

Results for the First Quarter 2016



TUBACEX resists the market environment thanks to its solid strategic plan

- Investment cuts by the oil companies and the continued fall of raw materials have led to a 24% drop in sales, placing them at €121.4 million.
- The TUBACEX diversification strategy towards new products, sectors and markets has mitigated the market impact on its Income Statement.
- In response to its bid for Premium products, TUBACEX has recently been awarded a contract for over €75 million to supply OCTG tubes in the Middle East, which is the company's largest ever order.
- The TUBACEX financial strategy aimed at optimizing costs and the diversification of sources of financing has led to a fall in financial expenditure.
- Efforts throughout this year will be aimed at further operational improvements, increasing efficiency and reducing costs.
- The solid cash position of the company allows debt maturities to be met even in extremely negative market scenarios.

Llodio, 5th May 2016. Today, TUBACEX has presented sales of €121.4 million, down 24% on the same period in 2015, within a context marked by investment cuts in the oil companies and the continued fall of raw materials. The measures implemented by the company as part of its strategic plan have cushioned the impact of the crisis in its results for the first quarter.

In this respect, TUBACEX is successfully developing a cost savings program to adjust the structure to the new market situation. Besides this, the company is also implementing other measures aimed at improving competitiveness, operational improvements at its production plants; diversification towards Premium products, markets and sectors with growth potential; and the reduction of financial costs.

“The current situation in the energy and raw materials sectors reflects the capacity of TUBACEX to anticipate and manage crisis situations. We are experiencing an unprecedented crisis in the sector but the resilience that we are showing is proof that our product, operational and management strategies are the right ones. For this reason, we continue to strengthen them in order to be better prepared for the changing market trends when they occur” according to Jesús Esmorís, CEO of TUBACEX.

The results presented respond to the TUBACEX Group's forecasts, which predicted a complicated start to the year in line with the last results presented. In this respect, it must be mentioned that the company has begun the year with a slight increase of 2% in its sales figure compared with the last quarter of 2015, a figure that would have reached 4% if the price of nickel had remained stable.

On the other hand, the EBITDA stands at €7.8 million, which is down 55.6% with respect to the same period last year, with a margin over sales of 6.4%. The Net Financial Debt over EBITDA stands at 6.1 times, which is above the objective of 3 times. This is a temporary situation as TUBACEX foresees that it will be normalized and reduced throughout the year and generating cash flow in the financial year.

“The operational improvements implemented in recent years and the important commercial reorganization aimed at **positioning our company in the Premium product sector** are enabling us to access and win major projects which we did not have access to before”, continued Esmorís. “The path embarked upon in the positioning of the company in high value-added products

is reaping its rewards and the perspectives for this market are optimistic in the medium-term", he said.

In this respect, TUBACEX has been awarded a contract for over €75 million to supply OCTG tubes in the Middle East, which is the company's largest ever order for this type of product and production began in April at its Amurrio plant.

TUBACEX has strengthened its **diversification strategy** and is committed to growth markets. Therefore, Asia has continued to be the main destination market for the tubes produced by TUBACEX (66% of sales). On the other hand, the company has maintained its commitment to demand sectors that enable it to reduce its dependence on Oil & Gas. More specifically, 39% of sales in the first quarter correspond to the power generation sector.

Likewise, the company has promoted a **financial strategy** aimed at optimizing costs and the diversification of sources of financing. Proof of its success is the reduction of financial expenditure below the figure for the first quarter of 2015, in spite of having greater debt as a result of the acquisition of two companies; and a strong cash position that allows debt maturities to be met for the next 3-4 years even in the worst case scenarios.

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 seamless tubes. It has production plants in Spain, Austria, China, Italy, the United States and India with service centers in Brazil, France, and Houston, as well as subsidiaries and sales offices in fourteen countries.

The main sectors demanding the tubes manufactured by TUBACEX are the oil and gas, petrochemical, chemical and power generation industries, which account for over 90% of sales. Over 95% of the Group's sales are outside Spain.



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

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