TUBOS REUNIDOS GROUP

Special Products & Integral Services Worldwide

RESULTS FOR THE FIRST HALF OF 2021

EXECUTIVE SUMMARY

- Tubos Reunidos has seen an improvement in its sales and business activity figures compared to the previous six months, and there are signs of a global economic recovery.

  Compared to the second half of 2020, characterised by the collapse of global economic activity starting in April, the Group's net turnover increased by 8% and pipe sales by 6% (4% in terms of tonnage sold) at the end of the first half of 2021. Whilst it cannot be said that the effects of the pandemic have been overcome, there are signs of recovery that point to 2022 being the year in which large investment projects, which drive the Group's activity, will resume their activity. There was a 56% increase in the order backlog compared to the previous six months.

- However, the recovery of activity has been uneven and manufacturing costs are rising.

  The costs of raw materials and energy are posing a significant risk in this phase of the restart of industrial activity, despite efforts to shift this impact to sales prices. Therefore, the next short-term challenge will continue to be achieving product profitability.

- SEPI and financial institutions have expressed confidence in the Group's Strategic Plan.

  In July, the temporary public financial support from SEPI's Fund for Supporting the Solvency of Strategic Companies was signed into effect, recognising the Group as a strategic company and driver of the economy. Financial institutions have also demonstrated renewed confidence, which has translated into an influx of €112.8 million and the novation of maturity conditions and financial debt costs.

  This financial support and the renewed confidence of financial institutions are prerequisites for Tubos Reunidos Group to implement its 2021—2026 Strategic Plan and to be able to overcome the effects of the pandemic, which made "focus on cash" the main priority. A new phase—"focus on value"—has begun, in which digitisation, the focus on decarbonisation and the transition to clean energy and hydrogen are especially important.

Amurrio (Álava) - 30 September 2021

Tubos Reunidos Group published its results for the first half of 2021, which show an increase in activity compared to the previous six months. This increase, attributed to a certain degree of recovery in the global economy after 2020, which was affected by the pandemic, is occurring with clear geographical differences (there are countries that have not yet launched their large investment projects and these are not expected until 2022) and with stresses from the prices of raw materials, energy (electricity and natural gas) and freight transport costs.

Together with this recovery, the first half of the 2021 financial year saw the end of a period of financial uncertainty for Tubos Reunidos Group, following the signing in July of a temporary public financial support agreement, which involved the granting of a €112.8 million equity loan and new pre-conditions with financial institutions regarding the term and costs of financial debt.

With these prerequisites met, the Group can focus on meeting the objectives of its 2021–2026 Strategic Plan, based on energy transition and decarbonisation, which will enable it to target new markets and sectors of activity with a particular presence in clean energy and hydrogen. It also includes a Transformation Plan that includes €60 million of investments during the 2021–2026 period, aimed at improving the product range, efficiency, digitisation and reduction of CO2 emissions.

The priorities of the Strategic Plan are the training and development of company teams, digitisation of our processes, development of new products, and a business strategy aimed at increasing our sales mix in all sectors, with higher added value products, whilst remaining mindful of the health and safety of our staff.

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KEY FINANCIAL FIGURES FOR THE FIRST HALF OF 2021

1. Income Statement

The financial figures of the income statement for the first half of 2021, which have been calculated using the same main assumptions used in the preparation of the consolidated annual accounts for the 2020 financial year, are shown below:

Consolidated, Millions EUR	H1 2021	H1 2020	% change	H2 2020	% change
Net Sales	115,7	134,1	(14%)	107,5	8%
EBITDA *	(10,9)	(2,2)	(394%)	(13,0)	16%
% o. sales	*(9,4%)*	*(1,6%)*		*(12,1%)*	
EBIT	(18,0)	(97,4)	81%	(40,1)	55%
EBIT adjusted (not including asset impairment)	(18,0)	(14,4)	(26%)	(23,5)	23%
Net income for the period	(45,3)	(45,7)	1%	(52,2)	13%

* See calculation in Financial Statements

The effects of the COVID-19 pandemic in the sector were felt in the first half of 2020, so the previous order backlog in the first half of 2020 was higher than that of the first half of 2021. For this reason, activity (measured in terms of net turnover) during the first half of the 2021 financial year was lower, compared to the same period for the 2020 financial year, but 8% higher than that of the second half.

EBIT for the first half of 2021 was €5.5 million more than adjusted EBIT after eliminating the accounting effect of asset impairment in the second half of the previous year, despite the uneven performance of raw materials and energy costs.

2. Consolidated sales by geographical markets and business sectors, and business trends

Pipe sales amounted to €107.3 million. However, it should be noted that the better performance of the Mechanical sector due to the re-stocking phenomenon for the European industry has not yet offset the reduction in sales in the other segments of activity, except in Downstream where there was slight growth (4%).

By area, compared to the second half of 2020, there was significant growth in the Far East (70%), while sales dropped in other areas such as the Middle East and Africa (-63%) and North America (-4%).

A turning point was observed with a progressive recovery of activity in certain segments and in the areas mentioned above, which resulted in an increase in turnover for the period of 6% compared to the second half of 2020.

Sales, in Thousands of euros	**H1 2021**	**H1 2020**	**H1 2021 vs. H1 2020**	**H2 2020**	**H1 2021 vs. H2 2020**
Sales by geography	**107.329**	**124.875**	**(14%)**	**101.613**	**6%**
Domestic	15.941	15.058	6%	13.965	14%
Rest of Europe	39.161	38.501	2%	38.971	0%
North America	23.139	33.922	(32%)	24.010	(4%)
East Asia	23.870	24.848	(4%)	14.052	70%
MENA	2.815	10.410	(73%)	7.596	(63%)
Others	2.403	2.136	13%	3.019	(20%)
Sales by sector	**107.329**	**124.875**	**(14%)**	**101.613**	**6%**
Refinning&petrochemical and Power generation (Downstream)	49.419	58.847	(16%)	47.318	4%
Oil&Gas - OCTG (Upstream)	16.631	27.392	(39%)	18.010	(8%)
Oil&Gas - Linepipes (Midstream)	17.809	22.140	(20%)	20.726	(14%)
Construction, mechanical, industrial	23.470	16.496	42%	15.559	51%
Sales volume (tons)	**65.604**	**78.624**	**(17%)**	**63.220**	**4%**

Sales by geographical source of orders and not by destination.

3. Financial situation

The Group's Strategic Plan sets out a first phase called "focus on cash" for the 2021 financial year. In the first half of the 2021 financial year, the main directive from the Board of Directors and the Group's Management Team continued to be protecting cash in response to the uncertain nature of the current market situation.

The Group managed to close the first half of 2021 with a net cash position higher than at the beginning of the year, as a result of actions taken to reduce the need to invest working capital, thus controlling stock levels, despite increased activity in the first six months as well as optimising the use of available capital lines. The Group signed a bridging loan with certain financial institutions during the first half of the year, pending completion of the administrative procedure for the granting of temporary public financial support, in order to meet cash and investment requirements of €7 million, partially guaranteed by the ICO (Instituto de Crédito Oficial – Official Credit Institute).

In July 2021, the Group signed and received a €112.8 million equity loan from the Fund for Supporting the Solvency of Strategic Companies affected by the pandemic, improving the solvency and financial situation of the Tubos Reunidos Group. At the same time, the €7 million bridging loan was cancelled as planned.

4. Business Outlook

Expectations for the second half are positive and we expect demand to continue to steadily accelerate. However, we are not confident that the major projects of Powergen and Downstream will be reactivated before 2022.

The order backlog with which the Group started at the end of June 2021 was €109 million - 11% higher than for the same period in the previous year and 56% higher than at the end of 2020. Although it is particularly high in the Mechanical and OCTG segments, yet lower in Midstream and Downstream, we believe this is caused by the slow pace of project reactivation in these segments.

We believe that activity will not return to a "normal" pre-pandemic situation in key countries for the company like India and Saudi Arabia in the short term. India is particularly affected, mainly because it still has not completely emerged from the lockdown caused by COVID-19, and decisions on planned projects have been postponed. Saudi Arabia is not expected to reactivate new projects until 2022 because the Saudi state oil company Aramco and the Marjan project (the main new energy infrastructure in progress) remain at a standstill due to problems encountered by some EPCs in absorbing the marked increase in costs. However, in other regions, such as Latin America, we are now beginning operations for major refining projects, despite intense local competition. In addition, the recovery of projects in China is also slowing more than expected due to the country's domestic decisions. In North Africa and the Middle East, where major gas projects are set to be activated, some decisions are likely to be delayed even beyond 2022.

In Powergen and Downstream, the Group is more focused on small/medium-sized projects and on the maintenance and repair of installations, since we do not anticipate any significant investments in new projects before the second half of 2022. This is due to the obligation to comply with the energy transition, which requires reviewing and redesigning the projects that were halted with the onset of COVID-19.

We expect a stabilisation in the second half of 2021 in the Mechanical-Industrial sector, which was the first to recover in terms of volumes and prices during the second half of 2020 and the first half of 2021, mainly driven by a sudden upturn in stock replenishment orders.

We are confident that we can continue to pass on the cost increases that arose in the first half of the year, mainly in raw materials, transport and energy, to our bids.

We will still need to exercise the appropriate caution, given that the emergence of new variants of COVID-19, such as the Delta variant, the pace of vaccination campaigns in the various countries and public stimulus policies will continue to determine the speed of consolidation of the economic recovery. If these variables remain uneven across the various markets, we would be forced to manage in the short term by applying tactical criteria based on the opportunities available.

While adapting to the changes that emerge, we will continue with our strategic projects that support the 2021–2026 Plan and with implementation of improvements to the Corporate Governance and Risk Management System that will enable us to become a benchmark company.

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ANNEXES: SUMMARY OF FINANCIAL STATEMENTS

INCOME STATEMENT, Thousands of Euros	H1 2021	H1 2020	H1 2021 vs. H1 2020	H2 2020	H1 2021 vs. H2 2020
Net sales	**115.662**	**134.132**	**(13,8%)**	**107.529**	**7,6%**
Supplies	(47.902)	(61.080)	21,6%	(59.305)	19,2%
Labor costs	(43.871)	(42.842)	(2,4%)	(37.489)	(17,0%)
Other operating expenses	(36.239)	(33.459)	(8,3%)	(28.549)	(26,9%)
Other operating income and net gains/(losses)	1.442	1.039	38,8%	4.784	(69,9%)
EBITDA	**(10.908)**	**(2.210)**	**n/a**	**(13.030)**	**16,3%**
Amortisation charge	(7.141)	(12.149)	41,2%	(10.475)	31,8%
Depreciation	-	(83.000)	n/a	(16.598)	n/a
EBIT	**(18.049)**	**(97.359)**	**n/a**	**(40.103)**	**55,0%**
EBIT adjusted (not including asset impairment)	**(18.049)**	**(14.359)**	**n/a**	**(23.505)**	**23,2%**
Financial income/(expense)	(27.335)	51.723	n/a	(12.171)	(124,6%)
Profit before income tax	**(45.384)**	**(45.636)**	**n/a**	**(52.274)**	**13,2%**
Income tax	48	(134)	n/a	23	n/a
Consolidated profit for the period	**(45.336)**	**(45.770)**	**n/a**	**(52.251)**	**13,2%**
Profit from minority interests	22	90	n/a	27	(18,5%)
Profit for the period	**(45.314)**	**(45.680)**	**n/a**	**(52.224)**	**13,2%**

BALANCE SHEET, Thousands of Euros	H1 2021	FY 2020
NON-CURRENT ASSETS	**240.166**	**262.440**
CURRENT ASSETS	**106.808**	**88.695**
Inventories and customers	82.006	67.355
Cash and other cash equivalents	24.802	21.340
TOTAL ASSETS	**346.974**	**351.135**
NET EQUITY	**(74.413)**	**(28.584)**
DEFERRED REVENUES	**574**	**580**
NON-CURRENT LIABILITIES	**291.318**	**288.351**
Non-current provisions	1.058	1.053
Bank borrowings and other financial liabilities	247.606	242.809
Fixed income securities	17.921	17.387
Other non-current liabilities	24.733	27.102
CURRENT LIABILITIES	**129.495**	**90.788**
Short-term provisions	1.533	2.496
Bank borrowings and other financial liabilities	15.531	5.283
Other current liabilities	112.431	83.009
TOTAL LIABILITIES	**346.974**	**351.135**

Cash Flow, Millions of Euros	H1 2021	H1 2020	H2 2020
Result before Taxes	**(45,4)**	**(45,6)**	**(52,3)**
Amortisation	7,1	95,1	27,1
Other Adjustments	28,8	(53,3)	20,8
Other Payments	(4,5)	(3,6)	(1,2)
CASH FLOW FROM OPERATING ACTIVITIES	**(13,9)**	**(7,4)**	**(5,6)**
Change in Working Capital	12,8	26,0	5,7
(increase)/decrease of inventories	(18,7)	10,0	25,7
(increase)/decrease of account receivables	2,1	(2,1)	5,0
(increase)/decrease of account payables	29,4	18,1	(25,1)
Investments Activities	(2,2)	(1,4)	(2,5)
Investments	(2,2)	(1,4)	(2,5)
Withdrawals	-	-	-
FREE CASH FLOW	**(3,3)**	**17,2**	**(2,4)**

Information and forward-looking statements

The financial and operational information included in this notice regarding the first half of 2021 is based on consolidated financial statements. This document has been prepared by TUBOS REUNIDOS, S.A. and is distributed for information purposes only. This document contains forward-looking statements and includes information regarding our current intentions, beliefs or expectations about future trends and events that could affect our financial condition, the results of operations or our share price. These forward-looking statements are not guarantees of future performance, and entail risks and uncertainties. Therefore, actual results may differ significantly from the forward-looking statements due to various factors, risks and uncertainties, such as economic, competitive, regulatory or commercial factors.

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