

## Premium Backlog



For the next three years

## **TUBACEX Group reaches a backlog of €700 million for Premium Products**

- TUBACEX beats Premium backlog record.
- The company is offering high value-added products, has diversified the sectors of demand and has strengthened its sales network in areas of maximum growth worldwide.
- The backlog has been boosted by a project awarded by the National Iranian Oil Company to manufacture tubes and Premium tubular solutions for gas extraction and production.
- The backlog extends mainly in Europe and Asia, with a special focus on the United Kingdom, Norway and Russia, this last one with a large OCTG order for the main Russian oil company (Lukoil) and tubular products for refinery furnaces manufactured with Premium steel that withstands high temperatures; or Asia.
- This product portfolio mainly includes tubular solutions for gas and oil extraction sectors, as well as power generation in supercritical technology.
- For the first time in the Group's history this backlog includes a large amount of engineering solutions and services for the end user of the product.

**Llodio, 24<sup>th</sup> May 2017.** Based on a strategy focused upon Premium products, the improvement of the company's sales positioning, and an entrance into new markets, the Tubacex Group has boosted sales of higher added-value products. This has led the company to make progress throughout the second quarter of the year with a backlog for premium product order intake for €700 million – the highest in Tubacex history, with supply taking place over the next three years.

These orders include tubular solutions with a high technological value for oil and gas extraction (umbilical tubes used in offshore wells and Oil Country Tubular Goods - OCTG), **Petrochemical**, as well as **power generation with supercritical technology** (boilers).

From a geographical point of view, the company's order backlog includes a large volume of projects in the **Middle East**, especially in Iran, where the Group will supply the National Iranian Oil Company (NIOC) tubes for gas extraction and production. In **Europe**, the order activity will take place mainly in Norway and Russia, with special mention for a large OCTG order for a leading Russian oil company (Lukoil) and tubular products for refinery furnaces manufactured with Premium steel that withstand high temperatures. In **Asia**, there will be a special focus on the Caspian Sea, where the Tubacex Group has received its largest order to supply umbilical tubes for the Shah Deniz project, one of the world's largest gas fields; or China, a market in which five orders have been placed recently for new power stations, as well as an important order for Premium tubes for one of the country's main refineries.

These orders also include significant engineering solutions for the end user, such as full tube connection packages and services for gas extraction wells. They represent a qualitative and quantitative leap in terms of client relations and business model conception.

These premium products will be manufactured chiefly in Spain (TTI and ACERALAVA), Austria (SBER) and Italy (IBF), in plants that have undertaken great technological development. As such, these manufacturing sites are leading examples of a highly successful industry 4.0 program implementation, and are helping the Group move forward decisively through a high value-added product strategy.

The past few years have been characterized by market uncertainty, with important international projects having been cancelled, or postponed. However, TUBACEX has continued its commitment to innovation, excellence in operations

and management, and to strengthening its sales network worldwide. This has enabled the company to achieve access to projects that have had a large impact on its balance sheet, which is now joined by improved prospects in the sector.

With its current backlog, TUBACEX is optimistic about the year's evolution. "Having a backlog worth €700 million for the next three years places us in a highly advantageous position, having met our growth expectations in a segment to which TUBACEX is fully committed and that continues to be a key strategic area," explained Jesús Esmorís, CEO of Tubacex Group. "These are the company's most technically demanding products and one of the most powerful tools to increase the Group's turnover and profitability," he concluded.

The expansion of these high value-added products comes in parallel to the strong deployment of Tubacex Service Solutions (TSS) with stock and service centers in Spain, France, Austria, Houston, Brazil, Dubai, Iran and India. A network aimed at improving the service provided to large customers in the distribution market.

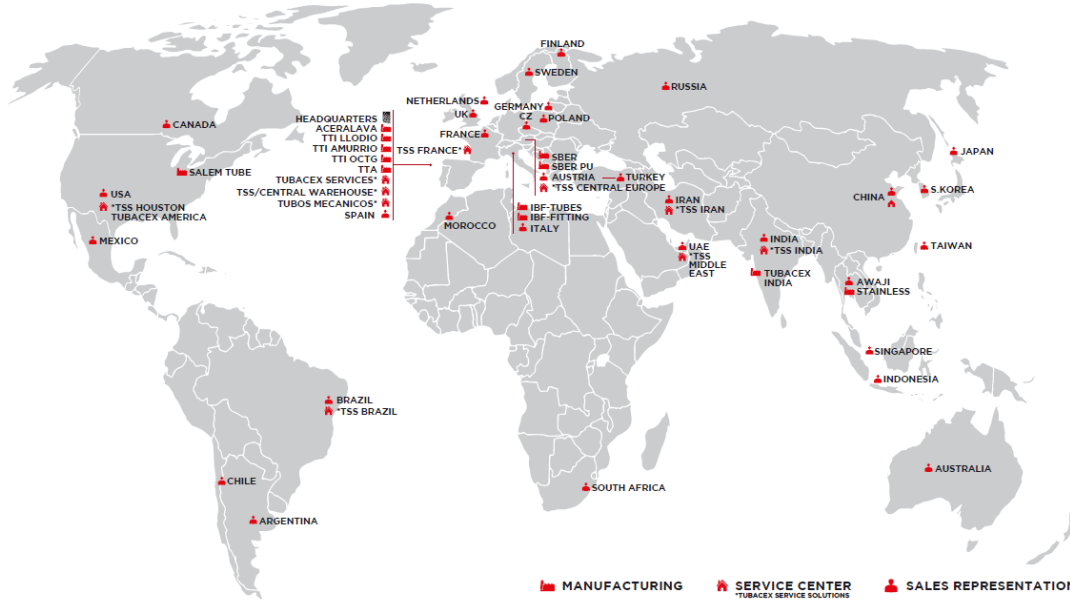
### **About TUBACEX**

TUBACEX is a multinational group with its 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-made 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.



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