



TUBACEX
GROUP

TUBACEX
GROUP

TUBACEX GROUP

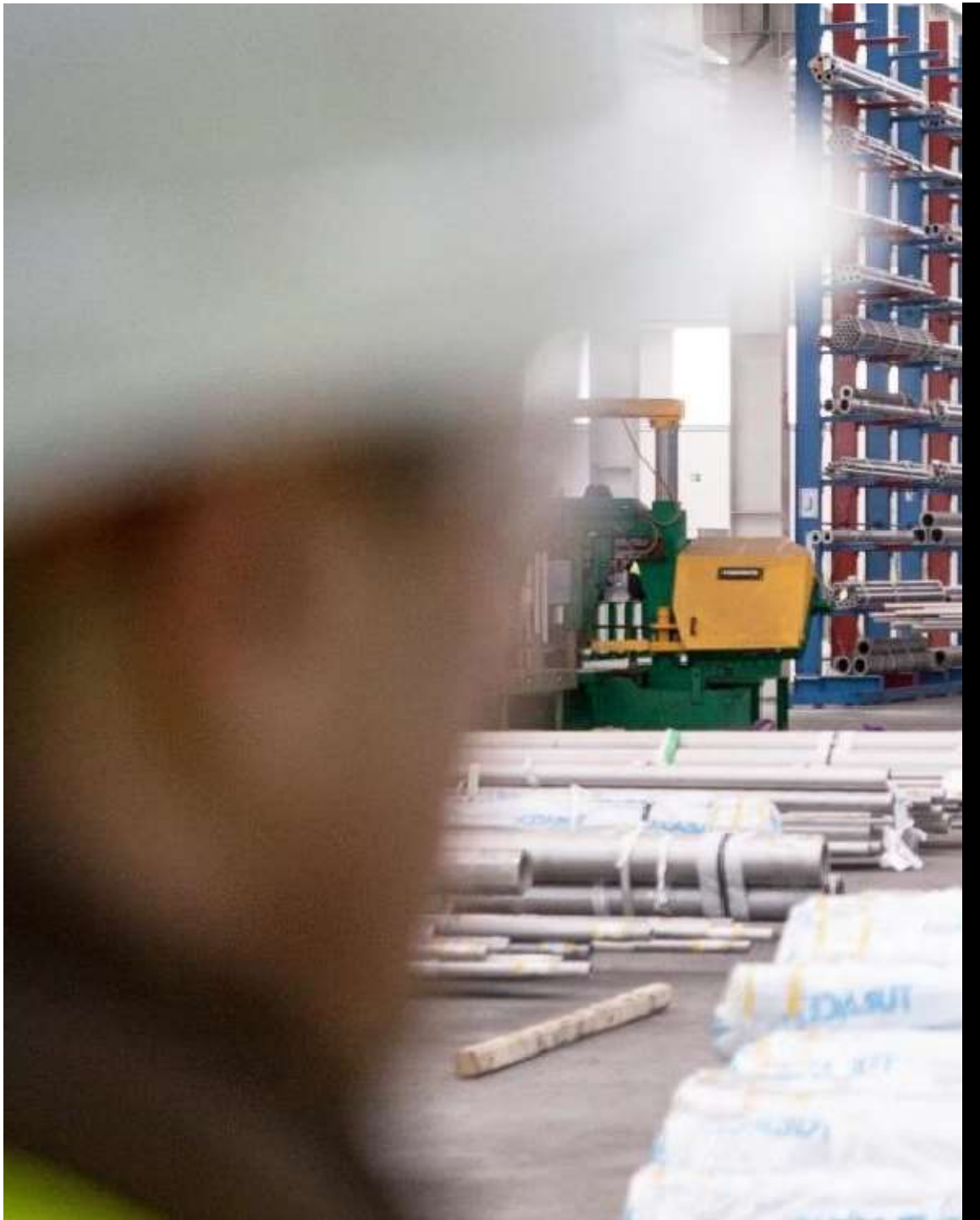
June 2022





Index

1. Background
2. Outlook for 2022
3. Strategic Plan
2021-2025



1. Background

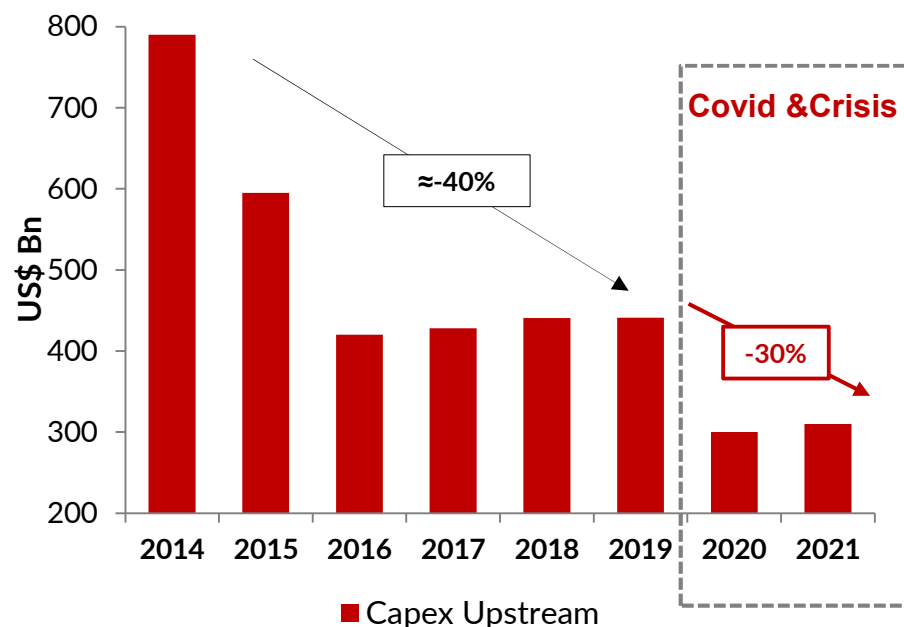
Background



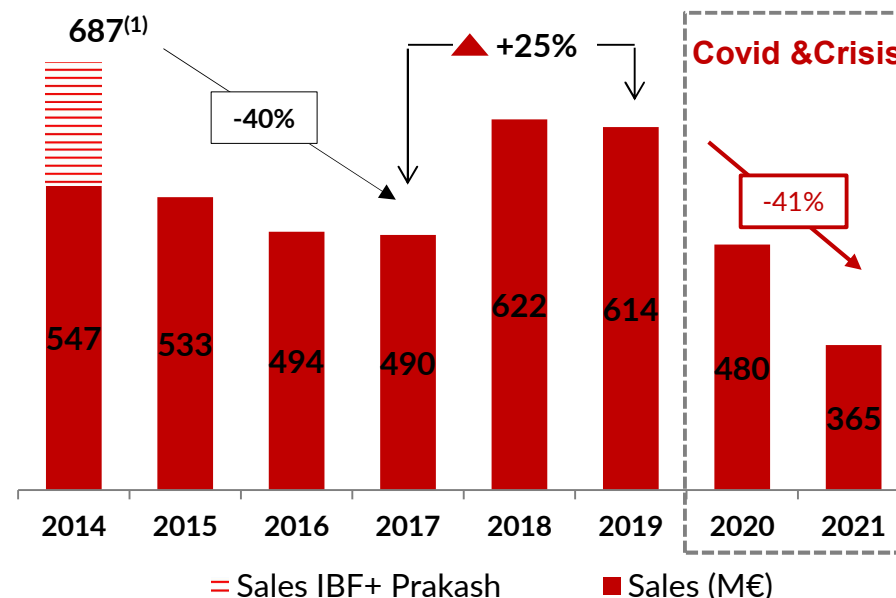
Before Covid-19 - Sales evolution

- The dramatic crisis in the Oil sector characterized by an unprecedented fall in Upstream Capex affected Tubacex's revenues
- However, the correct positioning in premium products allowed the Group to increase revenues in 2018 -2019 until Covid outbreak in 2020

Global investment in Upstream



Tubacex Revenues



Source: World Energy Investment EIA; Tubacex

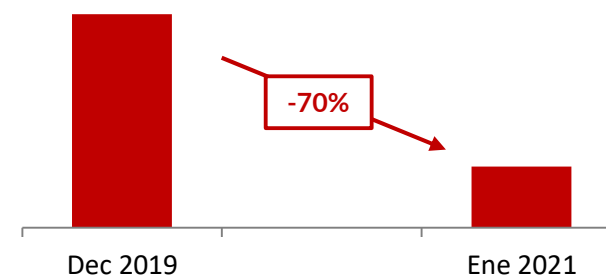
(1) Pro-forma sales, including the two companies acquired and incorporated in 2015 (IBF & Prakash)

Revenues, already affected by the investment reduction in the market, were further hit by Covid pandemic and subsequent crisis

Uncertain market to manage

- 2020 and 2021 were devastating for our sector with a further reduction in Upstream Capex than the one observed since 2014
- This reduction had a direct impact on our backlog

Backlog Evolution (M€)



Focus on essentials

1.
 - To implement cost restructuring measures to reduce the break-even point
2.
 - To guarantee the financial position of the Company
3.
 - Lay foundations for the future through the signing of Long-Term Agreements with end users
4.
 - To Implement a Sustainability Plan

Repositioning TUBACEX for the Future

Main actions followed recently

Restructuring

- Cost adjustment program already performed reducing structural cost in more than 30M€
- Increased flexibility to better adapt to the new market conditions
- Focus on added-value instead of volume and consequently adjustment to reduce Group's size

First steps into diversification

- Increased presence in other Industrial applications
- Increased presence in Aerospace business, especially in the US market
- Development of new applications related to Energy transition – Hydrogen, Carbon Capture, Carbon Capture and Storage, etc.

Commercial

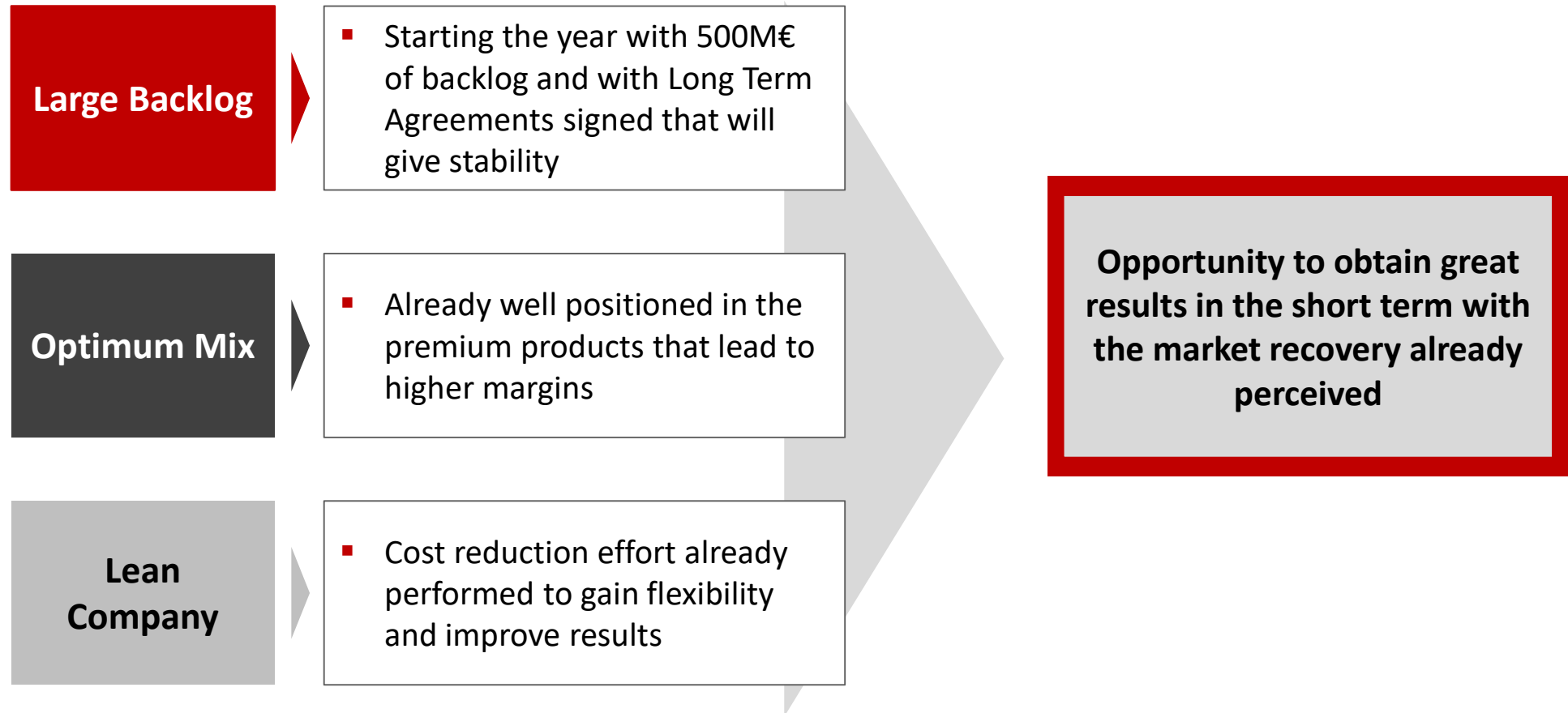
- Commercial repositioning: becoming a solutions provider instead of a tube manufacturer
- Focus on added value instead of on volume
- More than 20 Frame Works agreements signed with main end-users
- Leading position in Gas market

During 2020 & 2021 we prepared the Group for the current expansive energy cycle



2. Outlook for 2022

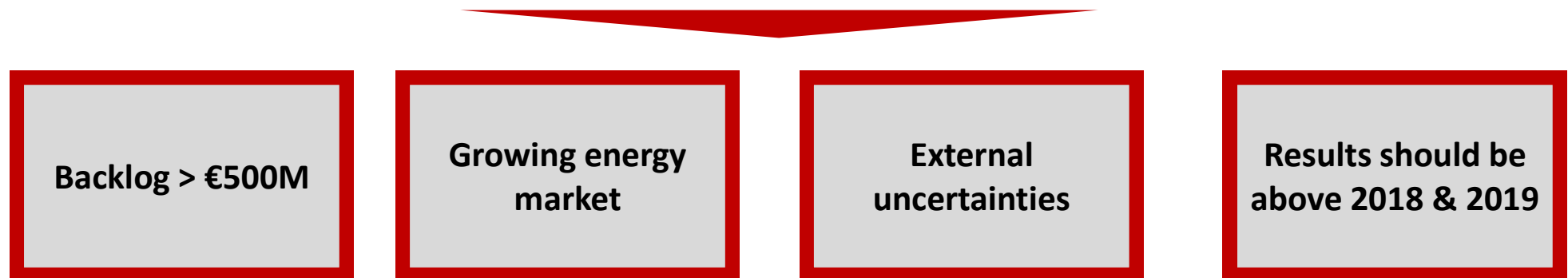
Foundations for the short term



Demand has come back after Covid effect and we are ready to success in the short term

Q1 2022 Results highlights

- Results continue the positive trend began in mid-2021
- This trend should lead annual results to be above those for 2018 and 2019
- Solid order intake, boosting backlog to more than €500M: highest backlog in four years
- Concerns about inflation, mainly in terms of the price of energy that it is jeopardizing our results
- Extreme volatility of raw material prices and the macroeconomic uncertainty caused by the Russian invasion of Ukraine need to be monitored
- Given the current geopolitical situation, it must be highlighted that TUBACEX does not have any significant exposure to Russia/Ukraine



Outlook for 2022

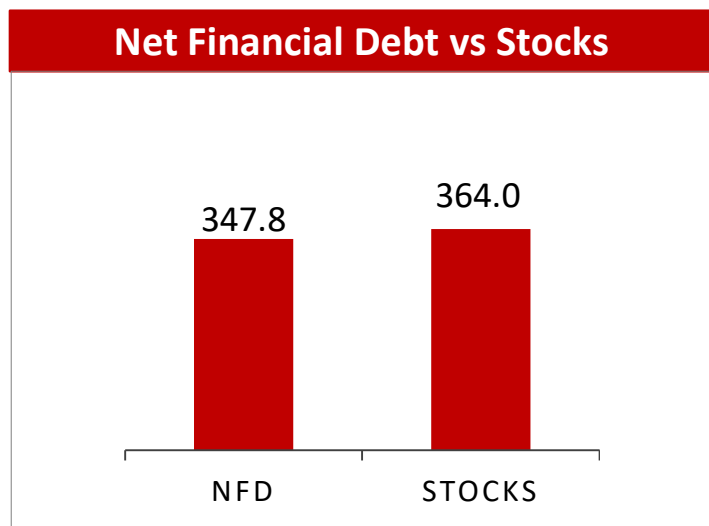
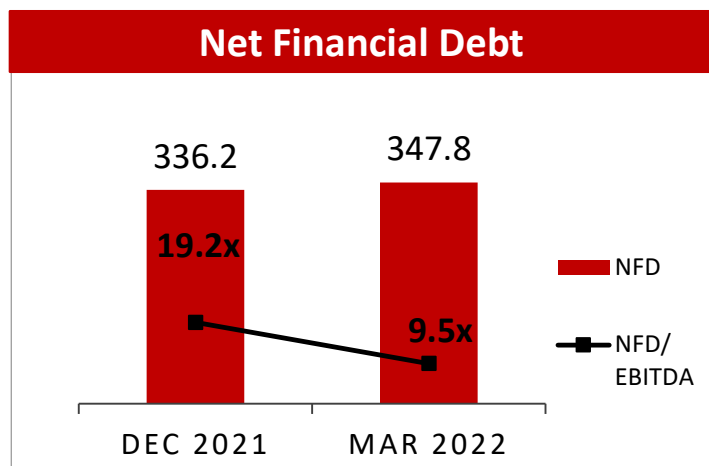


Q1 2022 Main financial figures

(€M)	Q1 2021	Q1 2022	% Var.	Q4 2021	% Var.
Sales	86.5	158.1	+82.7%	118.6	+33.3%
EBITDA	0.1	19.0	n.m.	12.6	+51.5%
EBITDA Margin	0.1%	12.0%		10.6%	
EBIT	-12.6	7.4	n.m.	0.3	n.m.
EBIT Margin	neg.	4.7%		0.2%	
Net Profit	-16.4	3.4	n.m.	0.2	n.m.
Net Margin	neg.	2.1%		0.1%	
	Dec 21	March 22	Var. (€M)		
Working Capital	222.5	228.1	+5.6		
Working Capital / Sales	60.9%	52.2%			
Net Financial Debt	336.2	347.8	+11.6		
Net Financial Debt / EBITDA	19.2x	9.5x			
Structural Net Financial Debt⁽¹⁾	113.8	119.7	+6.0		

(1) Net Financial Debt – Working Capital

Financial leverage at a glance



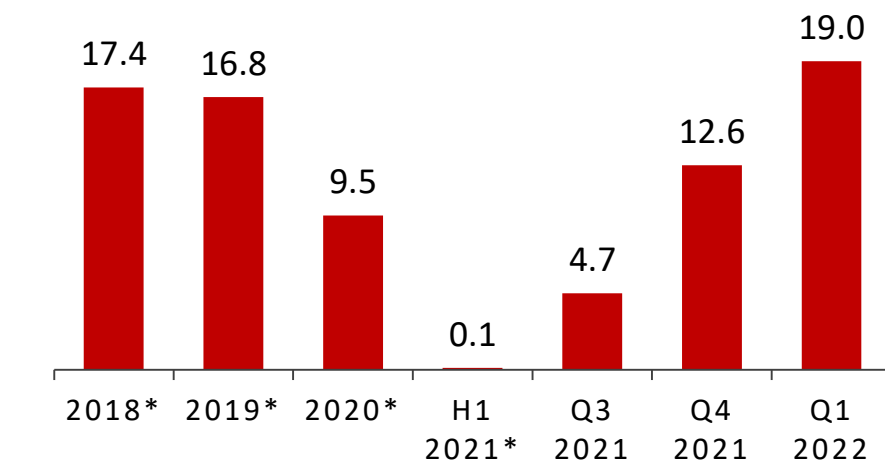
- Increase in the net financial debt related to the increase in working capital
- Rise of **€50.5M** in inventory levels:
 - Extraordinary effort in inventories to guarantee production and delivery times of the backlog after uncertainties in the supply chain
 - Increased cost of raw materials reflected in the increase in stock value
- Improvement of Net Financial Debt to EBITDA ratio
 - By the end of the year expected to stand between **3x and 4x**
- TUBACEX products are made to order due to their special nature: Net Financial Debt closely linked to the working capital (already sold)
 - Stock figure is higher than Net Financial Debt figure
- Strong liquidity position: **€150M**

Outlook for 2022



EBITDA recent evolution analysis

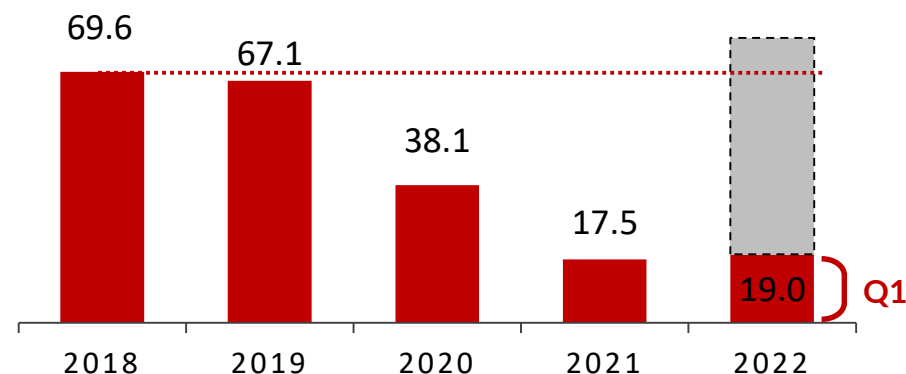
Quarterly Average EBITDA evolution (€M)



*Quarterly average EBITDA in the relevant period

Quarterly EBITDA trend shows that the lowest point was during H1 2021 and now TUBACEX is growing rapidly

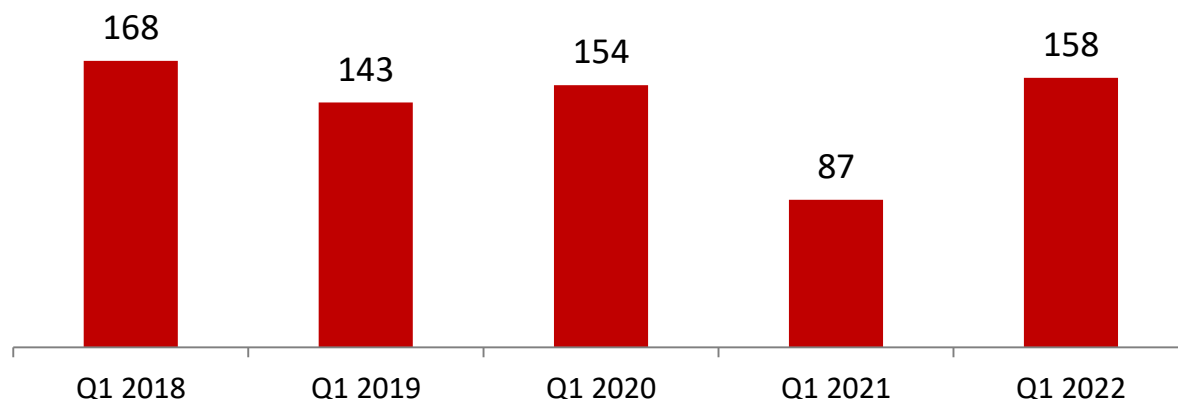
Annual EBITDA evolution (€M)



On an annual basis this trend would lead us to 2022 EBITDA higher than 2018 & 2019

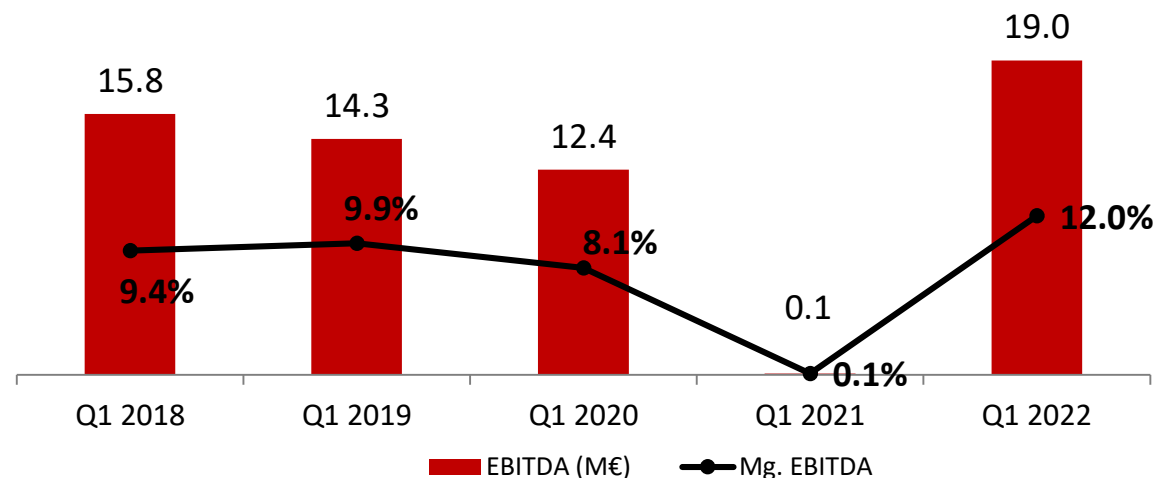
Historical quarterly evolution: Revenues & EBITDA

Revenues (€M)



Q1 2022 revenues are the higher ones for a first quarter since Q1 2018

EBITDA (€M)



Q1 2022 EBITDA is the highest one for a first quarter since Q1 2008



3.

Strategic Plan 2021-2025

Previous Strategic Plan – Market Situation

- Extremely negative sector cycle since 2014, further deepened in 2020 & 2021 due to factors exogenous to Tubacex
- The structural deficit of investments in recent years leads to an acceleration of projects to sustain worldwide growth without disruption in global supply

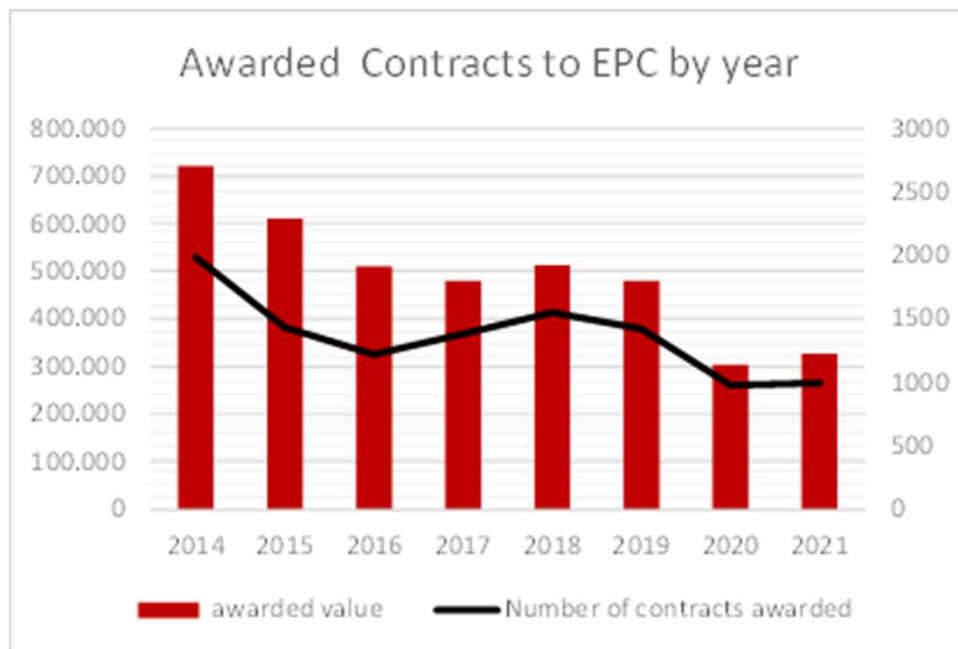
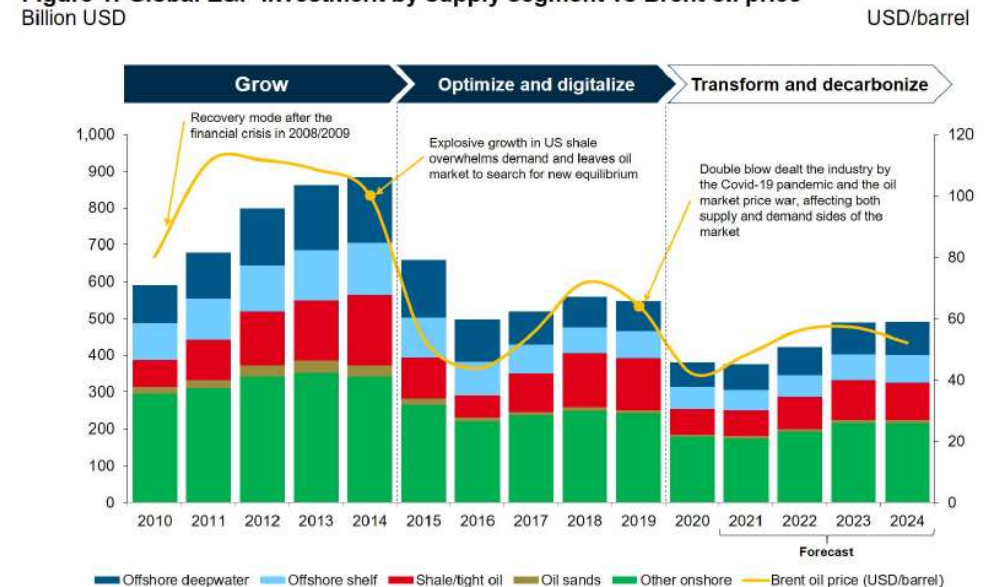


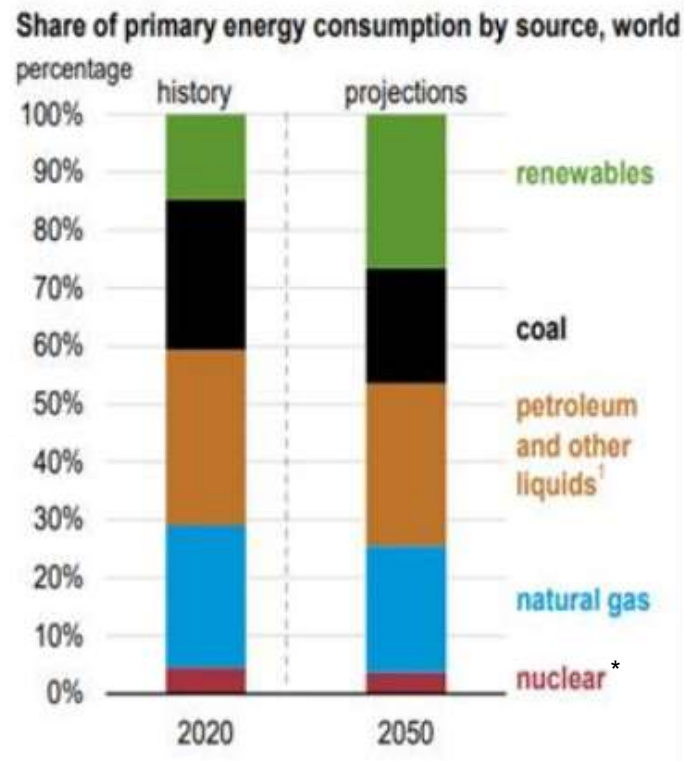
Figure 1: Global E&P investment by supply segment vs Brent oil price*



Source: Rystad Energy UCube

***These projections do not include a potential acceleration of Investments consequence of the Russian invasion of Ukraine**

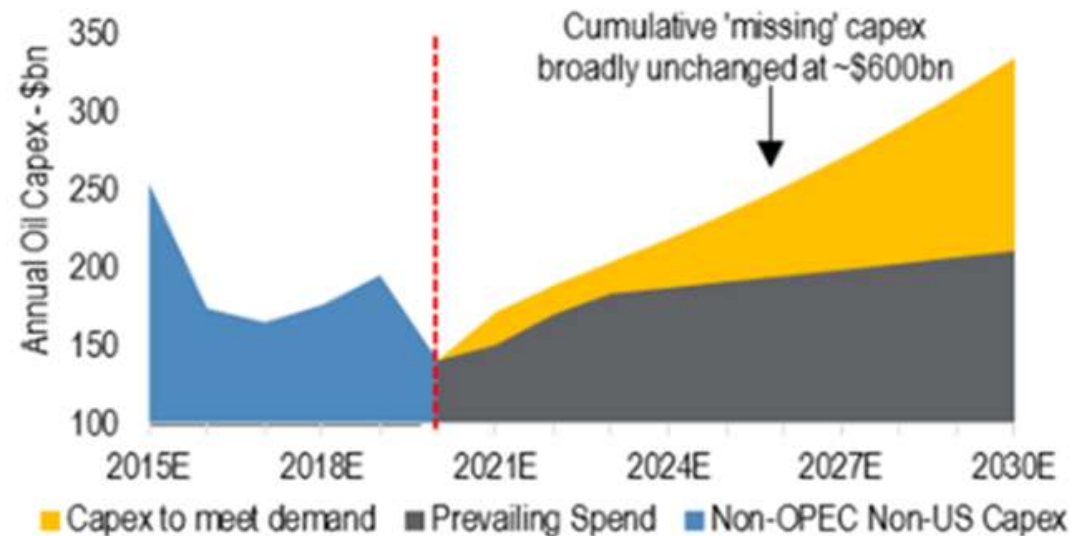
Energy demand perspectives



Source: International Energy Outlook, October 2021;
International Energy Agency

*These projections do not include recent nuclear reactivation programmes launched by France, UK, USA, China and India

JP Morgan estimates required spend to meet demand is ~\$600bn higher vs the prevailing Outlook (2021-2025 underspend \$135bn)



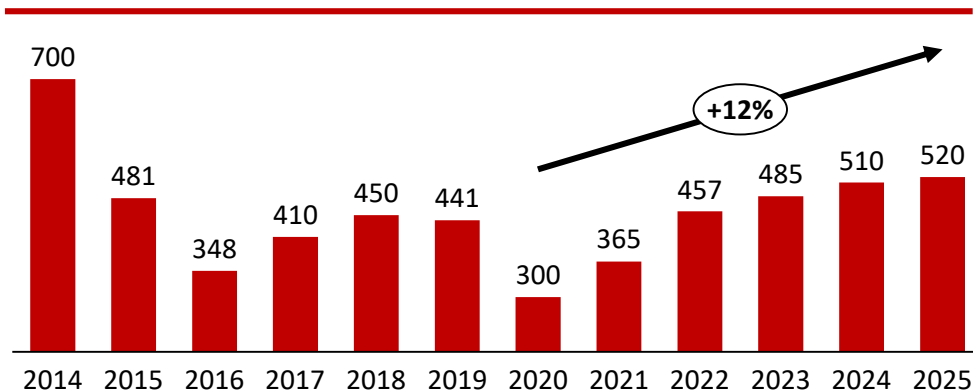
Source: JP Morgan estimates

Gas is going to be key in the energy transition

Market Conclusions

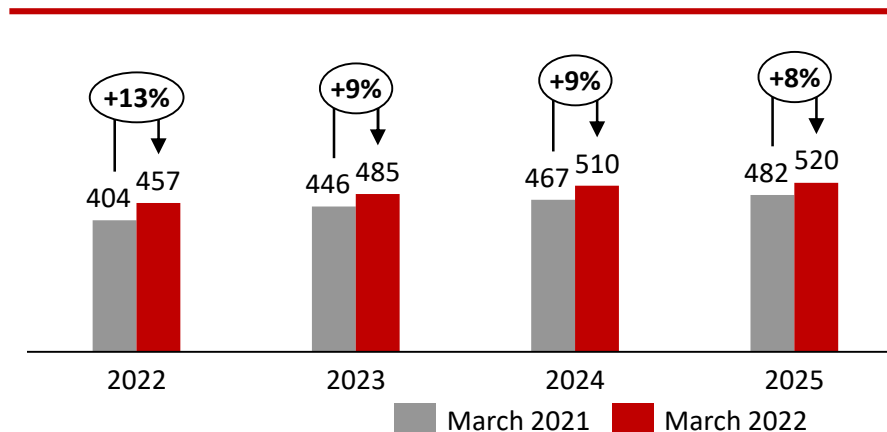
- We come from a 5-year cycle of insufficient investments in the Oil & Gas sector
- During the covid-19 pandemic decarbonization trends have been accelerated even more
- The substantial increase in the raw material prices and especially in gas prices have evidenced this lack of investment
- New sources of energy are still not ready to substitute traditional sources at this stage
- There is still a continuous increase of energy demand globally

E&P CAPEX Evolution (\$ Bn)



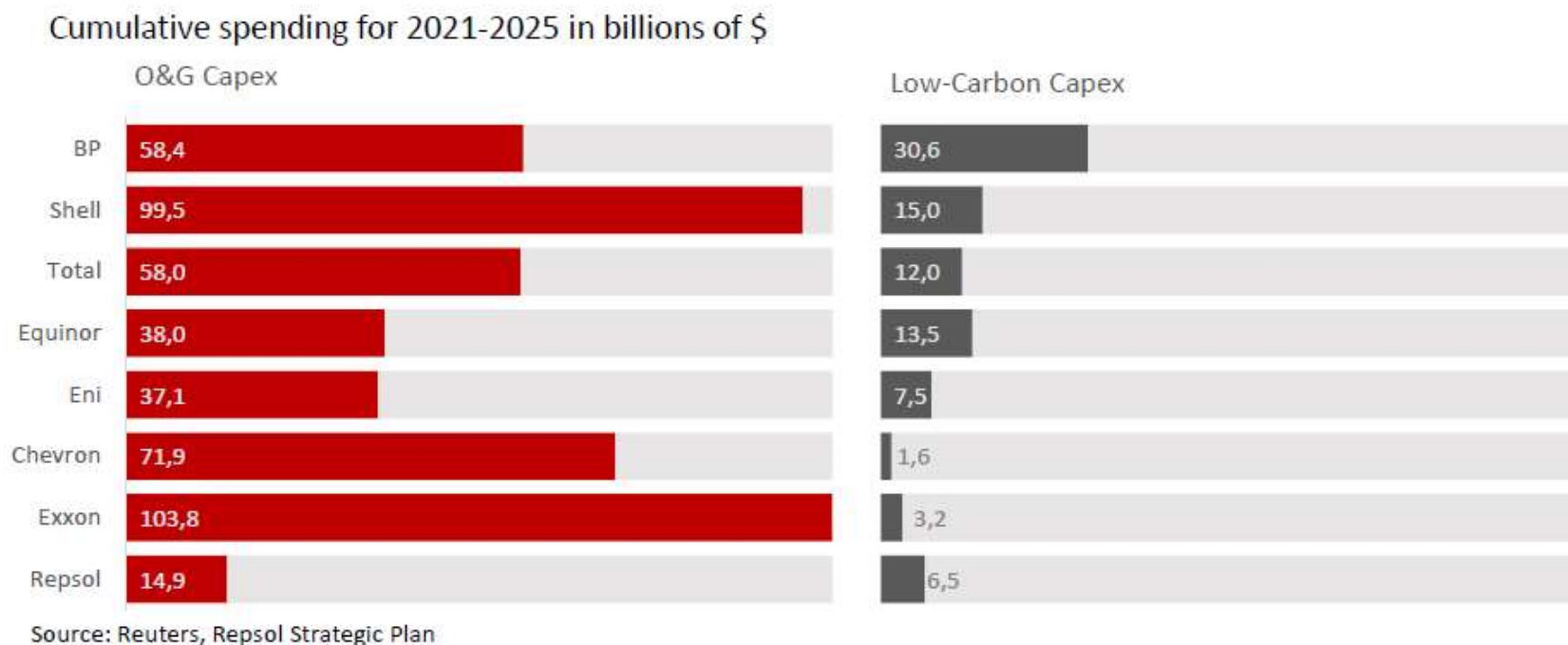
Source: IHS Markit Update March 2022

E&P Projected CAPEX update (\$ Bn)



We need a correct energy planning for a sustainable energy transition

Expected investments in Oil&Gas*



*These projections do not include a potential acceleration of Investments consequence of the Russian invasion of Ukraine and the necessity to substitute Oil&Gas coming from Russia

Oil Companies' investments in Oil&Gas will still be higher than in Low carbon energies

***Natural evolution accompanying
our clients and society in the energy
transition***

**NET
ZERO**

***Evolución natural acompañando a
nuestros clientes y a la sociedad en la
transición energética***

We are constantly evolving

Up to 2014

Traditional Seamless Stainless-Steel Producer



- Straight seamless stainless-steel pipes up to 8"
- Commodity products
- Focus on volume
- Focus on distribution business

2014-2020

Premium Tubular solutions



- New product development to cover the whole spectrum (organic and inorganic)
- Additional services around pipes & tubes
- Multichannel
- Better understanding of final application
- Getting closer to our end users

Tubacex 2021-2025

Multi-energy solution provider

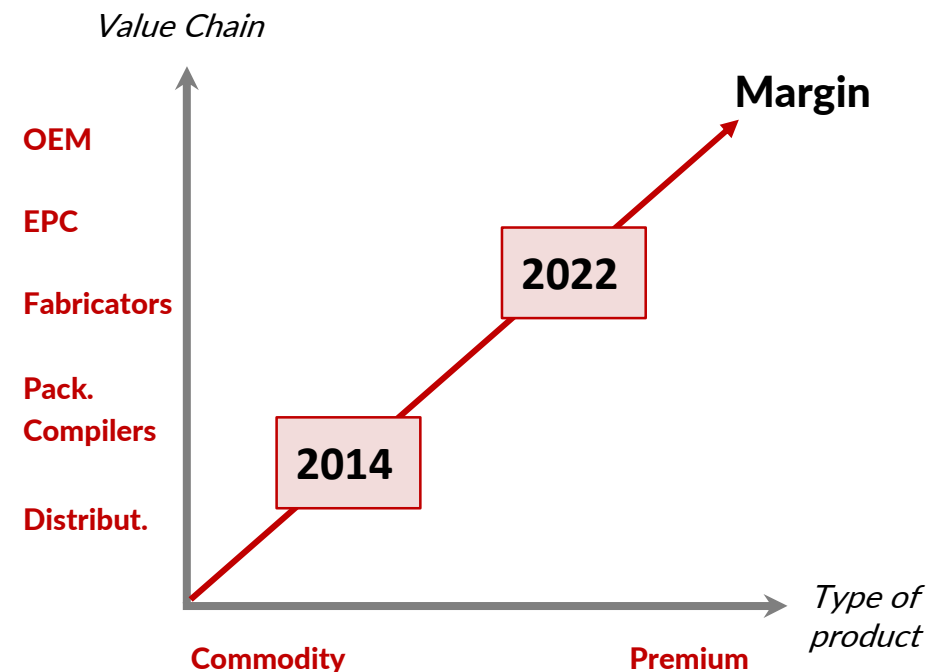


- Diversification from Oil & Gas business to multi energy
- Key player in securing the energy supply
- Becoming a Tier 1 adding new value-added services to our portfolio
- Focus on premium segments and package business

We need to continue transforming and evolve from Oil & Gas company to Energy company

2014-2020 Strategic Plan – Important market repositioning

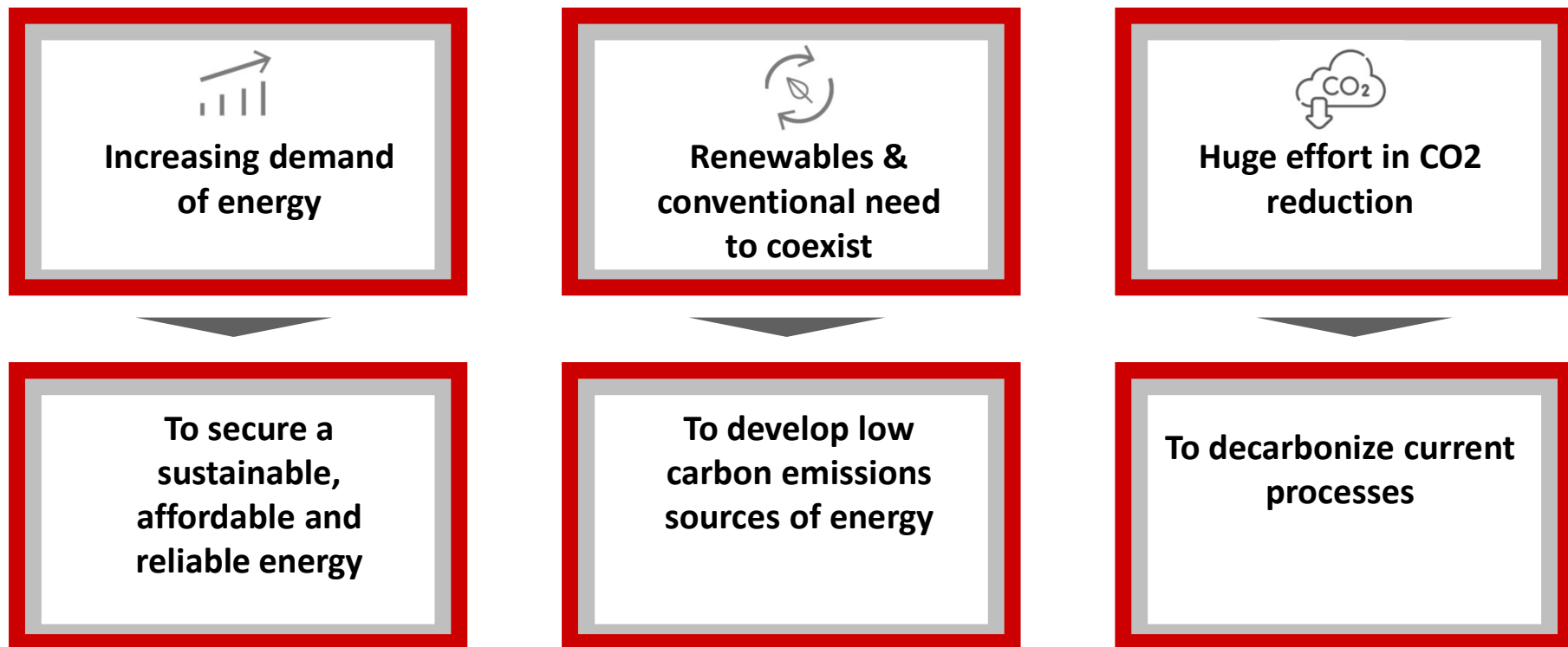
- Relevant investments in industrial installations and R&D to develop new products
- Integration of new companies in Asia to reposition our lower value added products selling through our new sales channel (TSS)
- Acquisition of companies with complementary products to complete the full range portfolio
- Different value proposition to the market focusing on value added services
- Place and homologate new products and new customers
- Important yearly evolution increasing market share in premium products



Successful evolution betting on value added instead of volumes (tons)

Towards a more sustainable energy mix

- Society moves forward to a decarbonization of Energies and all the stakeholders need to work together to reach the ambitious goals



TUBACEX to play a Key Role in securing the energy supply while meeting environmental goals

TUBACEX's Role in the Energy transition

Conventional energy

To accompany our clients in their decarbonization processes and 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 emissions energy

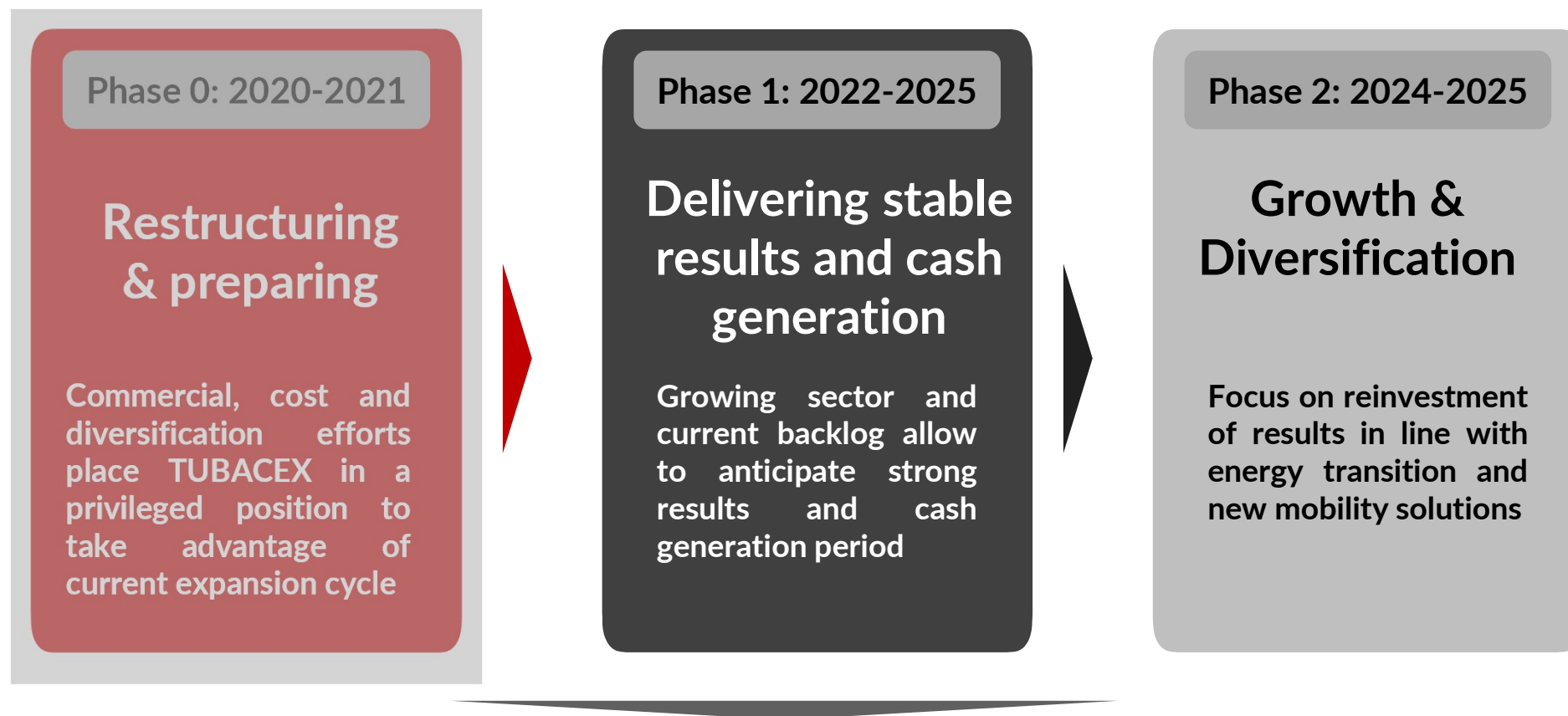
To play a key role in storage and transport solutions for low emissions sources of energy

- Applications and materials specifically designed for new energy sources (i.e. Hydrogen, biomass, etc)
- Specific projects for storage and transport solutions

Regardless of their origin, all energy generation, transport or storage processes require materials that are highly resistant to corrosion, temperature and pressure

TUBACEX to play a proactive role in the Energy Transition facilitating its clients the achievement of their goals

Three clearly differentiated phases



**2030
Vision**

High Value Sophisticated Solutions provider for Energy and Mobility sectors

Three Business lines aligned with Society's decarbonization goals



Supporting our customers in their decarbonization processes

- Increase of natural gas consumption
- Reactivation of nuclear projects
- New technologies to reduce carbon emissions
- Improvement of our customers' processes efficiency
- Taylor made solutions
- Innovation in new materials



Offering low carbon solutions for energy generation, storage and transport

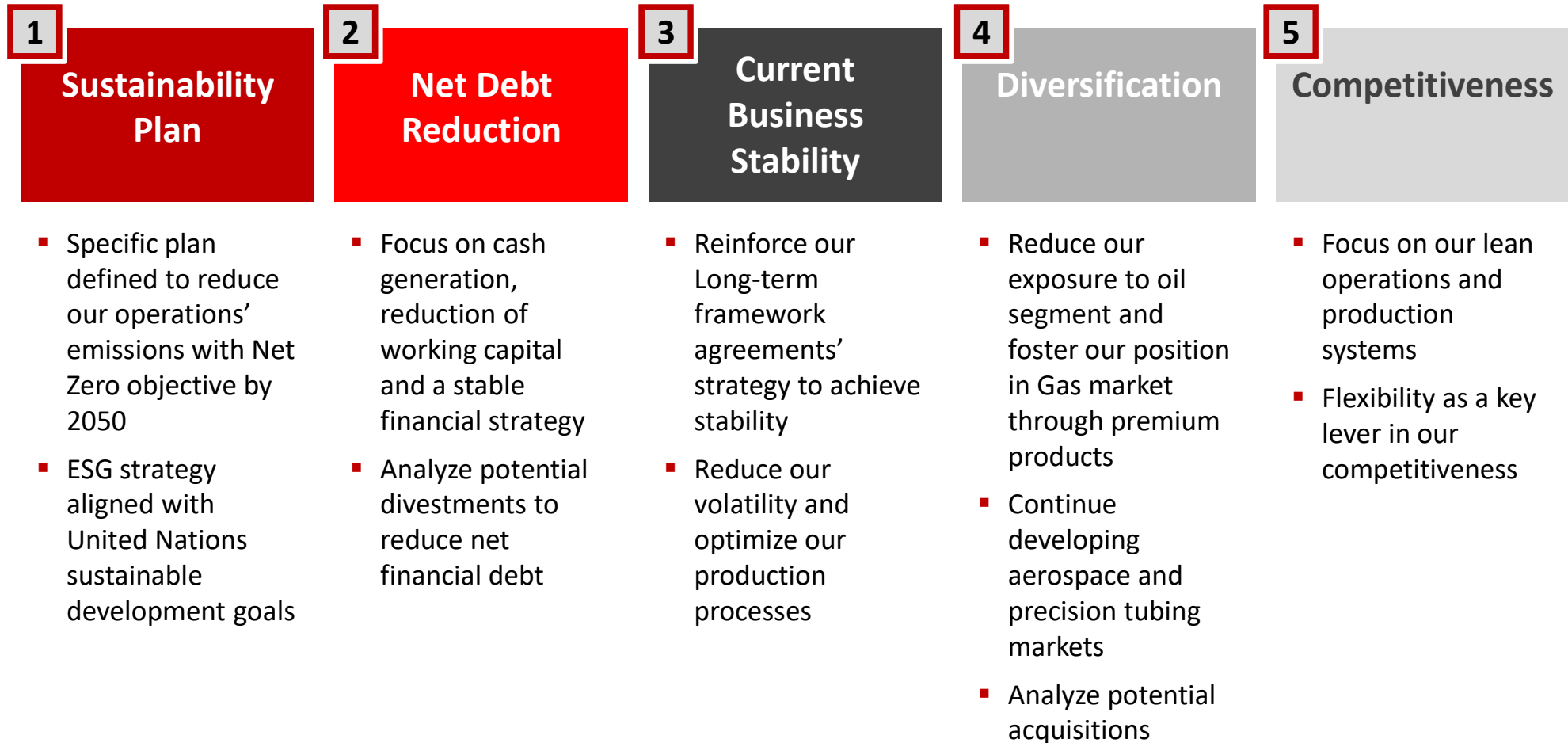
- Tailor-made solutions and materials for hydrogen applications
- Projects focused on energy storage and transport
- CC (Carbon Capture) and CCS (Carbon Capture and Storage) solutions



Analyzing organic and inorganic growth in energy and mobility sectors

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

Five strategic axes



Five lines of action to successfully implement our Strategic Plan

1. Sustainability Plan

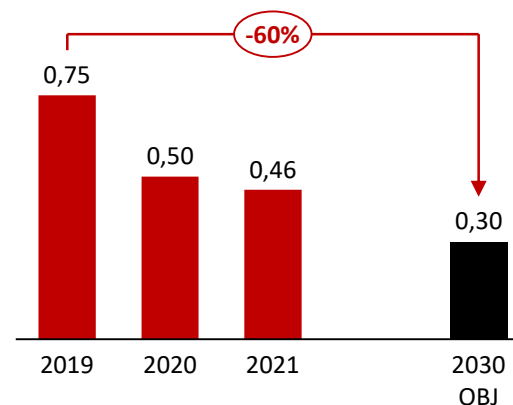
Environmental – Minimizing the impact of Tubacex on nature

- Decarbonization and energy efficiency
- Circularity of the business model, reduce waste and increase recycle material usage
- Transparency and reporting of the most important indicators

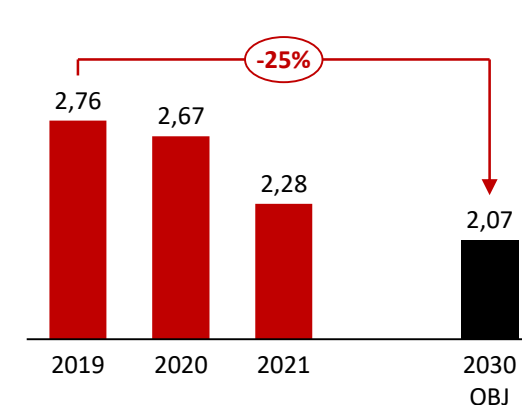
Decarbonization and energy efficiency

Circular Economy

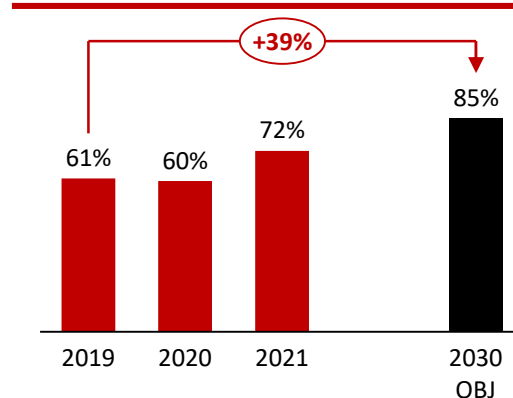
Scope 1+2 Emission intensity
(tCO₂eq/TEUR GVA)



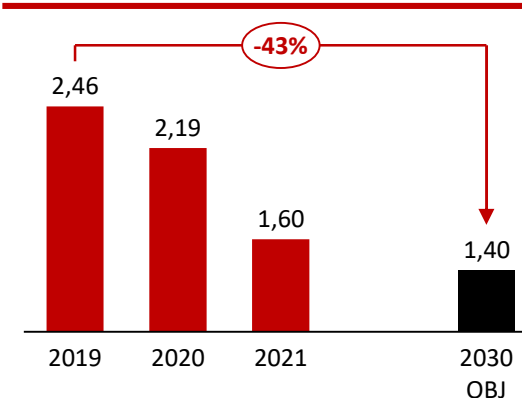
Energy intensity
(MWH/TEUR GVA)



Waste Recycled (% of total)



Water Intensity
(103M³/TEUR GVA)



1. Sustainability Plan

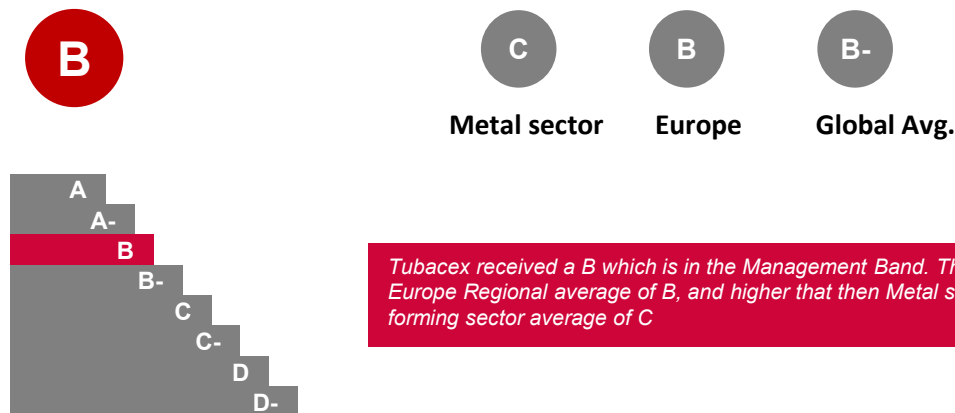
Environmental

Decarbonization and energy efficiency



- 1st CDP disclosure in 2021
- Awarded **CDP Supplier Engagement Leader**
- Ranked B in general ranking, above the sector and global averages

Tubacex



Leadership (A/A-): Implementing current best practices
Management (B/B-): Taking coordinated action on climate issues
Awareness (C/C-): Knowledge of impacts on, and of climate issues
Disclosure (D/D-): Transparent about climate issues

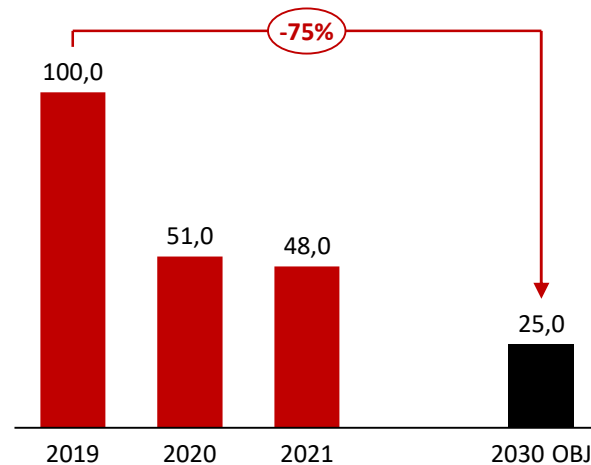
1. Sustainability Plan

Social – Contributing to Social fairness

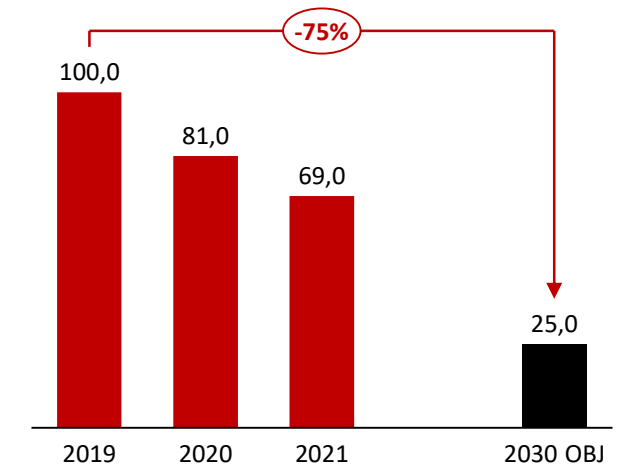
Health & Safety

- Maximum priority to guarantee the Health, Safety and wellbeing of employees and contractors
- Specific goals to reduce significantly the number and severity of injuries

**Lost Time Injury Frequency
Rate Evolution (Base 2019=100)**



**Injury Severity Rate Evolution
(Base 2019=100)**



Promote a preventive health and safety culture for employees and contractors

1. Sustainability Plan

Social – Contributing to Social fairness

Diversity, Engagement and Communities

Actions

Foster an inclusive culture, diverse and equitable

- Promote gender diversity
- Monitor and minimize the wage gap
- Promote functional diversity
- Promote multicultural diversity
- Include social criteria in hiring
- Improve content accessibility

Strengthen the link between our people and the business project

- Promote talent development plans
- Continuous training in culture and values
- Improve commitment to the company
- Involve employees in social action

Promote social development and respect for human rights

- Guarantee respect for human rights
- Contribute to projects with positive impact

Key objectives 2030

- Reduce annually 2% the gender pay gap
- 100% employees trained on ESG aspects
- Engagement model deployed
- Dedicate 1% of net benefit to the development of communities

1. Sustainability Plan

Social

TUBACEX FOUNDATION



On going actions:

Social action:



in support of
unicef

2016-2020
Palghar (India)

Promoting education through the improvement of WASH (Water, Sanitation and Hygiene) systems.



**colabora
birmania**

2019-
Mae Sot (Thailand)

Improving the living conditions of Burmese children displaced to Thailand through education, infrastructure and food projects.

Education and Diversity



Vocational training and Global Training (International training) programs



Promotion of the integration people with disabilities through job opportunities

Emergency programs: 2022

“Tubacex with Ukraine”

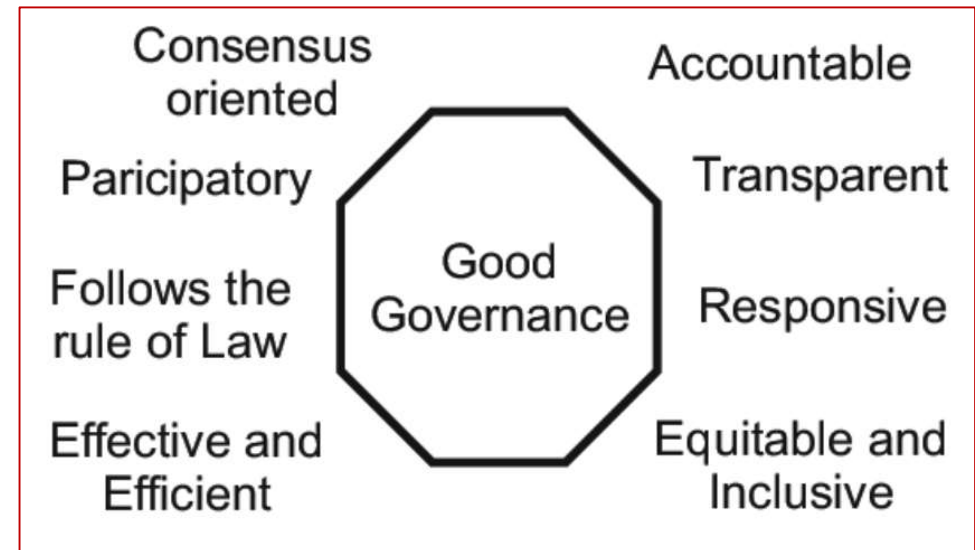
- Integral support to a group of Ukrainian families: from Ukraine to Spain. Comprehensive and on-going accompaniment.
- Also supporting their host families.



1. Sustainability Plan

Governance – Decision making, reporting and ethical behavior

- Accurate and timely reporting to stakeholders fostered by internal and external model of communication
- Accountability for ESG performance
- Active risk management culture
- Appropriate independent oversight
- Corporate governance to assure undertaking business in an ethical manner



Source: 8 characteristics of Good governance by United Nations

To do the right thing and to promote transparency

2. Net Debt Reduction

Key actions:

- Stable Free Cash Flow generation during all the period
 - To optimize our working capital needs
 - Optimal inventory levels per plant
 - CAPEX discipline and rigour
-
- **Analysis of potential divestments of non-strategic businesses**

2025 Goals

**2-3x
NFD/EBITDA**

RoNA >10%*

**30% working
capital over
sales**

**Cash
conversion
rate ≈50%***

* Excluding potential investments in inorganic growth

Devoted to cash generation. Mandatory Net Debt reduction to achieve our 2025 goals

3. Current business stability

- Focus on long-term relationships with key customers in premium segments
- Strong efforts on operations stability to improve efficiency and delivery times
- Secure optimum mix in each of our plants



2025 Goals

40% Sales from LTAs

Correct Product Allocation

Upstream

- OCTG Frame agreements under negotiation with different companies for the upcoming years

SURF

- Agreements with main strategic customers of umbilical tubes and in subsea sector

Nuclear

- Agreements with most important fabricators and customers in nuclear sector

AERO

- Renewal of Frame Agreements signed with two important companies

Special Services

- Agreements with relevant petrochemical Groups

Industrial applications

- Agreements with the most important end users in H&I market for non-Oil & Gas markets

Improving our resilience in a cyclical sector reducing our volatility

4. Diversification

Core Tubacex Products



- To grow in:
 - Aerospace
 - automotive
 - nuclear and
 - other industrial applications
- Increase our value-added services portfolio around the tube

Low Carbon Solutions



- New Business Unit devoted to low carbon solutions
- Applications in Hydrogen and Carbon Capture
- HyValue project (Waste to Hydrogen)

New businesses



- Potential opportunities with focus on mobility and Renewable energies

To reduce our exposure in Oil

5. Competitiveness

- Focus on value added instead of on volume
- Focus on operations efficiency supported by digital capabilities
- Continuous improvement through our TxPS System
- Maintain workforce flexibility and achieved cost reduction
- Raw materials and Scrap management
- Develop and retain talent
- Lean corporate structure
- Competitive business units

2025 Goals

**500 EFQM
Valuation**

**3% efficiency
improvement
y-o-y**

Adapting TUBACEX to current and future market conditions

Our strategic goals

**Expansive cycle
of traditional
business**

**Growth aligned
with energy
transition**

**Diversification
through new
businesses**

Financial Goals 2025

Revenues	1,000-1,200M
EBITDA Margin	12%-15%
NFD / EBITDA	2-3x
Working capital	30% over sales
RoNA	>10%*

ESG Goals 2030

CO2 emissions	-60%
Energy intensity	-25%
Waste recycled	85%
LTIFR	-75%
Injury severity rate	-75%

Reduce our exposure to Oil&Gas to 1/3 of total revenues

* Excluding potential investments in inorganic growth

Conclusions

Speeding –up towards more sustainable sources of energy...

... but Oil&Gas are still necessary

Our clients are moving...

..and we are moving with them

TUBACEX is prepared to lead an Energy Transition to secure a reliable, accessible and affordable energy for our Society, meeting environmental global targets

Conclusions

- We have achieved our objectives in terms of market positioning, entry into new products and new customers
- We are continuously adapting our organization in cost structure to new market conditions
- Market is recovering gradually, and we have been able to sign long term agreements that give us stability for the future
- Tubacex has a key role in the Energy Transition and our products & solutions are indispensable to achieve the net zero emissions goal
- We are fully committed with sustainability, and we have defined challenging objectives in our ESG plan
- Our Strategic Plan will lead us to be a more diversified and resilient company

NEW CHALLENGES, NEW SOLUTIONS

***Face the new challenges of human progress
providing advanced industrial products and
services***

***Hacer frente a los nuevos retos para el
progreso humano aportando soluciones
industriales avanzadas***

