Earnings Release

3rd QUARTER

2021

2020 and 2021 have been very complicated years for TUBACEX and completely extraordinary by highly relevant factors exogenous to the company.

The outbreak of the COVID-19 pandemic brought investments in our main markets to a complete standstill, whereby these markets had already been suffering a significant fall in investments since 2014. This situation has also caused a delay in the award of multi-annual projects that place value on the strategic framework agreements entered into with the main end-users.

Fortunately, we have been observing a change in tendency since mid-2021 and a gradual improvement in the global market. The current intake figures have meant a significant increase in our backlog.

Furthermore, efforts made in recent years are reaping their rewards. Thanks to commercial repositioning, we have ceased to be a tube manufacturer and become a supplier of solutions for the energy sector, moving the focus from volume to value offered. We have got closer to our end-users, becoming their strategic allies in many cases, proof of which is the signing of more than 20 framework agreements with world-leading companies.

We have also increased our market share in the Gas segment, an energy source that is going to be key in the energy transition. All of this has led us to have a backlog that has already reached €500 million, which is enabling us to resume normal levels of activity at all plants and gradually increase our production ratios in all our plants.

In parallel, the restructuring that we began in 2020 and completed recently, has enabled us to reduce our consolidated cost structure by approximately €35 million. All of this significantly ensures our structural competitiveness, which is essential in such a demanding market as the one we face.

We can say that during the first half of 2021, we saw our lowest results levels. The third quarter of the year marks the beginning of a gradual and progressive improvement in results.

The enhanced activity of the Group's plants in Austria, the USA, India and the Middle East is already a reality. This trend of improvement will be constant and progressive in the coming quarters, with the Spanish plants being the only ones that remain with active furlough schemes (ERTEs).

> *"All of this has led us to have a backlog that has already reached €500 million"*

We are facing an energy market situation that is clearly growing. After several years with a structural deficit in terms of investments, there is now an acceleration of projects to sustain worldwide growth and ensure a transitional energy mix without disruption in global supply.

The only downside is the rise in inflation, which will inevitably result in increases in our sales prices to the market. In this respect, it is remarkable that the end-users of our products are precisely the energy sectors responsible for ensuring both the short-term supply and the future energy model.

Despite the major uncertainties in the overall market conditions described, our current expectations forecast next year's results to exceed those obtained in 2018 and 2019.

We are therefore facing the short-term with optimism, where the current expansive energy cycle will act as a catalyst, enabling us to drastically enhance our performance and our cash flow generation over the next two years. However, we cannot forget that the medium-long term consists of the energy transition and a global decarbonization process.

TUBACEX is a key player in this energy transition. Regardless of their origin, all power generation, transport or storage processes require materials that are highly resistant to temperature, corrosion and pressure. This is where we will continue to play a decisive role, thanks to our firm commitment to R&D and our experience and knowledge of the most advanced materials.

We are working on a new strategic plan, which will lay the bases for the TUBACEX of the future and will be presented to the market before the end of the year.

Jesús Esmorís
CEO

1 Key financial figures

The gradual recovery of the market is enabling results to improve, which can be appreciated in the third quarter, along with the sequential growth it represents compared to the second quarter of the year.

Sales for the first nine months amount to €246.4 million and the EBITDA stands at €5 million. Although these figures are a far cry from those achieved in the same period in 2020 as a result of the low order intake with which the Group kicked off the year, the tendency towards recovery and better results is clear and can be appreciated on comparing the results for the third quarter of 2021 with the previous quarter. In Q3 the sales figure has reached €86.4 million, up 17.6% on sales for Q2. In turn, the EBITDA has amounted to €4.7 million, significantly higher than the €0.2 million in the previous quarter.

Financial figures
€M

	9M 2021	9M 2020	change %	Q3 2021	Q3 2020	change %
Sales	246.4	389.6	-36.8%	86.4	107.6	-19.7%
EBITDA	5.0	26.4	-81.1%	4.7	6.6	-28.4%
EBITDA margin	*2.0%*	*6.8%*		*5.5%*	*6.1%*	
EBIT	(27.6)	(7.3)	n.m.	(5.6)	(3.0)	n.m.
EBIT margin	*neg.*	*neg.*		*neg.*	*neg.*	
Net Profit	(32.4)	(13.0)	n.m.	(9.1)	(4.7)	n.m.
Net margin	*neg.*	*neg.*		*neg.*	*neg.*	

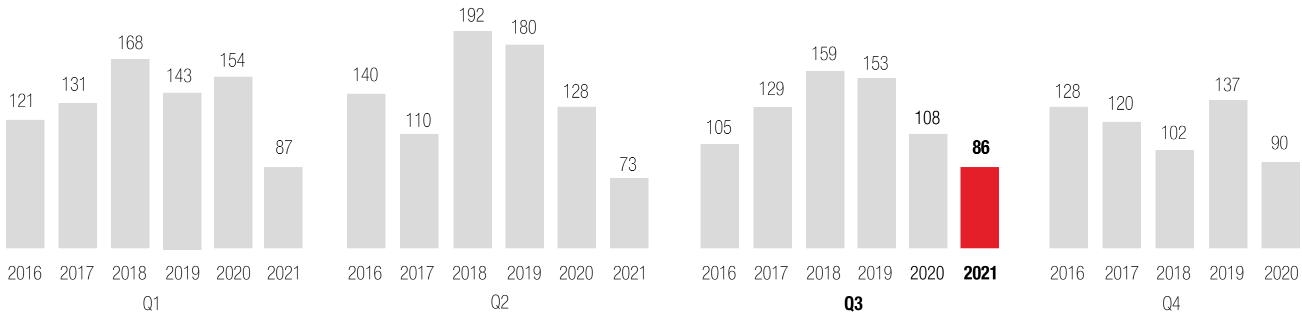
	30.09.2021	31.12.2020
Equity Attributable to the Parent	205.6	240.9
Equity / Net Financial Debt	55.9%	80.8%
Working Capital	233.4	206.8
Working Capital / Sales	69.4%	43.1%
Structural Net Financial Debt (1)	134.8	91.4
Total Net Financial Debt	368.2	298.1
NFD/ EBITDA	*22.1x*	*7.8x*

neg.: negative
n.m.: not meaningful
(1) Total Net Financial Debt - Working Capital

As far as the Balance Sheet is concerned, the working capital has increased by €26.6 million over the year, as a result of the gradual recovery of activity at all of the Group's plants. This increase in working capital is responsible for the rise in net financial debt, along with the low profit generation and the extraordinary cash outflows related to compensation as a result of the restructuring plan and the acquisition of the minority stake that the Group did not hold in Tubacex Prakash. Therefore, the net financial debt figure at the close of the third quarter stands at €368.2 million, which, combined with a very low EBITDA, has led the debt ratio to reach very high levels. It is necessary to remember the successful financial restructuring plan implemented by TUBACEX in 2020, which focused on extending the debt maturity and the strong cash position. Proof of this is that the Group maintains a cash position of €135 million and liquidity of more than €150 million, which guarantees the soundness of the Balance Sheet and covers the maturity of loans until 2024. Furthermore, the foreseeable cash flow generation for the coming quarters thanks to the gradual recommencement of activity in all of the Group's units, the gradual improvement in results and the reduction of working capital will enable the net financial debt to be reduced reaching pre-COVID debt ratios by mid-2022.

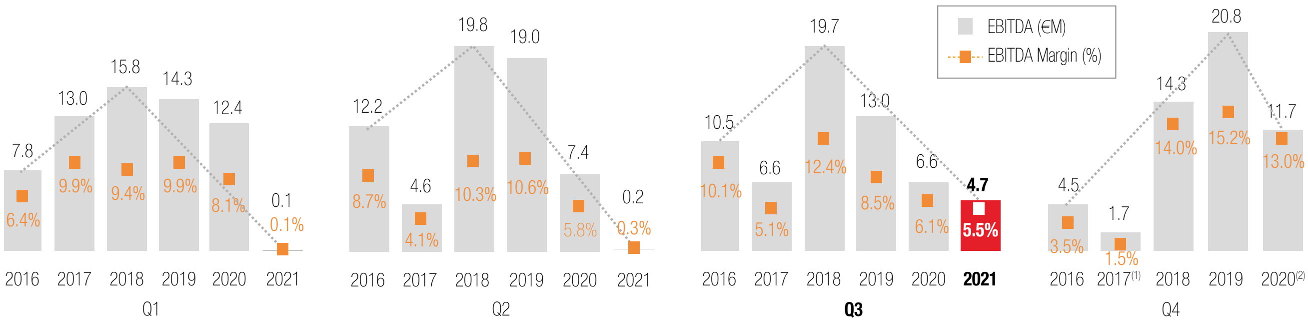
Quarterly evolution of the sales figure

€M



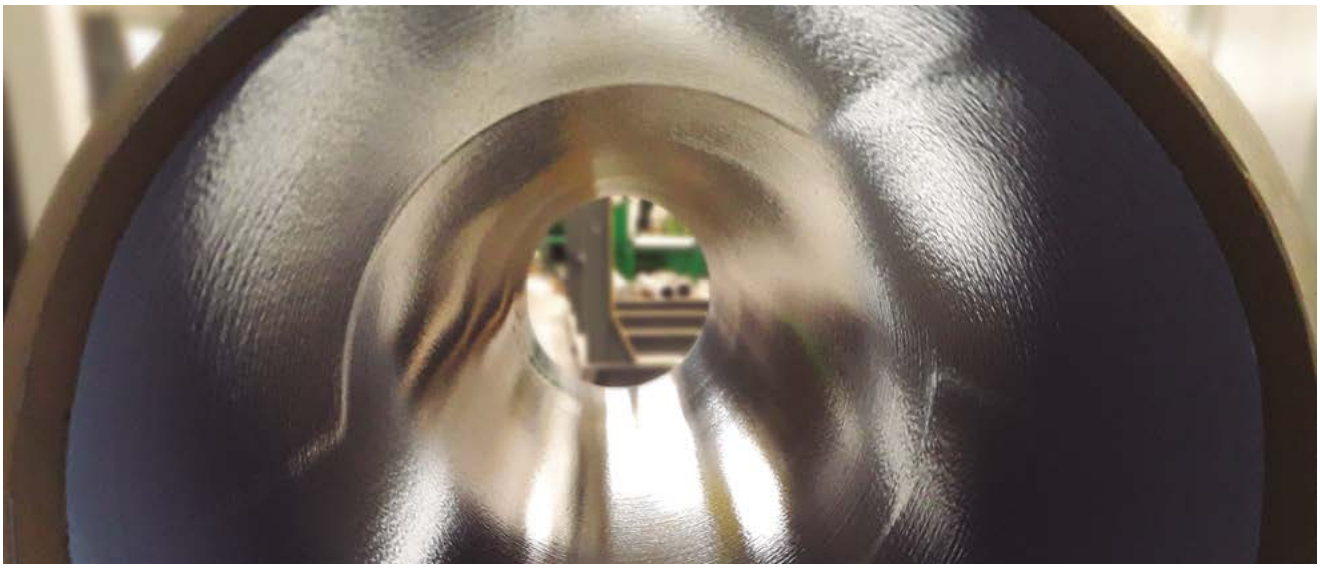
Quarterly evolution of the EBITDA figure

€M



(1) *EBITDA for the last quarter of 2017 includes extraordinary adjustments*

(2) *EBITDA for the last quarter of 2020 includes extraordinary adjustments without cash impact*



2 Business evolution

Following a 2020 marked by a low order intake, a continuous and gradual increase has been observed throughout 2021, which leads to a progressive improvement in the Group's backlog.

Market recovery is general, but can be particularly appreciated in the Gas sector, which a significant part of TUBACEX's high value-added products targets, and it is set to play a key role in the energy transition. Gas-related projects are undergoing significant improvement, both in terms of Upstream, having secured important orders for umbilical tubes and with upcoming award of major OCTG projects, as well as in Midstream for the development of new Gas Fields and those related to LNG.

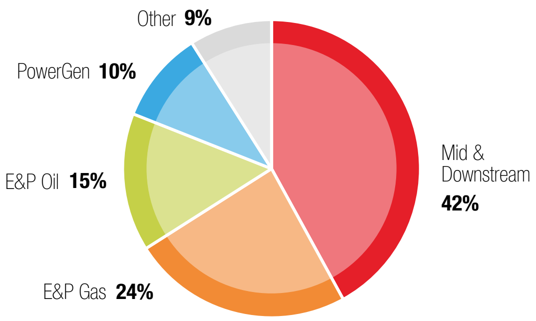
The specific nature of the products and services offered by TUBACEX and their customized design for the projects at which they are targeted means that most of the sales are made to end-users and engineering firms via their respective sales channel. The sales breakdown via this channel is as follows: Gas E&P 24%, Oil E&P 15%, Power Generation 10% and Mid&Downstream 42%.

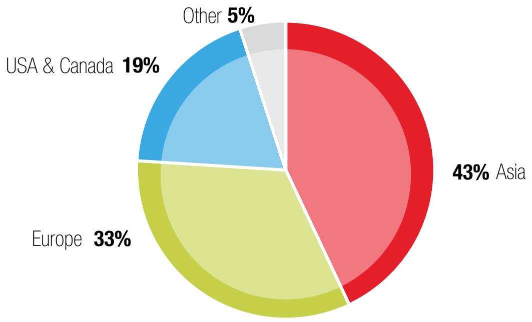
Breakdown by sector

Breakdown of direct sales to engineering firms and end-users

9M 2021

Breakdown by final destination





As previously mentioned, the **E&P** sector continues the positive trend, particularly in gas-related projects, where high prices are leading to the relaunch of projects delayed as a result of COVID. The recovery is more significant in the Offshore/Subsea segment, where projects are starting to emerge in new areas, such as the Gulf of Mexico, Middle East, South-East Asia and Africa. On the other hand, Brazil and Norway are continuing with the positive performance in this segment, whereby they are expected to be the dominant markets in the coming years.

In the **Power Generation** sector, TUBACEX focuses its efforts on accompanying industries on their path towards the electrification of demand and decarbonization. In conventional energy generation, solutions are provided through "ultra-supercritical" technology that reduces CO2 emissions by up to 40%. These solutions focus geographically on Asia and demand for them in 2021 has remained low, with the exception of India, a strategic market for the Group in the Power Generation sector. Indeed, the milestone of obtaining the first contract to be supplied from the TUBACEX plant in India has been reached this quarter. The Group is participating in several public tenders in this country for the construction of new projects, which are expected to be awarded in 2022-2023.

As far as the nuclear industry is concerned, TUBACEX is finalizing the signing of a new material contract for the Hinkley Point power plant via its GNMS platform, as well as another maintenance contract for the Grand Carenage Plan for the French electrical company, EDF. This material is planned to be manufactured at the Group's plants in Austria and Italy. In parallel, the Group is working on new value proposals to position itself as a supplier of solutions for green generation technologies related to the storage and transport of hydrogen, as well as in CO2 capture technologies. This market still represents a very small part of the Group's business, but it is set to increase its importance in line with the energy transition.

TUBACEX's approach for the **Mid&Downstream** sector is aimed at new solutions to increase the efficiency of processes and, by doing so, reducing CO2 emissions. In this segment, both the number and the size of investments approved for new projects in all sectors of hydrocarbon processing is still low compared with levels prior to the pandemic. The recovery of the energy demand and the growing number of projects in their Final Investment Decision (FID) phase allows for a significant recovery of purchasing activity to be foreseen from the first half of 2022 onwards.

The rest of the sectors started the year at very low levels, although recovery has been observed in recent months, particularly in the instrumentation tube and aeronautical segments. It is worth highlighting the stable and positive performance of the special components segment aimed at the Oil&Gas drilling and maintenance sector, which has recently been incorporated in the Group's perimeter.

From a geographical point of view, Asia is still the Group's main market with 43% of sales due to its high exposure to gas, both in terms of its extraction and processing activity and that of power generation. Growth forecasts in this region remain high for the forthcoming years. The USA and, more specifically, the precision industry, must be highlighted as one of the main focuses of the TUBACEX Group's commercial strategy, proof of which is the recent construction of a new plant in Oklahoma, as well as the acquisition of assets of in Amega West.

3 TUBACEX on the stock market

Share evolution

JAN 21 - SEP 21

Following the sharp correction last year as a result of the global crisis and the fall in activity due to COVID-19, the TUBACEX share has performed positively throughout 2021.

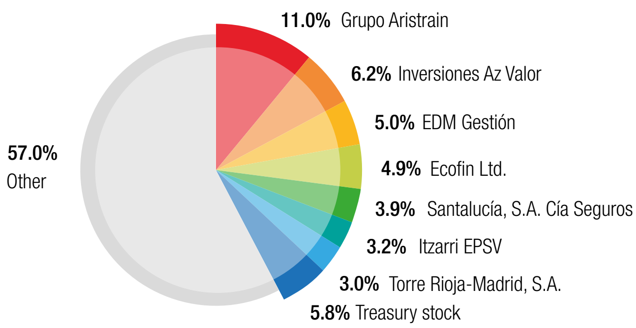
In the first nine months of the year, the share value has increased by 14.6%, closing at €1.57 on 30th September, representing a market capitalization of €208.8 million.

Share liquidity has also improved. Between January and September 2021, 68.9 million shares were traded on the regulated market, compared with 60.1 million in the same period of 2020. .

Shareholding

30.09.2021

During the first three quarters of the year, there has been no change in the structure of TUBACEX's significant shareholders. However, after the close of the third quarter, EDM has notified the CNMV of the reduction of its significant participation below the threshold of 5%, moving from a position of 5.02% to 4.97%. Therefore, as recorded in the CNMV, the shareholder structure is as follows:



Source: CNMV (Spanish Securities Exchange Commission)

4 Financial figures

Consolidated balance sheet
€M

	30.09.2021	31.12.2020	change %
Intangible assets	111.6	115.6	-3.4%
Tangible assets	291.0	308.5	-5.7%
Financial assets	83.6	80.3	4.1%
Non-current assets	**486.2**	504.4	**-3.6%**
Inventories	296.6	263.5	12.5%
Receivables	44.2	57.4	-22.9%
Other account receivables	29.1	21.4	35.7%
Other current assets	5.7	5.6	2.5%
Derivative financial instruments	0.7	0.7	0.0%
Cash and equivalents	135.7	185.9	-27.0%
Current assets	**512.0**	534.5	**-4.2%**
TOTAL ASSETS	998.1	1.038.9	-3.9%
Equity, Group Share	205.6	240.9	-14.6%
Minority interests	51.9	57.6	-9.9%
Equity	**257.5**	298.4	**-13.7%**
Interest-bearing debt	272.7	252.5	8.0%
Derivative financial instruments	0.4	0.6	-33.3%
Provisions and other	62.5	65.2	-4.2%
Non-current liabilities	**335.6**	318.4	**5.4%**
Interest-bearing debt	231.2	231.5	-0.2%
Derivative financial instruments	1.0	1.0	3.7%
Trade and other payables	107.4	114.1	-5.9%
Other current liabilities	65.5	75.5	-13.2%
Current liabilities	**405.1**	422.1	**-4.0%**
TOTAL EQUITY AND LIABILITIES	998.1	1.038.9	-3.9%

Consolidated income statement
€M

	Q3 2021	Q3 2020	change %	9M 2021	9M 2020	change %
Sales	86.4	107.6	-19.7%	246.4	389.6	-36.8%
Change in inventories	0.6	5.2	-88.9%	0.5	(18.0)	-102.5%
Other income	2.3	3.6	-37.0%	11.4	10.2	11.0%
Cost of materials	(42.3)	(56.2)	-24.7%	(116.4)	(172.6)	-32.6%
Personnel expenses	(22.3)	(26.8)	-16.9%	(73.4)	(96.1)	-23.6%
Other operating costs	(20.0)	(26.7)	-25.3%	(63.4)	(86.7)	-26.8%
EBITDA	**4.7**	**6.6**	**-28.4%**	**5.0**	**26.4**	**-81.1%**
EBITDA Margin	*5.5%*	*6.1%*		*2.0%*	*6.8%*	
Amortization	(10.3)	(9.5)	8.0%	(32.5)	(33.7)	-3.4%
EBIT	**(5.6)**	**(3.0)**	**89.2%**	**(27.6)**	**(7.3)**	**n.m.**
EBIT Margin	*neg.*	*neg.*		*neg.*	*neg.*	
Financial Result	(3.0)	(3.1)	-4.1%	(9.2)	(9.8)	-5.7%
Exchange differences	0.2	(0.4)	n.m.	0.5	(0.8)	n.m.
Profit Before Taxes	**(8.3)**	**(6.5)**	**28.4%**	**(36.3)**	**(17.9)**	**n.m.**
Net Income, Group Share	**(9.1)**	**(4.7)**	**94.0%**	**(32.4)**	**(13.0)**	**n.m.**

n.m.: not meaningful
neg.:negative

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