PRESENTATION OF THE RESULTS

1ST QUARTER 2017

TUBACEX GROUP

"The sales figure has reached €131.3 million, up 8.2% on that for the first quarter of 2016 and the EBITDA stands at €13.0 million, up 67.9% on that for the first quarter of last year."

Jesús Esmorís
CEO

The first quarter of 2017 has followed the same line as the previous quarter. We are faced with a weak market in which the stabilization of the price of raw materials at low levels has not yet allowed for its recovery. In fact, order intake for this quarter has been low. However, thanks to our technological and commercial evolution, with a firm commitment to innovation and the provision of high value-added services and products, we are able to bid for important large-scale projects which are expected to be awarded in the second or third quarter of the year.

It is this good positioning in products with a high technological value that enables us to present favorable results this quarter, corresponding to significant orders for premium products received last year.

The sales figure has reached €131.3 million, up 8.2% on that for the first quarter of 2016 and the EBITDA stands at €13.0 million, up 67.9% on that for the first quarter of last year, with a margin of 9.9%. As far as the Balance Sheet is concerned, the financial strength has been maintained. In spite of the fact that the ratio of net financial debt over EBITDA stands at 5.7x, this is a temporary situation due to heavy debt as a result of the acquisition of two companies in 2015 in an environment of low results generation.

It should also be highlighted that the increase in net working capital with its corresponding impact on the Group's net financial debt foresees a rise in the sales figure for the Group's main units, which will materialize significantly in the second part of the year.

For this reason, it is worth pointing out our sound financial structure and the fact that we have our debt maturities guaranteed for the forthcoming 3-4 years, even in the worst-case scenario. In this respect, it is worth mentioning that we received the second tranche of the 10-year EIB loan in March, which was granted at the end of 2015. This loan represents official backing for the TUBACEX R&D&I activities and strengthens the Group's financial capacity.

As for the evolution throughout 2017, we expect a good year for order intake from the second quarter onwards. As far as results are concerned, the first half of the year will follow the same line as the same period of 2016, moving on to a second half of the year in which a gradual improvement in results will be seen with a significant recovery in 2018.

MARKET ENVIRONMENT

TUBACEX GROUP

The macroeconomic indicators for the first months of 2017 have been rather more positive than expected in both the advanced and emerging economies, which indicates that growth in the activity of the worldwide economy is accelerating.

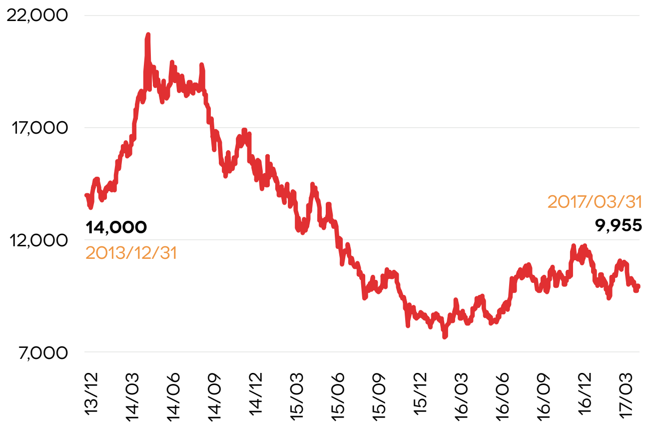
The price of raw materials has followed an upward trend during the quarter, but they all share continued historically low levels. As a reference in our business, nickel average price in LME has stood at $10,319/ton, up 7.0% on the average price in 2016.

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 also experienced a growth trend. The price of molybdenum has accumulated an increase of 23% in the year to date and its average price is 16.6% higher than that of 2016. As for chromium, its price at the end of March is up 40% on the close of 2016 and its average price is 65% higher than the average price for 2016.

As for the oil price, following two months of a positive tendency, it has undergone an adjustment and has closed the quarter at $53.53/barrel, down 5.8% on the 2016 year end.

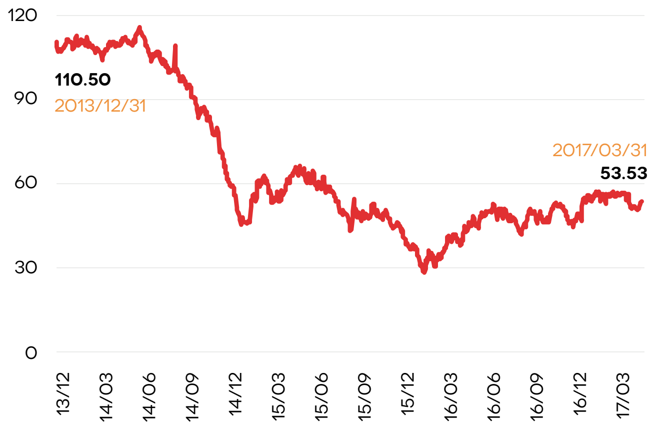
EVOLUTION OF THE NICKEL PRICE

DEC 13 – MAR 17 (US$/TON)



EVOLUTION OF THE BRENT PRICE

DEC 13 – MAR 17 (US$/BARRIL)



KEY FINANCIAL FIGURES

TUBACEX GROUP

The overall situation of market weakness in the previous quarters has remained in the first quarter of 2017. However, TUBACEX exposure to premium products and the important portfolio of these products achieved last year means that the results presented are clearly better than those reported for the same quarter in 2016 and those for the immediately preceding quarter.

FINANCIAL FIGURES

M€

	Q1 2017	Q1 2016	change %	Q4 2016	change %
Sales	**131.3**	121.4	**8.2%**	127.8	**2.7%**
EBITDA	**13.0**	7.8	**67.9%**	4.5	**189.2%**
EBITDA margin	9.9%	6.4%		3.5%	
EBIT	**4.6**	(0.6)	**n.m.**	(4.4)	**n.m.**
EBIT margin	3.5%	neg.		neg.	
Net Profit	**2.8**	(0.5)	**n.m.**	(2.8)	**n.m.**
Net margen	2.1%	neg.		neg.	

n.m.: not meaningful.
neg.:negative.

	2017/03/31	2016/12/31
Working Capital	**206.9**	183.2
Working Capital / Sales	**41.1%**	37.1%
Equity	**314.5**	313.6
Equity / Net Financial Debt	**137.3%**	151.6%
Net Financial Debt	229.1	206.9
NFD/ EBITDA	5.7x	5.9x

In March, the sales figure stands at €131.3 million euros, up 8.2% on sales for the first quarter of 2016, as a result of the favorable invoiced mix. The EBITDA has reached €13.0 million, with a margin of 9.9%. Both the EBITDA and the EBITDA margin are clearly above those for the first quarter of 2016 thanks not only to the good mix but also to the constant operating improvements and Group management.

As for the Balance Sheet, the working capital has closed the quarter at €206.9 million, which represents 41.1% of the sales figure and an increase of €23.7 million with respect to the previous year. The increase in net working capital in the first quarter of the year is due to the increased activity in Premium products at the production plants in Spain and Austria, along with the development of Tubacex Service Solutions in its global distribution of tubular solutions. The increased visibility of the portfolio of Premium products related to long-term projects, along with the construction and development of new distribution centers in Austria, Brazil, India, the Middle East and Iran have influenced this growth.

Net financial debt amounts to €229.1 million, which represents an increase of €22.2 million with respect to 2016, in line with the gain in working capital, and a net financial debt ratio over EBITDA of 5.7x. 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 and an EBITDA that is significantly affected by the weak market situation. TUBACEX expects to reduce this ratio to around 4x by the close of 2017 and place it at the strategic objective of 3x by the middle of 2018.

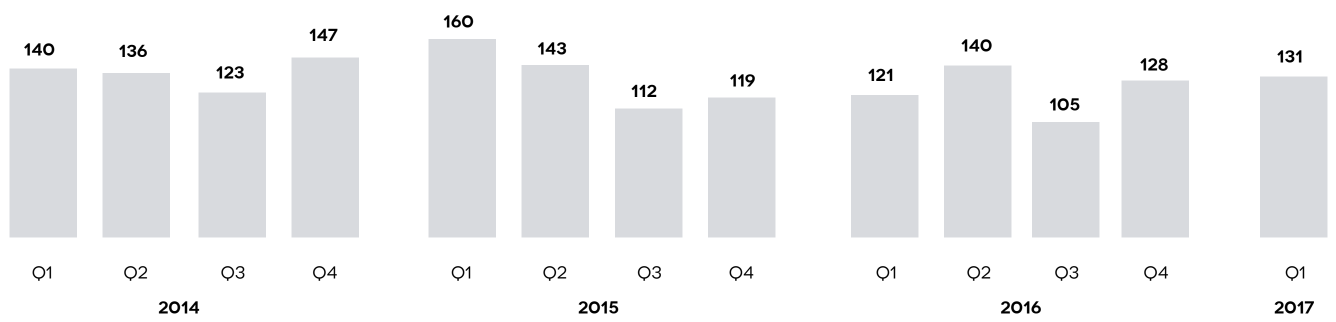
TUBACEX financial strategy in recent years has been aimed at optimizing costs and the diversification of financing sources. The success of this financial strategy can be seen in two specific facts: (i) financial expenditure far below that of the same period of 2016 and (ii) a strong cash position that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

QUARTERLY EVOLUTION

We expect the forthcoming quarters to be favorable in terms of order intake, as oil price stabilization is driving the activation of numerous projects and TUBACEX's good position in the Premium Product sector is enabling us to bid for important high added value orders. However, as these orders will not materialize until the end of this year or beginning of 2018, their impact on the profit and loss account will be more limited this year.

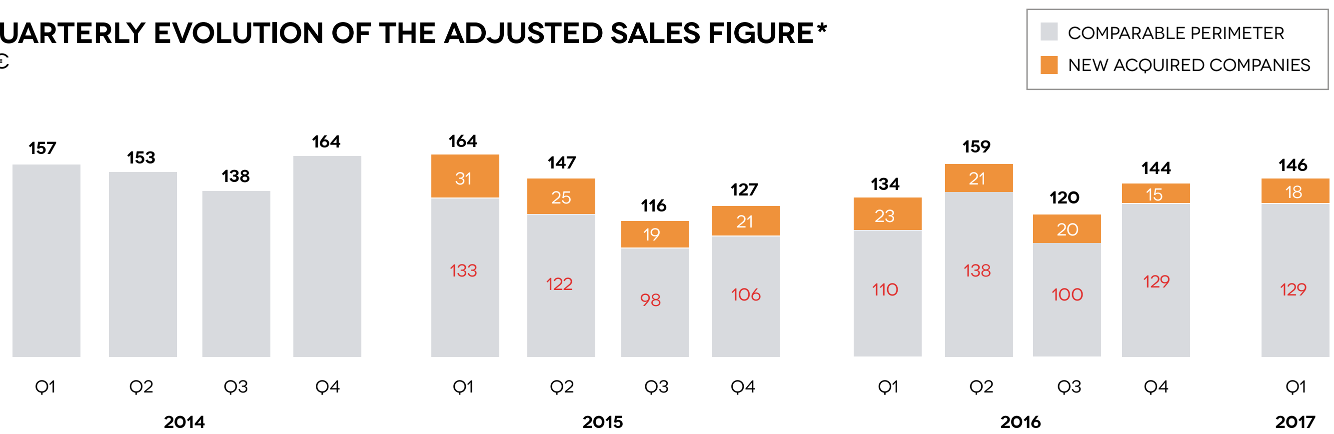
QUARTERLY EVOLUTION OF THE SALES FIGURE

M€



QUARTERLY EVOLUTION OF THE ADJUSTED SALES FIGURE*

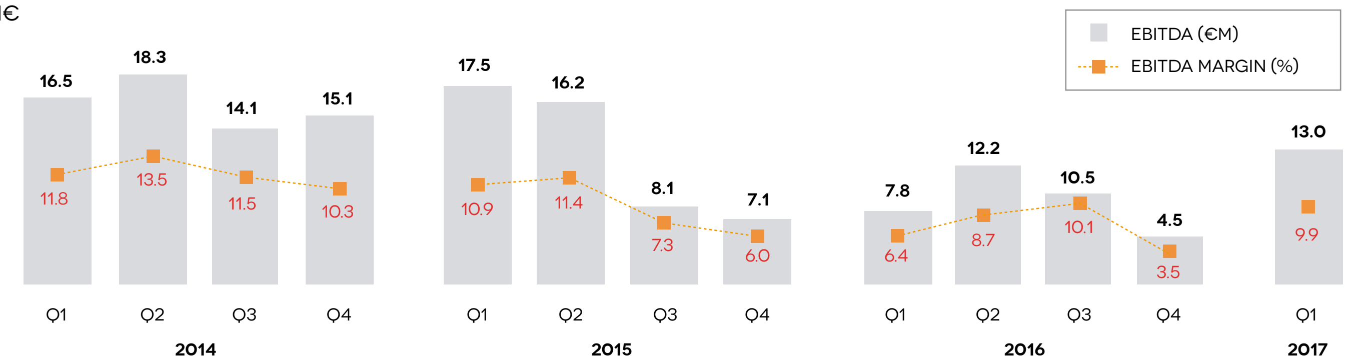
M€



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

QUARTERLY EVOLUTION OF THE EBITDA FIGURE

M€



BUSINESS EVOLUTION

In spite of the fact that raw materials have maintained an upward trend in recent quarters, they remain at historically low levels, which is preventing a general recovery of the sector. However, the good positioning of TUBACEX in high value-added products and the strengthening of its sales network in areas with higher growth is enabling the Group to access diverse large-scale projects, whereby their award is offsetting the weak market situation.

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

In terms of **direct sales to engineering firms and end-users**, the weight of this channel in the Group's total sales has remained predominant, in line with the Company's strategy, and accounts for 60% of order intake in the quarter. This figure is slightly lower than that for 2016, which was unusually high as a result of the important orders received last year.

The weight of **Oil&Gas E&P** has maintained its tendency of gradual improvement shown in recent quarters and now represents 38% of sales for this channel, due essentially to the high invoicing figures for OCTG tubes and Umbilicals. Within this sector, it is worth mentioning the good performance of tubes for Umbilicals, a market in which TUBACEX is gradually increasing its market share, and where it currently has its highest portfolio ever, therefore this positive trend is expected to continue throughout the year.

As for OCTG tubes, invoicing in this quarter has been positive thanks to the important order for Abu Dhabi, which was placed last year. However, order intake remains at low levels in spite of the fact that the company is bidding for major projects that are expected to increase its visibility in this sector. Finally, the Subsea market continues to be depressed and no change is envisaged in the short term.

The **PowerGen** sector has reduced its weight in sales to 25%. It is worth remembering that record figures were achieved in this sector in 2015 and 2016. However, a new regulation introduced by the Chinese Government (main destination for tubes for supercritical boilers) has reduced by 20% the installed capacity of coal powered power plants for the next five years, although this reduction was foreseen in 2016. In spite of this market fall, the good positioning of TUBACEX, thanks to the new steels developed and the Shot Peening technology, enables us to maintain our market share in this sector.

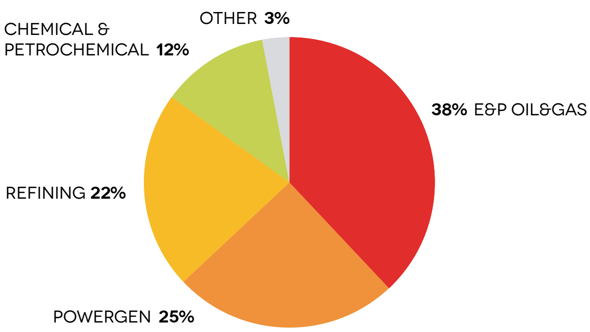
As for the **Refining and Petrochemicals Industries**, we cannot talk about market recovery but there are important projects, particularly in the Far East, which are increasing invoicing figures and order intake in these sectors, representing 22% and 12% respectively.

More specifically, in the Refining sector and in line with the strategic objective of offering integral solutions, services such as polishing, beveling, U-bending or special cutting have been added to the traditional value proposal of tubes and fittings, which is improving our position in this market.

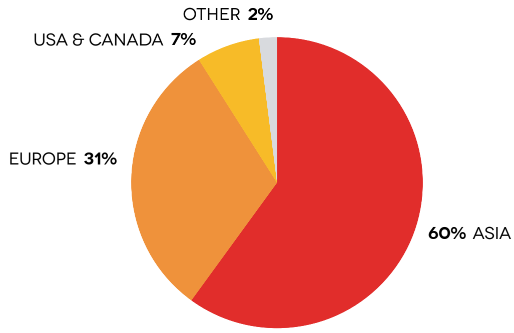
BREAKDOWN OF DIRECT SALES TO ENGINEERING FIRMS AND END-USERS

Q1 2017

BREAKDOWN BY SECTOR



BREAKDOWN BY FINAL DESTINATION



From a geographical point of view in terms of the final destination of sales, Asia maintains its position as the Group's leading market with 60% of them, slightly lower than in 2016 due to the reduction in the sale of tubes for supercritical boilers in the Chinese market. The TUBACEX Group considers a top priority increasing its presence in those markets in which high growth in demand for their product is expected in the forthcoming years. Therefore, the Group is committed to strengthening the Asian market, through the incorporation of TUBACEX Awaji Thailand and the opening of new warehouses in the United Arab Emirates, Iran and India.

SIGNIFICANT EVENTS

TUBACEX GROUP

TUBACEX INDIA HAS RECEIVED ITS FIRST ORDER FOR THE PRODUCTION OF TX 253MA

FEBRUARY 2017

TUBACEX India has received its first order to produce TUBACEX 253MA. TX 253MA is an austenitic 2’Cr 10Ni+si type of alloy with very well defined contents of rare earth metals (REM) and nitrogen.

The REM in combination with the silicon contributes to the alloy high oxidation resistance and the nitrogen to its high creep strength and structural stability up to high temperatures.

TX 253MA, with its improved properties to cyclic oxidation and excellent creep strength & structural stability at high temperatures is an ideal solution for different application such recuperators tubes in metallurgical industries, heat treatment furnaces, thermocouple protection tubes, lance tubes for lime kilns, muffle tubes in continuous wire annealing furnaces among others. Other orders of this material supplied from TUBACEX Spain includes customer as Gestamp (Furnace application) and Wootz (Petrochemical application).

TUBACEX TAYLOR ACCESORIOS APPROVED BY KNPC AND SAUDI ARAMCO

FEB/MAR 2017

البترول الوطنية
KNPC
إحدى شركات مؤسسة البترول الكويتية
A Subsidiary of Kuwait Petroleum Corporation

ارامكو السعودية
Saudi Aramco

TUBACEX Taylor Accesorios -TTA has been approved by KNPC (full range) and Saudi Aramco (Stainless and High Nickel Alloys).

UMBILICAL ORDER FOR BP

MARCH 2017

BP Exploration (Delta) Limited (UK) has ordered approximately 100 km of static umbilicals and associated accessories from Nexans for the next stage of the West Nile Delta project. This major contract will help BP, and partner DEA (Deutsche Erdoel AG), develop the Giza, Fayoum and Raven gas condensate fields and for future discovered and undiscovered resources in the BP and DEA concessions, which are between 65 km and 85 km from the coast of Alexandria, off the North Coast of the Arab Republic of Egypt.

The delivery will take place in 2018, and the seamless stainless tubes for the umbilical will be supplied by Schoeller Belckmann Edelstahlrohr, a TUBACEX Group Company.

TUBACEX PARTICIPATES IN TECHNICAL CONFERENCES IN NACE

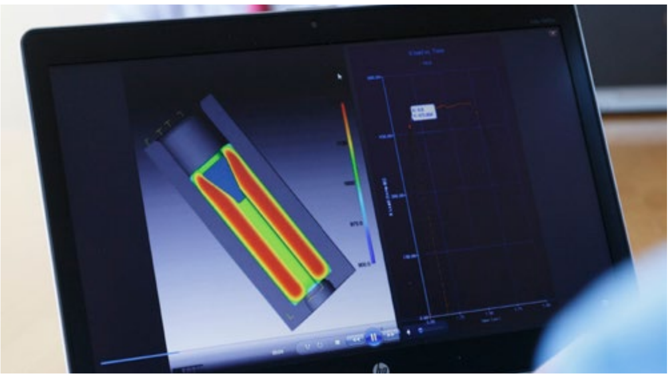
MARCH 2017

The Nace Corrosion Conference & Expo 2017 took place in New Orleans, Louisiana, from March 26th to 30th. TUBACEX Innovation unit was present at technical conferences attended by over 100 professionals, sharing the problems related to slow strain rate test performance and specimen characterization in austenitic corrosion resistant alloy tubes.

This paper demonstrates that the specimen surface morphology resulting from the final grinding of the material has an impact on the performance of the material. One of the main conclusions was that for different CRA materials the classification of the tested specimens proposed by the NACE TM0198 standard may be difficult to apply. Indeed, the criteria for stating that the analyzed alloys are susceptible to the SCC under the studied test conditions would be questionable.

TUBACEX SIGNS A SUPPLY AGREEMENT

MARCH 2017



TUBACEX has signed a framework agreement with Hengli Petrochemical (Dalian) Refinery Co. Ltd for the supply of tubes in austenitic steels and high nickel alloys for what will be one of the world's largest refineries.

It is the largest order received by TUBACEX for an end user in China. The importance of this framework agreement lies in the fact that, in line with the Strategic Plan, it maintains the tendency of selling directly to end users with the supply of solutions from the different business units (in this case TTI and IBF).

TUBACEX ON THE STOCK MARKET

SHARE EVOLUTION

JAN 17 – MAR 17

In the first three months of the year, the TUBACEX share has performed favorably, closing the month of March at €2.96 per share, which represents a revaluation of 8.4% so far this year.

At the end of the quarter, the market capitalization amounts to €393.6 million, compared with €363.0 million at the close of 2015.

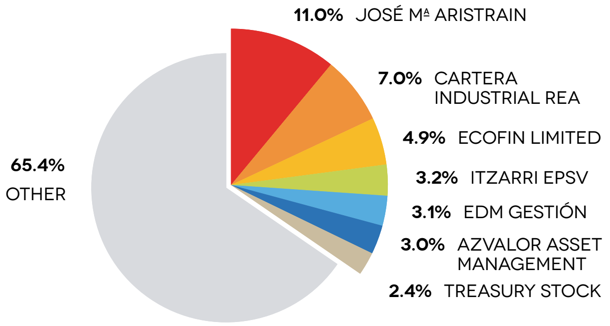
As for share liquidity, the volume traded has fallen by 24.1% with respect to the same period in 2016. During the first quarter of the year, the number of shares traded has amounted to 20.52 million, with effective trading of €61.68 million.

SHAREHOLDING

2017.03.31

During the first quarter of the year, there has just been one change in the structure of the company's significant shareholders. On 17th March 2017, AZValor notified the Spanish Securities Exchange Commission (CNMV) that it holds a stake of 3.003%.

Therefore, as recorded in the Spanish Securities Exchange Commission, the TUBACEX shareholder structure at 31st March 2017 is as follows:



Source: CNMV (Spanish Securities Exchange Commission)

FINANCIAL FIGURES

TUBACEX GROUP

CONSOLIDATED BALANCE SHEET

€M

	2017/31/03	2016/12/31	change %
Intangible assets	71.1	71.6	-0.7%
Tangible assets	266.4	267.6	-0.5%
Financial assets	63.4	63.0	0.7%
Non-current assets	**401.0**	**402.3**	**-0.3%**
Inventories	233.8	221.2	5.7%
Receivables	79.9	62.8	27.1%
Other account receivables	18.7	14.7	27.9%
Other current assets	2.1	2.9	-29.7%
Derivative financial instruments	0.7	0.5	25.7%
Cash and equivalents	152.2	147.4	3.3%
Current assets	**487.4**	**449.5**	**8.4%**
TOTAL ASSETS	**888.3**	**851.8**	**4.3%**

Equity, Group Share	288.2	286.6	0.5%
Minority interests	26.3	26.9	-2.4%
Equity	**314.5**	**313.6**	**0.3%**
Interest-bearing debt	184.2	164.7	11.9%
Derivative financial instruments	0.9	0.9	-8.5%
Provisions and other	42.4	42.0	0.8%
Non-current liabilities	**227.4**	**207.6**	**9.5%**
Interest-bearing debt	197.1	189.6	4.0%
Derivative financial instruments	2.1	2.6	-18.2%
Trade and other payables	106.7	100.8	5.9%
Other current liabilities	40.5	37.6	7.6%
Current liabilities	**346.4**	**330.6**	**4.8%**
TOTAL EQUITY AND LIABILITIES	**888.3**	**851.8**	**4.3%**

CONSOLIDATED P&L

€M

	Q1 2017	Q1 2016	change %	Q4 2016	change %
Sales	131.3	121.4	8.2%	127.8	2.7%
Change in inventories	12.1	4.2	191.3%	4.2	191.9%
Other income	1.4	1.3	5.9%	6.5	-78.1%
Cost of materials	(70.6)	(64.2)	10.0%	(81.2)	-13.0%
Personnel expenses	(32.5)	(30.2)	7.4%	(32.8)	-1.0%
Other operating costs	(28.7)	(24.6)	16.6%	(20.0)	43.7%
EBITDA	**13.0**	**7.8**	**67.9%**	**4.5**	**189.2%**
EBITDA Margin	*9.9%*	*6.4%*		*3.5%*	
Depreciation	(8.4)	(8.4)	0.3%	(8.9)	-5.6%
EBIT	**4.6**	**(0.6)**	**n.m.**	**(4.4)**	**n.m.**
EBIT Margin	*3.5%*	*neg.*		*neg.*	
Financial Result	(1.7)	(2.1)	-19.8%	(1.5)	9.4%
Exchange differences	(0.1)	(0.2)	-41.5%	(0.1)	66.7%
Net Income, Group Share	**2.8**	**(0.5)**	**n.m.**	**(2.8)**	**n.m.**
Net Margin	2.1%	-0.4%		neg.	

n.m.: Not meaningful.
neg.: Negative.

MAIN FINANCIAL RATIOS

	Q1 2017	2016	Q1 2016
NFD / EBITDA	6.1x	5.9x	6.1x
NFD / Equity	72.8%	66.0%	76.2%
EBITDA Margin	9.9%	7.1%	6.4%
EBIT Margin	3.5%	0.5%	neg.
RoE	1.3%	0.1%	0.5%
RoCE	1.5%	0.5%	0.8%
Interest coverage	1.3x	0.3x	neg.
Net working capital / sales	40.6%	37.1%	44.7%

neg.: Negative