PRESENTATION OF THE RESULTS

3RD QUARTER OF 2016

TUBACEX GROUP

"…the TUBACEX results are particularly commendable if the adverse environment in which they have been generated is taken into account."

Jesús Esmorís
CEO

The fall in oil prices and their continuation at historically low levels has led to a reduction in the investments of all oil companies, with an extremely negative impact on our volumes and margins. This effect has been further intensified due to the weakness of raw materials in general, and of nickel in particular, creating an environment which we can define as "the perfect storm". Therefore, the TUBACEX results are particularly commendable if the adverse environment in which they have been generated is taken into account.

The commitment to premium products, which began a few years ago, is a reality today. Our improved positioning in high value-added products combined with a strict control of costs is what is enabling us to gain market share in these niches, and show a constant increase in our results and margins each quarter. Proof of this is the EBITDA margin for the third quarter which stands at 10.1%, the highest for the past four quarters.

The results for the third quarter, although always affected by the seasonality of summer, reflect this improvement which began at the start of the year. The sales figure stands at 104.6 million euros, 6.6% less than the same period in 2015, but the EBITDA has increased by 29.6%, reaching €10.5M, thanks to the operational improvements and the aforementioned mix.

Our Balance Sheet continues to reflect the Group's financial soundness, which is enabling us to face this negative scenario with the tranquility of knowing that we are able to meet our financial requirements for the next 3-4 years even in the worst case scenario. All of this is despite the Net Financial Debt over EBITDA ratio, which temporarily stands at 5.9x as a result of last year's purchase of two strategic companies in a weak market environment.

In this respect, we maintain our objective of generating positive cash flow for the year, although it is important to highlight that we are not bringing our strategic investments to a standstill because we believe in them and it is the way of showing our commitment to the future growth of our results in compliance with our new strategic plan.

As far as the last quarter of the year is concerned, we expect it to be similar to the third quarter, characterized by an improvement in the invoiced mix thanks to the premium orders obtained, but with a small volume and price pressure in the rest of the products.

From the internal point of view, we are continuing to work enthusiastically in three essential areas: product improvement, operational improvement and management excellence. Efforts throughout recent years in these three areas is what is enabling us to withstand an unprecedented crisis in the Oil&Gas sector and we know that our efforts in these areas is what will bring us to see the Group's true potential when the market recovers.

MARKET ENVIRONMENT

TUBACEX GROUP

At the beginning of the 2016 financial year, the world economy experienced a downturn that cast a shadow over its ability to maintain the recovery that started in 2015. However, the October issue of the Global Financial Stability Report published by the International Monetary Fund reduces the short-term risks and shows a recovery in activity in the leading countries.

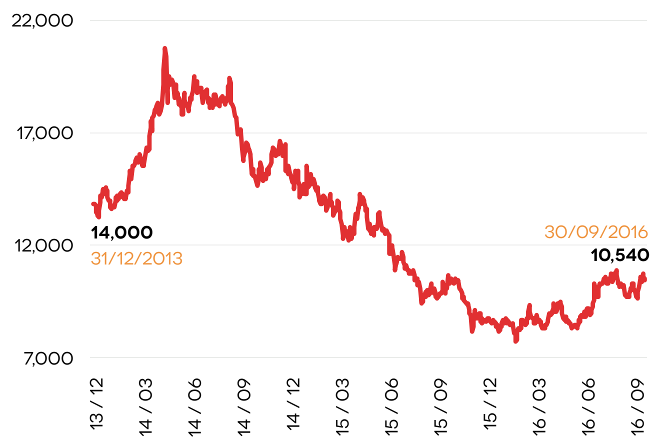
The price of raw materials has rebounded from the minimum levels recorded this year although it remains at historical low levels. In April, nickel price reversed is downward trend, accelerating its recovery throughout the last quarter. Whilst the price of nickel registered an appreciation of 8.9% at the close of the first half of the year, at September 30th it showed a cumulative annual increase of 21.1% with a closing price of $10,540 per ton compared to $8,700 per ton registered at the end of 2015. In terms of average prices over these nine months, it stands at $9,253 per ton, 26.9% below the average price for the same period in 2015 and 22.0% less than the average price for the whole of the previous financial year.

The other two alloys with a significant weight in the Group's supplies for the manufacture of stainless steel are molybdenum and chromium, which have experienced a similar trend to that of nickel. Molybdenum price has improved since the second quarter accumulating an increase of 25% in the financial year to date, although average price is still 6% lower than its price in 2015. As for chromium, its price at the close of September is up 20% on the close of 2015, although it is 12% below its average price.

With regard to oil price, it has maintained the stability reached in the previous quarter of 50 USD per barrel, although in October it seems to have definitely overcome that barrier. The Brent barrel closed September at 50.19 USD, up 34.6% on the close of 2015 and up 80% on its minimum in the middle of January.

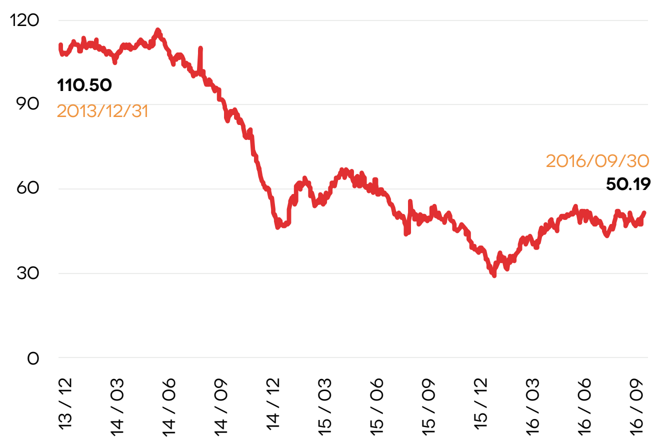
EVOLUTION OF THE NICKEL PRICE

DEC 13 – SEP 16 ($/TON)



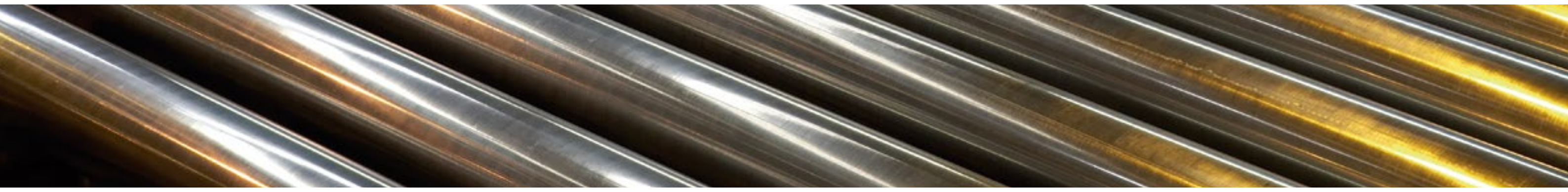
EVOLUTION OF THE BRENT PRICE

DEC 13 – SEP 16 ($/BARRIL)



KEY FINANCIAL FIGURES

TUBACEX GROUP



2016 financial year activity is progressing in an extremely unfavorable market environment. The weakness shown by raw materials and oil prices during the last two years has led to a major CAPEX reduction in Oil&Gas sector companies, impacting very negatively and gradually on the entire sector as well as on TUBACEX results.

Although this trend in the price of raw materials such as oil has reversed and started to show some stability in recent months, this upturn is still insufficient to be able to talk about the sector recovery, which looks as if it will be delayed until the second half of 2017.

Nevertheless, the company's improved position in premium products and continuous efforts oriented to operational improvement enable us to see a gradual recovery in results and margins quarter by quarter.

FINANCIAL FIGURES

€ M

	9M 2016	9M 2015	change %	Q3 2016	Q3 2015	change %
Sales	**366.2**	414.5	**-11.7%**	**104.6**	112.0	**-6.6%**
EBITDA	**30.4**	41.8	**-27.2%**	**10.5**	8.1	**29.6%**
EBITDA margin	8.3%	10.1%		10.1%	7.3%	
EBIT	**6.9**	19.8	**-65.1%**	**3.8**	1.9	**98.2%**
EBIT margin	1.9%	4.8%		3.6%	1.7%	
Net Profit	**3.3**	14.1	**-76.4%**	**1.6**	0.1	**n.m.**
Margin	0.9%	3.4%		1.5%	0.1%	

n.m.: not meaningful

	2016/09/30	2015/12/31
Working Capital	**203.0**	210.1
Working Capital / Sales	**41.8%**	39.3%
Equity	**315.3**	317.5
Equity / Net Financial Debt	**141.8%**	144.0%
Net Financial Debt	222.3	220.5
NFD/ EBITDA	5.9x	4.5x

The sales figure for the first nine months of the year amounts to €366.2 million, 11.7% below the sales for the same period of 2015 as a result of both the fall in volume and the negative impact of raw materials and pressure on prices. On the other hand, EBITDA stands at €30.4 million with a margin of 8.3%.

As for the Balance Sheet, the working capital amounted to €203.0 million at the end of September, €7.1 million below the figure recorded at the close of 2015. The net financial debt amounts to €222.3 million, €1.9 million above the figure recorded at the end of December. Accumulated cash flow generation in September was negative as a result of balance variation in accounts payable and accounts receivable with the Public Finance which will be offset throughout the year. For this reason, TUBACEX maintains its positive cash flow generation target at the close of the year. The net financial debt over EBITDA ratio stands at 5.9x as a result of a high debt figure after the acquisition and integration of two strategic companies last year; furthermore the last twelve months EBITDA has been badly hit by the weak market situation. TUBACEX upholds its forecast to reduce this ratio and achieve the strategic target of 3x in FY 2017.

The Group's financial soundness continues to be one of the major strengths of TUBACEX. 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 below that of the same period of 2015, in spite of having greater debt as a result of the acquisition of two companies; 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.

Regarding forthcoming quarters, we expect the improvement trend in the invoiced mix identified in the last two quarters to continue, based on winning major high value-added product orders.

TUBACEX GROUP

The Group's improved position is facilitating bid presentation and winning in large projects which we could not have served a year ago. This combined with significant Oil&Gas projects in the pipeline which are expected to be awarded in the first half of 2017, give us a reason to be optimistic as if materialized, they would enable the improvement of results and margins to be consolidated throughout 2017. Regarding the general market, no significant recovery is expected until the second half of 2017.

QUARTERLY EVOLUTION

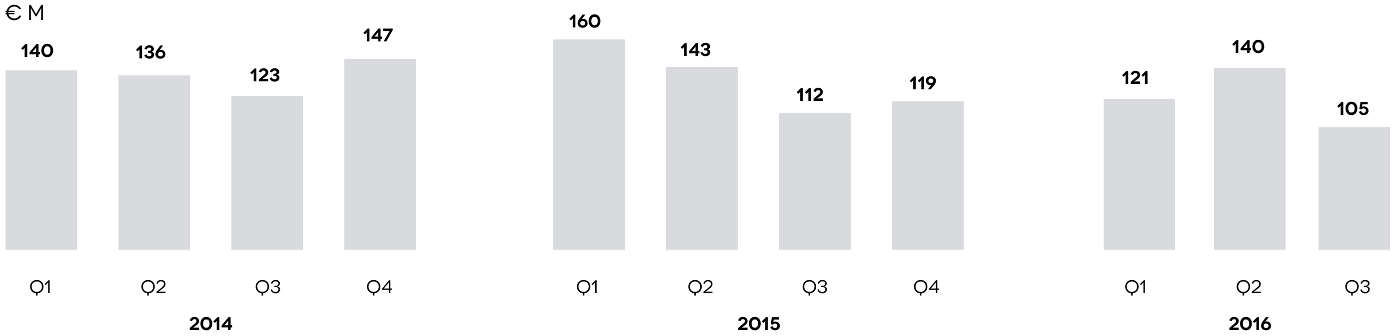
It is worth remembering that the third quarter results, as a consequence of the summer holiday, always have a very important seasonal component for TUBACEX.

The third quarter sales figure now amounts to €104.6 million, 6.6% below the sales figure in the same quarter in 2015, mainly as a result of a deterioration in sales prices through the distribution channel, which were highly impacted by the weakness of this market and the drop in alloy surcharge.

However, as already mentioned in our previous quarterly results, both EBITDA and EBITDA margin continue to follow an upward trend thanks to the increase in premium product market share as well as operational improvements. Thus, EBITDA stands at €10.5 million, 29.6% over EBITDA registered in the third quarter of 2015, with a 10.1% margin, which signs the third consecutive quarter showing an improved margin and the return of EBITDA margin to double figures after four quarters.

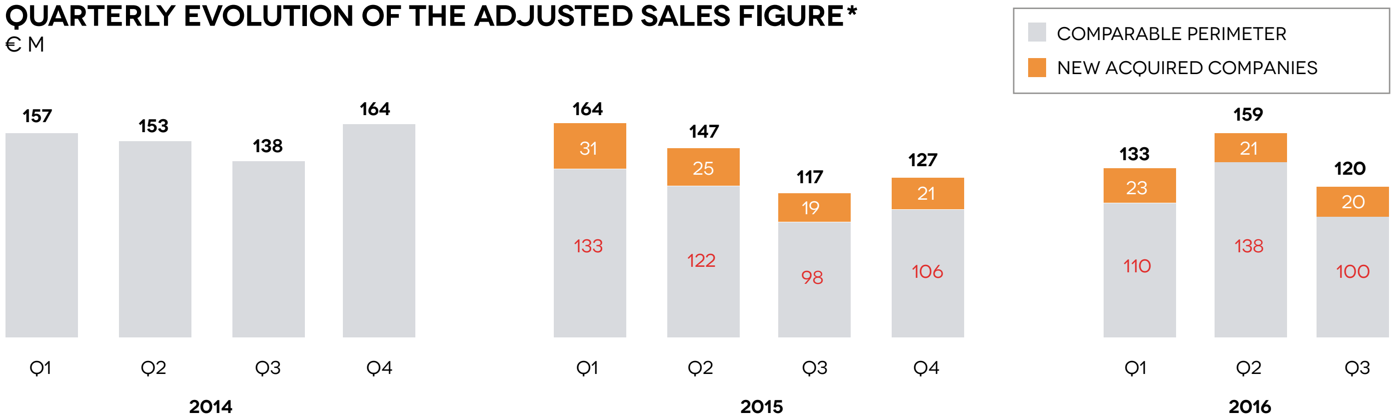
QUARTERLY EVOLUTION OF THE SALES FIGURE

€ M



QUARTERLY EVOLUTION OF THE ADJUSTED SALES FIGURE*

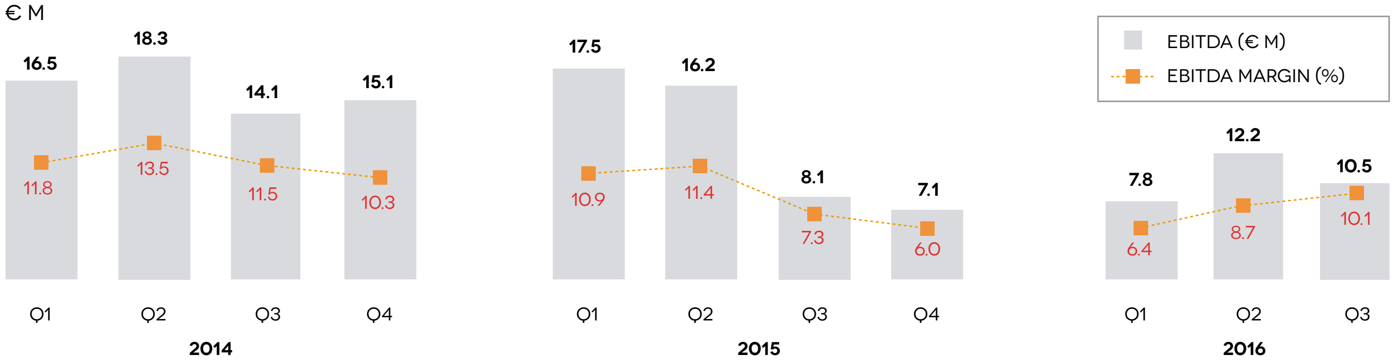
€ M



* *Sales figure calculated assuming the stable nickel price of 2012.*

QUARTERLY EVOLUTION OF THE EBITDA FIGURE

€ M



BUSINESS EVOLUTION

The business environment of TUBACEX Group in this financial year up to now has maintained the trend shown in the second half of 2015, characterized by a gradual worsening of sales in terms of volume and prices. Nevertheless, the market share increase obtained by the Group in premium products, representing over 80% of order intake and over 70% of accumulated invoicing by September has been contributing to offsetting the above trend and preventing a greater impact on results since April.

Sales through the distribution channel are still registering a very weak performance both in volume and in price, due to the particular impact of very low sustained nickel prices, as well as offbeat activity in the Oil&Gas sector, which is the main recipient of tubes sold through this channel.

As far as **direct sales to engineering firms and the end-user** are concerned, the same trend seen in previous quarters continues. On the one hand, this sales channel continues to gain weight in line with the Group's strategy and accounts for over 75% of order intake; whereas on the other hand, the **PowerGen** sector strength has been maintained with historic sales levels mainly in the Chinese market since 2015, and continues to be the first destination sector for TUBACEX products, concentrating 47% of revenue. The integration in 2015 of TUBACEX IBF, a specialist in large diameter parts in the Premium segment, has allowed us to offer integrated tubular solutions to the customers of this sector. This fact, together with the development of new grades of steel specific for this sector in recent years and the shot-peening line, is contributing significantly to increase the Group's market share in this segment.

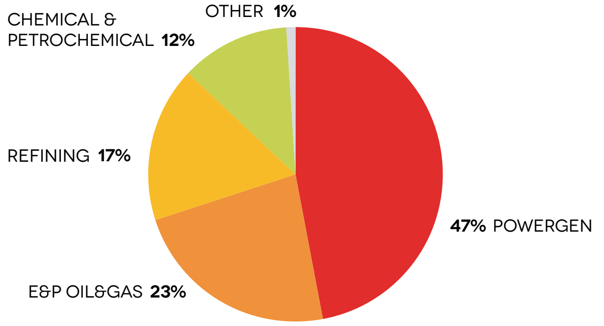
It is also worth mentioning as in the previous quarter, a progressive upturn in the **E&P** sector negative trend after three consecutive quarters of weight reduction in the Group's global sales. This sector, which represented 15% of sales in the first quarter, went from 21% at the end of June to account now to 23% thanks to the start of deliveries of a major OCTG order received in March. Based on the current backlog and good order intake prospects in the Middle East, this percentage is expected to continue to increase gradually in forthcoming quarters.

Regarding the **Refining and Petrochemical Industry sector**, the activity drop in the E&P segment translated into a significant competition increase, while a CAPEX reduction in the entire oil industry has also affected this segment leading to a fall in orders quarter on quarter. The foregoing events have triggered a slight reduction in the percentages representing these sectors on total sales from 18% to 17% and from 13% to 12%, respectively.

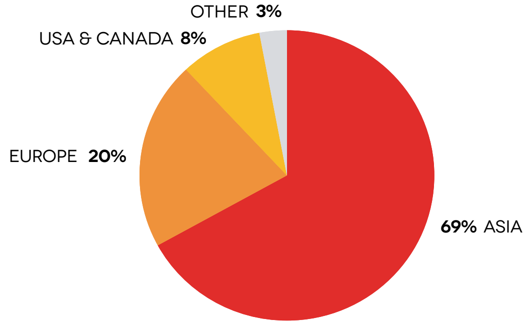
BREAKDOWN OF DIRECT SALES TO ENGINEERING FIRMS AND END-USERS

9M 2016

BREAKDOWN BY SECTOR



BREAKDOWN BY FINAL DESTINATION



A geographical breakdown by final sales destination shows the Asian market continues to maintain its leadership in the Group's sales as has been the case in recent quarters. This trend will continue in the future as Asia is currently the highest growth potential market worldwide and one of the main sales strategy cores for the TUBACEX Group. For this reason, TUBACEX has reinforced its position in this region during the last year, incorporating industrial plants and opening sales offices. In the short term, our sales strategy in this region will require us to strengthen our position in Iran, emerging as one of the major countries in terms of demand of the Group's products in forthcoming years.

SIGNIFICANT EVENTS

API 5 CRA IN UNS N08028
JUN/JUL 2016

TUBACEX has received API 5 CRA certification, becoming the first company in the world to fulfill this specification for the production of Alloy 28. This steel grade is the high nickel alloy that is most resistant to corrosion used in the Oil Country Tubular Goods (OCTG) industry.

This product certification complements the API Q1 certification obtained in January 2015 and is proof of the Group's capacity to fulfill the most stringent requirements in the sector.

JOINT VENTURE WITH AWAJI
SEP 2016

On 27th September, TUBACEX announced the signing of an agreement to create a Joint Venture with the Japanese company, Awaji Materia, to manufacture special stainless steel components at its factory in Thailand.

This operation, which follows a letter of intent signed and announced last May, implies a capital increase of USD 3.3 million subscribed by TUBACEX Group through the Italian firm IBF, which accounts for 60% of the new company's stake. As compensation for the remaining 40%, Awaji Materia will provide the assets for the stainless steel special fittings factory.

It is expected that the new company, Tubacex Awaji Thailand, which currently employs 40 people, will invoice 20-25 million euros in three years with the manufacture of stainless steel elbows, reductions, Ts and Caps. These are standard small diameter products that complement the fittings range that TUBACEX offers through TTA (Spain) and IBF (Italy), allowing for industrial synergies with its tube plant located in India.

TUBACEX PARTICIPATION AT CORCON 2016
SEP 2016

The 24th Annual Corrosion Conference and Expo (CORCON 2016) was held from September 18-21, 2016 at The Leela Ambience Convention Hotel, Delhi. CORCON is a unique event which brings together the global corrosion industry players

This year the theme of the conference was "Managing Corrosion prevention, inspection and mitigation from inside out".

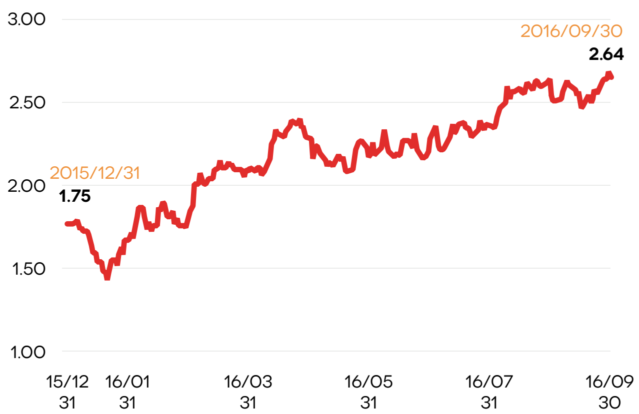
TUBACEX was one of the silver sponsors for this event and had a Technical Paper Presentation. The Technical Paper was presented by Shabareesh Nair and Venkat Ramesh on the following topic: "Material solution for heater tubes with high resistance to polythionic acid together with naphthenic acid corrosion in refinery environments". The paper was well received by the audience and has attracted some interest in the industry. One of the main reasons is that it provides a perfect balance for naphthenic acid corrosion and polythionic acid corrosion as well as mechanical properties similar to TP 347H with lower alloying elements.

TUBACEX ON THE STOCK MARKET

SHARE EVOLUTION
JAN 16 – SEP 16

From January to September 2016, TUBACEX shares showed a very positive stock market performance, accumulating an appreciation of 50.9%. At closing on September 30th 2016, TUBACEX share price was at €2.64 representing a market capitalization of €351.1 million in relation to that of €232.7 million at 2015 closing.

As for share liquidity, the volume traded has fallen with respect to the record figures reached in 2015. Between January and September 2016, a total of 57.3 million shares have been traded, or in other words, 43.1% of the capital and 58.9% less than in the same period of 2015.



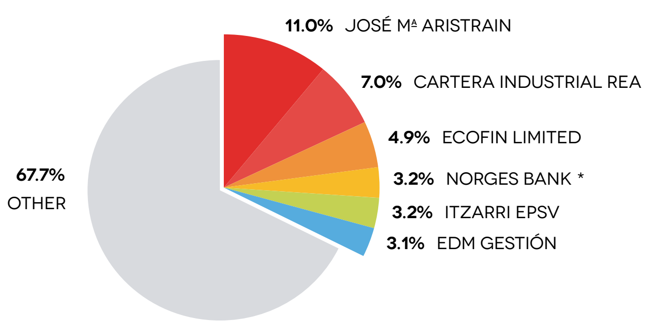
Source: CNMV (Spanish Securities Exchange Commission)

SHAREHOLDING
2016.09.30

The only change that has occurred in the composition of the Company's significant shareholders during the third quarter of 2016 is the slight reduction of the stake held by Norges Bank, from 3.3% to 3.2%.

Throughout the rest of the year, the only other change was in January when Cartera Industrial Rea increased its stake from 5.0% to 7.0%.

Therefore, as recorded in the Spanish Securities Exchange Commission, the TUBACEX shareholder structure at 2016 September 30th is as follows:



* *Stake divided into a direct stake of 3.014% and financial instruments amounting to 0.161%*

FINANCIAL FIGURES

TUBACEX GROUP

CONSOLIDATED BALANCE SHEET

M €

	2016/09/30	2015/12/31	change %
Intangible assets	67.5	68.8	-1.9%
Tangible assets	268.4	263.7	1.8%
Financial assets	61.5	61.9	-0.6%
Non-current assets	**397.4**	**394.4**	**0.7%**
Inventories	218.0	226.7	-3.9%
Receivables	74.4	79.8	-6.8%
Other account receivables	18.8	13.7	37.1%
Other current assets	2.6	1.4	92.1%
Derivative financial instruments	0.6	0.4	55.9%
Cash and equivalents	142.9	142.8	0.1%
Current assets	**457.2**	**464.7**	**-1.6%**
TOTAL ASSETS	**854.6**	**859.1**	**-0.5%**
Equity, Group Share	286.7	288.6	-0.6%
Minority interests	28.6	28.9	-1.1%
Equity	**315.3**	**317.5**	**-0.7%**
Interest-bearing debt	171.4	166.1	3.2%
Derivative financial instruments	1.1	0.8	40.1%
Provisions and other	43.9	48.7	-9.9%
Non-current liabilities	**216.4**	**215.6**	**0.4%**
Interest-bearing debt	193.8	197.1	-1.7%
Derivative financial instruments	0.8	0.9	-12.8%
Trade and other payables	89.3	96.4	-7.4%
Other current liabilities	38.9	31.6	23.2%
Current liabilities	**322.9**	**326.0**	**-1.0%**
TOTAL EQUITY AND LIABILITIES	**854.6**	**859.1**	**-0.5%**

CONSOLIDATED INCOME STATEMENT

M €

	9M 2016	9M 2015	change %	Q3 2016	Q3 2015	change %
Sales	366.2	414.5	-11.7%	104.6	112.0	-6.6%
Change in inventories	5.1	(22.5)	n.m.	2.7	(7.5)	n.m.
Other income	11.4	5.8	97.0%	5.2	2.1	141.3%
Cost of materials	(186.8)	(200.4)	-6.8%	(54.2)	(53.9)	0.6%
Personnel expenses	(88.8)	(91.2)	-2.6%	(25.1)	(23.6)	6.1%
Other operating costs	(76.7)	(79.4)	-3.4%	(22.7)	(20.9)	8.2%
Badwill	-	15.0	n.m.	-	-	-
EBITDA	**30.4**	41.8	**-27.2%**	**10.5**	8.1	**29.6%**
Depreciation	(23.5)	(22.0)	6.9%	(6.8)	(6.2)	8.6%
EBIT	**6.9**	19.8	**-65.1%**	**3.8**	1.9	**98.2%**
Financial Result	(6.2)	(8.0)	-22.9%	(1.8)	(2.1)	-14.5%
Exchange differences	(0.3)	-	n.m.	(0.2)	(1.6)	-87.5%
Net Income, Group Share	**3.3**	14.1	**-76.4%**	**1.6**	0.1	**n.m.**

n.m. : Not meaningful

MAIN FINANCIAL RATIOS

	9M 2016	H1 2016	Q1 2016	2015	2014
NFD / EBITDA	5.9x	6.1x	6.1x	4.5x	2.4x
NFD / Equity	70.5%	69.0%	76.2%	69.4%	53.1%
EBITDA Margin	8.3%	7.6%	6.4%	9.2%	11.7%
EBIT Margin	1.9%	1.2%	neg.	2.9%	8.0%
RoE	neg.	neg.	0.5%	2.9%	8.4%
RoCE	0.5%	0.1%	0.8%	2.9%	10.0%
Interest coverage	1.1x	0.7x	neg.	1.7x	3.8x
Net working capital / sales	41.8%	42.0%	44.7%	39.4%	37.0%

neg.: Negative