



TUBACEX
GROUP

First Nine Months

Results Release

October 2023

2023

Main Considerations

- Consolidation of the growth trend and strength of the Group's results
- The results for the first nine months of the year exceed those for the whole of the previous year
- EBITDA and EBITDA margin figures for the third quarter are the highest ever for Tubacex
- The sales margins have continued to improve and have been consolidated at the target levels set out in the Strategic Plan (accumulated EBITDA margin of 14.6% and EBIT margin of 9.4%)
- The de-leveraging tendency has continued and the debt ratio stands at 2.5x, consolidating the fulfillment of the strategic objective and liquidity is in excess of €200M
- Significant growth in Low Carbon products, aligned with the energy transition, with clearly positive prospects for the carbon capture market
- High level of order intake that enables the backlog to be maintained at €1,630M
- Order intake is in line with turnover and major projects are currently under negotiation, so the book-to-bill ratio is expected to remain at 1x at the end of the year
- Early fulfillment of the strategic objectives announced for 2025
- These results are being obtained in a macroeconomic and geopolitical environment of great uncertainty, which highlights the Tubacex Group's strategic commitment and reinforces its role as a key player not only in the energy transition, but also in securing the energy supply

Robust results

**The Backlog
remains at historic
levels**

**Growing
importance of Low
Carbon Solutions**

**Early fulfillment of
the strategic
objectives**

Main financial figures

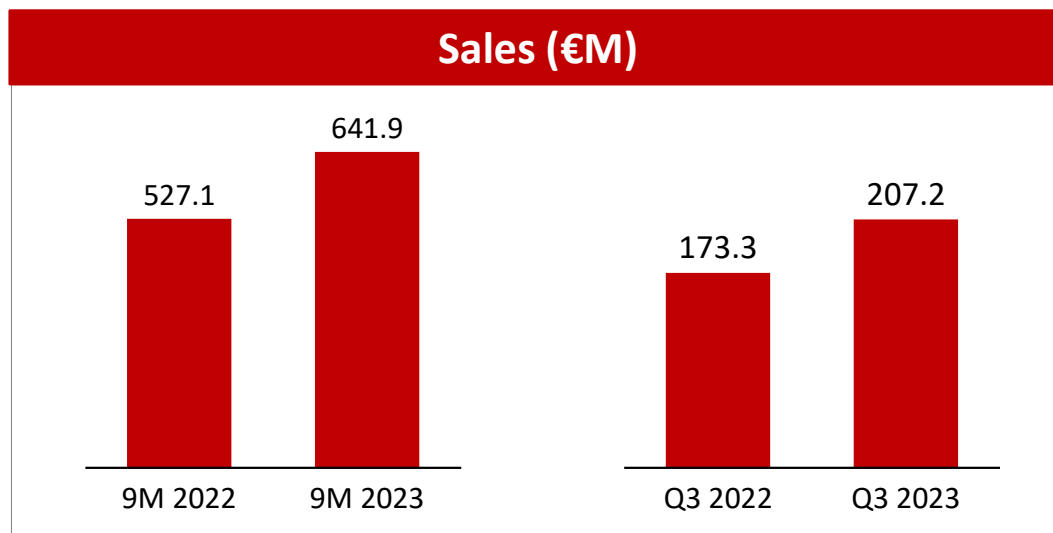
(€M)	9M 2022	9M 2023	% Var.	Q3 2022	Q3 2023	% Var.
Sales	527.1	641.9	21.8%	173.3	207.2	19.6%
EBITDA	67.3	93.8	39.3%	24.8	29.5	18.7%
EBITDA Margin	12.8%	14.6%		14.3%	14.2%	
EBIT	31.7	60.6	91.1%	13.6	19.6	43.4%
EBIT Margin	6.0%	9.4%		7.9%	9.4%	
Earnings Before Taxes	20.3	38.9	91.8%	9.9	11.0	11.1%
Margin	3.9%	6.1%		5.7%	5.3%	
Net Profit	17.0	27.8	63.5%	7.9	7.8	-1.2%
Margin	3.2%	4.3%		4.5%	3.8%	

	Dec 22	Sept 23	Var. (€M)
Working Capital	230.0	234.9	+4.9
Working Capital / Sales	32.2%	28.3%	
Net Financial Debt	287.1	291.2	+4.1
Net Financial Debt / EBITDA	3.1x	2.5x	
Structural Net Financial Debt ⁽¹⁾	57.1	56.2	-0.9

(1) Net Financial Debt – Working Capital

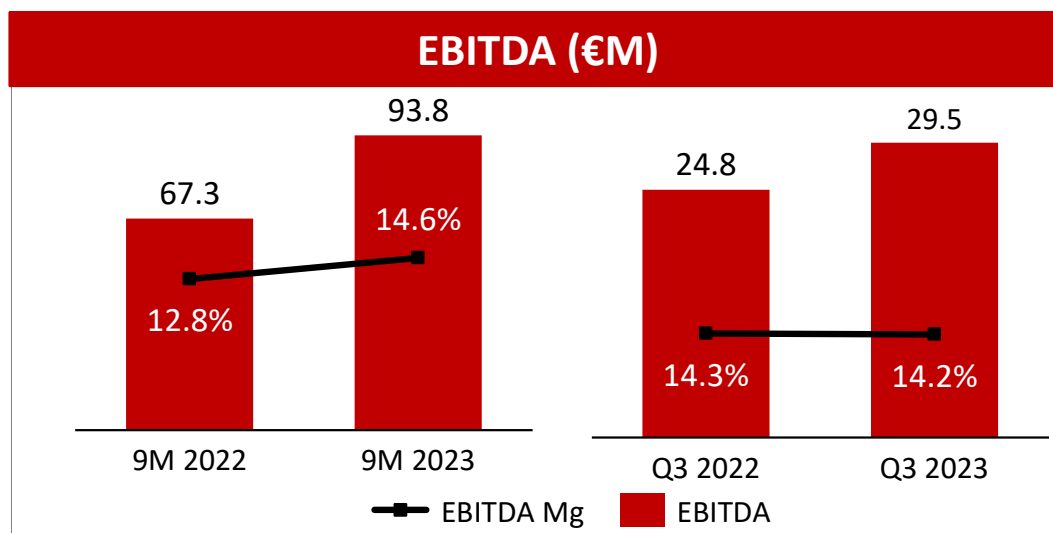
Main Figures from the Income Statement

Sales (€M)



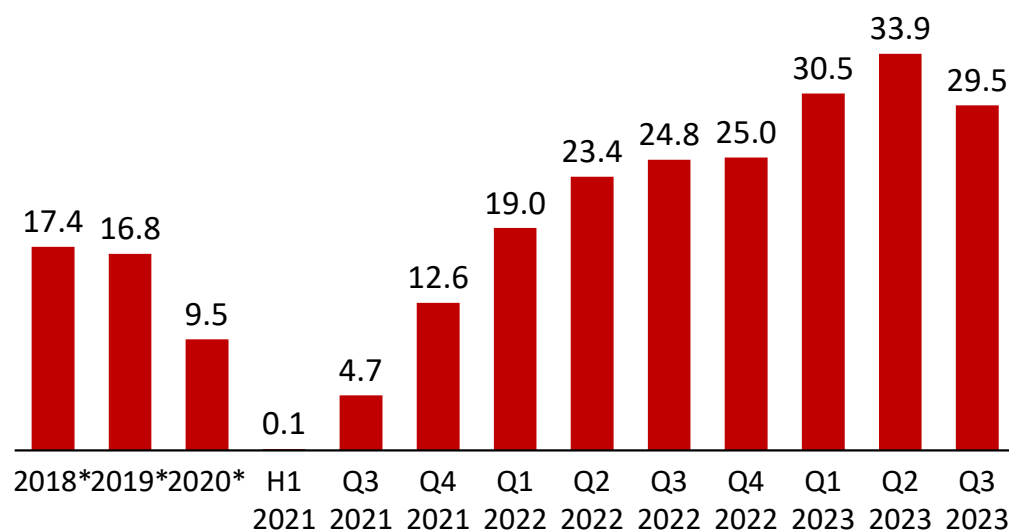
- The sales figure for the first nine months of the year stands at €641.9M, up 21.8% for the same period in 2022
 - Average nickel price is 11% lower than the average price in 2022, with an accumulated fall of 38% so far this year
- In this environment of raw materials, the Group's current product and service mix has generated a significant increase in sales
- The accumulated EBITDA to September has reached €93.8M, up 39.3% on the figure until September 2022, already exceeding the EBITDA achieved for the whole of 2022
- The EBITDA margin of 14.6% represents the consolidation of the margin at the Group's strategic target levels
- Furthermore, the EBITDA of €29.5M for the third quarter sets a new all-time record for the 3Q EBITDA, which is characterized by its seasonal nature
- All of the Group's units have generated positive results, consolidating reductions in structural costs and focusing on added value rather than production volume

EBITDA (€M)

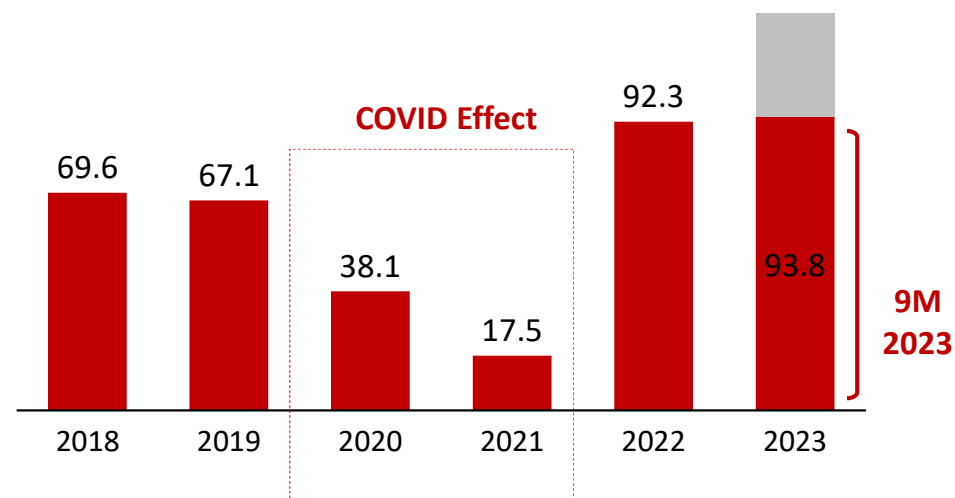


Main Figures from the Income Statement

Quarterly Average EBITDA evolution (€M)



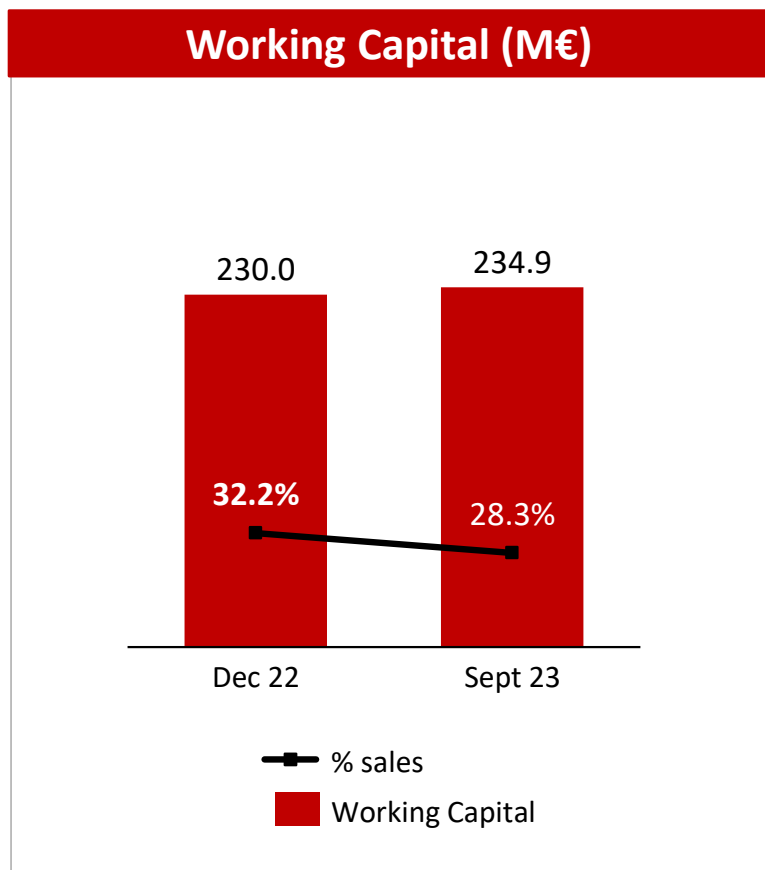
Annual EBITDA evolution (€M)



*Quarterly average EBITDA in the relevant period

The market trend and the record level of the backlog confirm the positive outlook for 2023 and increase visibility for 2024

Main Figures from the Balance Sheet: Working Capital

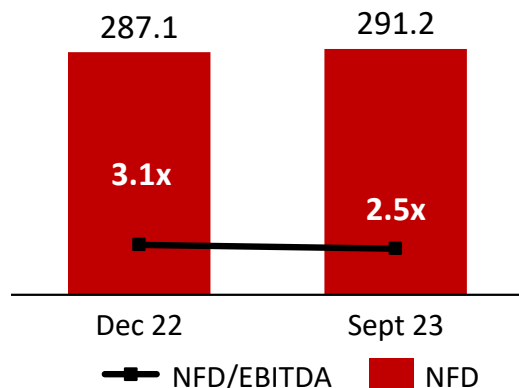


- The Working Capital stands at €234.9M, up €4.9 M on the 2022 year-end figure, in a business situation with sales growth of 21.8%
- The inventory levels for the first nine months of the year have increased by €24.3M with respect to the end of December, mostly representing high value-added finished product that has been sold but not yet invoiced
- The rise in inventory levels reflects the increased value of the premium product mix in manufacturing: value vs. volume strategy
- The percentage of working capital over sales fulfills the strategic objective of remaining below 30%

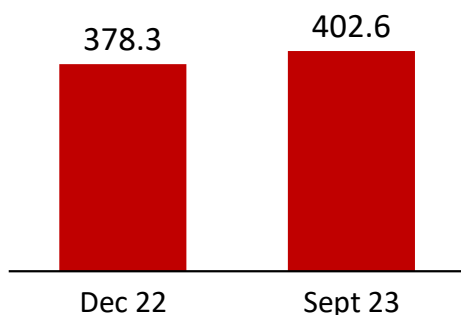
Working capital over sales at Strategic Plan target levels

Main Figures from the Balance Sheet: Net Financial Debt

Net Financial Debt (M€)



Stocks Evolution (M€)



- Part of the cash generated in the first nine months of the year has been used for the purchase of a minority stake in Saudi Arabia, the acquisition of a stake in Norway, the start of investment in the Abu Dhabi plant and the payment of the dividend against 2022 results
- These non-recurring operations together with the company's CapEx have led to a cash outflow of €43M
- Despite these payments, the Company's strong cash generation can be seen by the fact that the net financial debt has remained at a similar level as the close of 2022
- The ratio of Net Financial Debt over EBITDA stands at 2.5x, fulfilling the strategic objective and it is expected to continue falling in the last quarter 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 of €402.6M corresponds mainly to finished products
- The Group's financial position is sound with €131.3M in cash and liquidity amounting to €204.4M
- Tubacex has closed long-term financing operations amounting to €30M in the third quarter and €53M more in October, covering the forecasted investment for Abu Dhabi project

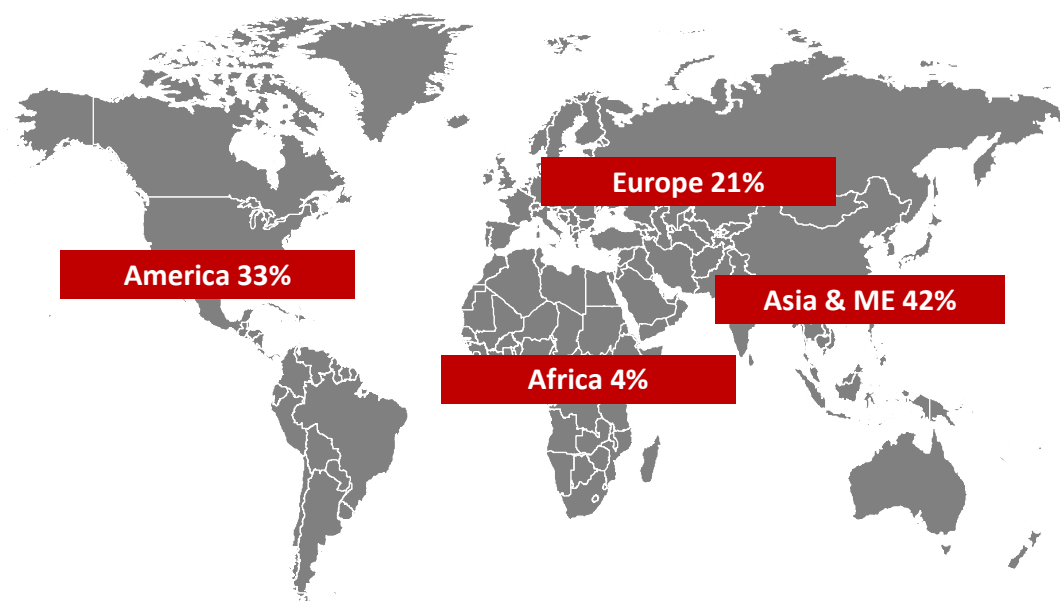
Revenues breakdown

- The Group's sales are undergoing a significant increase in the Gas Upstream sector and the Asian and Middle East region, in line with the strategic objectives
- Order intake for premium products and long-term projects remains robust, with a book-to-bill ratio of over 1x
- Order intake remains at high levels, in line with turnover, despite increasing geopolitical uncertainty
- The macroeconomic environment and the rises in interest rates is causing a slowdown in the sale of low value-added products

Breakdown by sector

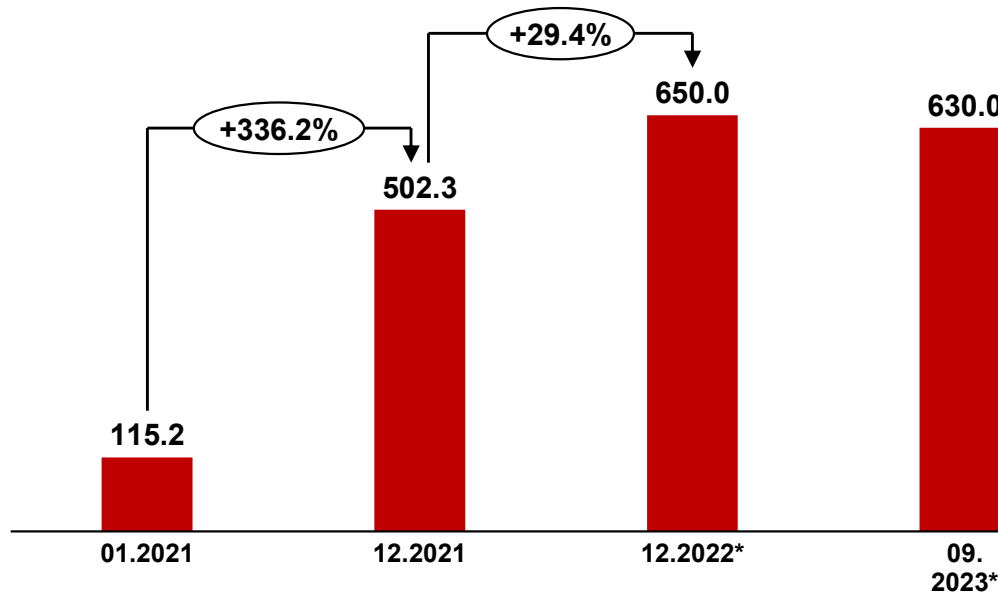


Breakdown by destination



Backlog Evolution

Backlog evolution



Book-to-bill ratio

9M 2023

1.0x

Total Backlog including ADNOC's project amounts to €1,630M

- Record turnover with order intake at historically high levels
- Book-to-bill ratio for the first nine months stands at 1.0x and is expected to be maintained at the year-end
- The current backlog situation points towards a final quarter of growth and increased visibility in 2024

Robust situation of the backlog

*Major OCTG order received from ADNOC is not included.

Commercial remarks (i)

E&P Oil&Gas



Upstream

- Strong order execution in Brazil with expectations for ongoing volume requirements in this market over the coming years
 - Tubacex has successfully implemented an extended supply chain solution in Brazil, including the supervision of finished product installed in offshore wells
- Consistent tender activity indicating continued demand for CRA OCTG product in traditional markets for sour, high temperature applications in the Middle East, Southeast Asia, and the North Sea
- The quarter highlights include the first CRA OCTG order for Tubacex in China.
 - The group OCTG footprint now includes active customer projects, technology and service initiatives on 4 continents
- Demand for precision machining and drilling tools operations remains strong in all global locations and it anticipates a strong 2024



Subsea

- Record backlog in umbilicals with work for more than 1 year
- The strategic agreements signed with leading umbilical manufacturers are providing excellent and structural results over time, enabling us to further increase our market share
- Major new order in the umbilical segment for Turkey, the Sakarya Ph2 project
- A large number of orders are expected in the coming year in the offshore sector
 - Commercial milestone: first live order with an FPSO manufacturer (BMC-33 Project)
- New JV between SLB and AKER (SLB Onesubsea). Our close relationship with both companies provides us with a unique opportunity to strengthen our positioning in the Offshore/Subsea market

Commercial remarks (ii)

Industrial



- Order intake for the lowest added value products have experienced a slowdown in recent months
 - Some projects are being re-evaluated due to growing macroeconomic uncertainty and high interest rates
- This effect is not occurring in high value-added products, where order intake remains positive
- The Midstream, LNG and Gas Processing segments maintain a high level of activity and visibility, particularly in North America and the Middle East, whilst the Caspian Sea area is putting off major investments to 2024

PowerGen



- Decoupling of the Group from conventional coal projects and reorientation towards the circular economy and energy transition
- During the third quarter of the year the main activity has been focused on the Nuclear Industry where the group has a strong position
- Strong link with EDF, deeply involved in the procurement of materials for their Hinkley Point project in the UK
- Projects secured for the maintenance of some nuclear plants in Eastern Europe
- Under negotiations of new contracts with EDF which will most likely materialized in the last quarter, particularly for the Grand Carenage maintenance activity
- Collaboration with several leading nuclear engineering companies in the design of critical forged components for the future reactors of SMR (Small Modular Reactor)

Commercial remarks (iii)

Low Carbon






- Fervent interest in carbon capture opportunities in the U.S market boosted by government support
 - Emerging CCUS projects for international market witnessed by Tubacex first order in Malaysia
- Good positioning in the **Tubacoat** division in the Middle East, having received various orders in Saudi Arabia (SATORP and Jazan) for critical applications that contribute to energy efficiency and the reduction of CO2 emissions at refineries
- Active participation in diverse initiatives for the development of hydrogen
- Tubacex will provide further details of this new segment on its Capital Markets Day in November

New businesses



- Activity in the **aerospace sector** remains strong in both **commercial aviation** and **space exploration**, providing a robust backlog for the coming months
- Many projects are being quoted in the **H&I (Hydraulics & Instrumentation)** segment
 - Tubacex will supply H&I tubes for the prestigious IOCL R&D project in India
- Several orders for high value-added projects for the fertilizer sector have been received in the last quarter

Main ESG KPIs

Category	Subcategory	Indicator	Unit	2019*	9M 2023	Goal 2030
 Environment	Energy & Climate	Energy intensity ¹	Mwh/ GAV	2.58	1.37	2.13
	Energy & Climate	Scope 1 + 2 Emissions intensity ²	tonCO2 /GAV	0.70	0.20	0.28
	Energy & Climate	% Renewable Energy	% of total energy	0.0%	34.4%	40.0%
	Circular Economy	Waste recycled	% Total generated	60.5%	80.9%	95.0%
 Sustainable Value Chain	Supply Chain	% of suppliers evaluated on ESG factors	%	0.0%	90.0%	99.0%
 People	Diversity	Gender pay Gap	ratio	11.5%	12.0%	10.1%
	Professional develop.	Training delivered per employee	Hours/fte	13.7	14.3	15.0
	Health & Safety	Lost Time Injury Frequency Rate [LTIFR] Evolution	2019 basis	100.0	45.2	25.0
	Health & Safety	Severity rate Evolution	2019 basis	100.0	89.1	25.0

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

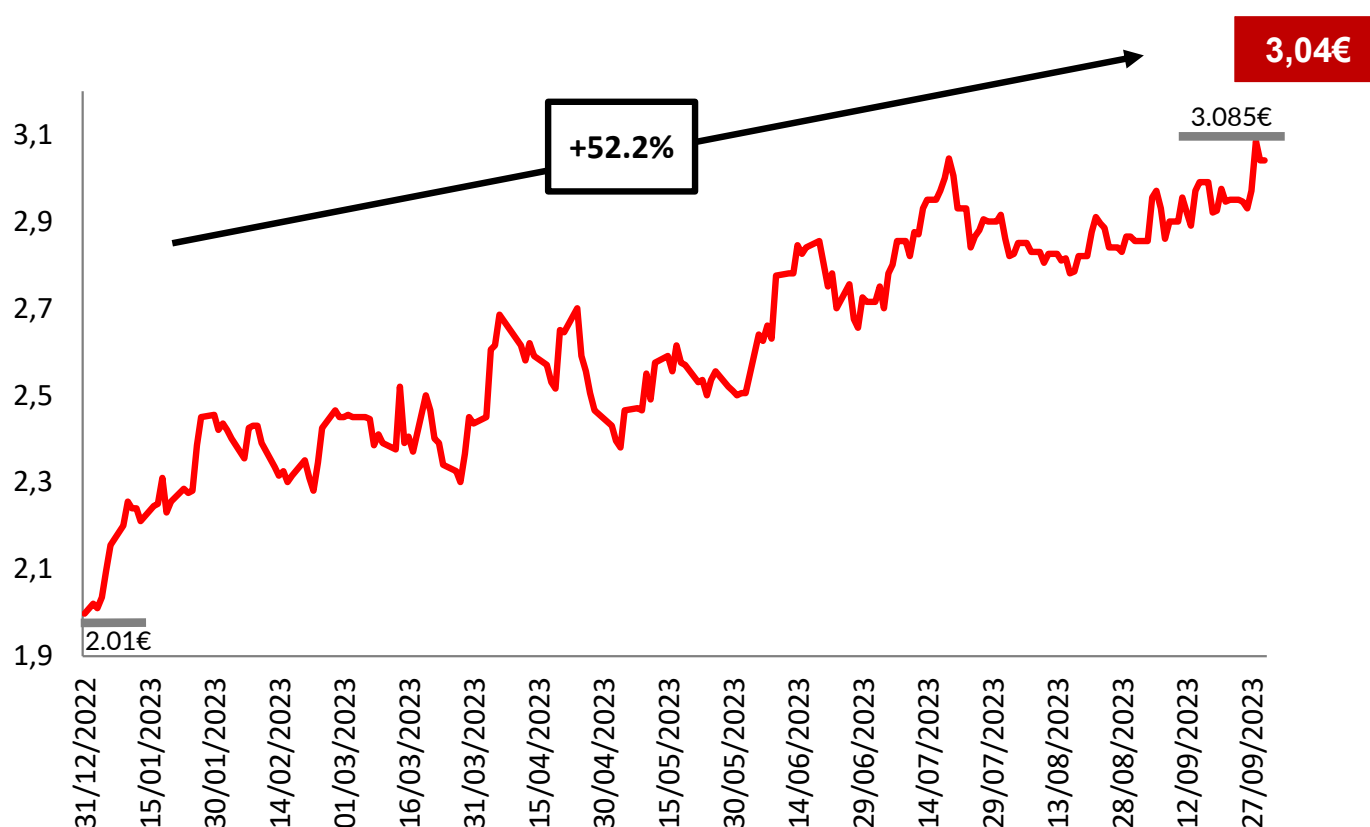
1. Group companies intensities weight by energy use

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 (09.30.23)	3.04€
Market Cap (€M)	392.1€M
% evolution YTD	+52.2%
Max.	€3.085 (Sept 28th)
Min.	€2.01(January 3rd)
Average Target Price ¹	€4.47

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

Source: Stock Exchanges and Markets

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

Conclusions

- Expectations for 2023 to be a landmark year in earnings have been confirmed
- **Tubacex is ahead of schedule in meeting most of the strategic objectives for 2025**
- Strategic commitment to **sustainability** and the **energy transition**
- Good market momentum in which **security of energy supply** is a priority
- Order intake remains at high levels, enabling the **backlog** to remain **at record levels**
- The current backlog increases **visibility for 2024** and foresees a **good financial year**
- The Group will **update its strategic objectives in the coming weeks**



CAPITAL MARKETS DAY: November 21, 2023

Capital Markets Day – Save the Date



SAVE THE DATE  **21 NOVIEMBRE / NOVEMBER 21ST**
Martes 09.30h / Tuesday 09.30h

El **21 de noviembre de 2023**, Tubacex llevará a cabo una actualización de su plan estratégico en el **Capital Markets Day en Madrid**. El evento se celebrará por la mañana, con un inicio aproximado a las **09:30 horas**. Este evento ofrecerá una oportunidad para que los inversores institucionales, analistas financieros y medios de comunicación financieros reciban información actualizada sobre la estrategia y desarrollo de Tubacex. Las presentaciones estarán a cargo del **CEO, Jesús Esmorís**, y los **principales directivos de la compañía**.

On **November 21st, 2023**, Tubacex will host an update of its strategic plan on its **Capital Markets Day in Madrid**. The event is scheduled for the morning, beginning approximately at **9:30 a.m.** This Capital Markets Day update will serve as an opportunity for institutional investors, financial analysts, and financial media to receive updated information on Tubacex's strategy and development. The presentations will be led by the company's **CEO, Jesús Esmorís**, and the **company's top executives**.

Conferences and Exhibitions

- Tubacex has attended two main Conferences held during the quarter
- In ADIPEC Exhibition and Conference 2023 Tubacex showcased its extensive range of advanced industrial products in energy and mobility sectors and its Adnoc Group support in their strong commitment to decarbonization
- In Satinless Steel World Conference and Exhibition held in Maastricht, Tubacex unveiled a groundbreaking research on Proton Exchange Membrane electrolyzers, showing its commitment to hydrogen development



Appendix



Income Statement - Detail

(€ M)	9M 2022	9M 2023	change %	Q3 2022	Q3 2023	change %
Sales	527,1	641,9	21,8%	173,3	207,2	n.m.
Change in inventories	41,3	20,8	-49,6%	(1,7)	(16,8)	898,9%
Other income	11,4	10,9	-4,5%	2,3	3,1	35,4%
Cost of materials	(247,8)	(293,1)	18,3%	(76,0)	(83,0)	9,2%
Personnel expenses	(103,7)	(116,5)	12,4%	(30,4)	(33,7)	10,6%
Other operating costs	(161,0)	(170,3)	5,8%	(42,6)	(47,4)	11,1%
EBITDA	67,3	93,8	39,3%	24,8	29,5	18,7%
<i>EBITDA Margin</i>	<i>12,8%</i>	<i>14,6%</i>		<i>14,3%</i>	<i>14,2%</i>	
Amortization	(35,6)	(33,2)	-6,7%	(11,2)	(9,9)	-11,5%
EBIT	31,7	60,6	91,1%	13,6	19,6	43,4%
<i>EBIT Margin</i>	<i>6,0%</i>	<i>9,4%</i>		<i>7,9%</i>	<i>9,4%</i>	
Financial Result and FX	(11,4)	(21,7)	89,8%	(3,8)	(8,6)	127,9%
Profit Before Taxes	20,3	38,9	91,8%	9,9	11,0	11,1%
<i>Profit Before Taxes Margin</i>	<i>3,9%</i>	<i>6,1%</i>		<i>5,7%</i>	<i>5,3%</i>	
Net Income, Group Share	17,0	27,8	63,5%	7,9	7,8	-1,2%
<i>Net Margin</i>	<i>3,2%</i>	<i>4,3%</i>		<i>4,5%</i>	<i>3,8%</i>	

n.m.: not meaningful

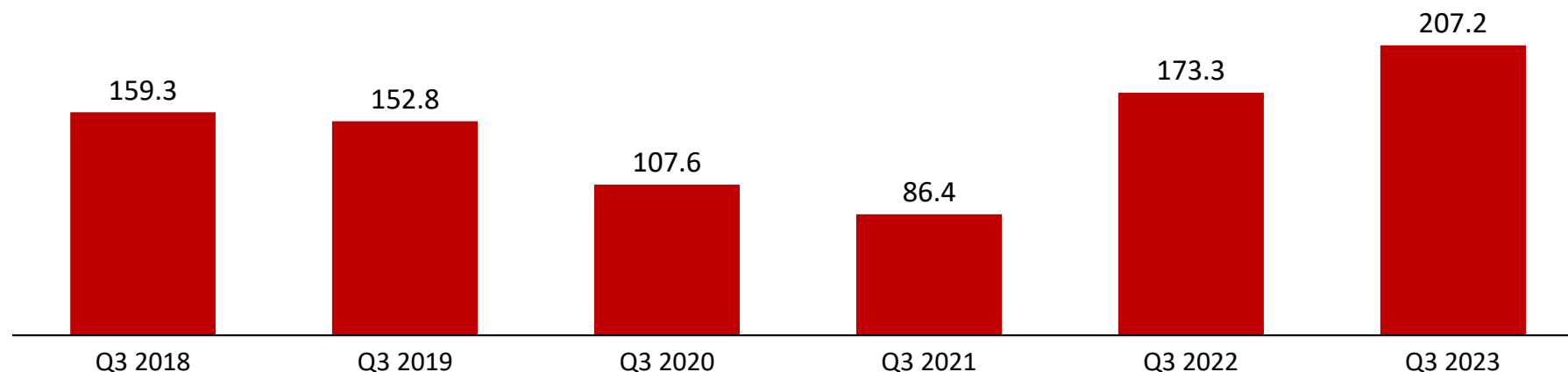
Balance Sheet - Detail

(€ M)	31/12/2022	30/09/2023	%change
Intangible assets	114,4	111,4	-2,6%
Tangible assets	266,8	289,7	8,6%
Financial assets	100,3	100,3	0,0%
Non-current assets	481,5	501,4	4,1%
Inventories	378,3	402,6	6,4%
Receivables	89,2	75,4	-15,5%
Other account receivables	25,6	27,3	6,6%
Other current assets	6,9	8,9	29,0%
Derivative financial instruments	2,8	2,2	-21,7%
Cash and equivalents	175,4	131,3	-25,2%
Current assets	678,3	647,7	-4,5%
TOTAL ASSETS	1.159,8	1.149,0	-0,9%

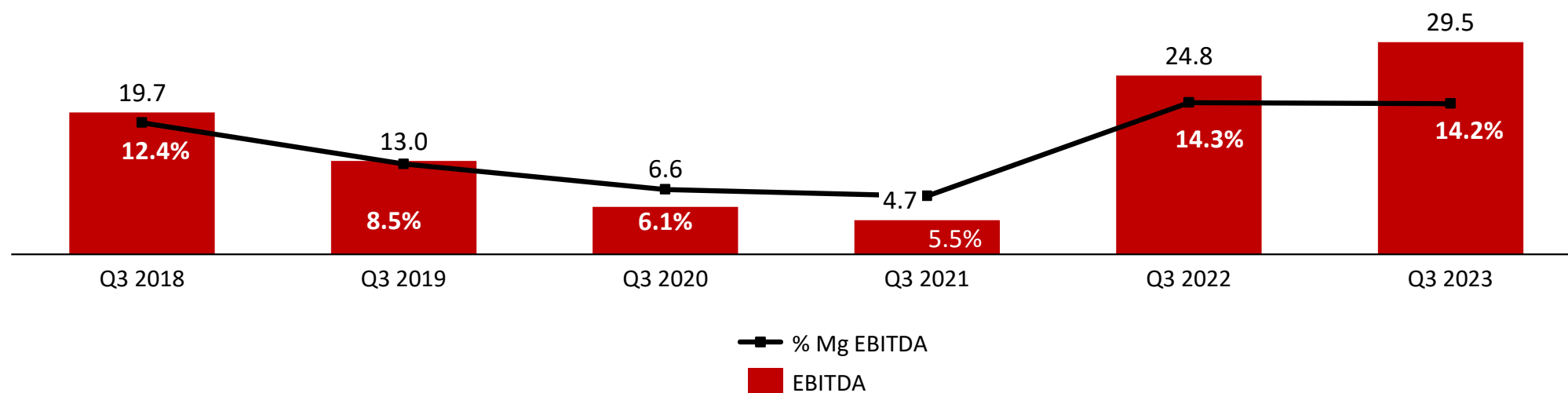
(€ M)	31/12/2022	30/09/2023	%change
Equity, Group Share	221,5	239,4	8,1%
Minority interests	54,6	53,1	-2,8%
Equity	276,1	292,4	5,9%
Interest-bearing debt	169,0	105,3	-37,7%
Derivative financial instruments	-	-	n.a.
Provisions and other	71,7	84,4	17,9%
Non-current liabilities	240,7	189,8	-21,1%
Interest-bearing debt	293,5	317,1	8,0%
Derivative financial instruments	3,8	3,0	-19,7%
Trade and other payables	237,6	243,0	2,3%
Other current liabilities	108,1	103,6	-4,2%
Current liabilities	643,0	666,8	3,7%
TOTAL EQUITY AND LIABILITIES	1.159,8	1.149,0	-0,9%

Historical quarterly evolution: Revenues & EBITDA

Revenues (€M)



EBITDA (€M)



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



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Thank you

