



Saudi Steel Pipe Company
Annual Report 2019

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Leading Indicators

	2019	2018
Financial Indicators (Millions of SAR)		
Sales	672	646
EBITDA⁽¹⁾	10	(3)
Net Income	(27)	(169)
Cash Flow from Operations	49	(6)
Capital Expenditures	(6)	(32)
Free Cash Flow⁽²⁾	43	(38)
Balance Sheet (Millions of SAR)		
Total Assets	1,119	1,152
Total Borrowings	287	312
Total Liabilities	591	593
Net Debt	248	288
Shareholders' Equity	528	559
Gearing Ratio⁽³⁾	2.1x	1.9x
IKTVA		
Awarded by Aramco "2019 Highest overall IKTVA Performance" Manufacturing Sector.		
People		
Number of employees	832	846
Saudization %	47	49

(1) Defined as Earnings before Interests, Taxes, Depreciations and Amortizations.

(2) Defined as Operating Cash Flow less Capital Expenditures

(3) Defined as Net Debt over Equity

Letter from the Chairman

Dear Shareholders,

Peace and blessings of God be upon you.

We are pleased to present the Annual Report of the business operations and performance of Saudi Steel Pipe Company (“SSP”) for the fiscal year ended on 31/12/2019, as stipulated in the applicable laws, regulations and disclosure requirements of the Capital Market Authority.

This report, and the consolidated financial statements, reflect SSP’s performance during the year 2019 and summarizes its activities.

2019 has been a new foundational year for SSP. Through the acquisition by Tenaris of 47.79% of the share capital of SSP, the latter benefited from knowledge and technology sharing. Thus, setting the roots for new growth and a transformational phase in its history.

During this period the company enhanced its level of control and leveraged from the best international practices implementing new processes, new procedures, and new state-of-the-art systems among many other initiatives.

Absolute commitment to the safety of our employees, contractors and users of our products is a principle deeply embedded in our culture. Sharing knowledge, embracing a vision of transparency, hard work, and solid conviction are some of the values that can take this company to an even brighter future, and that have been key to overcome the process.

In spite of certain market complexities, 2019 has been a year when SSP showed tenacity to strengthen its financial position.

In terms of profitability, SSP improved significantly its performance, recording a positive EBITDA of 10 million SAR in 2019, compared to a negative EBITDA of (3) million SAR in 2018.

This improvement, in addition to discipline over our capital expenditures and working capital, drove us to positive Free Cash Flow of 43 million SAR in 2019 vs a negative cashflow of (38) million SAR in 2018. As a result of this cash generation, SSP was able to reduce its net debt by 40 million SAR, from 288 million SAR in 2018 to 248 million SAR in 2019. Thus, strengthening our balance sheet. Gearing ratio (Net Debt over Equity) increased from 1.9x in 2018 to 2.1x in 2018.

A relevant milestone achieved by SSP during 2019, has been its recent award by Saudi Aramco for the “2019 Highest overall IKTVA performance” in manufacturing sector. This is a clear recognition of SSP’s efforts to align its mission with Saudi Aramco’s long-term strategy, with Saudi Arabia’s vision 2030, and to its own vision of becoming the best-in-class steel pipe manufacturer and service supplier in Saudi Arabia and the region. This has been possible because of the commitment, and enthusiasm, of SSP’s employees and management.

For the upcoming months, SSP is closely monitoring the COVID-19 situation at a local, and global level. The health and safety of our people, and the service to our customers, remain our top priorities. We have established a committee to closely monitor developments related to the virus and to adjust action plans, as needed. Furthermore, we are adopting guidance issued by local health authorities to minimize the risk for our people.

I would like to thank our employees for their efforts and achievements. And I would like to thank as well our customers, suppliers and shareholders for their continuing support and confidence in our company.

Ahmed Mubarak Al Debasi
Chairman

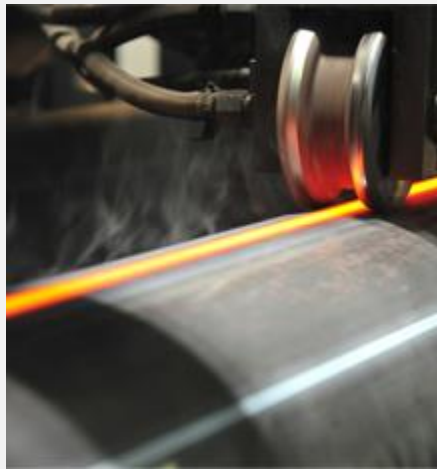
Company Profile

SSP is a leading manufacturer, and supplier, of electrically resistance welded steel pipes (ERW) for the energy, industrial, and construction segments of the Middle East and North Africa (MENA).

SSP offers oil and gas customers a full range of products including Oil Country Tubular Goods (OCTG), Line pipe (LP), API & Premium Connections (PC) and related accessories and services. It also serves customers in the industrial and construction segment with a wide range of black and galvanized pipes.

Our mission is to deliver value to our customers through product and process innovation, manufacturing excellence, supply chain integration, technical assistance and customer service, aiming to reduce risk and costs, increase flexibility and improve time-to-market.

Wherever we operate, we are committed to safety and minimizing our impact on the environment, providing opportunities for our people, and contributing to the sustainable development of our communities. Our employees seek constant improvement by sharing knowledge across a single global organization.



Information on SSP

SSP was initially incorporated as a limited liability mixed industrial company (Saudi-Korean) in 1980, then transformed in 2008 to a closed joint stock company, to finally become a public joint stock company in 2009. Since then, SSP has embarked upon an ambitious plan to lead pipe technology and services in the region and has raised its production capacity to more than 400 thousand tons in sizes from 1/2 inch to 20" OD, as well as added coating services up to 30", and bending services up to 60" OD.

Its facilities are located in the 2nd Industrial City of Dammam, in addition to a commercial office in Riyadh, and it has a service and distribution network covering more than 20 countries.

SSP's products are manufactured according to stringent quality and safety International, and Saudi Arabian national standards. SSP received ISO 9001, OHSAS 18001, and ISO 14001 certifications respectively for Quality, Safety and Environmental management. SSP is also qualified with major Oil & Gas companies, and EPC contractors, in the region.

SSP's workforce includes 832 employees with a Saudization index over 47%.

SSP also owns:

- 100% of Titanium and Steel Manufacturing Company Ltd. (TSM) located in Dammam City. This company produces heat exchangers, pressure vessels, reactors and condensers.
- 35% of Global Pipe Company Ltd. located in Jubail Industrial City. This company produces Longitudinally Submerged Arc Welded Pipes (LSAW) for the energy, industrial and construction segments of the Middle East and North Africa and has a production capacity of 400 thousand tons in sizes from 16 inch to 62" OD.
- 20% of Chemical Development Co. Ltd., a holding company established to develop industrial projects. The main project of CDC is the polysilicon factory located in Jubail city established in cooperation with the Korean company KCC.

Industrial Excellence and Facilities

SSP operates relatively low-cost production facilities, which we believe is the result of: state-of-the-art, strategically located plants; favorable access to high quality raw materials, energy and labor at competitive costs; operating history, which translates into solid industrial know-how; constant benchmarking and best-practices; increasing specialization of each of our factories in specific product ranges; and extensive use of information technology in our production processes.

SSP has six factories in the 2nd Industrial City of Dammam as follows:

1. Small Outside Diameter Pipes Plant (SOD):

Produces pipes (black and galvanized) of sizes from 1/2 to 4" OD through (3) production lines with a total production capacity of 80 thousand tons per year. These pipes are mainly used for applications in the industrial and construction segments of the MENA region.

2. Medium Outside Diameter Pipes Plant (MOD):

Commissioned in 2018, and fully qualified during 2019, to produce pipes of sizes from 2 to 8" OD with a total production capacity of 120 thousand tons per year. These pipes are mainly used for applications in the energy, industrial, and construction segments of the MENA region.

3. Large Outside Diameter Pipes Plant (LOD):

Produces pipes of sizes from 6 to 20" OD with a total production capacity of 200 thousand tons per year. These pipes are mainly used for applications in the energy, industrial, and construction segments of the MENA region.

The pipes produced by SSP go through multiple nondestructive, and destructive, inspections to ensure their quality and conformity with national, international standards, and customer specifications. These operations are done in its owned finishing lines, and inspection laboratories, both equipped with the latest measurement and inspection equipment.

4. Pipes Bending Plant:

SSP provides its customers with pipe bending (for sizes of 2 and up 64" OD) and heat treatment services through its independent plant located in Dammam 2nd Industrial City. There are three induction heat-bending lines and two heat treatment furnaces in the plant. Bends are used, in different angles, and diameters, as per customer request, mainly for applications in the energy, industrial and construction segments of the MENA region.

5. Pipes Coating Plant:

A modern pipe coating factory for sizes from 4 to 30" with a total annual capacity of one million square meters.

6. Titanium and Steel Manufacturing Company:

Produces pressure vessels and heat exchangers for oil and gas, water desalination and other plants as will be further explained in the Investments and Related Companies section.

Business Operations Results

1 | SSP's Sales

2019 SSP's sales were distributed according to the different business segments as follows:

(Thousands SAR)

Activity	Sales	Percentage (%)
Pipes (ERW)	532,132	79.24
Services (Coating and Bending)	50,417	7.51
Titanium and Steel Manufacturing Co.	89,004	13.25
Total	671,553	100

2019 results of Global Pipe Company (Associate) were as follows:

(Thousands SAR)

Activity	Annual Sales	SSP' shares of net profit (35%)
Pipes (LSAW)	478,535	8,939

Note: According to the financial accounting standards, sales and costs of Global Pipe Company are not consolidated in SSP's financial statements since SSP owns less than 50% in Global Pipe Company.

Business Operations Results

2 | Geographical Distribution

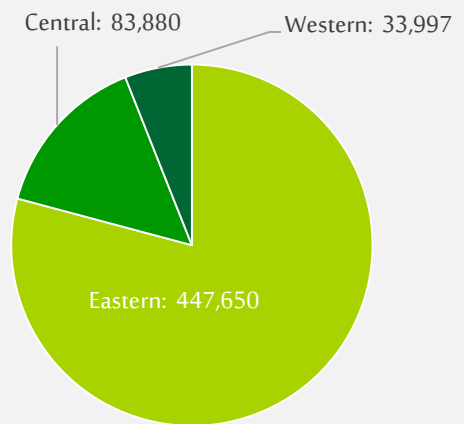
The geographical distribution of SSP's standalone sales were as follows:

(Thousands SAR)

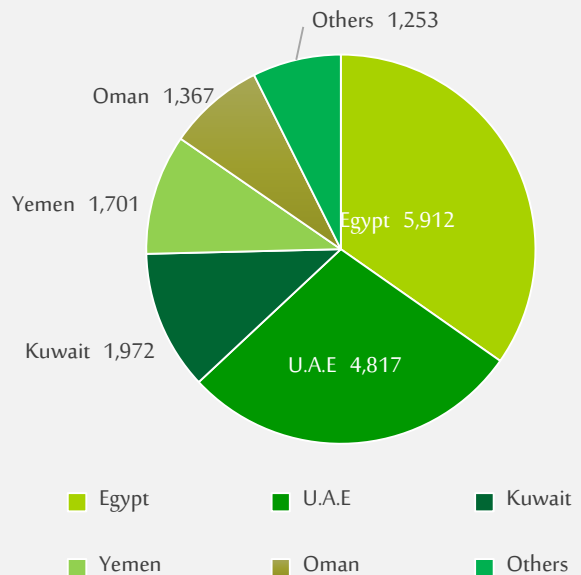
Year	Geographical analysis of the Company total Sales		
	Total Sales	Local Sales	Exports
2019	582,549	565,527	17,022

Area Wise Local Sales Distribution
(Thousands SAR)

■ Eastern ■ Central ■ Western



Export Sales
(Thousands SAR)



Business Operations Results

2 | Geographical Distribution

In addition, the sales of the subsidiary and associate companies are distributed geographically as shown in the following table:

(Thousands SAR)

Year	Company	Relationship	Geographical Analysis		
			Total sales	Local Sales	Exports
2019	Titanium & Steel Manufacturing Co.	Subsidiary	89,004	89,004	-
2019	Global Pipe Company	Associate	478,535	294,201	184,334

Vision and Milestones

1 | Vision

SSP's vision is to become the leading supplier of pipes and related services for the MENA's energy industry, and certain other industrial applications, by innovating and expanding our catalogue of products and services, and by turning into a key strategic partner of Saudi Aramco, and other oil and gas companies in the region, with the aim of becoming the most admired Tadawul Listed Company of the industry and the top pipe and services supplier in the Kingdom of Saudi Arabia (KSA).

Through our operations in the KSA, we are committed to safety and minimizing our impact on the environment, providing opportunities for our people, and contributing to the sustainable development of our communities and our employees seeking constant improvement by sharing knowledge across our global organization.

SSP's values are:

- Safety: Nothing is more important than the health and safety of everyone who enters our mills or uses our products and services.
- Serving our customers by understanding their needs and fulfilling our commitments efficiently and transparently; employing supply chain innovation and digital tools to make it easier for our customers to do their business.
- Communicating transparently with our shareholders, customers, employees, suppliers and local communities.
- Conducting business in accordance with the highest ethical standards.
- Caring for our people, offering them opportunities for development and continuous learning and rewarding them based on merit and achievement.
- Addressing climate change and minimizing the environmental impact in all of our operations.
- Promoting long-term sustainability of our business and our local communities with a focus on education and excellence.
- Leading our industry with a constant focus on innovation, developing new product technologies, transforming industrial processes and using digital technologies to set new standards of customer service and efficiency.
- Managing rationally, taking decisions after duly analyzing the relevant information.
- Using our resources wisely, operating without waste or excess.
- Embracing diversity in all its forms (culture, gender, creed, race, nationality and generation) as a factor that creates value, and ensuring a work environment free from any form of harassment.

Vision and Milestones

1 | Vision

During 2019, Tenaris acquired 47.79% of the share capital of SSP. Since then, SSP started an integration process involving people from different jurisdictions, as well as deep knowledge and technology sharing. Such acquisition, is setting the roots of the future of the company.

2019 was the year in which we have established the foundation of a new solid company in KSA. During this period, we have overcome the challenges of having new teams, new procedures, new ways of managing information, new processes, new information systems, a new organizational structure, among many other challenges. This has been possible because of the commitment, and enthusiasm, of SSP's employees and management.

Sharing knowledge, embracing a vision of transparency, hard work, and solid conviction are some of the values that can take this company to an even brighter future and that has been key to overcome the process, in a year that has shown many complexities from a market point of view, and from the relation with some critical customers.

Vision and Milestones

2 | Milestones

Among the most relevant results of the year 2019, the following achievements can be highlighted.

An Improved Health, Safety & Environmental (HSE) Culture:

- Reduction of IFR values achieving "ZERO" Accidents in the last two months of the year and a progressive reduction on other key indicators.
- Increased workforce professionalism and reporting transparency, main drivers of higher efficiency, more effective approach, and less HSE issues.
- Reduced unsafe behaviors with new safety standards, new KPI's, new work instructions for the high risk activities. Overall minimized unsafe conditions with strong management on safety leadership.
- More than 25,000 man-hours of Safety Certifications and Industrial Training.

Focused on Human Resources (HR) and Training:

- Organizational upgrade, according to International best practices, with a rational mapping of activities, clear responsibilities and scope.
- Continued efforts, along the whole year, to provide ample range of training courses to our staff and shop floor employees (almost every week during 2019, SSP delivered, at least, one training session from international, internal or third party trainers for safety and Industrial subjects).
- International experience for 22 employees (half of them Saudi Nationals) visiting and attending training in different locations and sharing knowledge with other Tenaris facilities around the globe.
- Interaction with Tenaris Industrial experts allowing for rapid knowledge sharing and adoption of best practices.

A Strengthened Control Environment :

- SSP implemented new policies in accordance with CMA regulations and best international standards. Among others: a Policy on Business Conduct, a Code of Conduct, Transparency Policy, Conflict of Interest Policy, Code of Ethics for Senior Financial Officers and Anti-Fraud Policy.
- SSP also implemented several HSE & Quality policies, together with additional procedures to improve the safety, efficiency and operations of SSP.
- Along the year, SSP optimized cash/debt management. Set a plan to reduce working capital and reviewed credit lines and insurance policies to guarantee sustainability and growth of its operations moving forward.

Strong Operations, Supply Chain, & Quality Improvements:

- New IT systems for cost, inventory and stock control, SAP and TANDEM (TS licensed proprietary Industrial Systems) were successfully implemented.
- The foundations for state of the art new automation systems in the main pipe production lines (MOD & LOD) were launched, and are under implementation looking at improving line utilization.
- Process control analysis methodology was implemented using Power BI, as well as other trending analytical technologies.
- Definition and Implementation of an industrial control system, with information available at all levels.
- Quality Management System and NDT and all critical equipment were assessed and improvements plan defined.
- Line Pipe Sour Service material was successfully qualified, using local raw material. Excellent results were achieved during production, after relevant improvements, and fine tuning, in their respective working windows.

Vision and Milestones

2 | Milestones

Executed Critical Investments:

- HSE Investments were done in almost every line, to completely eliminate, or mitigate, the most relevant issues identified after the necessary risk assessments.
- New “Operations & Quality” building was finished, equipment reallocated, and new automation and offices were implemented.
- New process control systems were adopted to improve online welding process using Tenaris licensed technologies for automatic process control based on thermographic cameras.
- New automation systems are in the process of been installed to improve finishing line productivity, updating PLC, reducing cycle time and improving traceability systems with data matrix cameras reducing manual entries.
- Acquisition of new band saws to increase cutting capacities and reduce delays due sample preparation.
- Optimization and rationalization of flows along the whole manufacturing process of main lines.

New Company Image:

- New corporate image, including uniforms, office and overall branding, started implementation.
- New “Operations & Quality” building was completed and personnel relocated to work as a consolidated and effective team.
- New laboratory, with renewed facilities and testing equipment, and reduction of manual records using automation systems. Improving our customer access to quality control information in time and manner.
- Ran several Internal Communication campaigns to strengthen Policies implementation, new company image, and sense of belonging.

Major Sales Contracts

During 2019, SSP signed important agreements that had a great impact on the Company's sales, and this positive impact will extend to years 2020 & 2021.

The most important of these contracts are the following:

1. Awarded a contract for the supply of ERW steel pipes NON-SOUR for Saudi Aramco in January 2019.
2. Awarded a contract for supply of steel pipes with the General Organization for Saline Water desalination in February 2019.
3. Awarded a contract for the supply of ERW OCTG steel pipes to Saudi Aramco in June 2019.
4. Awarded a contract for the supply of ERW steel pipes SOUR for Saudi Aramco in August 2019.
5. Awarded a contract for the supply of ERW steel pipes SOUR for Saudi Aramco in September 2019.
6. Awarded a contract for the supply of ERW OCTG steel pipes to Saudi Aramco in December 2019.

SSP also advanced in reshaping its market strategy in the different segments, and regions, working with strategic customers and building the pillars for a sustainable commercial environment moving forward.

Investments and Related Companies

Since SSP became a public joint stock company, it has invested in the establishment of three companies as shown below:

1. Titanium & Steel Manufacturing Co. Ltd. (TSM)

TSM started as a joint venture named "Titanium & Steel Manufacturing Company Ltd." and its trade name "TSM Arabia", with the Korean company "TSM" with a total investment exceeding 100 Million SAR and a paid-up capital of 32 Million SAR to produce the below products:

- Heat exchangers.
- Pressure vessels.
- Reactors and condensers.
- High quality pipe connections.

These products are used in oil and gas plants, petrochemical industries, power generators and water desalination.

In 2017, SSP fully acquired the Korean partner shares to raise its ownership percentage in TSM from 70% to 100%.

2. Global Pipe Company (GPC)

GPC is A joint venture located in Jubail City, between SSP, German Erndtebrücker Eisenwerk Hermann Klein & Co. GmbH. (EEW), and local shareholders.

This company produces Longitudinally Submerged Arc Welded Pipes (LSAW) for the energy, industrial and construction segments of the Middle East and North Africa and initially had a production capacity of 200 thousand tons in sizes from 16 inch to 62" OD, that has been recently doubled to 400 thousand tons this year, with additional investments in a new forming and finishing line.

SSP owns 35% of the shares in GPC, which has a capital amounting to SR 125 million.

3. Chemical Development Company (CDC)

CDC is a holding company with a capital of 300 million SAR and SSP Company owns 20% of its shares.

CDC was established to develop industrial projects. The main project of CDC is the polysilicon factory located in Jubail city established in cooperation with the Korean company KCC.

However, due to the sharp decline in the prices of polysilicon as a result of the increase in global production, and the delay of the renewable energy program in Saudi Arabia, the factory had severe financial difficulties and it is currently in a state of complete shutdown and under liquidation in accordance with the bankruptcy law.

SSP has previously written off the entire investment value from its financial statements in 2016 and 2017.

Investments and Related Companies

The below table summarizes SSP's ownership in the above investments:

Company	Core Activities	Location	State of Incorporation	Ownership (%)
TSM	Manufacturing of heat exchangers, pressure vessels, reactors, condensers and pipe connectors.	KSA	KSA	100
GPC	Manufacturing of large OD welded pipes (LSAW) with high thickness and diameters	KSA	KSA	35
CDC	Establishing, executing and operating industrial projects related to the chemical industries and renewable energy.	KSA	KSA	20

The table below describes SSP's shareholding in each of these companies:

Company	Shareholders	Number of shares	Ownership (%)
TSM (Total number of shares: 3.2 Million)	SSP	3,200,000	100
GPC (Total number of shares: 12.5 Million)	SSP	4,375,000	35
	EEW	4,375,000	35
	Ahmed Hamad Al Khonaini	2,500,000	20
	Pan Gulf Holding	1,250,000	10
	SSP	6,000,000	20
	Higher University Education Fund	4,922,067	16.4
CDC (Total number of shares: 30 Million)	Al Olayan Finance	4,019,041	13.4
	Suhail Bin Abdulmuhsin Al Showaibi and Sons holding Company	2,640,800	8.8
	Abdullah AlHamd Al Sagr and Brothers Company (Kuwait)	2,546,488	8.5
	Others (19 shareholders)	9,871,604	32.9

Principal Risks and Uncertainties

You should carefully consider the risks and uncertainties described below, together with all other information contained in this report, before making any investment decision. Any of these risks and uncertainties could have a material adverse effect on our business, revenues, financial condition and results of operations, which could in turn affect the price of shares

The company may face some risks in the coming years, which include:

1. Risks Relating to Our Industry

- Sales and profitability may fall as a result of downturns in the international price of oil and gas and other circumstances affecting the energy industry. Lower oil prices could affect OCTG demand, as well as Line pipe projects in all sectors.
- Climate change legislation, or regulations, could curtail demand for fossil fuels, and therefore demand for our products and services could be reduced.
- Competition in the market for steel pipe products (Including from GCC, and overseas, manufacturers) may cause SSP to lose market share and hurt SSP's sales and profitability.
- Increase in the cost of raw materials, energy and other costs, limitations or disruptions to the supply of raw materials and energy, and price mismatches between raw materials and our products may hurt SSP's profitability.
- Substitution of steel products by other materials (such as plastics or composites) that might be used in the oil & gas industry.
- Our results of operations and financial conditions could be adversely affected by low levels of capacity utilization.

Principal Risks and Uncertainties

2. Risks Relating to Our Business

- Adverse economic, or political conditions, in the countries where we sell our products and services may decrease our sales or disrupt our manufacturing operations, thereby adversely affecting our revenues, profitability and financial condition.
- If we do not successfully implement our business strategy, our ability to grow, our competitive position and our sales and profitability may suffer.
- We could be subject to regulatory risks associated with new regulations, or legislations, which could adversely impact the cost of production, especially those relates to utilities prices, labor taxes, expats costs, which could lead to lower profit margins.
- Changes in applicable tax regulations could negatively affect our financial results.
- Disruptions to our manufacturing processes could adversely affect our operations, customer service levels and financial results.
- We may be required to record a significant charge to earnings if we must reassess our goodwill, or other assets, as a result of changes in assumptions underlying the carrying value of certain assets, particularly as a consequence of deteriorating market conditions.
- The cost of complying with environmental regulations, and potential environmental and product liabilities, may increase our operating costs and negatively impact our business, financial condition, results of operations and prospects.
- Cyberattacks could have a material adverse impact on our business and results of operation.

This report and Financial Statements should be interpreted under the current new circumstances.

After the end of 2019, the pandemic COVID-19 is rapidly expanding. As at the date of this report, the effects of the pandemic cannot be fully assessed. However, it is expected that COVID-19 will result in a material reduction of oil prices and may create a general turmoil in the oil and gas industry, but also in other industrial and construction segments. The board and management of SSP monitors continuously the evolution of this situation in order to determine actions and identify potential impacts over the operations, and financial situation, of SSP.

SSP monitors continuously potential risks and prepares response plans to mitigate those risks and deal with them to ensure continuation of SSP's operations and achieve its goals and shareholders aspirations.

Human Resources

1 | Saudization

The table below shows the percentage of Saudi citizens in SSP by main departments, which reached by the end of 2019 47% of SSP's total workforce, thus SSP continues to be in the "excellent" range according to the criteria of the "NETAQAT" program.

Year ended 31 December 2019				
Section	Total	Saudi	Non-Saudis	Saudization Ratio (%)
Executive Management	6	2	4	33
Administrative Affairs	132	69	63	52
Sales	21	13	8	62
Accounting	12	7	5	58
Quality Assurance	50	12	38	24
Production	611	288	323	47
Total	832	391	441	47

In addition to the above, and in full alignment with Saudi Vision 2030, SSP has strengthened its commitment to gender diversity, and hired the first female engineer in the company history back in May 2019, while four female employees were engaged in different international training programs in USA (April 2019), UAE (April and July 2019), and Italy (August 2019).

SSP mid term commitment is to build on local talent, hiring and developing Saudi nationals to continue improving saudization levels.

The table below shows the 2018 figures:

Year ended 31 December 2018				
Section	Total	Saudi	Non-Saudis	Saudization Ratio (%)
Executive Management	4	4	0	100
Administrative affairs	78	42	36	54
Sales	30	14	16	47
Accounting	19	11	8	58
Quality Assurance	97	27	70	28
Production	618	313	305	51
Total	846	411	435	49

Human Resources

2 | Global Trainee Program

During 2019, SSP implemented a Global Trainee Program (GTP). The GTP is a two-year program specifically designed to develop young professionals. It exposes subject employees to different departments while providing intensive training including four weeks in an International location.

As of December 31, 2019, fourteen young professional talents are enrolled in the program. Such employees are mostly new university graduates from universities in the Kingdom or overseas. All fourteen employees are Saudi nationals, including one female engineer.

3 | Performance Management Process

During 2019, SSP implemented a new Performance Management Process (PMP) and a system that includes the following:

Performance Management Action	New Processes
Work Plan Definition	Mandate to set work plan including KPIs & weight (%)
Evaluation	Based on achievement on work plan objectives and degree of applied competencies
Flexibility to Update Work Plan During a Year	Yes (with functionality to track changes)
Performance Appraisal	<ol style="list-style-type: none">1) Self-appraisal2) Internal clients/suppliers appraisal3) Subordinate appraisal (for managers)4) Primary supervisor's appraisal5) Secondary supervisor's appraisal6) Performance Committee calibration and normalization
Potential Appraisal	Yes (with 5 different scales)
Feedback to Employee	Yes (with online survey on the feedback quality)
Development Plan	Yes (with functionality to select different development options)
Rotation Interest Declaration	Yes (with functionality to select options for both geographical and functional mobility interest)

Human Resources

4 | Training

During 2019, SSP provided more than 25 thousand man-hours training to its workforce.

This training was basically focused on safety, being the first value of SSP, and an area that required special attention.

Compliance and business conduct were the other two main subjects in which training focused after the adoption of new procedures. Other technical, and managerial, courses were also given to selected staff personnel.

The total training hours represented 2.1% of employees' regular working hours.

Employee Category	Safety	Others	Total	Safety Training (%)
Shop Floor	9,391	9,411	18,802	49.9
Staff	1,454	5,090	6,544	22.2
Total	10,845	14,501	25,346	42.8

In terms of the training outside the Kingdom, 22 employees in total participated in global training programs delivered in USA, Romania, Argentina, and UAE.

Internal Controls

The internal control system, and its effective procedures, play a key role in achieving the company's objectives and providing assurance to stakeholders.

The Executive Management is responsible to establish, and maintain, an effective system of internal controls that facilitates the achievement of its business objectives, ensures the reliability of its financial reporting and its compliance with applicable laws and regulations.

In accordance to its authorities and responsibilities, the Audit Committee reviewed the 2019 internal audit reports, which were prepared by the joint audit team of SSP, and Tenaris, as well as the audit points raised by Company's external auditor.

In light of the above, and considering the actions communicated to it by management to address reported findings, the Audit Committee did not notice material weaknesses in the design and operating effectiveness of the Company's system of internal controls.

The Committee emphasized to the Executive Management the need for continuous improvement of the Company's internal control practices to ensure compatibility with the rapidly changing business environment.

Corporate Governance

SSP has implemented the provisions required by the Corporate Governance of the Capital Market Authority except:

Article # / paragraph	Text of article/item	Reasons for not applying
41/A-F	The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.	This is a guiding article. SSP has a mechanism to assess the performance of executive management. SSP is currently evaluating a mechanism to assess the board, its members and its committees.
60-63	Formation of the Remuneration Committee.	Based on article 50, item 7, SSP has merged the Remuneration and Nomination committees into a single committee called the Remuneration and Nomination committee.
64-67	Formation of the Nominations Committee.	
70	Composition of the Risk Management Committee.	These are guiding articles. According to article 50 of the Corporate governance regulation, the Board does not consider the establishment of a Risk management committee as required. However, SSP is working on completing risk management policies and procedures to be implemented during the year 2020.
71	Competencies of the Risk Management Committee.	
72	Meetings of the Risk Management Committee-	
74/ A	For purposes of implementing the approved internal control system, the Company shall established units or departments for the assessment and management of risks and for internal auditing.	SSP has adequate internal control systems in place and the risk management tasks are currently being performed by operational departments.
85/3	Establishing social organizations for the benefit of the Company's employees.	This is a guiding article. SSP does not consider necessary to form social organizations for employees and applies only items (1) and (2) of article 85.
87	Social responsibility	These are guiding articles.
88	Social initiatives	SSP makes many social and charitable contributions as reflected in section 19 of this report.
89/3	The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods.	This is a guiding article. SSP is in the process of updating the content of its website which is expected to be fully operational during 2Q 2020.
95	Formation of the Corporate Governance Committee.	This is a guiding article. According to article 50, the board of directors doesn't see a need to form a corporate governance committee. SSP represented by its board of directors, its committees, the executive management, external counsel and the concerned departments to monitor the application of the Company's Corporate Governance Regulations, verify their effectiveness and modify them when needed.

Board of Directors, Committees and Executive Management

1 | Board of Directors (9 Members)

SSP is managed by a Board of Directors (BoD) consisting of nine (9) members elected by the General Assembly before the end of their terms, and for a period of three (3) years, according to SSP's bylaws and SSP's Corporate Governance Regulations (CGR).

The term of the current board runs from 7 June 2019 until 6 June 2022.

The following table summarizes the composition of the BoD as at December 31st, 2019, together with their positions, and classification, according to the CGR:

Board Member	Position	Classification
Ahmed M. Al-Debasi	Chairman of the Board of Directors.	Non- Executive
Carlos Ferreyra	Vice-Chairman of the Board of Directors.	Non-Executive
Mariano Armengol L.	Member of the Board of Directors & Managing Director	Executive
Mousa Al-Mousa	Member of the Board of Directors.	Independent
Almohaned Al-Shathre	Member of the Board of Directors	Non-Executive
Hoon Park	Member of the Board of Directors	Non-Executive
Nader Ashoor	Member of the Board of Directors	Independent
Salman Ahmed Akbar	Member of the Board of Directors	Independent
Renwar Berzinji	Member of the Board of Directors	Non-Executive

Board of Directors, Committees and Executive Management

1 | Board of Directors (9 Members)

The following information is updated as at December 31st, 2019.

Ahmed M. Al-Debasi

Mr. Al Debasi is the Chairman of the Company's BoD. He is also Member of the BoD for Titanium and Steel Manufacturing Co. (100% owned by SSP), Middle East Paper Manufacturing & Production Co. (Public Joint Stock) and Three Dimension Enterprises (Limited).

Previously he served as CEO, GM and Marketing Manager for SSP.

Mr. Al Debasi has 36 years of experience in the Tubular Industry. He holds a Bachelor Degree of Business Administration.

Carlos Ferreyra

Mr. Ferreyra is the Vice-Chairman of the Company's BoD. He is also Member of the BoD for Titanium and Steel Manufacturing Co. (100% owned by SSP), Tenaris Saudi Arabia Co. Ltd, Tenaris Global Services Nigeria Ltd, Pipe Coaters Nigeria, Amaja Tubulars Services Ltd (Ghana) and Tenaris Global Services Egypt SAE.

He also serves as Finance Senior Director at Tenaris, where he previously held several managerial positions across South America, Middle East, Africa and Asia. Mr. Ferreyra holds a Bachelor Degree in Accounting from Universidad Nacional de Rosario, a Master in Economics from CEMA University and a Master of Business Administration from London Business School.

Mariano Armengol L.

Mr. Armengol is a Member of the Company's BoD and holds the Managing Director & Chief Executive Officer positions for SSP.

He is also Member of the BoD for Titanium and Steel Manufacturing Co. (100% owned by SSP), Global Pipe Company (Ltd) and Tenaris Global Services (Switzerland) SA. Previously he served as Tenaris Pipeline Service Vice President.

Mr. Armengol has 23 years of experience in the Oil & Gas Industry, holding management roles in commercial and technical departments.

He holds a Bachelor Degree in Chemistry from Havana University and an Advanced Management Program 187 from Harvard University.

Mousa Al-Mousa

Mr. Mousa is a Member of the Company's BoD. He is also Member of the BoD, Chairman of Executive Committee & Member of IT Committee for Al Yusr Leasing and Finance Co. (Closed Joint Stock). Mr. Mousa acts as Financial & Management Advisor for several private and public organizations.

Previously, Mr. Mousa acted as Regional General Manager for Corporate & Investment Banking – EP and Senior Credit Officer - Samba Financial Group", combining more than 36 years in Finance and Management. He was also co-pilot in SAUDIA Airlines.

He holds a Bachelor Degree in Economics from ASU Arizona, USA, and has earned Top Credit Certificates, Columbia University Senior Executives program and a Commercial Air License.

Board of Directors, Committees and Executive Management

1 | Board of Directors (9 Members)

Almohaned Al-Shathree

Mr. Al-Shathree is a Member of the Company's BoD. He currently acts as General Manager for Public Relations for Sela Sport. Previously, he served as Director of Commercial Relations and Governmental sales for Flynas, Human Resource Relations Manager for Nas Holding and Quality Inspector for Saudi Naval Support Company Limited and Public Relations Manager for Bahri. He holds a Bachelor of Administration Sciences and has 6 years of experience in different administration positions.

Hoon Park

Mr. Park is a Member of the Company's BoD. He is also Member of the BoD for Hu Steel Korea Co. Ltd. Mr. Park serves as CEO for Hu Steel Company. Previously he served as Executive Director & President for Hu Steel and Executive Director & Chairman of Shinan Korean Company. Mr. Park has more than 26 years of experience in Tubular Industry and management. Mr. Park holds a PhD Architectural Engineering.

Nader Ashoor

Mr. Ashoor is a Member of the Company's BoD. He currently serves as CFO for BUPA. Previously, he acted as IPO Director for Saudi Aramco, where he served in different managerial roles from 2002 to 2016. Mr. Ashoor is a Certified Public Accountant, Certified Management Accountant, Certified Internal Auditor and has a Masters of Business Administration.

Salman Ahmed

Mr. Ahmed is a Member of the Company's BoD. He acts as Financial & Management Advisor for several private and public organizations. Previously, he served as a Senior Partner at Manara Equity Partners, Regional MD for Ansbacher and, early on, he held several positions in PricewaterhouseCoopers & predecessor firms in Saudi Arabia, Bahrain, Channel Islands & UK. Mr. Salman also served as Senior Accountant for Callingham Crane, UK. He has 43 years of experience in Board / Governance, Risk, Advisory, Audit, Accounting, Finance and Investments. He holds a Bachelor of Administration Science and is a Chartered Accountant from Institute of Chartered Accountants in England & Wales and Chartered Accountant from Institute of Chartered Accountants of Pakistan. He holds a Corporate Finance Qualification from Institute of Chartered Accountants in England & Wales and is a Certified Director from University of Lahore.

Renwar Berzinji

Mr. Berzinji is a Member of the Company's BoD. He is also Member of the BoD for Tenaris Saudi Arabia Co. Ltd. He also serves as Commercial VP for MENA & India at Tenaris, where he previously held different commercial positions managing international teams. Mr. Berzinji holds a Bachelor of Mechanical Engineering from UT Austin and a Masters of Business Administration from Kellogg - Northwestern University.

Board of Directors, Committees and Executive Management

2 | Executive Management (5 key positions)

Mariano Armengol L.

Mr. Armengol is a Member of the Company's BoD and holds the Managing Director & Chief Executive Officer positions for SSP. He is also Member of the BoD for Titanium and Steel Manufacturing Co. (100% owned by SSP), Global Pipe Company (Ltd) and Tenaris Global Services (Switzerland) SA. Previously he served as Tenaris Pipeline Service Vice President. Mr. Armengol has 23 years of experience in the Oil & Gas Industry, holding management roles in commercial and technical departments. He holds a Bachelor Degree in Chemistry from Havana University and an Advanced Management Program 187 from Harvard University.

Yves Walid

Mr. Walid serves as Commercial Director for Oil & Gas sector in SSP. Previously, he held positions as Managing Director for Tenaris Saudi Arabia, Regional Sales Manager and Sales Manager GCC in Tenaris. Mr. Walid is an Industrial Engineer with a combined 22 years of experience in Oil & Gas Industry, serving in commercial positions.

Mohammed Al-Bawardi

Mr. Al-Bawardi serves as Commercial Director for Non-Oil & Gas sector in SSP. Previously, he held the position of VP Commercial Director for SSP. Mr. Al-Bawardi holds a Bachelor of Mechanical Engineering and has a combined 23 years of experience serving in commercial positions.

Jacobo R. Montaña

Mr. Montaña serves as Operations Senior Director in SSP. Previously, he held the roles of Operations Director for Tenaris Saudi Arabia, Maintenance Manager for Tenaris TAVSA Venezuela and Plant Manager in Siemens Venezuela. Mr. Montaña is an Electrical Engineer with a combined 23 years of experience in several operations positions and managing multicultural teams.

Abdulhamid Salah El Shazli

Mr. El Shazli serves as the finance manager in SSP. Previously, he held positions as an accountant, delegated accounting manager and accounting manager in SSP. Mr. El Shazli hold a bachelor degree in commerce and has more than 29 years of experience.

Board of Directors, Committees and Executive Management

3 | Change in SSP's share ownership percentage of the Chairman and Board Members and Senior Executives and their spouses and children

Description of any interest that belongs to BoD members, their spouses & children in the equity shares or debt instruments of SSP or any of its subsidiaries						
The name of the interest	Beginning of the year		End of year		Percentage change	Net Change
	Number of shares	Debt instrument	Number of shares	Debt instrument		
Ahmed M. Al-Debasi	391,000	-	-	-	-100%	(391,000)
Carlos Ferreyra	-	-	-	-	-	-
Mariano Armengol L.	-	-	-	-	-	-
Mousa Al-Mousa	5,000	-	5,000	-	-	-
Almohaned Al-Shathree	-	-	-	-	-	-
Hoon Park	-	-	-	-	-	-
Nader Ashoor	-	-	-	-	-	-
Salman Ahmed	-	-	-	-	-	-
Renwar Berzinji	-	-	-	-	-	-

Board of Directors, Committees and Executive Management

4 | Participation of board members in other companies' boards

The following table shows the participation of board members in other Companies' current and previous boards:

Names of companies in or outside the kingdom in which a member of the BoD of SSP is a board member or manager			
Name of member	Membership classification Independent/non-executive/executive	The name of companies in which A Member of the Board of Directors Is a current board member or manager	The name of companies in which A Member of the Board of Directors Is a previous board member or manager
Ahmed M. Al-Debasi	Non-Executive	Inside the Kingdom: Titanium & Steel Manufacturing Company Ltd. (100% owned by SSP) Middle East Paper Manufacturing & Production Co. (Public Joint Stock) Three Dimensions Enterprises Company (Limited)	Inside the Kingdom: None
		Outside the Kingdom: None	Outside the Kingdom: None
Carlos Ferreyra	Non-Executive	Inside the Kingdom: Titanium & Steel Manufacturing Company Ltd. (100% owned by SSP) Tenaris Saudi Arabia Co. Ltd.	Inside the Kingdom: None
		Outside the Kingdom: Tenaris Global Services Nigeria Ltd. Pipe Coaters Nigeria Ltd. Amaja Tubulars Services Ltd (Ghana). Tenaris Global Services (Egypt).	Outside the Kingdom: None
Mariano Armengol L.	Executive	Inside the Kingdom: Titanium & Steel Manufacturing Company Ltd. (100% owned by SSP) Global Pipe Company (Limited)	Inside the Kingdom: None
		Outside the Kingdom: Titanium and Steel Manufacturing Co. (Limited) Tenaris Global Services (Switzerland) SA.	Outside the Kingdom: None
Musa Al-Mousa	Independent	Inside the Kingdom: Al Yusr Leasing and Finance Co. (Closed Joint Stock)	Inside the Kingdom: Takween Advanced Industries Company (Public Joint Stock)
		Outside the Kingdom: None	Saudi Paper Manufacturing Co. (Public Joint Stock) Al-Ahsa Development Co. (Public Joint Stock)
Almohaned Al-Shathree	Non-Executive	Inside the Kingdom: None	Inside the Kingdom: None
		Outside the Kingdom: None	Outside the Kingdom: None

Board of Directors, Committees and Executive Management

4 | Participation of board members in other companies' boards

The following table shows the participation of board members in other Companies' current and previous boards:

Names of companies in or outside the kingdom in which a member of the BoD of SSP is a board member or manager			
Name of member	Membership classification Independent/non-executive/executive	The name of companies in which A Member of the Board of Directors Is a current board member or manager	The name of companies in which A Member of the Board of Directors Is a previous board member or manager
Hoon Park	Non-Executive	<p>Inside the Kingdom: None</p> <p>Outside the Kingdom: Hu Steel Korea Co. (Limited)</p>	<p>Inside the Kingdom: None</p> <p>Outside the Kingdom: None</p>
Nader Ashoor	Independent	<p>Inside the Kingdom: None</p> <p>Outside the Kingdom: None</p>	<p>Inside the Kingdom: Diaverum Arabia, 2018-2020</p> <p>Outside the Kingdom: None</p>
Salman Ahmed	Independent	<p>Inside the Kingdom: SABB Takaful Company – Independent Board Member; Chairman Audit Committee. Saudi Orix Leasing Company –Member Audit Committee</p> <p>Outside the Kingdom: Albaraka Bank Pakistan Limited –Member Board of Directors; Chairman of Risk Committee; Member of Executive Committee. Tullet Prebon (Bahrain) BSC (c) (under formation through a merger process) –Director.</p>	<p>Inside the Kingdom: Al Istithmar Capital -Member Audit Committee. Medgulf Saudi Arabia - Member Audit Committee.</p> <p>Outside the Kingdom: Manara Equity Partners BSC(c) -Director. Manara Wartsila Power Limited -Director. Ansbacher Trust Company Limited - Director.</p>
Renwar Berzinji	Non-Executive	<p>Inside the Kingdom: Tenaris Saudi Arabia Co. Ltd.</p> <p>Outside the Kingdom: None</p>	<p>Inside the Kingdom: None</p> <p>Outside the Kingdom: None</p>

Board of Directors, Committees and Executive Management

4 | Participation of board members in other companies' boards

The following table shows the competing or similar activities in companies that have members of the BoD of SSP :

Name of member	Company Name	Company activity
Carlos Ferreyra	Tenaris Saudi Arabia Co. Ltd.	<p>The Board Member is a Board Member of Tenaris Saudi Arabia Co. Ltd which is within the group of companies of Tenaris ("Tenaris Group").</p> <p>Tenaris Group is engaged in the manufacturing of ERW Pipes in Argentina, US, and Brazil.</p>
Mariano Armengol L.	Tenaris Global Services Switzerland Sarl	<p>The Board Member is a Board Member of Tenaris Global Services Switzerland Sarl, which is within the group of companies of Tenaris ("Tenaris Group").</p> <p>Tenaris Group is engaged in the manufacturing of ERW Pipes in Argentina, US, and Brazil.</p>
Hoon Park	Hu Steel Korea Co.	<p>The Board Member is a Board Member of for Hu Steel Korea Co. Ltd.</p> <p>Hu Steel Korea Ltd. manufactures ERW pipes in Korea.</p>
Renwar Berzinji	Tenaris Saudi Arabia Co. Ltd.	<p>The Board Member is a Board Member of Tenaris Saudi Arabia Co. Ltd which is within the group of companies of Tenaris ("Tenaris Group").</p> <p>Tenaris Group is engaged in the manufacturing of ERW Pipes in Argentina, US, and Brazil.</p>

Board of Directors, Committees and Executive Management

5 | Participation of BoD members in Board meetings

During 2019, the BoD of SSP held six (6) board meetings as shown in the following table. Members who have not attended any of the meetings have appointed another member to represent them in attendance and voting, and the following table shows the attendance of sessions:

Name of member	Meeting # 85	Meeting # 86	Meeting # 87	Meeting # 88	Meeting # 89	Meeting # 90	Total
	21/1/2019	21/1/2019	17/3/2019	10/6/2019	31/7/2019	30/10/2019	
Riyad Yousef Al-Rabiah*	-	-	-	-	-	-	-
Fahad M. Al-Saja*	-	-	-	-	-	-	-
Hoon Park	✓	✓	✓	x	✓	✓	5
Ahmed M. Al-Debasi	✓	✓	✓	✓	✓	✓	6
Mousa Al-Mousa	✓	✓	✓	✓	✓	✓	6
Ibrahim Abdulla Al Olayan*	-	-	-	-	-	-	-
Talal Al Zamil**	✓	✓	✓	x	x	x	3
Almohaned Al-Shathree	✓	✓	✓	x	✓	✓	5
Mariano Armengol Lamazares***	x	✓	✓	✓	✓	✓	5
Carlos Ferreyra***	x	✓	✓	✓	✓	✓	5
Renwar Berzinji***	x	✓	✓	✓	✓	✓	5
Nader Ashoor***	x	✓	✓	✓	✓	✓	5
Salman Ahmed****	x	x	x	✓	✓	✓	3

* Resigned on January 21, 2019

** Completed term on June 6, 2019

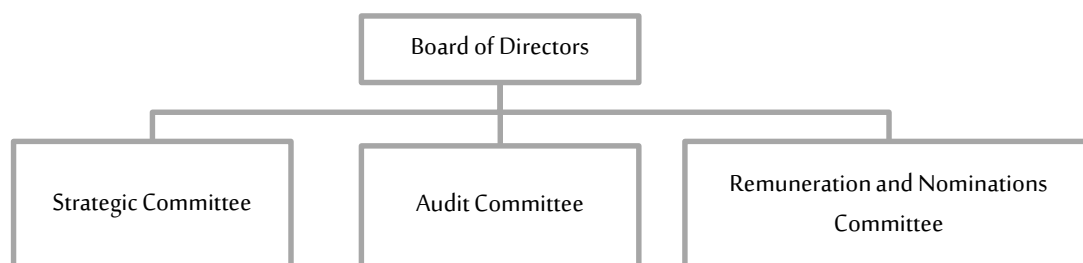
*** Appointed on January 21, 2019

**** Appointed effective as of June 7, 2019

Board of Directors, Committees and Executive Management

6 | BoD Committees

SSP BoD has formed three committees, namely:



The Strategic Committee:

The Strategic Committee was composed of five members until January 21, 2019 and it was reduced to three on such date.

The functions and responsibilities of the Committee included the following:

- Proposing the strategic paths of the company and raising them to the management board.
- Follow-up, update and review of the company's long, medium and short-term strategic plans.
- Audit of approved capital expenditures and monitor the company's financial performance and annual workplans.
- Follow up the implementation of the company's discretionary budgets and analyze the causes Deviations that Found and present Recommendations thereon.
- Recommending the entry into new investment and industrial projects as well as the development and upgrading of current activities vertically and horizontally.

During BoD Meetings, the directors agreed to discuss all matters with all BoD Members. As a consequence, no meetings were held during the year 2019 and it is expected that the Strategic Committee will be cancelled during 2020.

The composition of the Strategic Committee as at 31 December, 2019 is as follows:

Name	Post
Ahmed M. Al-Debasi	Member of the BoD (Non-Executive) and Chairman
Carlos Ferreyra	Member of the BoD (Non-Executive) and Vice-Chairman
Mariano Armengol L.	Member of the BoD (Executive), Managing Director and Chief Executive Officer

Board of Directors, Committees and Executive Management

6 | BoD Committees

The Audit Committee:

The Audit Committee consists of three members.

On January 21, 2019 the BoD replaced the audit committee's members Messrs. Ibrahim Abdulla Al Olayan and Khaled Saad Alnassar by Messrs. Carlos Ferreyra and Nader Ashoor, who completed the term of their predecessors until June 6, 2019.

New members of the Audit Committee were elected in the 14th Annual General Assembly held on May 7, 2019. The term of the audit committee elected on May 7, 2019 runs from 7 June 2019 Until 6 June 2022.

The functions and responsibilities of the Committee include the following:

Financial Reporting:

- Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- Analyzing any important or non-familiar issues contained in the financial reports;
- Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor;
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

Board of Directors, Committees and Executive Management

6 | BoD Committees

Internal Audit:

- Examining and reviewing the Company's internal and financial control systems and risk management system;
- Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports; and
- Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no internal auditor, the committee shall provide a recommendation to the Board on whether there is a need to appoint an internal auditor.
- Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remuneration.

External Auditor:

- Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remuneration, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
- Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
- Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
- Responding to queries of the Company's external auditor; and
- Reviewing the external auditor's reports and its comments on the financial statements and following up the procedures taken in connection therewith.

Ensure Compliance:

- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith; and
- Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

Board of Directors, Committees and Executive Management

6 | BoD Committees

The Audit Committee is composed of the following Members as at December 31st, 2019:

Name	Post
Mousa Al-Mousa	Member of the BoDs (Independent) and Chairman of the Committee
Carlos Ferreyra	Member of the BoD (Non-Executive)
Nader Ashoor	Member of the BoD (Independent)

The Committee held Five Meetings during the year 2019. Dates and attendance is shown in the following table:

Name of member	# 40	# 41	# 42	# 43	# 44	Reviews	Total
	20 Jan 2019	17 Mar 2019	1 May 2019	31 Jul 2019	24 Oct 2019		
Mousa Al-Mousa	✓	✓	✓	✓	✓	-	5
Khaled Saad al-Nassar	✓	-	-	-	-	Until 20/1/2019	1
Ibrahim Abdulla Al-Olayan	x	-	-	-	-	Until 20/1/2019	0
Carlos Ferreyra	-	✓	✓	✓	✓	Starting 21/1/2019	4
Nader Ashoor	-	✓	✓	✓	✓	Starting 21/1/2019	4

Board of Directors, Committees and Executive Management

6 | BoD Committees

The Remuneration and Nominations Committee:

The Remuneration and Nominations Committee is composed of three members.

On January 21st, 2019 the Board replaced the member of the committee, Mr. Fahad Al-Saja with Mr. Renwar Berzinji, who completed the term of his predecessor until June 6, 2019.

New members of the committee were elected for the period commencing on June 7, 2019 and ending on June 6, 2022.

The functions and responsibilities of the Remuneration and Nominations Committee include:

Remuneration:

- Preparing a clear policy for the remuneration of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy; Clarify the relationship between the rewards awarded and the applicable remuneration policy, and indicate any fundamental deviation from the policy.
- Clarifying the relation between the paid remuneration and the adopted remuneration policy, and highlighting any material deviation from that policy.
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives; and
- Providing recommendations to the Board in respect of the remuneration of its members, the committees' members and Senior Executives, in accordance with the approved policy.

Board of Directors, Committees and Executive Management

6 | BoD Committees

Nominations:

- Suggesting clear policies and standards for membership of the Board and the Executive Management;
- Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty;
- Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions;
- Determining the amount of time that the member shall allocate to the activities of the Board;
- Annually reviewing the skills and expertise required of the Board members and the Executive Management;
- Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure;
- Annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company;
- Providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management;
- Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant; and
- Determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.

The Remuneration and Nominations Committee is composed of the following members as at December 31st, 2019:

Name	Post
Salman Ahmed	Member Board of Directors (Independent) – Chairman of the Committee
Renwar Berzinji	Member of the Board of Directors (Non-Executive)
Almohaned Al-Shathree	Member of the Board of Directors (Non-Executive)

Board of Directors, Committees and Executive Management

6 | BoD Committees

The Remuneration and Nominations Committee held two meetings during the year 2019 as shown in the following table:

Name of member	#10 8 Apr 2019	#11 29 Dec 2019	Total
Talal Al-Zamil*	✓	x	1
Salman Ahmed**	x	✓	1
Renwar Berzinji	✓	✓	2
Almohaned Al-Shathree	✓	✓	2

* Member of the Committee until June 6, 2019.

** Member of the Committee from June 10, 2019.

Board of Directors, Committees and Executive Management

7 | Remuneration and Compensation for BoD members and senior executives

According to the bylaws of SSP, annual remuneration of BoD Members including the Chairman which consists of rewards, financial and non-financial benefits not to exceed 500 thousand SAR/per member, and within the limits stipulated by the Companies Regulations and its laws, and the entitlement to such remuneration shall be proportionate to the number of meetings attended by the member.

As per the Remuneration Policy for Members of the BoD and Executive Management approved by the General Assembly on 27 December 2017 effective January 1, 2018:

- The Board Member shall be granted a fixed annual remuneration of SR 200,000 per year, provided that he attend no less than 75% of the number of meetings, and proportionately calculated if his attend is less than that.
- An attendance allowance of SR 3,000 will be paid per attended meeting of the Board of Directors and committee meetings.
- Committee members shall be granted an annual remuneration of SR 50,000 per committee, provided that he attend no less than 75% of the number of meetings, and proportionately calculated if his attend is less than that.
- The Chairman of the Audit Committee shall grant an annual remuneration of SR 100,000, provided that he attend no less than 75% of the number of meetings, and proportionately calculated if his attend is less than that.

Board of Directors, Committees and Executive Management

7A | Board Members Remuneration

The following are the details of remuneration and compensation for Board Members and Senior Executives:

	Fixed Compensations (SAR)						Variable Compensations (SAR)						Expenses allowance		
	Specified amount	Board attendance allowance	Committee attendance allowance	In kind benefits (non-cash)	Amounts received by board member for being worker, manager or for technical, administrative or consultancy services	Compensations for the chairman, managing director or secretary (if he is a member)	Total	Share of profit	Periodic compensations	Short term incentive plans	Long term incentive plans	Value of granted shares		Total	End of service benefit
First: Independent Members															
Mousa Al-Mousa	200,000	18,000	115,000	-	-	-	333,000	-	-	-	-	-	-	-	333,000
Talal Al-Zamil	86,027	9,000	24,507	-	-	-	119,534	-	-	-	-	-	-	-	119,534
Nader Ashoor	189,041	15,000	59,260	-	-	-	263,301	-	-	-	-	-	-	-	263,301
Salman Ahmed	113,973	9,000	31,082	-	-	-	154,055	-	-	-	-	-	-	-	154,055
Total	589,041	51,000	229,849	-	-	-	869,890	-	-	-	-	-	-	-	869,890
Second: Non-Executive Members															
Hoon Park	200,000	15,000	-	-	-	-	215,000	-	-	-	-	-	-	-	215,000
Ahmed M. Al-Debasi	200,000	18,000	-	-	-	-	218,000	-	-	-	-	-	-	-	218,000
Almohaned Al-Shathree	200,000	15,000	56,000	-	-	-	271,000	-	-	-	-	-	-	-	271,000
Carlos Ferreyra	189,041	15,000	59,260	-	-	-	263,301	-	-	-	-	-	-	-	263,301
Renwar Berzinji	189,041	15,000	53,260	-	-	-	257,301	-	-	-	-	-	-	-	257,301
Total	978,082	78,000	168,521	-	-	-	1,224,603	-	-	-	-	-	-	-	1,224,603
Third: Executive Members															
Mariano Armengol	189,041	15,000	-	-	463,840	-	667,881	-	-	-	-	-	-	-	667,881
Grand Total	1,756,164	144,000	398,370	-	463,840	-	2,762,374	-	-	-	-	-	-	-	2,762,374

Board of Directors, Committees and Executive Management

7B | Committee Members Remuneration

	Fixed compensations (SAR)	Attendance allowance (SAR)	Total (SAR)	Notes
The Audit Committee Members				
Mousa Al-Mousa (Committee Chairman)	100,000	15,000	115,000	-
Nader Ashoor	47,260	12,000	59,260	Appointed on January 21, 2019
Carlos Ferreyra	47,260	12,000	59,260	Appointed on January 21, 2019
Khaled Nasser	2,740	3,000	5,740	Resigned on January 21, 2019
Ibrahim AlOlayan	-	-	-	Resigned on January 21, 2019
Total	197,260	42,000	239,260	
The Remuneration and Nomination Committee Members				
Salman Ahmed (Committee Chairman)	28,082	3,000	31,082	Appointed on June 10, 2019
Talal Al-Zamil	21,507	3,000	24,507	Completed term on June 6, 2019
Fahad M. Al-Saja	2,740	3,000	5,740	Resigned on January 21, 2019
AlMohaned Al-Shathree	50,000	6,000	56,000	-
Renwar Berzinji	47,260	6,000	53,260	Appointed on January 21, 2019
Total	149,589	21,000	170,589	

Board of Directors, Committees and Executive Management

7C | Senior Executives Compenations

All amounts in SAR	Fixed Compensation				Variable Compensation						End of service benefit	Total executives remuneration from the board, if any	Grand Total
	Salaries	Allowances	In kind benefits (non-cash)	Total	Periodic compensations	Profits	Short term incentive plans	Long term incentive plans	Value of granted shares	Total			
Senior Executives*	2,281,692	957,340	-	3,239,032	-	-	-	-	-	-	147,813	204,041	3,590,886

* Senior Executives include: Managing Director and Chief Executive Officer, Chief Executive Officer (Acting) (Jan - Mar 2019), Finance Manager, Commercial Director (O&G), Commercial Director (Non-O&G), and Operations Senior Director.

Board of Directors, Committees and Executive Management

8 | Transactions with Related Parties

During 2019, the company sold pipes, and provided services, to the following parties through purchase orders and not contracts, at the regular market price without any discrimination or reduction:

Party	Member of the BoD	Nature of transaction	Contract duration	Value (SAR)
Rabiah & Nassar Company	Khalid Abdullatif al-Rabiah Riyad Yousef Al-Rabiah	Sell Pipe	Spot	181,527
Pan Gulf Holding	Fahad M. Al-Suja	Sell Pipe	Spot	809,926
Tenaris Saudi Arabia Ltd	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Services Rendered	3 years	1,065,619

The company also made purchase orders with some related parties as shown in the following table:

Party	Member of the BoD	Nature of transaction	Contract duration	Value (SAR)
Hu Steel Korea Co.	Hoon Park	Services Received	Renewable year	389,674
Dalmine S.P.A *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Services Received	Renewable year	879,191
Silcotub S.A **	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Purchases	Spot	15,705,000
Tenaris Global Services Switzerland	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Expense on behalf		71,494
Tenaris Global Services Uruguay ***	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Purchases	Spot	240,385
Tenaris Siderca *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Services Received	Renewable year	796,683

* All these purchases and services were made at arms length under agreements approved by the shareholders in the 14th Annual Shareholding Meeting dated 7th of May 2019, as announced on Tadawul's website. All agreements may be terminated by SSP, by written notice to Tenaris.

** These purchases are related to materials used in production. These are 2 spot orders, one of them placed in 2018 before Tenaris acquired 47.79% of SSP share capital. And the other order was placed at the same price, at arm lengths and after conducting properly documented tender process.

*** This purchase is related to pipes to be used in bending line. The order was placed before Tenaris acquired 47.79% of SSP share capital.

Board of Directors, Committees and Executive Management

9 | Dates of the General Assemblies of the Shareholders held during 2019 and names of BoD members who attended

General Assembly	Date	Member of the Board of Directors
14th Annual General Assembly	7 May 2019	Ahmed M. Al-Debasi
		Carlos Ferrerya
		Mariano Armengol L.
		Mousa Al-Mousa
		Nader Ashoor
		Almohaned Al-Shathree
		Renwar Berzinji

10 | Statement the Company's request for shareholders register during the fiscal year 2019

Reasons for Request	Date of request	Number of company requests for shareholders register
Company procedures	22 January 2019	1
Company procedures	24 January 2019	2
Company procedures	27 January 2019	3
Company procedures	28 January 2019	4
Company procedures	29 January 2019	5
Company procedures	30 January 2019	6
Company procedures	31 January 2019	7
Company procedures	3 February 2019	8
Company procedures	4 February 2019	9
Company procedures	5 February 2019	10
Company procedures	6 February 2019	11
Company procedures	7 February 2019	12
Company procedures	12 February 2019	13
Company procedures	24 February 2019	14
Company procedures	28 February 2019	15
Company procedures	24 April 2019	16
Fourteenth General Assembly	7 May 2019	17
Company procedures	12 May 2019	18
Company procedures	14 May 2019	19
Company procedures	21 July 2019	20
Annual Audit	31 December 2019	21

Financial Results

The following analysis of our financial condition and results of operations are based on, and should be read in conjunction with, our audited consolidated financial statements and the related notes.

We prepare our consolidated financial statements in conformity with IFRS.

1 | Profitability

(Million SAR)

P&L	2019	2018	2017	2016	2015
Net Sales	672	646	696	605	852
Gross Margin	14	(2)	93	54	96
Operative Income	(35)	(51)	45	(7)	41
Net results	(27)	(169)	19	(45)	30
EBITDA	10	(3)	88	36	81

During 2019, the company performed a significant improvement in all its level of profitability.

Net Sales of tubular products and services increased by 4% to 672 million SAR in 2019, compared to 646 million SAR in 2018, reflecting a 6% decrease in volumes and a 169% % increase in services. Additionally, process equipment revenues recorded a 52% increase in comparison to 2018.

Operating Income from tubular products and services, amounted to (35) million SAR in 2019, compared to (51) million SAR in 2018. The positive results in the profitability performance in 2019 have been mainly driven by improvements in the efficiency of production lines and inventory management, the enhancement in the control of expenses, and a decrease in the cost of raw materials.

Net Results amounted to (27) million SAR, compared to (169) million SAR. In addition to the improvement in the operating income, the net results reflects a better performance of Global Pipe Company, a recognition of tax benefits and the lack of impairments incurred during 2019.

EBITDA is an approximation to pre-tax operating cash flow and reflects cash generation from the operation before working capital variation. During 2019, the company recorded a positive EBITDA of 10 million SAR, versus a negative EBITDA of (3) million SAR in 2018.

Financial Results

2 | Cash Flow

(Million SAR)

Cash Flow	2019	2018	2017	2016	2015
Net Cash provided by (used in) operating activities	49	(6)	65	76	155
Capital expenditures	(6)	(32)	(19)	(29)	(55)
Free Cash Flow	43	(38)	46	47	101

Cash flow provided by operating activities amounted to 49 million SAR in 2019, compared to negative (6) million SAR in 2018. This increase is mainly attributable to an increase in the EBITDA and a reduction of working capital.

Our capital expenditure decreased by 26 million SAR in 2019, to (6) million SAR from (32) million SAR in 2018.

Free Cash Flow (FCF) is a measure of financial performance, calculated as operating cash flow less capital expenditure. FCF represents the cash that a company is able to generate after spending the money required to maintain or expand its asset base.

As result of improvements in its cash discipline, the company generated a positive FCF of 43 million SAR in 2019, compared to a negative FCF of (38) million SAR in 2018.

Financial Results

3 | Financial Position

(Million SAR)

Selected Consolidated financial position data	2019	2018	2017	2016	2015
Current Assets	413	428	402	374	408
Non-current Assets	706	724	813	847	855
Total Assets	1,119	1,152	1,215	1,221	1,263
Current Liabilities	210	222	169	147	143
Short Term Loans	180	139	105	143	97
Long Term Loan, current portion (1)	47	38	34	26	31
Long Terms Loans	60	135	120	139	185
Other Non-Current Liabilities	93	59	58	53	53
Total Liabilities	591	593	486	510	510
Equity	528	559	730	711	754
Net Debts	248	288	245	279	294
Gearing Ratio	2.1	1.9	3.0	2.6	2.6

During 2019, SSP reduced significantly its **Net Debt** by 40 million SAR, from 288 million SAR in 2018 to 248 million SAR in 2019. The company maintains a solid solvency structure, well-capitalized.

Gearing ratio (Net Debt / equity) improved in 2019, from 1.9x in 2018 to 2.1x in 2019.

(1) On March 20, 2020, Ministry of Industry announced the deferral and rescheduling of the loan installment that are due in 2020 for medium and large factories.

Profit Distributing Policy

The company plans to distribute an annual dividend to enhance the value of the return to shareholders commensurate with the company's earnings, financial position, market conditions, general economic climate and other factors including the analysis of investment opportunities, re-investment requirements, cash needs, capital expenditure needs and business activities level is and the legal and regulatory considerations. The dividends are distributed in Saudi Riyals in according with the following policy as stated in the company's bylaws:

1. The distribution of the annual net profits of the company after deducting all general expenses and other costs as follow
2. Transfer (10%) of the net profit to statutory reserve, the Ordinary General Assembly may decide to stop these transfers when statutory reserve reach (30%) of the paid-up capital
3. The Ordinary General Assembly, based on the proposal of the Board of Directors, may appropriate a reserve not exceeding (20%) of the net profits to form a reserve for designated purposes.
4. The Ordinary General Assembly may elect to form other reserves, to the extent that achieves the interests of the company or ensure the distribution of steady profits as much as possible to shareholders. The aforementioned assembly may also deduct from the net profits sums for the establishment of social institutions for the employees of the company or for the assistance of existing ones.
5. From the remainder, a percentage representing (5%) of the company's paid-up capital shall be distributed to the shareholders.
6. The General Assembly may, upon the proposal of the Board of Directors elect to distribute the remainder thereafter to shareholders as an additional share in the profits.

Statement	2019	2018	2017	2016	2015
Net profit (Million SAR)	(27)	(169)	19	(45)	33
Dividends distributed (Million SAR)	0	0	0	0	25.5
Number of shares (Million Shares)	51	51	51	51	51
Earnings per share (SAR/share)	0	0	0.38	0	0.5

The Board of Directors, in its meeting held on February 17, 2020, recommended not to distribute dividends to the esteemed shareholders for the fiscal year 2019, due to the losses of 2019.

Statutory Payments/Dues

The following is a statement on the company's statutory payments/dues as at 31/12/2019:

Statement	2019		Description	Reasons
	Paid	Due to the end of the annual financial period and not paid		
Zakat	1,622,474	0	Zakat	
General Organization for Social Insurance	7,546,693	677,545	Dec. 2019	To be paid in Jan, 2020

Sanctions and Penalties

No sanctions or penalties were imposed on SSP during the year 2019.

Social Contribution

Since its inception, SSP has consistently made financial and in-kind contributions to social work, and the following table shows the amount of these contributions during the last Five years:

Type of contribution	2019	2018	2017	2016	2015
Financial	179,952	304,592	673,500	1,434,601	1,258,728
In-kind	0	0	0	0	0
Total (SAR)	179,952	304,592	673,500	1,434,601	1,258,728

These contributions distributed to some families who are in need, charities and some charitable projects.

Compliance with the Accounting Standards issued by the Saudi Organization for Certified Public Accountants

SSP's financial statements have been prepared during the fiscal year ended December 31, 2019 in accordance with International Financial Reporting Standards as endorsed in KSA.

Representations

1. The accounting records have been correctly prepared.
2. The internal control system has been prepared on good basis and effectively implemented.
3. There is no doubt about the ability of the source to continue its activity.

Saudi Steel Pipe Company