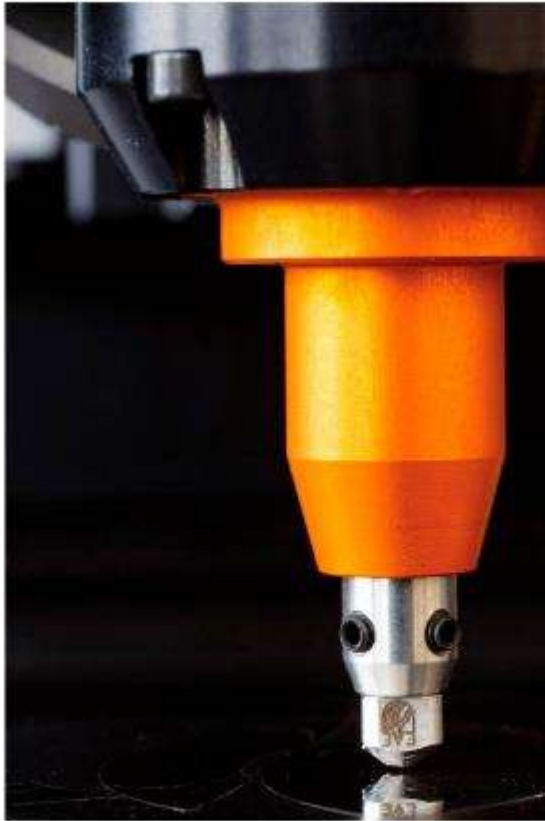


ANNUAL GENERAL MEETING

05.23.2018



- **FY 2017**
- **2018 Outlook**
- **Strategic Plan**
- **Tubacex Share**



- **FY 2017**
- **2018 Outlook**
- **Strategic Plan**
- **Tubacex Share**

Evaluation of the Year

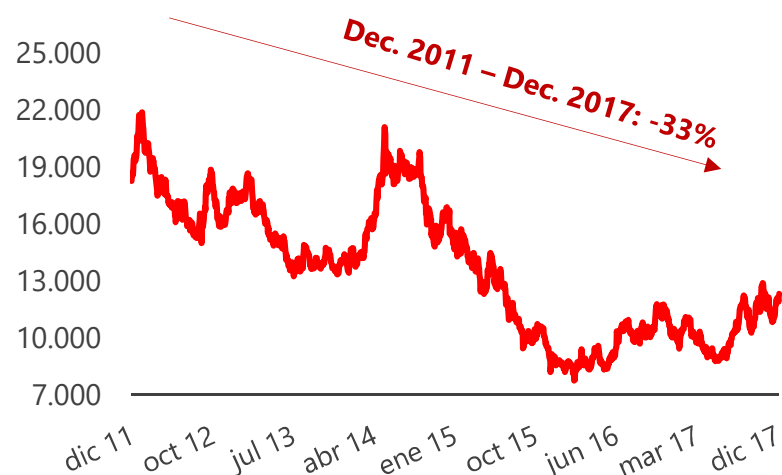
- The expected recovery has not taken place: Third consecutive year of the **most serious crisis in the Oil&Gas sector**
- Dramatic reduction of the Capex in the industry, causing an unprecedented **fall** in the **volume** produced and intense **price competition**
- We have improved our positioning as a **global supplier of tubular solutions**
- **Record year in winning** orders with a high technological value in projects with a strong R&D&I component
- Important progress in positioning in **new products**: OCTG, Umbilicals, High Alloys, etc.
- Acceleration of **industrial and efficiency plans**: allocation of the highest commodity product in low cost plants
- Continuation of **improvement projects** with positive effects...
- ...but they have not been able to offset the significant fall in volume and prices

Waiting for the recovery of the sector

Macroeconomic environment

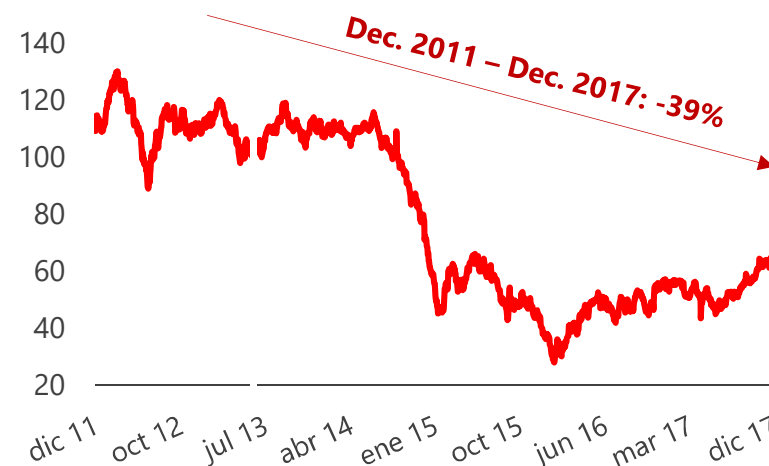
- Upward trend in raw material prices since the second half of the year but still at low levels

Evolution of the Nickel price(\$/ton)



- The price of Nickel closed 2017 at 12,305 \$/ton, up 22% above the closing of 2016.
- Its average price in FY 2017 was 10,459 \$/ton, 8% higher than its average price in 2016.

Evolution of the Brent Price (\$/barrel)



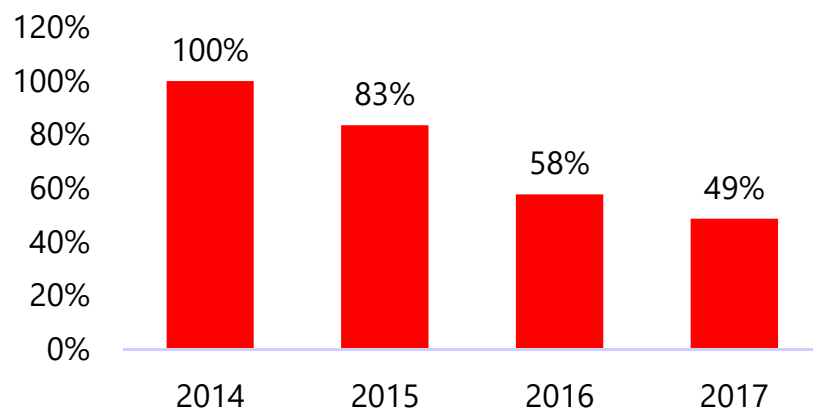
- The Brent barrel closed 2017 at 66,9\$, an increase of 18% compared with Dec. 2016.
- Since the end of 2011 Brent price has dropped by 39%.

Raw materials prices at historically low levels

Oil Sector

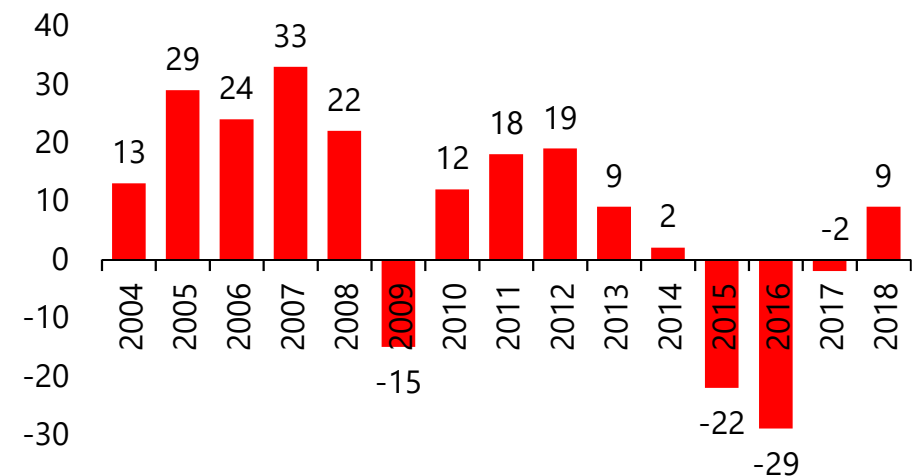
- For the first time in 30 years we have faced three consecutive years of reduced investments, which together with the decline rate of mature assets allow us to forecast a change in the trend in 2018

Contracts award



■ Contracts awarded for Upstream, Midstream, Downstream and Power Gen projects in \$M using 2014 as a baseline

Upstream Capex Growth



■ YoY Capex (%)

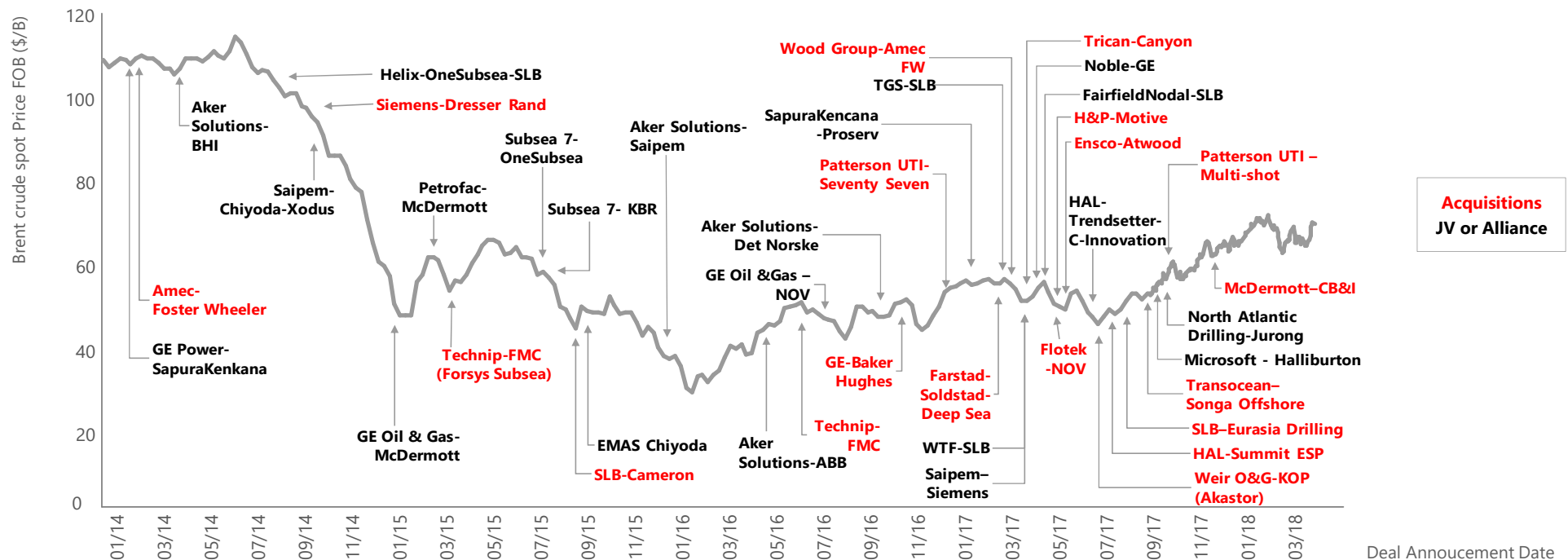
Three consecutive years of decline in Capex...

Source: EIC, Tubacex, JP Morgan Global Energy Analyzer: E&P Capex Survey

Oil Sector

- There has been an integration movement in the sector aimed at reducing the total operating costs

Major transactions in the oil & gas industry since Jan. 2014



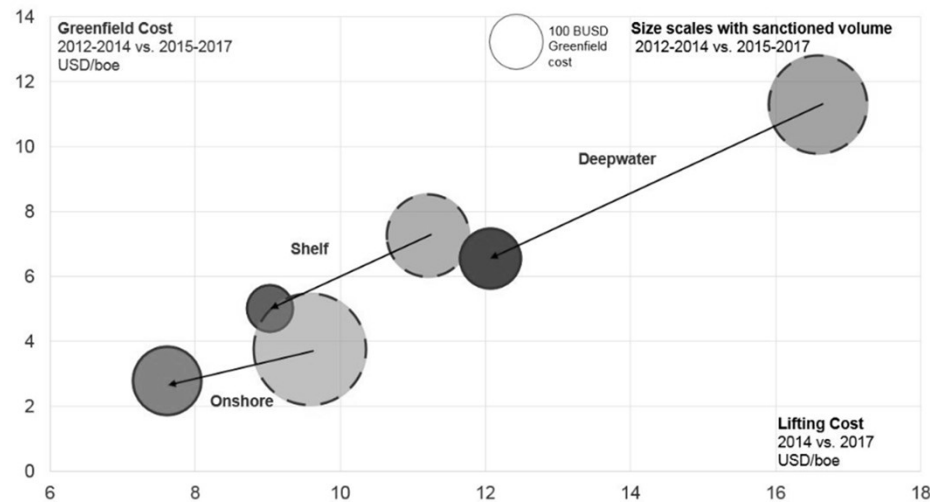
...which have led to the concentration of the sector...

Source: The Boston Consulting Group

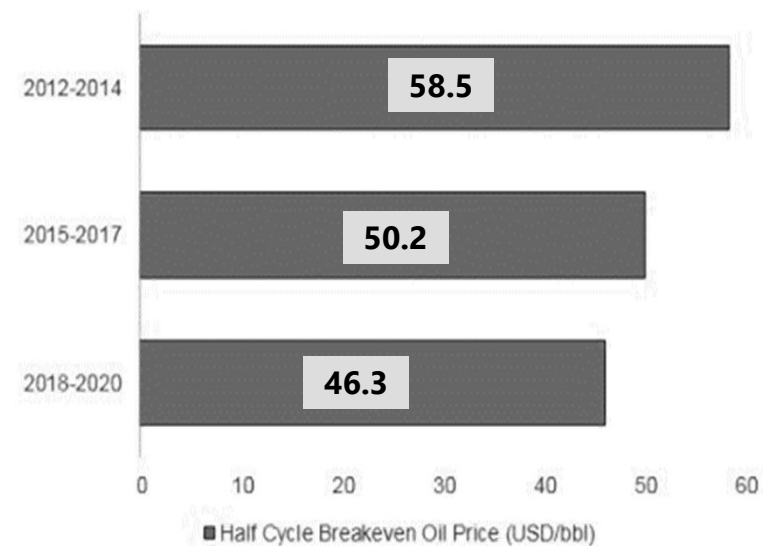
Oil Sector

- The adjustments made in the industry during the crisis have reduced the break-even point of many projects which are now profitable with lower oil prices

Offshore costs evolution

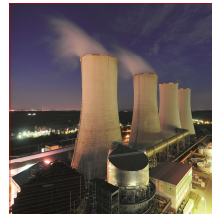
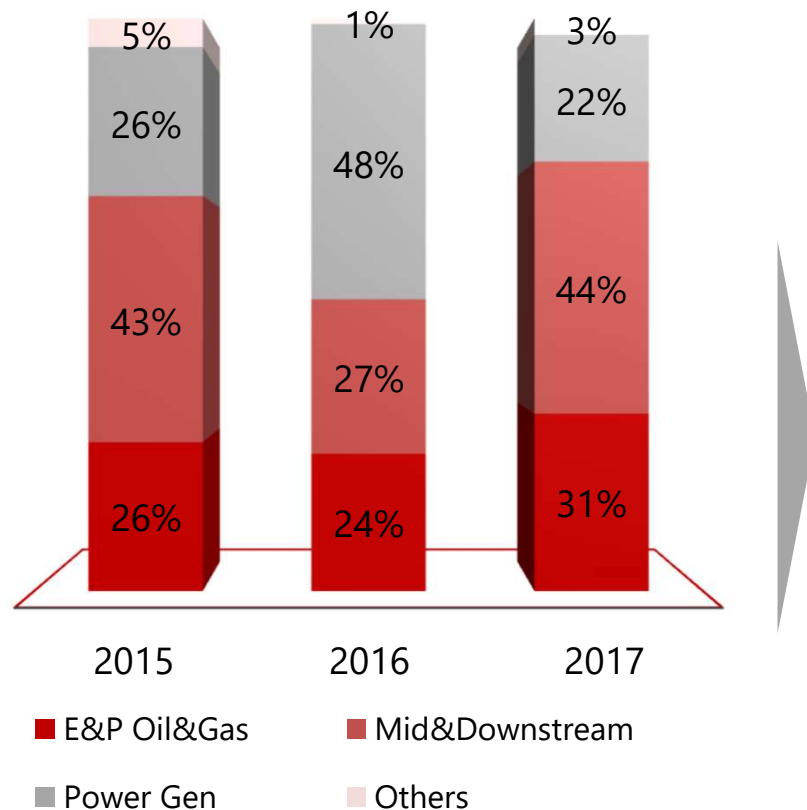


Half Cycle Breakeven Oil Price



...but also helped to improve efficiency

Sales breakdown by sector*



■ E&P Oil & Gas:

- Despite the cuts in the Capex of oil companies some specific big projects awarded that helped the gradual increase
- Transformational projects awarded
- Better relative performance of the gas sector

■ Power Generation:

- Undergoing a normalization process after the halt of 2017
- Order intake noticeably improving
- Integral tubular solutions thanks to the incorporation of IBF and the development of new grades and technologies

■ Mid & Downstream:

- Sector's performance stable
- Strategy focused on selling integral tubular solutions

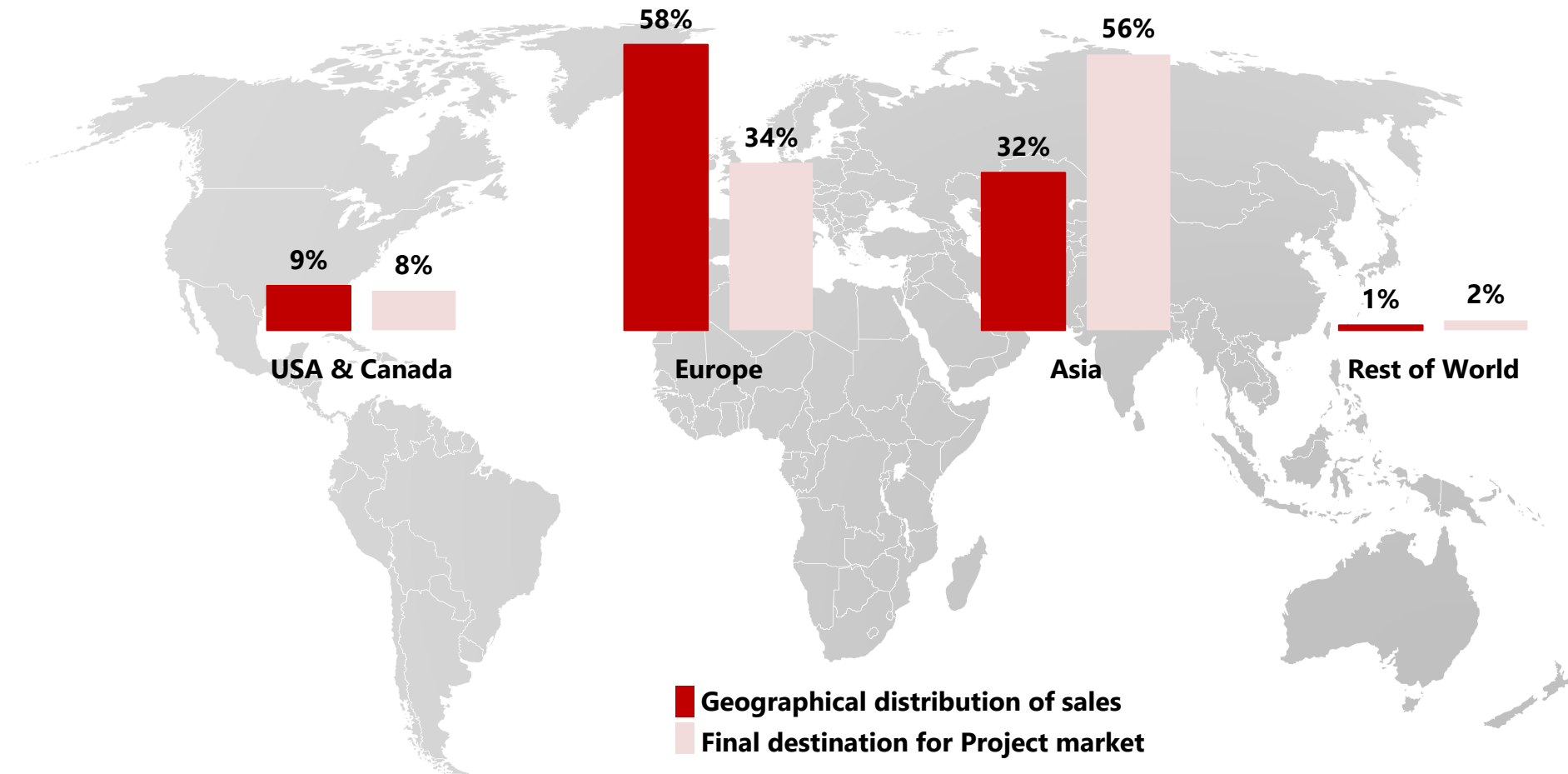
■ Other alloys

- Diversifying effort
- Incorporation of new grades in the product portfolio
- Gradual increase of fertilizer orders

Strong positioning in Oil&Gas and Energy

* Direct sales to engineering firms and end-users

Revenues Breakdown by Geography



Asia remains the biggest market for the Group

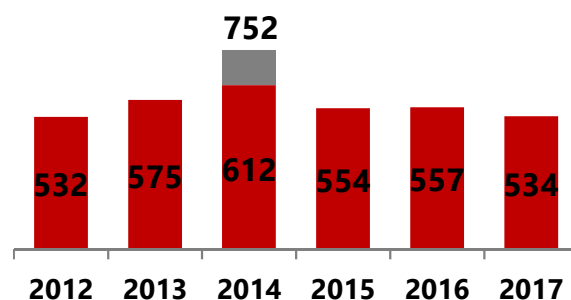
2017 in line with 2016 exluding adjustments

| €M | 2016 | 2017 | % Var | |
|--------------------------------|-------|-------|--------|--|
| Sales | 494.0 | 490.4 | -0.7% | |
| EBITDA | 34.9 | 25.9 | -25.8% | It includes non-recurring extraordinary adjustments |
| EBITDA margin | 7.1% | 5.3% | | |
| EBIT | 2.5 | -28.3 | n.m. | |
| EBIT margin | 0.5% | neg. | | |
| Net Profit | 0.5 | -19.7 | n.m. | TUBACEX has registered non-recurring extraordinary adjustments of 23.4M€ |
| Net Margin | 0.1% | neg. | | |
| Working Capital | 183.2 | 193.0 | +9.8 | |
| Working Capital / Sales | 37.1% | 39.4% | | |
| Net Financial Debt | 206.9 | 253.5 | +46.6 | |
| NFD / EBITDA | 5.9x | 9.8x | | |

We have voluntarily decided to register non-recurring extrarodinary adjustments related to Goodwill

Main figures evolution

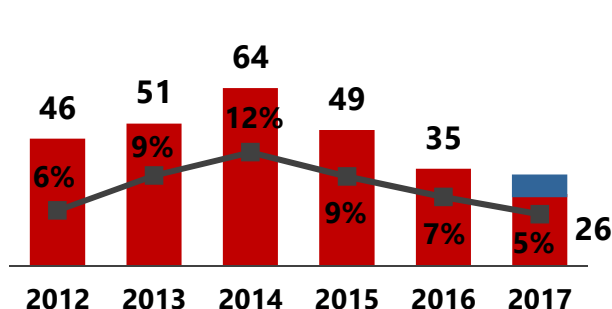
Revenues (€M)*



* Figure assuming nickel stable

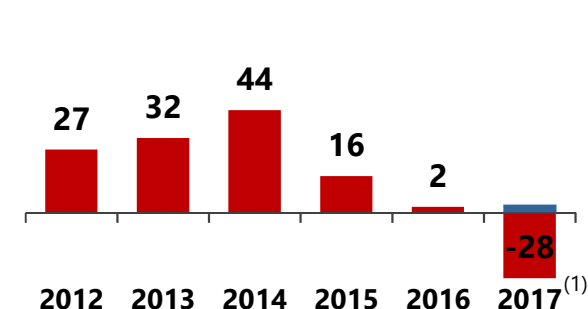
■ Incorporated new companies in 2015

EBITDA (€M)



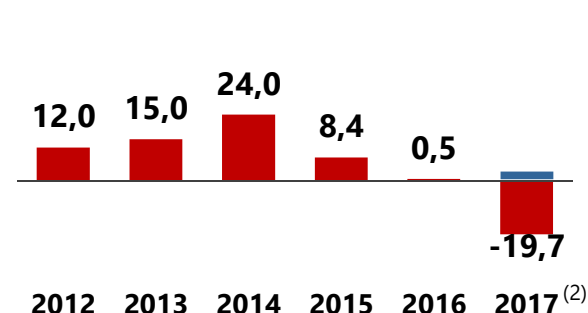
■ EBITDA — Margin
■ Excluding extraordinary adjustments

EBIT (€M)



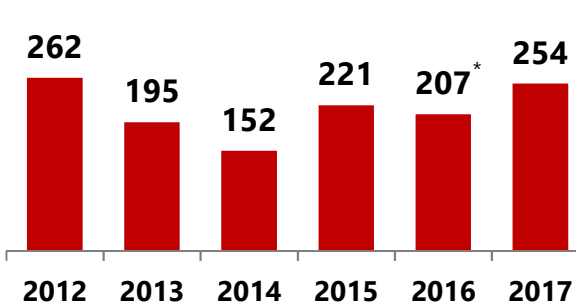
■ Excluding extraordinary adjustments

Net Profit (€M)



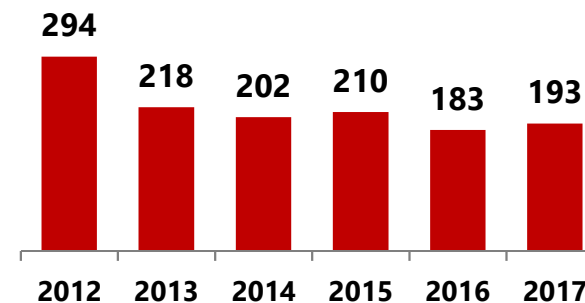
■ Excluding extraordinary adjustments

NFD (€M)



*Acquisition of two companies (Prakash & IBF)

Working Capital (€M)



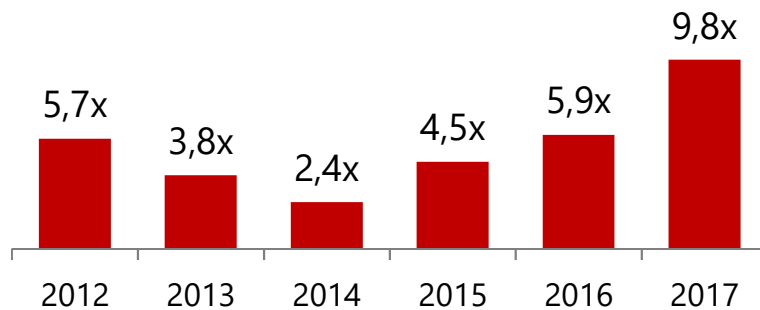
Significant improvement of results until Oil crash

(1) It includes extraordinary adjustments corresponding to the regularization of equipment, tooling and stocks, linked to the manufacturing of conventional products in Austria which will be moved to India

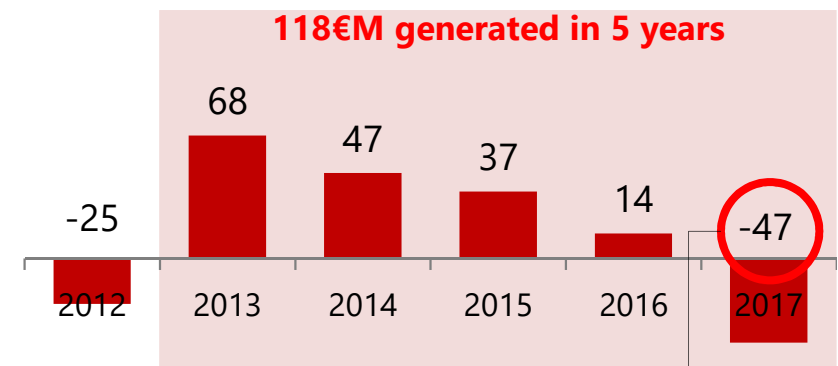
(2) It includes 23.4M€ of extraordinary adjustments mainly corresponding to the non-recognitions of the Austrian subsidiary's goodwill

Financial Strategy

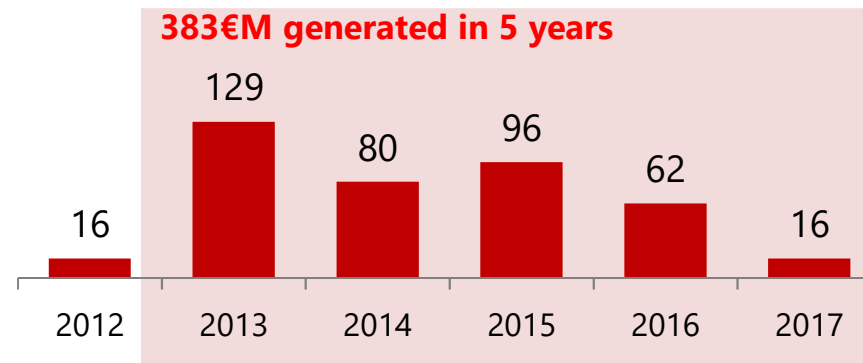
NFD / EBITDA



Cash Flow before acquisitions



Gross Cash flow



Financing 47.2€M of work in progress, corresponding to a multi year Project, that will be collected in the short-term

High Cash Flow generated allows financial soundness

Corporate Social Responsibility

1. TRAINING

Improve the competence level among young people in global environments

MILESTONES

- ✓ New dual training programs: Extrusion, Rolling and Forging
- ✓ 50 young people involved (2016-2017)
- ✓ In 2018 we launch the first international year



2. SOCIAL ACTION

Promote education through the access to Water, Sanitation and Hygiene (WASH) in 1,257 schools in Palghar (India)

MILESTONES

- ✓ First year of field work
- ✓ Awareness-raising workshops on healthy hygiene habits
- ✓ Installation of handwashing stations in schools



in support of
unicef

3. DIVERSITY

Promote social integration of groups at risk of exclusion

MILESTONES

- ✓ Workplace integration of people with functional diversity
- ✓ Integration of people with intellectual disabilities
- ✓ Employment promotion for young people at risk of exclusion





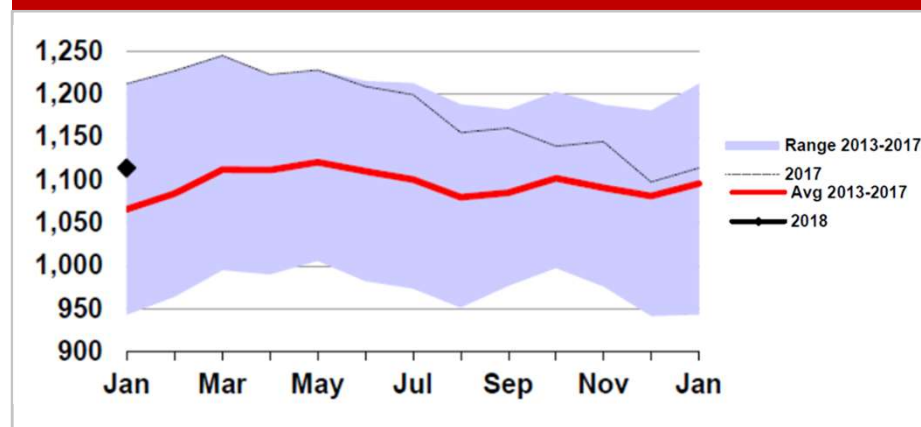
- FY 2017
- **2018 Outlook**
- Strategic Plan
- Tubacex Share

Positive macroeconomic indicators

Crude Futures (\$/bbl)



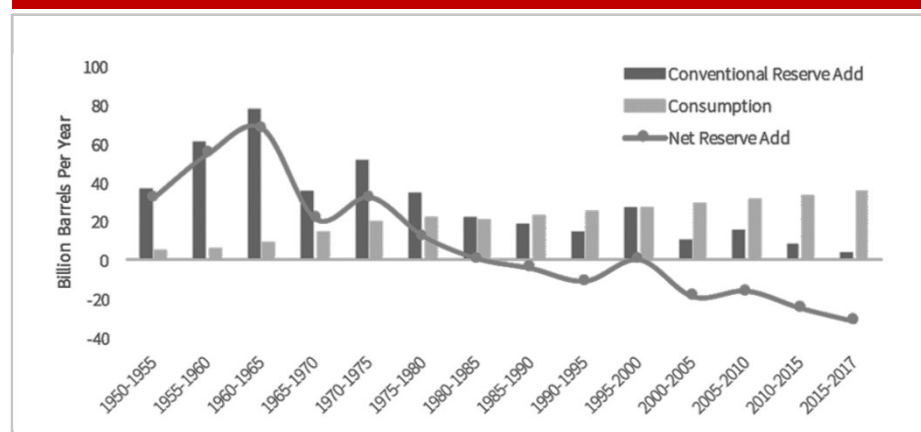
OECD crude oil stocks(mb)



Demand vs. Supply (mb/d)



Consumption vs. Reserves

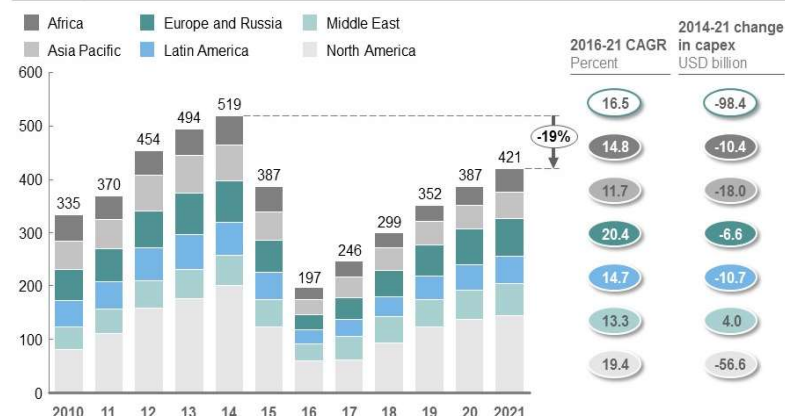


Positive macroeconomic indicators

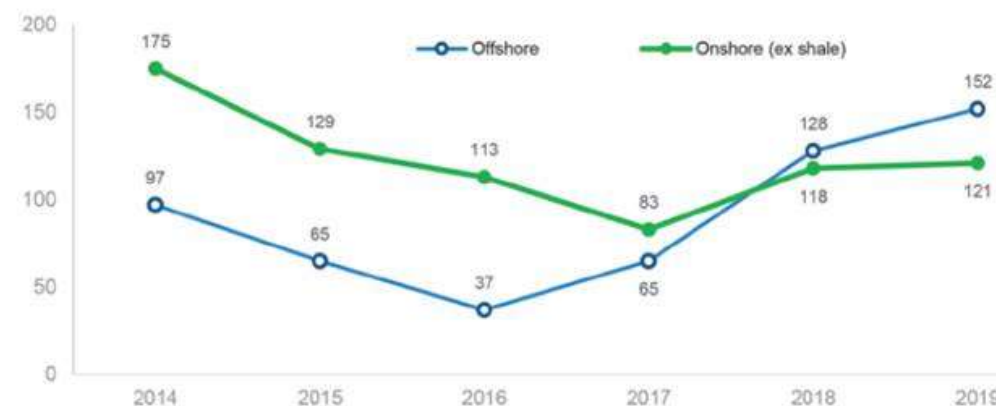
Oil production capex¹ is projected to grow by 16% through 2021 driven by rebound in the Americas, but stay depressed compared to 2014

SOURCE: McKinsey Energy

Historical and projected oil production capex
USD billion, nominal



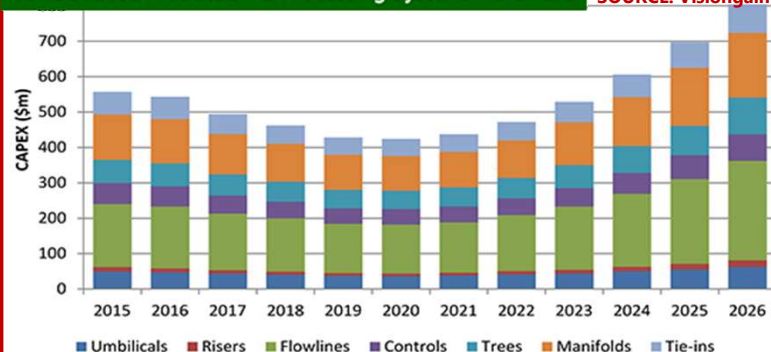
Number of project commitments by commitment year.



Source: Rystad Energy DCube

World Subsea Production & Processing Systems Hardware

SOURCE: Visiongain



SOURCE: Oil&Gas UK

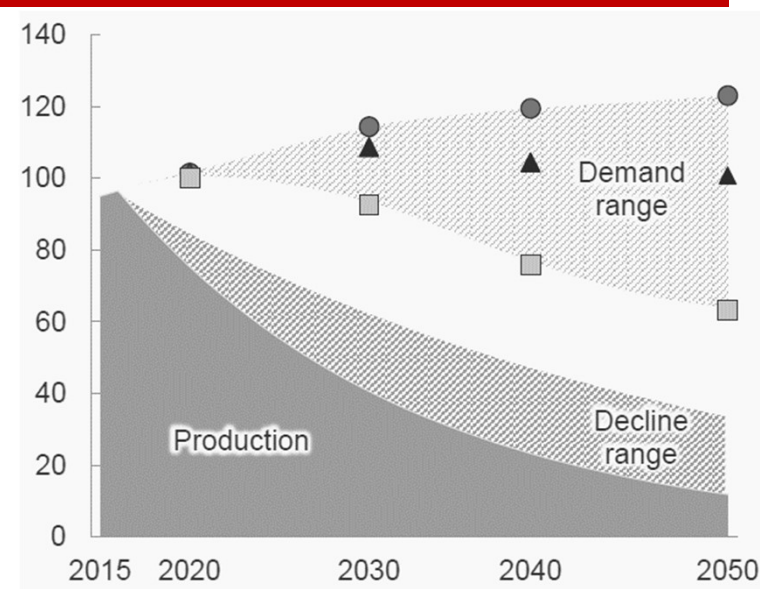
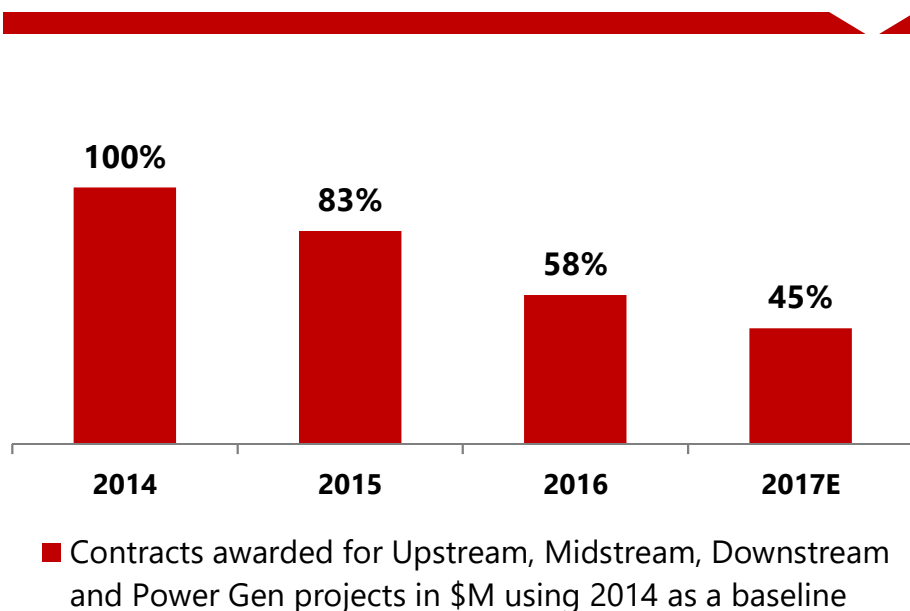


Costs in the North Sea are expected to drop to \$17 per barrel

Positive evolution of CAPEX

Recovery first evidences

1. Increase in imports in the USA
2. Increase in CAPEX in the OEM's
3. Rise in price per barrel
4. Gap in Decline Range vs. Demand Range
5. Rise in raw material prices

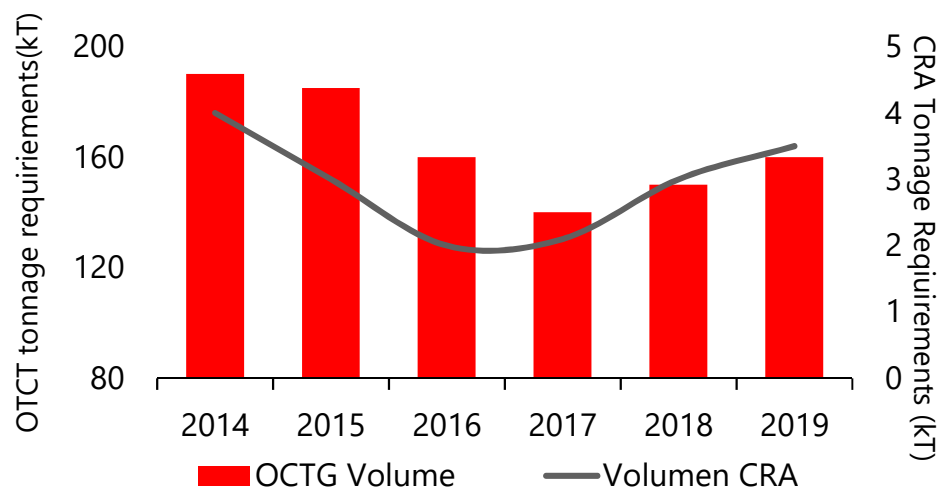


There are signs that the investment cycle is starting to turn

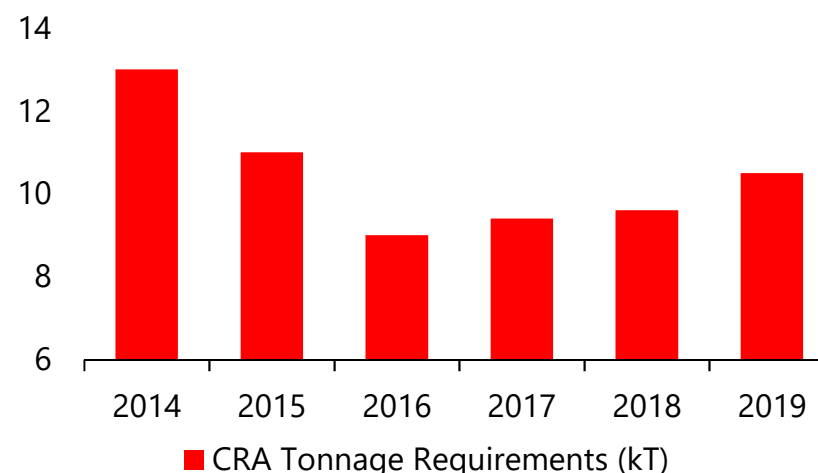
Initial signs of recovery

- The North Sea has undergone the biggest fall in percentage demand than any other region. However, this trend is starting to be reversed in 2018.
- Change in tendency in the Middle East with incremental CRA needs due to the prevalence of sour gas

North Sea OCTG & CRA Volumen Demand



Middle East OCTG CRA Volume Demand



Increase of the expected demand in CRA

* Source: Westwood, Metal Bulletin Research

Market Positioning Strategy

1



- Move **commodity** product to plants in **Asia** (India, Thailand)
- Develop sale of commodity product through own **TSS – Master Distributor** network
- Sale of **Premium** products directly to **End Users and EPC's**

2



- Offer the **largest range** of products on the market
- **Full “package”** of solutions
- Involvement in initial and final phases: from **Co-design** to assistance in **installation and maintenance**

3

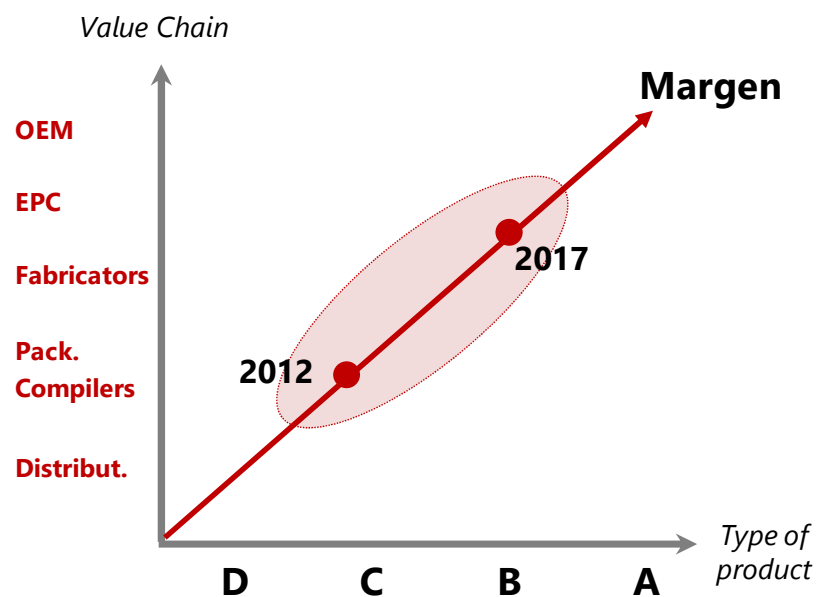


- Tendency to demand **local content** in the most important countries of the sector, to ensure multi-year framework agreements
- New plants 2018 – 2021:
 - EE.UU. II
 - Middle East

Proper product allocation by factory

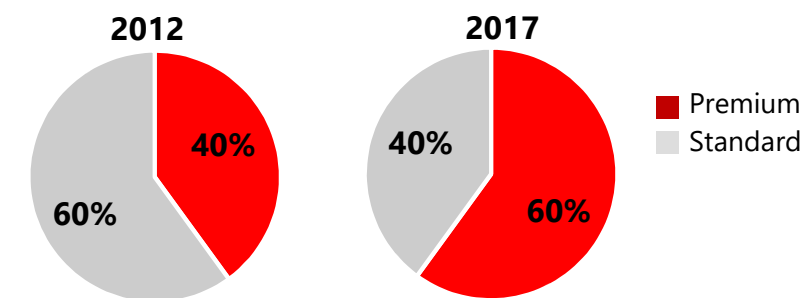
Business Strategy

Added Value



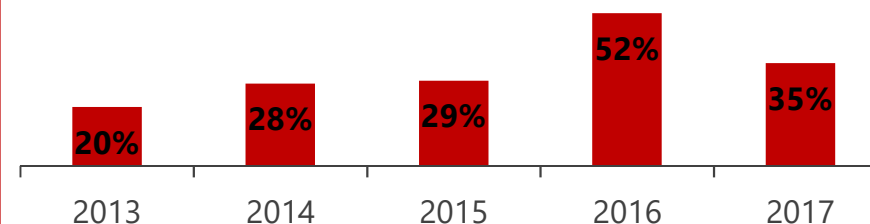
Note: the strong drop of volumes and pressure in prices experienced in 2015-2017 have significantly affected the consolidated margin of the Group

Premium Products



% in euros of Premium products over total consolidated revenues

New Products



New products refers to products industrialized since 2008

Focus on Premium segment and continuous development of new products

Management Strategy

1



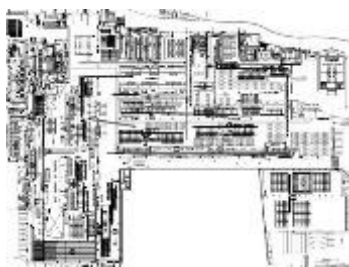
- Establish the management methodology
- New organization focusing on the Income Statement. < Cost
- New "Business Unit Trading"
- Financial Management

2



- Industry 4.0 – Big data
- Process Automation Robotization
- Use of sensorization in products
- Tube by tube traceability in production

3



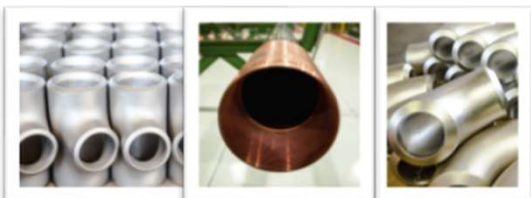
- Transformation of the Layout - Lean
- Elimination of intermediate stock
- New production processes

Productivity and Efficiency

Development Strategy

1

Connections



- Hydraulic connections
- Fittings, Tees, Cups
- Use of welding

2

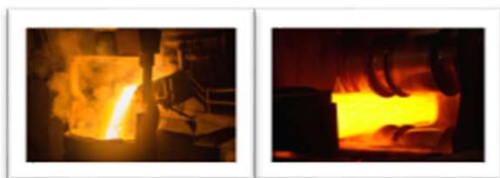
Services



- New coatings – Coatings
- Bending, welding, machining, etc.
- After-sales service Sequencing
- Product assembly services
- Testing, life expectancy testing (EIC)

3

Other developments



- New materials
- New applications

8 patents in the past three years

Innovation Strategy

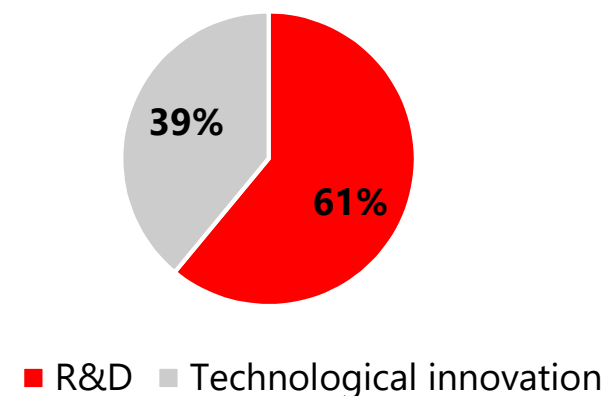
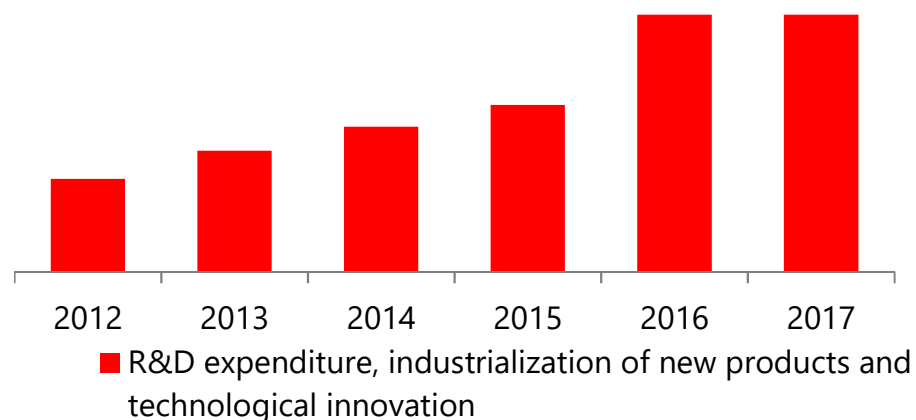
- Strategy focused on client to increase global efficiency of his projects and processes

Transforming the most demanding needs into customized solutions of high technological value developed in co-creation with customers

- Six patent applications in 2016-2017 and two more in 2018



Effort in R&D and Technological Innovation



Posicionamiento estratégico

- With our market positioning and maintaining the improvements in Productivity and Efficiency and the effort in Innovation, all under the EFQM excellence model



Our Vision:
TO BECOME A SUPPLIER OF PREMIUM TUBULAR SOLUTIONS



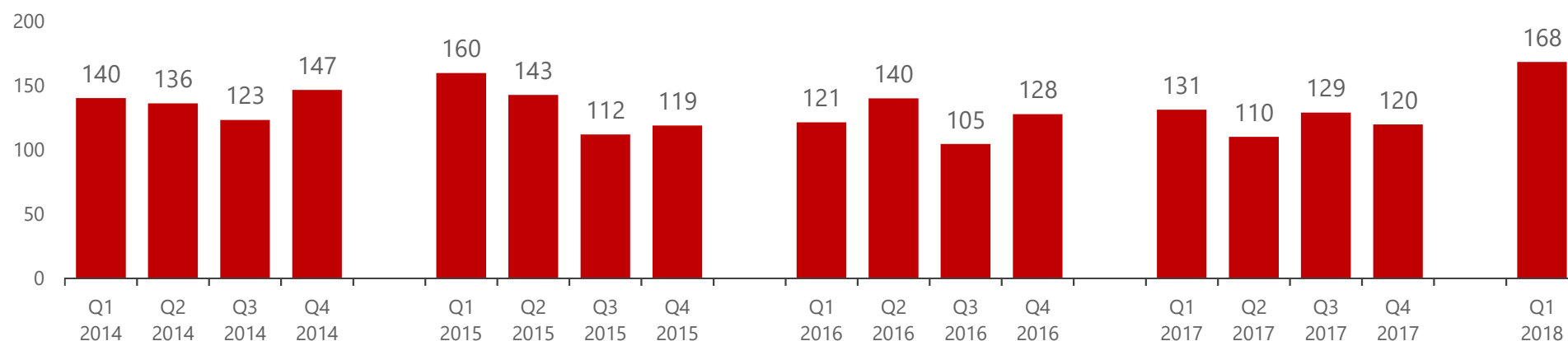
Outlook for the Year

- **Gradual** recovery of the market
- Partial recovery of the **base prices**
- Increase in the price of **raw materials**
- Development of the **contracts** awarded in 2017
- Important year for the launch of **new products / businesses**
- Good positioning for **new long-term contracts** currently under negotiation
- Intense year in the **improvement of processes and industrialization**

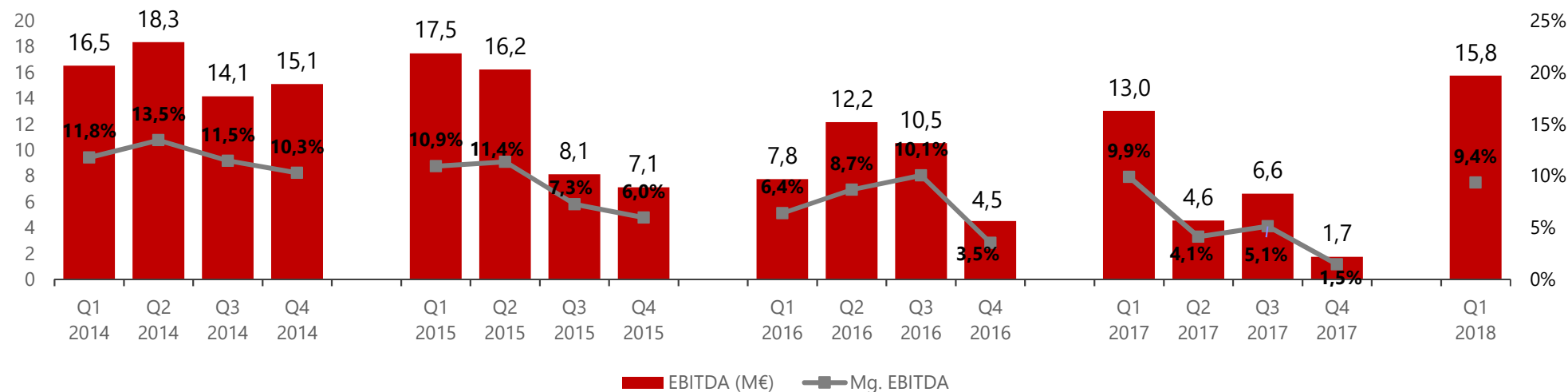
We think that the worst has passed...

Revenues and EBITDA evolution

Revenues



EBITDA



Main financials

| <i>Mill.€</i> | Q1 2018 | Q1 2017 | % Var. |
|-----------------------------|---------|---------|--------|
| Revenues | 168.5 | 131.3 | 28.3% |
| EBITDA | 15.8 | 13.0 | 21.0% |
| EBITDA margin | 9.4% | 9.9% | |
| EBIT | 6.5 | 4.6 | 40.5% |
| EBIT margin | 3.9% | 3.5% | |
| Profit Before Taxes | 2.9 | 2.8 | 2.4% |
| PBT margin | 1.7% | 2.2% | |
| | Q1 2018 | FY 2017 | Var. |
| Net working capital | 217.1 | 193.0 | +24.0 |
| Net working capital / sales | 41.1% | 39.4% | |
| Net Financial Debt | 263.1 | 253.5 | +9.6 |
| Net Financial Debt / EBITDA | 9.2x | 9.8x | |

Outlook for the Year

- Uncertainty in the execution of the order for Iran: our expectation is to be able to supply at least **until the end of the year** (November 2018)
- Reduction in the working capital as the projects are delivered, gradual reduction of the **NFD** throughout the year, **approaching a multiple of 3x**
- Results expected for the rest of the year in line with those for the Q1 2018, giving us **similar results to those prior to the start of the crisis**
- Important year for the award of **new projects** that ensure us additional growth in 2019 – 2020

Recovery to levels prior to the start of the oil crisis



- FY 2017
- 2018 Outlook
- **Strategic Plan**
- Tubacex Share

We are better positioned for recovery

| | Pre Crisis 2014 (Proforma) | Crisis 2016 - 2017 | Change |
|-------------------------|-------------------------------|-----------------------|----------------|
| Revenues | 750 M€ | 500 M€ | -250 M€ (-33%) |
| Gross margin | 370 M€ (50%) | 230 M€ (46%) | -140 M€ (-38%) |
| EBITDA | 82 M€ (12%) | 35 M€ (7%) | -47 M€ (-57%) |
| Headcount | 2.800 | 2.314 | -486 p. |
| # Patents | 0 | 7 | +7 |
| Order Intake | ≈ 700 M€ | ≈ 1.000 M€ | +300 M (+43%) |
| % Premium Product | 40% | 65% | ▲ 25% |
| Sales to End User / EPC | 35% | 65% | ▲ 30% |

Loss of volume and reduction in prices not offset by cost reduction measures

Phases in our Strategic Plan

| | Starting point | Improvement | Oil&Gas Crisis | Recovery | Strategic Target |
|------------------------------------|----------------|------------------------|----------------------|----------------------|--------------------|
| | <u>FY 2012</u> | <u>2013-2014</u> | <u>2015-2017</u> | <u>2018 - 2019</u> | <u>2020 - 2021</u> |
| Product Mix (% premium over sales) | 27% | 36.2% Premium Products | 60% Premium Products | 70% Premium Products | 70% Premium |
| Sales | n.a. | +15% | -30% | 700-800M€ | 1,000M€ |
| EBITDA Margin | 8.6% | 11.7% | 7-8% | 12% | 13-15% |
| Net Debt / EBITDA | 5.7x | 2.4x | >3x | <3x | <3x |
| RoCE | 5.2% | 10% | <1% | 10% | >10% |
| Working Capital / Sales | 55.3% | 37% | 40% | 35% | 35% |

Strategic Plan



New Perimeter set up during Crisis

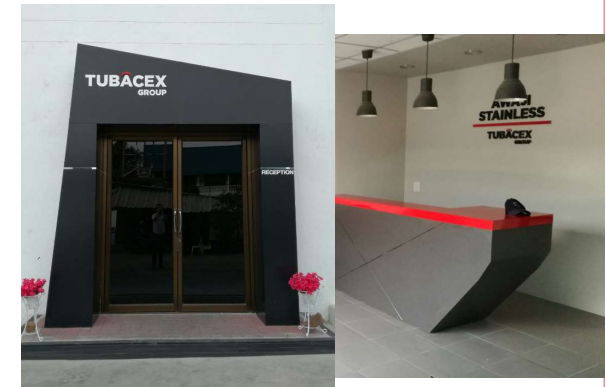
IBF (Italy)



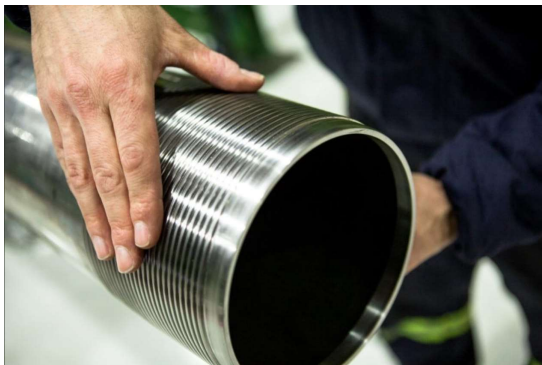
Prakash (India)



Awaji (Thailand)



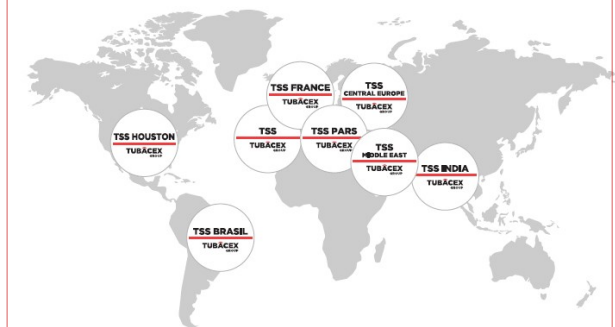
Tubacex Upstream



Tubacex Services

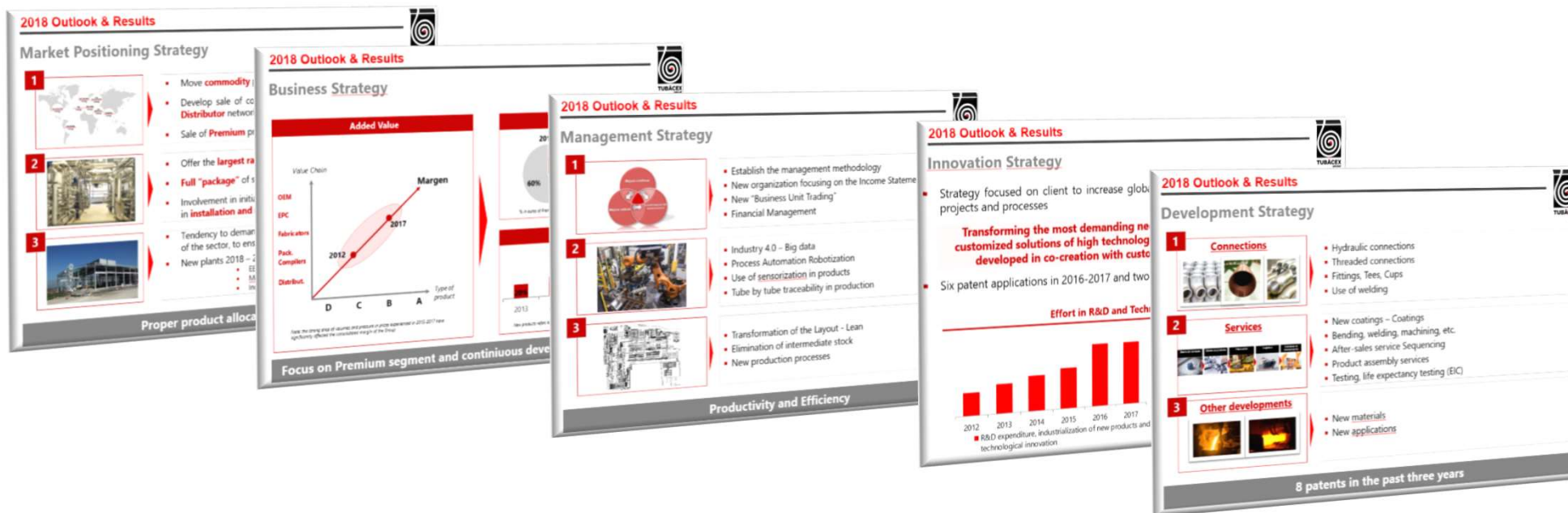


Tubacex Service Solutions

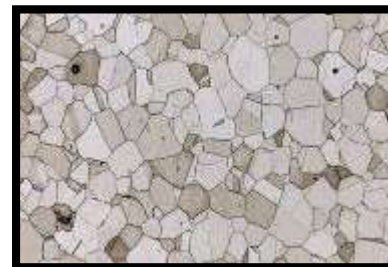
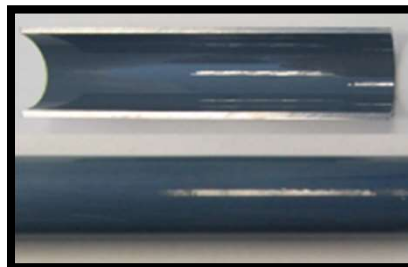
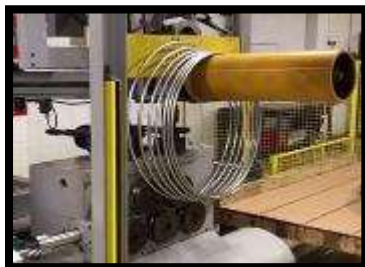


Strategic Plan

Significant advance in market positioning



New products, services and materials



Strategic Objectives 2020

1

Continue positioning TUBACEX as a **global supplier of tubular solutions**



SUPPLIER OF PREMIUM TUBULAR SOLUTIONS

2

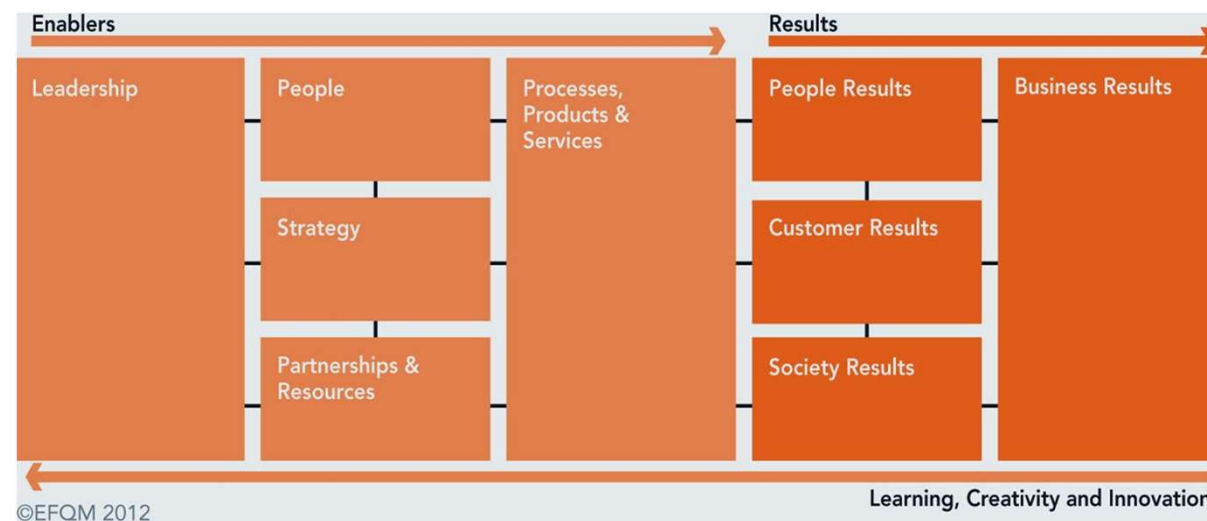
Reduction of the volatility diversifying risks

- Market
- Product
- Sector
- Raw Materials
- Geographic Diversification
- Correct Product Allocation
- Increase in non-oil sales

Strategic Objectives 2020

3

Obtain a **level of excellence above 500 in the EFQM model** (Silver Q for the management model is 400), with all of the results above 50% in both internal and external audits



4

Sustainable and profitable growth that takes us to attractive financial ratios for the financial markets

Strategic Plan 2016 – 2021: Financial Objectives

| | | |
|---|-----------------------------|-----------|
|  | Revenues | 1,000 M € |
|  | EBITDA Margin | 15% |
|  | NFD /EBITDA | 2-3x |
|  | Net Working Capital / Sales | 35% |

INTERNAL PROJECTS

- Organic growth
- Commercial positioning
- TSS- full development of global logistics
- Fully assembled tubular systems
- Industrial plans
- Innovation plans
- Costs optimization
-

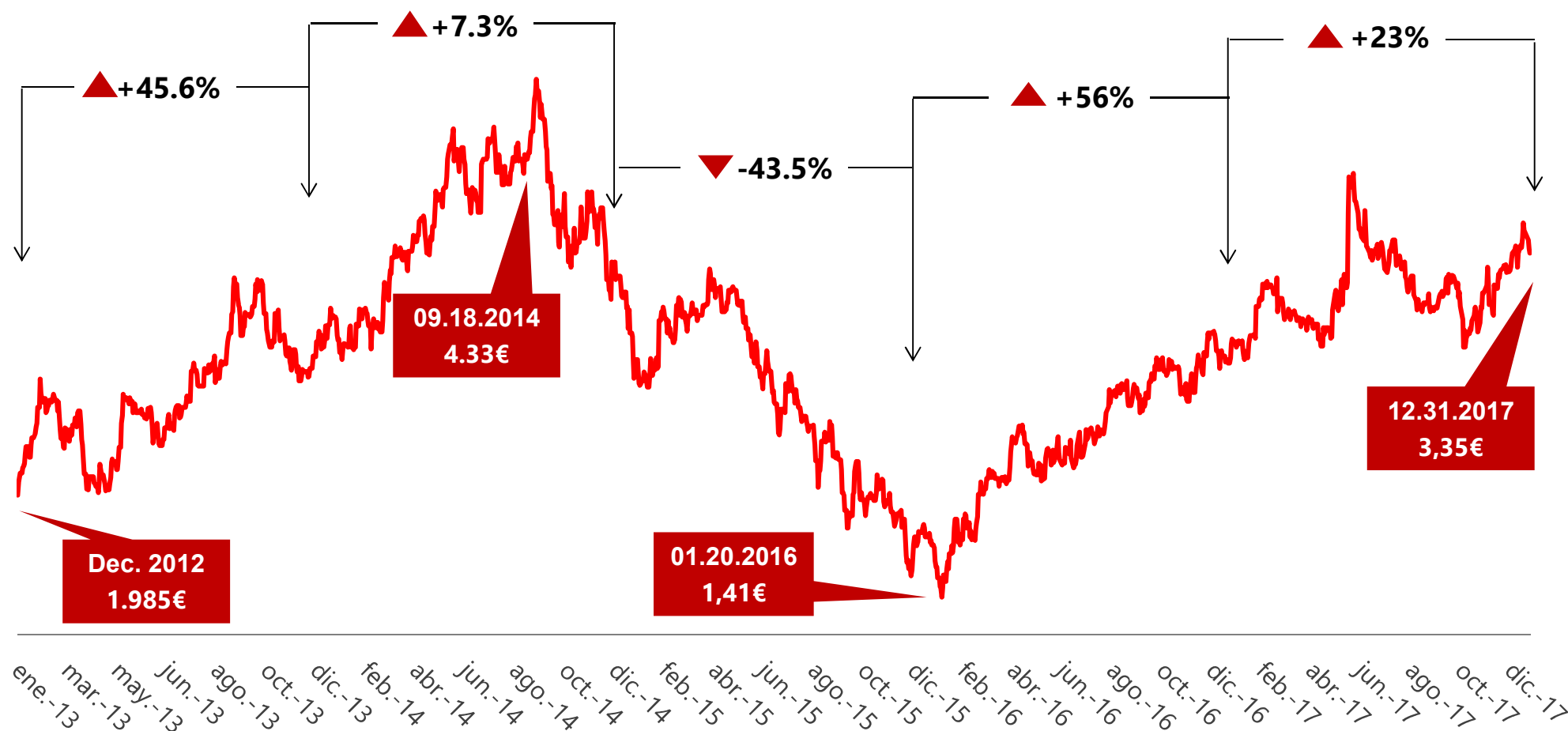
EXTERNAL PROJECTS

- Development of testing capabilities (EIC)
- Agreements with engineering partners
- M&A operations to acquire complementary products and services



- FY 2017
- 2018 Outlook
- Strategic Plan
- **Tubacex Share**

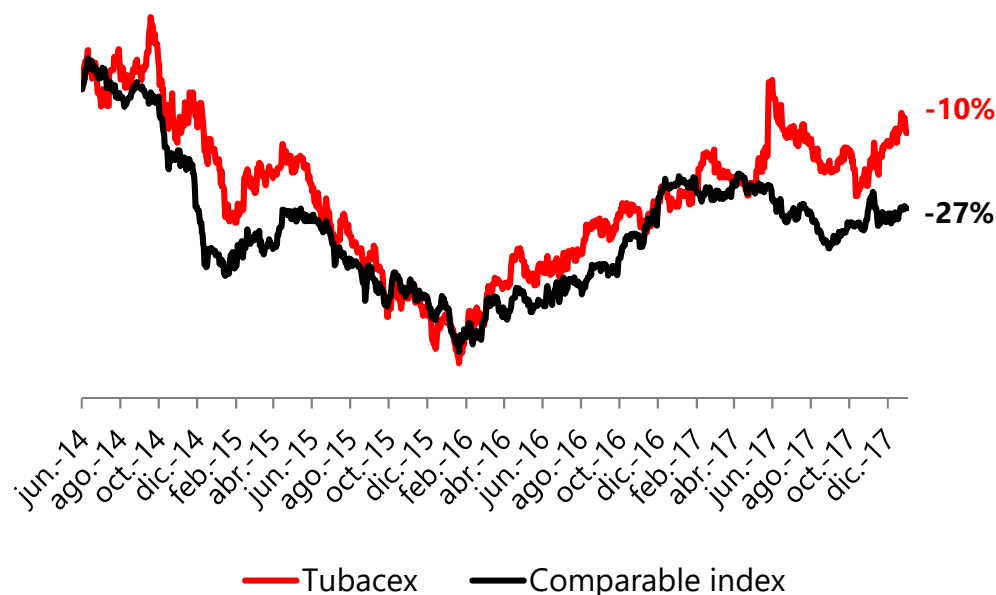
Share's evolution



Good performance of the share after the significant drop in 2015

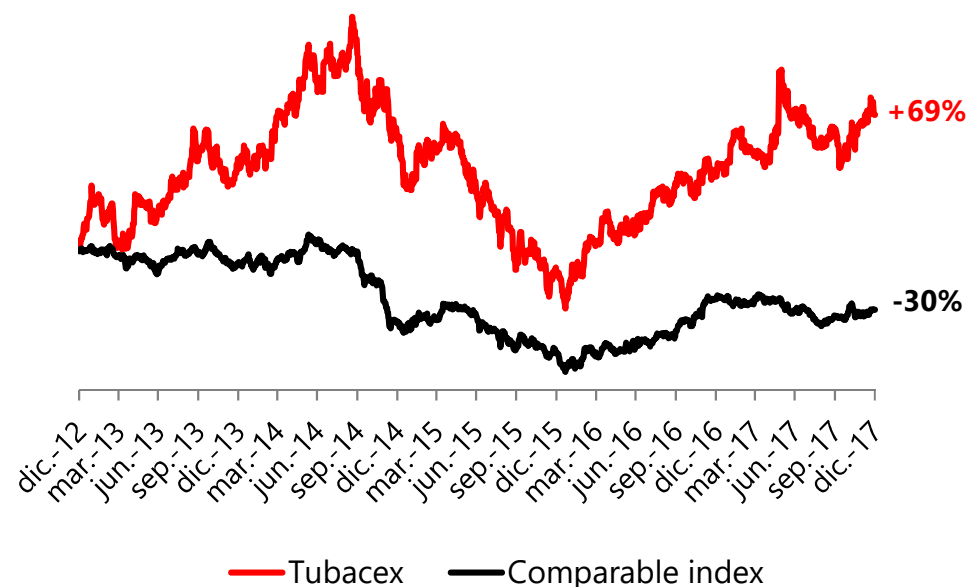
Share's evolution

Evolution from June 2014



Since the oil crisis beginning the performance of TUBACEX's share has been better than the sector's performance

Evolution from 2013



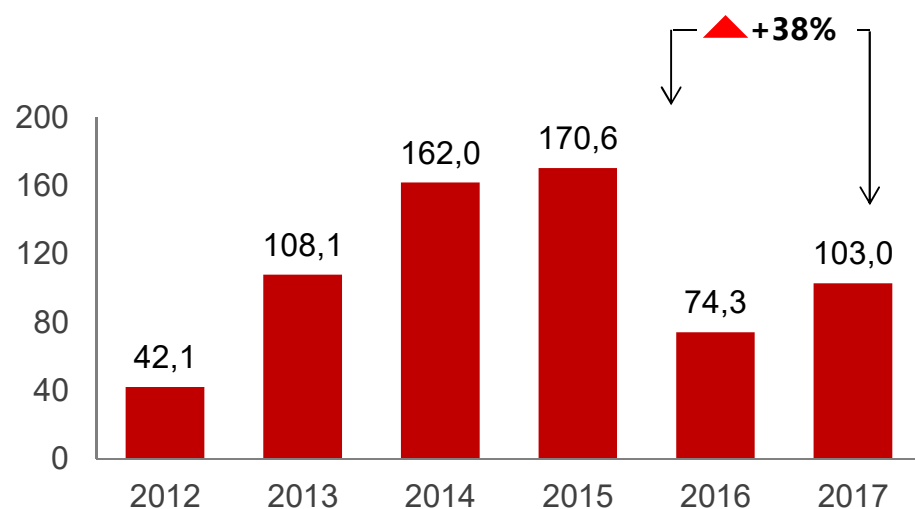
Since the Strategic Plan 2013-2017 launching the share has increased by 69%

Better performance than the sector

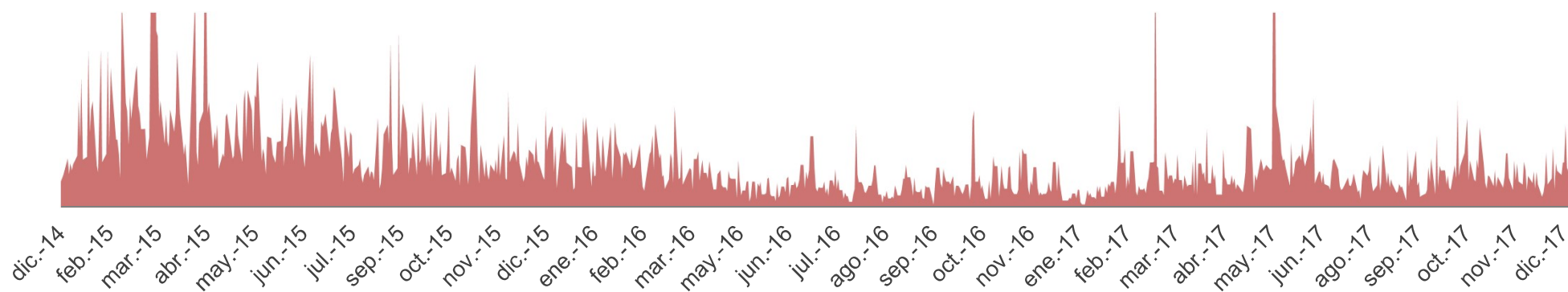
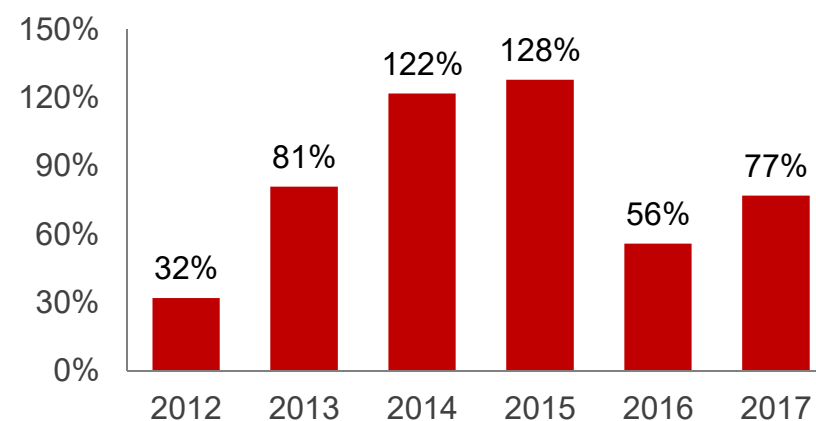
Note: comparable index shows the evolution of the share price of the main oil services companies

Liquidity

Traded shares (mill. of shares)

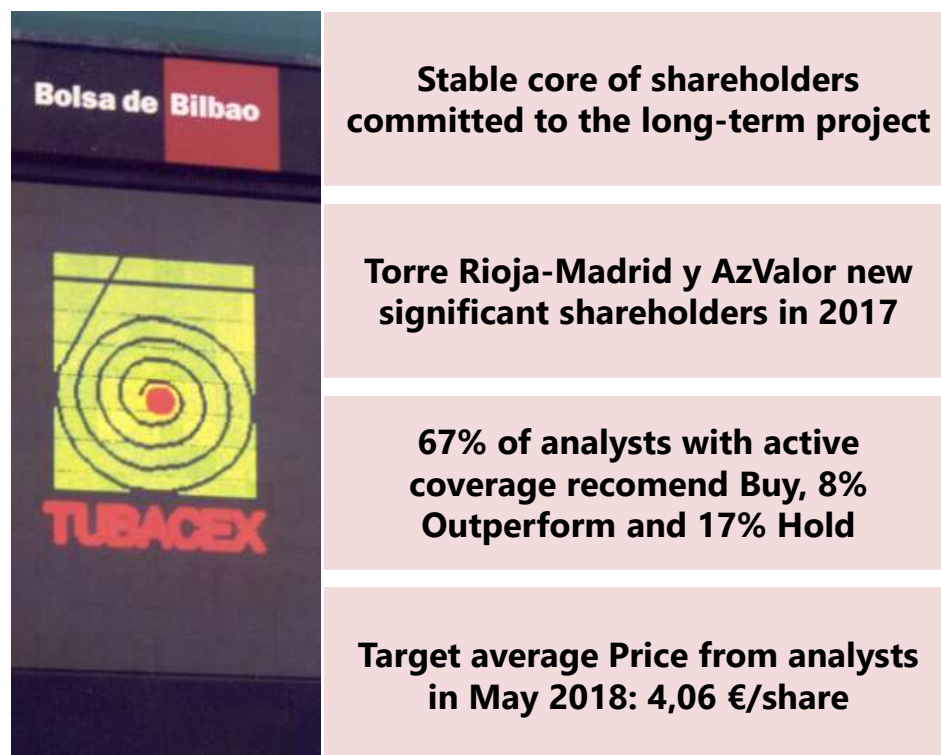


Capital rotation(%)

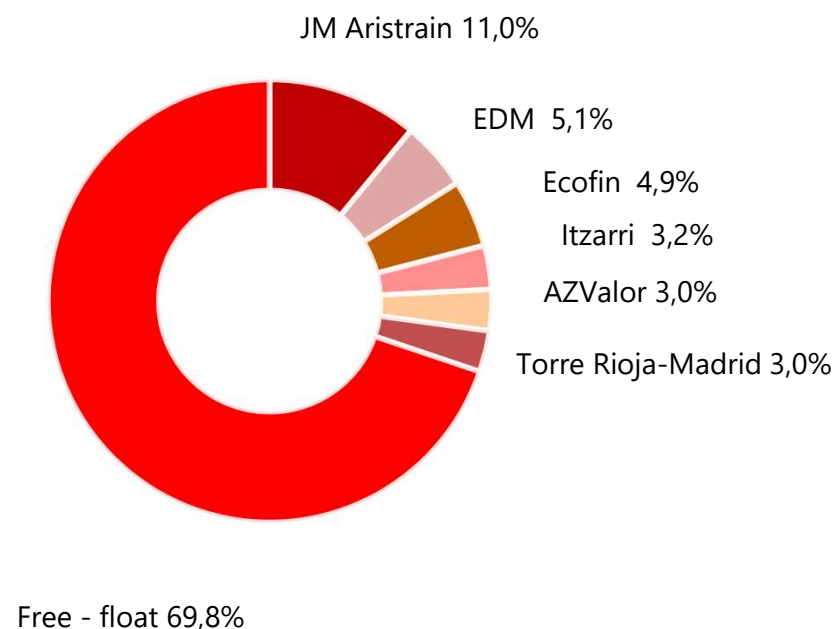


Other key matters

Relationship with Investors



Estructura Accionarial



Stable shareholder structure with positive market assessment

Source: Spanish Securities Exchange Commission (CNMV) on May 11,



THANK YOU