Presentation of the Results

1st HALF

2018

TUBACEX GROUP

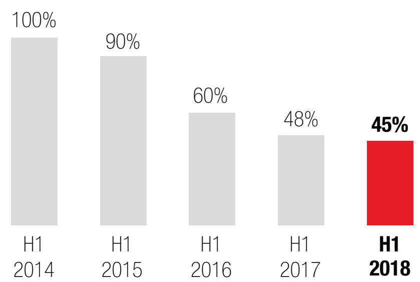
"The increasing importance of high value-added products sold directly to end users, improved competitiveness and production flexibility, commitment to innovation and our continuous improvement based philosophy, are the foundations of improving the results and margins we predict for this year."

Three years after the worst crisis ever to hit the oil industry, the main performance indicators are starting to improve. The oil price crash during the crisis led to many investment projects to be put on hold and to a dramatic reduction in contract awards in our sector. Since the start of the year the price of raw materials has maintained an upward trend and the number of projects in the pipeline has been steadily increasing. Nevertheless, we need to underline that the macroeconomic instability caused by protectionist policies introduced in some countries is causing some delays in investment-related decision making, although the prospects for the energy sector in the medium term are good.

In 2018, TUBACEX expects a significant improvement of results supported by our four major pillars around which we have continued working and investing in spite of the crisis we have experienced. The increasing importance of high value-added products sold directly to end users, improved competitiveness and production flexibility, commitment to innovation and our continuous improvement based philosophy, are the foundations of improving the results and margins we predict for this year.

Contracts awarded

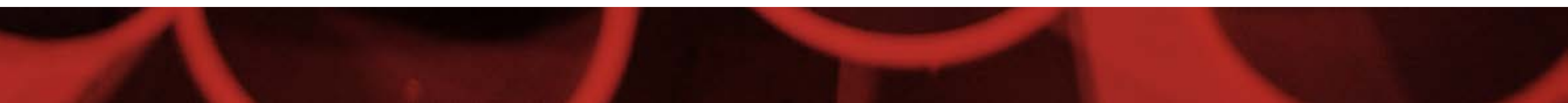
For Upstream, Midstream, Downstream and Power Gen projects in $M using 2014 as a baseline.



Source: EIC Projects Databasis, TUBACEX

We leave a severe three-year crisis behind and, despite some macroeconomic uncertainty in the short-term, our outlook for the future is optimistic, as we can rest assured that our four pillars will enable us to meet strategic targets and become a supplier of premium tubular solutions for the energy sector.

Jesús Esmorís
CEO



1 Market environment

Financial indicators continue to show global growth in spite of a greater uncertainty caused by protectionist measures implemented in some countries. Recent global indicators support a solid growth rate to be maintained worldwide, backed by high levels of confidence, accommodative financial conditions and reasonable prices of raw materials for exporters and importers.

The price of **raw materials** has intensified the upward trend identified over the recent months. Regarding our business, the price of **nickel** increased by 12.8% during the second quarter of the year; and this just added to the 8.1% experienced during the first quarter. Thus, the price of nickel closed June at 15,000 USD/ton, i.e. 21.9% above 2017 closure.

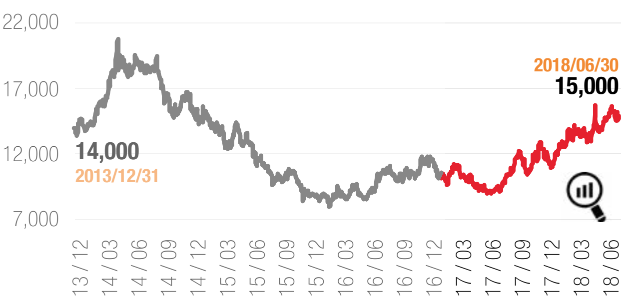
In average terms, the average price of nickel LME stood at 13,915.2 USD/ton, i.e. up 33.0% on the average price in 2017.

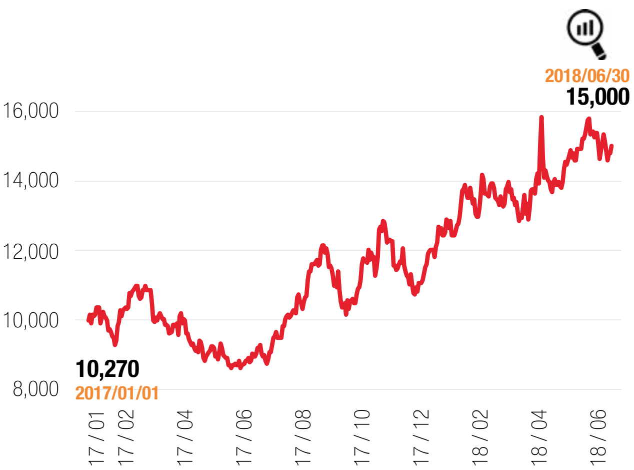
The other two alloys with significant weight in the Group's supplies for the manufacture of stainless steel are **molybdenum** and **chromium**. The price of molybdenum closed June up 16.5% on the 2017 year-end; while the price of chromium experienced a slight drop (-0.7%).

The positive trend in **oil** prices has also accelerated during the last quarter. The Brent barrel closed the second quarter at 79.23 USD, up 18.5% on the close of 2017 and up 12.8% on the close of first quarter of the year.

Evolution of the nickel price

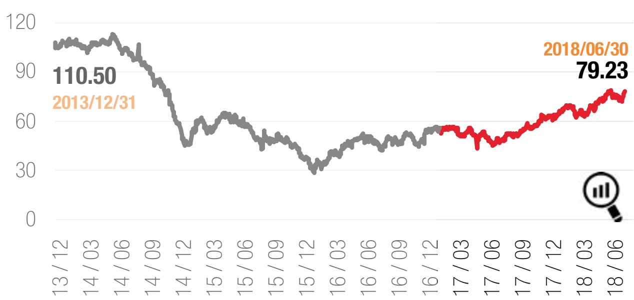
DEC 13 - JUN 18 (US$/TON)





Evolution of the brent price

DEC 13 - JUN 18 (US$/barrel)



2 Key financial figures

The first half of 2018 results show a strong growth in results and in margins, as a result of operative improvements and the progress made in the TUBACEX backlog performance.

Sales during the first half of 2018 amounted to €360.6 million, 49.4% over the sales registered during the same period in 2017.

This is mainly due to an increased weight of high technological value products in the total Group sales. EBITDA stood at €35.6 million, which implies an EBITDA at 2x of the first half of 2017. Furthermore, the EBITDA margin reached 9.9% thanks not only to the favorable invoiced mix but also to the Group's ongoing efforts to adapt its cost structure to the current environment.

Financial figures
€M

	H1 2018	H1 2017	% change	Q2 2018	Q2 2017	% change
Sales	360.6	241.4	49.4%	192.1	110.1	74.5%
EBITDA	35.6	17.6	102.4%	19.8	4.6	335.2%
EBITDA margin	*9.9%*	*7.3%*		*10.3%*	*4.1%*	
EBIT	16.3	0.8	n.m.	9.8	(3.8)	n.m.
EBIT margin	*4.5%*	*0.3%*		*5.1%*	*neg.*	
Net Profit	6.7	1.9	257.8%	4.3	(0.9)	n.m.
Net margin	*1.9%*	*0.8%*		*2.3%*	*neg.*	

	2018/06/30	2017/12/31
Working Capital	206.3	193.0
Working Capital / Sales	33.8%	39.4%
Equity	288.8	281.8
Equity / Net Financial Debt	120.4%	111.2%
Net Financial Debt	239.9	253.5
NFD/ EBITDA	*5.5x*	*9.8x*

n.m.: Not meaningful
neg.: Negative

The working capital closed the first half of the year at €206.3, representing a rise of €13.2 million when compared to the 2017 close, but a reduction of €10.8 million in relation to the previous quarter. It is worth highlighting that the net operating working capital increase is chiefly linked with the product in progress related to the manufacture of multi-annual projects of integrated tubular solutions, mainly OCTG and Umbilicals. The working capital over sales ratio amounted to 33.8%, below the ratio registered at the end of 2017 and the first quarter, not only reaching but also exceeding the strategic goal of 35%.

As announced at the start of the year, the Group's net financial debt and leveraging both fell. Net financial debt closed June at €239.9 million, which represents reductions of €13.6 million and €23.3 with respect to the end of 2017 and the first quarter of the year, respectively. As a result of the debt reduction and improved results signed by the Group, the net financial debt over EBITDA fell from 9.8x at the close of 2017 to the current 5.5x. It is essential to bear in mind that this debt ratio, which is still high, corresponds to a temporary situation characterized by a low level of EBITDA, still affected by the weak market situation, and high working capital level linked with major backlog projects. In addition, it is worth highlighting the Group's financial structure with a sound cash position of almost €150 million which would enable the Group to face maturities in the next three years even in the worst-case scenario.

TUBACEX Group forecasts this gradual deleveraging will be maintained during the second half of 2018, as the portfolio is progressively performed and results are improved; and the NFD/EBITDA ratio will continue to gradually drop to reach a level close to 3x at year end.

Regarding forthcoming quarters, as already mentioned, no significant changes to market dynamics are expected as the impact of the announcement of increased investments in the sector will take some time to result in a greater demand for the Group products. However, our Premium product backlog enables us to anticipate a significant improvement in results for 2018.

Quarterly evolution

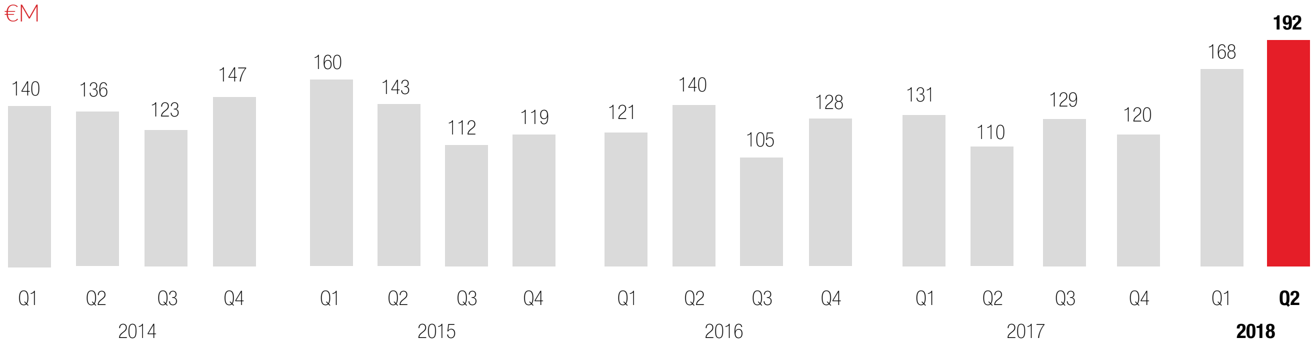
The second quarter of 2018 has followed the same path to better results and margins already shown in the first quarter and a very important improvement in relation to the same period in 2017.

The sales figure for the quarter stood at €192.1 million, up 74.5% on sales for the second quarter of 2017, as a result of the higher volumes and the more favorable invoiced mix.

EBITDA amounted to €19.8 million, beating for the first time the EBITDA figure registered in the second quarter of 2014, before the oil crisis. The weight increase of high technological value products combined with continuous improvement and efficiency plans have also contributed to achieve an EBITDA margin of 10.3%.

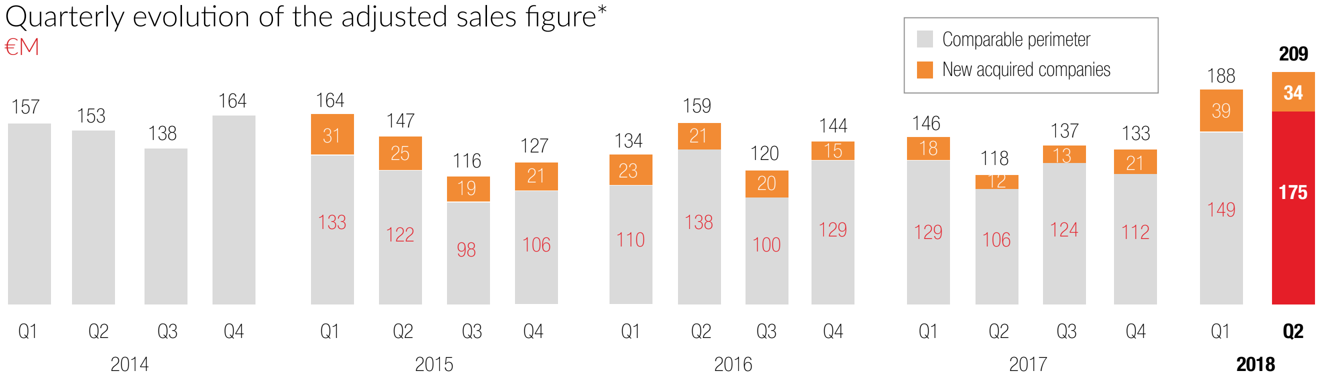
Quarterly evolution of the sales figure

€M



Quarterly evolution of the adjusted sales figure*

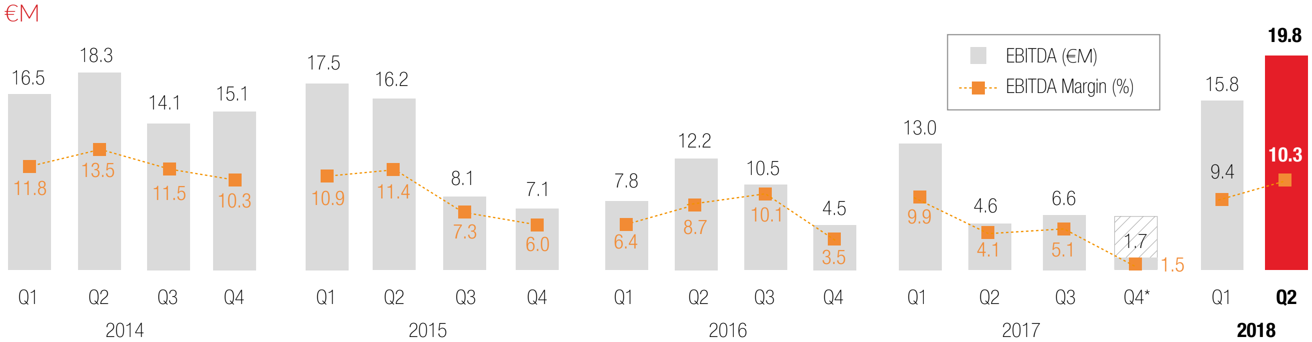
€M



Sales figure calculated assuming the stable nickel price of 2012.

Quarterly evolution of the Ebitda figure

€M



** EBITDA generated in the fourth quarter of 2017 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*

Excluding extraordinary adjustmens

3 Business Evolution

Evidence of sector recovery and the activation of projects which were put on hold during the crisis encourage us to anticipate a progressive recovery of activity will take place in forthcoming years.

Although still low, the **distribution channel** sales figure is beginning to show some recovery driven by the successful global implementation of Tubacex Service Solutions, and by a more favorable raw material environment which is also leading to moderate price rises.

The direct engineering and end client sales channel still stands as the main sales channel concentrating 68% of the Group's invoicing for this half of the year. This reflects the success of the Company's strategy of intensifying its position in high value-added products and services sold directly to the end user.

The **Oil&Gas E&P sector** accounts for 50% of the Group sales through this channel. This substantial percentage is based on the performance of the current portfolio with major orders for OCTG for gas extraction as well as tubes for Umbilicals. In this sector, it is worth underlining that in spite of a very high project award pipeline for the next two years as a result of the projects put on hold during the crisis, and the need to make up for the lack of investment, the current international framework and uncertainty situation caused by protectionist measures implemented in some countries are slowing down final decision-making processes regarding investments.

Regarding OCTG tubes, U.S. and EU authorities have implemented regulations derived from the sanctions on certain countries announced by the U.S. Government in May, which will come into force in November. TUBACEX continues to fulfill legal obligations derived from a major contract for this product in the Middle East, while assesses the situation generated by the aforementioned regulations but cannot currently estimate what might be the impact of those sanctions when they come into force.

It is important to highlight that there are very relevant projects for this product in the Middle East and Eastern Europe.

In the Subsea, Umbilicals, Risers and Flowlines (SURF) segment, it is worth highlighting the good performance of tubes for Umbilicals with a significant order backlog for this year in the North Sea, the Middle East and Mozambique, as well as good project award prospects in the medium term. It is worth mentioning that this product success is not exclusively limited to the Austrian plant (SBER). The Spanish company TTI has started manufacturing central tubes with demand volumes showing a firm upward trend. However, it should also be mentioned the extremely low level of demand for Subsea products.

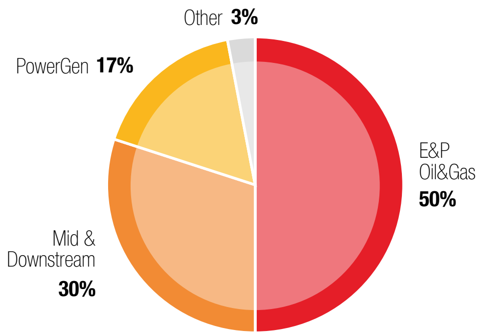
The **power generation sector** represents 17% of sales and is undergoing a normalization process after the halt of 2017. In the first half of the year, TUBACEX has successfully performed along this normalization process with the award of 6 major orders in Asia for boiler tubes, as well as high pressure piping systems. Both orders will be served from Spanish and Italian plants respectively. TUBACEX continues to improve its position on this market and expand its service offer with the development of a new generation of lower-emission Advanced Ultra Super Critical Boilers, which are capable of withstanding up to 700 °C. Regarding the nuclear segment, after three years of stagnation, some recovery in order intake has been identified, in particular on the UK market as well as good prospects in Egypt, Hungary and India where the Group maintains a strong presence with a tube manufacturing plant and division distribution warehouse.

The **Mid and Downstream segments** are showing partial recovery in terms of new project awards. Increased investments and activity in general are currently concentrated in the USA and the Middle East. Steady growth projections, mainly driven by LNG investments, are also maintained for the second half of the year.

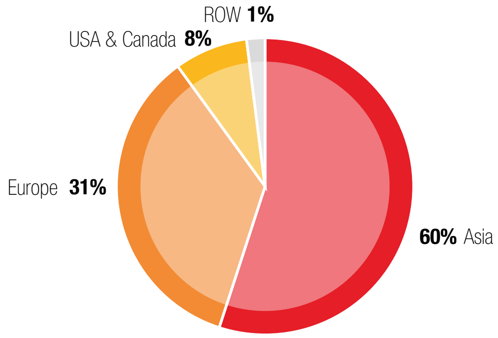
Breakdown of direct sales to engineering firms and end-users

H1 2018

Breakdown by sector



Breakdown by final destination



From a geographic viewpoint, Asia remains the Group's main market with 60% of sales due to its high exposure to gas extraction E&P segment as well as to power generation.

As growth projections in this region are high for the forthcoming years, the Group is reinforcing its industrial and commercial presence in this area.

4 Highlights

Shareholders' annual general meeting

May 2018

TUBACEX held its Shareholders' Annual General Meeting on May 23rd, in which the annual accounts, Management Report and Corporate Governance Report corresponding to the 2017 financial year were approved.

Among other agreements, the AGM ratified the appointment of Mr. Antonio González-Adalid García-Zardoya as an independent director and Mrs. Isabel López Paños as a proprietary director; and approved the appointment of Mr. Iván Martén Uliarte and Mr. Jorge Sendagorta Gomendio as independent directors.

New organization chart for the Group

TUBACEX has decided to restructure its organizational model and adapt it to the current sales and production strategy which is oriented towards tubular solutions. The new organization chart maintains the corporate functions of the sales, finance, people, innovation and purchasing departments. In addition, three new business units by technological process (steel, extrusion and large diameters and fittings), two regional units (Asia and the USA) and one division including new services and applications (Tubacex Advanced Solutions) were also created.

Moreover, to improve TUBACEX competitive position in the new type of complex projects undertaken by the company, two transversal units concentrating the Group's technological know - how have been promoted.

JESÚS ESMORÍS
CEO
CONSEJERO DELEGADO

CELESTINO DANIS	**CELESTINO DANIS**	**IKER AZKARGORTA**	**AJAY SAMBRANI**	**JAVIER LORENZO**	**MANUEL SARABIA**
STEEL	**EXTRUSION**	**BIG PIPES & FITTINGS**	**ASIA**	**USA**	**TX ADVANCED SOLUTIONS**
MANAGING DIRECTOR	MANAGING DIRECTOR	MANAGING DIRECTOR	MANAGING DIRECTOR	MANAGING DIRECTOR	MANAGING DIRECTOR
DIR. GENERAL ACERO	DIR. GENERAL EXTRUSIÓN	DIR. GENERAL GRANDES TUBOS Y ACCESORIOS	DIR. GENERAL ASIA	DIR. GENERAL USA	DIR. GENERAL

ANTÓN AZLOR
SALES & MKT CORPORATE DIRECTOR
DIR. COMERCIAL CORPORATIVO

GUILLERMO RUIZ-LONGARTE
FINANCE CORPORATE DIRECTOR
DIR. FINANCIERO CORPORATIVO

MANUEL SARABIA
PEOPLE CORPORATE DIRECTOR
DIR. DE PERSONAS CORPORATIVO

DIEGO HERRERO
INNOVATION CORPORATE DIRECTOR
DIR. DE INNOVACIÓN CORPORATIVO

JUAN IGNACIO ROSCALES
PURCHASING CORPORATE DIRECTOR
DIR. DE COMPRAS CORPORATIVO

5 TUBACEX on the stock market

Share evolution

JAN 18 - JUN 18

During the first half of the year, TUBACEX share price suffered a correction of 15.1%. At closing on June, TUBACEX share price was at €2.845, representing a market capitalization of €378.3 million in relation to that of €445.5 million in 2017.

Regarding share liquidity, the number of shares traded from January to June 2018 amounted to €46.9 million, with effective trading of €155.2 million.

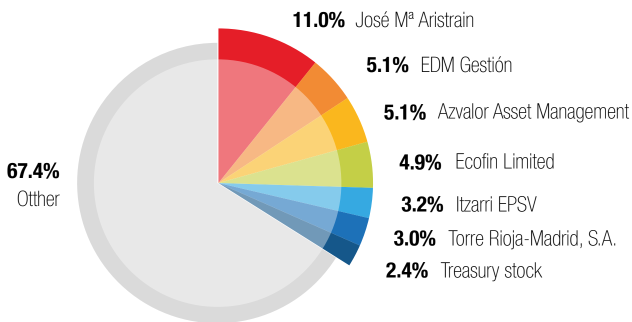
Shareholding

2018.06.30

During the first half of the year, there was only one change already mentioned in the previous quarter, related to an increase in EDM shareholding, which went from 3.1% to 5.1%.

Nevertheless, after the close of the first half and on July 4th, azValor informed the Spanish Securities Exchange Commission of a significant increase in its stake, from 3.0% to 5.1%.

Therefore, as recorded in the Spanish Securities Exchange Commission, the TUBACEX shareholder structure at July 13th 2018 is as follows:



Source: CNMV

6 Key financial figures

Consolidated balance sheet
€M

	2018/06/30	2017/12/31	% change
Intangible assets	50.0	51.9	-3.7%
Tangible assets	266.1	272.4	-2.3%
Financial assets	75.3	77.5	-2.8%
Non-current assets	**391.4**	401.8	**-2.6%**
Inventories	260.3	248.6	4.7%
Receivables	121.6	75.5	61.1%
Other account receivables	17.7	18.9	-6.1%
Other current assets	8.1	6.2	30.9%
Derivative financial instruments	0.3	0.3	0.0%
Cash and equivalents	143.4	154.9	-7.4%
Current assets	**551.5**	504.3	**9.3%**
TOTAL ASSETS	**942.8**	**906.2**	**4.0%**

	2018/06/30	2017/12/31	% change
Equity, Group Share	263.3	257.2	2.3%
Minority interests	25.5	24.6	3.7%
Equity	**288.8**	281.8	**2.5%**
Interest-bearing debt	119.7	79.7	50.2%
Derivative financial instruments	0.4	1.9	-78.2%
Provisions and other	36.2	38.0	-4.6%
Non-current liabilities	**156.4**	119.7	**30.7%**
Interest-bearing debt	263.6	328.7	-19.8%
Derivative financial instruments	6.6	5.1	28.9%
Trade and other payables	175.6	131.0	34.1%
Other current liabilities	51.9	39.8	30.3%
Current liabilities	**497.7**	504.7	**-1.4%**
TOTAL EQUITY AND LIABILITIES	**942.8**	**906.2**	**4.0%**

Consolidated income statement
€M

	H1 2018	H1 2017	change %	Q2 2018	Q2 2017	change%
Sales	360.6	241.4	49.4%	192.1	110.1	74.5%
Change in inventories	(5.3)	29.8	n.m.	(8.9)	17.6	n.m.
Other income	3.3	4.2	-21.2%	1.0	2.8	-63.4%
Cost of materials	(187.1)	(139.0)	34.6%	(96.6)	(68.4)	41.3%
Personnel expenses	(69.1)	(63.9)	8.2%	(35.4)	(31.5)	12.7%
Other operating costs	(66.8)	(54.9)	21.7%	(32.4)	(26.2)	23.8%
EBITDA	35.6	17.6	102.4%	19.8	4.6	335.2%
EBITDA Margin	9.9%	7.3%		10.3%	4.1%	
Depreciation and Amortization	(19.3)	(16.8)	15.2%	(10.0)	(8.4)	20.1%
EBIT	16.3	0.8	n.m.	9.8	(3.8)	n.m.
EBIT Margin	4.5%	0.3%		5.1%	neg.	
Financial Result	(7.0)*	(3.0)	n.m.	(3.7)	(1.3)	192.5%
Exchange differences	(0.1)	0.1	n.m.	0.2	0.2	12.7%
Profit Before Taxes	9.2	(2.0)	n.m.	6.3	(4.9)	n.m.
Profit Before Taxes Margin	2.5%	neg.		3.3%	neg.	
Income taxes	(1.7)	2.5	n.m.	(1.2)	3.3	n.m.
Consolidated Net Income	7.5	0.4	n.m.	5.1	(1.6)	n.m.
Minority interests	(0.8)	1.4	n.m.	(0.8)	0.7	n.m.
Net Income, Group Share	6.7	1.9	n.m.	4.3	(0.9)	n.m.
Net Margin	1.9%	0.8%		2.3%	neg.	

n.m.: Not meaningful
neg.: Negative

* The financial result as of June 2018 includes €1.8M related to corresponding to guarantee execution and bank structuring of multi-annual Premium product projects.

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