

Results for the First Quarter 2017



TUBACEX increases its operating profit (EBITDA), reaching a margin of 10%

- In spite of the continued historically low price of raw materials, large volume projects are starting to be activated.
- The good positioning of TUBACEX in high value-added products and the commercial strengthening in growth areas has led to an EBITDA of €13 million in the first quarter, up 67.9% on the same period last year.
- Sales for the first quarter of the year have risen to €131.3 million, up 8.2% on the first quarter of 2016.

Llodio, May 04, 2017. TUBACEX has kicked off the year with an EBITDA of €13 million, which is up 67.9% on the same period last year, reaching a margin of 10%, according to the results presented today to the CNMV (Spanish Securities Exchange Commission). In a market environment that is still weak, the company has secured a net profit of €2.8 million in the first quarter of the year. Its sales have amounted to €131.3 million, up 8.2% on the first quarter of 2016. These results have been possible thanks to the positioning of TUBACEX in high value-added products and the commercial strengthening in growth areas, enabling it to access large volume projects whose reactivation has offset the weak market situation.

According to Jesús Esmorís, CEO of TUBACEX, “the good positioning in products of high technological value enables us to present these good results, which correspond to important orders for Premium products received last year”.

It is worth mentioning that the working capital rose to €206.9 million in the first quarter of the year, which represents 41.1% of sales and an increase of €23.7 million with respect to the close of 2016. This rise is due to the increased activity of Premium products at the plants in Spain and Austria and the development of Tubacex Service Solutions (TSS), the world's largest master distributor of stainless steel tubes and fittings; a business unit that has increased its international presence, bringing its stock and range of services to the leading strategic regions.

For TUBACEX, increasing its presence in markets in which higher demand is expected has been and continues to be a priority issue, whereby it is committed to strengthening its presence in Asia, which currently represents 60% of the Group's sales. For this reason, TUBACEX Awaji Thailand was incorporated last year to strengthen its leadership in fittings, and distribution and service centers were opened in Dubai, Iran and India.

The ratio of net financial debt over EBITDA was 5.7 times due to the acquisition and integration of two strategic companies in 2015 and an EBITDA seriously affected by the weakness of the market. The company's forecast is to reduce and achieve its strategic objective of 3 times by halfway through next year. It is worth remembering that the Group's financial soundness ensures that it is able to face its debt deadlines for the next 3-4 years, even in the worst scenario.

As for the forecast for the rest of the year, with the stabilization of oil prices and the activation of numerous projects, the good positioning of TUBACEX is allowing it to bid for large scale projects. Esmorís confirms that "we expect a good year for order intake, particularly as of the second quarter and an important recovery from 2018".

Tubacex on the Stock Market

The TUBACEX share has performed positively with a revaluation of 8.4% in the first quarter of 2017, closing March at €2.96 per share. At the end of the quarter,

the market capitalization amounts to €393.6 million, compared with €363 million at the close of 2016.

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 fittings). 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€)

M€

	<u>Q1 2017</u>	<u>Q1 2016</u>	<u>change %</u>	<u>Q4 2016</u>	<u>change %</u>
Sales	131.3	121.4	8.2%	127.8	2.7%
EBITDA	13.0	7.8	67.9%	4.5	189.2%
EBITDA margin	9.9%	6.4%		3.5%	
EBIT	4.6	(0.6)	n.m.	(4.4)	n.m.
EBIT margin	3.5%	neg.		neg.	
Net Profit	2.8	(0.5)	n.m.	(2.8)	n.m.
Net margin	2.1%	neg.		neg.	

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

	<u>2017/03/31</u>	<u>2016/12/31</u>
Working Capital	206.9	183.2
Working Capital / Sales	41.1%	37.1%
Equity	314.5	313.6
Equity / Net Financial Debt	137.3%	151.6%
Net Financial Debt	229.1	206.9
NFD/ EBITDA	5.7x	5.9x

www.tubacex.com