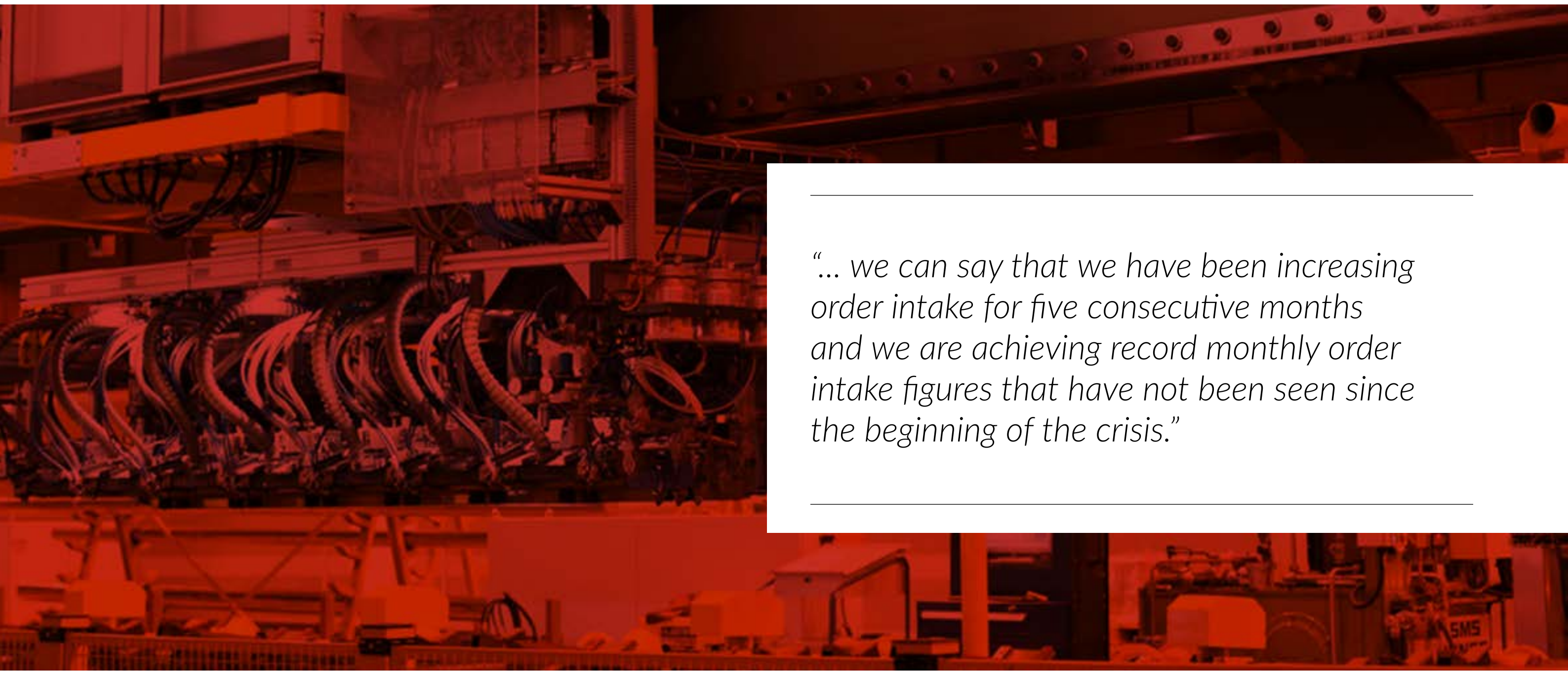
Earning Release

1ST QUARTER

2019



> *"... we can say that we have been increasing order intake for five consecutive months and we are achieving record monthly order intake figures that have not been seen since the beginning of the crisis."*

In spite of the fact that market recovery had not commenced, we closed last year with the highest results in the past decade. These results were based mainly on a significant order that offset the lack of recovery. Today, the key is the overall improvement of the market. After more than 4 years of low investment activity in the destination markets for our products (energy, oil and gas), 2019 has begun with a general and gradual upward trend in our leading markets. The rising trend in the price of energy and raw materials, investment activity in the gas production and transformation sector along with the unsustainability of such a prolonged period without investment are the catalysts of this recovery. For the first time in this period, we can say that we have been increasing order intake for five consecutive months and we are achieving record monthly order intake figures that have not been seen since the beginning of the crisis.

This gradual market recovery is enabling us to maintain the current levels of activity and profitability whilst waiting for the award of strategic projects that would significantly boost our turnover, volumes and results. In this respect, we must remember that we are still immersed in the final award phases of several significant multi-year projects, diversified by sectors.

To win these projects, the three strategic alliances signed in 2018 are essential. The letter of intent with the Egyptian Government for the development of nuclear energy in Egypt, our alliance with the Indian company, Midhani, to handle energy growth in India and the Joint Venture with Senaat, Abu Dhabi's state-owned investment group, for the development of Oil&Gas projects in the Middle East. These three alliances not only bring us closer to the end user and allow us to diversify our portfolio, but are also a sign of our ambition to become the leading supplier of high-alloy tubular solutions, contributing decisively to the development of energy infrastructures in the aforementioned geographical areas.

Investment in our new plant in Durant (Oklahoma) reinforces the strategic commitment to the North American market, with special impact on the aeronautical and aerospace sector. The recent acquisition of Nobu, with plants in Saudi Arabia, Dubai and Norway, strengthens our position in three of the world's most important energy hubs whilst improving our access to the main oil services companies, offering the largest portfolio of tubular solutions and repair and installation services.

The general recovery of the market together with the good prospects in the award of unique large-scale orders, enables us to face a key year for the fulfillment of our strategic objectives. In terms of financial figures, we foresee 2019 as being similar to 2018, but with a significant increase in order intake with a strong positive impact on the expected turnover and results for the period 2020 – 2022, the referent time frame for our current strategic plan.

Jesús Esmorís
CEO

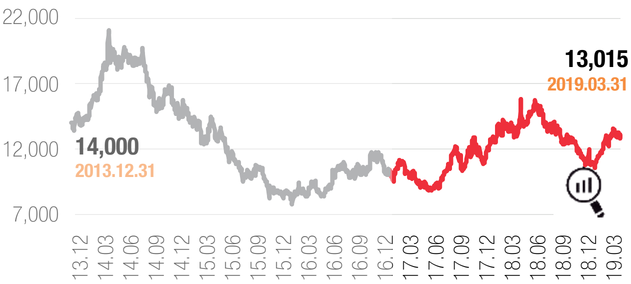
1 Market environment

The first quarter of 2019 has been characterized by an overall upward trend in the raw materials markets. The price of **nickel** has been revalued by 21.4%, closing the month of March at $13,015 per ton.

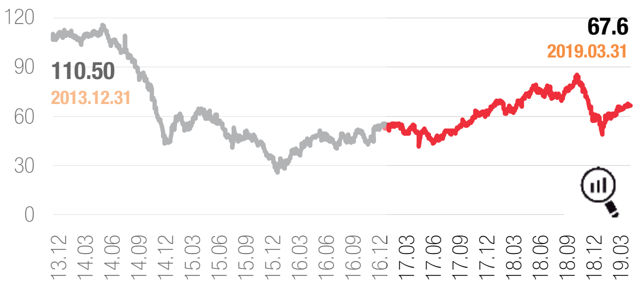
The other two alloys with significant weight in the Group's supplies for the manufacture of stainless steel are **molybdenum** and **chromium**. The price of molybdenum remained in line with the 2018 year-end; while the price of chromium rose by 7%.

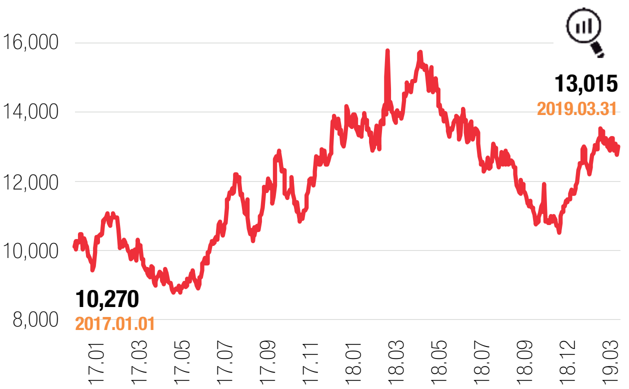
The oil price has also been positive, with a revaluation of 25.6% during the quarter. The **Brent barrel** price closed March at $67.58. This tendency has also continued in April, exceeding $70 per barrel, without ruling out more significant increases due to the geopolitical tension combined with the fragile and deteriorated supply–demand balance caused by a lack of structural investments in the past 4–5 years.

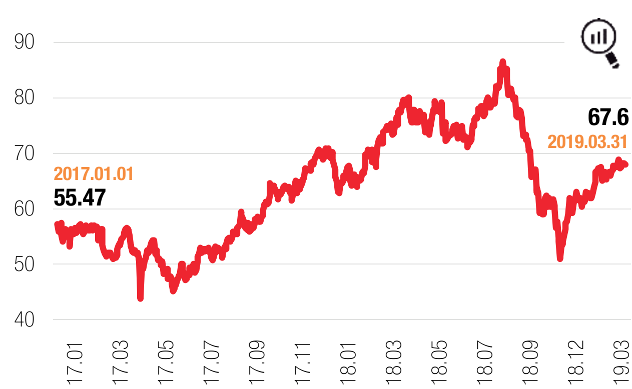
Evolution of the nickel price
DEC 13 - MAR 19 ($/TON)



Evolución of the Brent price
DEC 13 - MAR 19 ($/barrel)







2 Key financial figures

Sales in the first quarter of the year amounted to €143.5 million, down 14.8% on sales for the first quarter of 2018, as a result of the manufacture of lower volumes of premium product. However, the overall improvement of the market has led to an increase in the operating leverage ratios in all of the Group's units, increasing the EBITDA margin to 9.9% compared with 9.4% for the comparable quarter, with an EBITDA of €14.3 million.

Financial figures

€M

	Q1 2019	Q1 2018	change %
Sales	143.5	168.5	-14.8%
EBITDA	14.3	15.8	-9.5%
EBITDA margin	*9.9%*	*9.4%*	
EBIT	4.5	6.5	-31.2%
EBIT margin	*3.1%*	*3.9%*	
Net Profit	1.8	2.4	-25.5%
Net margin	*1.2%*	*1.4%*	

	2019.03.31	2018.12.31
Equity	283.6	274.4
Equity / Net Financial Debt	98.9%	107.8%
Working Capital	244.4	222.2
Working Capital / Sales	37.5%	32.8%
Structural Net Financial Debt [1]	42.4	32.2
Total Net Financial Debt	286.8	254.5
NFD/ EBITDA	*4.2x*	*3.7x*

(1) Total Net Financial Debt - Working Capital

The working capital closed March at €244.4 million, up €22.2 million on the close of 2018. It must be remembered that the working capital figure includes extraordinary effects conditioned by three essential reasons:

- The increase in nickel stocks, directly linked to the purchased and unconsumed nickel corresponding to the large OCTG project that was canceled at the end of 2018 and which will be allocated to various projects during 2019. The insured purchase value of this material is far below the current price of nickel, which offers a first-rate competitive advantage for future projects.
- The umbilical tube sector (subsea) has experienced significant growth, which has led to an increase in the order intake at our plants in Austria. The Group began pre-manufacturing mother tubes during the last quarter of the year with the aim of increasing competitiveness and reducing delivery times. This strategy has been successful and TUBACEX now has a record portfolio for this product. However, this positioning involves an increase in net working capital.
- In addition to these two factors, the general increase in activity in all of the Group's units has also influenced the rise in working capital.

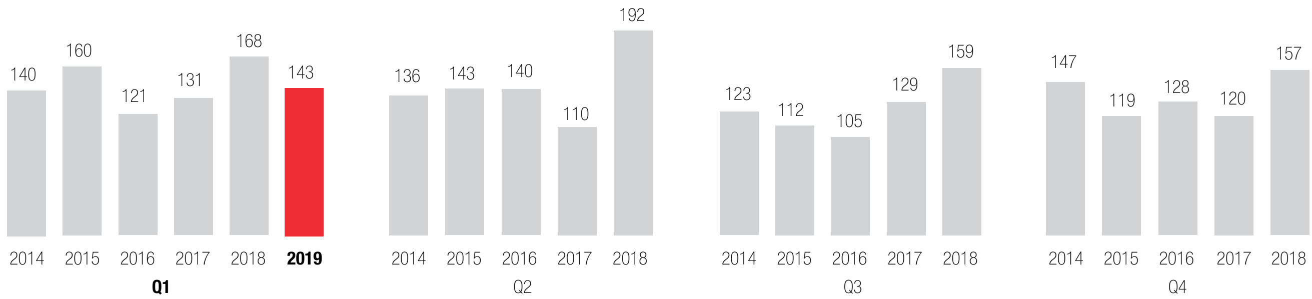
The net financial debt amounts to €286.8 million, reaching 4.2x EBITDA. The increase in the debt figure is closely related to the investment in working capital, as well as the two extraordinary cash outflows in the first quarter of the year and represent almost €15 million; the purchase of the minority shareholders of IBF and the payment of an interim dividend for the 2018 results. It must be emphasized that TUBACEX products are made to order as they are designed for specific projects. As a result, our net financial debt is closely linked to the working capital which is mostly sold at a net positive realization value. The working capital represents 87.8% of the debt, so the company's structural financial debt without including the working capital stands at €42.4 million.

In this respect and as has become customary regarding the Group's financial strategy, the Group's solid financial structure should once again be emphasized, with a high cash position in excess of €150 million which will enable it to face maturities in the next three years, even in the worst case scenario. Furthermore, the Group expects to reduce the debt ratio and close the year between 3x and 4x.

Regarding future prospects, TUBACEX anticipates 2019 to be very similar to 2018 in terms of results, provided that there are no significant delays in awarding the projects that the Group is currently negotiating. Furthermore, taking into account the size of these projects, it is likely that 2019 will be a record year in terms of bookings and will close with a portfolio that provides great visibility for the coming years.

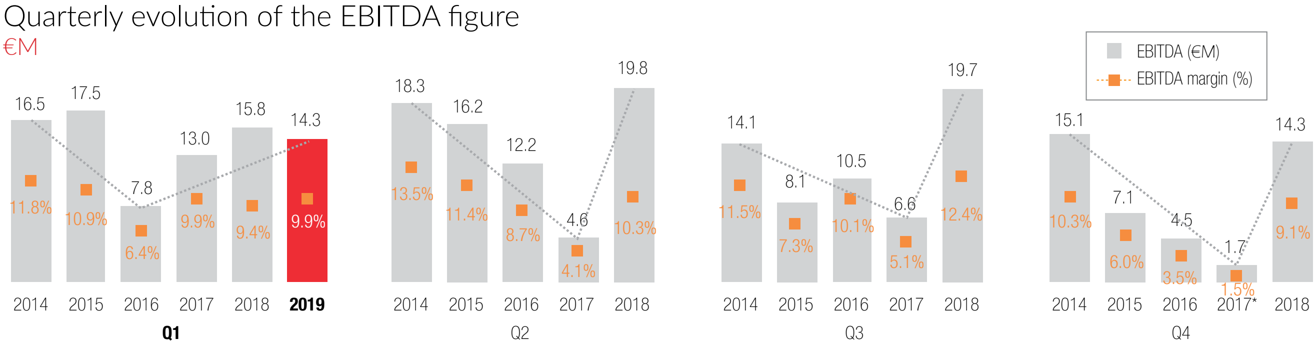
Quarterly evolution of the sales figure (€M)

€M



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*

3 Business evolution

Evidence of sector recovery and the activation of projects which were put on hold during the crisis encourage us to predict a progressive recovery of activity will take place in forthcoming years along with a solid base derived from multi–year projects, which are currently in the final phases of negotiation and structuring.

Turnover through the distribution channel has continued with its positive trend which began in 2018 thanks to the development of TSS (Tubacex Service Solutions) and the growth of our stocks in Asia, facilitating the application of successive price increases. This, combined with the price of raw materials and oil, can be considered an early indicator of a sustained and consistent recovery of the energy sector in OpEx and CapEx terms.

The Group's strategic positioning in the **Oil&Gas E&P** sector represents an important opportunity for attracting business for the production and transformation of gas in the Middle East, Asia, Russia and India, for national companies and international operators.

Within the **SURF segment (Subsea, Umbilicals, Risers and Flowlines)** we must highlight the good performance of Umbilical tubes. The high level of order intake which began at the end of 2018 has continued during the first quarter of the year, reaching record portfolio figures for this product. The most active geographical areas in terms of awards have been the Gulf of Mexico, South-East Asia and Africa. It is expected that this positive trend will continue over the forthcoming months driven also by the reactivation of the North Sea.

In the product segments aimed at nuclear and conventional **power generation**, TUBACEX has positioned itself as the leading supplier of high value tubular solutions, increasingly seeking the latest generation energy efficiency and a reduction in the volume of emissions, which are key sectors for development in countries like India, Egypt and China.

In the case of India, a key country in the TUBACEX commercial and industrial strategy, the strategic alliance with the local company, Midhani, must be taken into account, with which we expect to be able to offer joint supplies, hence increasing its participation in the future ultra-efficient and low emissions carbon power station, "AUSC 700",

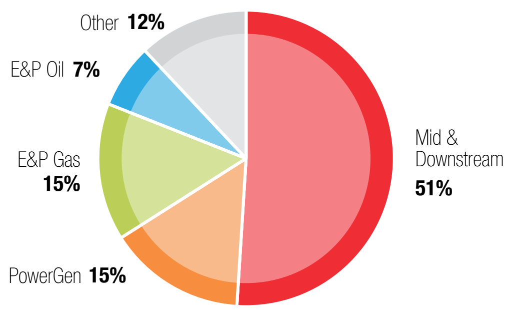
As for nuclear activity, the ambitious plans of the Indian government to build new native and Russian design units can be highlighted. In line with this plan, the TUBACEX Group is paving the way to offer local supplies through its plants in the country. TUBACEX continues to strengthen its position in Europe by supplying engineering packages and services through the GNMS platform. Supplies for the EDF "Grand Carenage" program, for the ITER experimental project or for the "La Hague" nuclear fuel reprocessing plant in France must be mentioned, among others. At the same time, the Group continues advancing in its collaboration in the "El Dabaa" project with the Egyptian authorities in which it hopes to define an approach in 2019. It is also worth remembering the good perspectives of Westinghouse in this sector that will have a positive effect in our Group through its exclusive alliance with IBF.

The **Mid and Downstream** sector maintains the positive trend which began at the end of 2018. The reactivation of the market has been visible in all of the regions in the first quarter of 2019, with a positive impact on the whole of the Group. Strategic projects, such as DUQM in Oman and MOL Polyos in Hungary, supplied from Tubacex Prakash, products for offshore platforms from IBF and the growing demand for premium grades from TTI for the Middle East stand out. For the year as a whole, the prospects are extremely positive, backed by new investment for refineries in Asia and LNG on a global scale.

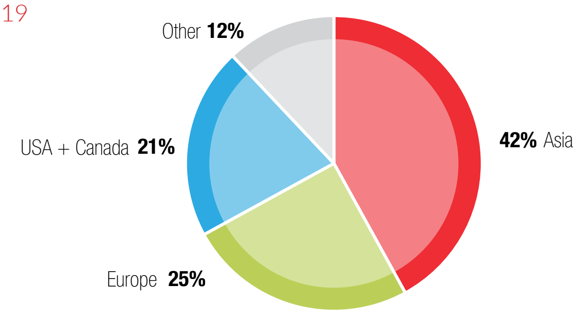
Breakdown of direct sales to engineering firms and end-users

Q1 2019

Breakdown by sector



Breakdown by final destination



From a geographic viewpoint, Asia remains the Group's main market with 42% of sales due to its high exposure to Gas E&P segment as well as to power generation. As growth projections in this region are high for the forthcoming years, the Group keeps on reinforcing its industrial and commercial presence in this area. It is also worth mentioning the increase in the weight of the North American market, which represents 21% of turnover, thanks mainly to the good performance of the North American subsidiary of TUBACEX devoted to the aeronautical and aerospace sector.

4 Highlights

Tubacex Services obtains ISO 45001 certification

Tubacex Services has become the first company in the TUBACEX Group and one of the few Spanish companies to obtain ISO 45001 certification, which was approved in March 2018 for Occupational Health and Safety Management Systems. This new certification highlights the prevention systems and the commitment of companies to develop a culture focusing on prevention and continuous improvement in this field. This new standard focuses on prevention management and the participation of workers and managers to ensure a safer and healthier work environment. This certification is just another example of the TUBACEX commitment to foster safe working conditions.

EYPS, NITROGEN & SYNGAS AND NACE Fairs

During the first quarter of the year, TUBACEX has attended the most important international fairs and conferences in its sector.

The main representatives of the governments of the North African countries, project operators, National and International Oil Companies, EPCs, consultants and financiers all attended Egyps (Egypt Petroleum Show).

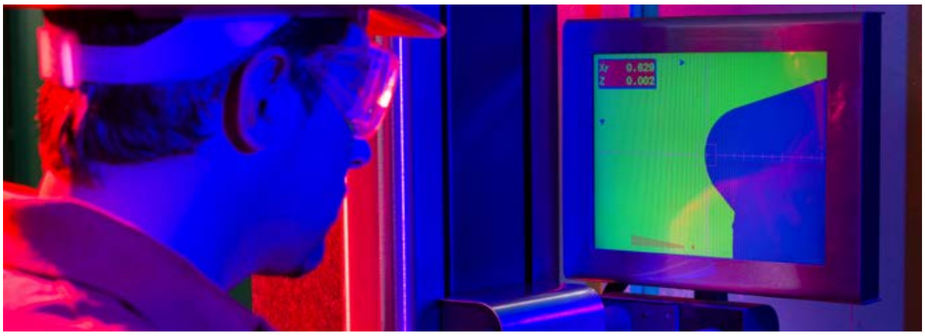
The Nitrogen & Syngas Fair, held in Berlin, brought together the most reputed technical professionals from the fertilizer sector.

TUBACEX also participated in the NACE Conference (Tennessee, USA), the world's most important event devoted to the prevention and reduction of corrosion, whereby the Group presented two articles in the technical presentations

Nobu acquisition

TUBACEX and SENAAT, Abu Dhabi's state-owned industrial investment group have joined forces to undertake investment projects in the Oil and Gas sector in the Middle East. This alliance aims to become one of the largest industrial platforms for premium tubular solutions in the Middle East. The first step of this joint venture has been the acquisition of the Nobu Group, a company specialized in repairing and maintenance and manufacturing machined stainless steel components for the Oil and Gas industries. With this takeover, TUBACEX reinforces its position in a key region and advances its strategy of becoming a global supplier of tubular solutions, significantly strengthening its product portfolio for the upstream sector.

SENAAT
GENERAL HOLDING CORPORATION



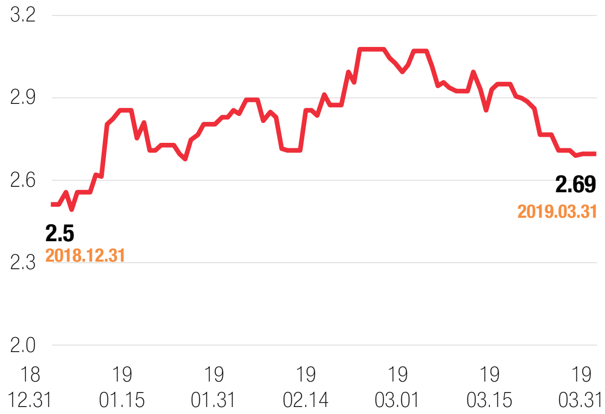
5 TUBACEX on the stock market

Share evolution
JAN 19 - MAR 19

Following the general poor market evolution in the final months of 2018, 2019 has kicked off by reversing this negative trend.

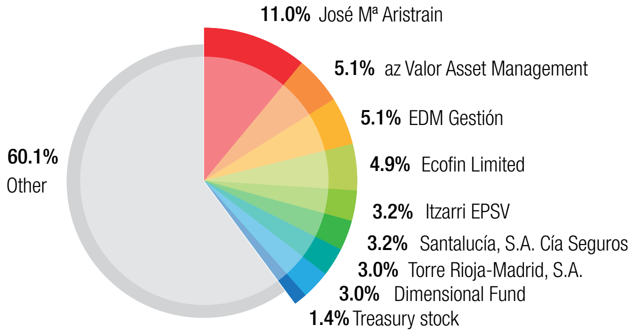
During the first few months of the year, the TUBACEX share price has undergone a revaluation of 7.6%. On March 31st, the TUBACEX share price stood at €2.69, with a market capitalization of €357.7 million compared to that of €332.4 million in 2018.

Regarding share liquidity, the number of shares traded from January to March 2019 has amounted to 9.3 million stocks, with effective trading of €26.5 million.

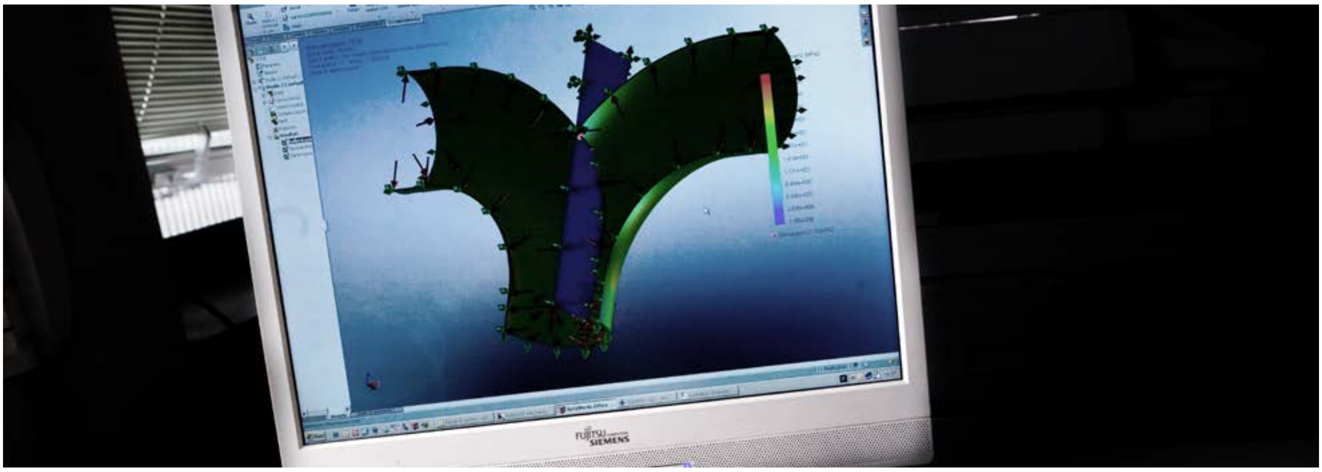


Shareholding
2019.03.31

In the first quarter of the year, no changes occurred in the Group's shareholding. Therefore, as recorded in the CNMV, the TUBACEX shareholder structure at 31st March 2019 is as follows:



Source: CNMV (Spanish Securities Exchange Commission)



6 Key financial figures

Consolidated balance sheet

€M

	2019.03.31	2018.12.31	change %
Intangible assets	51.1	51.9	-1.5%
Tangible assets	266.9	267.7	-0.3%
Financial assets	75.7	73.9	2.4%
Non-current assets	**393.7**	393.5	**0.1%**
Inventories	317.2	308.5	2.8%
Receivables	89.7	76.9	16.7%
Other account receivables	27.2	16.8	62.3%
Other current assets	4.9	4.7	5.0%
Derivative financial instruments	1.8	1.8	0.0%
Cash and equivalents	159.1	190.1	-16.3%
Current assets	**600.0**	598.7	**0.2%**
TOTAL ASSETS	**993.7**	**992.2**	**0.2%**
Equity, Group Share	283.6	274.4	3.4%
Minority interests	11.2	26.1	-57.0%
Equity	**294.8**	300.4	**-1.9%**
Interest-bearing debt	136.4	138.6	-1.6%
Derivative financial instruments	0.3	0.7	-63.1%
Provisions and other	34.0	34.7	-2.2%
Non-current liabilities	**170.7**	174.0	**-1.9%**
Interest-bearing debt	309.5	306.0	1.1%
Derivative financial instruments	2.0	1.6	28.1%
Trade and other payables	162.5	163.1	-0.3%
Other current liabilities	54.2	47.1	15.1%
Current liabilities	**528.2**	517.8	**2.0%**
TOTAL EQUITY AND LIABILITIES	**993.7**	**992.2**	**0.2%**

Consolidated income statement
€M

	Q1 2019	Q1 2018	change %
Sales	143.5	168.5	-14.8%
Change in inventories	1.1	3.6	-69.6%
Other income	3.0	2.3	32.4%
Cost of materials	(69.9)	(90.5)	-22.8%
Personnel expenses	(36.8)	(33.7)	9.0%
Other operating costs	(26.8)	(34.4)	-22.3%
EBITDA	14.3	15.8	-9.5%
EBITDA Margin	9.9%	9.4%	
Amortization and impairment of fixed assets	(9.8)	(9.2)	5.7%
EBIT	4.5	6.5	-31.2%
EBIT Margin	3.1%	3.9%	
Financial Result	(3.0)	(3.2)	-7.1%
Exchange differences	0.2	(0.4)	n.m.
Profit Before Taxes	1.7	2.9	-41.5%
Profit Before Taxes Margin	1.2%	1.7%	
Net Income, Group Share	1.8	2.4	-25.5%
Net Margin	1.2%	1.4%	

n.m.: Not meaningful

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