

Annual Shareholders' General Meeting FY 2019



TUBACEX holds its Annual Shareholders' General Meeting overshadowed by COVID-19

- The company reveals the main points of its strategy in response to the pandemic. With a focus on prevention, the aim is to guarantee the safety of all its workers, and thereby service continuity for its customers.
- TUBACEX has dealt with this crisis from a solid financial position, with a crisis management plan which will require significant restructuring over the coming months.
- All of the sectors in which TUBACEX is active have been affected by the global economic crisis.
- An important highlight is the Group's positioning in the market for high value-added high-alloy solutions, made possible thanks to acquisitions in recent years and the focus on R&D.

Llodio, 25th June 2020. The economic crisis unleashed by COVID-19 has impacted the TUBACEX business. During the Annual Shareholders' General Meeting, held today online, the organization shared the main points of its strategy in response to the pandemic. In recent months TUBACEX has focused on prevention, with the aim of guaranteeing the safety of its workforce, and thereby service continuity for its customers, especially in products with high added value, where it has achieved a key market position. Despite the difficulties encountered, the company has dealt with this unprecedented crisis thanks to a solid financial position and a crisis management plan which will require significant restructuring over the coming months.

Market context

COVID-19 has given rise to moments of extreme volatility and uncertainty in the markets. The disease's rapid spread has negatively impacted sectors key to TUBACEX's activity, with the unprecedented collapse of stock markets around the world, especially in the automotive, aerospace and energy sectors. In the latter, it follows the oil price war between Saudi Arabia and Russia, which caused a drop of 60% in the barrel price, although OPEC cuts have limited this to 35% year to date. As a result of this situation, planned investment in these sectors has been reduced by around 40%, as well as reductions in design and development projects, leading to a significant drop in demand across all markets. All of the above have impacted the TUBACEX business. Nonetheless the company is able to manage the situation thanks to its financial solidity and by putting in place a series of measures for cost cutting, and the protection and strengthening of the cash position. These measures will be in place for the next few months, during which a global recession, greater than that of the Great Depression, is expected.

Response to COVID-19

To deal with the crisis caused by the coronavirus pandemic TUBACEX developed a contingency plan, focused primarily on the wellbeing of its workers. To that effect strict safety protocols were defined and implemented in the different manufacturing plants to avoid the risk of direct transmission, guaranteeing safe access to the workplace and complying with the regulations set out by the public health authorities. With all the prevention plans in place it was possible to continue operations at the majority of the production centers, thus upholding commitments to customers. Nonetheless, activity was reduced by 50%, making it necessary to implement collective changes to the employment conditions for workers at a number the Group's factories.

In parallel, a financial plan was drawn up to maintain and strengthen the cash position, which included diversification in sources of financing and the extension of maturity on existing debt.

Additionally, as part of general society, TUBACEX, through the Tubacex Foundation, addressed the social aspects of the crisis with a plan to support the most vulnerable groups. These include healthcare workers, because of their increased exposure, and the elderly, who suffer the most severe consequences. Notable in this initiative is the donation of healthcare material, the allocation of installations for storage or for covering basic human needs, like the preparation of meals in the Llodio and Amurrio plant canteens, for distribution to individuals in need.

TUBACEX Position

Despite the current crisis, in recent years TUBACEX has improved its position in markets for stainless steel products with high technological added value. The inclusion of the NTS Group, with plants in Norway, Saudi Arabia and Dubai, and the construction of a new plant in the USA, brings the total to 16 factories and 16 service centers around the world. Increasing both product range and sectors served, including gas, aerospace, automotive and energy generation, among others. It is also worth noting that this increased offer of tubular solutions in high alloyed metals, increases access to the end-user, and implies earlier involvement in projects, during the design phases.

Shareholders' General Meeting

During the Shareholders' General Meeting the yearly accounts were approved as well as the management report. TUBACEX ended the 2019 financial year with sales amounting to 613.5 million euros and EBITDA of 67.1 million, in line with those of 2018, despite having to paralyze an important OCTG order from Iran due to sanctions imposed by the USA.

As part of an unwavering commitment to remunerating TUBACEX shareholders, the Board of Directors has activated a program to buy back shares valued at 6.0 million euros, which will then be retired.

About TUBACEX

TUBACEX, a leader in stainless steel and high-alloy metals, is a multinational group with its headquarters in Álava. It also offers a wide range of services, ranging from the overall design of a solution to installation and maintenance.

The company has manufacturing plants in Spain, Austria, the US, India, Thailand, and well as Saudi Arabia, Dubai and Norway, via the NTS Group. Constituting a worldwide service network, with a sales network in 38 countries.

The main demand sectors for the tubes TUBACEX manufactures are oil, gas, petrochemical, chemical and energy.

TUBACEX shares have been traded on the Spanish stock exchange since 1970 and the company forms part of the "IBEX SMALL CAPS" index. www.TUBACEX.com