

## Financial results FY2016



# TUBACEX closes 2016 with positive net income in the sector's worst year in history

- 2016 has seen historically low prices in oil and raw materials, which has implied a drop in the sector of 25% in orders and 15% in prices.
- TUBACEX sales in 2016 stood at 494 million Euros, 7.4% less than in 2015; while EBITDA reached 34.9 million Euros, 28.6% less than in the past financial year.
- TUBACEX was able to generate 13.6 million Euros of cash while maintaining their capital expenditure.
- The positioning of TUBACEX in Premium products as well as the operational and management improvements have allowed the company to obtain a positive result in a very unfavorable market environment, with a net profit of 507,000 Euros.

**Llodio, February 28, 2017.** TUBACEX has filed the results of the 2016 financial year at the Spanish Securities Exchange Commission (CNMV) today, recording sales of **494 million Euros, which implies a 7.4% drop in comparison with 2015** and an EBITDA of 34.9 million Euros, which is 28.6% less than in the previous financial year, all within a year marked by historically low prices of oil and raw materials, which has hindered the recovery of the sector.

Consequently, oil companies have drastically reduced capital expenditure, recording significant drops both in orders and prices, which in the case of TUBACEX have been partially mitigated by their diversification strategy, showing 25% and 15% drops, respectively.

In such an unfavorable market environment, TUBACEX has maintained its strategic capital expenditure and has remained committed to the development of new products and technologies as the key to sustainability in the medium and long term. Among the main measures that have allowed closing the year with a positive result it is important to highlight its commercial positioning, the operational and management improvements and the establishment of a strict cost reduction policy. Specifically, on the business side TUBACEX has shown a strong commitment to Premium products, which account for 80% of order intake and 70% of invoicing. It has kept focus on engineering firms and end-users, which accounted for 73% of order intake, while promoting its commercial strength in Asia, with the incorporation of TUBACEX Awaji Thailand and new warehouses in United Arab Emirates, Iran and India. All of which has enabled the company to close the year with **500,700 Euros in profit and a cash generation of 13.6 million Euros**.

“We have substantially improved our market position thanks to our sustained commitment to innovation and operational and management excellence, enabling us to access large projects we could not reach before”, said Jesús Esmorís, CEO of TUBACEX. “Not only are we gaining access to these projects but we are also winning them as the large amount of orders received for strategic products such as umbilicals, OCTG and tubes for supercritical boilers has demonstrated.”

The net financial debt over EBITDA ratio stands at 5.9x as a result of the acquisition and integration of two strategic companies last year and the 2016 EBITDA has been badly hit by the weak market situation. Therefore, it is a temporary situation and TUBACEX maintains its forecasts to reduce this ratio to 3x within this financial year. It should be noted that in the last four years the accumulated cash generation before acquisitions amounts to 165.9 million euros, which gives the company a great financial strength that is reflected in its ability to face debt maturity for the forthcoming 3-4 years, even in the worst case scenario.

“With regard to the 2017 financial year, we expect a gradual recovery in order intake thanks to our good position and the activation of projects driven by the stabilization of oil prices. “If the expected order intake becomes a reality, the visibility for the upcoming years will increase significantly”, stated Jesús Esmorís.

## 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.

## Key Financial Figures

### CONSOLIDATED INCOME STATEMENT (M€)

	<u>2016</u>	<u>2015</u>	<u>change %</u>	<u>Q4 2016</u>	<u>Q4 2015</u>	<u>change %</u>
Sales	494.0	533.4	-7.4%	127.8	118.9	7.5%
EBITDA	34.9	48.9	-28.6%	4.5	7.1	-36.7%
EBITDA Margin	7.1%	9.2%		3.5%	6.0%	
Depreciation	(32.4)	(33.4)	-2.8%	(8.9)	(11.4)	-21.8%
EBIT	2.5	15.6	-83.8%	(4.4)	(4.3)	n.m.
EBIT Margin	0.5%	2.9%		neg.	neg.	
Net Income, Group Share	0.5	8.4	-94.0%	(2.8)	(5.7)	n.m.
Net Margin	0.1%	1.6%		neg.	neg.	

*n.m.: not meaningful*  
*neg.: negative*

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