



**PRESS RELEASE**

**The company has made full provision for application of substitution contracts through to 2012**

**TUBACEX OBTAINS CONSOLIDATED NET PROFITS OF 37.58 MILLION EUROS**

**(Llodio, 27 February 2009).**- TUBACEX, the world's second largest seamless stainless steel tube manufacturer, obtained gross operating profit (EBITDA) of 72.38 million euros, operating profit (EBIT) of 55.71 million euros and consolidated net profits, after tax, of 37.58 million euros in 2008, which is 33.7% lower than the 56.66 million euros obtained in 2007.

The gross operating profit (EBITDA) for financial year 2008 includes the provisions made in the last quarter to fully cover the labour liabilities related with application of the substitution contract formula until 2012 and to reflect the effect of the drop in raw materials prices in the valuation of stocks for a joint amount of over 15 million euros. If this adjustment were not taken into account, the gross operating profit (EBITDA) would have stood at 88 million euros (17% less than in 2007).

Sales in the financial year reached 671.80 million euros, which is 3.6% lower than the figure recorded in 2007, when sales totalled 696.73 million euros.

These profits have been achieved in a situation of unprecedented global crisis, characterised by the brusque contraction in activity levels and industrial investment worldwide, the slump in reference raw material prices, especially nickel and molybdenum, the weakness of the euro, the sharp drop in oil prices and by the difficulties and delays in projects financing and its consequent effect on final demand in the energy and petrochemical sectors.

During 2009, TUBACEX expects to conclude the majority of the strategic investments foreseen in its 2012 Plan, oriented towards innovation, specialization and the development of new very high value added products for the oil, gas, power generation and nuclear energy sectors, so as to guarantee a strongly reinforced competitive position once the international crisis has been overcome. The long-term cooperation agreement signed with Vallourec on 18 February last, covering R&D, technological development and commercial strategy, is a key factor in implementing the said strategic lines.



## PRESS RELEASE

### EVOLUTION OF CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR

	<b>2008</b>	<b>2007</b>	<b>% 2008/2007</b>
SALES	671.80	696.73	-3.6%
GROSS OPERATING PROFIT (EBITDA)	72.38	106.17	-31.8%
OPERATING PROFIT (EBIT)	55.71	89.47	-37.7%
NET PROFIT	37.58	56.66	-33.7%
NET CASH FLOW	54.25	73.35	-26.0%
PROFITS PER SHARE (PPS) (in euros)	0.283	0.426	-33.7%

Figures in millions of euros.