



PRESS RELEASE

## SHAREHOLDERS' ANNUAL GENERAL MEETING 2013

# TUBACEX EXPECTS TO IMPROVE RESULTS IN 2014

*The company approves a supplementary dividend of €0.0231 gross per share, payable in July. This payment, in addition to the dividend paid in November, implies a pay-out of 40%.*

*TUBACEX has invested almost 40 million Euros in 2013.*

*The AGM ratifies the appointment of two board members at the proposal of Corporación Aristrain.*

**Llodio, 28 May 2014.-** TUBACEX expects to improve results in 2014, as CEO Jesús Esmorís has stated at the Shareholders' Annual General Meeting, which gathered today in the company's headquarters in Llodio, Álava.

The company has based this forecast on the efforts being made in the improvement of the product portfolio, focusing on premium products, to become a benchmark supplier in services and solutions for the oil and gas industry, their operational excellence and financial soundness.

TUBACEX will also continue its work to maximize cash generation, control the working capital and reduce the net financial debt until reaching the strategic goal of placing it below three times EBITDA by year end.

The results achieved in the first quarter show the growth experienced by the company, in line with its Strategic Plan. EBITDA grew by 15.1% with an EBITDA margin of 11.8%, which is significantly higher than the 10% set as the year-end goal. Similarly, TUBACEX continues its debt reduction

process, reaching a ratio of net financial debt that is 3.3 times EBITDA (vs. 5.1x in the first quarter of 2013) and stands close to the goal of 3x at the end of 2014.

It is important to highlight that during the first quarter order intake increased significantly. Additionally, the growth of nickel prices observed in the second quarter shows a progressive improvement throughout the year.

## SHAREHOLDERS' MEETING AGREEMENTS

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The Shareholders' Annual General Meeting agreed today to approve a supplementary dividend for a total amount of €0.0231 gross per share, payable in the month of July, and ratified the interim dividend that was paid in November 2013, which also amounted to €0.0231 gross per share. The total dividend reaches €0.0462 gross per share, with a total payment of 6 million Euros, which represents a total pay-out of 40% over the net profit of the year 2013.

Likewise, the Meeting has also ratified the appointments of Dámaso Quintana Pradera and José Toribio González as board members, both in representation of the shareholder Corporación Aristrain, and therefore will have a position as proprietary directors.

The Meeting also authorized the Board to issue security debts (obligations, bonds, promissory notes or other securities) with a cap of 250 million Euros during a total term of five years, to acquire funds, if necessary, in capital markets in order to optimize the Group's financial management.

## STRATEGIC PLAN

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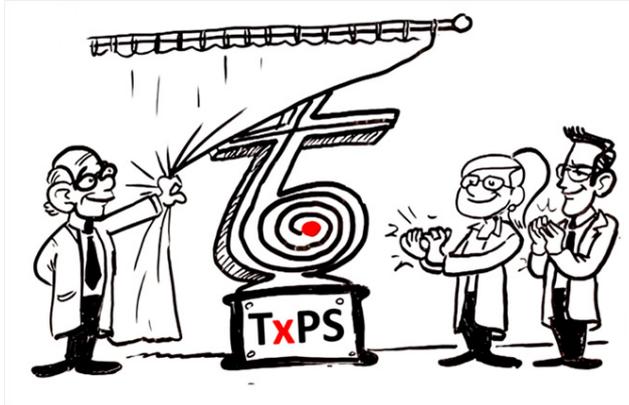
TUBACEX CEO, Jesús Esmorís, has highlighted that a milestone of the year 2013 has been the launch of the new Strategic Plan for 2013-2017, which seeks to position TUBACEX as a benchmark provider of solutions in the Oil & Gas and energy sector.



To achieve this goal, the company has developed a new business model to progressively increase the relevance of Premium products for the projects market (OCTG, umbilicals, high nickel alloys, precision tubes, supercritical boilers, nuclear, urea, etc.) until reaching a total of 67% of income by 2017.

Another main axis of the Plan is operational excellence, which has been implemented by TUBACEX Group as a key part of its management strategy, boosting quality and continuous improvement of products, processes and systems.

The company has redefined its management model, mobilizing the entire organization to work towards excellence. In addition to the annual management plan and the exponential improvement programs, the company has also defined a production system - TxPS (Tubacex Production System)



- as a key component to move along the road of operational excellence. All these initiatives are based on continuous improvement focusing on maximizing customer satisfaction, financial efficiency and the participation commitment from people involved.

The plan is being deployed in three phases. The current phase (2013-2014) will focus on obtaining returns on investments of recent years, cash generation and financial strengthening, whereas the second phase (2015-2016) will focus on growth and the third phase (2017 onwards) is dedicated to the fulfillment and consolidation of goals, with sustained and profitable growth.

## 2013 FINANCIAL YEAR

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As regards 2013, whose annual accounts were approved today at the AGM, the CEO stated that the company obtained an EBITDA of 51.26 million Euros (+12%) and a net profit of 15.01 millions (+26.6%), although the financial year has unfolded in an environment characterized by macroeconomical uncertainties and a continuous drop in the prices of raw materials, especially nickel. Sales increased by 4.1%, reaching 554.15 million Euros.

Other relevant characteristics of the financial year have been a significant generation of gross cash (128 million Euros), as well as the reduction of working capital (-76.7 million Euros) and of the net financial debt (-67.72 million Euros).

## CAPITALEXPENDITURE OF 39.82 MILLION EUROS

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Throughout 2013, TUBACEX invested in technical facilities and machinery to a value of 39.82 million Euros, up 18.8% on 2012 which amounted to 33.50 million Euros. The most significant investments during the year were a continuation of those commenced in 2012, which seek to reinforce the strategic development of production capacity in those segments requiring a higher level of expertise and added value within the oil, gas and power generation sectors.

From 2009 to 2013, the company has invested 166.08 million Euros, mainly in strategic development. It is important to highlight that a large percentage of this investment has been made in the midst of the global economic crisis, which shows the company's financial capacity.

Among the capital expenditure of the financial year we must highlight the new finishing line



specifically designed for OCTG tubes implemented in the TTI plant in Amurrio, which is in constant operation and is fully automated. This new facility completes the extension of the production capacity of this type of tubes, which has shown good growth perspectives in terms of demand.

capabilities to the new products being launched by the company.

Another important investment during the year was increasing the power of the hot tube extrusion mill at the TTI plant in Llodio. This investment was required to adapt production

On the other hand, the North American subsidiary, Salem Tube, is undergoing an extensive investment plan to improve its industrial facilities. In this respect, the new finishing building is now in operation, which increases the quality assurance of the products and improves the position of the North American subsidiary in high value-added niches, such as the aeronautics and nuclear sectors.



## RELEVANT DATA OF THE TUBACEX CONSOLIDATED GROUP

	2009	2010	2011	2012	2013
Sales	371.47	361.78	486.60	532.42	554.15
Gross Operating Profit (EBITDA)	(18.38)	12.77	27.21	45.78	51.26
EBITDA / Sales (%)	(4.95)	3.53	5.59	8.60	9.25
Operating Profit (EBIT)	(35.41)	(5.87)	6.50	26.55	31.52
Net profit	(25.78)	(6.55)	3.66	11.86	15.01
Equity <sup>(1)</sup>	240.90	236.71	239.18	251.48	259.85
Net Financial Debt	153.65	223.96	237.11	262.30	194.58
Net Financial Debt / EBITDA (Times)	n.a.	17.5	8.7	5.7	3.8
Working Capital	213.48	256.40	275.76	294.12	217.59
Market Capitalization	365.69	329.79	248.01	263.96	384.31
Trading volume in the Stock Market <sup>(2)</sup>	149.07	93.16	79.95	42.08	108.06
Average Number of Employees	1,797	1,789	1,723	1,852	1,947
Employees in Spain	1,105	1,086	973	1,047	1,110
Employees Abroad	692	703	750	805	837

Figures in Millions of Euros. ( ) Negative balances. (1) Attributed to holders of net equity instruments of the parent company. (2) Millions of shares traded. n.a.: not applicable.