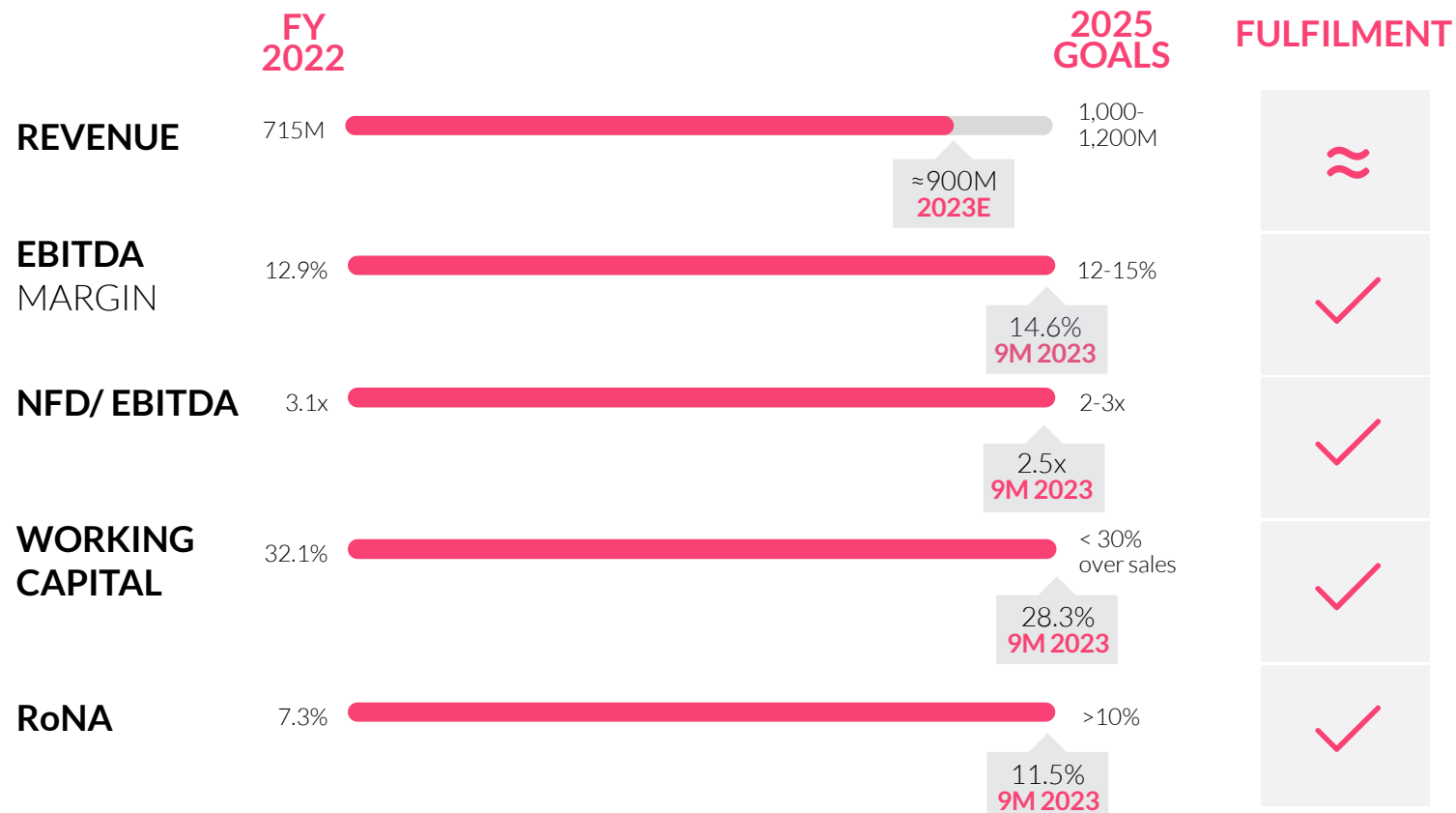
# ANTICIPATING TWO YEARS THE ACCOMPLISHMENT OF THE MAIN OBJECTIVES OF THE MAIN OBJECTIVES

A SUCCESSFUL AND VISIONARY STRATEGY CONTRIBUTING TOWARDS A FRUITFUL RESULT

01 EXPANSIVE CYCLE OF TRADITIONAL BUSINESS

02 GROWTH ALIGNED WITH ENERGY TRANSITION

03 DIVERSIFICATION THROUGH NEW BUSINESS



# SUMMARY

TUBACEX HAS MADE MORE PROGRESS THAN EXPECTED IN MEETING ITS STRATEGIC OBJECTIVES



WE HAVE UPDATED OUR STRATEGIC PLAN WITH NEW OBJECTIVES UP TO 2027



KEY POINTS OF OUR NEW PLAN:

- Moving forward on our five strategic axes
- Diversifying our current businesses and gaining market share in new sectors
- Growing both organically and inorganically
- Taking advantage of the acceleration of Low Carbon:
  - We have been preparing for this transition for a long time and investing in new developments
  - Last year we created the Low Carbon Solutions business unit

ALMOST TWO YEARS AHEAD OF EXPECTATIONS



# TUBACEX: A PROACTIVE ROLE IN THE ENERGY TRANSITION

FACILITATING ITS CLIENTS THE ACHIEVEMENT OF THEIR GOALS



## CONVENTIONAL ENERGY

To accompany our clients in their decarbonization processes and successfully contribute to them

- Increase in gas consumption
- Relaunching of nuclear projects
- New technologies to reduce CO2 emissions
- Help our clients to increase the efficiency of their processes



## LOW CARBON EMISSION ENERGY

To play a key role in production, storage and transport solutions for low emission sources of energy

- Applications and materials specifically designed for new energy sources (i.e. Hydrogen, biomass, etc)
- Specific developments for Carbon Capture

**BOTH CONVENTIONAL AND LOW CARBON TECHNOLOGIES REQUIRE MATERIALS THAT ARE HIGHLY RESISTANT TO CORROSION, TEMPERATURE AND PRESSURE**

# INNOVATION AS A LEVER OF OUR TRANSFORMATION TOWARDS THE NEXT TRANSITION

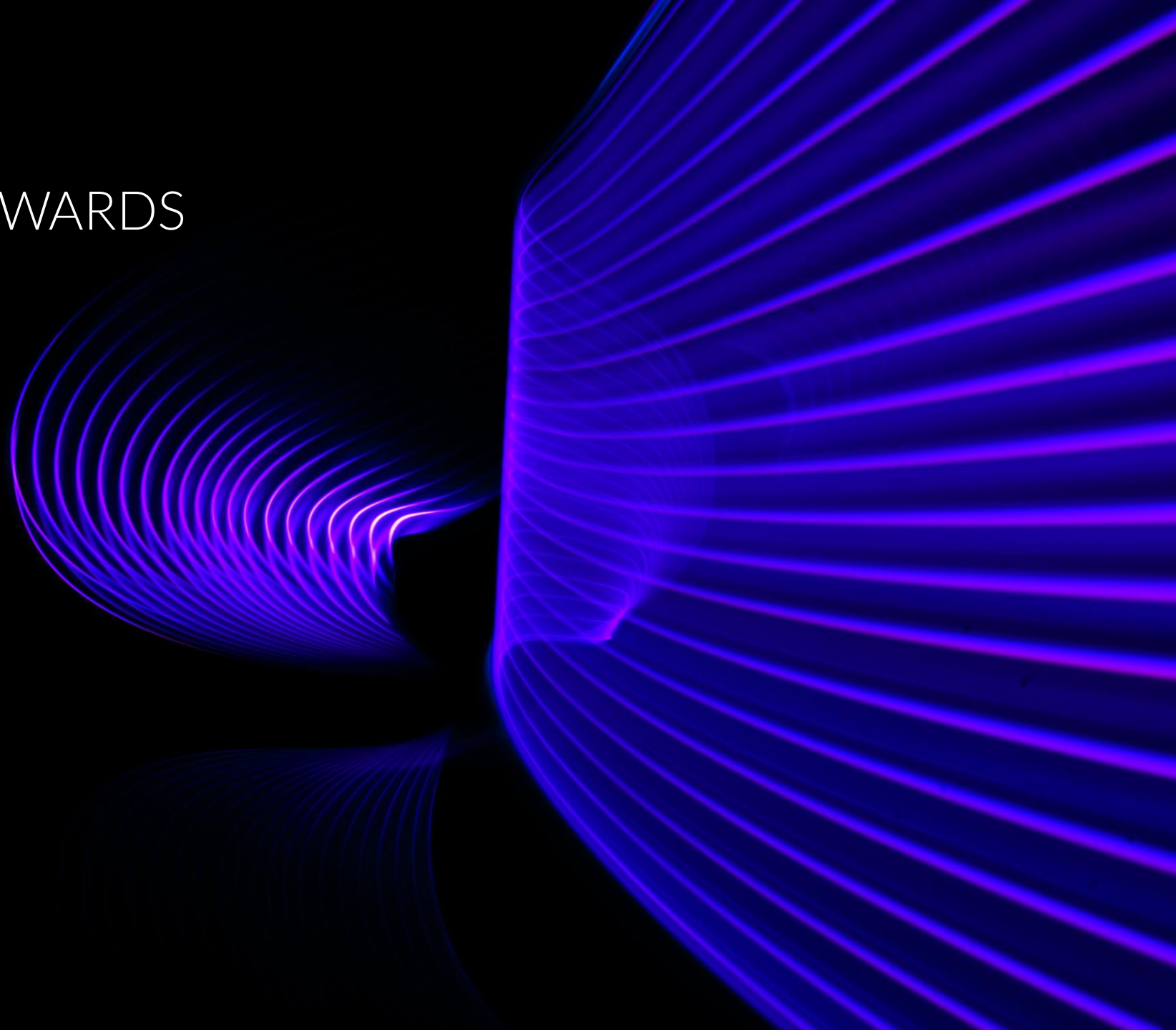
CAPITAL MARKETS DAY

NOVEMBER 21<sup>st</sup>, 2023

**Diego Herrero**

Corporate Innovation Director

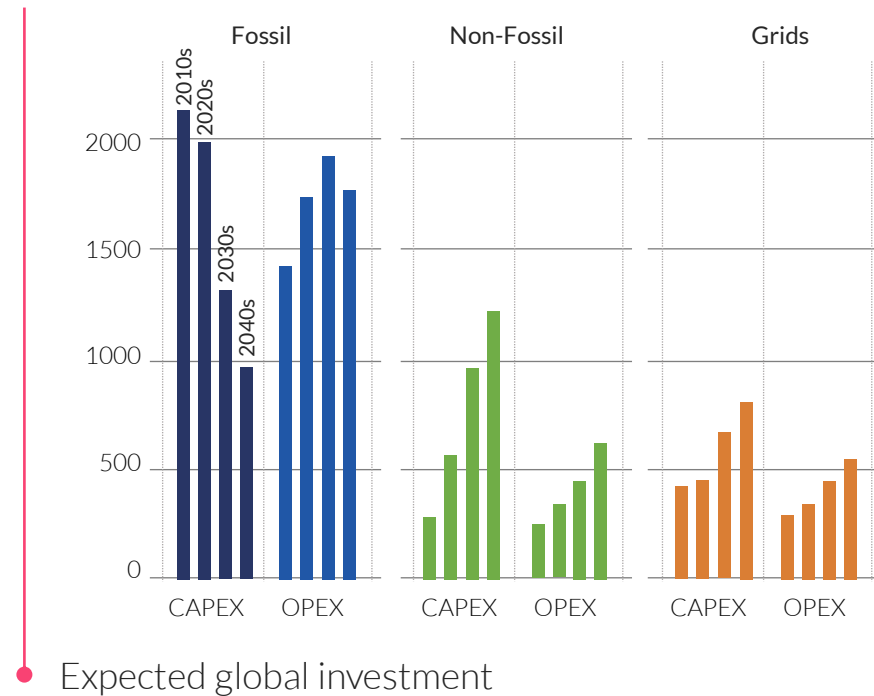
**TUBACEX**  
GROUP



# EVOLVING WITH THE WORLD

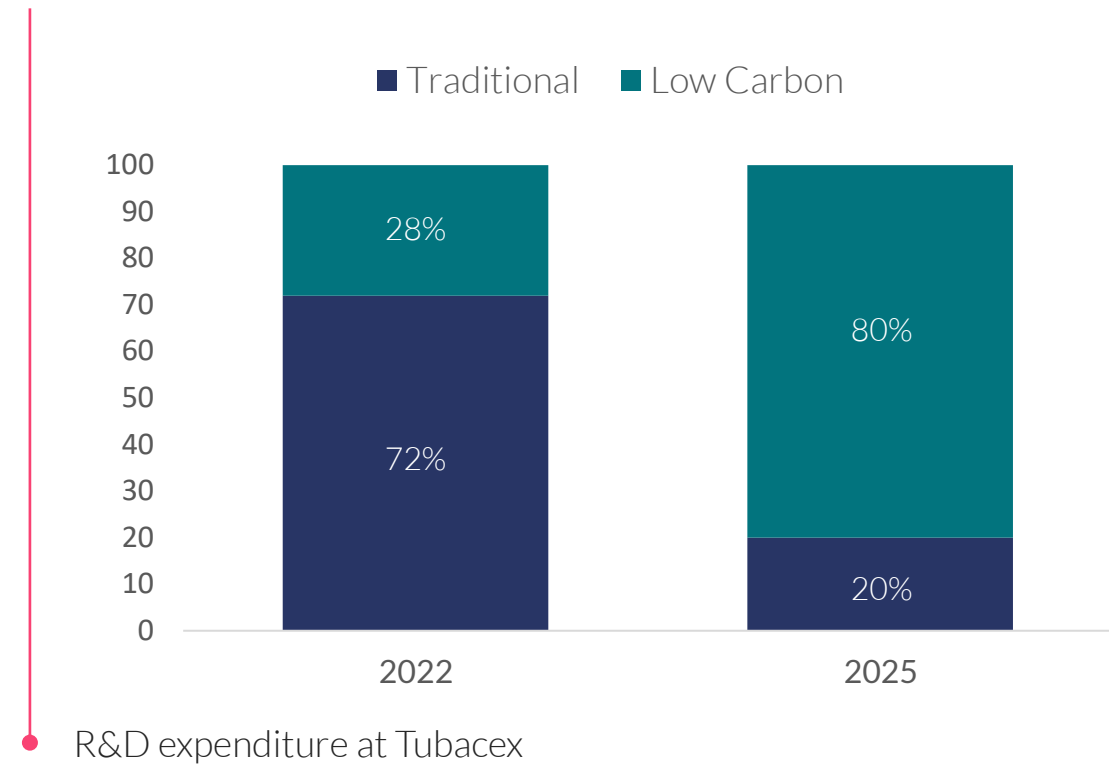
## World energy CAPEX and OPEX 10 years average

Units: Billion USD/yr

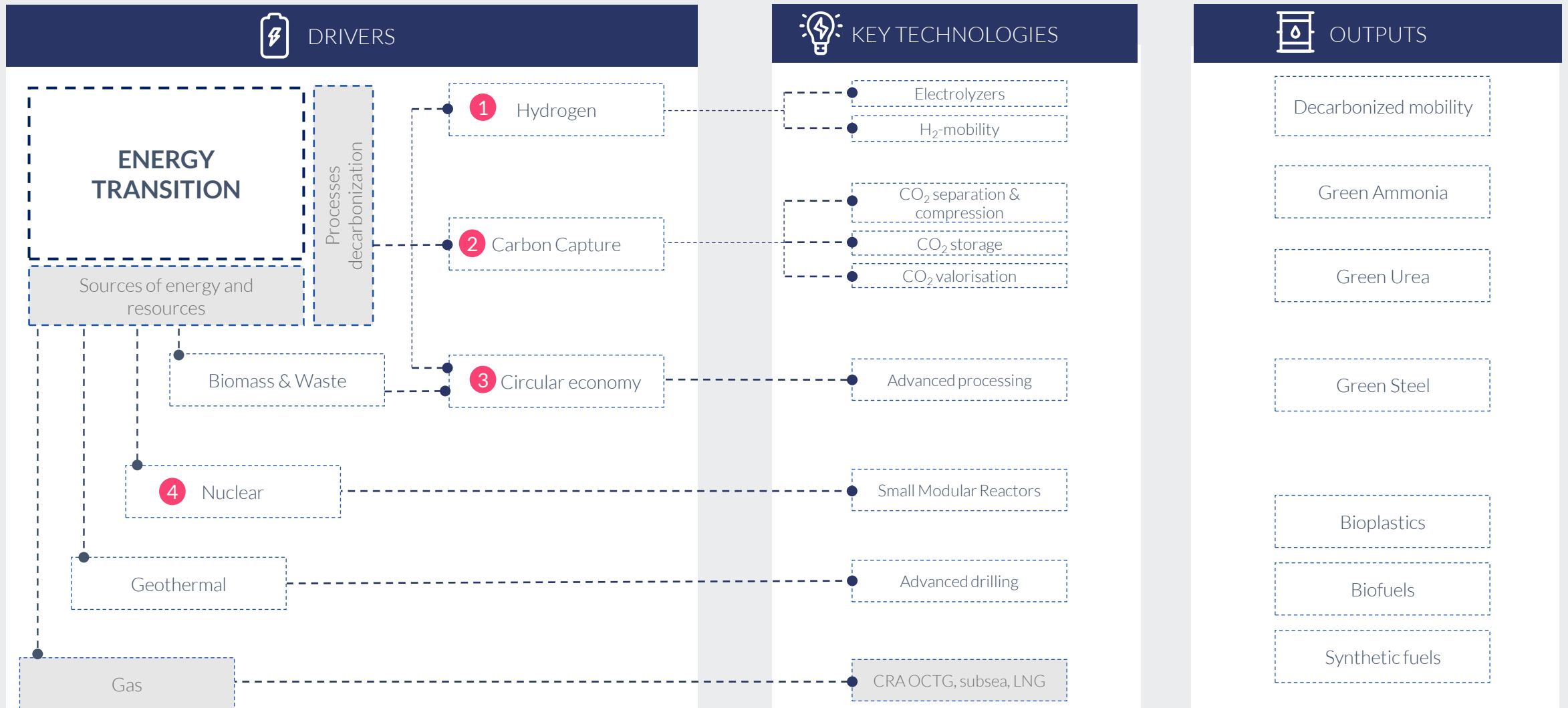


Source: DNV ETO 2023

## R&D expenditure related to energy transition

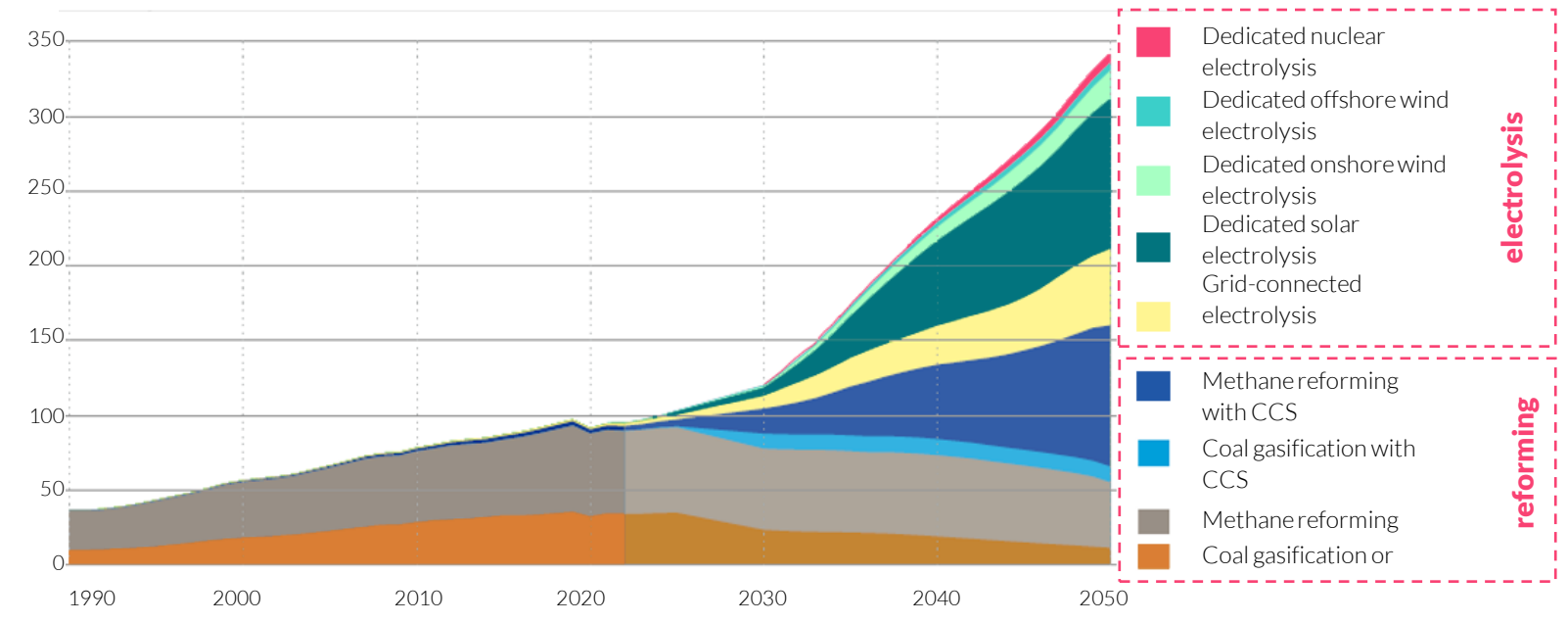


# ENERGY TRANSITION FOR TUBACEX



# HYDROGEN BY TECHNOLOGY

**World hydrogen production by technological route**  
Units: MtH<sub>2</sub>/yr.



Historical data source: IEA Future of Hydrogen (2019), IEA Global Hydrogen Review (2021)  
Does not include hydrogen use in residual form from industrial processes.

Source: DNV ETO 2023

- Very significant long-term growth
- Two complementary technological routes
- Existing products for both of them, and developing high value solutions

# MATERIALS FOR HYDROGEN APPLICATIONS

1

HYDROGEN

CURRENT PROJECTS BEING DEVELOPED FOR THE DIFFERENT HYDROGEN-RELATED TECHNOLOGICAL CHALLENGES

## HIGH TEMPERATURE:

Blue hydrogen: New reformer designs

*Alloy 699XA*



**VDM Metals**  
A company of ACERINOX



**TPR Technip  
Parallel  
Reformer®**

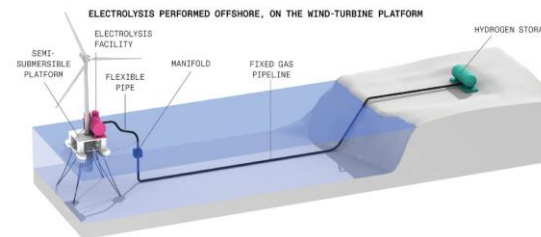
Making more hydrogen through a regenerative heat process

## LOW TEMPERATURE:

- Standard stainless steel grades are widely used for hydrogen applications. Increasing demand for precision tubing
- More advanced materials under development

## OFFSHORE WIND TO H<sub>2</sub>:

Long distance transport



*Bimetallic tubes*



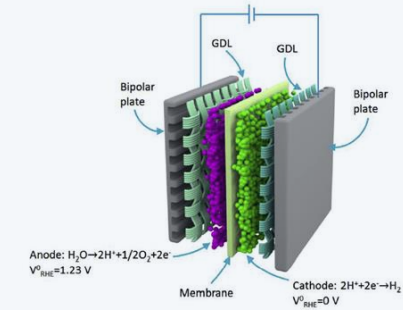
MATERIALS TECHNOLOGY PARTNER FOR **EMERGING CHALLENGES**

# MATERIALS AND COMPONENTS FOR ELECTROLYZERS

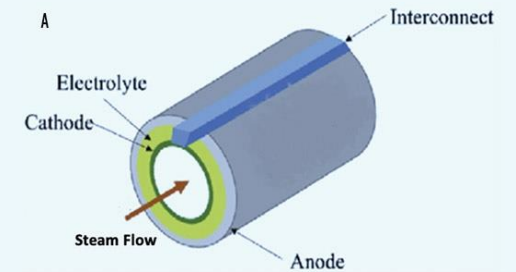
PARTICIPATING IN SEVERAL R&D PROJECTS TO DEVELOP ADVANCED MATERIALS AND COMPONENTS

## PEM ELECTROLYZERS:

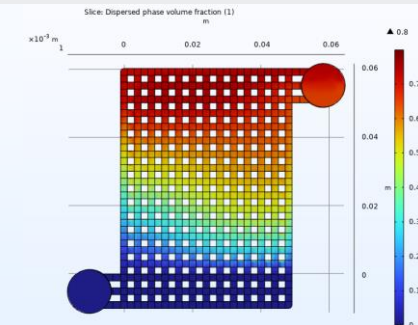
SCIENTIFIC & TECHNOLOGICAL CAPABILITIES  
MEMBERS OF BASQUE RESEARCH & TECHNOLOGY ALLIANCE



## SOEC ELECTROLYZERS:





## AEM AND PCEC ELECTROLYZERS:



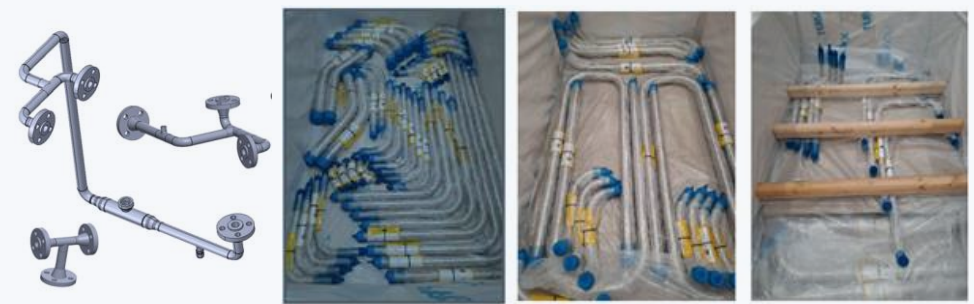
# NEW BUSINESS MODELS. COMPONENTS FOR ELECTROLYZERS

GEARED UP FOR DELIVERING VALUE TO MAIN ELECTROLYZER OEMS

|                |  <b>PROTOTYPE / FEW UNITS</b> |  <b>SERIAL PRODUCTION</b> |
|----------------|--|--|
| <b>PRODUCT</b> | Tubes / pipes off-the-shelf  | Functional parts   |
| <b>SERVICE</b> | Stock  | Just in Time   |
| <b>QUALITY</b> | Standards  | Total Quality Management<br>Zero defects<br>Integrated process<br>Validation for plug&play                 |
| <b>DESIGN</b>  | Conventional   | Co-Design<br>Total cost reduction<br>Easy to assemble  |
| <b>COST</b>    | High   | Total cost >20% lower  |



SPOOL      PRE-ASSEMBLY      SKID



Bottom layer      Intermediate layer      Upper layer

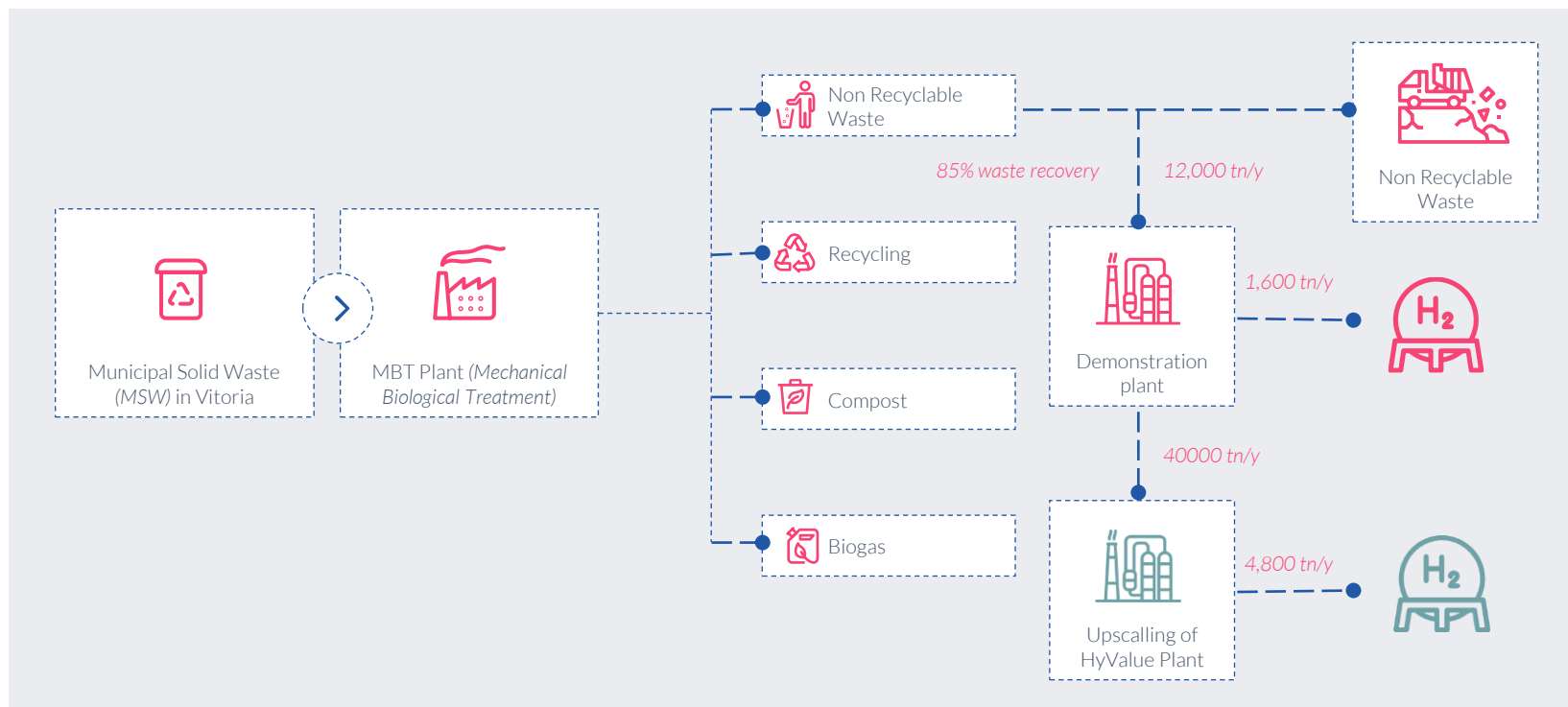


# NEW BUSINESS MODELS

## NEW TECHNOLOGIES AND SOLUTIONS ARE EMERGING CONTINUOUSLY

Actively looking for partnerships to develop new business models

*Example: Waste to hydrogen project*



- Partnership with a technology developer (Novargi)
- JV 50/50
- Demo project funded by EU (innovation fund)
- Expected operation of pilot plant: 2025
- The business model focuses on commercializing the technology, once it is validated

# OVERVIEW OF HYDROGEN STRATEGIES

## ✓ ENHANCE CURRENT OFFERING BY:

- Optimizing precision tubing capacity worldwide
- Adding and promoting new alloys

## ✓ EXPLORE NEW MATERIALS SOLUTIONS:

- Materials for electrolyzer stacks
- Ceramic coatings
- Bimetallic tubes

## ✓ DEVELOP NEW BUSINESS MODELS:

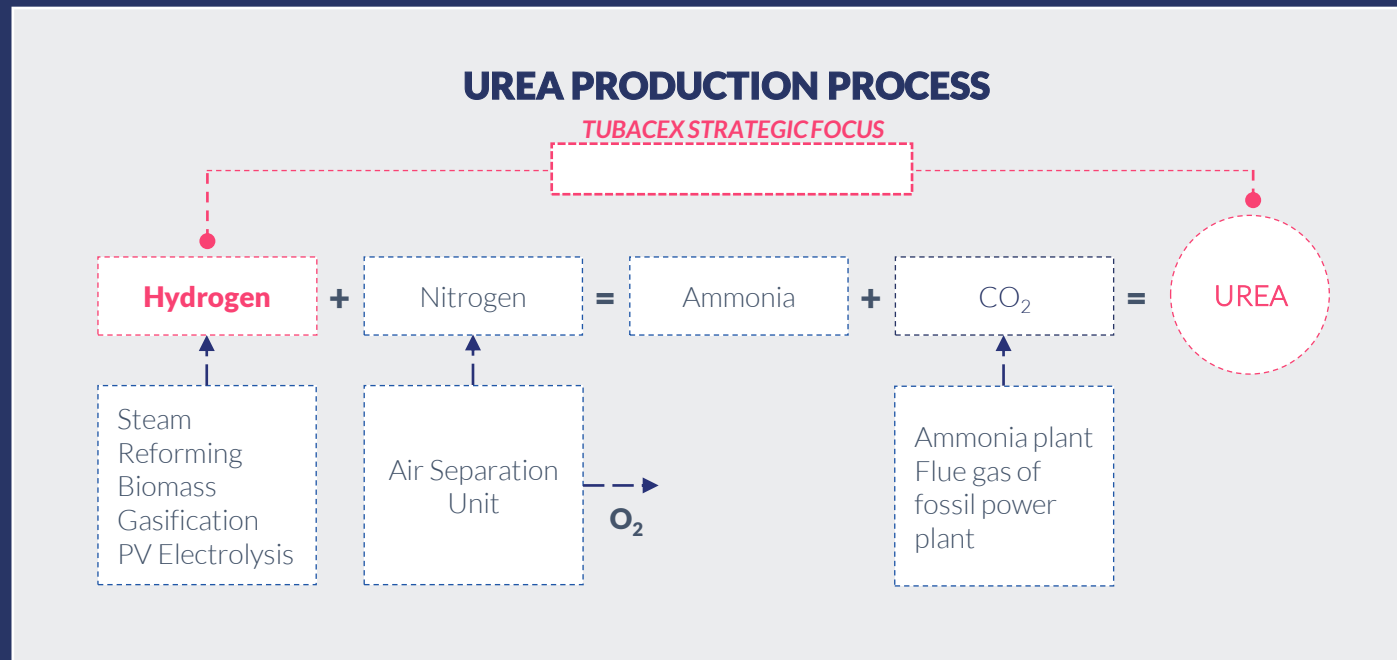
- Serial production of tubular components for electrolyzers
- Technology partnerships (e.g.: Waste to H<sub>2</sub>)



# NEW SOLUTIONS FOR FERTILIZER PRODUCTION

CREATION OF A NEW EMERGING BUSINESS UNIT DRIVEN BY R&D

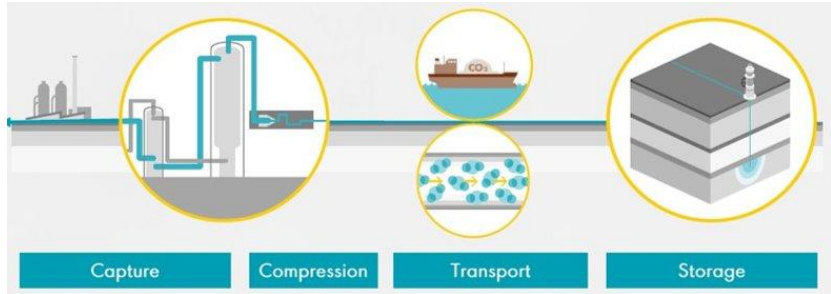
- ✓ **New steel grades for the urea synthesis process**
- ✓ **Very close relationship with technologists**  
*Need for co-development*
- ✓ **Long validation processes**
- ✓ **Need to manufacture and supply the full range of materials**  
*(plates, flanges, fasteners, welding material...).*  
*Not only products manufactured by Tubacex, but also by industrial partners*



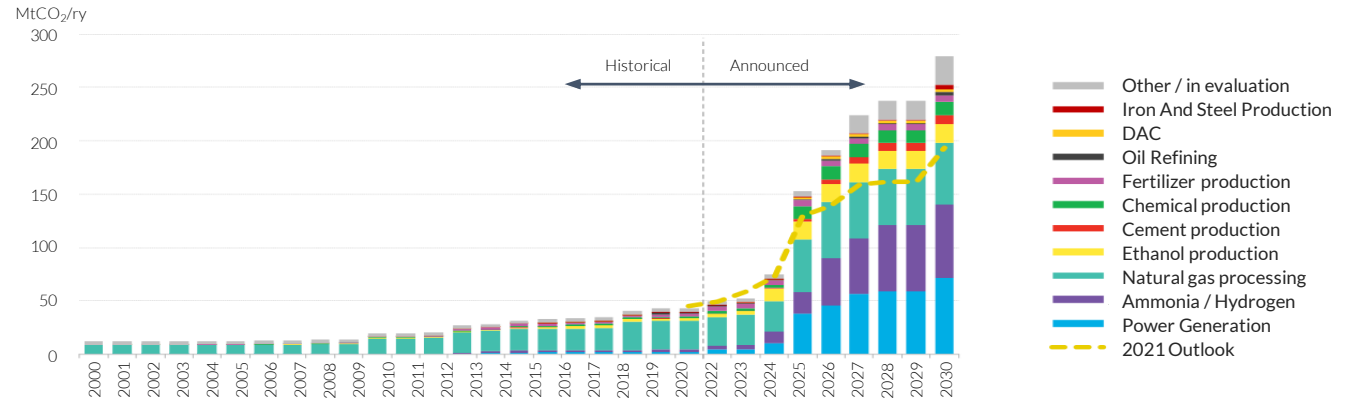
# CARBON CAPTURE FOR TUBACEX

CO<sub>2</sub> CAPTURE & STORAGE

## CCS steps



## Capture capacity by source



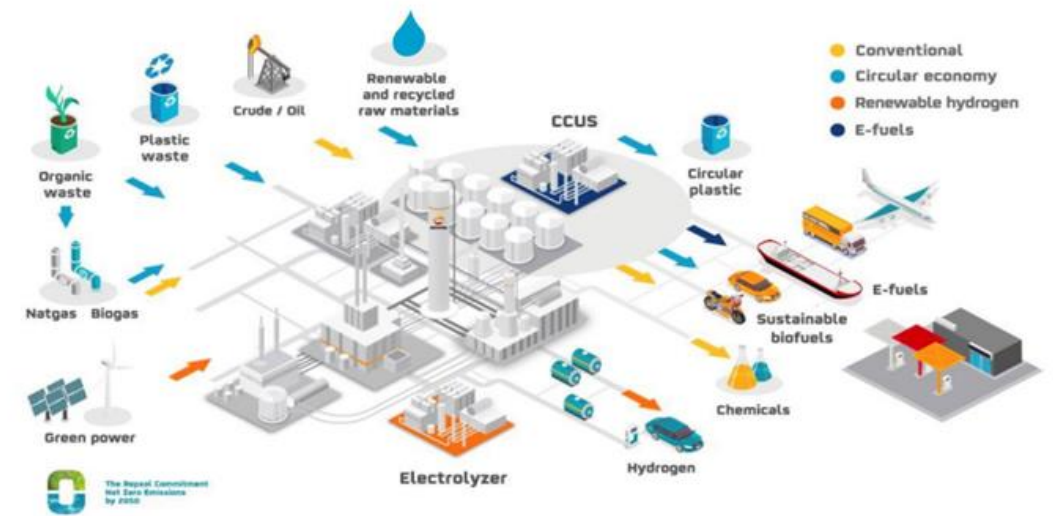
- Substantial increase in demand of CRA downhole tubulars due to corrosive environment
- Different conditions and new technical challenges compared to Oil & Gas, bring opportunities for technical development and optimization. Ongoing collaborations
- New players, and demand for tubulars along the value chain, create opportunities for new business models, with an integrated approach



POSITIONING AS A **FULL SERVICE SUPPLIER**

### PARADIGM SHIFT: *FROM REFINERY TO ENERGY HUB*

- ✓ **THE INCREASED COMPLEXITY OF THE PROCESSES**  
is driving a new CAPEX cycle, with smaller and more diverse projects
- ✓ **THE PROCESS OF WASTE LEADS TO HIGHER CORROSIVITY AT THE INITIAL STAGES,**  
so more nickel alloys are required. This is also an opportunity for ceramic coatings
- ✓ **LOWER EMISSIONS AND HIGHER EFFICIENCY HYDROGEN PRODUCTION**  
will increase demand for stainless steel tubulars and high-end alloys (e.g.: 699XA)
- ✓ **CO<sub>2</sub> CAPTURE, AND TRANSPORT AND STORAGE**  
will increase demand for more products within the Tubacex portfolio



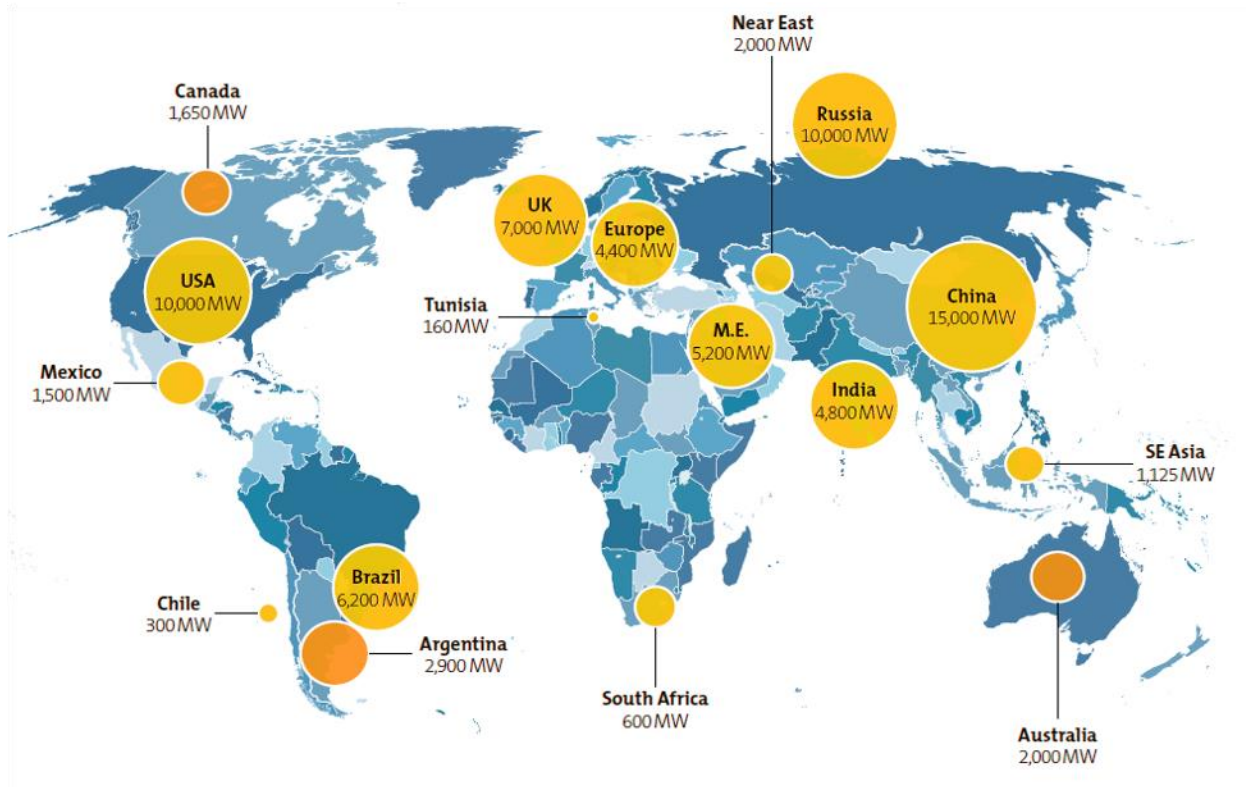
Source: Repsol

# SMALL MODULAR REACTORS

## NUCLEAR ENERGY

The size of the potential global SMR market is expected to be approximately 65-85GW by 2035, valued at £250-£400bn\*

*(Source: UK National Nuclear Laboratory)*



\* Estimated equivalent in Euros at current exchange rate: €287-459bn

### 2020-2030

| SIZE (MWe) | MODEL    | COMPANY      | COUNTRY | TYPE OF REACTOR | INTEGRATED 5G (Y/N) |
|------------|----------|--------------|---------|-----------------|---------------------|
| 5          | E-VINCI  | WESTINGHOUSE | USA     | PWR             | Y                   |
| 440        | UK SMR   | ROLLS ROYCE  | UK      | PWR             | N                   |
| 60         | VOYGR    | NUSCALE      | USA     | PWR             | Y                   |
| 300        | BWRX-300 | GE-HITACHI   | USA     | BWR             | Y                   |

### 2030-2040

| SIZE (MWe) | MODEL      | COMPANY          | COUNTRY | TYPE OF REACTOR | INTEGRATED 5G (Y/N) |
|------------|------------|------------------|---------|-----------------|---------------------|
| 300        | SSR-WWATSS | MOLTEX           | USA     | MSR             | Y                   |
| 200        | IMSR       | TERRESTRIAL-ORNL | CAN     | MSR             | Y                   |

### TUBACEX STRATEGY:



Early engagement with designers

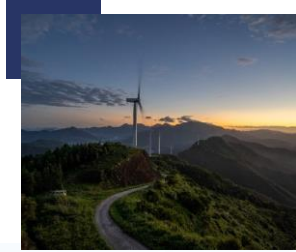


Co-development of tubular components



Prototypes manufacturing and validation

# INNOVATION STRATEGY APPROACH



## COMPETITIVENESS

Improve the competitiveness of our current offering



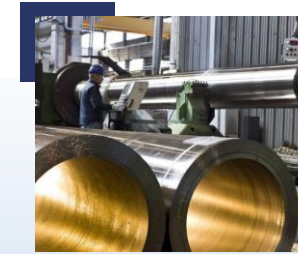
## DECARBONIZE

Decarbonize our own operations



## NEW PRODUCTS/TECHNOLOGIES

Develop new products/technologies for the emerging energy transition topics



## SUPPLY CHAIN

Move up in the supply chain to provide a more integrated/higher value proposition



## NEW BUSINESS LINES

Create new business lines through partnerships with technological leaders or breakthrough innovators

# TUBACEX LOW CARBON BUSINESS UNIT

CAPITAL MARKETS DAY

NOVEMBER 21<sup>st</sup>, 2023

**Miguel Gómez Lacabex**

Corporate Business Development Director  
Managing Director Low Carbon

**TUBACEX**  
GROUP



# INTRODUCTION

THE ENERGY TRANSITION BRINGS MANY OPPORTUNITIES LEADING TO AN INCREASED USAGE OF OUR ADVANCED MATERIALS

This background has allowed Tubacex low carbon business unit to launch its operations on different industries where our advanced materials will play a key role

## Our Low Carbon vision in this Business Unit is the following:

- 1 To be used as a platform for growth for all Low Carbon initiatives within the Group
- 2 To increase our exposure to key energies in the long-term transition
- 3 To help decarbonize our own and our customers' operations
- 4 To leverage our position as technical leader of advanced materials looking for synergies with our traditional business
- 5 To profitably generate a €100M revenue by 2027

# LOW CARBON BUSINESS UNIT: SCOPE

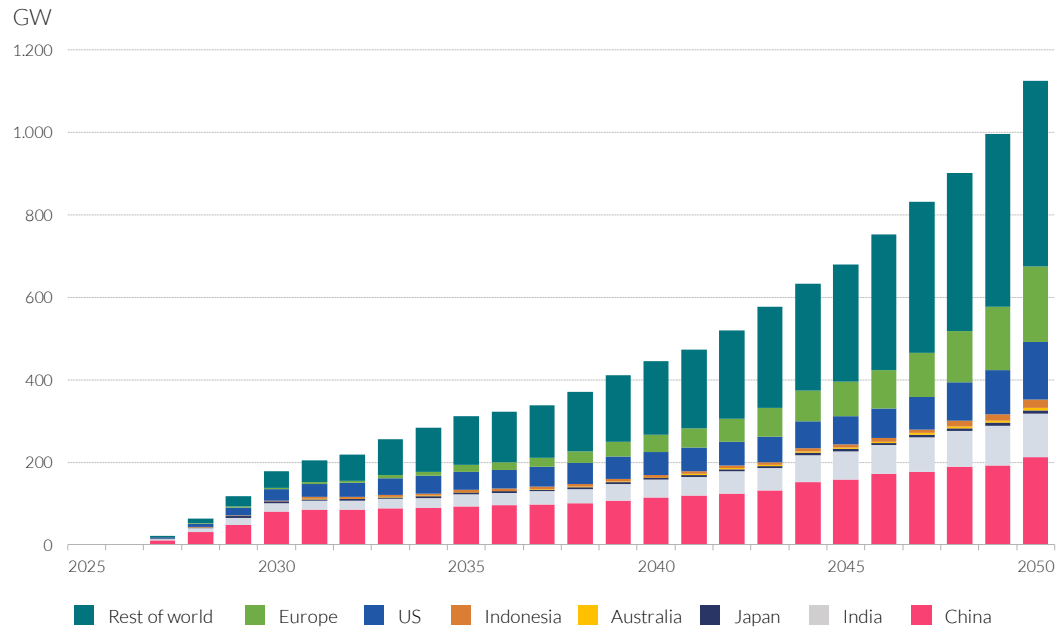


# 1. HYDROGEN: SIZE OF THE OPPORTUNITY & TUBACEX STRATEGY



## ADDRESSABLE MARKET

Hydrogen power generation capacity by region, NZS



Source: Bloomberg New Energy Finance

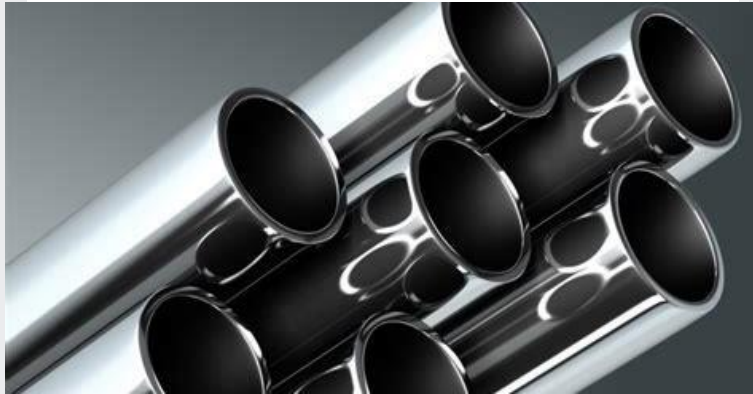
## TUBACEX STRATEGY

- 1 To be the technical leader in advanced materials used by the hydrogen industry
- 2 To lead disruptive technologies that will play a role in the development of the hydrogen industry
- 3 To supply integral tubular solutions for the hydrogen industry



# 1. HYDROGEN: SIZE OF THE OPPORTUNITY & TUBACEX STRATEGY

## TECHNICAL LEADER IN **ADVANCED MATERIALS**



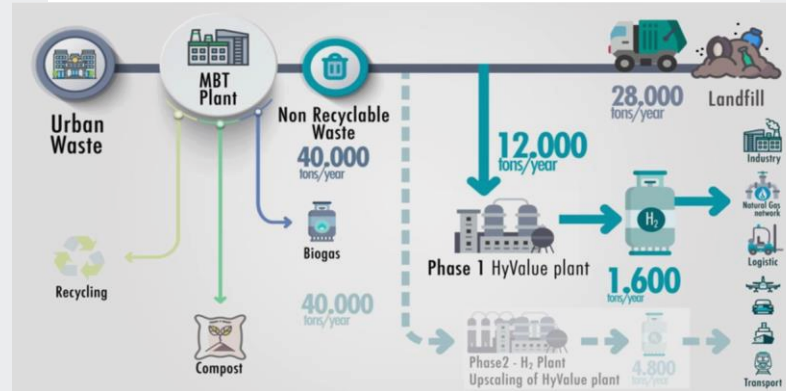
### Alloy 699XA

- Increased metal dusting resistance for hydrogen production

### Dedicated steel grades

- Improved Hydrogen embrittlement resistance at low temperature. High mechanical strength with increased flow rate

## TO LEAD **DISRUPTIVE TECHNOLOGIES**



- Unique technology for waste to hydrogen projects
- Disruptive model that will positively impact municipalities and hydrogen consumers

## INTEGRAL **TUBULAR SOLUTIONS**



- One-stop-shop tubular solutions for the electrolyzer market
- Running project in Spain with Accelera (Cummins)
- Scalability on a global basis

TARGET  
MARKET  
SHARE



20-30%



5-10%

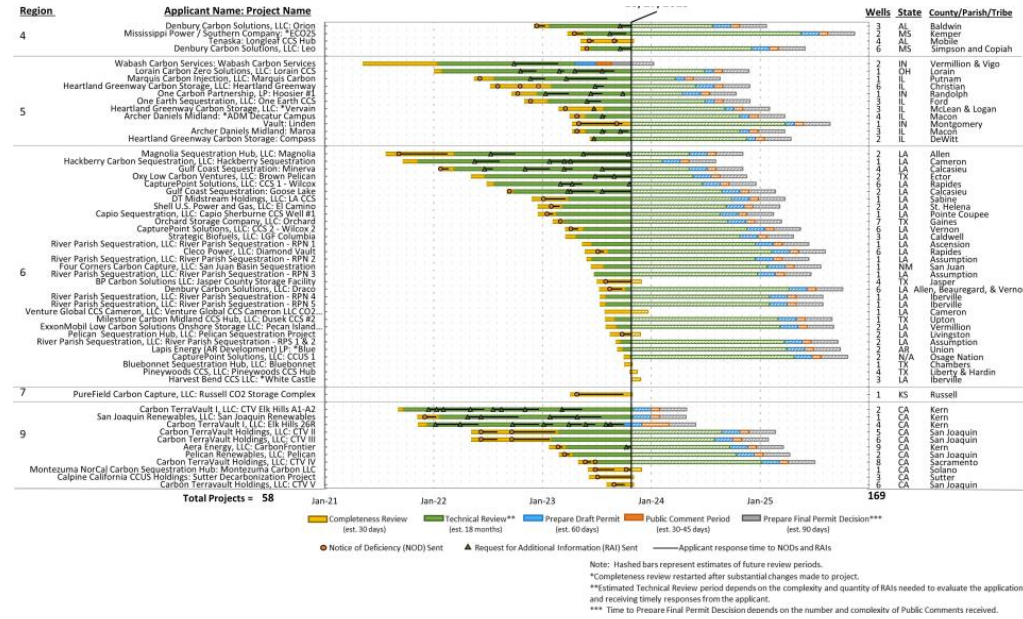


10-15%

# 2. CARBON CAPTURE UTILIZATION & STORAGE: AN EMERGING MARKET WITH SIGNIFICANT POTENTIAL FOR TUBACEX

Carbon Capture is becoming a key tool to accelerate the Energy Transition, with a pipeline of projects on execution and planning stages expected to grow exponentially during the next five to ten years

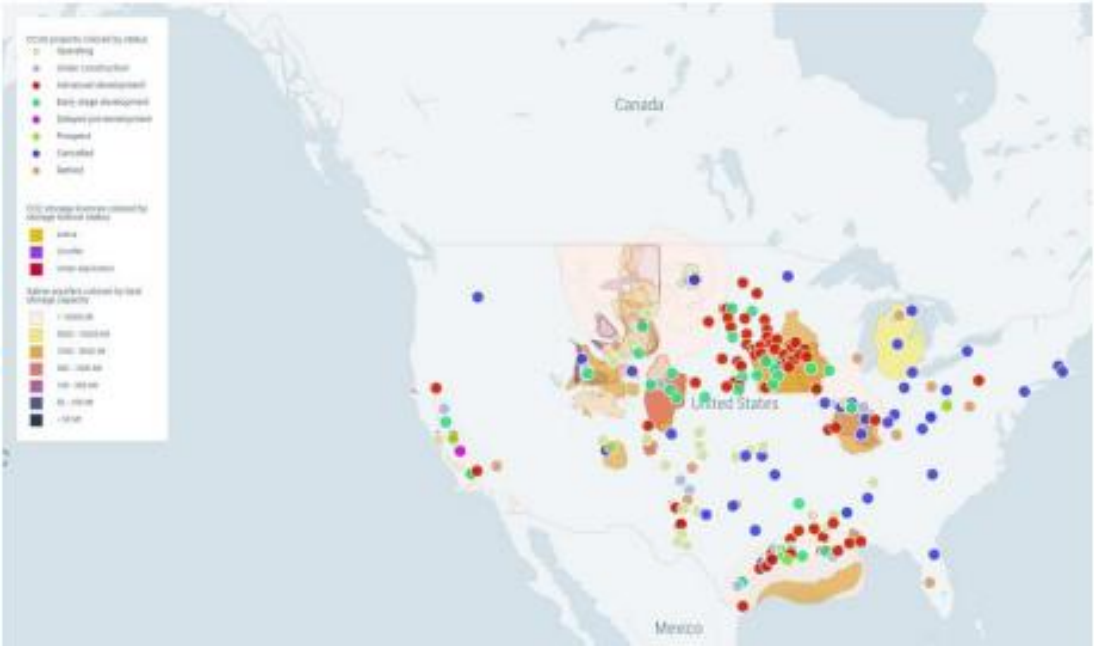
### Class VI Permit Tracker 10/27/2023



Source: Environmental Protection Agency (EPA)

The US market has positioned itself in a privileged position for developing the required infrastructure to develop the Carbon Capture industry, with the North Sea in Europe and Australasia as other key hubs

### US Announced Carbon Capture Projects



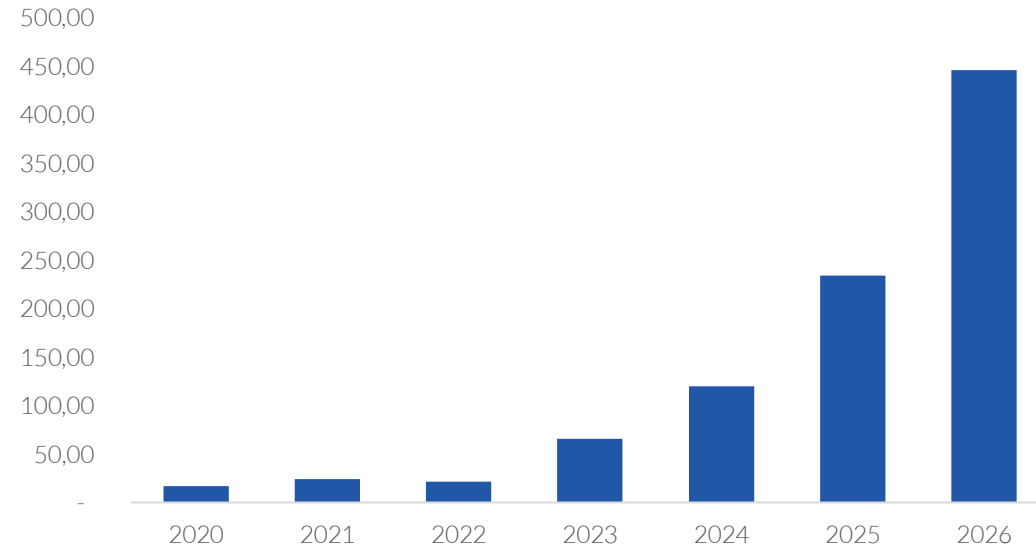
Source: Environmental Protection Agency (EPA)

## 2. CARBON CAPTURE: SIZE OF THE OPPORTUNITY AND TUBACEX STRATEGY



### ADDRESSABLE MARKET

OCTG Demand Carbon Capture  
€M



Source: Rystad Energy

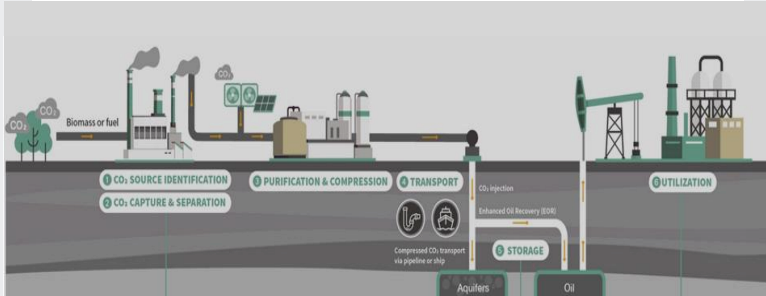
### TUBACEX STRATEGY

- 1 To deliver an integral tubular solution for all processes involved in the Carbon Capture process
- 2 To leverage on our global leading position in CRA OCTG tubular solutions to become the market leader in advanced materials for CO<sub>2</sub> injection
- 3 To create value in an emerging industry by participating in the design and engineering stages to help reduce the overall cost of the projects



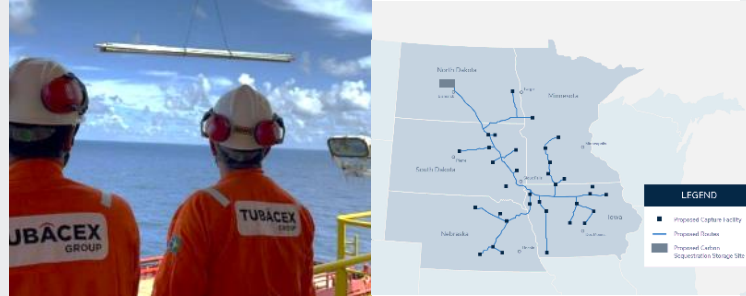
# 2. CARBON CAPTURE: EXISTING PROJECTS AND ADDRESSABLE MARKET

## INTEGRATED TUBULAR SOLUTIONS



- To develop a unique value proposition for advanced materials in the whole emerging Carbon Capture supply chain
- First projects already delivered supplying full set of tubular products in advanced materials (e.g.: Brevik project for Aker Carbon Capture)
- Local presence in key markets (US, Norway) will be required

## LEVERAGING OUR POSITION IN CRA OCTG TUBULAR SOLUTIONS



- To continue positioning ourselves as the leading supplier of CRA OCTG tubular solutions for the injection of CO<sub>2</sub> in Carbon Capture projects
- To lead the technical solution of the highly corrosive environment for CO<sub>2</sub> injection
- First projects already in backlog: Summit Carbon Solutions and Verde CO<sub>2</sub>

## PARTICIPATE IN THE DESIGN AND ENGINEERING STAGES



- Carbon Capture is an emerging market that is currently facing technical and administrative challenges as may be expected in any new industry
- Tubacex is leading technical discussions with key players in the sector to bring the operations to the highest level of efficiency in a highly corrosive environment

TARGET MARKET SHARE

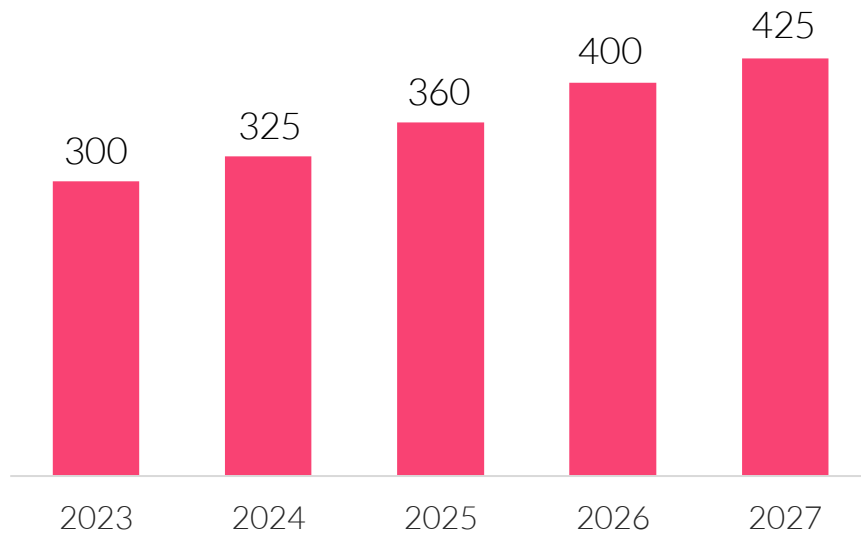


### 3. FERTILIZERS & AMMONIA: SIZE OF THE OPPORTUNITY & TUBACEX STRATEGY



#### ADDRESSABLE MARKET

€M



Source: company estimates

#### TUBACEX STRATEGY

1

To increase current market share by leveraging the investments made over the past years to develop two new steel grades especially designed to better withstand the corrosive environments of a fertilizer/ammonia plant

2

To position Tubacex with a unique value proposition in the market including all tubular products in advanced materials and an enhanced service for just in time deliveries

3

To expand our business model to other adjacent industries (e.g.: nitric acid...)

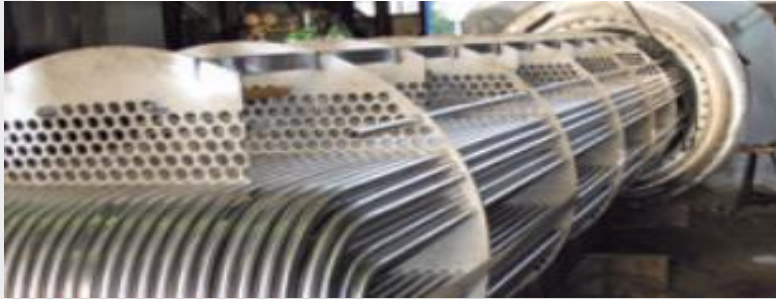




### 3. FERTILIZERS & AMMONIA: EXISTING PROJECTS AND ADDRESSABLE MARKET



TO INCREASE MARKET SHARE WITH OUR **NEWLY DEVELOPED MATERIALS**



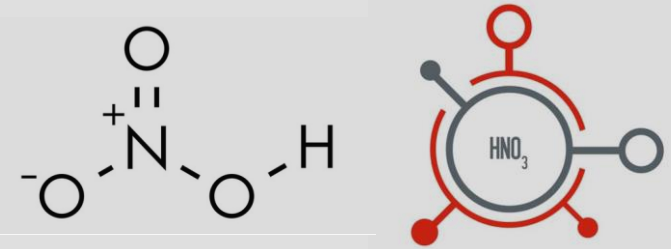
- To develop a strategic agreement with Saipem by leveraging on co-developed Steel grade
- To increase market share by developing an existing strategic agreement with Casale

TO DEVELOP AN INTEGRAL SOLUTION WITH JUST **IN TIME DELIVERIES**



- Availability as a key differentiating factor from competitors
- To develop existing agreements with third parties to ensure complementary products: forgings, wire, ferrules, etc.
- Service Center in Italy as a key hub for technological partners

TO APPROACH **NEW INDUSTRIES WITH SIMILAR TECHNICAL CHALLENGES**



- To leverage on existing platforms for urea market to approach adjacent industries: nitric acid
- To look for the right partnerships

TARGET  
MARKET  
SHARE



20-30%

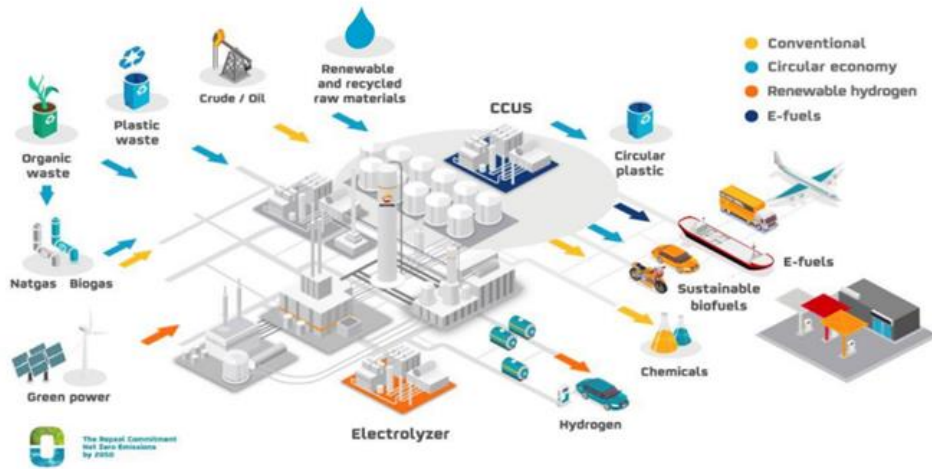


30-40%



10-20%

# 4. CIRCULAR ECONOMY: TUBACEX STRATEGY



Source: Repsol

The pursuit of a reinforced circular economy is leading to significant technical challenges that require advanced materials like ours

In parallel, Tubacex has also developed innovative products that aim to reduce the CO<sub>2</sub> emissions of our customers

## TUBACEX STRATEGY

- 1 To improve efficiency and reduce CO<sub>2</sub> emissions of high emitting industries
- 2 To actively participate in the challenges attached to the circular economy wherever advanced materials are required



# 4. CIRCULAR ECONOMY: TUBACEX STRATEGY



TO REDUCE THE **CO<sub>2</sub> EMISSIONS OF OUR CUSTOMERS**



- To continue with the penetration of our advanced coatings, thus drastically reducing CO<sub>2</sub> emissions of high emitting industries
- Recent customers include Aramco, Exxon, BP, Shell, ENOC

TO LEAD THE TECHNICAL **CHALLENGES OF THE CIRCULAR ECONOMY**



- Waste to any kind of energy leads to higher levels of corrosion where our advanced materials are increasingly used
- Biofuels, synthetic fuels and bioplastics are generating a stronger market share for our products' portfolio
- We expect disruptive technologies to be developed in this area where we will play a key technical role

TARGET MARKET SHARE



(1) Patented solution



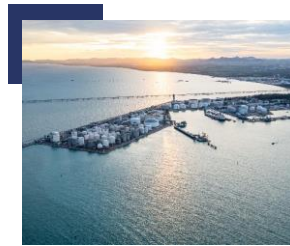
# LOW CARBON BUSINESS UNIT

## CONCLUSIONS



### RUNNING BUSINESS

Tubacex Low Carbon is a reality with existing sales in different applications



### GO TO MARKET STRATEGY

We have a clear Go To Market strategy and value proposition for our existing four targets (Carbon Capture, Hydrogen, Fertilizers & Ammonia, and Circular Economy)

## OUR COMMITMENT

SIGNIFICANT VALUE CREATION  
FOR THE GROUP

TO ACHIEVE €100M SALES BY 2027,  
WITH 1/3 OF THE GOAL EXPECTED  
TO BE ACHIEVED ALREADY IN 2024

EBITDA MARGIN OF THE UNIT  
EXPECTED TO STAND AT A 20%  
LEVEL BY 2027

# THE **LOW CARBON UNIT**

THE LOW CARBON UNIT HAS BEEN CREATED TO ACCOMPANY  
OUR CURRENT CUSTOMERS



The Low Carbon global market is **expected to grow exponentially**



We hold a conservative approach; however, the **energy transition will be a reality regardless of the speed at which it occurs**



Low Carbon could become one of Tubacex's **most important business in the future**

READY TO ADDRESS ENERGY TRANSITION CHALLENGES

THE WORLD IS MOVING TOWARDS DECARBONISATION OF ENERGY SOURCES

# SECURING ENERGY SUPPLY IS OUR PRIORITY



## ENERGY DEMAND INCREASE

To secure a sustainable, affordable and reliable energy



## RENEWABLES & CONVENTIONAL ENERGY NEED TO COEXIST

To develop low carbon emissions sources of energy (Carbon Capture, Hydrogen, Biomass, etc.)



## HUGE EFFORT IN CO<sub>2</sub> REDUCTION

To decarbonize current processes

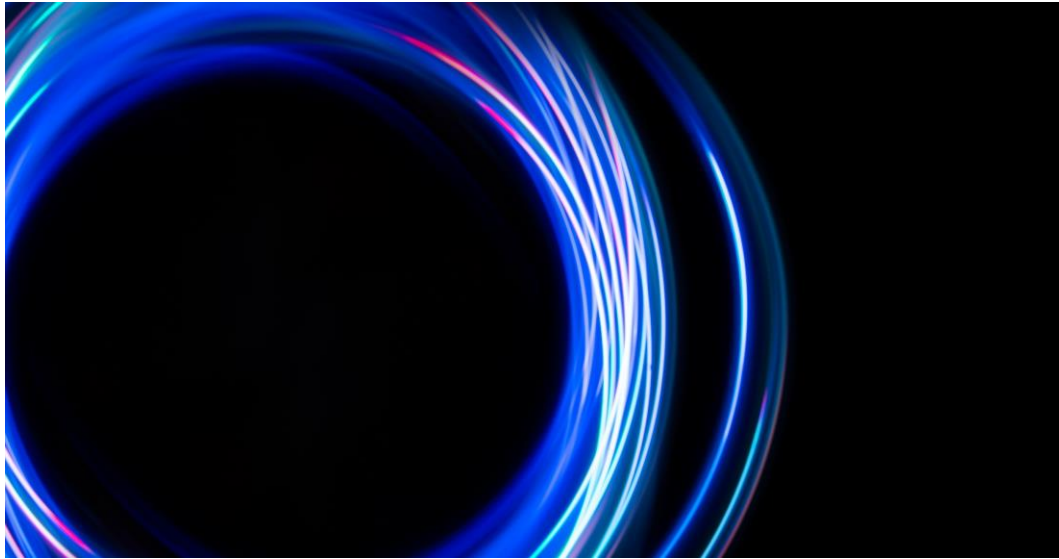
AT TUBACEX WE ARE A RELEVANT PLAYER IN  
THE ENERGY TRANSITION, CONTRIBUTING TO SECURE ENERGY SUPPLY

# NT<sup>2</sup> 2027

DRIVING THE NEW TUBACEX TOWARDS THE NEXT TRANSITION

**TUBACEX**  
GROUP

# NEW TUBACEX



## OUR BRAND WILL EVOLVE

(2024)

A GLOBAL LEADER IN  
ADVANCED INDUSTRIAL SOLUTIONS  
FOR ENERGY AND MOBILITY

THE NEW  
TUBACEX

## A UNIQUE POSITION



Solid financial results  
(*nine consecutive quarters of improved results*)



2021-2025 plan executed under normal market conditions



Privileged position within the industry to take advantage of current expansion cycle

- Successful cost reduction project
- Organic ADNOC project replaces anticipated growth through M&A in the plan
- Significant growth in Low Carbon products, aligned with energy transition



Industry growth and current backlog allow to anticipate strong results and cash generation period



The current perimeter allows us to meet strategic objectives



Firm commitment to sustainability principles that has led us to become a point of reference in our sector



Multi-energy and mobility. Providing solutions for all technologies



# TO LEAD THE NEXT TRANSITION

SIGNIFICANT UPSIDES

✓ ROOM FOR **MARKET SHARE INCREASE**  
In certain products where we already hold a strong market position

✓ SUBSTANTIAL **GROWTH OPPORTUNITIES IN**



LOW CARBON  
BUSINESS



NUCLEAR  
PROJECTS



AERONAUTICS &  
SPACE EXPLORATION



INDUSTRIAL  
APPLICATIONS

✓ **DIVERSIFICATION THROUGH M&A**

✓ **FINANCIAL PARTNERSHIPS** TO SHARE NEW  
INVESTMENTS IN NEW SEGMENTS

✓ UNLOCKING THE VALUE OF **R&D DEVELOPMENTS**

COMMITTED TO MEETING  
**EVEN MORE  
AMBITIOUS  
TARGETS**

NT<sup>2</sup> 2027 TARGETS

THE **NEXT**  
TRANSITION



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



**MARKET LEADERS  
IN LOW CARBON  
BUSINESS**



**TO BE A POINT OF  
REFERENCE IN  
SUSTAINABILITY**

THE **NEW** TUBACEX



**REVENUE**  
**€1,200-1,400M**

*Including potential investment  
in inorganic growth (M&A)*



**EBITDA**  
**>€200M**

*Including potential investment  
in inorganic growth (M&A)*



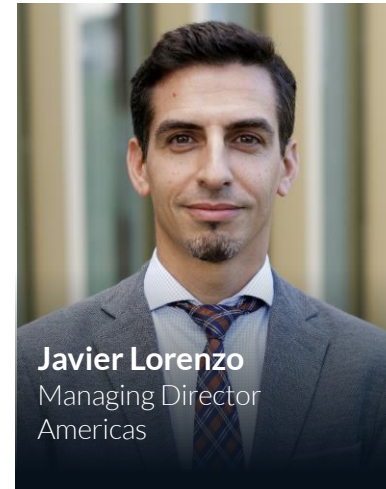
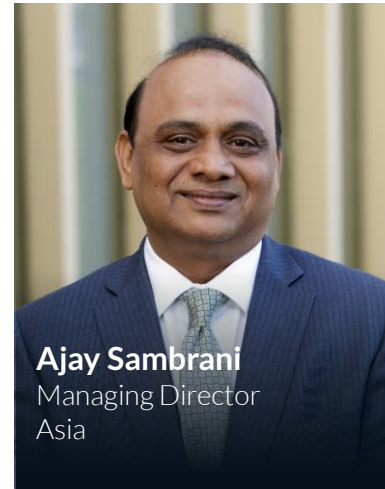
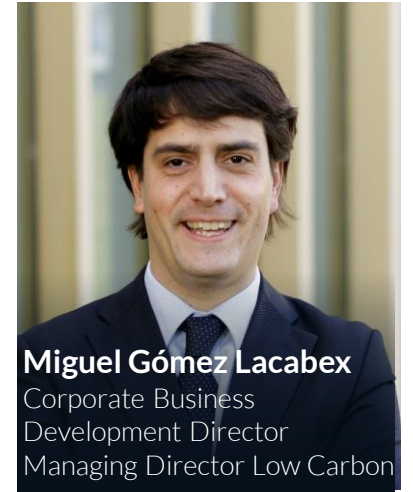
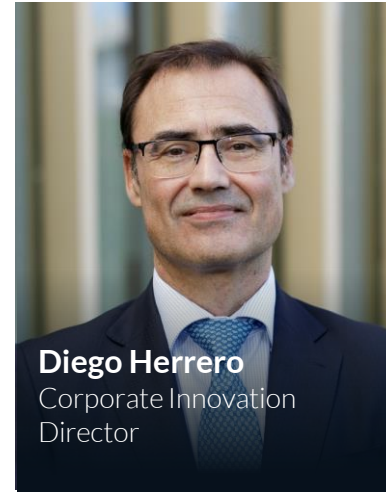
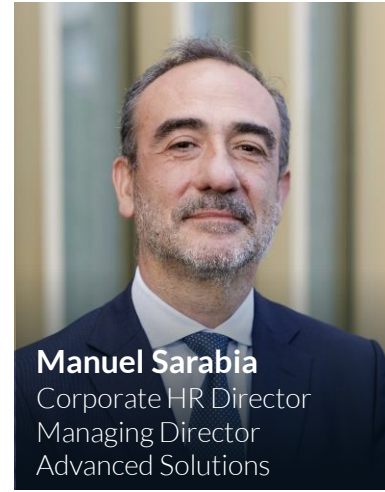
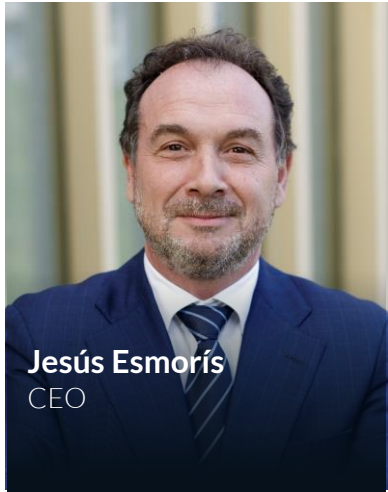
**NFD / EBITDA**  
**<2X**

*Including potential investment in  
inorganic growth (M&A)*

**SHAREHOLDERS' REMUNERATION: 30-40% PAY-OUT**

# MANAGEMENT **TEAM**

EXTENSIVE EXPERTISE AND A PROVEN TRACK RECORD



# TUBACEX FINANCIAL HIGHLIGHTS

CAPITAL MARKETS DAY

NOVEMBER 21<sup>st</sup>, 2023

**Guillermo Ruiz-Longarte**

Corporate Financial Director

**TUBACEX**  
GROUP

# P&L TRANSFORMATION PATH: 2024-2027

UNDER NORMAL MARKET / MID-CYCLE CIRCUMSTANCES



## 1) SALES



**ACTUAL BUSINESS**  
*Starting point*

€850M

**STRATEGIC PLAN**  
*2025*

€780M

+9%

**GOAL 2027**



€1,200 – 1,400M

**ROAD TO  
2027**

+ €250-  
450M

ADNOC + FMAD<sup>(1)</sup> + NIS<sup>(2)</sup> + M&A

+ €100M

LOW CARBON BUSINESS UNIT

**INCREASE IN SALES = BETTER MARKET PROSPECTS + ADNOC CONTRACT + BETTER MARKET POSITIONING**

(1)FMAD: Framework agreements development / (2)NIS: New Industrial Solutions

# P&L TRANSFORMATION PATH: 2024-2027

UNDER NORMAL MARKET / MID-CYCLE CIRCUMSTANCES



## 2) EBITDA



ACTUAL BUSINESS  
*Starting point*

€125M  
14.7% Margin

STRATEGIC PLAN  
*2025*

€110M  
14% Margin

+14%

GOAL 2027



>€200M

ROAD TO  
2027



>€55M

≈15%  
Margin

ADNOC + FMAD<sup>(1)</sup> + NIS<sup>(2)</sup> + M&A



€20M

≈20%  
Margin

LOW CARBON BUSINESS UNIT

MARGIN IMPROVEMENT = PREMIUM PRODUCTS DEVELOPMENT + CONSOLIDATED AND CONTINUOUS COST CONTROL

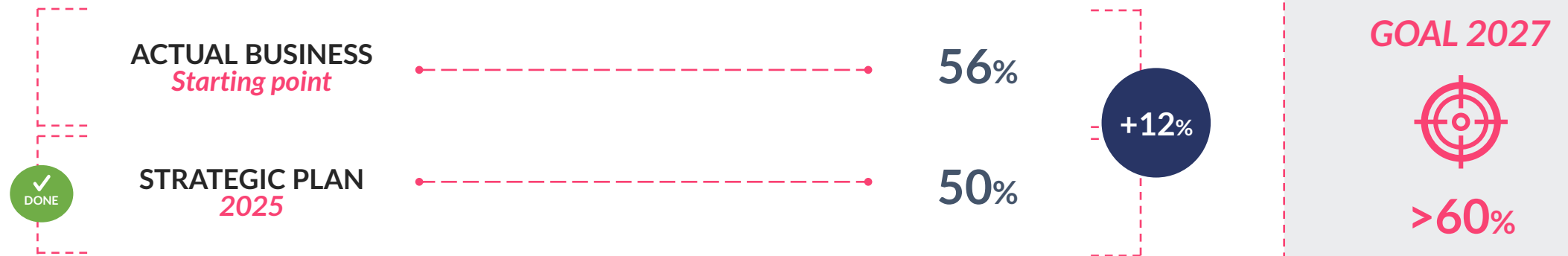
(1)FMAD: Framework agreements development / (2)NIS: New Industrial Solutions

# P&L TRANSFORMATION PATH: 2024-2027

UNDER NORMAL MARKET / MID-CYCLE CIRCUMSTANCES



## 3) OPERATIONAL FREE CASH FLOW\* CONVERSION



**MAINTAINING CONVERSION RATIO > 60% THANKS TO INCREASE OF EBITDA AND FINANCIAL EXPENSES REDUCTION**

\*Operational Free Cash Flow: EBITDA – Financial Expenses – Maintenance Capex – Leases IFRS 16

# BALANCE SHEET TRANSFORMATION PATH: 2024-2027

UNDER NORMAL MARKET / MID-CYCLE CIRCUMSTANCES



## 1) CAPEX

AVERAGE MAINTENANCE CAPEX  
*Current perimeter*

= €21M

2024-2027 AVERAGE TARGET

€25-30M

'ONE - OFF'  
CAPEX

+ LOW CARBON BUSINESS UNIT

€10M

+ GROWTH IN ADVANCED TECHNICAL SOLUTIONS

€20M

+ ABU DHABI PLANT

€90M

€120M  
€30M/YEAR

AVERAGE ANNUAL CAPEX ≈ €60M

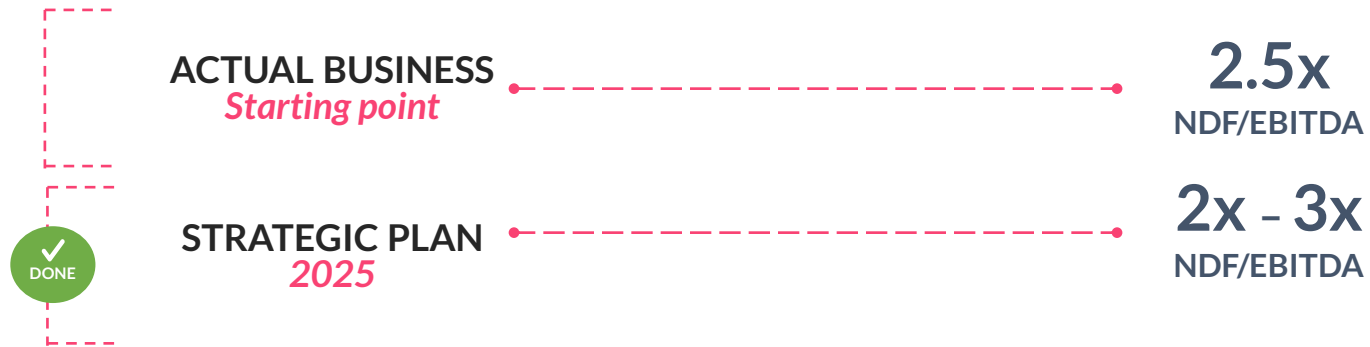


# BALANCE SHEET TRANSFORMATION PATH: 2024-2027

UNDER NORMAL MARKET / MID-CYCLE CIRCUMSTANCES



## 2) FINANCIAL DEBT



CURRENT PERIMETER  
*Expected evolution*

FROM 2023

≈ 2.5x

TO 2027

< 1x

IN ANY SCENARIO OF STRATEGIC DEVELOPMENT...

< 2x

# BALANCE SHEET TRANSFORMATION PATH: 2024-2027

UNDER NORMAL MARKET / MID-CYCLE CIRCUMSTANCES



## 3) GROSS FINANCIAL DEBT QUALITATIVE STRUCTURE

|   | ACTUAL BUSINESS<br><i>Starting point</i> | TARGET 2027  |
|---|--|--|
| NET WORKING CAPITAL / SALES             | 28%<br><i>Strategic Plan 2025 ≤ 30%</i>  | ≤ 30%  |
| FINANCIAL COST / SALES                  | 3.5%                                     | ≤ 1.5%<br><i>To be accomplished before end of 2025</i> |
| EQUITY / TOTAL ASSETS                   | 25%                                      | ≥ 35%<br><i>To be accomplished before end of 2025</i>  |
| LONG-TERM / SHORT-TERM <sup>(1)</sup>   | 47%                                      | 70%  |
| ESG LINKED FINANCING / TOTAL GROSS DEBT | 40%                                      | 80%  |

(1) Excluding Promissory notes

# SHAREHOLDERS' VALUE CREATION

|  |                                 |
|--|---------------------------------|
| % APPRECIATION OF TUBACEX'S SHARE 2022     | +33%                            |
| % APPRECIATION OF TUBACEX'S SHARE YTD 2023 | +48%                            |
| AVERAGE TARGET PRICE <sup>(1)</sup>        | €4.5/SHARE (+50% CURRENT PRICE) |
| POSITIVE RECOMMENDATIONS FROM ANALYSTS     | 100%                            |
| COMMITTED PAY OUT RATIO                    | 30%- 40%                        |

## Illustrative example

EBITDA 2027  $\rightarrow$  €200M  $\times$  7X EV/EBITDA = €1,400M ENTERPRISE VALUE  
- 1X-2X NFD/EBITDA  
-----  
€1,000M - €1,200M EQUITY VALUE  
7.9 - 9.5 EURO/SHARE

**STILL ROOM TO IMPROVE IN THE MARKET**

(1)Average target price on November 20<sup>th</sup> according to the market consensus

# MAIN FINANCIAL MESSAGES FROM CFO

KEY DRIVERS: ROAD TO 2027

1

## INCREASE IN SALES

=

better markets prospects

+

ADNOC contract

+

better market positioning

2

## MARGIN IMPROVEMENT

=

premium products  
development

+

consolidated and  
continuous cost control

3

## 2025 strategic targets exceeded without M&A activity

just thanks to framework  
agreements developments  
in OCTG, SURF, H&I,  
Nuclear and Aerospace

4

## Our starting point is unprecedented “solid ground”

=

Backlog exceeding €1.6bn  
concentrated in High value  
/margin products

**FOUNDATIONS LAID TO WITNESS ANOTHER PERIOD OF  
PROFITABLE GROWTH FOR TUBACEX AND ITS SHAREHOLDERS**



**TUBACEX**  
GROUP



DRIVING TUBACEX'S  
TRANSFORMATION  
**SUCCESS STORY**  
**TOWARDS THE NEXT**  
**TRANSITION**

CAPITAL MARKETS DAY

NOVEMBER 21<sup>st</sup>, 2023

**TUBACEX**  
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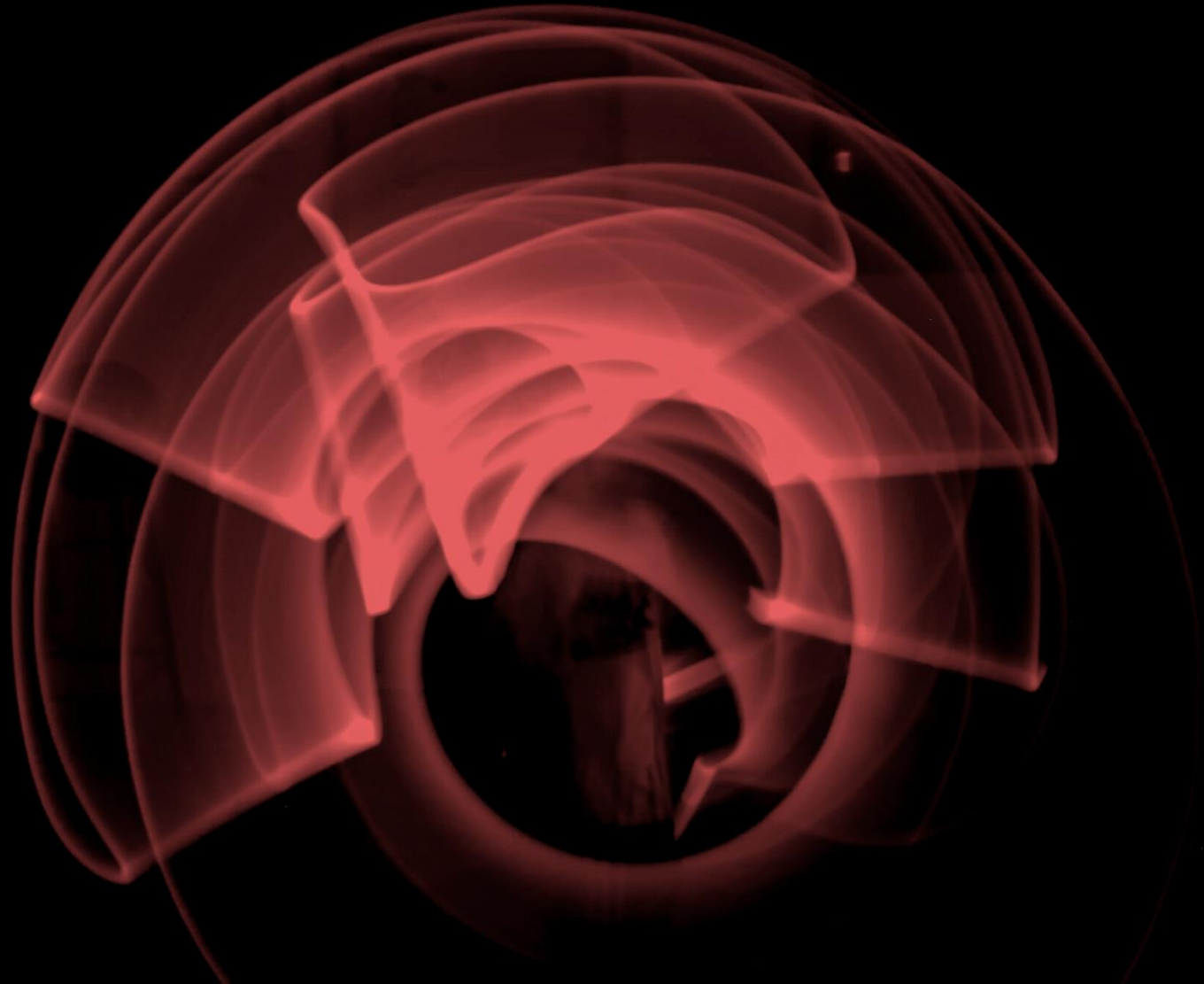
# TUBACEX CONCLUSIONS

CAPITAL MARKETS DAY

NOVEMBER 21<sup>st</sup>, 2023

**Jesús Esmorís**  
CEO

**TUBACEX**  
GROUP



# BE PART OF THE **NT<sup>2</sup>**

REASONS TO INVEST IN TUBACEX

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

- 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

### NT<sup>2</sup> 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)*



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**NFD / EBITDA <2X**

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**SHAREHOLDERS' REMUNERATION  
30-40% PAY-OUT**





**TUBACEX**  
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