

COMMERCIAL

TUBACEX, PRESENT IN INTERNATIONAL FAIRS IN BRAZIL, THE NETHERLANDS AND MOSCOW

In the final part of the year, TUBACEX is taking part in three international trade fairs in which the company will present its new higher added-value products, especially those for the oil, gas and power generation sector. These events are useful to showcase products, and to get to know the situation of demand for tubes in different parts of the world and the evolution of the different markets, and how the international financial crisis has affected them.

In October, TUBACEX had its own stand at the "Tubotech" exhibition in Sao Paulo, Brazil. This trade fair specializes in the tube manufacturing industry, which has become very important in recent years.

TUBACEX has been present in Brazil since its sales office was opened in Sao Paulo in 2006. It is a country with substantial oilfields, and significant investments are foreseen in this industry. Brazil is the country with the highest growth prospects as per oil extraction capacity during the upcoming years, especially in offshore projects and deep water extraction, for which the company has a new range of high value-added seamless stainless steel tubes.

In November TUBACEX will have its own stand at the "Stainless Steel World" fair, which is taking place in the Dutch town of Maastrich and is attended by most of the stainless steel production companies. Europe, the company's natural market, is the

main consumption area in the world for seamless stainless steel tubes, accounting for 60% of the Group's consolidated sales.

In November, TUBACEX is attending the "Metal Expo" exhibition in Moscow. This trade fair has become one of the most important international events for steel manufacturers and consumers, especially for Russia, the Commonwealth of Independent States (CIS) and Baltic states. More than 650 companies from 32 countries have confirmed their attendance, and the total number of professional visitors from all over the world might exceed 30,000.

TUBACEX opened a new sales office in Moscow in September 2008, with the aim of increasing the industrial Group's activity in Russia and in the countries that make up the Commonwealth of Independent States (CIS). This new sales office is responsible for coordinating the Group's sales network in the said area, where there are several countries with significant deposits and substantial reserves of oil and gas. To this effect, it must be highlighted that 40% of the world's natural gas reserves are concentrated in these countries. In addition to Russia, the CIS is made up of Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Uzbekistan and Ukraine. The Moscow office coordinates sales activity in Estonia, Latvia and Lithuania, which are European Union member states.



TUBACEX

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COMMERCIAL

NEW PRODUCTS INCREASE AMOUNT OF ORDERS

The new products launched by TUBACEX over the past years are proving to be essential for the Group's growing order book, which covers the company's production until the first quarter of 2012, bringing the amount of orders back to where it was before the financial crisis. The largest amount of orders are for cold-rolled products, which have the highest added value and the best technology.

TUBACEX decided to develop production capacities strategically in those value-added segments requiring a high level of expertise within the oil, gas and power generation industries, and which are expected to grow the most, such as the exploration and extraction of oil and gas in extreme conditions (offshore and deep water extraction) and power generation in state-of-the-art plants. The development of a strategic alliance with Vallourec&Mannesmann is also leading to important orders in the energy and OCTG sectors.

With these orders included in TUBACEX's order book, the importance of tubes for exploration and extraction of oil and gas and of tubes for power generation has increased significantly in the sales mix.

From 2007 to 2010, the company invested 113.37 million euros - nearly 30 million per financial year - basically connected to the strategic development of the new production capacities.

In this sense, TUBACEX opened

new cold-rolling facilities for high-value products in the Amurrio factory, specializing in tubes for exploration and extraction of oil and gas (OCTG, Oil Country Tubular Goods) in special alloys, complemented by the improvement of the finishing area of the TTI factory in Llodio, in which two new ultrasound control machines were added, amongst other elements, to improve product quality assurance.

The company has also started up, in the Group's factory in Austria, a new plant to manufacture tubes for umbilicals (offshore), a product intended for supporting activities in the exploration and extraction of oil and gas in critical conditions of pressure, temperature and corrosion. The new plant is the international technological benchmark of this type of facilities.

A new hot tube extrusion mill has been installed in the plant in Austria, which will complement the current one, feeding into the cold tube rollers for umbilicals, and producing small-diameter hot rolled tubes in special alloys.

Given the positive demand perspectives for the production of high-alloy oil and gas tubes, TUBACEX's Board of Directors, following the Group's Strategic Plan, approved a capital expenditure package of 25 million euros in July, to increase the company's manufacturing capacity of this type of products in its Llodio and Amurrio facilities.



TUBACEX

INFORMATION to SHAREHOLDERS

Third Quarter 2011

RESULTS

Backlog stands at precrisis levels

TUBACEX OBTAINS AN EBITDA OF 23.70 MILLION EUROS BETWEEN JANUARY AND SEPTEMBER

TUBACEX has recorded a consolidated EBITDA (Earnings Before Interests, Taxes, Depreciation and Amortization) of 23.70 million euros during the first nine months of the year 2011. This figure is nearly four times higher than the one achieved during the same period of 2010, according to the information registered at the Spanish Securities Exchange Commission (CNMV).

Consolidated net profit rose to 2.61 million euros during these first nine months of the year, which sharply contrasts with losses amounting to 8.22 million euros recorded in the same period of 2010.

Consolidated sales of the period have reached 364.57 million euros, comparing to 264.58 million euros in 2010. More than a 95% of these revenues are generated outside Spain.

Current order backlog ensures deliveries until the end of the first quarter of 2012, which constitutes the longest volume

in the last three years. The recovery in the traditional markets and the sales of new products for oil and gas production are positively influencing this situation.

Given this, and following the main lines of the Strategic Plan of the Group, TUBACEX's Board of Directors recently approved a capital expenditure of 25 million euros to increase the company's manufacturing capacity of high-alloy oil and gas tubes in its Llodio and Amurrio facilities.

Strong cash flow generation during the third quarter has reduced consolidated net debt by 17 million euros.

In spite of the uncertainties regarding the global economy, TUBACEX foresees an improvement of results during the following months, based on the positive perspectives in demand for seamless stainless steel tubes, the strategic Alliance with Vallourec&Mannesmann and competitiveness improvements in all of the Group's facilities.

EVOLUTION OF CONSOLIDATED RESULTS FROM JANUARY TO SEPTEMBER

	2011	2010	%2011/2010
Sales	364.57	264.58	+37.8%
Gross Operating Profit (EBITDA)	23.70	6.25	+279.4%
Operating Profit (EBIT)	8.47	-7.14	n.a.
Net Profit	2.61	-8.22	n.a.

Figures in millions of euros. n.a. : not applicable.



CONSOLIDATED BALANCE SHEET

	30/09/2011	%	31/12/2010	%
ASSETS				
Non-current assets	241,289	39.9%	239,979	40.9%
Tangible assets	158,709	26.2%	159,736	27.2%
Financial and other assets	2,973	0.5%	2,585	0.4%
Intangible assets	35,033	5.8%	35,371	6.0%
Deferred tax assets	44,574	7.4%	42,287	7.2%
Current assets	363,546	60.1%	346,910	59.1%
Cash and cash equivalents	24,964	4.1%	23,404	4.0%
Other current assets	338,582	56.0%	323,506	55.1%
TOTAL	604,835	100.0%	586,889	100.0%
LIABILITIES				
Equity	240,036	39.7%	237,715	40.5%
Share capital	59,840	9.9%	59,840	10.2%
Reserve funds	177,580	29.4%	184,420	31.4%
Year end results	2,616	0.4%	(6,545)	-1.1%
Provisions and employee benefits	20,702	3.4%	21,969	3.7%
Long-term debt	56,891	9.4%	49,917	8.5%
Short-term debt	287,206	47.5%	277,288	47.2%
TOTAL	604,835	100.0%	586,889	100.0%

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	From 01/01/11 to 30/09/11	From 01/01/10 to 30/09/10	11/10 (%)
Net sales	364,570	264,584	37.8%
Total turnover	368,225	266,631	38.1%
Increase in stocks	9,172	8,652	6.0%
Cost of goods sold	229,654	154,641	48.5%
Operating expenses	124,039	114,395	8.4%
EBITDA	23,704	6,247	279.4%
Depreciation	15,232	13,384	13.8%
Net financial result	(6,211)	(4,960)	25.2%
Profit (before taxes)	2,261	(12,097)	n.a.
Taxes and minority interests	(355)	(3,874)	-90.8%
Net profit	2,616	(8,223)	n.a.

Consolidated. Figures in thousands of euros. n.a.: not applicable

STOCKMARKET



67 MILLION TUBACEX SHARES WERE TRADED FROM JANUARY TO SEPTEMBER

From January to September 2011, 67.12 million TUBACEX shares were traded; this figure is 10.4% lower than the number of shares traded in 2010 during the same period, when this figure amounted to 74.92 million shares.

The number of TUBACEX shares traded in the first three quarters of the year means a 50.5% rotation of the company's share capital, which totals 132.98 million shares.

Moreover, effective trading from January to September rose to 176.78 million euros, a figure 13.8% lower than the volume traded in the previous year, when it reached 205.06 million euros.

Like the rest of the stock market, the value of TUBACEX shares has been affected by the tension in international financial markets, thus dropping by 27.8% over the last nine months, falling from 2.48 euros per share at the end of 2010 to 1.795 euros per share on the

last day of trading at the end of September.

The highest price of the period was recorded during the May 17 session, when TUBACEX shares closed at €3.20 per share, whereas the lowest listing price was registered on August 11, when the value dropped to €1.71 per share.

The company's market capitalization as of September 30 2011 stood at 238.70 million euros, a figure that represents a decrease of 27.8% with respect to the previous year end, when market cap rose to 329.79 million euros.

**Effective trading reached €176.78m*

**In September, the stock market capitalization amounted to €238.70m.*

**Turnover exceeded 50% in the last nine months*

Quoted share price of TUBACEX compared with the IGBM (January - September 2011)



HUMAN RESOURCES

TUBACEX SIGNS AGREEMENT WITH TRADE UNIONS AS PART OF CURRENT COLLECTIVE AGREEMENT TO INCREASE COMPETITIVENESS

TUBACEX Management and the Trade Unions (LAB, CC.OO., ELA and UGT), which account for the vast majority of trade union representations in the company, have signed an agreement, as part of the current collective agreement, aimed at increasing and improving competitiveness in the Acería de Álava and Tubacex Tubos Inoxidables subsidiaries.

This agreement, which was reached in mid-October and develops the agreement reached by both parties in July, is framed within the company's competitiveness improvement plan, which expects to implement relevant changes for the future of both subsidiaries within the TUBACEX Group.

Both parties have signed an agreement aimed at establishing a permanent employment policy, which will involve hiring 65 permanent workers.

The professional promotion and personnel selection systems have also been revised, in order to favor internal promotion of the staff, improvement of flexibility in the production area and costs savings.

TUBACEX Management and the Trade Unions have undertaken to continue talks in order to agree on measures to ensure competitiveness and profitability of Acería de Álava and Tubacex Tubos Inoxidables.

ANALYSTS

REPORTS OF TUBACEX RELEASED BY ANALYSTS IN 2011 (JAN-SEP)

Analyst	Month	Recommendation	Target Price (1)
Nmas1	January	Hold	2.80
La Caixa	January	Buy	3.10
BPI	January	Buy	3.20
Fidentiis	February	Shell	2.25
Banesto	March	Buy	4.70
La Caixa	April	Buy	3.40
Santander	April	Buy	3.35
Mirabaud	April	Overweight	3.50
Mirabaud	May	Overweight	3.50
Caja Madrid	May	Buy	4.00
Ahorro Corporación	May	Buy	4.00
Cheuvreux	May	Overweight	3.60
Fidentiis	May	Hold	3.25
Caja Madrid	June	Buy	4.00
BBVA	June	Underweight	2.80
Nmas1	July	Sell	2.59
Bankia	August	Buy	3.60
Mirabaud	August	Overweight	3.50
Nmas1	August	Sell	2.59
Nmas1	August	Sell	1.90
BPI	September	Buy	2.80
Banesto	September	Buy	3.47
Santander	September	Buy	3.00

(1) Euros per Share.