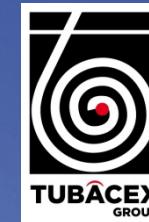


TUBACEX

Corporate Presentation

2015

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A strong Group to Your Service

Tubacex Group is an industrial group specialized in the production & distribution of high added value seamless stainless products, with global presence

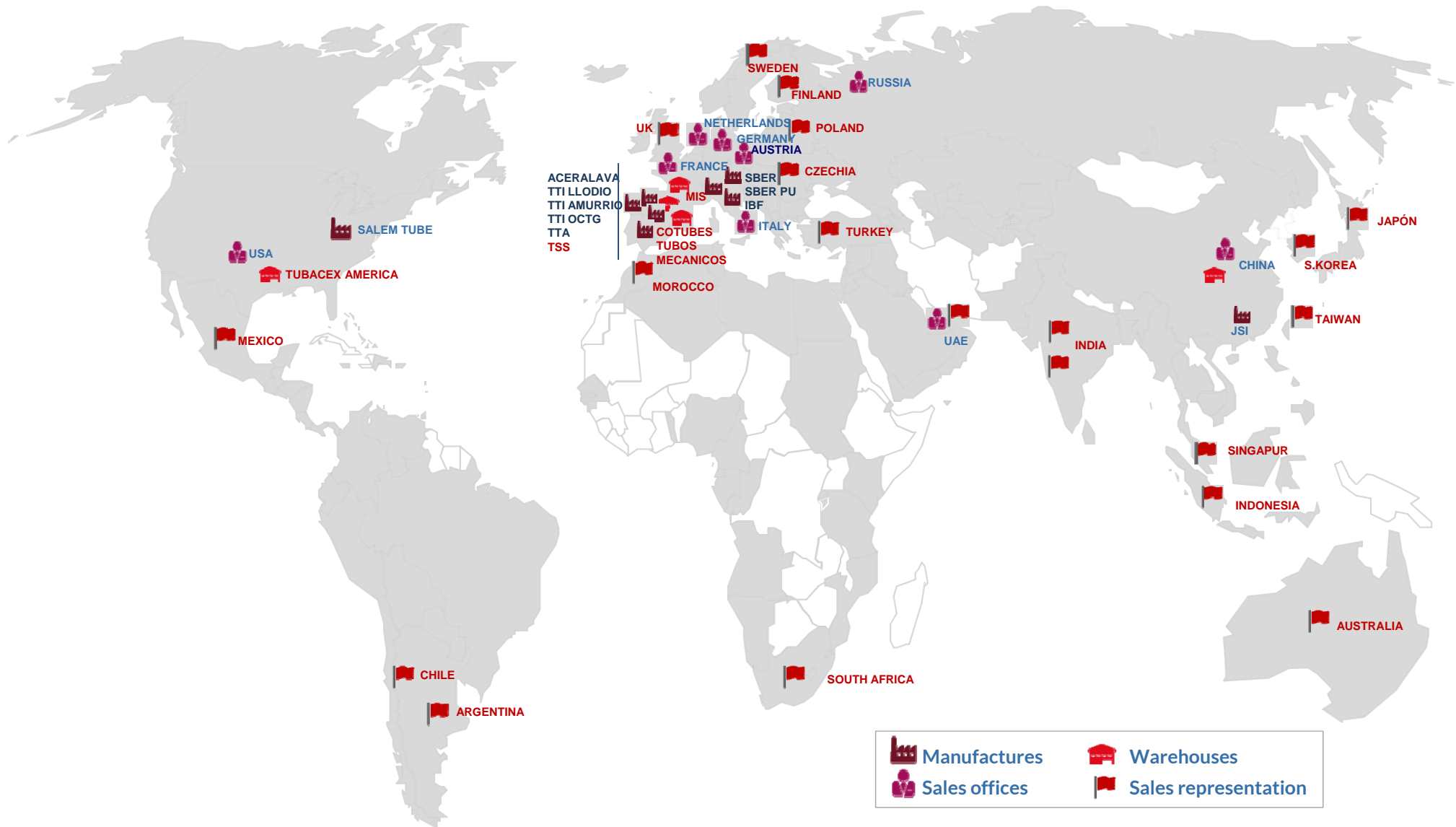
The Tubacex Group is listed on the Spanish Stock Market



A fully integrated player



A Group with a strong global presence

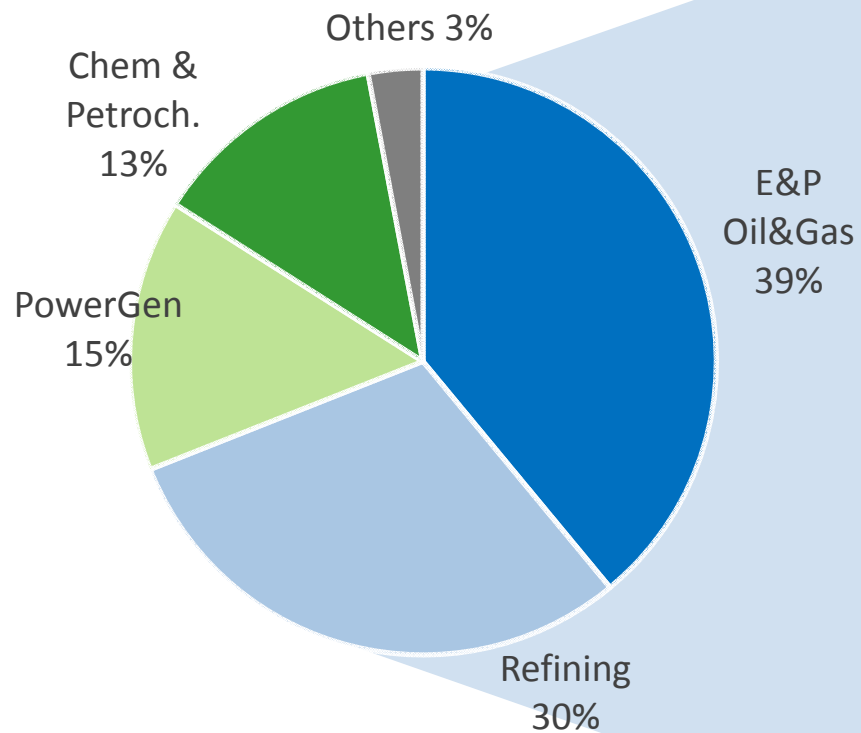


- Global leading supplier of seamless stainless steel tubes
- Sales of 600 million EUR
- Investment of 152.2 million EUR in the 2008-2013 period
- Commercial presence in over 100 countries
- More than 300 customers
- c.2500 professionals



Worldwide leading supplier of SSST

Sales breakdown by sector*



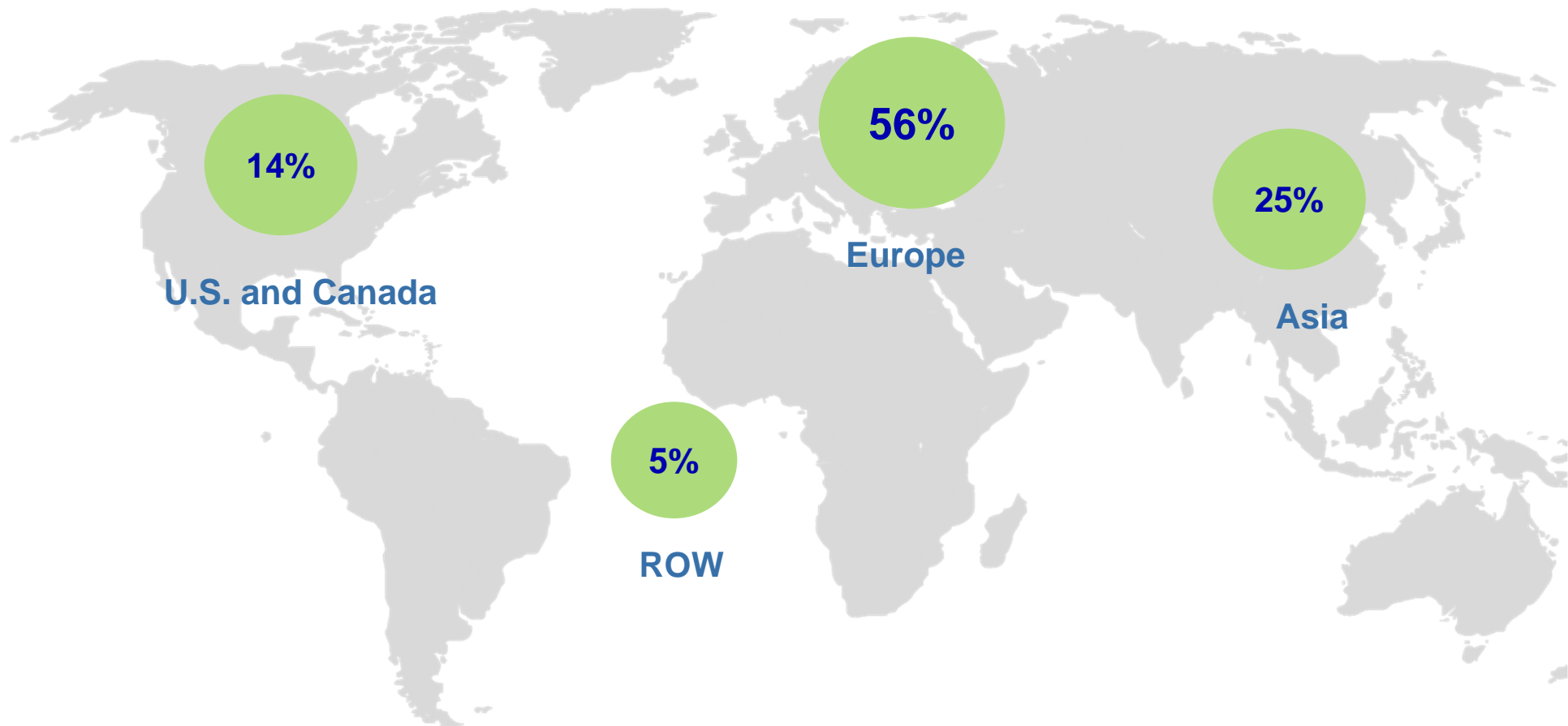
- Oil&Gas sector maintain its increasing weight in Group sales
- Important orders in Subsea sector with important orders for tubes for high pressure equipment and tubes for Oil&Gas production in aggressive environments
- Refining sector focus on USA



Oil&Gas sector accounts by 2/3 of Group sales

* Sales in the project market 2014

Geographic Sales Breakdown*



Products sold in more than 100 countries

* Sales in 2014

Seamless Stainless Steel Tube Sector

Main Characteristics

- Production: 0,3 million tons per year vs. 1.300 million tons of crude steel production
- Highest value added steel market niche
- Constant 3-4% annual growth after 2009-2010 crisis
- High consolidation level with only a few mayor player
- Strong know-how and CAPEX entry barriers



Main Customers

- **OIL&GAS E&P**
 - On shore
 - Off shore
- **PETROCHEM INDUSTRIES**
 - Refineries
- **TRANSPORTATION**
 - Light oil
 - Heavy oil
 - LNG
- **POWER GENERATION**
 - Thermal
 - Octg
 - Co-generation
 - Nuclear
- **OTHER PROCESS INDUSTRIES**
 - Water desalting plants
 - Chemical
 - Pharmaceutical
 - Paper
 - Mining & metals
 - Food
- **METAL-MECHANICAL INDUSTRY**



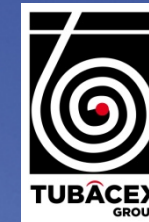
Nota: cifras 2012 estimadas.



TUBACEX
THE HISTORY OF
A GREAT EFFORT
(1963 - 2013)



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Four Strategic Targets



Double the company's value in 5 years

- Results: EBITDA, EBIT, etc.
- Debt / EBITDA
- Equity & Enterprise Value



Reduce Market Volatility

- Break even vs. Sales
- Product Diversification
- Market Diversification
- Alliances and M&A



Be a benchmark supplier for clients

- Market Share
- Quality / Service
- Satisfaction Survey
- Entry in new products






Be the company for which people want to work

- Safety
- Quality Index
- 180°/360° Evaluations



Commitment to strategic targets

Calendar

	Cash Generation	Growth	Consolidation
	Phase I 2013-2014 	Phase II 2015-2016 	Phase III 2017... 
Product Mix	30% High Value-added Products vs. 70% Traditional	40% High Value-added Products vs. 60% Traditional	50% High Value-added Products vs. 50% Traditional
Sales Growth	> 15%	> 15%	> 10%
EBITDA Margin	10%	12%	15%
Net Debt / EBITDA	< 3x	2 – 3x	2 – 3x
RoCE	10%	12%	15%
CNO / Sales	45%	40%	35%

Strategic Axes

Management Strategy

- Operational Excellence
- Process Management
- Target alignment and deployment

Business Strategy

- Market
- Customer
- Product

Growth Strategy

- To be developed in Phase II

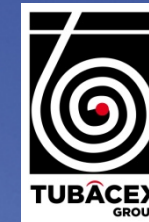
Operational Strategy

- TxPS
- Participation
- PDCA Cycle



Management focus based on four axes

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Current Status of the Strategic Plan



Main Financial Figures 2014

€M	2013	2014	%
Sales	554.1	546.7	-1.4%
EBITDA	51.3	64.1	25.1%
EBITDA Margin	9.3%	11.7%	
EBIT	31.5	43.7	38.5%
EBIT Margin	5.7%	8.0%	
Profit Before Tax	16.6	32.6	96.6%
Margin on sales	3.0%	6.0%	
	2013	2014	%
Working Capital	217.6	202.4	-7.0%
Net Financial Debt	194.6	151.5	-22.1%
Net Financial Debt / EBITDA	3.8x	2.4x	



Increasing results and strengthening financial position

Current Status of the Strategic Plan



Main ratios 2014

€M	FY 2013	FY 2014
EBITDA Margin	9.3%	11.7%
EBIT Margin	5.7%	8.0%
EBT Margin	3.0%	6.0%
R.o.E.	5.8%	8.4%
R.o.C.E.	6.9%	10.0%
Interest coverage	2.3x	3.8x
Net working capital / sales	39.3%	37.0%
Net Financial Debt / EBITDA	3.8x	2.4x
Net Financial Debt/ Shareholders' Equity	74.9%	53.7%
Shareholders' Equity / Total Assets	40.8%	40.3%



Important improvement in ratios

Current Status of the Strategic Plan



H1 2015. Main figures

€M	H1 2014	H1 2015	%
Sales	276.6	302.5	9.4%
EBITDA	34.9	33.7 ¹	-3.4%
EBITDA Margin	12.6%	11.1%	
EBIT	24.0	17.9	-25.3%
EBIT Margin	8.7%	5.9%	
Net Profit	13.7	14.0	1.8%
Margin over sales	5.0%	4.6%	
	Dec. 2014	H1 2015	%
Net Working Capital	202.4	240.2	21.3%
Net Financial Debt	151.5	185.3	22.3%
Net Financial Debt / EBITDA	2.4x	2.7x	



Strong results despite the unfavourable scenario

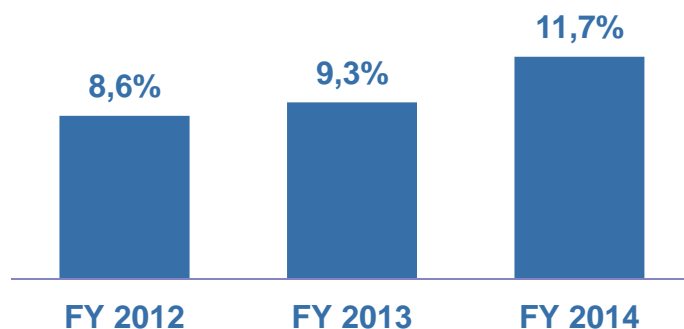
1. It includes 3.5M€ from an extraordinary net adjustment

Current Status of the Strategic Plan

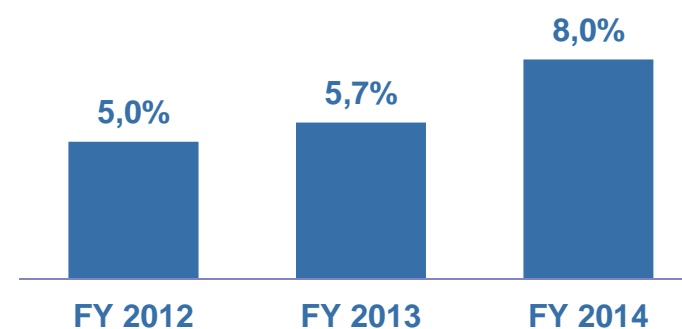


Main Ratios Evolution

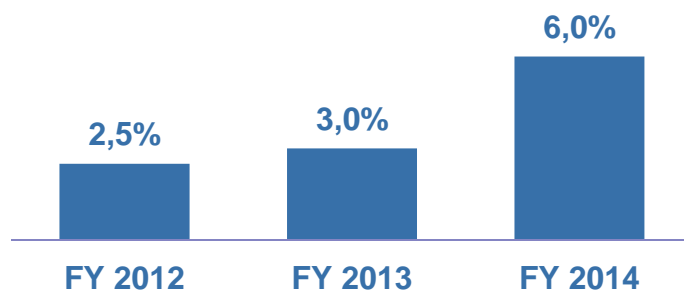
EBITDA Margin (%)



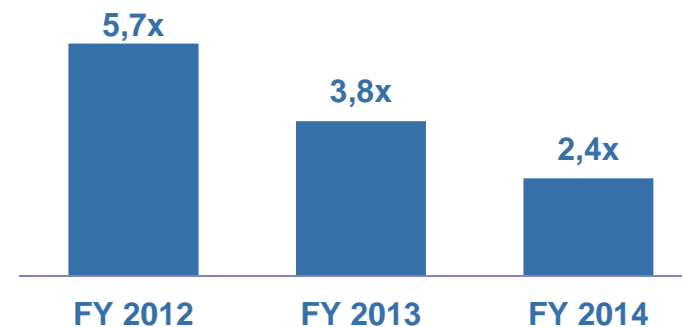
EBIT Margin (%)



EBT Margin (%)



NFD/EBITDA

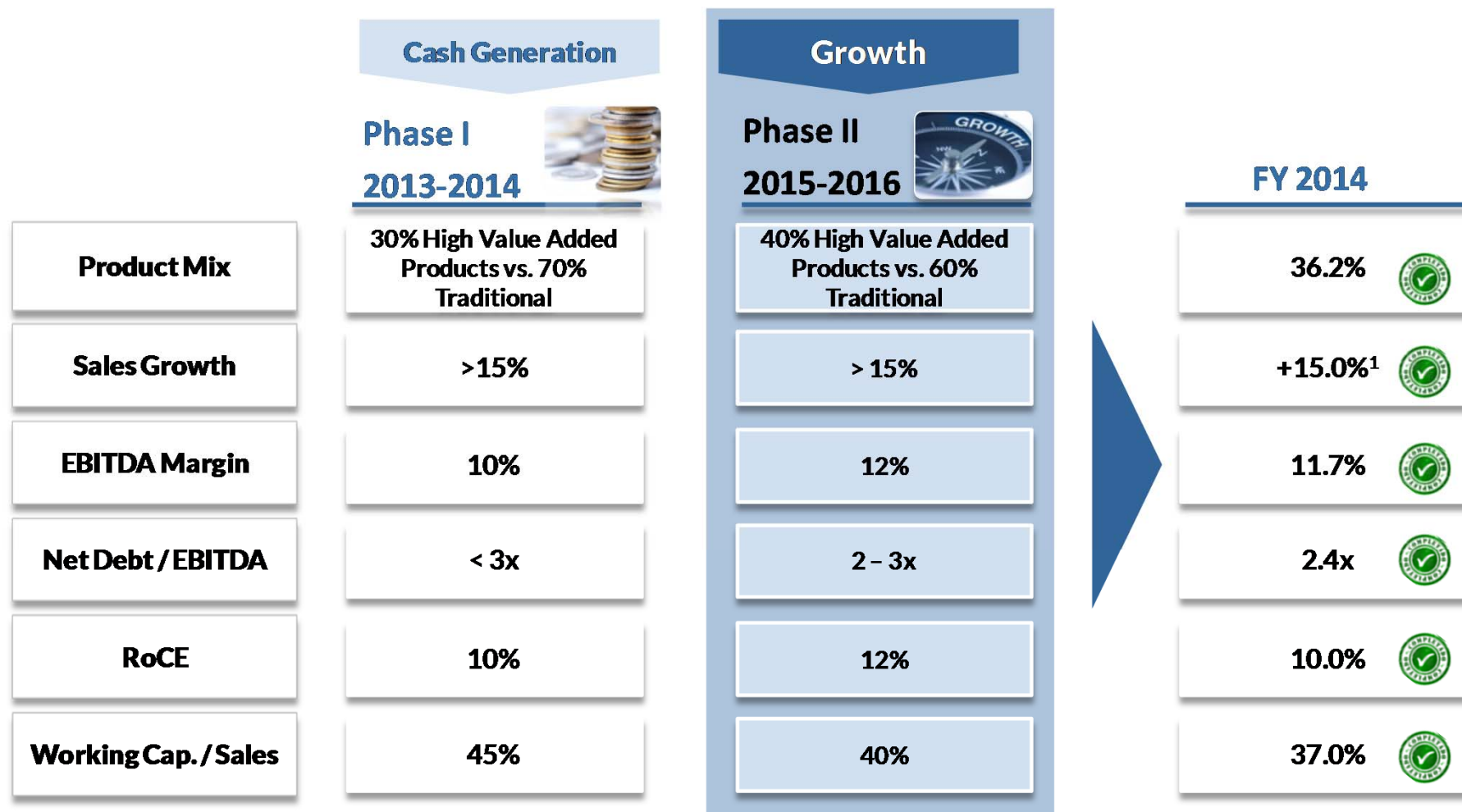


Improving significantly margins and reducing financial leverage

Current Status of the Strategic Plan



Fulfillment of the Strategic Plan



Successful fulfillment of Phase I and already started Phase II

1. Sales growth 2014 vs. 2012, assuming stable nickel price

Growth Strategy

Growth

Phase II

2015-2016



40% High Value Added
Products vs. 60%
Traditional

> 15%

12%

2 - 3x

12%

40%



Vision: Be a solutions provider

- Organic and inorganic growth focused on value generation and looking for complementarity and synergies.
- Maintain debt multiples of 2-3 times EBITDA.
- Feasible and manageable integration processes.

Organic Growth

- Strategic Alliances
- New Products
- Services to increase added value



Inorganic Growth

In:

- “Brown Field” in LCC
- Complementary products
- Move forward in Value Chain

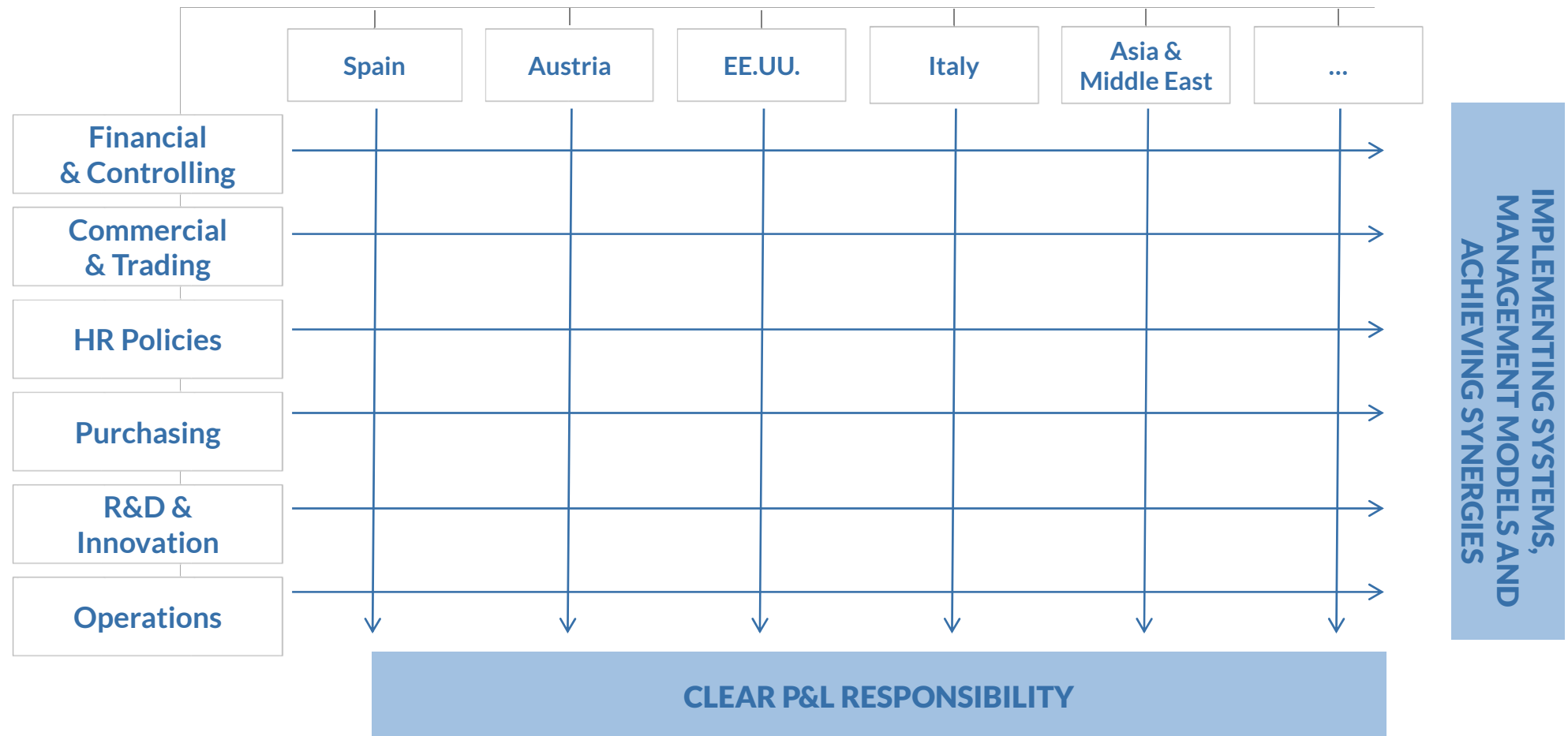
IBF

TUBACEX
GROUP

Current Status of the Strategic Plan

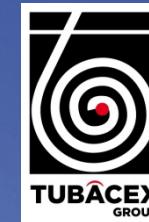


Organizational Structure



Organizational structure ready for integrating companies

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Transaction details

- TUBACEX takes over 65% of IBF share capital with a call option for the remaining 35%

Benefits of the deal

TUBACEX GROUP

- Improvement in TUBACEX competitive positioning getting closer to become a solutions provider
- Commitments and goals of the Strategic Plan are maintained
- Still allows additional growth operations
- The acquisition is part of Tubacex Commitment to accelerate its Strategic Plan

IBF GROUP

- Integration in a benchmark Group in the Oil&Gas sector
- Local management maintained but adding the potential of the TUBACEX Management Plan and Production System
- Potential improvement in results targeting an expected EBITDA of 20 €M with limited Capex

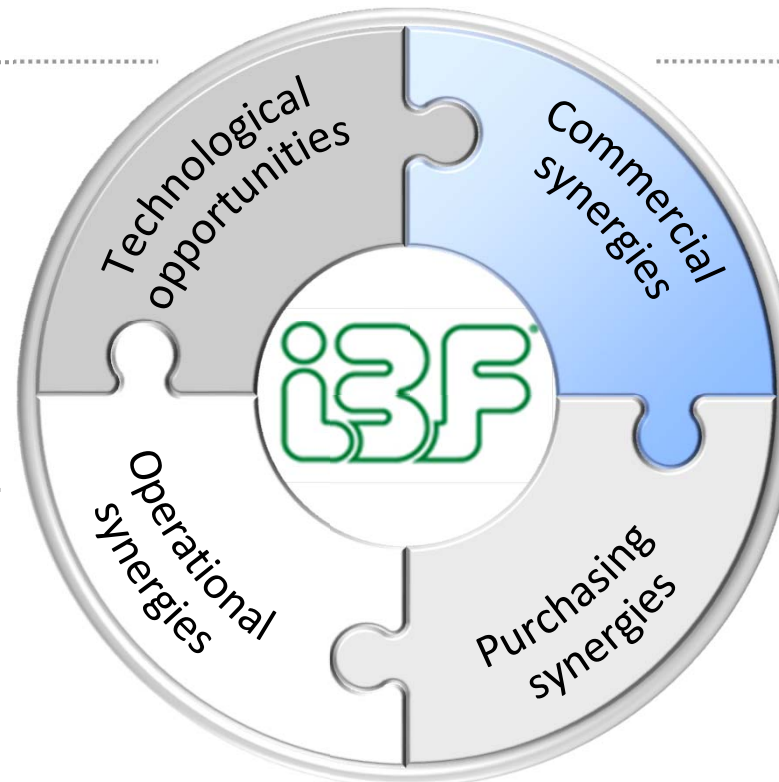
Fit with TUBACEX Strategic Goals



IBF acquisition fits 100% with Tubacex strategic goals

Investment rationale

R&D opportunities for development of new products / materials



Tubacex becomes the only manufacturer with complete dimensional range

Significant improvements as consequence of TxPS implementation

Synergies that allow to increase contribution margin

The acquisition allows Tubacex to accelerate the objective of becoming a global solutions provider

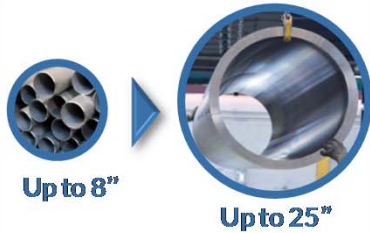
Investment rationale



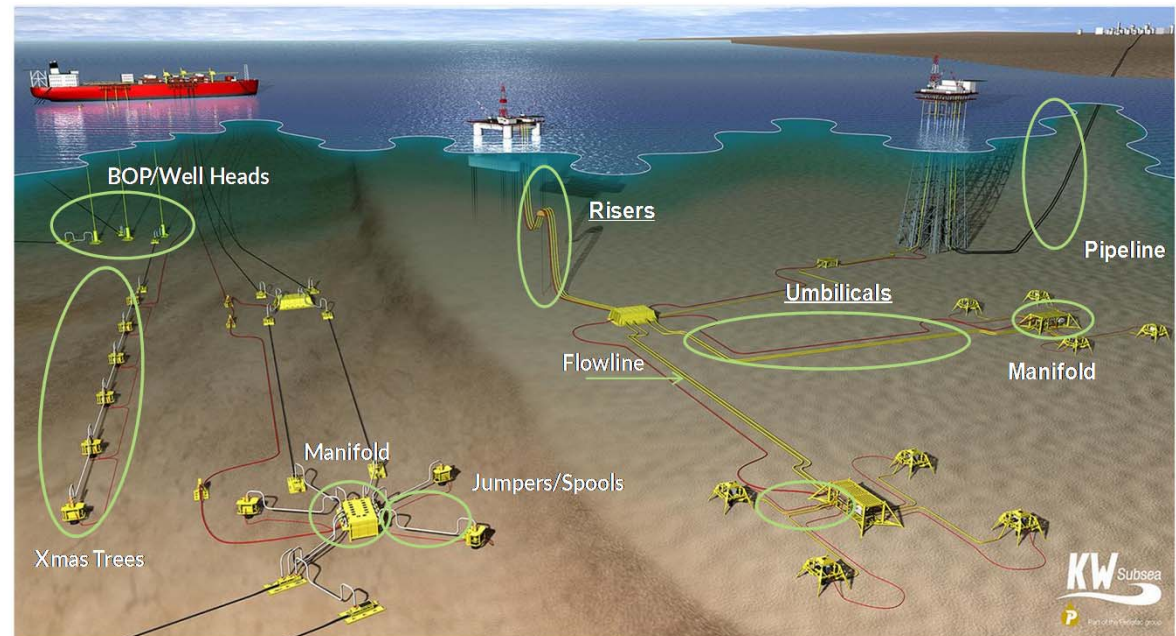
Commercial synergies: Product (i)

- Tubacex becomes the only Company that can offer the complete dimensional range in Seamless Stainless Steel Tubes

Outside Diameter



Wall Thickness



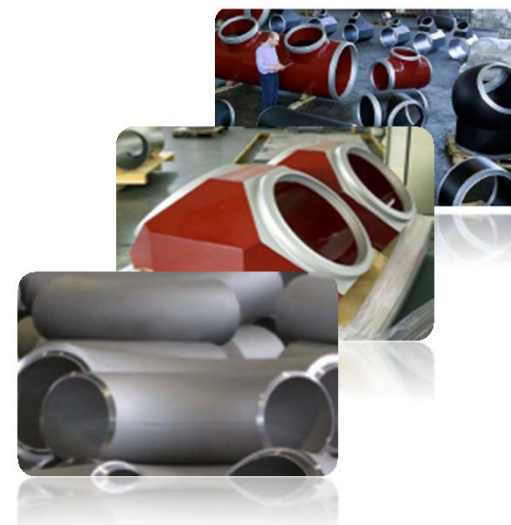
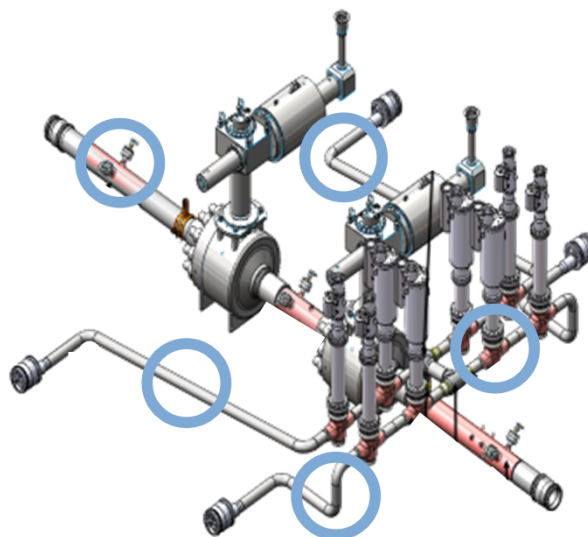
Complete dimensional range

Investment rationale



Commercial synergies: Product (ii)

- The acquisition allows Tubacex to increase significantly its position in the fittings market
 - Manifolds, special components, laterals, etc.
- The deal strengthens the Tubacex competitiveness position by offering a combination of pipes and fittings



Entire offer of Premium Solutions

Investment rationale



Commercial synergies: Product (iii)

Oil & Gas E&P Onshore and Offshore	Downhole	OCTG
	Subsea	Well Intervention Trees, Manifolds, Flow lines Umbilical, Control lines Risers, Jumpers, Connections Platforms, FPSO
	Top side	
Mid & Downstream	Transportation	Ships Process piping
	Process, re-gas	
	Refining	Linepipe Furnace, Heaters Hydrocrackers Heat exchanger, Air coolers Condenser, Scrubber
	Petrochemical	
Power Generation	Fertilizer	Boiler Nuclear Main steam lines Hot- Reheat lines
	Power Generation	
Metal mechanic	Metal-mechanic	Hollow Bar Bar & Billets



Complementary products



New products added

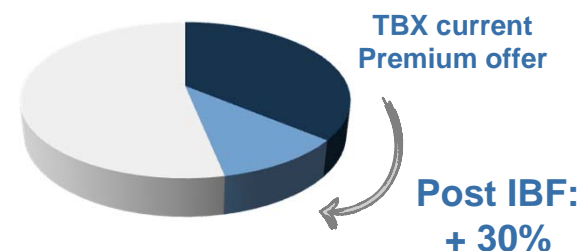
Complementary products in all applications

Investment rationale

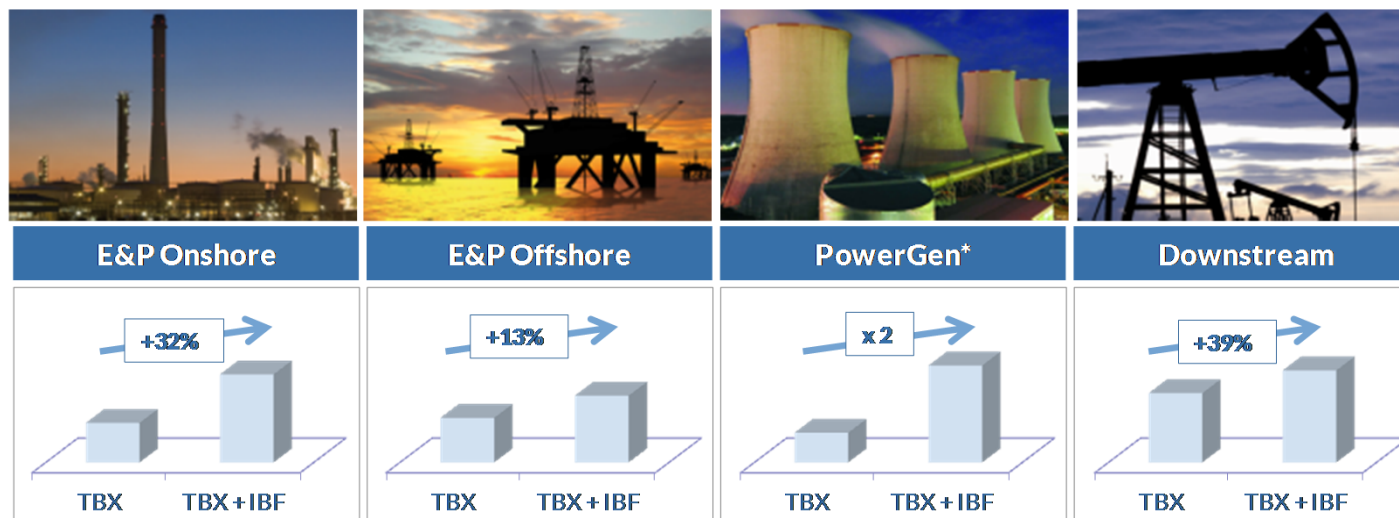


Commercial synergies: Sector

- IBF acquisition allows Tubacex Group to increase its premium offer by 30%



- Increase of the offer by application sector



Increase in Premium Product offer

*Including nuclear

Investment rationale



Commercial synergies: Customers

- Clear commercial synergies due to the complementarity of clients

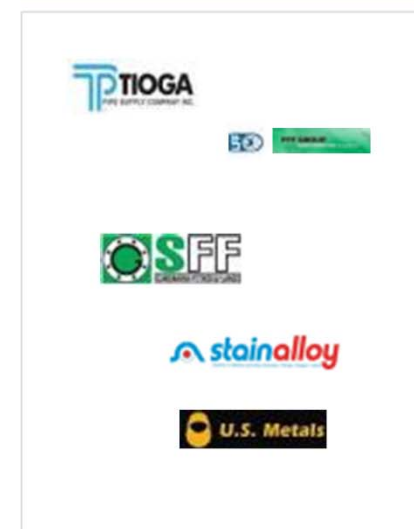
End User



EPC / Contractors



Traders



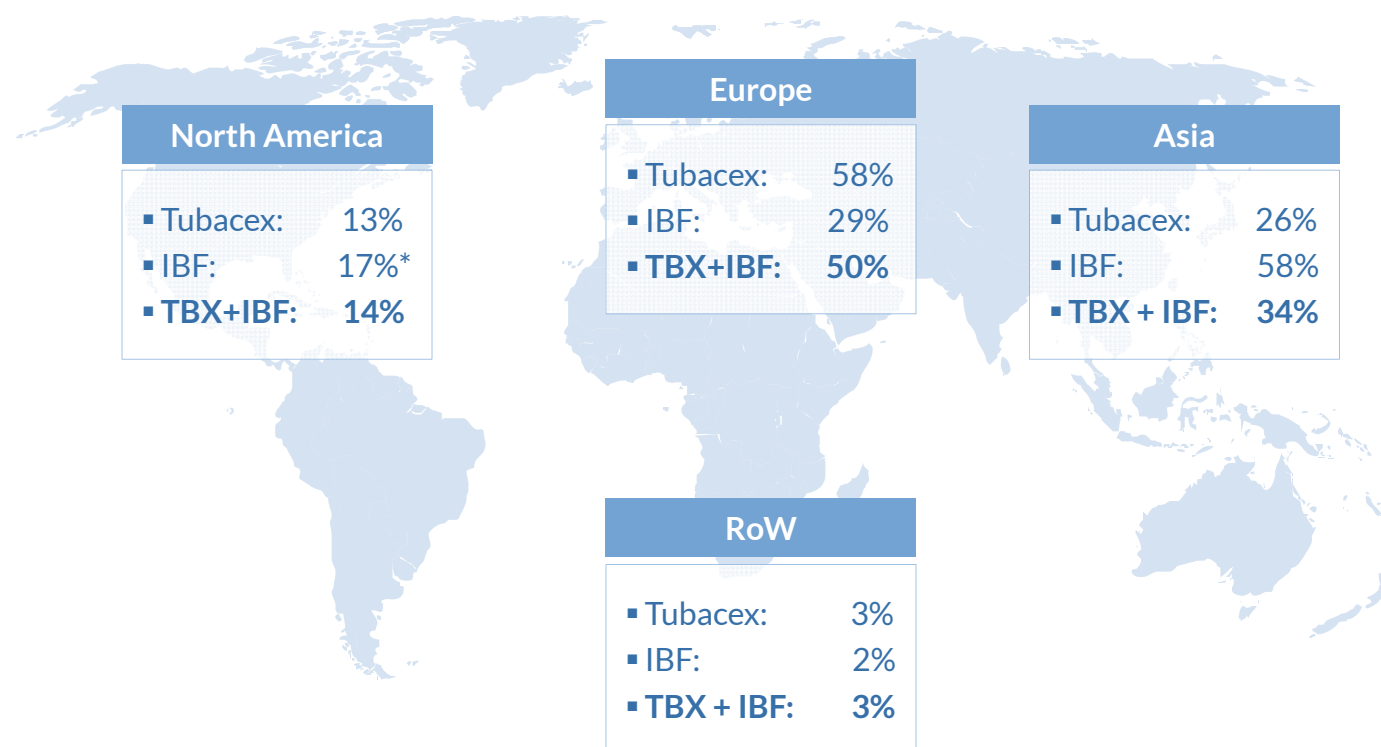
Move forward in the Value Chain

Investment rationale



Commercial synergies: Geographic

- Revenues breakdown by customer country



Strong position in growing markets

*8% excluding IBF sales in the nuclear sector

Investment rationale



Purchasing synergies

- Synergies when buying raw material
- Potential improvement in the management and sale of stainless scrap
- Potential improvement in the purchase of other consumables and goods
- Potential for synergy concerning the reuse of carrots as mother tubes for smaller tubes manufactured in TTI or SBER



Creating value for Tubacex and IBF

Investment rationale



Operational synergies

- TxPS implementation would allow significant improvements in capacity and productivity
- Substantial operational improvements in reducing operating costs and rationalizing of working capital



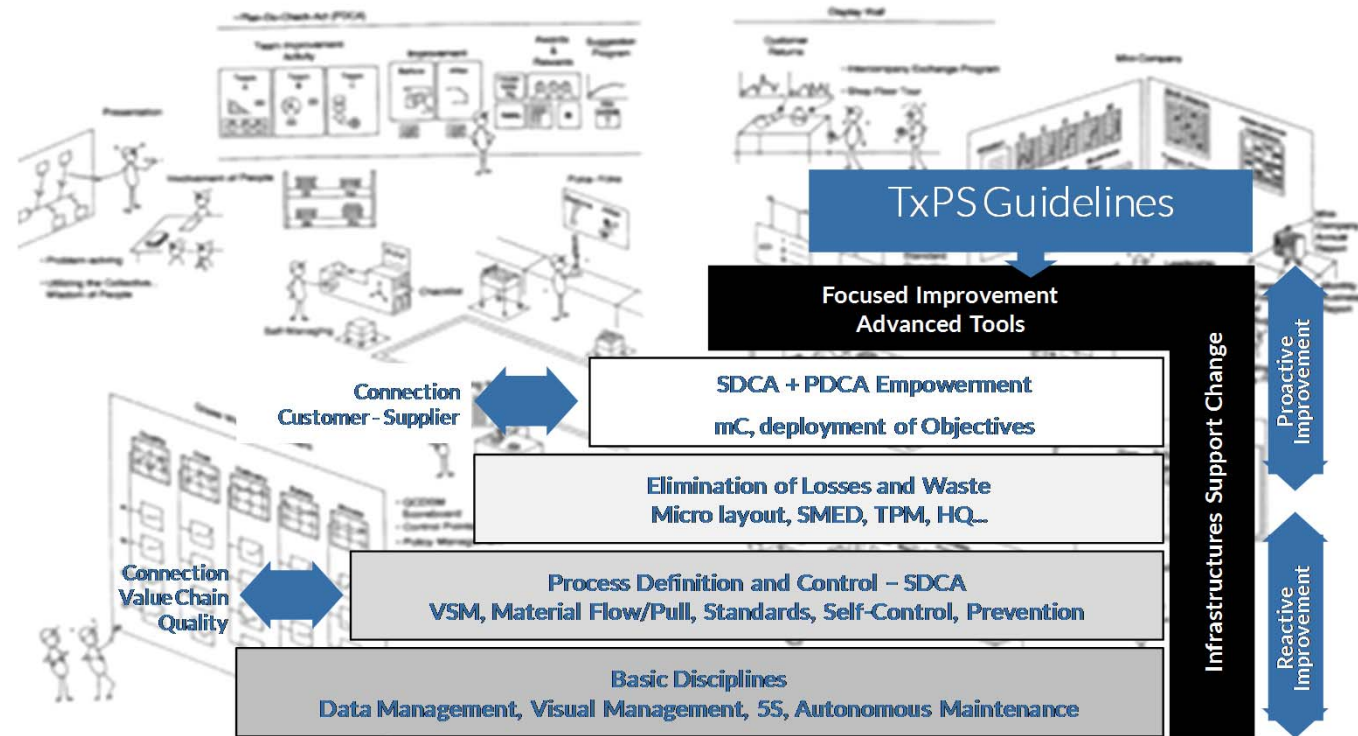
Together towards excellence



Investment rationale



Operational synergies



Replicate the successful model implemented in Tubacex

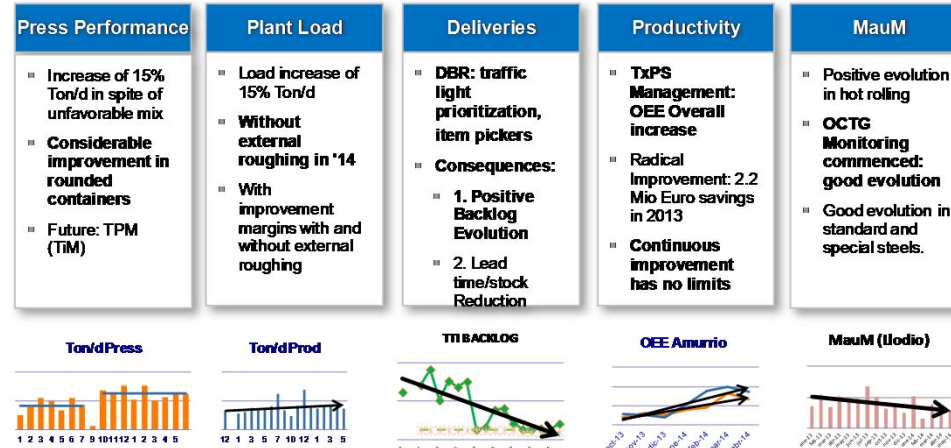
Investment rationale



Operational synergies

■ Goals Achieved:

- Strong reduction of working capital thanks to lean manufacturing methods
- Decrease of lead time
- Productive improvement (OEE increase) together with cost cutting
- Better use of materials improving refuse index and MauM



Repeat the improvements achieved in Tubacex

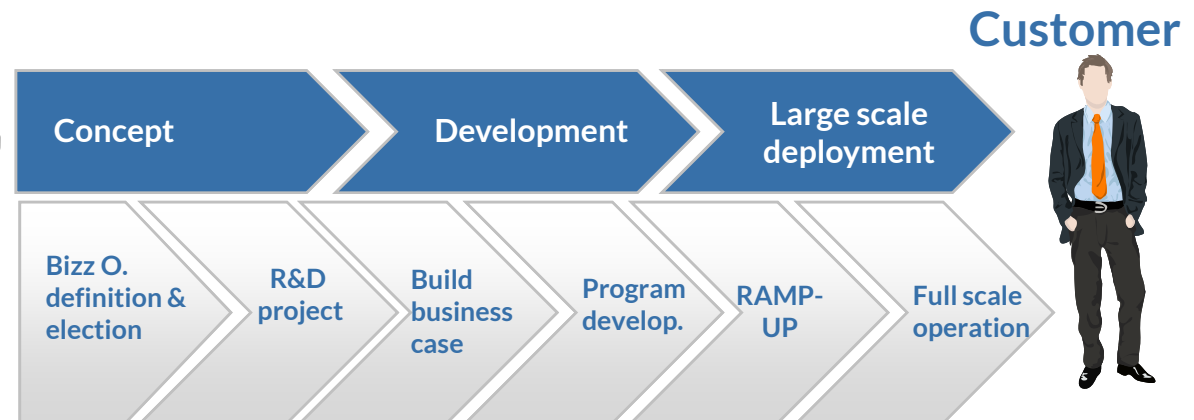
Investment rationale



Technological and R&D Opportunities

Opportunities from the customer development point of view

- Common R&D projects (materials, solutions, etc.)
- A strong step towards becoming a full provider of solutions
- Combined process to extend the product range
- Stronger platform to develop new products with customers (i.e. engineering capabilities, full range of products)



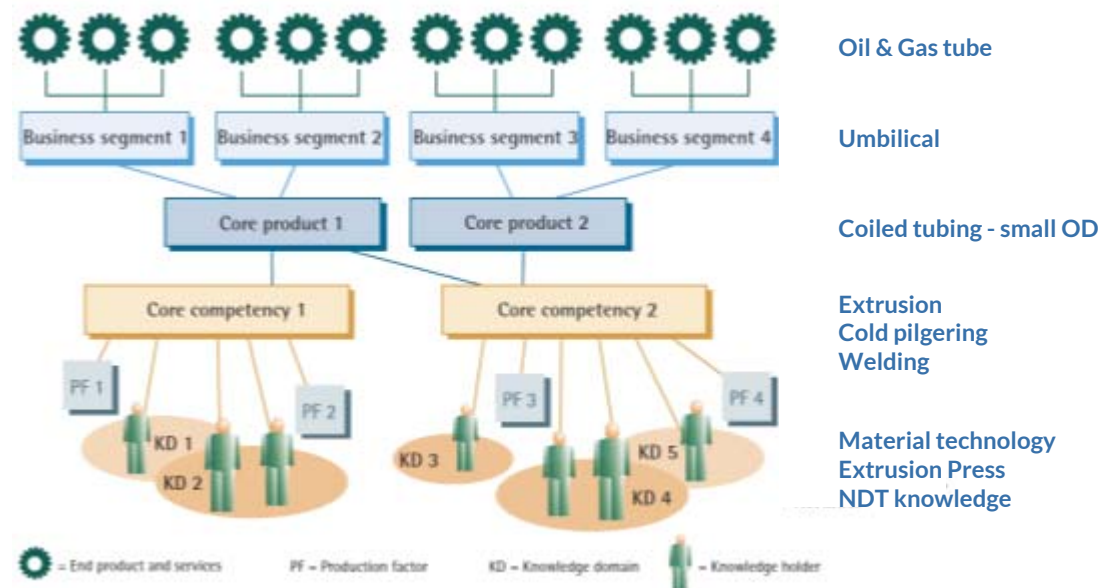
Investment rationale



Technological and R&D Opportunities

Opportunities from know-how point of view

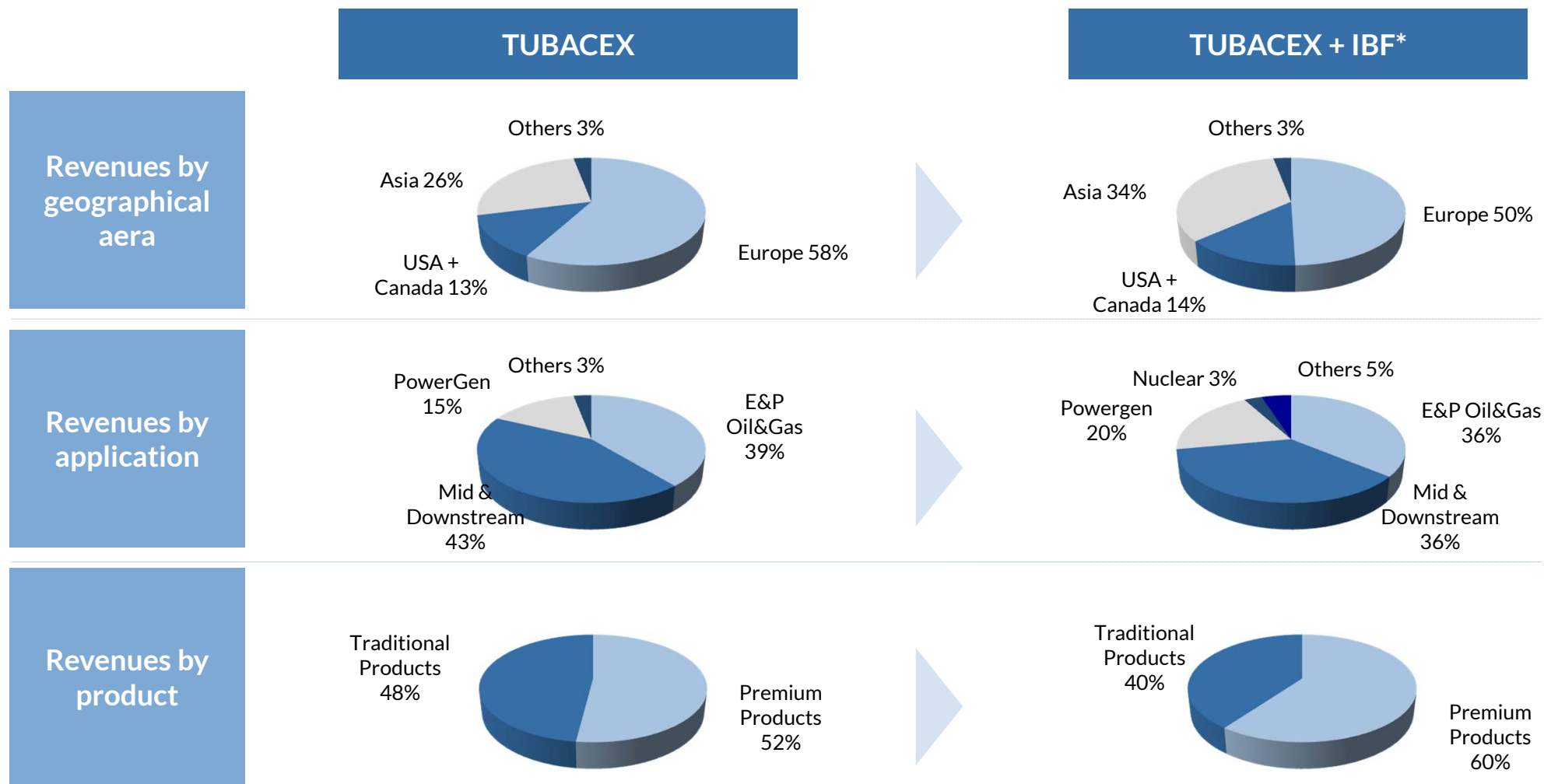
- Complementary technologies to manufacture a broader range of products
- Development of process know-how
- Best-practice deployment



Transaction & Impact of IBF



Impact on revenues



* Proforma 9M 2014 Revenues

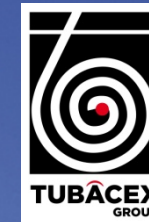
Pro - forma financial figures 9M 2014

€M	TBX	IBF	TBX + IBF 9M 2014
Sales	400.0	125.4	525.4
EBITDA	49.0	10.6	59.6
EBITDA Margin	12.3%	8.4%	11.3%
EBIT	33.9	6.1	40.0
EBIT Margin	8.5%	4.9%	7.6%
EBT	25.2	4.8	30.0
EBT Margin	6.3%	3.8%	5.7%
Working Capital	210.1	72.5	282.6
Net Financial Debt	149.6	48.2	197.8*

Net Financial Debt Goal for 2015 <200 €M

* Excluding purchase price

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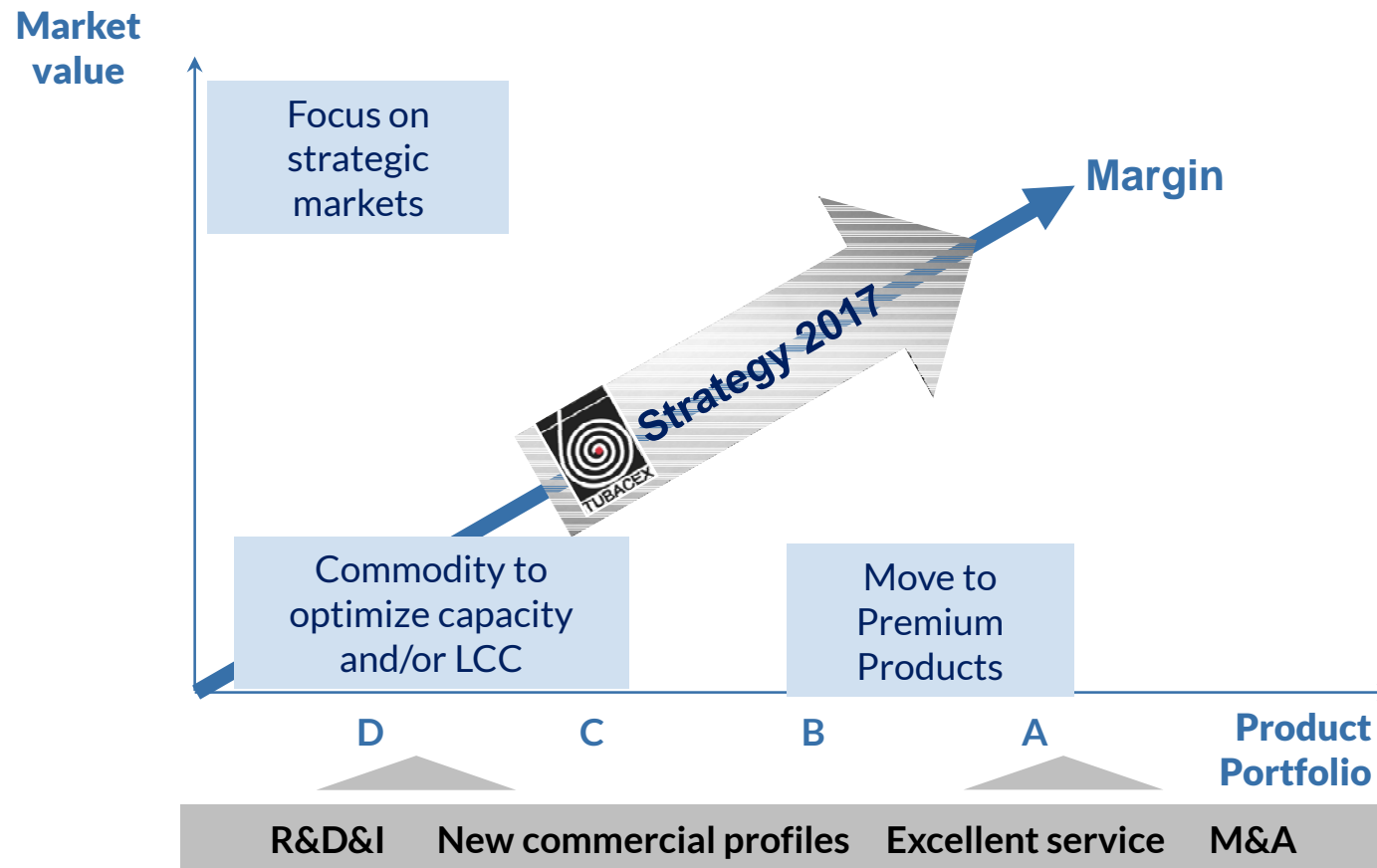
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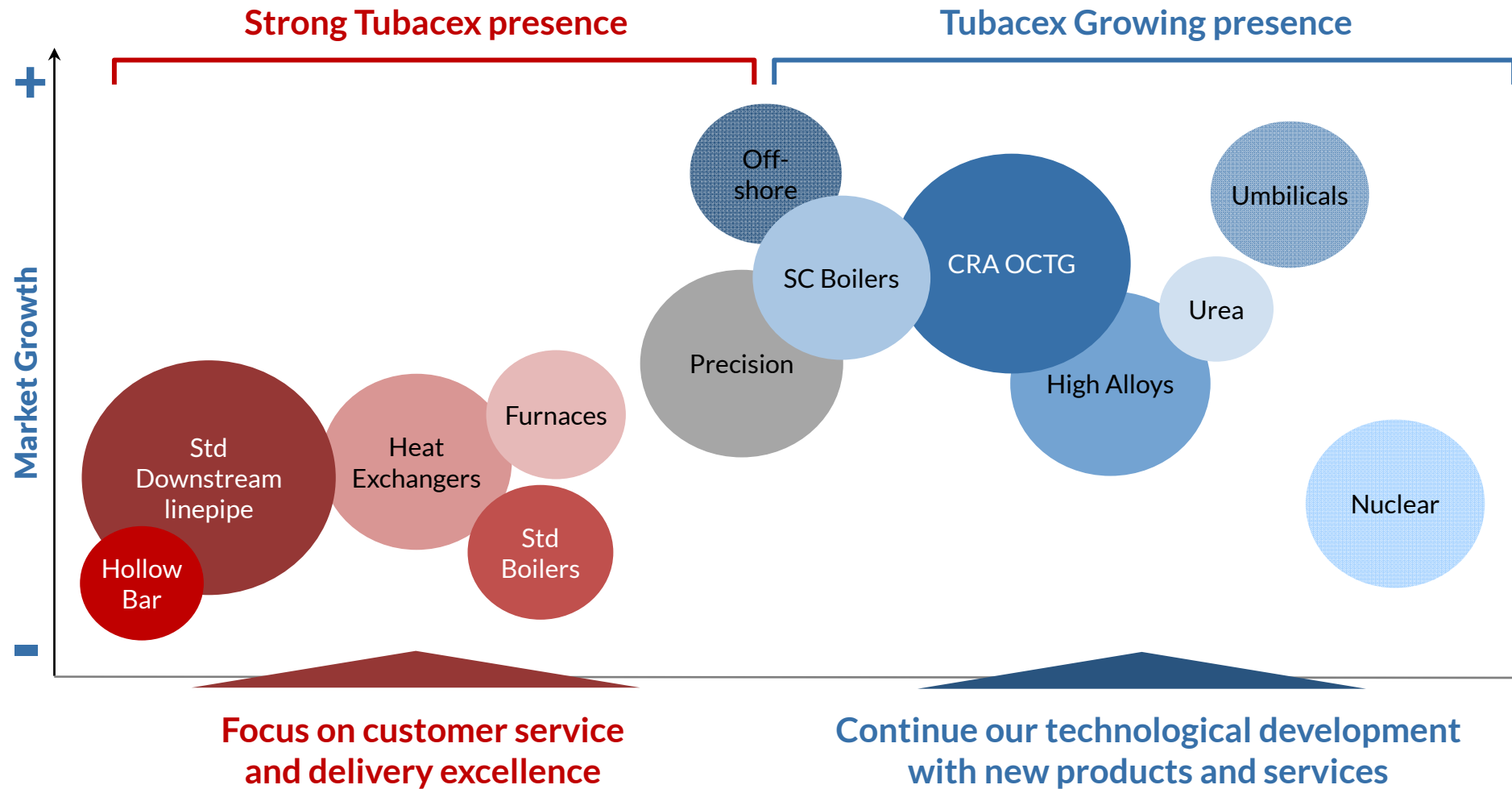
Appendix

Tubacex Product Strategy



Key condition: Reinforce R&D and industrialization process and refocusing of commercial organization

Tubacex Product Strategy - Positioning



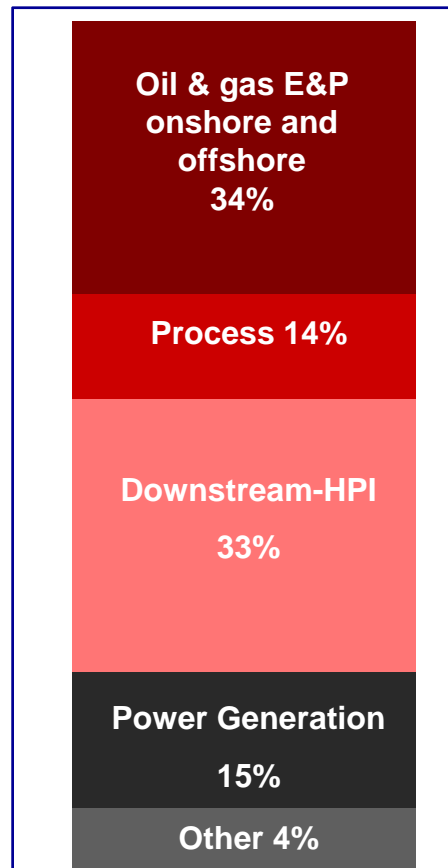
The size indicates the volume of each segment, measured in Euros (not in tonnes)

Tubacex Product Strategy – Product Portfolio

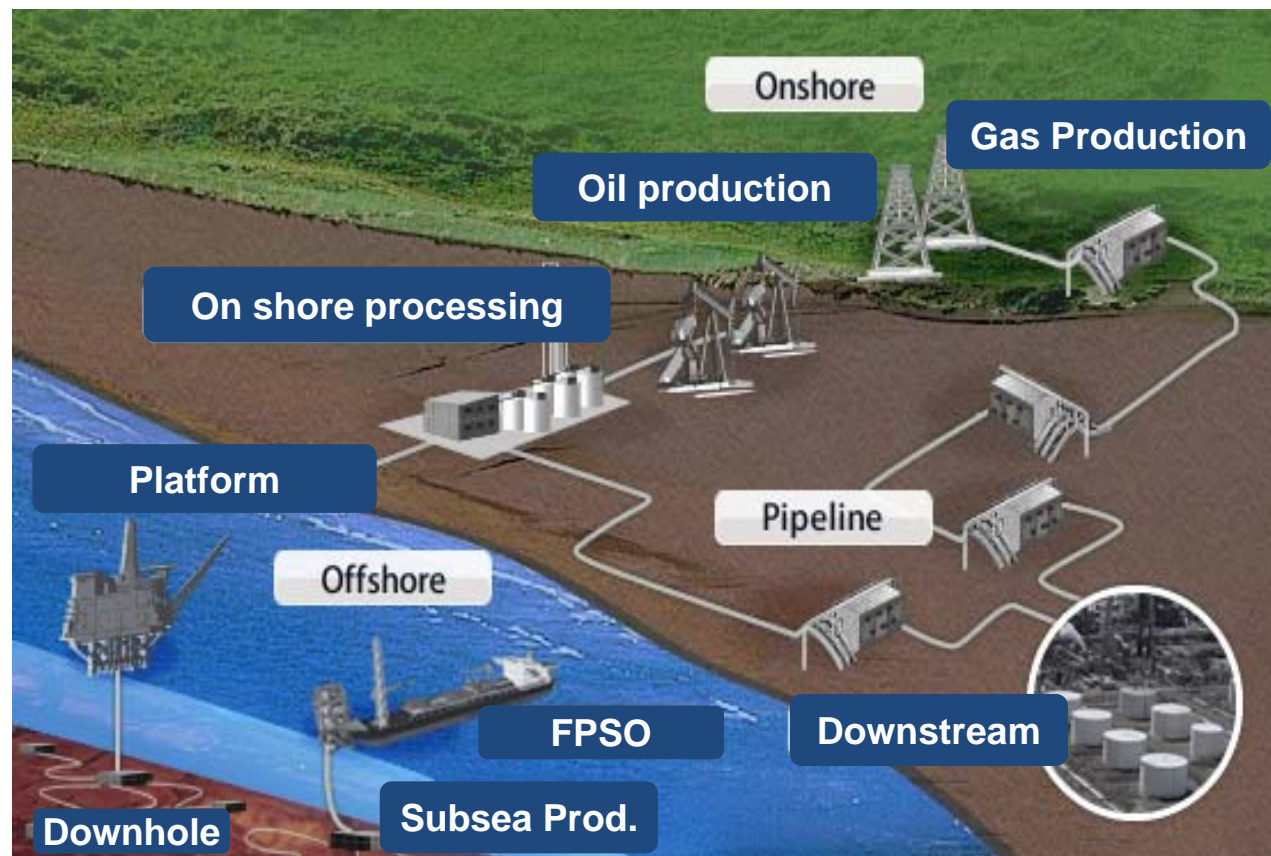
Oil & Gas E&P	Downhole	OCTG
	Subsea	Well Intervention Trees, Manifolds, Flow lines Umbilical, Control lines Risers, Jumpers, Connections Platforms, FPSO
	Top side	
Midstream	Transportation	Ships Process piping
	Process, re-gas	
Downstream Hydrocarbon process Industry	Refining	Linepipe Furnace, Heaters Heat exchanger, Air coolers Condenser, Scrubber
	Petrochemical	
	Fertilizer	
Power Generation	Power Generation	Boiler Nuclear
Metal mechanic	Metal-mechanic	Hollow Bar Bar & Billets
Other Industries	Aeronautic, precision, water, food...	Instrumentation, Hydraulic

Tubacex Product Strategy

TX Sales % 2013



Oil & Gas Industry Diagram



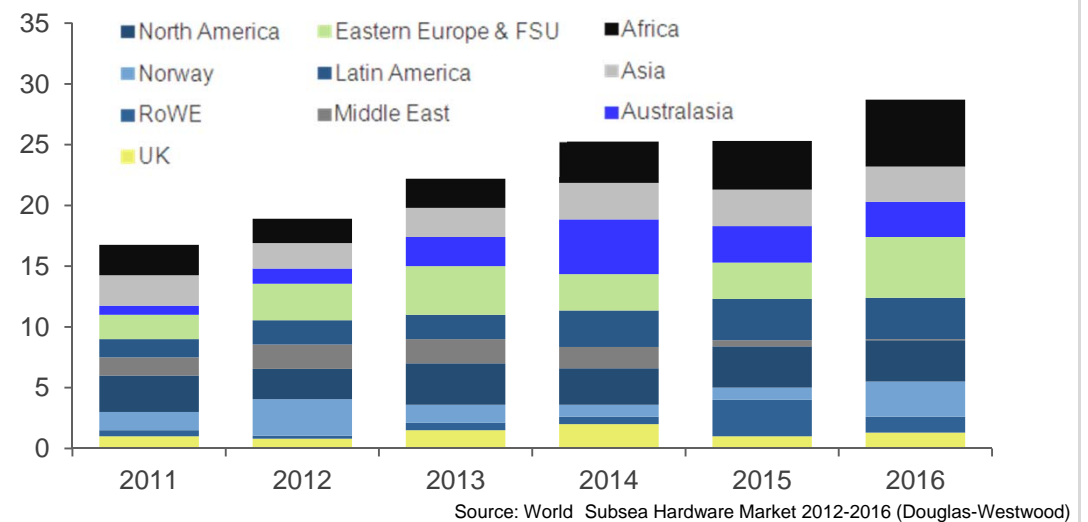
Strong presence in the Oil&Gas sector

Tubacex Product Strategy – Oil&Gas E&P: Subsea



- The umbilicals market continues to show very high growth rates over 5%.
- Good fundamentals with sustained and more variable growth for subsea and top-site, respectively.
- Opportunity: to complete our portfolio and continue progressing in our knowledge curve to strengthen our competitive situation.

Subsea Market



>5% Subsea and Top-site Growth

Tubacex Product Strategy – Oil&Gas E&P: Subsea. Concepts



FPSO: Floating, Production, Storage and Offloading. FLNG: Floating Liquified Natural Gas

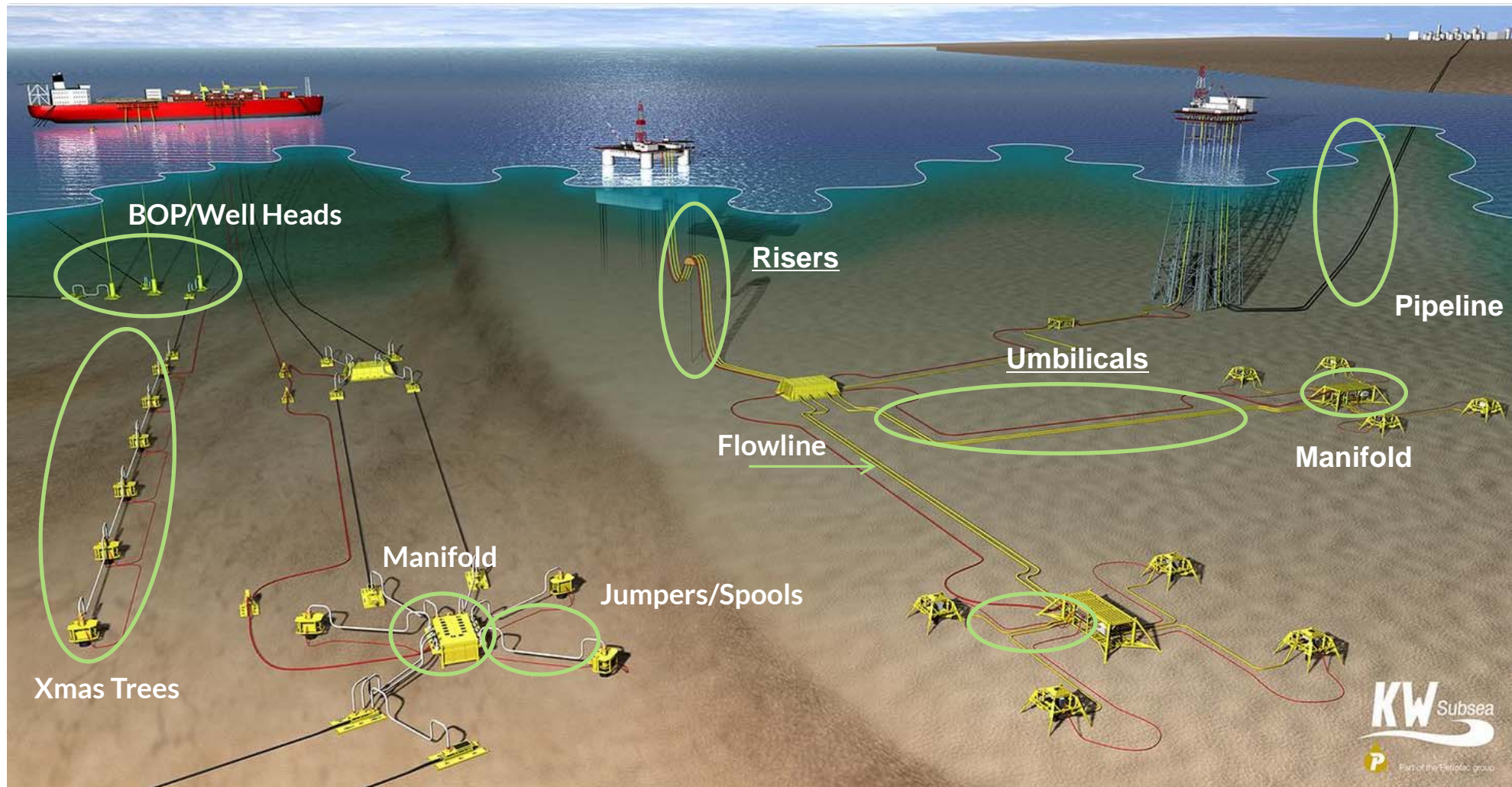
SURF: Subsea, Umbilicals, Risers and Flowlines

Greenfields: New Fields. Nowadays Deeper waters, HPHT field

Brownfield: Old fields that need to increase recovery

Appendix

Tubacex Product Strategy – Oil&Gas E&P: Subsea. Products



Tubacex Product Strategy – Oil&Gas E&P: Subsea. Players

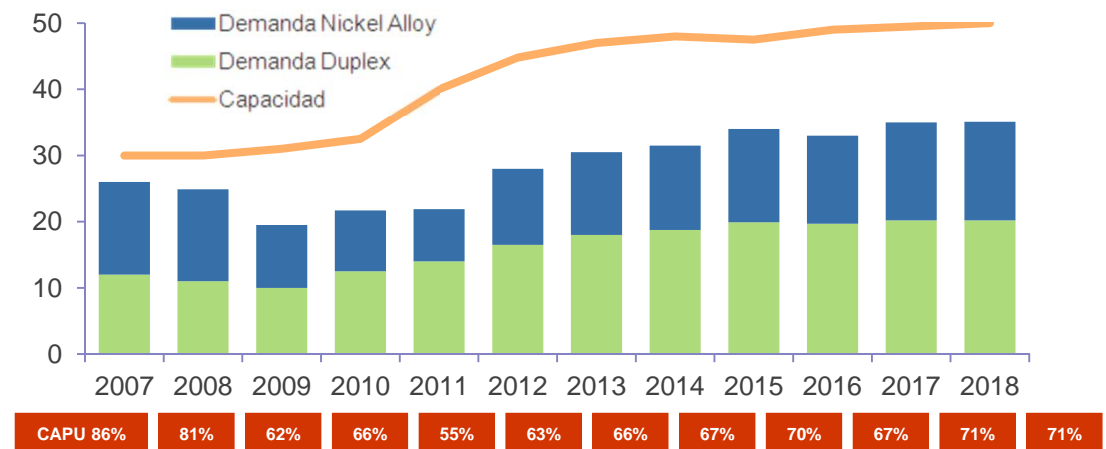


Tubacex Product Strategy – Oil&Gas E&P: OCTG



- Our competitive position in OCTG is strong thanks to our investments and applied R&D
- Development prospects are very positive for Asia (Middle East and Far East)
- Tubacex was very well received by end-users
- Opportunity: to continue our technological development with new dimensions and grades

OCTG demand evolution



Source: SMI-Steel Market Intelligence GmbH

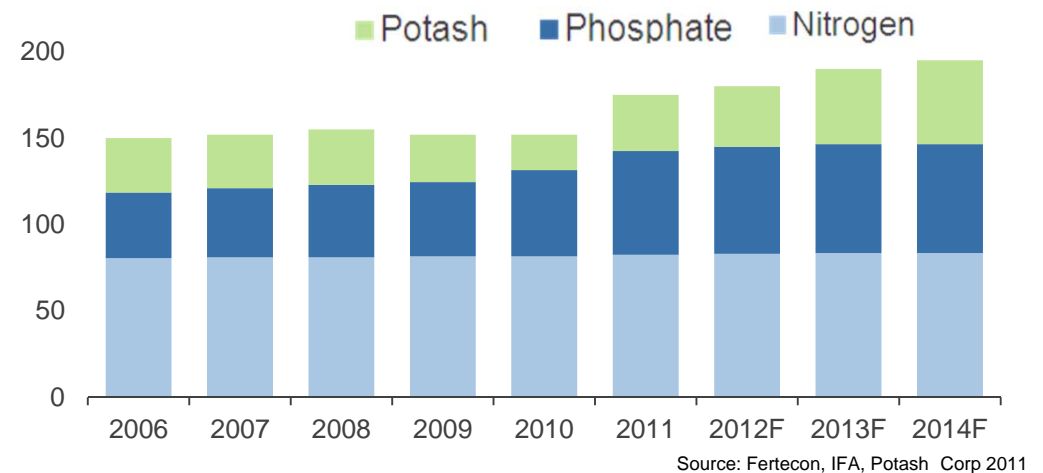
>5% expected growth

Tubacex Product Strategy – Downstream HPI: Fertilizer



- The fertilizer market is a key target of our new Strategic Plan.
- Sustained growth and lower fluctuations than in the energy sector.
- Opportunity: to increase our market knowledge and to enter into a new market

Global Fertilizer Consumption



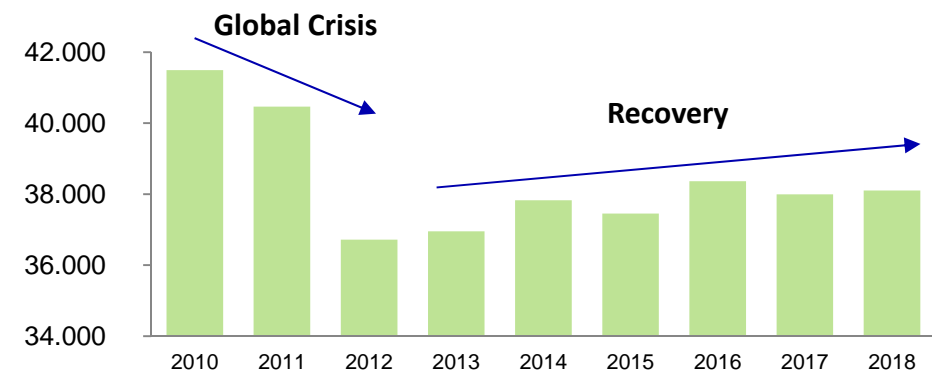
+4% expected growth

Tubacex Product Strategy- Power Gen



- Nuclear:
 - Our presence in the nuclear market is still reduced but we hope to continue growing.
 - Opportunity: JV Project: Global Nuclear Supply
- Boilers:
 - Power generation prospects are good, despite heavy dependency on China e India.
 - Part of the increase expected in 2014 has already occurred in 2013.
 - Opportunity: increase our cost competitiveness and our market share in China and Korea.

SST Boiler market evolution



Note: figures are calculated applying SST/MW hypothesis to estimated global energy demand

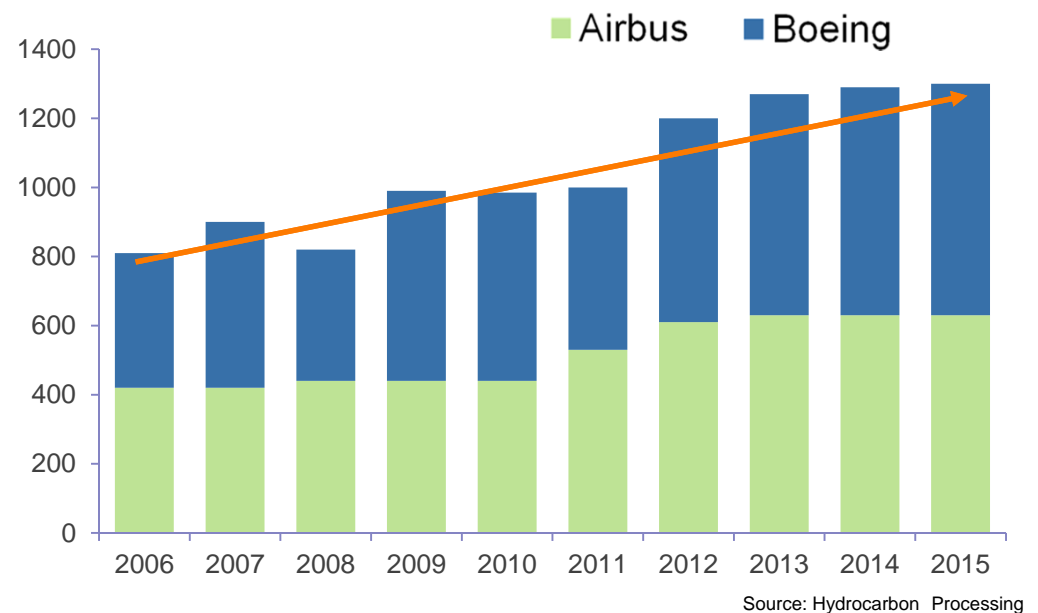
Steady market with growth in Supercritical Boilers

Tubacex Product Strategy - Precision & Aerospace



- Good fundamentals
- Good competitive position of Salem: major opportunities in the US and to be developed in Europe

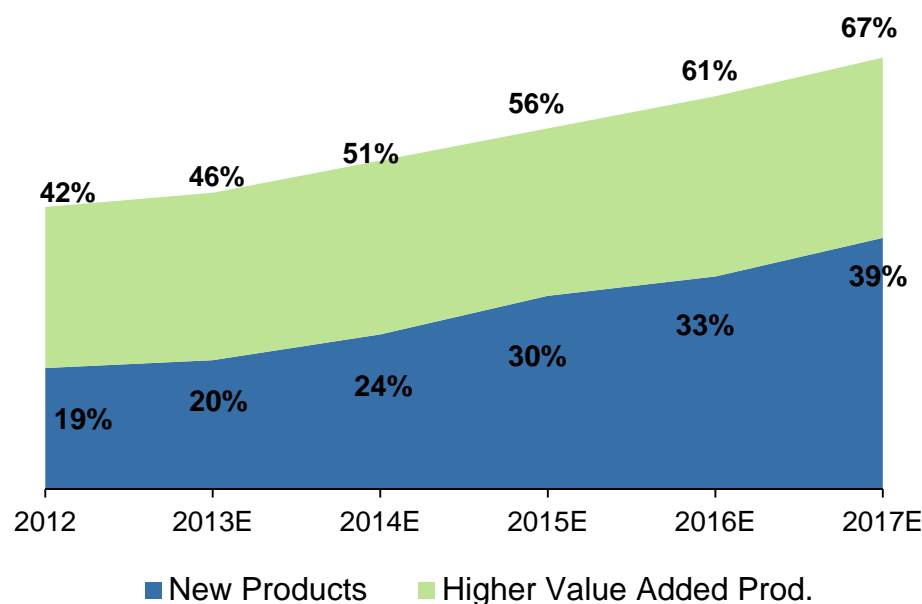
Aircraft Demand



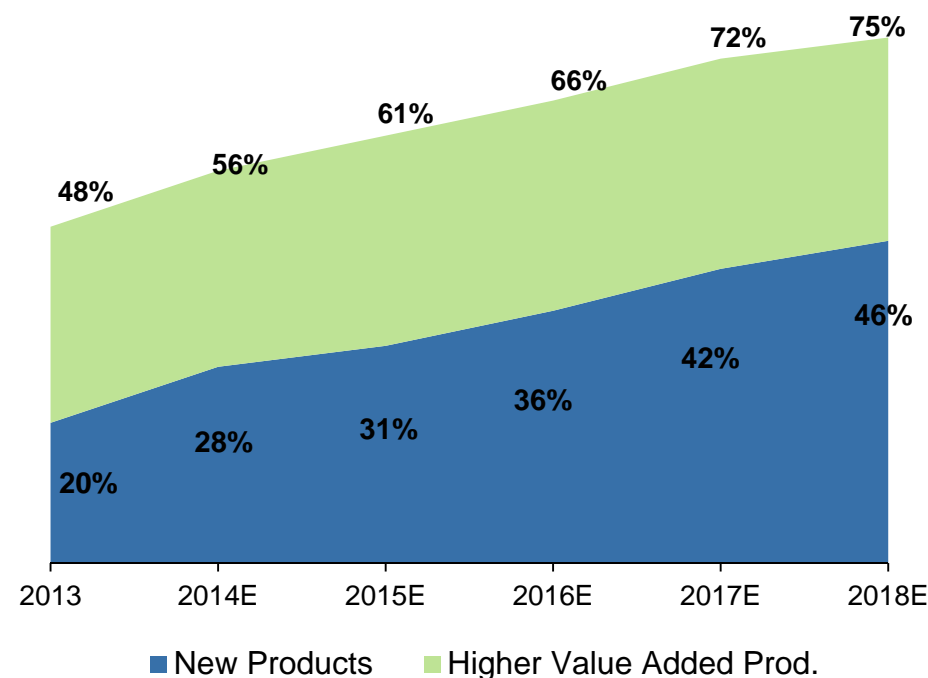
Growth is difficult to measure but positive

Tubacex Product Strategy – Improvement of the mix

Previous projections



Current projections



Increasing the weight of the premium products higher than expected

Conclusion

	Cash Generation	Growth	Consolidated
	Phase I 2013-2014	Phase II 2015-2016	Phase III 2017-2018
Product Mix	30% High Value-added Products vs. 70% Traditional	40% High Value-added Products vs. 60% Traditional	50% High Value-added Products vs. 50% Traditional
Sales Growth	> 15%	> 10%	> 10%
EBITDA Margin	10%	12%	15%
Net Debt / EBITDA	2 – 3x	2 – 3x	2 – 3x
Capex / Sales	10%	12%	15%
CNO / Sales	45%	40%	35%

We anticipate the fulfillment of the 2017 targets by one year

**MANY THANKS FOR
YOUR ATTENTION**



WWW.TUBACEX.COM