



## THIRD QUARTER 2022 RESULTS

The results for the third quarter of 2022 continue to demonstrate that this is the year of recovery for TUBACEX. At the start of the year, we set the objective of surpassing the results obtained in 2018 and 2019. The EBITDA for the first nine months of 2022 presented today amounts to €67.3 million, a figure that already exceeds the EBITDA for the whole of 2019. For this reason, we can say that the 2022 year-end results will exceed our initial expectations.

It is undeniable that the current macroeconomic environment is extremely complicated, but our target sectors are now expanding after many years of under investment. Inflation is causing a general increase in all costs in our value chain. At TUBACEX, we are managing to partially limit these cost increases in two ways. First of all, thanks to the in-depth restructuring of the Group that we carried out in 2021 and a strict cost management policy. Secondly, given that most of our customers are companies devoted to the energy sector, we are able to transfer this inflation to the sales prices, albeit with some lag that affects our margin. In other words, in a normalized cost environment, the EBITDA margin of 12.8% presented today would be even higher.

Regarding the Balance Sheet, the de-leveraging started at the beginning of the year has been maintained and we now find ourselves with a Net Debt over EBITDA ratio of 4.2x. We hope to close the year below 4x and achieve the strategic target of 3x in the coming financial year.

We particularly value the fact that these results have been generated in a balanced way between all of the Group's units, as the recovery is general in all sectors and geographical areas. Therefore, we must highlight the results for the third quarter as they are particularly significant. Even though it is a quarter with seasonality typical of the holiday period, an EBITDA of €24.8 million has been obtained with a margin of 14.3%. It is the quarter with the highest results of the last 15 years.

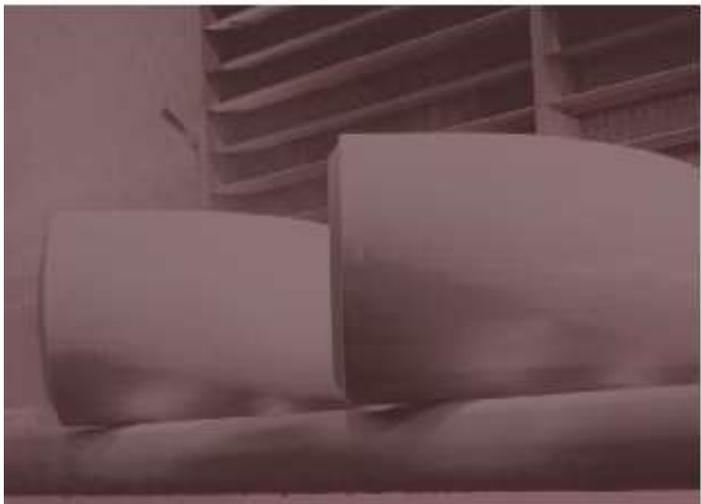
Order intake continues to be strong, particularly in products with higher added value, which enables us to maintain a backlog of more than €1.5 billion and we are optimistic for the coming year.

Jesús Esmorís  
CEO of TUBACEX

# TUBACEX GROUP

9M 2022 Results Release

**TUBACEX**  
GROUP



**October 2022**



## Main Highlights

- Fifth consecutive quarter of improved results, with EBITDA margins structurally in line with the Group's strategic objective
- Particularly outstanding results in an inflationary environment, reflecting TUBACEX's competitiveness and resilience
- The significant cost increases for energy and raw materials are being passed on to the sales prices, albeit with some lag
- In spite of their seasonal nature, results have improved significantly in the third quarter, which continues the sequential upward trend with respect to the second quarter
- The positive rate of order intake has continued, which keeps the backlog above €1,500M, the highest ever for the Company
- Very good backlog mix, with a high percentage of strategic and premium products, fostering the company's visibility for the coming year
- The company's de-leveraging path has been maintained, reducing the debt ratio to 4.2x
- Proven firm commitment to Sustainability, including the publication of indicators related to ESG
- The results for the first nine months of 2022 exceed those obtained in 2019, so it is already confirmed that the year-end will be better than initially foreseen

**Fifth consecutive  
quarter of  
improved results**

**Backlog > €1,500 M**

**Effects of the  
inflationary  
environment  
minimized**

**Results for 2022  
above those  
initially foreseen**

# 9M 2022 Results

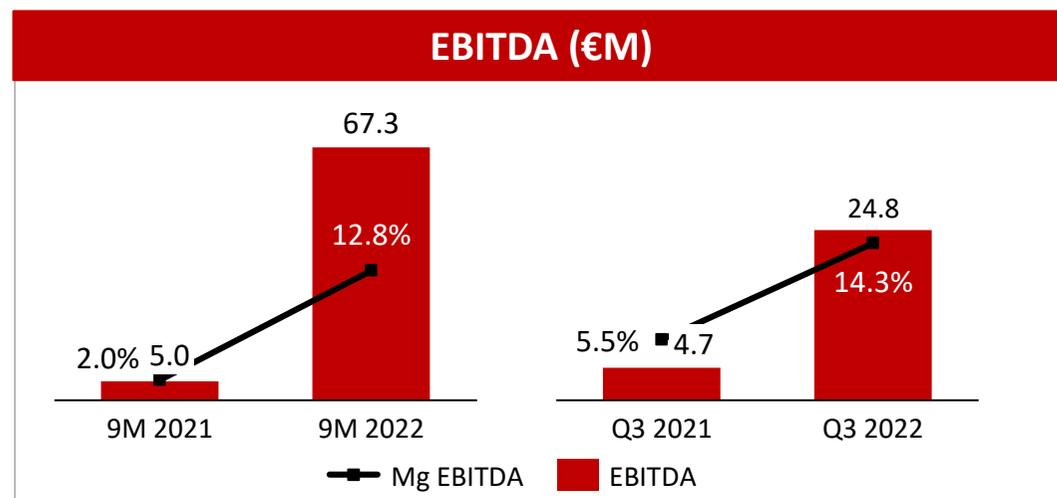
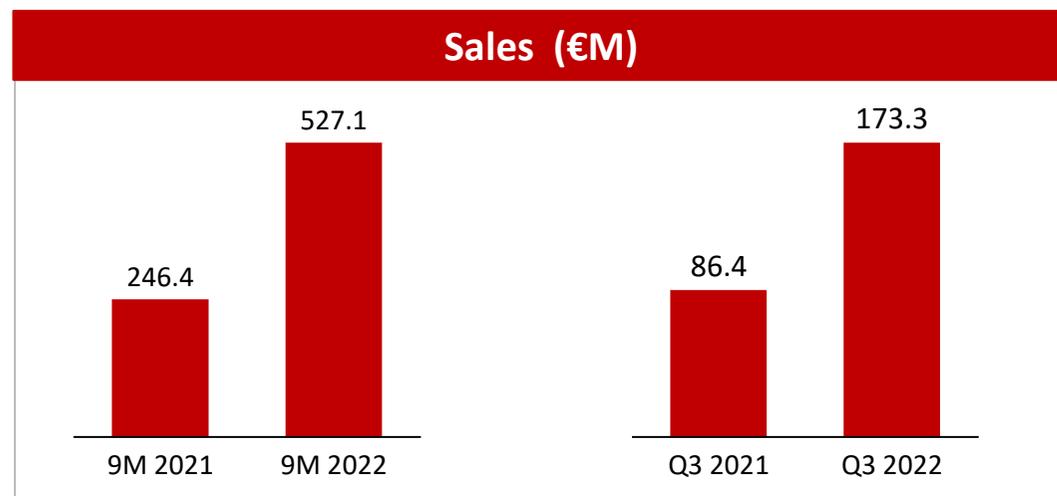


## Main financial figures

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

(1) Net Financial Debt – Working Capital

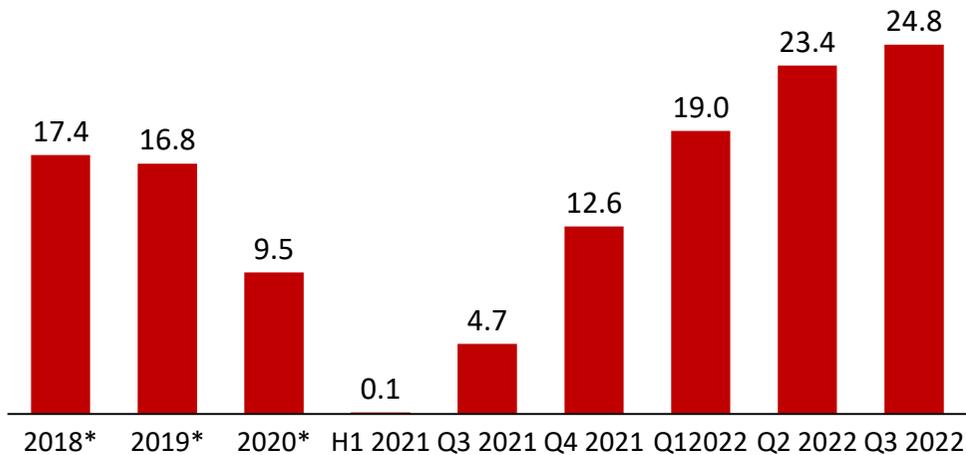
## Main Figures from the Income Statement



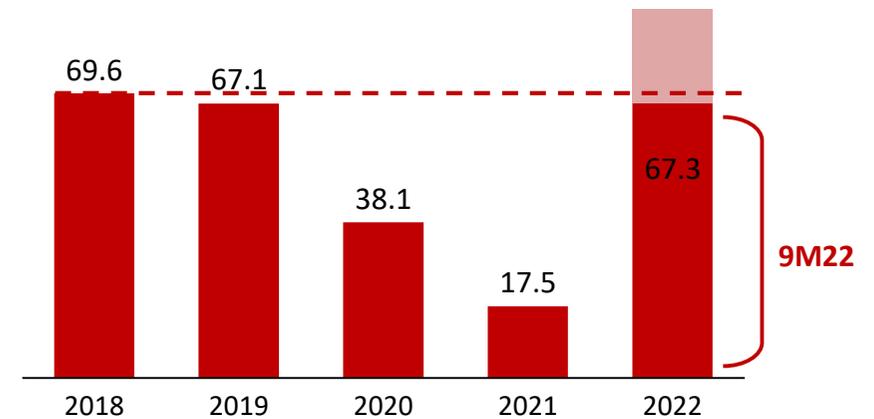
- Sales between January and September amounted to €527.1M: doubling those for the same period of 2021
- The growth in sales reflects the increase in volume sold and an improved mix
- EBITDA of €67.3M for the first nine months of the year
  - It already exceeds the EBITDA obtained for the whole of 2019
- Quarterly EBITDA amounted to €24.8M
  - Highest quarterly EBITDA since the last quarter of 2007
  - This is particularly significant given its seasonal nature
- EBITDA Margin 12.8%: in line with the strategic objective
  - A good mix and cost adjustments in recent years are partially offsetting the inflationary price environment, particularly in energy costs

## Main Figures from the Income Statement

### Quarterly Average EBITDA evolution (€M)



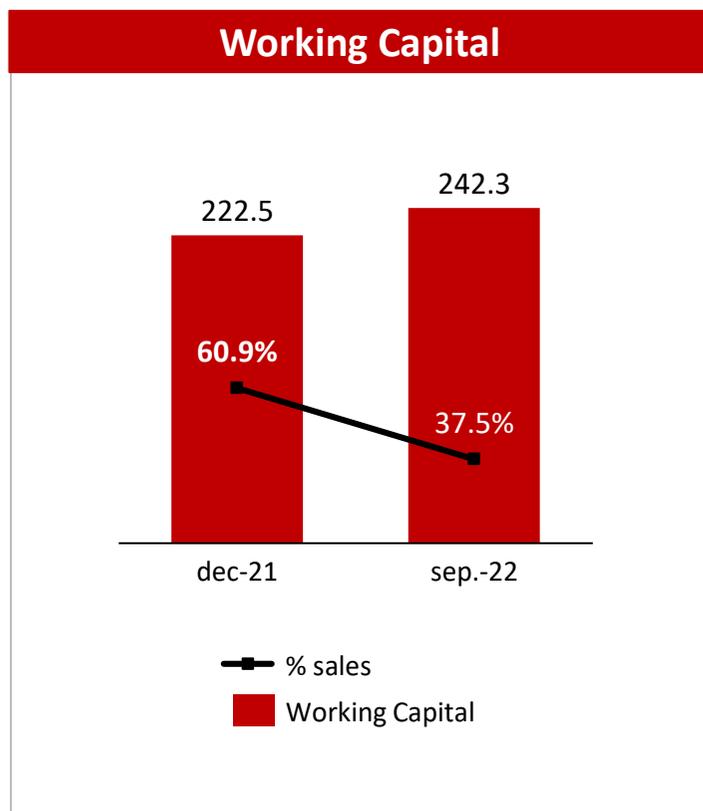
### Annual EBITDA evolution (€M)



\*Quarterly average EBITDA in the relevant period

The EBITDA for the first 9M of 2022 exceeds that for the 2019 financial year, so we can confirm that the year-end will be higher than initially foreseen

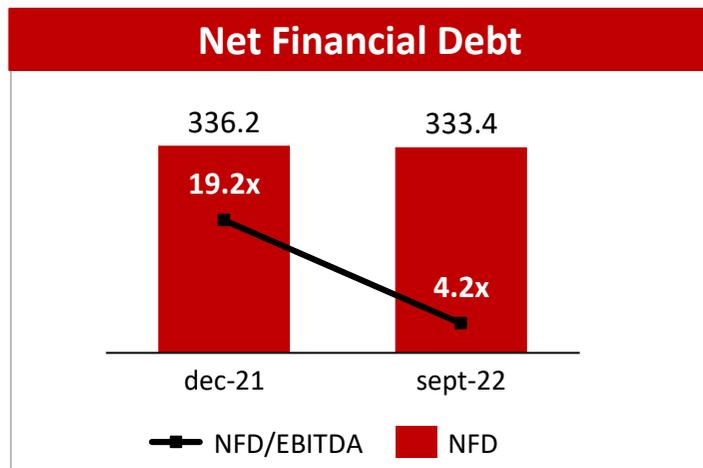
### Main Figures from the Balance Sheet: Working Capital



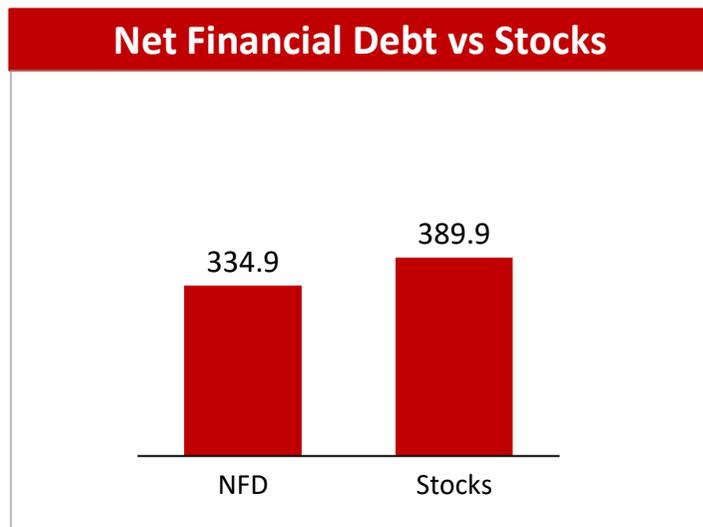
- The working capital amounts to €242.3M, up €19.9M on the 2021 year-end and at a similar level to that reported in June
- Increase of €76.3M in inventory levels due to:
  - Increased cost of raw materials and energy reflected in the increase in stock value
  - Increased stock value as a result of the premium product mix in manufacturing
  - Stock in progress related to special orders whose invoicing has just commenced in September
  - Among these special orders, those from Petrobas and EDF can be highlighted
- Improved percentage over sales, moving from 60.9% at the close of 2021 to 37.5%
- This percentage is expected to continue falling until reaching the 30-35% strategic objective

**Increase in stocks derived from special projects whose invoicing has commenced at the end of the third quarter**

## Main Figures from the Balance Sheet: Net Financial Debt



- Reduction of Net Financial Debt by €2.9M with respect to the 2021 year-end, despite the increase in stock levels
- The Net Financial Debt over EBITDA ratio continues its improving trend
  - It closed 2021 at 19.2x, stood at 5.6x in June and now stands at 4.2x
  - This trend is expected to continue and will be below 4x by the end of the year



- TUBACEX's made-to-order strategy means that the net financial debt is closely linked to the working capital, most of which has already been sold
- The Stock figure is higher than that of Net Financial Debt
- Liquidity in excess of €110M

### Revenues breakdown by sector 9M 2022

- The overall tendency in order intake is extremely positive in practically all sectors and geographical areas
- Very good prospects in the gas and nuclear markets thanks to their recognition as transition energies by the European Union
- High level of order intake in oil&gas after many years of under investment in the sector. It has also been increased by the current geopolitical uncertainties related to the gas supply from Russia
- The rate of sales has remained for the maintenance of the European nuclear sector (Opex) and short-term prospects have increased for the reactivation of the commissioning of new power plants in Europe and India (Capex)
- Backlog in excess of €1,500M



**Industrial 46%**



**Others 18%**



**E&P Gas 17%**

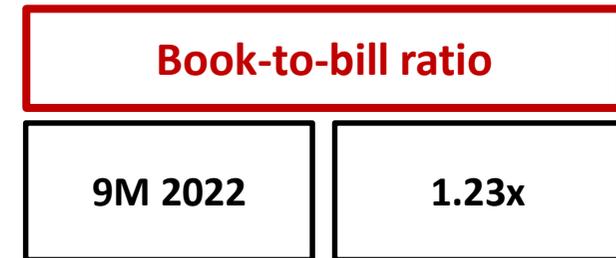
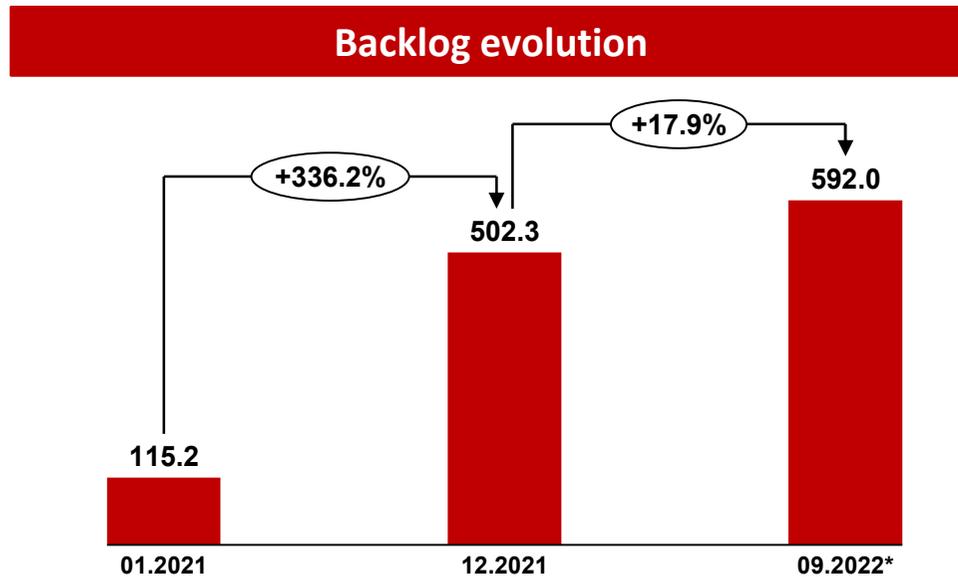


**E&P Oil 14%**



**Powergen 5%**

## Backlog Evolution



- We are continuing to increase our backlog, even with the significant increase in invoicing
- Book-to-bill ratio of 1.23 in the first 9M of 2022 thanks to the good market situation
- Expectations to end the year with a similar backlog, enabling us to predict a positive 2023

**Robust growth in the backlog even omitting the major OCTG order**

\*Major OCTG order received from ADNOC is not included.

## Commercial remarks (i)

### OCTG



- Major orders in Brazil, where TUBACEX has reinforced its presence with the opening of a service and repair center
- Success in commercial positioning in the Middle East with the award of a major order in Abu Dhabi
- Increased presence in the design phases of projects for CO2 capture and storage, an emerging sector with good future prospects

### Offshore



- Resilient market to geopolitical instability
- New projects in unusual areas (Turkey, Suriname, Tanzania, Namibia, etc.)
- Good prospects in typical areas (Norway, GoM and Angola)

### PowerGen



- Very positive prospects in the nuclear segment thanks to its classification as a transition energy for the European Union
- Supplies continue to EDF for the maintenance of the French nuclear fleet and good prospects for the Hinkley Point power plant in the UK
- Nuclear plans in India are expected to be reactivated by the end of the year, where 10 nuclear power plants will be built
- TUBACEX is gradually moving away from conventional coal projects

## Commercial remarks (ii)

### Oil&Gas



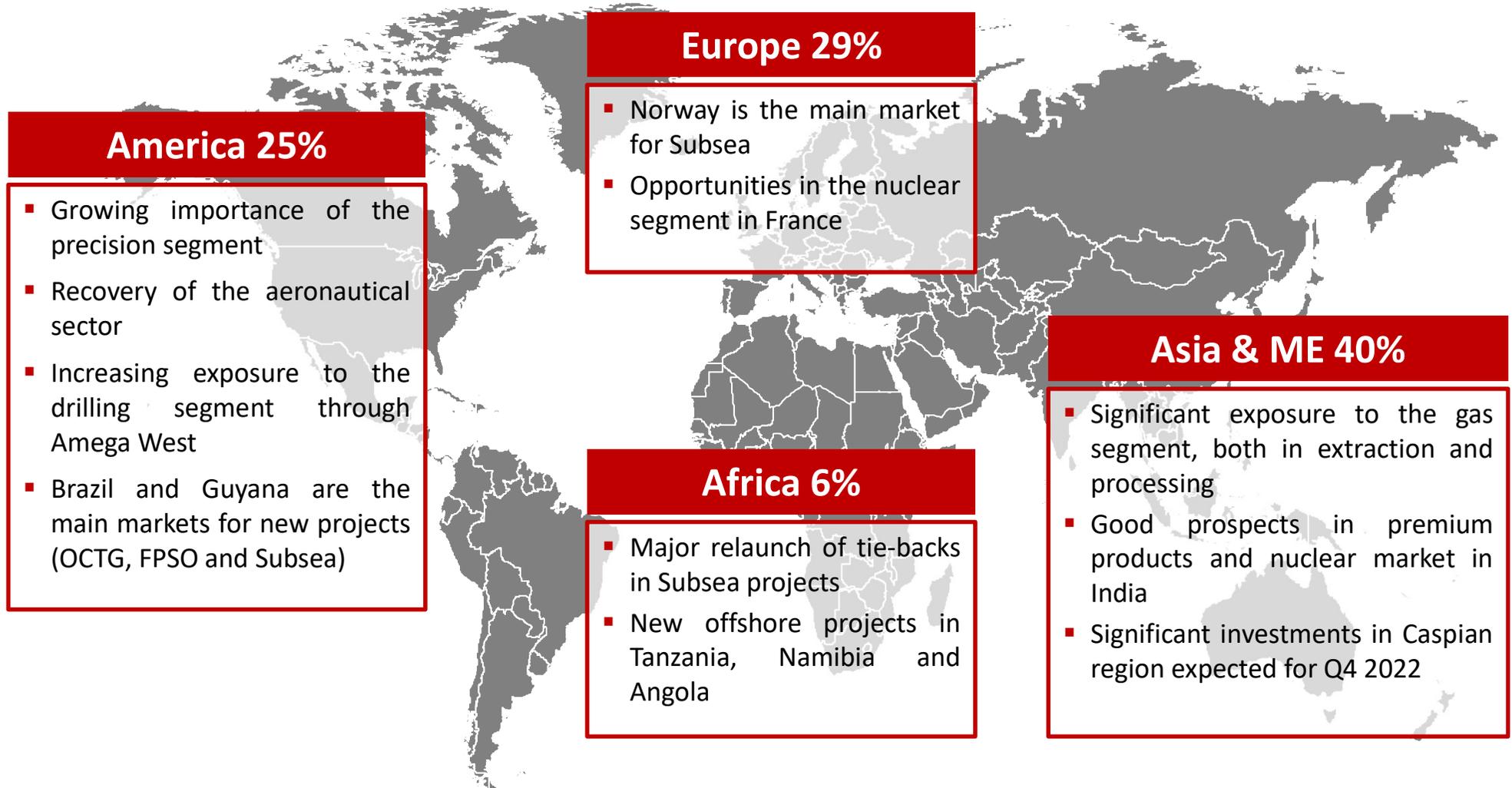
- Delays in the relaunch of Mid and Downstream projects due to geopolitical circumstances or the reanalysis of costs
- The gas Midstream sector is expected to be the first to start recovering in the last quarter
- Significant growth in precision machining and drilling operations, particularly in the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

### Others



- Good prospects for contracts in the global fertilizer sector (Urea)
- The H&I (Hydraulic and Instrumentation) segment is exceeding expectations thanks to the long-term agreements with key customers. High pressure, semi-conductors, LifeScience and food are the main markets
- Global increase in orders in the aerospace sector
- First relevant orders for direct supply to automotive manufacturers have been received

### Revenues breakdown by final destination (9M 2022)



## Main ESG KPIs

Category	Subcategory	Indicator	Unit	2019*	9M 22	Goal 2030
 <b>Environment</b>	Energy & Climate	Energy intensity <sup>1</sup>	Mwh/ GAV	2.58	1.35	2.07
	Energy & Climate	Scope 1 + 2 Emissions intensity <sup>2</sup>	tonCO2 /GAV	0.70	0.27	0.28
	Energy & Climate	% Renewable Energy	% of total energy	0.0%	29.1%	60.0%
	Circular Economy	Waste recycled	% Total generated	59.6%	79.6%	85.0%
 <b>Sustainable Value Chain</b>	Supply Chain	% of suppliers evaluated on ESG factors	%	0.0%	90.8%	99.0%
 <b>People</b>	Diversity	Gender pay Gap	ratio	11.5%	12.1%	10.1%
	Professional develop.	Training delivered per employee	Hours/fte	13.7	10.2	15.0
	Health & Safety	Lost Time Injury Frequency Rate [LTIFR] Evolution	2019 basis	100.0	44.6	25.0
	Health & Safety	Severity rate Evolution	2019 basis	100.0	42.2	25.0

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

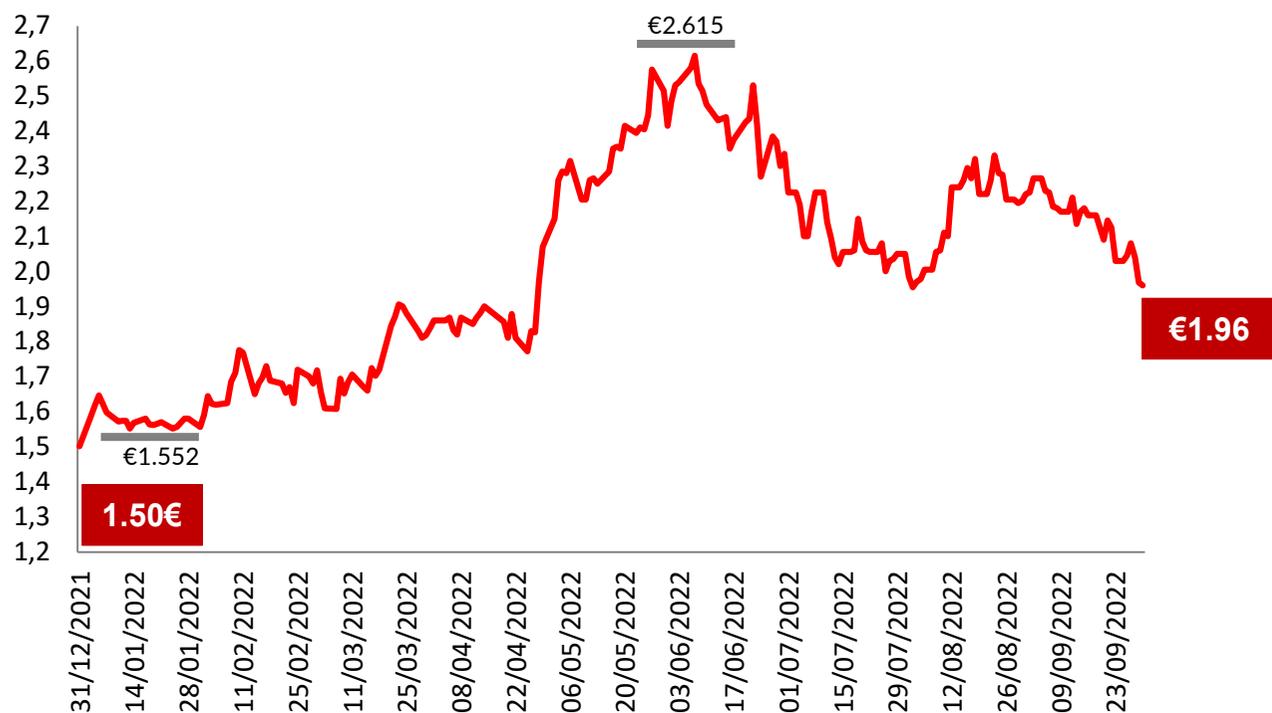
1. Group companies intensities weight by energy use

2. Group companies intensities weight by emissions

GAV: Gross Added Value (€k)

## Stock Information

### Tubacex stock evolution (€/share)



#### Key data

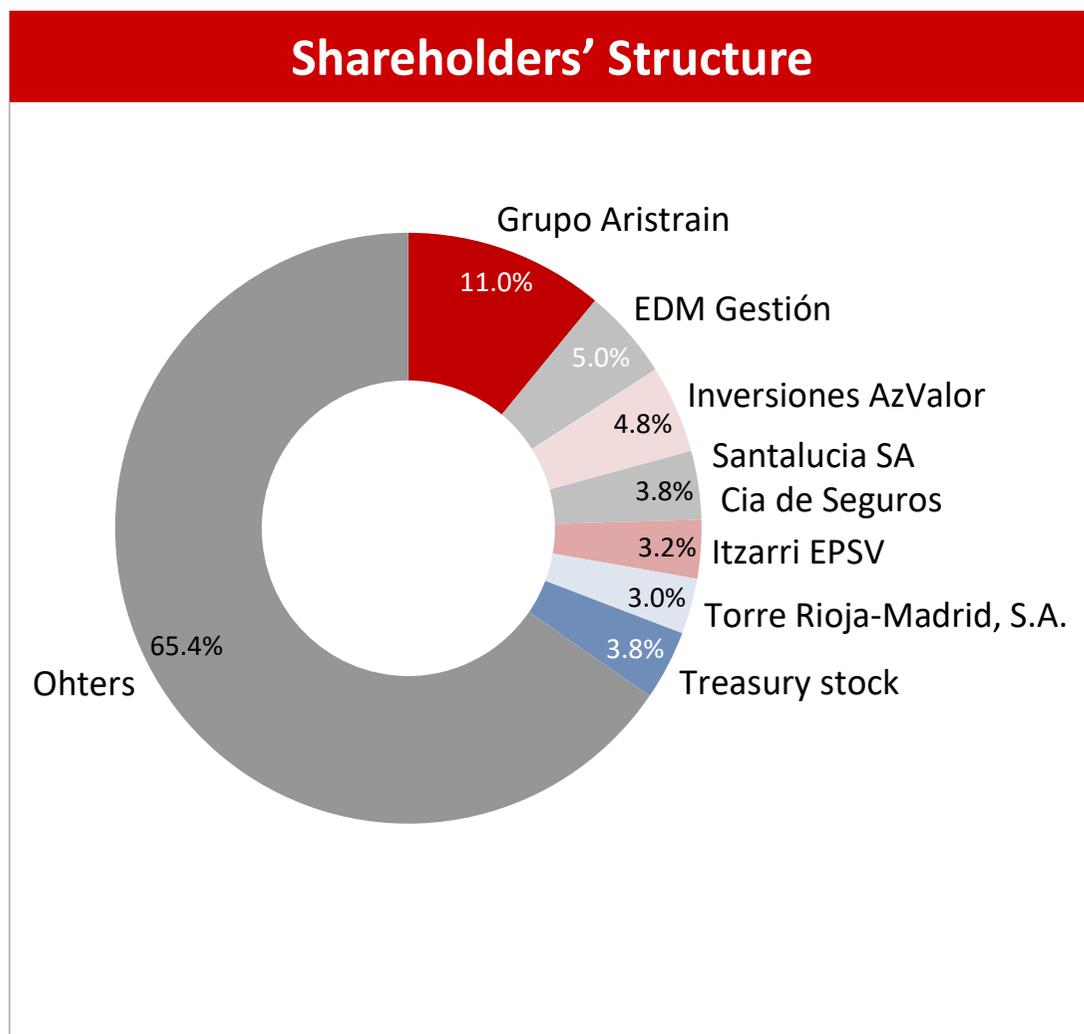
# shares outstanding	128,978,782
€/share (09.30.22)	1.96€
Market Cap (€M)	252.9€M
% evolution YTD	+30.5%
Max.	€2.615 (June 7th)
Min.	€1.552 (January 13th & 24th)
Average Target Price <sup>1</sup>	€3.53

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

Source: Stock Exchanges and Markets

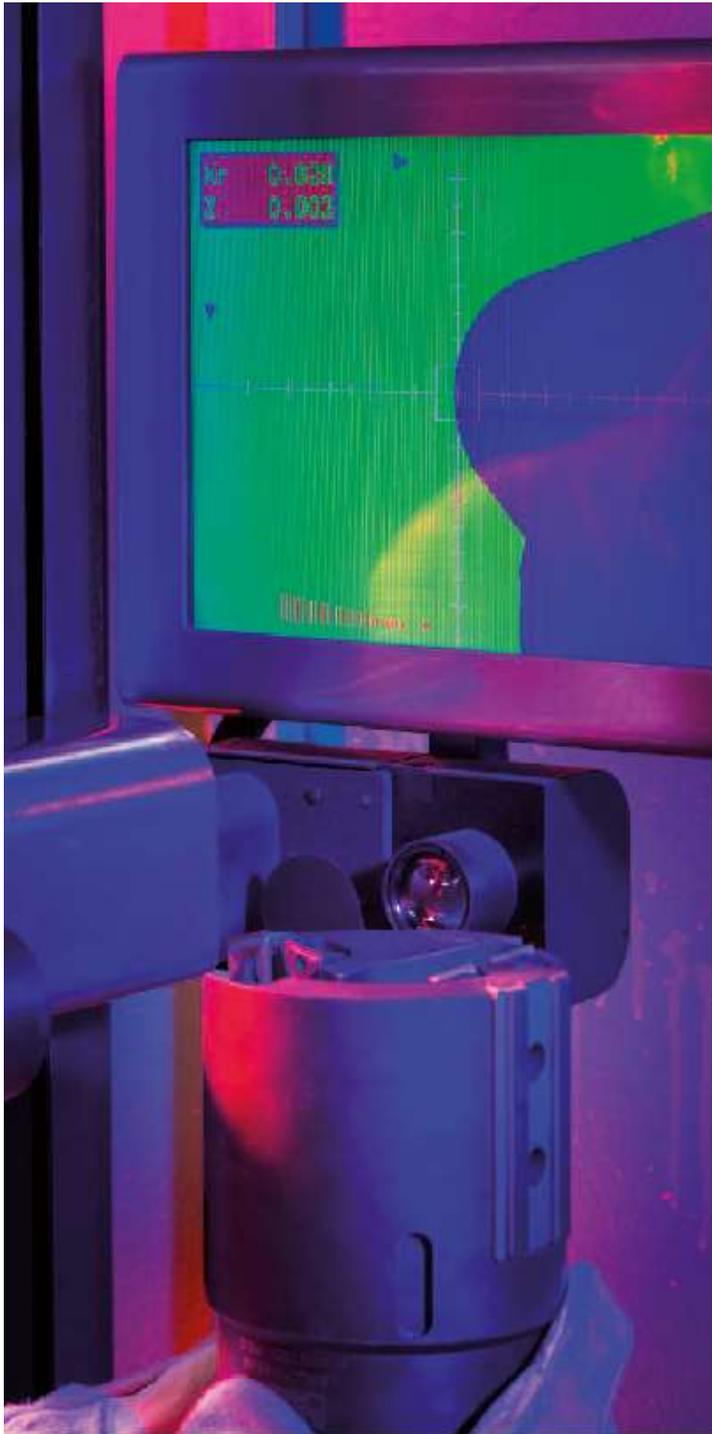
1) Average target price on 30 September according to the market consensus

## Stock Information

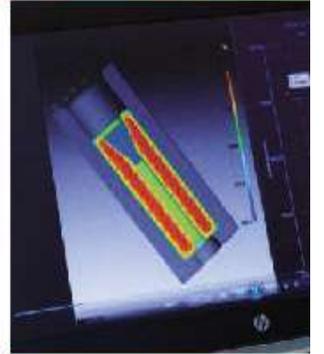


Source: CNMV (Spanish Securities Exchange Commission)

- Changes in the significant shareholder structure:
  - March 2022: Ecofin informed of the loss of its significant shareholder situation (reached in 2014)
  - May 2022: Santalucía updated its stake, from 3.9% to 3.8%
  - June 2022: AzValor announced the reduction of its stake from 6.2% to 4.8%
- The variation in the treasury stock figure corresponds to the buyback program that began on 25th February to acquire shares up to a maximum of €5M in order to amortize them
  - The buyback program terminated on 14 July after acquiring 2,492,531 shares



# Appendix



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## Growth projects– Core products

### NTS JV in Guyana



- Guyana will be one of the largest oil & gas production hubs in the world
- Project to support main customers' (Exxon, Schlumberger, etc.)
- New manufacturing site already operational

### TX local footprint in Kazakhstan



- First order with KPO (joint venture between Royal Dutch Shell , Eni, Chevron, LUKOIL and KazMunaiGas) already booked and invoicing started
- KPO oversees the expansion and development of the Karachaganak field – one of the world's largest oil and gas condensate fields

### OCTG repair in Brazil



- Some local repair service is required for supporting OCTG supplies with Petrobras
- Local content initiative to improve our value proposition with Petrobras

Growth projects already in place for our core and strategic products

### Significant award

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



## Appendix 9M 2022 Results



### Income Statement - Detail

(€ M)	9M 2021	9M 2022	change %	Q3 2021	Q3 2022	change %
Sales	246,4	527,1	113,9%	86,4	173,3	100,5%
Change in inventories	0,5	41,3	n.m.	0,6	(1,7)	n.m.
Other income	11,4	11,4	0,9%	2,3	2,3	0,9%
Cost of materials	(116,4)	(247,8)	112,9%	(42,3)	(76,0)	79,7%
Personnel expenses	(73,4)	(103,7)	41,1%	(22,3)	(30,4)	36,6%
Other operating costs	(63,4)	(161,0)	153,9%	(20,0)	(42,6)	113,5%
<b>EBITDA</b>	<b>5,0</b>	<b>67,3</b>	n.m.	<b>4,7</b>	<b>24,8</b>	n.m.
<i>EBITDA Margin</i>	<i>2,0%</i>	<i>12,8%</i>		<i>5,5%</i>	<i>14,3%</i>	
Amortization	(32,5)	(35,6)	9,4%	(10,3)	(11,2)	8,6%
<b>EBIT</b>	<b>(27,6)</b>	<b>31,7</b>	n.m.	<b>(5,6)</b>	<b>13,6</b>	n.m.
<i>EBIT Margin</i>	<i>neg.</i>	<i>6,0%</i>		<i>neg.</i>	<i>7,9%</i>	
Financial Result and FX	(8,8)	(11,4)		(2,8)	(3,8)	
<b>Profit Before Taxes</b>	<b>(36,3)</b>	<b>20,3</b>	n.m.	<b>(8,3)</b>	<b>9,9</b>	n.m.
<i>Profit Before Taxes Margin</i>	<i>neg.</i>	<i>3,9%</i>		<i>neg.</i>	<i>5,7%</i>	
<b>Net Income, Group Share</b>	<b>(32,4)</b>	<b>17,0</b>	n.m.	<b>(9,1)</b>	<b>7,9</b>	n.m.
<i>Net Margin</i>	<i>neg.</i>	<i>3,2%</i>		<i>neg.</i>	<i>4,5%</i>	

n.m.: not meaningful

neg.:negative

## Appendix 9M 2022 Results



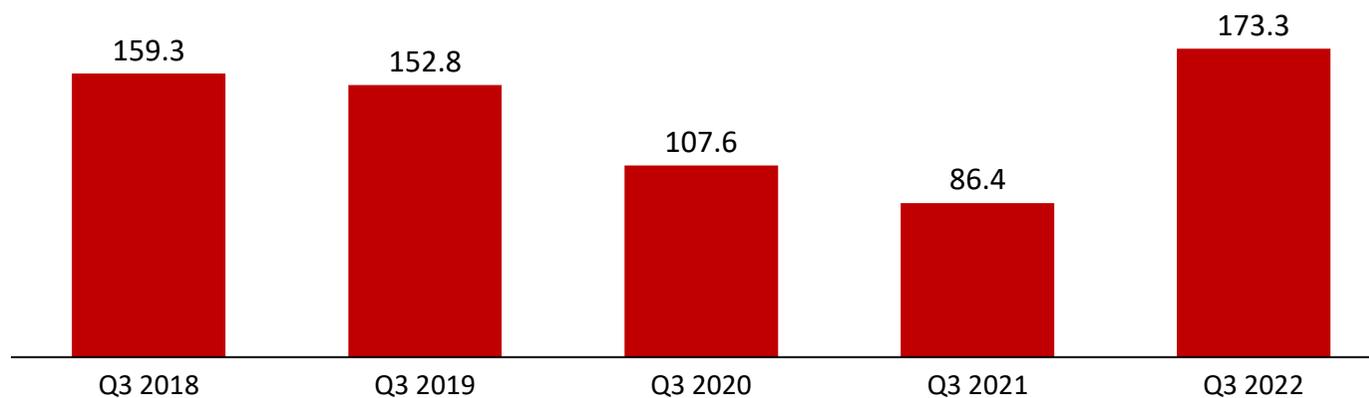
### Balance Sheet - Detail

(€ M)	2021-12-31	2022-09-30	%change
Intangible assets	114,1	116,7	2,3%
Tangible assets	278,1	276,7	0,5%
Financial assets	90,6	97,2	7,3%
<b>Non-current assets</b>	<b>482,8</b>	<b>490,7</b>	<b>1,6%</b>
Inventories	313,5	389,9	24,4%
Receivables	60,2	104,1	73,0%
Other account receivables	24,7	42,5	72,1%
Other current assets	2,4	8,2	239,3%
Derivative financial instruments	0,2	1,2	n.s.
Cash and equivalents	158,0	112,8	-28,6%
<b>Current assets</b>	<b>559,0</b>	<b>658,7</b>	<b>17,8%</b>
<b>TOTAL ASSETS</b>	<b>1.041,8</b>	<b>1.149,3</b>	<b>10,3%</b>

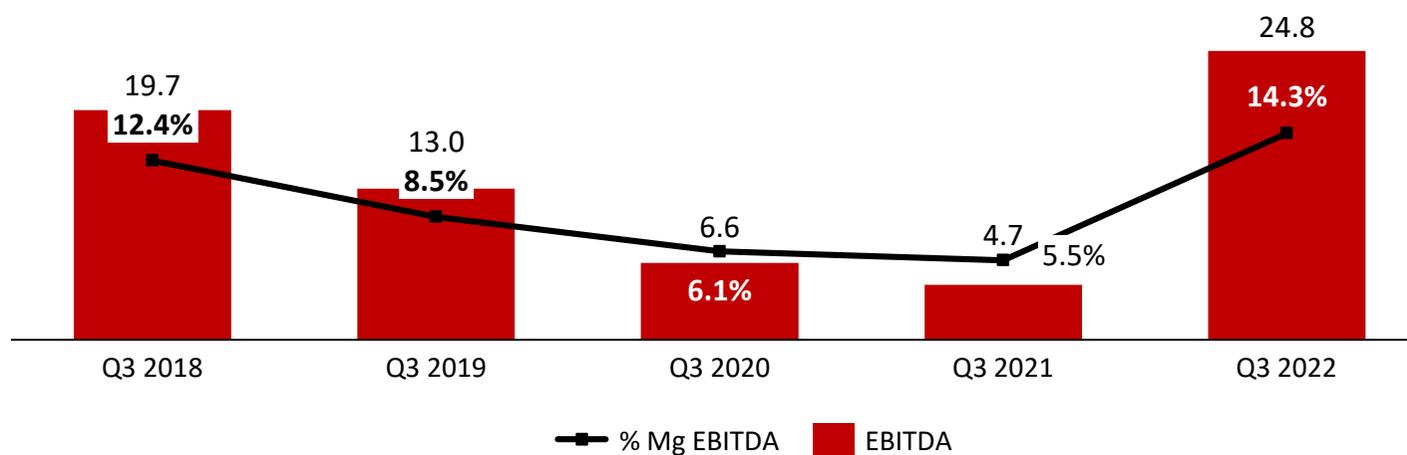
(€ M)	2021-12-31	2022-09-30	%change
Equity, Group Share	197,4	231,0	17,0%
Minority interests	51,8	53,1	2,6%
<b>Equity</b>	<b>249,2</b>	<b>284,1</b>	<b>14,0%</b>
Interest-bearing debt	274,0	174,4	-36,4%
Derivative financial instruments	0,0	0,5	n.s.
Provisions and other	64,5	72,3	12,1%
<b>Non-current liabilities</b>	<b>338,5</b>	<b>247,1</b>	<b>-27,0%</b>
Interest-bearing debt	220,2	271,8	23,4%
Derivative financial instruments	1,6	0,3	-81,5%
Trade and other payables	151,2	251,6	66,4%
Other current liabilities	81,1	94,4	16,4%
<b>Current liabilities</b>	<b>454,1</b>	<b>618,1</b>	<b>36,1%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1.041,8</b>	<b>1.149,3</b>	<b>10,3%</b>

### Historical quarterly evolution: Revenues & EBITDA

#### Revenues (€M)



#### EBITDA (€M)





**THANK YOU!**

**TUBACEX**  
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