

# TUBACEX GROUP

Q1 2023 Results Release

**TUBACEX**  
GROUP

**April 2023**



## Main Highlights

- Extremely positive quarter in terms of results generated and order intake
- Seventh consecutive quarter of growth, with the highest ever quarterly sales figure and EBITDA
- The sales margins have been consolidated at the Strategic Plan target levels (EBITDA margin at 13.1% and EBIT margin at 8.1%)
- Reduction of the net financial debt to EBITDA ratio to 2.8x, also at the strategic target
- Firm commitment to ESG principles that has led us to become a reference in our sector
- Significant growth in Low Carbon products, aligned with the energy transition, with clearly positive prospects for the carbon capture market
- The commitment to diversification of sectors, orientation towards premium products and cost containment gives the Group high visibility and resilience
- High level of order intake, enabling the backlog to keep a record level of €1,650M and a book-to-bill ratio of 1.01x
- Quarterly results are expected to remain in line with the current ones throughout the year

**Robust results**

**The Backlog  
remains at historic  
levels**

**Steady growth in  
Low Carbon**

**Positive trend for  
the coming  
quarters**

# Q1 2023 Results

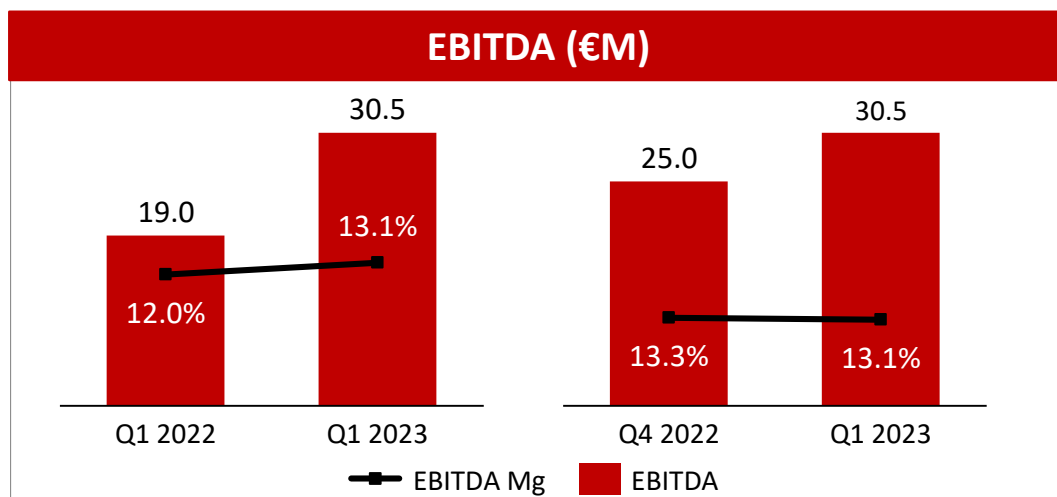
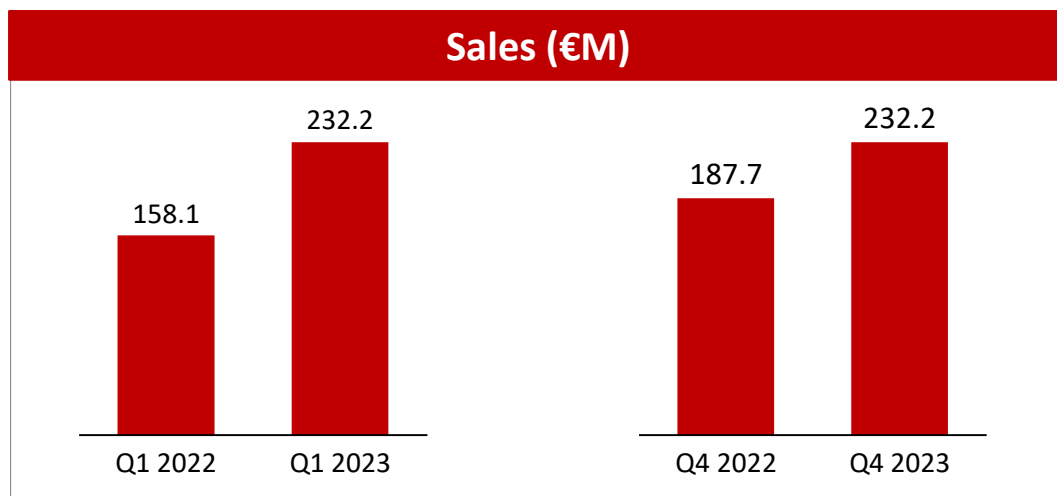


## Main financial figures

(€M)	Q1 2022	Q1 2023	% Var.	Q4 2022	Q1 2023	% Var.
<b>Sales</b>	158.1	232.2	46.9%	187.7	232.2	23.8%
<b>EBITDA</b>	19.0	30.5	60.0%	25.0	30.5	21.6%
<b>EBITDA Margin</b>	12.0%	13.1%		13.3%	13.1%	
<b>EBIT</b>	7.4	18.7	153.6%	12.7	18.7	46.9%
<b>EBIT Margin</b>	4.7%	8.1%		6.8%	8.1%	
<b>Net Profit</b>	3.4	10.0	196.3%	3.2	10.0	206.9%
<b>Margin</b>	2.1%	4.3%		1.7%	4.3%	
	Dec 22	March 23	Var. (€M)			
<b>Working Capital</b>	230.0	229.2	-0.7			
<b>Working Capital / Sales</b>	32.2%	29.1%				
<b>Net Financial Debt</b>	287.1	286.8	-0.3			
<b>Net Financial Debt / EBITDA</b>	3.1x	2.8x				
<b>Structural Net Financial Debt<sup>(1)</sup></b>	57.1	57.5	0.4			

(1) Net Financial Debt – Working Capital

## Main Figures from the Income Statement



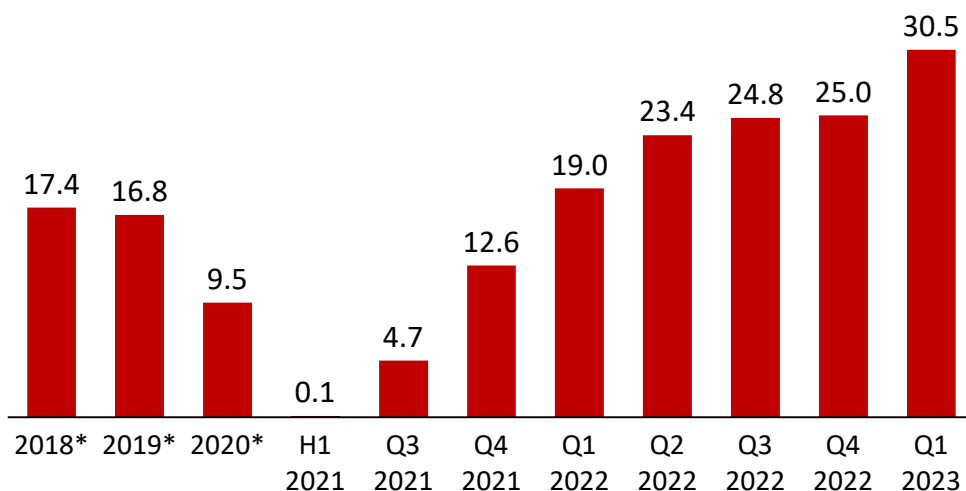
- Sales for the first quarter have amounted to €232.2 million, the highest quarterly level ever
  - Up 46.9% on the first quarter of 2022
  - Up 23.8% on the previous quarter
- The growth in sales reflects the increase in volume sold and an improved mix
- Market remains at high levels
- Quarterly EBITDA of €30.5 million, the highest ever, with a margin of 13.1%
- The good mix and cost adjustment efforts in recent years have partially offset the inflationary environment and enabled record figures to be reached
- All of the production units are positioned in the manufacture of the optimum product mix, with an appropriate cost structure following the restructuring

# Q1 2023 Results

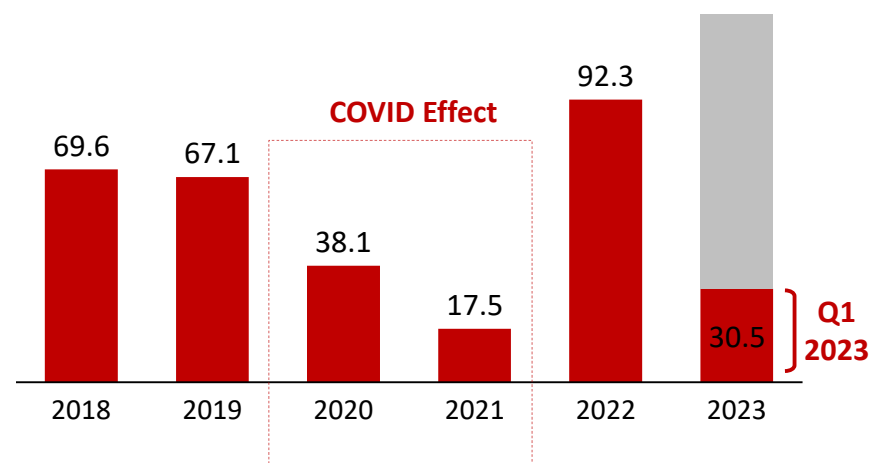


## Main Figures from the Income Statement

### Quarterly Average EBITDA evolution (€M)



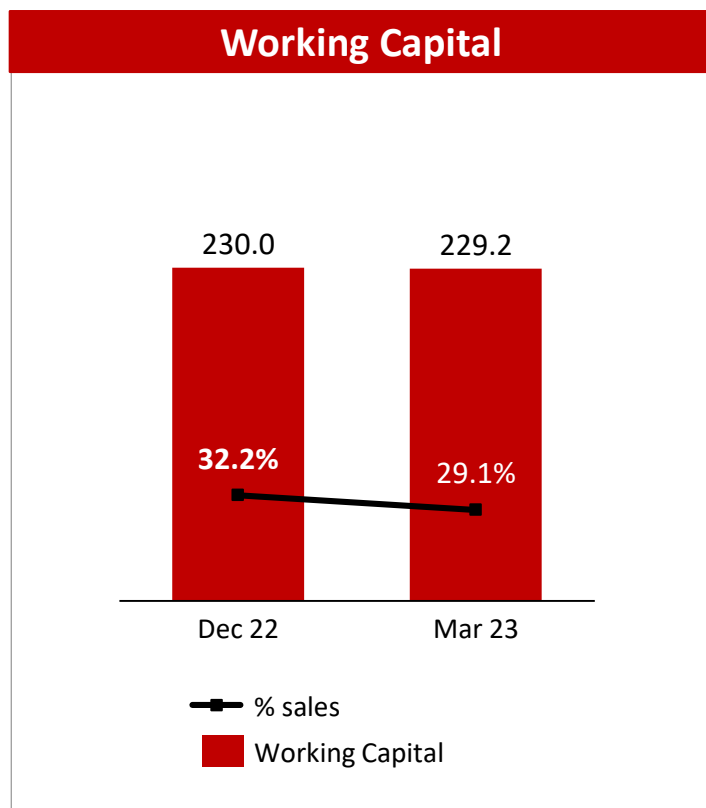
### Annual EBITDA evolution (€M)



\*Quarterly average EBITDA in the relevant period

The market trend and high visibility of the backlog foresee another year of growth

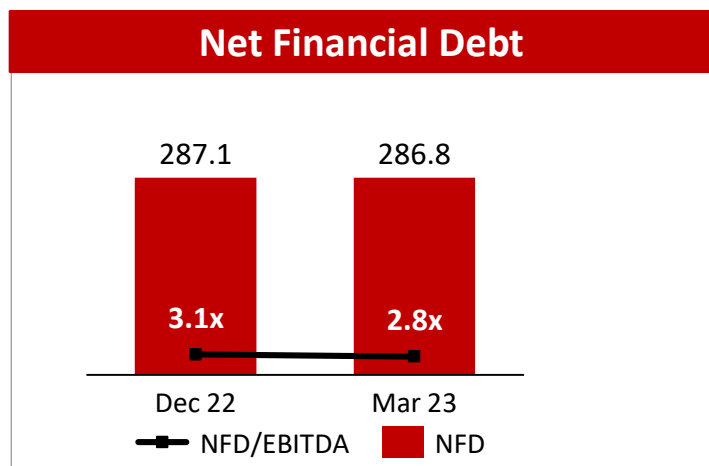
### Main Figures from the Balance Sheet: Working Capital



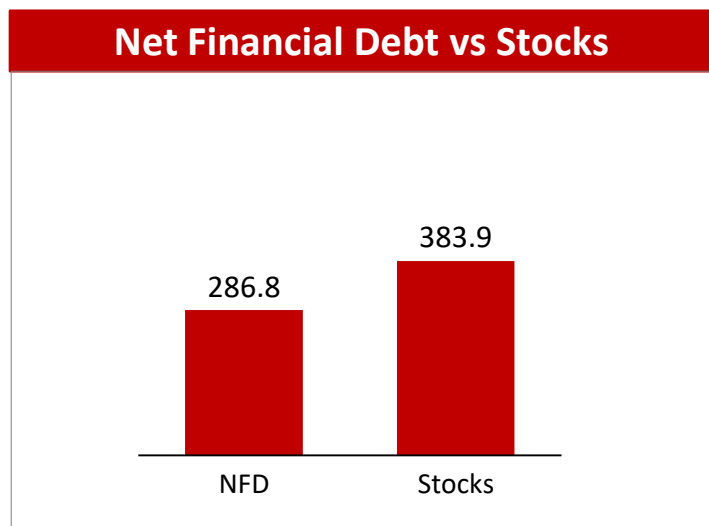
- Working capital has amounted to €229.2 million, €0.7M below the 2022 year-end figure, in spite of the €5.6M increase in inventory levels and the upward trend in invoicing
- Increase in inventory levels due to:
  - Increased cost of raw materials and energy reflected in the increase in stock value
  - Increased stock value as a result of the premium product mix in manufacturing
- The percentage of working capital over sales has continued to improve and now stands at 29.1%, fulfilling the strategic objective

Working capital over sales at Strategic Plan target levels

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



- Part of the cash generated in the quarter has been allocated to the purchase or the minority stakes in Saudi and in Norway and to the beginning of the investment in the Abu Dhabi plant (€8.5M)
- Maintenance of Net Financial Debt at 2022 year-end level (-€0,3M reduction)
- The Net Financial Debt over EBITDA ratio has improved, falling to 2.8x and reaching the strategic target
  - The improvement trend is expected to continue in future quarters
- 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
- Group's financial soundness with €169.7M in cash and a liquidity position amounting to €219.7M



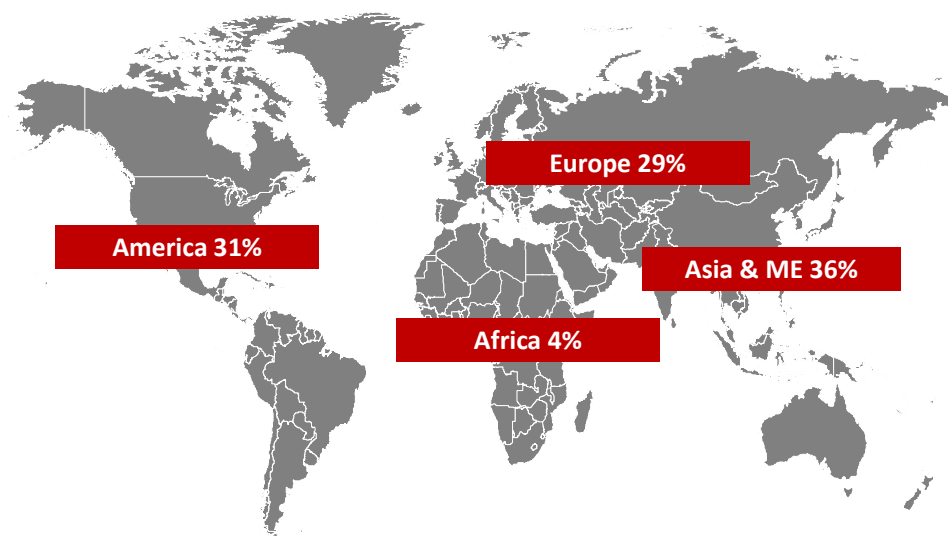
## Revenues breakdown

- Order intake remains at extremely high levels, with record intake in the first quarter of the year
- Very good situation in the Gas Upstream sector, with continued positive prospects
  - Unprecedented investments have been announced in the Offshore segment and the umbilical backlog stands at historic levels
- Diversification towards new business sectors has been consolidated, increasingly highlighting orders related to the energy transition and green energy
- The current backlog remains at record levels of €1,650M

### Breakdown by sector



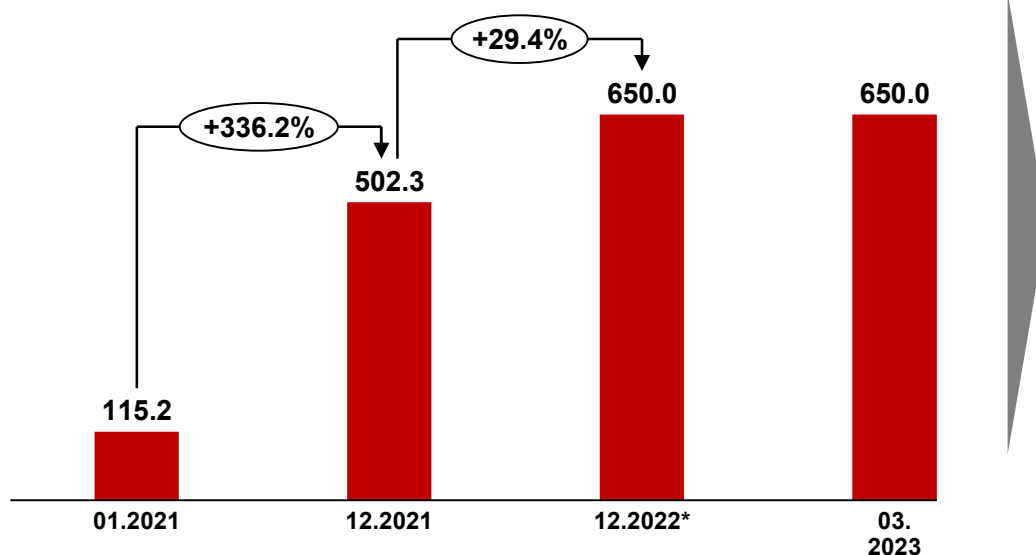
### Breakdown by destination





## Backlog Evolution

### Backlog evolution



### Book-to-bill ratio

Q1 2023

1.01x

**Total Backlog including ADNOC's project amounts to €1,650M**

- Record invoicing with the order intake at the same level as the 2022 year-end
- Book-to-bill ratio for the quarter stands at 1.01x, proving the soundness of the market
- The current backlog situation points towards a very positive financial year in 2023, improving on the results for 2022

**Robust situation of the backlog even omitting the major OCTG order**

## Commercial remarks (i)

### E&P Oil&Gas



#### Upstream

- Continued positive outlook for high allow requirements in critical well environments in all major hubs with special mention for Middle East, Brazil and Guyana
- Tubacex started the full supply and service installation in the Buzios pre-salt development in Brazil
- Demand for precision machining and drilling tools operations remains strong in all global locations and it is expected to continue this way at least during 2023 & 2024



#### Subsea

- Record investments announced by end users in the offshore sector for the coming years
- There are still good prospects in traditional countries, such as Norway, Brazil, Australia or Angola, with new countries emerging with high potential projects: Namibia, Tanzania, United Arab Emirates, India, Cyprus, etc.
- Leading position in the Norwegian market where Tubacex has reached 25% of the market share
- Framework agreements with some of the leading EPCs for subsea elements, as well as for FPSO
- Record backlog in the umbilical segment, which includes the major order from Aker Solutions

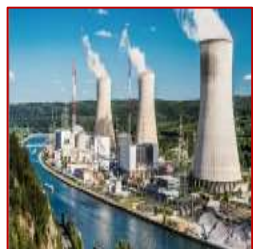
## Commercial remarks (ii)

### Industrial



- The industrial sector, in which the chemical, petrochemical and fluid transport sectors prevail, is still one of the Group's leading sectors
- The reactivation of investments in the Middle East and the United States and the reactivation of several petrochemical projects in China can be highlighted
- The Caspian Sea area, particularly Kazakhstan, where Tubacex has a high level of procurement thanks to the Karachagan project, deserves special mention

### PowerGen



- Gradual decoupling of the Group from conventional coal projects and reorientation towards the circular economy and energy transition
- Positioning with EDF as a long term strategic partner for maintenance and safety projects at its nuclear power plants
  - Orders received in the first quarter for the new Hinkley Point C reactor
  - New EDF award prospects in the coming weeks
- Good visibility in CapEx for the coming years
- Collaboration with several leading nuclear engineering companies in the design of the new advanced nuclear plants as well as for the SMR (Small Modular Reactor), which the first units are expected to be into operation by the end of this decade

## Commercial remarks (iii)

### Low Carbon



- Improvement in the process of identifying Low Carbon projects, with a new definition of taxonomy
- It is expected US federal government stimulus will lead to rapid growth in CCUS (Carbon Capture, Use and Storage) project developments for Clean Ammonia production or to reduce net emissions at ethylene plants
  - Similar movement emerging in UK, Australasia and Middle East
- Contracting of several projects for Biomass energy recovery plants in the north of Europe

### New businesses






- Strong growth and demand in **aerospace** and **defense** sectors in the first quarter of the year
  - The aerospace sector demand stands at pre-Covid levels in commercial aircraft build and the MRO sector
  - The defense sector has increased driven by national purchasing programs and the demand for special alloys
- The **H&I (Hydraulic and Instrumentation)** segment maintains the strong growth observed in 2022 thanks to agreements with first-rate partners, highlighting the segments devoted to the manufacture of semi-conductors and pressure tubes for Blue Ammonia plants
- Project for a plant in the USA belonging to one of the world's leading nitrogen **fertilizer** manufacturers

# Q1 2023 Results



## Main ESG KPIs

Category	Subcategory	Indicator	Unit	2019*	Q1 2023	Goal 2030
 <b>Environment</b>	Energy & Climate	Energy intensity <sup>1</sup>	Mwh/ GAV	2.58	<b>1.39</b>	2.07
	Energy & Climate	Scope 1 + 2 Emissions intensity <sup>2</sup>	tonCO2 /GAV	0.70	<b>0.22</b>	0.28
	Energy & Climate	% Renewable Energy	% of total energy	0.0%	<b>37.0%</b>	40.0%
	Circular Economy	Waste recycled	% Total generated	60.5%	<b>89.5%</b>	95.0%
 <b>Sustainable Value Chain</b>	Supply Chain	% of suppliers evaluated on ESG factors	%	0.0%	<b>90.0%</b>	99.0%
 <b>People</b>	Diversity	Gender pay Gap	ratio	11.5%	<b>12.0%</b>	10.1%
	Professional develop.	Training delivered per employee	Hours/fte	13.7	<b>14.3</b>	15.0
	Health & Safety	Lost Time Injury Frequency Rate [LTIFR] Evolution	2019 basis	100.0	<b>47.4</b>	25.0
	Health & Safety	Severity rate Evolution	2019 basis	100.0	<b>75.0</b>	25.0

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

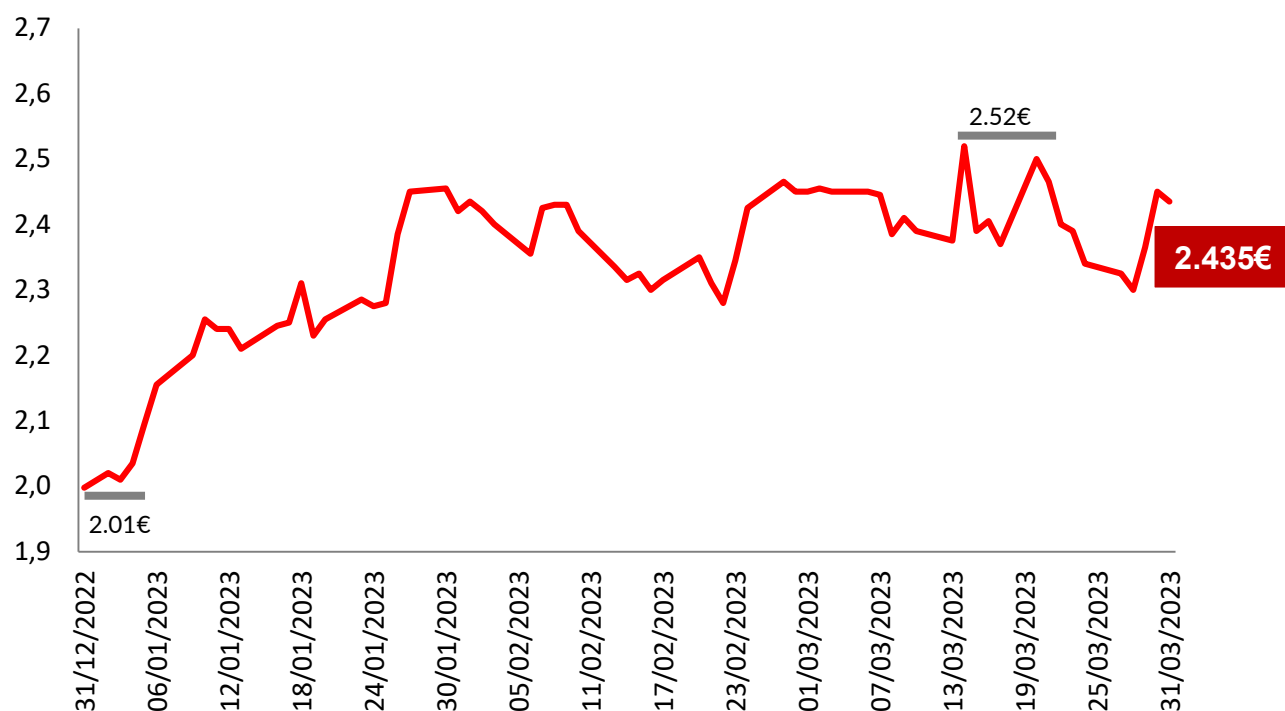
1. Group companies intensities weight by energy use

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 (03.31.23)	2.435€
Market Cap (€M)	314.1€M
% evolution YTD	+21.9%
Max.	€2.52 (March 5th)
Min.	€2.01(January 3rd)
Average Target Price <sup>1</sup>	€3.64

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

Source: Stock Exchanges and Markets

1) Average target price on 31<sup>st</sup> March according to the market consensus

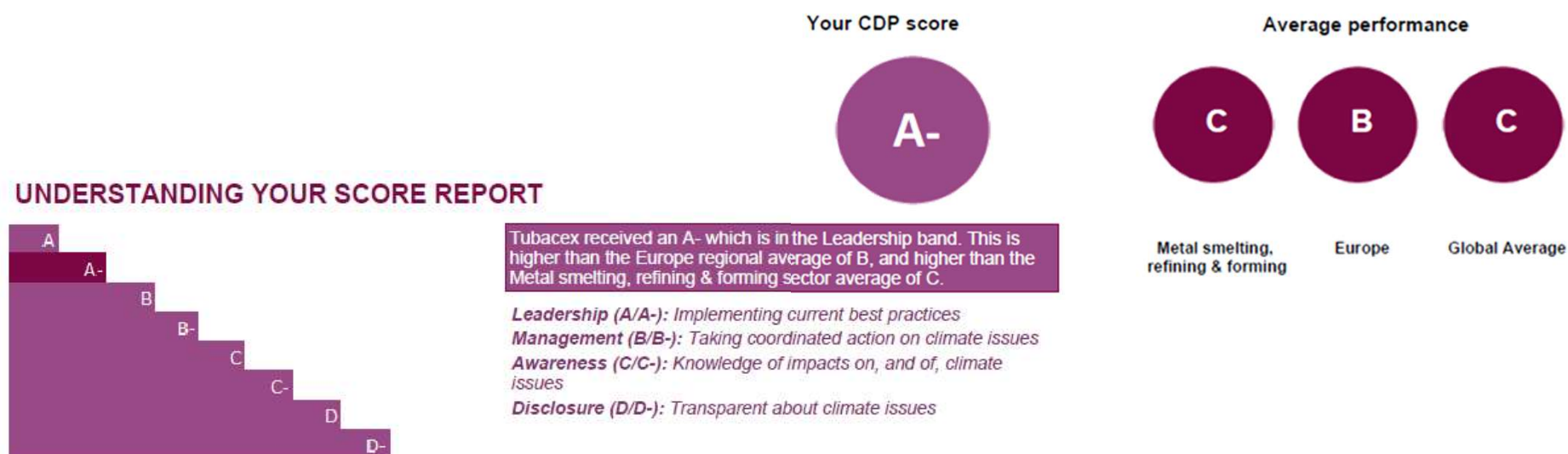
### Conclusions

- The improvement rate in terms of results has been maintained, reaching the **Group's highest ever quarterly Sales Figure and EBITDA**
- Working capital and debt containment in an upward earnings environment
- On track to fulfill the strategic objectives by 2025
  - Already fulfilled the goals of net financial debt over EBITDA and working capital over sales
- Strategic commitment to **sustainability** and the **energy transition**:
  - Ambitious objectives for 2030, related to internal decarbonization, the circular economy and social commitment
  - Working with our customers on their decarbonization processes, as part of the energy transition
  - First projects for CCS, hydrogen development and biomass energy recovery projects
- **Positive prospects for 2023** based on the current backlog
  - Results for the coming quarters are expected to remain in line with the current ones



### Tubacex recognized by CDP as a leading company

- Tubacex is in the leadership band in the Climate Change 2022 Score Report drawn up by the Carbon Disclosure Project (CDP)
- The Tubacex score of “A-” is above the European average of “B” and the average for the sector, which obtained a “C”
- In recent years, Tubacex has reinforced the Company with a clear intention of becoming a key player in energy transition and the promotion of a decarbonized model
- Tubacex has also been recognized as a Supplier Engagement Leader by CDP. This list evaluates the actions on climate issues by companies in relation to their supply chain
- This score highlights its environmental sustainability strategy, the different actions in terms of energy efficiency or its climate risk management model, among others.





### Significant award from Aker Solutions

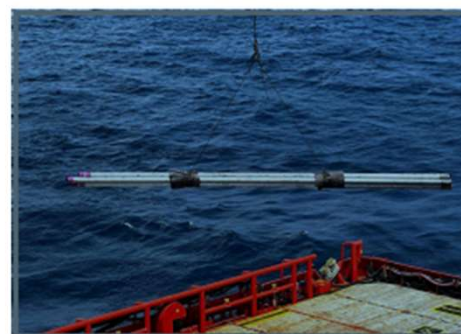
- Aker Solutions selects Tubacex as a delivery partner for umbilical tubes for key projects on the Norwegian Continental Shelf
- An order intake for a sum of more than €70 million is one of the most significant deals in the umbilicals market. Solidifying Tubacex's technological position as a supplier of advanced industrial solutions for energy and mobility sectors
- Tubacex will deliver Aker Solutions AS (the Norwegian energy solutions provider) a total of 1,000 km of umbilical offshore tubes to be installed for three projects in the North Sea
- The aim of this important agreement is to manufacture tubes, that are used to control production equipment on the seabed and for the injection of fluids or corrosion inhibitors
- This is one of the largest supply projects for this type of application in the umbilicals market, a sector in which Tubacex holds a leading position
- Engineering teams from both firms have collaborated in finding optimal technological solutions

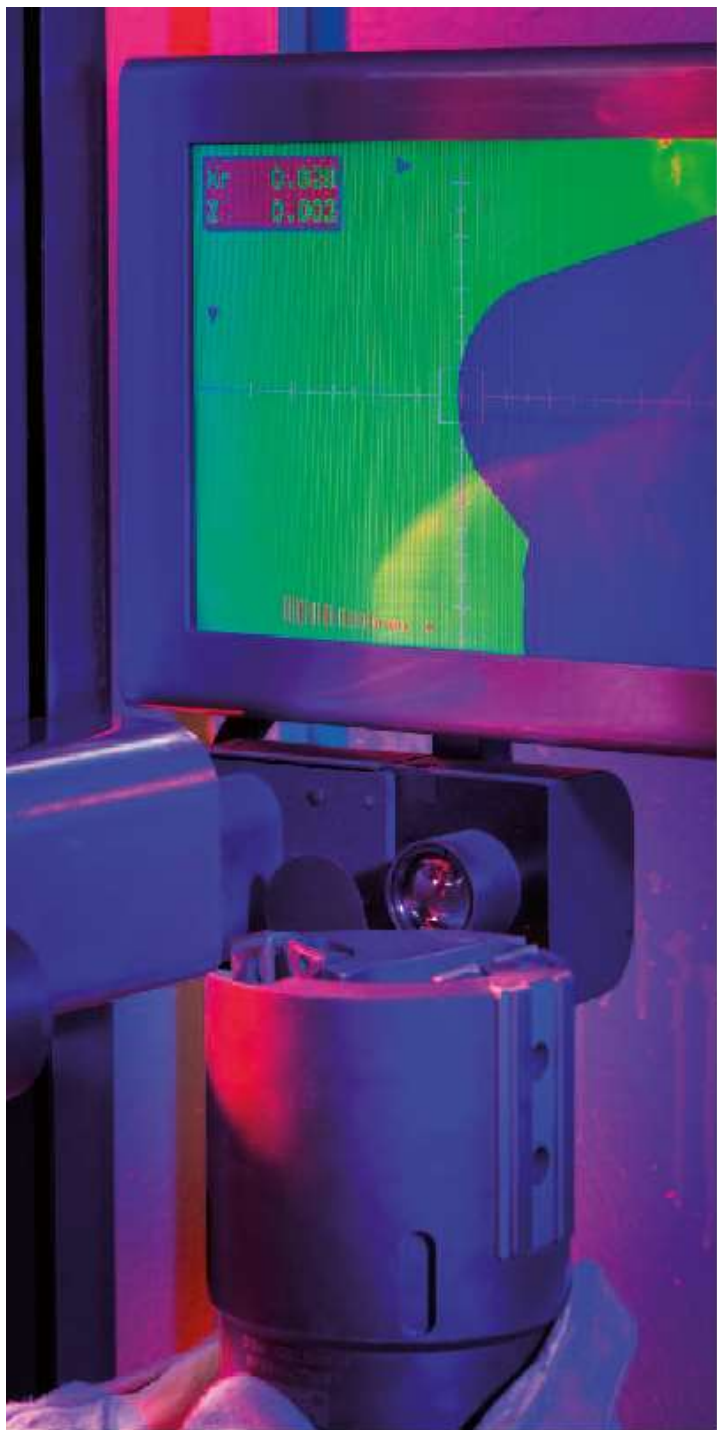
## Q1 2023 Results: Significant events (i)



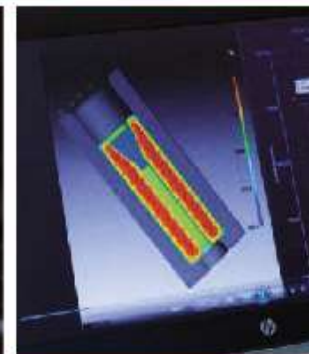
### Operations in Brazil

- Tubacex has started its first operations in Brazil for Buzios project
- Employees of the group are working at the platform, located 200km off the shore and 1,850m deepwaters, preparing stands for the pipes





# Appendix



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## Appendix Q1 2023 Results



### Income Statement - Detail

(€ M)	Q1 2022	Q1 2023	change %	Q4 2022	Q1 2023	change %
Sales	158,1	232,2	46,9%	187,7	232,2	23,8%
Change in inventories	25,5	13,1	-48,6%	12,4	13,1	5,9%
Other income	5,6	3,8	-33,3%	4,0	3,8	-6,1%
Cost of materials	(76,9)	(113,8)	47,9%	(82,7)	(113,8)	37,6%
Personnel expenses	(35,5)	(40,3)	13,7%	(38,7)	(40,3)	4,1%
Other operating costs	(57,8)	(64,5)	11,7%	(57,5)	(64,5)	12,2%
<b>EBITDA</b>	<b>19,0</b>	<b>30,5</b>	60,0%	<b>25,0</b>	<b>30,5</b>	21,6%
<i>EBITDA Margin</i>	<i>12,0%</i>	<i>13,1%</i>		<i>13,3%</i>	<i>13,1%</i>	
Amortization	(11,7)	(11,7)	0,7%	(12,3)	(11,7)	-4,6%
<b>EBIT</b>	<b>7,4</b>	<b>18,7</b>	153,7%	<b>12,7</b>	<b>18,7</b>	46,9%
<i>EBIT Margin</i>	<i>4,7%</i>	<i>8,1%</i>		<i>6,8%</i>	<i>8,1%</i>	
Financial Result and FX	(4,9)	(6,0)	21,6%	(6,2)	(6,0)	-3,2%
<b>Profit Before Taxes</b>	<b>2,5</b>	<b>12,7</b>	416,9%	<b>6,6</b>	<b>12,7</b>	93,9%
<i>Profit Before Taxes Margin</i>	<i>1,6%</i>	<i>5,5%</i>		<i>3,5%</i>	<i>5,5%</i>	
<b>Net Income, Group Share</b>	<b>3,4</b>	<b>10,0</b>	196,3%	<b>3,2</b>	<b>10,0</b>	206,9%
<i>Net Margin</i>	<i>2,1%</i>	<i>4,3%</i>		<i>1,7%</i>	<i>4,3%</i>	

## Appendix Q1 2023 Results



### Balance Sheet - Detail

(€ M)	31/12/2022	31/03/2023	%change
Intangible assets	114,4	111,0	-2,9%
Tangible assets	266,8	271,1	1,6%
Financial assets	100,3	100,3	0,0%
<b>Non-current assets</b>	<b>481,5</b>	<b>482,4</b>	<b>0,2%</b>
Inventories	378,3	383,9	1,5%
Receivables	89,2	103,9	16,4%
Other account receivables	25,6	28,7	11,9%
Other current assets	6,9	9,0	29,9%
Derivative financial instruments	2,8	5,3	88,6%
Cash and equivalents	175,4	169,7	-3,3%
<b>Current assets</b>	<b>678,3</b>	<b>700,5</b>	<b>3,3%</b>
<b>TOTAL ASSETS</b>	<b>1.159,8</b>	<b>1.182,8</b>	<b>2,0%</b>

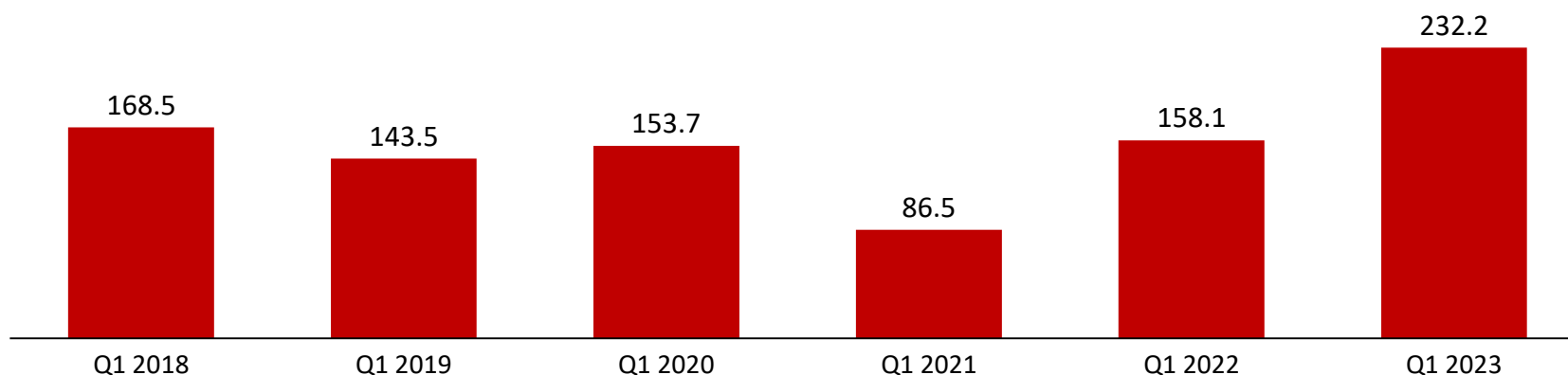
(€ M)	31/12/2022	31/03/2023	%change
Equity, Group Share	221,5	228,0	2,9%
Minority interests	54,6	51,4	-5,9%
<b>Equity</b>	<b>276,1</b>	<b>279,4</b>	<b>1,2%</b>
Interest-bearing debt	169,0	103,3	-38,9%
Derivative financial instruments	-	-	n.a.
Provisions and other	71,7	76,5	6,7%
<b>Non-current liabilities</b>	<b>240,7</b>	<b>179,8</b>	<b>-25,3%</b>
Interest-bearing debt	293,5	353,1	20,3%
Derivative financial instruments	3,8	2,9	-22,0%
Trade and other payables	237,6	258,6	8,8%
Other current liabilities	108,1	109,0	0,8%
<b>Current liabilities</b>	<b>643,0</b>	<b>723,7</b>	<b>12,5%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1.159,8</b>	<b>1.182,8</b>	<b>2,0%</b>

## Appendix Q1 2023 Results

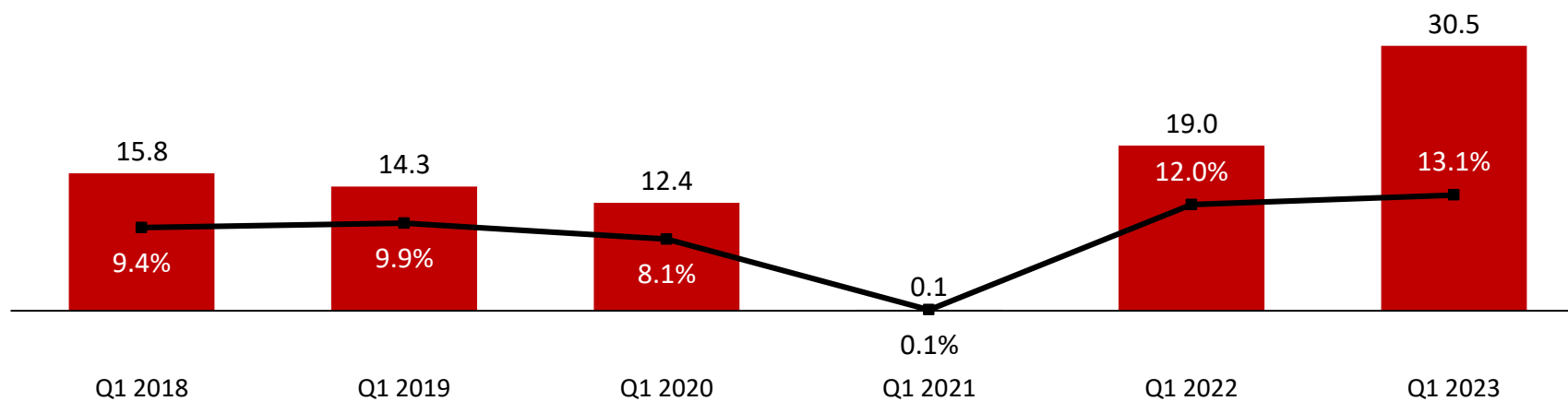


### Historical quarterly evolution: Revenues & EBITDA

#### Revenues (€M)



#### EBITDA (€M)



—■ % Mg EBITDA ■ EBITDA



### Alternative Performance Measures

- Tubacex presents its results in accordance with the generally accepted accounting principles (IFRS). Furthermore, this report provides other non-IFRS financial measures, called Alternative Performance Measures (APM), which are used by management to assess the Company's performance. The definition, reconciliation and explanation of the main Alternative Performance Measures used in this report are set out below:
- EBIT (Earnings Before Interest and Taxes): Tubacex presents the calculation of EBIT in its Income Statement as the operating profit before interest and taxes
- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): Tubacex presents the calculation of EBITDA in its Income Statement as the difference between the net turnover and the operating costs excluding the provision for the amortization of fixed assets, impairment of non-current assets and results from the disposal of non-current assets
  - $EBITDA = EBIT + \text{Amortization} + \text{Provisions}$
  - EBITDA provides an analysis of the Group's operating profit before the payment of interest and taxes and it is generally used as an assessment metric by analysts, investors, rating agencies and other types of shareholders. It also provides an initial approximation to the cash generated by operating activities. Indeed, Tubacex uses EBITDA as a starting point for the calculation of the cash flow
- EBITDA MARGIN: Tubacex presents the calculation of the EBITDA margin as the ratio between the EBITDA and the sales figure. The EBITDA margin provides information on the Company's profitability in terms of its operating processes
- EBIT MARGIN: Tubacex presents the calculation of the EBIT margin as the ratio between the EBIT and the sales figure
- NET MARGIN: Tubacex presents the calculation of the Net margin as the ratio between the Net Profit and the sales figure

### Alternative Performance Measures

- **PROFIT BEFORE TAX MARGIN:** Tubacex presents the calculation of the Profit before tax margin as the ratio between the Profit before tax and the sales figure
- **NET FINANCIAL DEBT:** Tubacex presents the calculation of Net Financial Debt as the difference between the gross financial debt and the cash and cash equivalents balance along with the balance for temporary financial investments on the assets side of the Balance Sheet. For this calculation, Gross Financial Debt is understood to be the sum of short-term and long-term debt with credit institutions and the bonds and other securities in the liabilities on the Balance Sheet. Net Financial Debt provides an initial approximation to the Company's debt position and its solvency and liquidity, by relating cash and cash equivalents to debt on the liability side. Based on Net Financial Debt, commonly used metrics are calculated, such as the Net Financial Debt /EBITDA debt ratio, an indicator that is widely used in the capital markets to compare different companies that is calculated by dividing the Net Financial Debt by the EBITDA
- **WORKING CAPITAL:** Tubacex presents the calculation of Working Capital as the sum of the Inventories and Customers entries on the Balance Sheet less the trade creditors entry
- **WORKING CAPITAL OVER SALES:** Tubacex presents the calculation of Working Capital over sales as the ratio between the working capital and the sales figure
- **STRUCTURAL NET FINANCIAL DEBT:** Tubacex presents the calculation of Structural Net Financial Debt as the difference between Net Financial Debt less Working Capital. It provides a view of the Company's structural debt as the Working Capital is sold given that the manufacturing strategy is mainly to order
- **BOOK-TO-BILL RATIO:** Tubacex calculates the Book-to-Bill ratio as the relationship between order intake for the period and invoicing for the same period. The result of this ratio provides information on the strength of demand





**THANK YOU!**

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