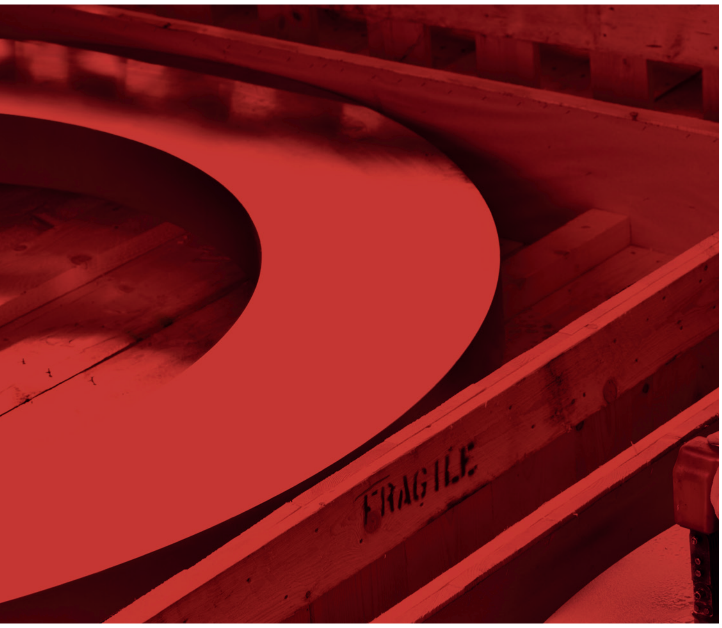
Presentation of the results

3rd QUARTER OF 2017



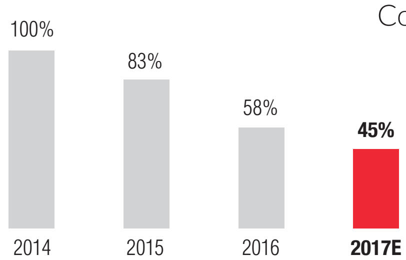
"We now have a premium portfolio for the next three years, having reached record highs for our Company."

So far in 2017, the market situation has hardly changed at all. We are facing a continued reduction in investments throughout the entire value chain of the Oil&Gas sector, which is leading to a significant fall in volumes and serious pressure on prices. The projects awarded to EPCs have been drastically reduced for three consecutive years, which will have an impact on general market demand over the forthcoming months.

However, in spite of facing a seriously depressed market, the improved positioning of TUBACEX in premium products is enabling us to secure major orders for high value-added products. We now have a premium portfolio for the next three years, having reached record highs for our Company. For the first time ever, this portfolio includes an important engineering solutions component, which represents a qualitative leap in our business model and places us in a privileged position until the general recovery of the market.

The gradual increase in our market share in higher value-added products, operational improvements and constant efforts to control costs are our pillars in order to maintain our results and enable us to present positive net profit even in the current market environment.

I must also mention the financial soundness of our Balance Sheet, although the ratio of net financial debt has increased and stands at high levels. The increase in our financial debt is linked to the increase in the working capital, which is necessary in order to start production of diverse projects in our portfolio, the invoicing for which will have an impact on our Income Statement in the coming months. In this respect, it is worth remembering that we will receive an advance of €55M for one of these projects in the coming weeks, which will offset this increase in working capital. Furthermore, we reaffirm our objective of placing our net financial debt over EBITDA ratio below 3x in 2018.



Contracts awarded for
Upstream, Midstream, Downstream and PowerGen proyects in ($M) using 2014 as a baseline

Source:
EIC Projects Databasis, TUBACEX

As far as the future prospects are concerned, although we do not foresee any significant change in the market in the short term, the current level of investment in our sector is not sustainable so signs of recovery should be seen throughout 2018. Fortunately, until this recovery arrives, our current portfolio of premium products enables us to anticipate a significant improvement in results for the coming quarters.

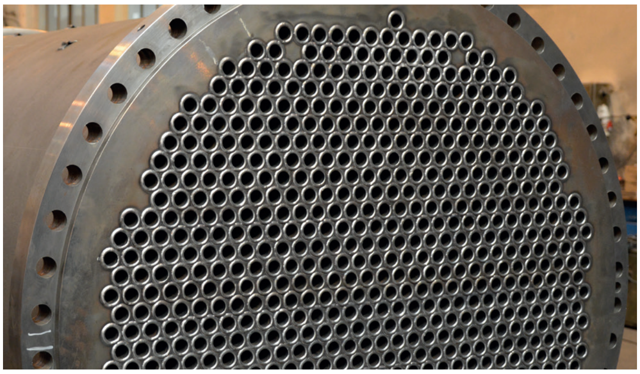
Jesús Esmorís
CEO

1 Market environment

Worldwide growth has remained firm after the summer months, particularly thanks to the support of advanced countries, although emerging countries seem to have slowed down.

The prices of raw materials have followed an upward trend during the third quarter of the year, although they remain at historically low levels. As a reference in our industry, **nickel** closed the month of September at $10,675 per ton, up 5.7% on the 2016 year-end. In average price terms, the average price of nickel LME has stood at $10,071 per ton, up 4.4% on the average price in 2016.

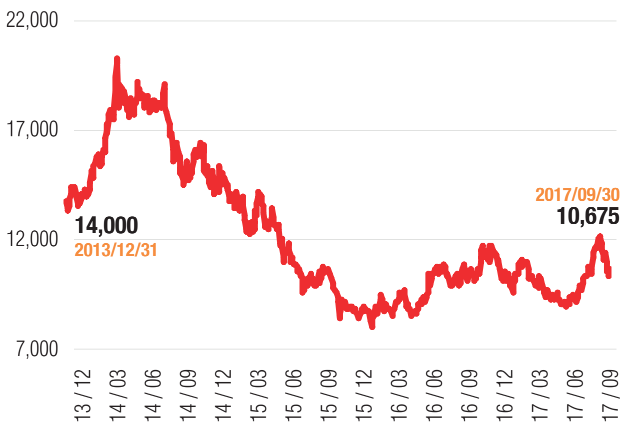
The other two alloys with significant weight in the Group's supplies for the manufacture of stainless steel are **molybdenum and chromium**. They have both also experienced an increase in prices in the third quarter of the year. The price of molybdenum closed the month of September up 26.5% on the 2016 year-end. This is practically the same as the revaluation experienced by chromium (+26.4% with respect to December 2016).



As for the price of oil, it has undergone a change in trend during the third quarter following its poor performance in the first half of the year, which has enabled accumulated losses until June to be offset. The Brent barrel closed September at 56.79 USD, down just 0.1% on the close of 2016.

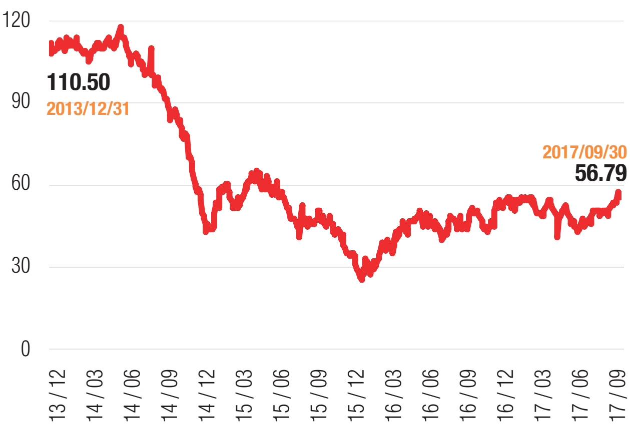
Evolution of the nickel price

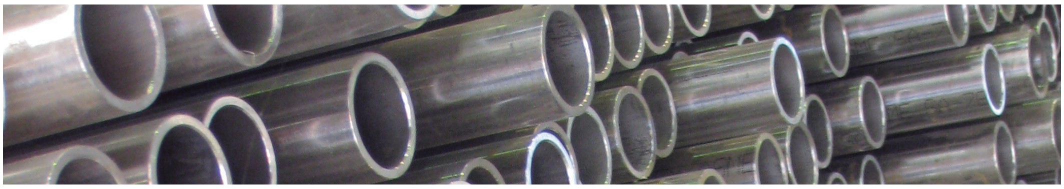
DEC 13 - SEP 17 ($/TON)

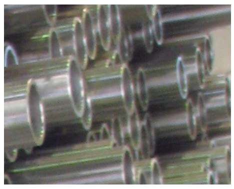


Evolution of the brent price

DEC 13 – SEP 17 ($/barrel)







2 Key financial figures

In the first nine months of the year, the market for TUBACEX products and services has remained extremely depressed, leading to a permanent fall in volumes and a constant increase in price pressure, which is unfavorably affecting the Group's results. In spite of this unprecedented crisis in the Oil&Gas sector, the good positioning of TUBACEX and the increase in its market share in the highest value-added sectors is enabling it to withstand the current situation and anticipate a gradual improvement in results in the forthcoming quarters.

Financial figures
€M

	9M 2017	9M 2016	change %	Q3 2017	Q3 2016	change %
Sales	370.5	366.2	1.2%	129.1(1)	104.6	23.4%
EBITDA	24.2	30.4	-20.5%	6.6	10.5	-37.2%
EBITDA margin	6.5%	8.3%		5.1%	10.1%	
EBIT	0.3	6.9	n.m.	(0.5)	3.8	n.m.
EBIT margin	0.1%	1.9%		neg.	3.6%	
Net Profit	1.1	3.3	-66.4%	(0.8)	1.6	n.m.
Net margen	0.3%	0.9%		neg.	1.5%	

	2017/09/30	2016/12/31
Working Capital	232.1	183.2
Working Capital / Sales	46.6%	37.1%
Equity	303.0	313.6
Equity / Net Financial Debt	108.3%	151.6%
Equity / Adjusted Net Financial Debt	135.1%	151.6%
Net Financial Debt	279.9	206.9
Adjusted Net Financial Debt(2)	224.3	206.9
NFD/ EBITDA	9.8x	5.9x
Adjusted NFD(2) / EBITDA	7.8x	5.9x

(1) The sales figure for the third quarter of 2017 includes €37.3M corresponding to the progress in the execution of significant projects.
(2) The adjusted net financial debt figure at 30 September 2017 includes the sum of €55.6M corresponding to the advance payment of an important multi-year project, which will be received in the forthcoming weeks.
n.m.: Not meaningful
neg: Negative

The sales figure between January and September stands at €370.5M, up 1.2% on sales for the same period in 2016. The EBITDA amounts to €24.2M with a margin of 6.5% compared to a margin of 8.3% in the same period in 2016. The reduction in volume and the worse mix explain the lower margin obtained.

As for the Balance Sheet, the working capital has closed the quarter at €232.1M, which represents 46.6% of the sales figure and an increase of €48.9M with respect to the year end. The increase in net working capital is due, on the one hand, to the opening of new distribution centers by Tubacex Service Solutions and, on the other, to the purchase of raw materials and to the product in progress related to the execution of multi-year projects for the supply of comprehensive tubular solutions, mainly in OCTG and Umbilical Tubes.

The net financial debt on 30th September amounts to €279.9M, €73.0M more than the 2016 year-end. The increase in net financial debt is related to investments in the purchase of machinery for the Group's organic growth, particularly in India, and the increase in working capital devoted to the aforementioned singular Premium solutions projects. However, it is necessary to bear in mind that TUBACEX will be paid €55.6M in the coming weeks as an advance payment for one of its strategic projects, the production of which will have an important impact in the second part of the year but whose invoicing is concentrated in 2018, 2019 and 2020. Bearing in mind this advance payment, the net financial debt will amount to €224.3M, with a ratio of 7.8x the EBITDA. It is necessary to remember that the high debt ratio corresponds to a temporary situation characterized by a high debt figure following the acquisition and integration of two strategic companies in 2015 along with the aforementioned increase in working capital, all of which in a context of operating results that are significantly affected by the weak market situation. As the execution of the significant Premium projects progresses, this ratio will gradually fall until reaching the strategic objective of 3x throughout 2018.

TUBACEX financial strategy in recent years has been aimed at optimizing costs and the diversification of financing sources. The success of this financial strategy can be seen in two specific facts: (i) financial expenditure far below that of the same period of 2016 and (ii) a strong cash position that enables debt maturities to be met for the next 3-4 years even in the worst-case scenarios.

As for future perspectives, although no changes in the market situation are anticipated in the short term, the record backlog of TUBACEX premium products foresees a significant improvement in results for the forthcoming quarters.

Quarterly evolution

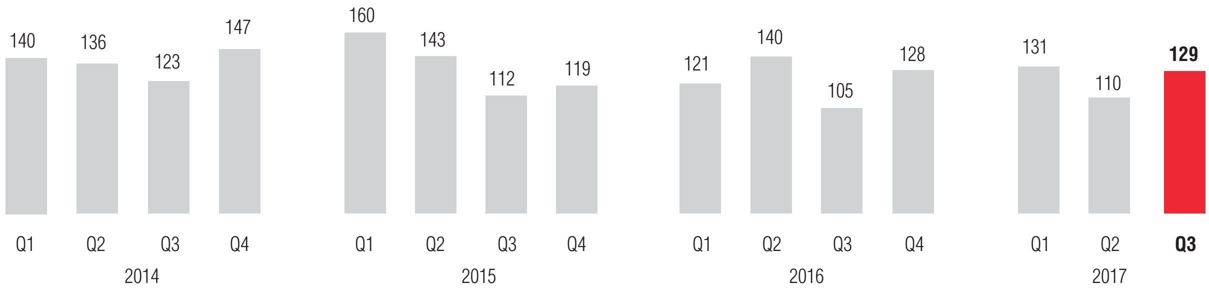
It is worth remembering that the third quarter results, as a consequence of the summer holiday, always have a very important seasonal component for TUBACEX. It is also necessary to bear in mind that the third quarter of 2017 is the first period in which the start of production of significant projects is reflected, which will be completed over the next 3 years.

The sales figure for the third quarter stands at €129.1M, up 23.4% on the same period in 2016 and includes €37.3M corresponding to the progress in the execution of high value-added projects which will start to be invoiced between January and February 2018.

The EBITDA for the quarter amounts to €6.6 M, with a margin of 5.1%. The low margin is essentially due to the unfavorable mix as a result of the delay in the award of some projects.

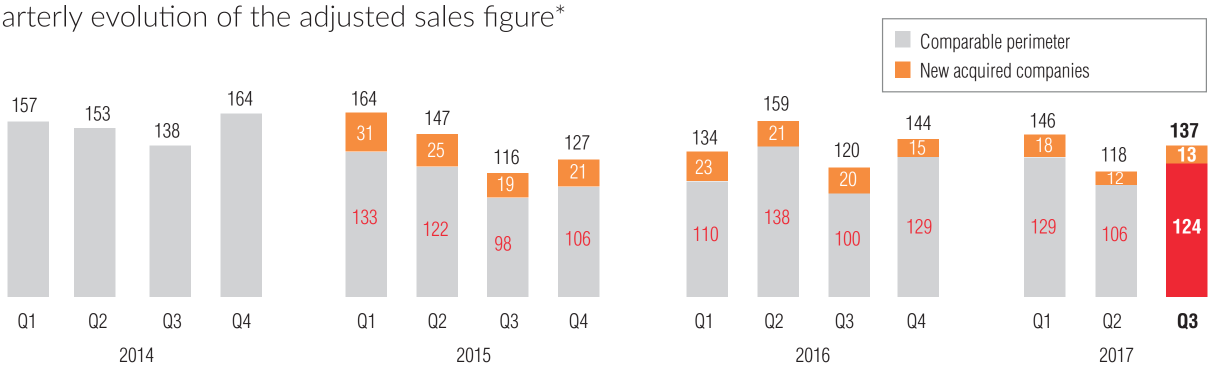
Quarterly evolution of the sales figure

€M



Quarterly evolution of the adjusted sales figure*

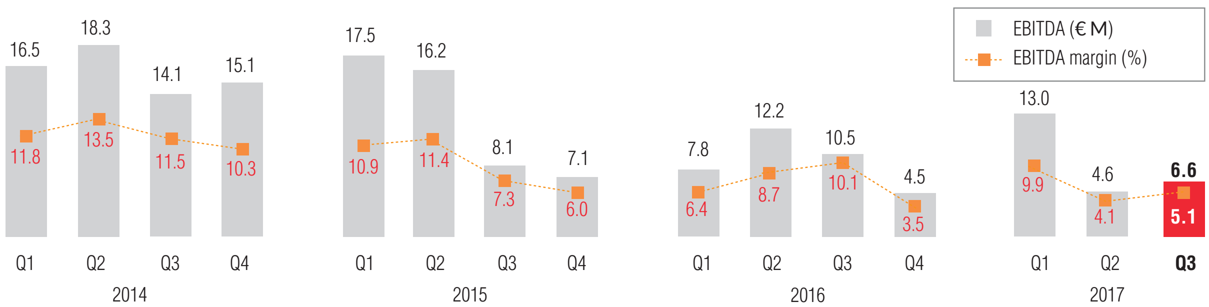
€M



Sales figure calculated assuming the stable nickel price of 2012.

Quarterly evolution of the ebitda figure

€M



3 Business evolution

The market targeted by TUBACEX products and services has remained severely depressed during the first nine months of the year. Final demand for products is extremely low in practically all products and regions. However, in spite of facing a very weak market, TUBACEX continues to increase its share in premium products, offering increasingly wider solutions, which enables it to win important projects and partially offset the poor market situation.

Sales **through the distribution channel** continue to be weak, in terms of both volume and price, severely affected by nickel prices which have remained historically low and the low level of activity in the Oil&Gas sector, which is the main recipient of the tubes sold through this channel.

The **direct sales channel to engineering firms and end-users** is still the Group's leading sales channel, in line with the Company strategy, and represents 60% of the Group's total sales over the past nine months and 85% of order intake.

The **Oil&Gas E&P** sector is still the first destination of the Group's sales, with 28% sales made through this channel. Although its percentage has been reduced with respect to June as a result of the delay in the activation of a big OCTG project, commencement of production will lead to a gradual increase in its weight over the forthcoming quarters. This project also maintains high visibility in this product for the next three years. For yet another quarter, it is worth highlighting the performance of the umbilical offshore tubes sector, a segment in which TUBACEX continues to increase its presence after winning new contracts in Mozambique and Egypt, and which is expected to end the year with a record invoicing figure.

The **PowerGen** sector has maintained a falling tendency throughout the year and represents 24% of sales between January and September. It is worth remembering that record invoicing figures were reached in this sector in 2015 and 2016 by bringing forward part of the demand in light of a new regulation introduced by the Chinese Government in 2017, which reduces the installed capacity of coal powered plants by 20% over the forthcoming five years (China is the main destination for this type of tubes). In spite of this fall in the market, there are reasons to be optimistic in the medium term. In technical collaboration with Bharat Heavy Electricals Ltd (BHEL) TUBACEX is developing a new generation of Advanced Ultra Super Critical Boilers, which are capable of withstanding up to 700ºC at coal plants. It is expected that this new type of boilers will be well received in India, from where the first test orders have been received for material characterization. As for the nuclear segment, which has been practically at a standstill for three years, both TTI and IBF have started to receive orders, albeit small, such as those from the Hinkley Point I and II power plants (Areva Model) in the United Kingdom.

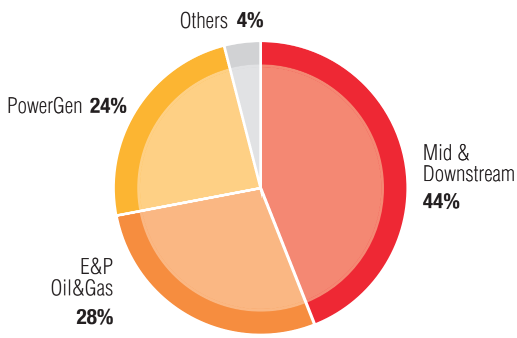
As for the **Mid and Downstream** sector, performance is relatively favorable, although the market cannot be deemed to have made a full recovery. Special attention should be paid to the line pipe projects in the Middle East with Saudi Aramco as the major player with projects such as Fadhili or Khursaniyah. It is also worth highlighting the recovery in the tube market for furnaces at refineries and petrochemical plants, where the TUBACEX Group's value proposition is seeing results. Large projects such as Hengli Petrochemical or Zhejiang Petrochemical in China are being supplied as well as in other regions, such as America (BP Whiting, Tesoro), Europe (Shell Pernis, SARA refinery), Far East (LG Chem, YNCC) and Iran (Hengam, Kangan), among others.

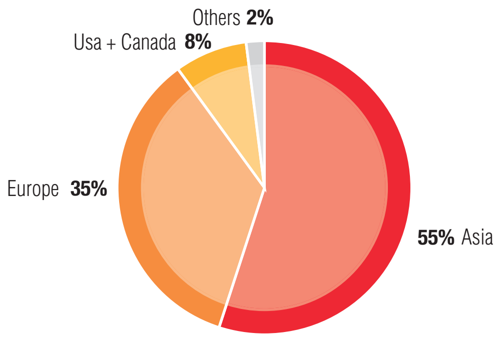
Breakdown by sector

Breakdown of direct sales to engineering firms and end-users

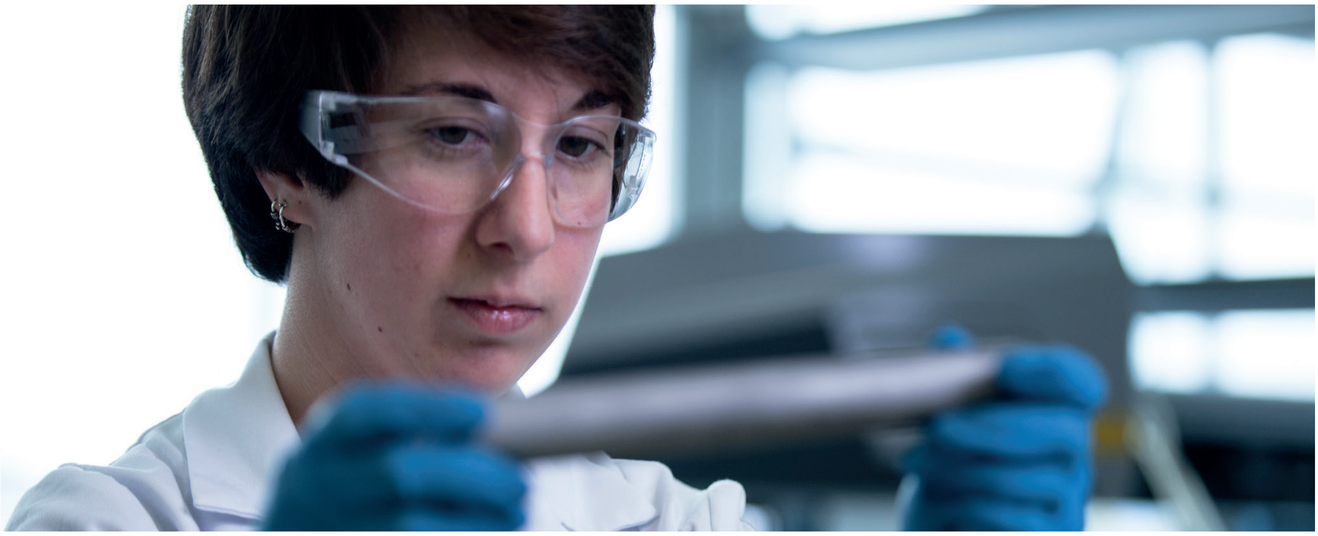
9M 2017

Breakdown by final destination





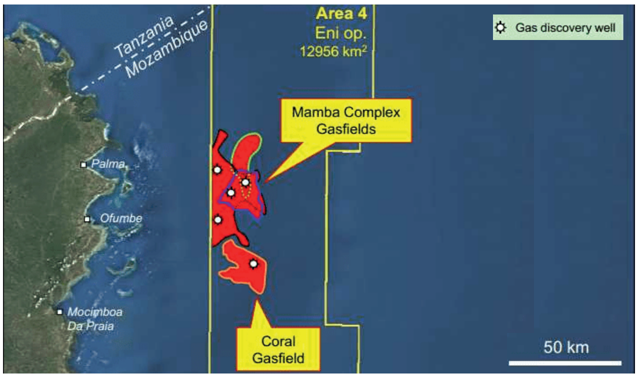
From the geographical point of view, Asia represents 55% of sales and is considered to be a priority market for TUBACEX with an expected high rate of growth in terms of demand over the forthcoming years. Therefore, the Group is committed to strengthening its presence in this region through the incorporation of TUBACEX Awaji Thailand and the opening of new warehouses in United Arab Emirates, Iran and India.



4 Significant events

Order for umbilical tubes for the coral project
July 2017

TUBACEX has won an order to supply Aker Solutions with umbilical tubes for the Coral Project, in Mozambique, operated by the Italian firm ENI. It is the largest order obtained by TUBACEX to date for ENI, one of the most active companies in recent years. With this project, TUBACEX strengthens its positioning not only in the umbilical tube sector, but also in Eastern Africa, a geographical area with significant future growth prospects.

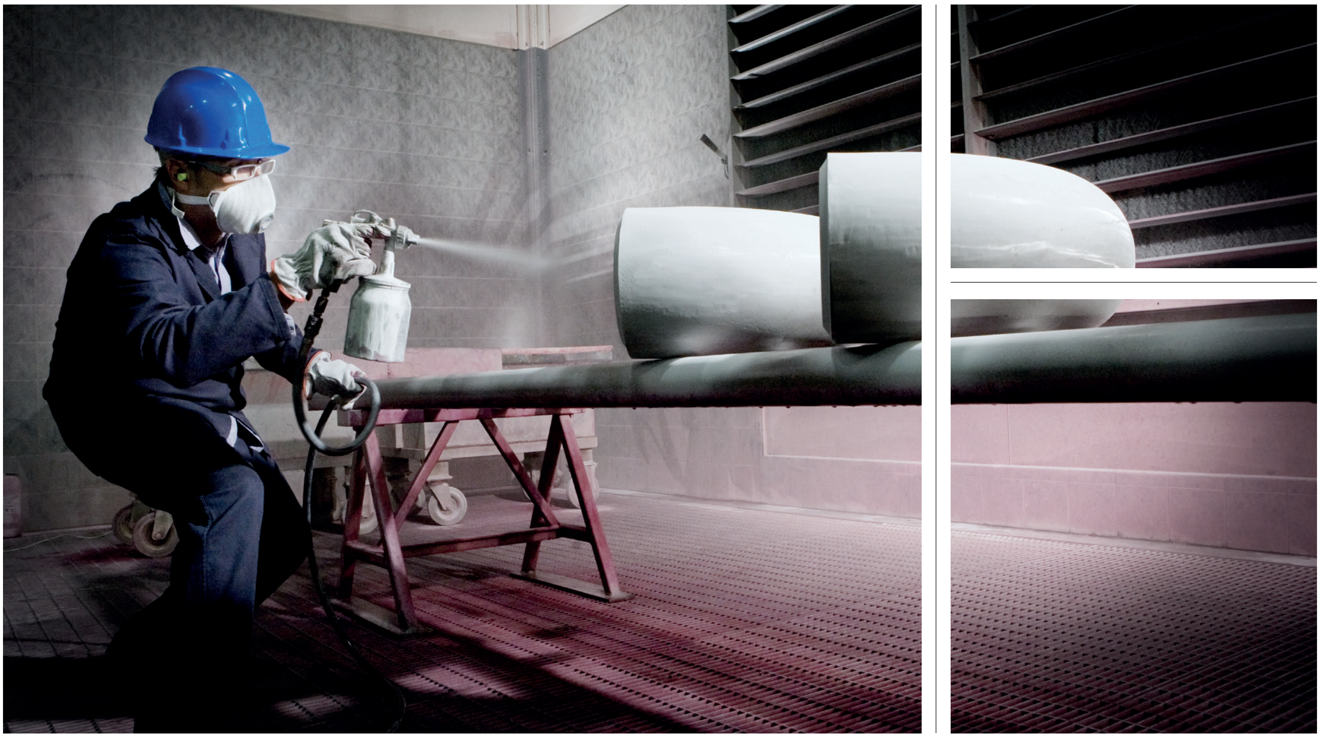


Event for customers in Austria
September 2017

Another "Customer Day" was held in the third week of September at Schoeller Bleckman (SBER), which was attended by 25 companies, mainly EPCs and end-users, with a special focus on the new range of products (fertilizers, instrumentation, heat exchangers and special grades). This event is in line with the Group's global strategy of strengthening its positioning in higher value-added products and getting closer to the end user.

Progress in the implementation of the premium portfolio
Q3 2017

During the third quarter, the Group's leading plants have commenced production of the most important OCTG and umbilical tube projects announced in May. The Premium Portfolio announced at that time amounted to €700 million, the highest figure in the history of TUBACEX, and included high value-added technological solutions for the oil and gas extraction, petrochemical and power generation sectors with supercritical technology.



5 TUBACEX on the stock market

Share evolution
JAN 2017 - SEPT 2017

Between January and September, the TUBACEX share has continued to perform favorably on the stock market, closing on 30th September at €3.205 per share, which represents a revaluation of 17.4% for the year.

At the end of September, the market capitalization amounts to €426.2 million, compared with €363.0 million at the close of 2016.

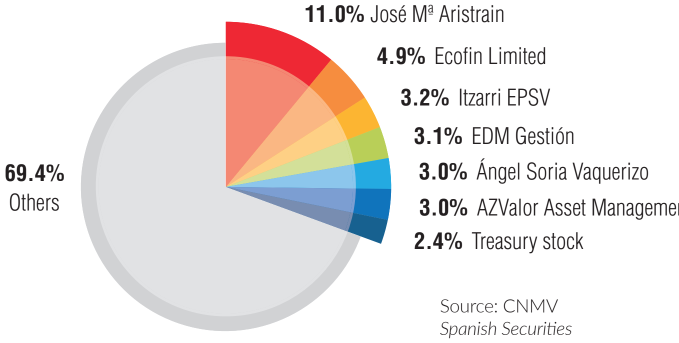
As for share liquidity, 78.5 million shares have been traded in the first nine months of the year, up 36.8% on the same period in 2016, and effective trading has risen to €251.1 million.

Shareholding
2017.10.31

In recent weeks, there has been another change in the structure of the company's significant shareholders. On 6th October 2017, Angel Soria Vaquerizo notified the Spanish Securities Exchange Commission (CNMV) of his 3.03% stake in the capital of TUBACEX.

This modification is added to the two changes which occurred in the first half of the year: the entrance of AzValor as a significant shareholder in March with a 3.003% stake and the sale of the 7% stake in the Company held by Cartera Industrial REA in June.

Therefore, as recorded in the Spanish Securities Exchange Commission, the TUBACEX shareholder structure at 30th October 2017 is as follows:



Source: CNMV
Spanish Securities Exchange Commission

5 Financial figures

Consolidated balance sheet

€M

	2017/09/30	2016/12/31	change %
Intangible assets	71.9	71.6	0.4%
Tangible assets	265.8	267.6	-0.7%
Financial assets	73.5	63.0	16.6%
Non-current assets	**411.2**	402.3	**2.2%**
Inventories	247.2	221.2	11.7%
Receivables	102.2	62.8	62.7%
Other account receivables	18.1	14.7	23.4%
Other current assets	2.4	2.9	-17.2%
Derivative financial instruments	0.7	0.5	25.7%
Cash and equivalents	90.6	147.4	-38.5%
Current assets	**461.2**	449.5	**2.6%**
TOTAL ASSETS	**872.4**	**851.8**	**2.4%**
Equity, Group Share	278.4	286.6	-2.9%
Minority interests	24.7	26.9	-8.4%
Equity	**303.0**	313.6	**-3.4%**
Interest-bearing debt	173.9	164.7	5.6%
Derivative financial instruments	3.2	0.9	n.m.
Provisions and other	38.6	42.0	-8.3%
Non-current liabilities	**215.7**	207.6	**3.9%**
Interest-bearing debt	196.6	189.6	3.7%
Derivative financial instruments	3.0	2.6	14.8%
Trade and other payables	117.3	100.8	16.3%
Other current liabilities	36.8	37.6	-2.1%
Current liabilities	**353.7**	330.6	**7.0%**
TOTAL EQUITY AND LIABILITIES	**872.4**	**851.8**	**2.4%**

n.m.: Not meaningful

Consolidated income statement
€M

	9M 2017	9M 2016	change %	Q3 2017	Q3 2016	change %
Sales	370.5	366.2	1.2%	129.1	104.6	23.4%
Change in inventories	16.6	5.1	n.m.	(13.2)	2.7	n.m.
Other income	6.4	11.4	-44.3%	2.2	5.2	-58.3%
Cost of materials	(200.9)	(186.8)	7.6%	(61.9)	(54.2)	14.3%
Personnel expenses	(89.3)	(88.8)	0.6%	(25.4)	(25.1)	1.4%
Other operating costs	(79.0)	(76.7)	3.0%	(24.1)	(22.7)	6.5%
EBITDA	**24.2**	30.4	**-20.5%**	**6.6**	10,5	**-37.2%**
EBITDA Margin	6.5%	8.3%		5.1%	10.1%	
Depreciation	(23.9)	(23.5)	1.6%	(7.2)	(6.8)	6.0%
EBIT	**0.3**	6.9	**n.m.**	**(0.5)**	3.8	**n.m.**
EBIT Margin	0.1%	1.9%		neg.	3.6%	
Financial Result	(5.0)	(6.2)	-18.2%	(2.1)	(1.8)	17.8%
Exchange differences	(0.0)	(0.3)	-92.7%	(0.1)	(0.2)	-35.5%
Net Income, Group Share	**1.1**	3.3	**-66.4%**	**(0.8)**	1.6	**n.m.**
Net Margin	0.3%	0.9%		neg.	1.5%	

n.m..: Not meaningful
neg: Negative

Main financial ratios

	9M 2017	H1 2017	2016	H1 2016
Adjusted NFD(1) / EBITDA	7.8x	7.5x	5.9x	6.1x
Adjusted NFD(1) / Equity	**74.0%**	79.3%	66.0%	69.0%
EBITDA Margin	6.5%	7.3%	7.1%	7.6%
EBIT Margin	**0.1%**	0.3%	0.5%	1.2%
RoE	neg.	0.2%	0.1%	neg.
RoCE	**neg.**	0.0%	0.5%	0.1%
Interest coverage	0.1x	0.3x	0.3x	0.7x
Net working capital / sales	**46.6%**	44.7%	37.1%	42.0%

(1) The adjusted net financial debt figure at 30 September 2017 includes the sum of €55.6M corresponding to the advance payment of an important multi-year project, which will be received in the forthcoming weeks.
neg: Negative

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