

Annual Shareholder's General Meeting FY 2016



TUBACEX consolidates its position in the Premium segment which accounts for 70% of the Group's sales

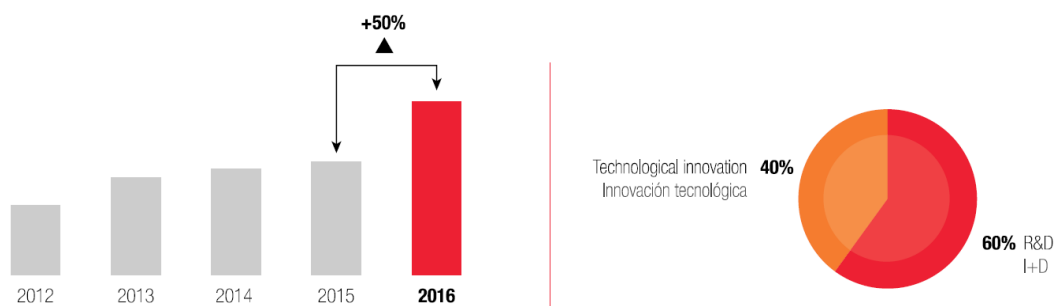
- This product range mainly includes tubular solutions for gas and oil extraction sectors, as well as power generation.
- Energy market sales grew from 26% in 2015 to the current 48% in 2016, a record-breaking year for the supply of boilers for new power generation plants with supercritical technology.
- For the first time in 30 years, investment in oil exploration and extraction projects has shrunk for two years' running, generating huge uncertainty in a weakened market.
- TUBACEX has become the first manufacturer in the world to integrate a global distributor (Tubacex Service Solutions) in its business model, with stock warehouses and service facilities in Spain, France, Austria, Houston, Brazil, India, Iran and Dubai.
- At the Annual Shareholders' General Meeting, TUBACEX presented its new Strategic Plan 2016-2020 oriented to positioning the company as a global supplier of tubular solutions.

Llodio, May 24, 2017. Despite an investment reduction in the exploration and production sector (one of the Group's main activity sectors) for the second year running and associated market uncertainty, TUBACEX has reaffirmed its commitment to Innovation and Diversification as growth levers. At the Annual Shareholders' General Meeting (ASGM) held today at our headquarters in Llodio, the Company's sales evolution was highlighted in a year where record-breaking sale milestones for some products were achieved; and strategic guidelines for the next four years were also defined.

TUBACEX has remained faithful to its growth strategy by maintaining key strategic investments, guaranteeing the Company's sustainability and steady recovery in the medium and long term. These investments were made in 2016, a year dominated by uncertainty where the worst Brent forecasts at unprecedented lows were confirmed, with two consecutive years of investment reduction for the first time in 30 years and a collapse in the prices of raw materials (nickel in particular), with an average price fall of 29% in just one year.

Committed to innovation

Over the last six years, TUBACEX has invested over 230 million Euros in strategic product development and process improvement. More specifically in 2016, the Company ratified its commitment to Innovation by increasing investments in R&D&I and Technological Innovation by 50%, obtaining record-breaking turnover results for Premium products which accounted for 70% of total sales. This turnover figure certifies TUBACEX's position in the high technological value product sector.



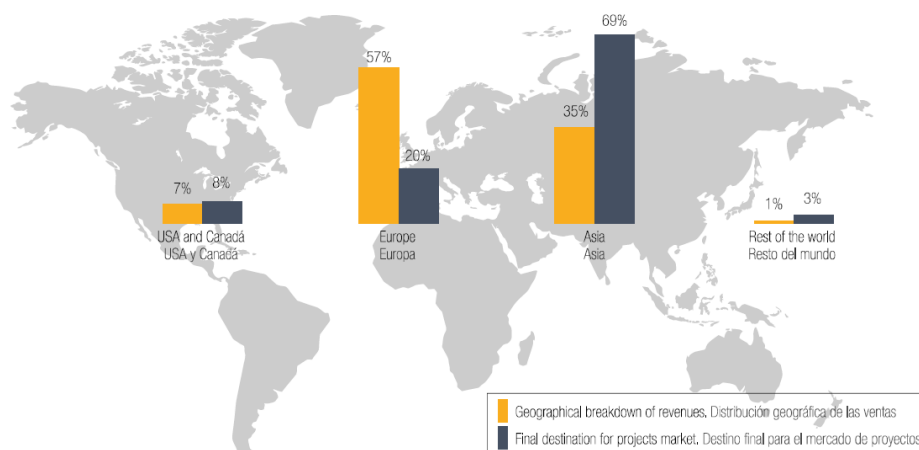
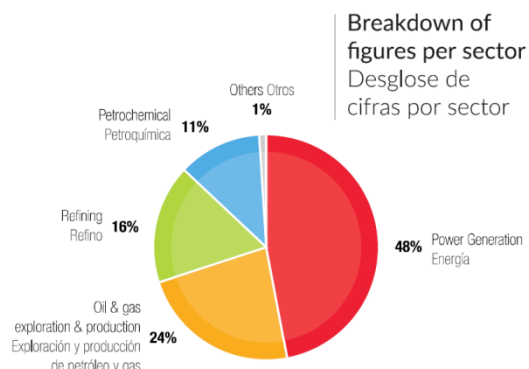
Investment in R&D&I and Technological Innovation

The result of this effort is an increase in the services provided by the company R&D&I laboratory in Derio, as well as the development of new technologies and processes for the manufacture of tubular products in new materials and formats.

Diversification to maintain growth

Product diversification towards new applications continues to be one of the Company's strategic pillars with outstanding results achieved in 2016. Moreover, thanks to TUBACEX's position in the **power generation** market, sales in this segment grew from 26% in 2015 to the current 48% and 2016 was a record-breaking year for the supply of super-critical boilers for new power generation stations.

These types of orders have received an outstanding welcome in the **Asian market**, China and India in particular, which became the highest growing market in 2016 and end destination of 69% of products manufactured by Tubacex Group.



Geographical Sales Breakdown

In these markets, given the strong competition from low cost producers, the Group's gradual evolution from the standard product towards high value-added ones is particularly relevant on the one hand, and the incorporation of new

business units (TUBACEX India in 2015 and Awaji Stainless in 2016) with a higher level of competitiveness in this segment.

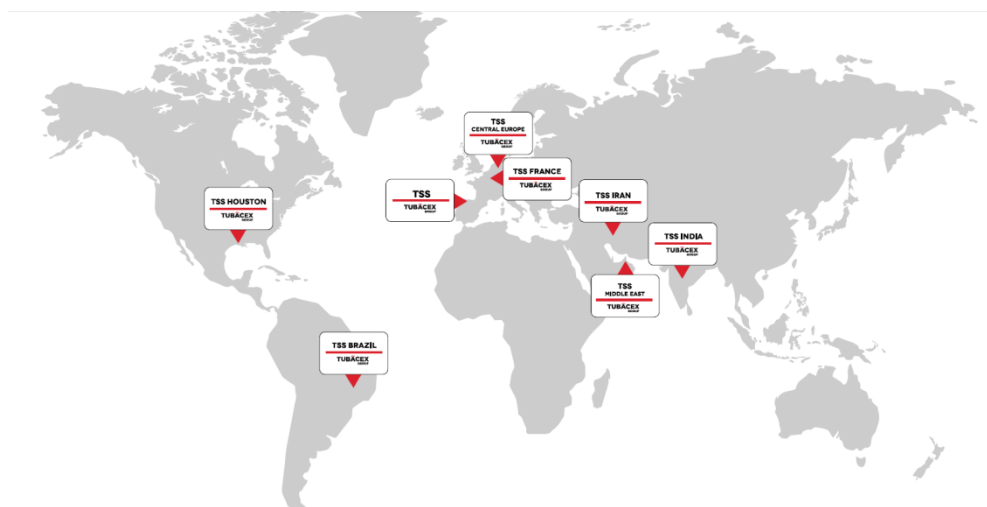
Furthermore, TUBACEX Group has reinforced its sales position opening new sales offices in Iran and South Korea, as well as stock and service centers in the main business hubs to strengthen the channel targeting large distributors and replacement markets.

Boosting TSS Leadership

These centers are one of the main commitments embraced by TUBACEX, the first manufacturer in the world to incorporate a global distributor in its business model. Through Tubacex Service Solutions (TSS), the leading distributor of stainless steel tubes and accessories on the market, the Company reinforces its leadership on the distribution market extending its value proposition.

In 2016, TUBACEX maintained its commitment to this model by adding to its existing facilities in Spain, the USA, Brazil and France, new warehouses in Austria, India, Iran and Dubai.

“Extending our service offer with a global network of distribution centers not only enables us to be closer to our clients, but also to do so with the backing of an industrial group” stated Jesús Esmorís, TUBACEX Group's CEO.



Strategic Plan:

Since its launching, TUBACEX Strategic Plan 2013-2017 has made significant progress. Under normalized market conditions, 2015 would have been a consolidation year for the Company achieving the expected 2017 target.

In light of this situation and being aware of the weak market conditions, TUBACEX presented its new Strategic Plan 2016-2020 at the annual Shareholders' General Meeting (ASGM). The plan aims to: position the Company as a global supplier of tubular solutions; reduce market volatility by diversifying risks; recover sales under normal market conditions; and pursue excellence as a key management tool.

2016 Financial Year

Today, the ASGM approved the Company's annual accounts which show record sales of 494 million Euros, representing a fall of 7.4% compared to 2015; and an EBITDA of 34.9 million Euros, down 28.6% on the previous year.

The net financial debt over EBITDA ratio stood at 5.9x as a result of the integration of two strategic companies last year and 2016 EBITDA was badly hit by the weak market conditions.

To address this situation, the Company decided to allocate profit obtained to reserves and dividends related to the financial year profit were not paid.

Outlook for 2017

After a quarter defined by a slight order recovery, TUBACEX expects a gradual market improvement from the second semester of the financial year. Promoting new projects (new patents, connections and ceramic coatings), teamed with the new joint-design capabilities and a larger service portfolio (curving, cutting and special marking) are expected to contribute to face the year with improved projections. "The market has changed and will never be the same. Being aware of this, we have been preparing, developing our business model in recent years, to continue growing", summed up Esmoris.

About TUBACEX

TUBACEX is a multinational group with headquarters in Alava and a global leader in the supply of stainless steel and high-alloyed tubular solutions (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.

www.tubacex.com