

Results for the first half of 2016



TUBACEX reduces debt and generates benefits in a very unfavorable market environment

- Sales in the first half have dropped by 13.5%, standing at €261.5M and EBITDA has reached €19.9M, which was 40.9% below that obtained in the same period of 2015.
- However, in the second quarter EBITDA grew by 57% with respect to the first quarter of 2016 as a result of the operational improvements and the positioning of high value-added products.
- TUBACEX's resilience during the worst Oil&Gas crisis yet, proves that its strategy for product improvement, operations and management was correct, which has allowed to close the semester with a positive net profit of €1.7M.
- The company maintains its commitment to become a global supplier of tubular solutions from the design to the installation and maintenance.
- Thanks to its Premium product positioning strategy, TUBACEX has been awarded a contract for 40 million Euros for umbilical offshore tubes, the greatest contract for this type of tubes for the company.
- Its financial position remains strong thanks to the solid cash flow position and the financing sources diversification and cost reduction strategy.

Llodio, 27 July 2016. In a very unfavorable market environment, with falls in raw materials volumes and prices, as well as the unprecedented crisis in the Oil&Gas sector, TUBACEX has turned in the sales balance for the first half of 2016 that amounted to 261.5 million Euros, which is down 13.5% with respect to the same period in 2015. Likewise, the gross operating profit (EBITDA) has reached €19.9M, which is 40.9% lower, and the net profit stood at €1.7M.

As regards the second quarter of the year, the results have responded to the company's expectations, with an EBITDA of €12.2M, 56.7% higher than the first quarter of 2016. This enhancement is a result of the operational improvements implemented in the Group and the increase of the market share in high value-added products.

According to Jesús Esmorís, TUBACEX CEO, "the resilience demonstrated by TUBACEX is as a good example for proving that our Strategic Plan for product, operational and management improvement is correct. Based on this belief, we continue to progress in all three dimensions as we will be better equipped to make the most of the market change which will undoubtedly take place".

TUBACEX's strategy to become a benchmark company in Premium products has continued providing positive results. In this case, the company has been awarded the largest ever order for umbilical offshore tubes, a contract for 40 million Euros with delivery times between 2017 and 2019, which have a final destination in a gas field in the south of the Caspian Sea.

For Esmorís, "this order improves the visibility of one of our highest value-added products for the next couple of years and is yet another example demonstrating that the Group's leap towards premium products is a reality".

Meanwhile, the net Financial Debt over EBITDA ratio remains temporarily at 6.1x. This ratio is expected to be normalized and reduced throughout the year until it reaches 4x, in order to return to the strategic goal of 3x by 2017.

TUBACEX maintains a sound financial position that allows it to face the crisis in the sector with the confidence of being able to meet debt maturity dates within the next 3-4 years, even in the worst-case scenarios.

"We will further enhance operational improvements, increasing efficiency and reducing costs. We will continue reducing our Oil&Gas dependence within our diversification strategy and developing new steel grades and technologies; thanks to these efforts we have reached a leading position in the supercritical boiler segment", stated Jesús Esmorís.

In the following months, TUBACEX seeks to maintain a gradual improvement in results based on Premium products and enhanced efficiency, but the market remains in a weak situation that doubtlessly affects global results.

It is important to highlight that, in normal market conditions, TUBACEX would have completed the implementation of its strategic plan one year ahead of schedule. This has driven the company to face the following four years with a clear focus: to become a global supplier for tubular solutions. This positioning demands a series of measures focusing on the growth of services, the promotion of R&D&I, strengthening the sales position or the diversification of other energy sources, among others.

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, China, Italy, the United States and India with 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.

Key Financial Figures

FINANCIAL FIGURES

€ M

	<u>H1 2016</u>	<u>H1 2015</u>	<u>change %</u>	<u>Q2 2016</u>	<u>Q2 2015</u>	<u>change %</u>
Sales	261.5	302.5	-13.5%	140.2	142.7	-1.8%
EBITDA	19.9	33.7	-40.9%	12.2	16.2	-25.1%
EBITDA margin	7.6%	11.1%		8.7%	11.4%	
EBIT	3.1	17.9	-82.5%	3.7	7.5	-49.9%
EBIT margin	1.2%	5.9%		2.7%	5.2%	
Net Profit	1.7	14.0	-87.7%	2.2	7.3	-70.0%
Margin	0.7%	4.6%		1.6%	5.1%	

	<u>2016/06/30</u>	<u>2015/12/31</u>
Working Capital	206.7	210.1
Working Capital / Sales	42.0%	39.4%
Equity	313.1	317.5
Equity / Net Financial Debt	145.0%	144.0%
Net Financial Debt	216.0	220.5
NFD/ EBITDA	6.1x	4.5x