



PRESENTATION OF THE RESULTS

1st quarter of 2014



D. Jesús Esmorís
TUBACEX CEO

“TUBACEX has carried out its activity in the first quarter of 2014 in a market environment that has remained unfavorable, although there are some slight signs of economic recovery. The continued low prices of raw materials throughout the quarter has meant that demand for the distribution market has remained weak; but this trend has changed in recent weeks and prices have started to improve.

In spite of this environment, TUBACEX has continued moving forward in its two strategic pillars: changing the

product portfolio to become a benchmark supplier of services and solutions for the Oil&Gas sector and operational excellence.

Thanks to this progress, the Group has continued with the gradual upward trend which began in the previous year, presenting growth results with respect to the first quarter of 2013 and maintaining its annual objective of better results for 2014 backed by the efforts being made in extending the product mix, operational efficiency and improving the financial position”.



MARKET ENVIRONMENT

In recent months, the worldwide economy has shown signs of recovery, particularly in the advanced countries, whereby the essential macroeconomic milestone for 2014 is the consolidation of this recovery.

In the **USA**, the on-going improvement of indicators observed in 2013 remains steady. On the other hand, the **Euro Zone** continues with a slower recovery, with Germany leading growth. However, an overall increase in consumer confidence can be highlighted in the peripheral countries.

As far as the **emerging countries** are concerned, they have gone through moments of instability which were offset by the crisis of the Argentine Peso although they moved into other regions, such as Brazil and Turkey. However, the decisive action of the central banks has led to a slowdown in this instability.

It is foreseen that 2014-2015 will be a period of global recovery, which may even be more intense than envisaged thanks to the boost of the developed countries, particularly the USA.

In the currency market, the Euro has continued with the growth trend observed throughout 2013. The average currency exchange rate against the dollar amounted to 1.37 dollars, compared with 1.30 dollars for the same period in 2013.

As for **raw materials**, the first quarter of 2014 has shown a slight change in the price of raw materials following more than two years of continued falls, although prices are still a far cry from those prior to the crisis.

In the case of **nickel**, its price has risen by 12.6% in the first three months of the year, going from 14,000 US\$/ton

at the close of 2013 to 15,770 US\$ at 31st March 2014.

The other two alloys with significant weight in the Group's supplies for the manufacture of stainless steel are molybdenum and chromium. The price of **molybdenum** has maintained a similar trend to that of nickel, with an overall growth of 5% with respect to the beginning of the year. The price of **chromium** has also experienced a slight increase.

Another important variable to consider is the maintenance of **oil** prices at a structurally high level, a value that strengthens the major future expansion plans for the Oil&Gas and energy sectors (some of the main demand sectors for the high value-added products manufactured by the Group).

EVOLUTION OF THE PRICE OF NICKEL

DEC 11 - MAR 14 (US\$/ton)

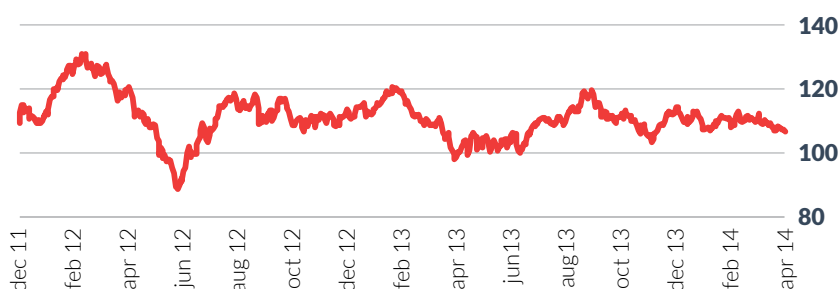
The average price stands at 14,694 US\$/ton, down 15% on the average price for the first quarter of 2013 and 3% lower than the average price for the whole of 2013.



EVOLUTION OF THE PRICE OF THE CRUDE OIL BARREL (BRENT)

DEC 11 - MAR 14 (US\$/barrel)

Despite the slight drop in crude oil barrel (Brent) prices at the end of the first quarter (-3.7%), the average price stood at 109.1 US\$/barrel, which is a high value.





MAIN FINANCIAL FIGURES

In spite of the macroeconomic uncertainty that has characterized the beginning of 2014, the results for the first quarter show that TUBACEX continues on its growth path shown in 2013.

The **sales figure** reached 140.3 million Euros, whereby the alloy surcharge invoiced was significantly lower than that in the first quarter of 2013. If nickel price had remained steady, during the first quarter of 2014 the figures would have increased with respect to those registered in 2013.

The improved product portfolio, with increased weight of the Projects market, together with the Group's progress towards operational excellence has significantly increased the **EBITDA margin**, placing it at 11.8%, much higher than the strategic target of 10% set by TUBACEX for the end of 2014. Therefore, the EBITDA for the first quarter stands at 16.5 million Euros, which represents an increase of 15.1% with respect to the same period in 2013.

On the other hand, the Group has continued its efforts to reduce **working capital**. It is worth mentioning that TUBACEX is a group that works mainly on orders, therefore the working capital is generally sold, although it may be in the manufacturing process or pending invoicing or payment. The working capital has been reduced by 3.8 million Euros throughout the quarter thanks to improvements to client and supplier payment management.

On the other hand, **net financial debt** amounted to 176.7 million Euros which represents a reduction of 17.9 million Euros. Therefore, the TUBACEX Net Financial Debt over EBIT-

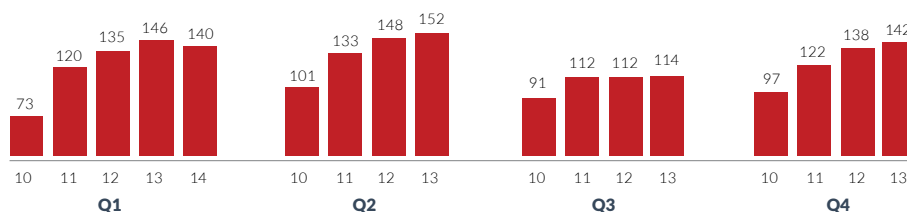
DA stands at 3.3 times, hence moving towards the Group's objective of a financial debt ratio under 3 times the EBITDA by the end of 2014.

FINANCIAL FIGURES (€ M)

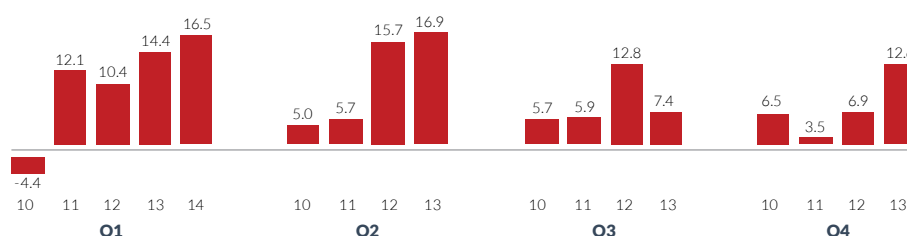
	Q1 2014	Q1 2013	% Change
Sales	140.3	145.5	-3.6%
EBITDA	16.5	14.4	15.1%
EBITDA margin	11.8%	9.9%	
EBIT	10.9	9.0	20.4%
EBIT margin	7.7%	6.2%	
Profit before taxes	7.6	5.2	45.2%
Margin	5.4%	3.6%	

	03/31/2014	12/31/2013
Working Capital	213.7	217.6
Equity Group Share	265.6	259.9
Equity / Total Assets	42.3%	40.8%
Net Financial Debt	176.7	194.6
NFD/ EBITDA	3.3x	3.8x

QUARTERLY EVOLUTION OF THE SALES FIGURE (€ M)



QUARTERLY EVOLUTION OF THE EBITDA (€ M)





BUSINESS EVOLUTION

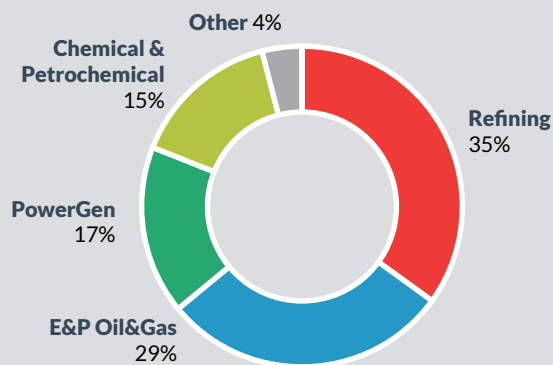
TUBACEX has developed its activity during the first quarter of 2014 in a commercial environment similar to that of the last quarter of 2013 and maintaining an average backlog of four months.

Currently Tubacex has its backlog until September/October 2014.

The low prices of raw materials combined with the slowdown of the economic recovery, particularly in Europe, has meant that demand for the **Distribution Market** has remained low. However, this situation has improved slightly in March, probably due to the gradual increase in the price of nickel.

Demand for the **Projects Market** has been more positive, showing some recovery compared with the previous year.

TUBACEX is confident that the market environment will gradually improve throughout the year.

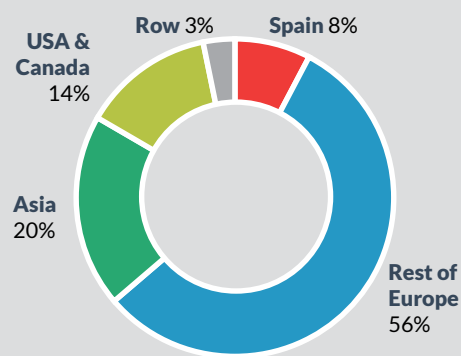


SALES BREAKDOWN 2014 Q1 PROJECTS

By segments, the **Exploration and Production (E&P)** segment has shown good performance and despite the delay in the implementation of the investment plan of some oil companies, which can have a short-term impact on the sales of OCTG production tubing, TUBACEX is confident regarding the performance of this segment throughout 2014.

As for the **Powergen** sector, the growth trend in this segment has continued in the first quarter of 2014, with important orders for tubes for supercritical boilers in China.

As for the **Refining** sector, the good performance shown throughout 2013 has continued, with significant orders from the USA.



GEOGRAPHIC DISTRIBUTION OF SALES 2014 Q1 CONSOLIDATED SALES

Geographically, more than half of the revenue of the Group proceeds from Europe. A variable to be taken into account is the Group's sales for new facilities in the oil, gas and energy sectors, in which the engineering companies and manufacturers are often European (and therefore Europe is the sale destination), but the final destination of the product is a different geographical area.



TUBACEX

SIGNIFICANT EVENTS

CHANGE IN THE COMPOSITION OF THE BOARD OF DIRECTORS

March 2014

Following the vacancies as a result of the complete divestiture and withdrawal of BAGOETA S.L. in the capital, the Board of Directors has pre-emptively appointed Mr. Dámaso Quintana Pradera and Mr. José Toribio Gonzalez as board members until the next Shareholders' General Meeting, at the proposal of Corporación Aristrain.

COLLECTIVE AGREEMENT

28 March 2014

On 28 March 2014, TUBACEX's Management and the LAB, CCOO, ELA and UGT trade unions approved a collective agreement for 2013-2016 at the Llodio and Amurrio plants, which was subsequently endorsed by the majority of the workforce. This agreement covers aspects such as the creation of permanent jobs, substitution contract and maintaining the purchasing power of salaries and even significant agreements on competitiveness and industrial organization.





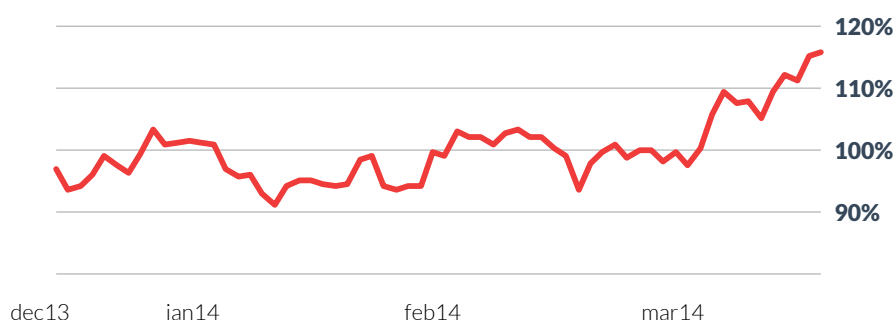
TUBACEX ON THE STOCK MARKET

EVOLUTION OF TUBACEX SHARE

JAN 14 - MAR 14

TUBACEX shares have continued to perform positively during the first quarter of 2014, increasing by 13.6% and closing with a value of €3.34 per share at 31 March, which represents a market capitalization of 444.1 million Euros.

In terms of liquidity, the growth trend shown throughout 2013 has been maintained. Between January and March 2014, a total of 68.4 million TUBACEX shares have been traded, 2.7 times more than those traded in the same period of 2013.



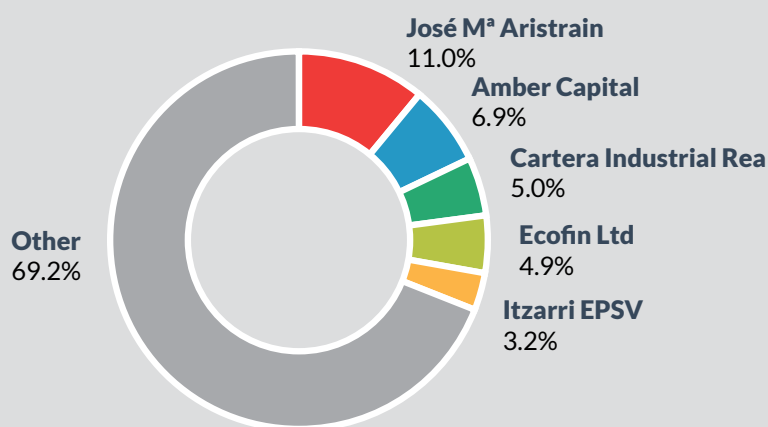
TUBACEX SHAREHOLDING

03.31.2014

The Company's significant shareholder structure has undergone changes during the first quarter of 2014.

On the one hand, Larrender S.L. sold its entire stake in Tubacex, thus relinquishing its two proprietary directors on the Board of Directors. On the other hand, Corporación Aristrain and Amber Capital became significant shareholders with a participation of 11.0% and 6.9%, respectively.

Therefore, as stated in the Spanish Securities Exchange Commission (CNMV), the shareholder structure of the company at 31 March 2014 is the following:





FINANCIAL FIGURES

CONSOLIDATED BALANCE SHEET

(€ M)

	03/31/2014	12/31/2013	% Change
Tangible assets	192,0	192,7	-0,4%
Intangible assets	34,3	35,1	-2,0%
Financial assets	53,6	55,2	-2,8%
Non-current assets	279,9	282,9	-1,1%
Inventories	189,4	186,4	1,6%
Receivables	94,2	100,6	-6,4%
Other account receivables	28,4	32,8	-13,3%
Other current assets	0,6	1,7	-66,4%
Derivative financial instruments	0,2	0,2	-9,3%
Cash and equivalents	35,4	32,5	8,8%
Current assets	348,2	354,2	-1,7%
TOTAL ASSETS	628,1	637,1	-1,4%
Equity, Group Share	265,6	259,9	2,2%
Minority interests	3,6	3,6	0,6%
Equity	269,2	263,4	2,2%
Interest-bearing debt	78,1	93,5	-16,5%
Derivative financial instruments	0,2	0,2	31,9%
Provisions and other	35,8	35,0	2,2%
Non-current liabilities	114,1	128,7	-11,3%
Interest-bearing debt	134,0	133,6	0,3%
Derivative financial instruments	0,6	1,0	-45,1%
Trade and other payables	69,9	69,4	0,6%
Other current liabilities	40,4	41,0	-1,5%
Current liabilities	244,8	245,0	-0,1%
TOTAL EQUITY AND LIABILITIES	628,1	637,1	-1,4%

CONSOLIDATED P&L

(€ M)

	Q1 2014	Q1 2013	% Change	Q4 2013	% Change
Sales	140,3	145,5	-3,6%	142,2	-1,3%
Change in inventories	(0,8)	(3,6)	-76,6%	(2,4)	-64,4%
Other income	1,0	1,2	-17,0%	4,0	-74,4%
Cost of materials	(67,8)	(72,8)	-6,8%	(74,7)	-9,2%
Personnel expenses	(30,1)	(30,0)	0,2%	(32,6)	-7,8%
Other operating costs	(26,1)	(26,0)	0,2%	(23,8)	9,4%
EBITDA	16,5	14,4	15,1%	12,6	30,9%
Depreciation	(5,7)	(5,4)	6,1%	(5,3)	8,1%
EBIT	10,9	9,0	20,4%	7,4	47,2%
Financial Result	(3,5)	(3,5)	-1,5%	(2,6)	30,9%
Exchange differences	0,2	(0,2)	-193,1%	(0,9)	-125,2%
Profit Before Taxes	7,6	5,2	45,2%	3,8	100,0%
Income taxes	(1,9)	(1,6)	25,2%	(1,1)	81,4%
Consolidated Net Income	5,7	3,7	53,6%	2,7	107,3%
Minority interests	(0,0)	(0,2)	-77,8%	0,4	-109,0%
Net Income, Group Share	5,6	3,5	60,0%	3,2	78,5%

MAIN FINANCIAL RATIOS

	Q1 2014	2013	% Change
NFD / EBITDA	3,3x	3,8x	-13%
EBITDA Margin	11,8%	9,3%	27%
RoE	6,4%	5,8%	11%
ROCE	5,6%	4,9%	15%
Interest coverage	3,1x	2,3x	34%
Net working capital / sales	38,9%	39,3%	-1%