2017 Results

TUBACEX closes 2017 in a record-breaking year for Premium order winning

- **This volume of high technological value orders will have an impact on the Group's books from the first quarter of 2018.**
- **"We are turning the corner of the worst crisis in history and look to the future with optimism and peace of mind in the knowledge that we have done our homework", stated Jesus Esmoris.**
- **The Oil&Gas sector has experienced the worst crisis in history, with significant investment reduction particularly over the last three years.**
- **TUBACEX has made some adjustments to adapt the Group plants to the value creation strategy, without which the EBITDA would have been in line with the EBITDA registered in 2016.**
- **Besides this, the company has registered non-recurrent adjustments with no impact on cash to the tune of €23.4 million in its books that are included in the Group net result at the 2017 end which amount to - €19.7 million.**
- **In this context, TUBACEX has announced sales of €490 million and an EBITDA of €25.9 million, which represent 0.7% and 25.8% (respectively) less than in the same period last year.**

Llodio, February 28th, 2018. TUBACEX announces its annual results anticipating the end of the worst crisis ever to hit the Oil&Gas sector. In a background defined by a permanent drop in volumes and prices remaining under pressure, with particular impact on results during the last three years, TUBACEX has had sales of €490.4 million, a decrease of 0.7% compared to the results obtained in 2016. These sales were achieved in a record-breaking year in terms of winning high technological value orders, with a backlog in excess of €700 million, whose impact will begin to materialize in the first quarter of the year, forecasting significantly improved results from the start of the year.

This improvement will be visible in 2018 and 2019, coinciding with a maximum acceleration momentum for the Group industrial plans oriented to plant specialization in Premium products in Austria and production increase in India. In terms of market situation, the Capex increase effect announced by the oil companies will require a length of time to be translated into a growth in demand for the Group products.

TUBACEX CEO Jesus Esmorís believes the worst part of the crisis is over. “We are turning the corner of the worst crisis in history and look to the future with optimism and peace of mind in the knowledge that we have done our homework in the last three years” he concluded, in relation to the progress made by the Company in the field of design and manufacturing of high technological value tubular solutions, achieving record-breaking sales figures in Premium products year after year. These results emphasize the value of TUBACEX positioning in the Premium segment, along with constant efforts to increase efficiency and cost control. “For the last three years we have witnessed the worst crisis in the oil sector history. The industry CAPEX has dramatically shrunk leading to an unprecedented drop in manufacturing volumes and fierce price competition. Despite the situation, we have been able to overcome this crisis with reasonable results”, he added.

This scenario has encouraged the Group Management to make extraordinary strategic adjustments linked to conventional product manufacturing in Austria which will now go to India. The EBITDA at the year-end would have been in line with the EBITDA registered in 2016, if these adjustments had not been made.

Additionally, in order to adjust accounts to the current industrial strategy, the Company has registered non-recurring adjustments to the tune of €23.4 million in its books. This figure mainly includes the non-recognition of the Austrian subsidiary's goodwill. These adjustments only affect the Group net profit which closed the year at - €19.7 million, but have no impact on cash flow.

This operation clearly reflects the Group strategy of maintaining higher added-value production facilities in Europe and the USA, while developing a production base with progressively growing production volume in Asia (India and Thailand), to put together an offer of technical-commercial solutions which is unique in the sector.

TUBACEX net financial debt amounts to €253.5 million, €46.6 million more than at the 2016 year-end. This rise is both due to investments made through the Group industrial plans, mainly in India, as well as a working capital increase in the development of unique projects oriented to reinforce the company positioning in the Premium product segment. These projects have a specific focus on the expansion of the Company global network of stock and service centers (TSS) and the development of long-term projects oriented to the supply of comprehensive tubular solutions, mainly in OCTG and Umbilicals, and represent a quantum leap in the Group services offer.

The net financial debt ratio on EBITDA amounts to 9.8x EBITDA in the current situation characterized by a high debt figure which includes the acquisition and integration of two companies in 2015, along with the already mentioned cash flow increase. However, this ratio will be reduced to achieve the strategic target of 3x during 2018, coinciding with major progress in the execution of the very important backlog of Premium projects.

About TUBACEX

TUBACEX is a multinational group with its headquarters in Alava and a global leader in the manufacture of stainless steel and high-alloyed tubular products (tubes and accessories). It also offers a wide range of services from the design of tailored solutions to installation and maintenance operations.

It has production plants in Spain, Austria, Italy, the United States, India and Thailand and worldwide service centers and sales offices in 38 countries.

The main demand segments for the tubes manufactured by TUBACEX are the oil and gas, petrochemical, chemical and power generation industries.

TUBACEX has been listed on the Spanish Stock Market since 1970 and is part of the "IBEX SMALL CAPS" Index.

Financial figures €M	2017	2016	change %	Q4 2017	Q4 2016	change %
Sales	490.4	494.0	-0.7%	119.8	127.8	-6.3%
EBITDA	25.9	34.9	-25.8%	1.7	4.5	-61.2%
EBITDA margin	5.3%	7.1%		1.5%	3.5%	
EBIT	(28.3)	2.5	n.m.	(28.5)	(4.4)	n.m.
EBIT margin	neg.	0.5%		neg.	neg.	
Net Profit	(19.7)*	0.5	n.m.	(20.8)*	(2.8)	n.m.
Net margin	neg.	0.1%		neg.	neg.	

* In the last quarter of 2017, the Group has decided to include as Net Profit the extraordinary negative adjustments for the amount of €23.4 million without cash impact.

n.m.: Not meaningful.
neg.: Negative.

	2017/12/31	2016/12/31
Working Capital	193.0	183.2
Working Capital / Sales	39.4%	37.1%
Equity	281.7	313.6
Equity / Net Financial Debt	111.1%	151.6%
Net Financial Debt	253.5	206.9
NFD/ EBITDA	9.8x	5.9x

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