PRESENTATION OF THE RESULTS

1ST HALF OF 2017

TUBACEX GROUP

"Currently we have an order backlog of €700 million in high value-added products to be delivered in the next three years, which represents an unprecedented record for our company."

Jesús Esmorís
CEO

In the first half of the year we have faced a situation of overall market weakness which still remains. A good example is the weak results obtained in the second quarter, which were aggravated by a more unfavorable mix as a result of delays in the award of certain projects. The sales figure for the semester amounted to €241.4 million, 7.7% below the same figure in the first half of 2016; while EBITDA stands at €17.6 million with a 7.3% margin.

However and despite the overall weakness, sales and operational efforts made over recent years to accelerate TUBACEX positioning in the Premium product sector are paying off. Currently we have an order backlog of €700 million in high value-added products to be delivered in the next three years, which represents an unprecedented record for our company. In addition, this backlog includes a large amount of engineering solutions for the end user for the first time, marking a qualitative leap in our business model.

This proves the direction we took some years ago to become a supplier of integrated tubular solutions is correct and we continue to progress in that direction. We are increasingly focused on more sophisticated projects and progressing through the value chain, getting closer to our end clients and creating broader value propositions for them. The success of this strategy is not only demonstrated in the current order backlog but also in the new potential awards for forthcoming months, in spite of the overall market situation which is now at one of its lowest levels.

From the Balance Sheet point of view, it is worth highlighting the Group's financial soundness. Although the net financial debt has grown and now amounts to €243.9 million, we need to understand the background where it was generated. The debt level increase is linked to a rise in working capital as a result of two main events: on the one hand, to meet TUBACEX's target of reducing volatility, a significant part of raw material necessary for the current backlog has been hedged; and on the other, finished product stocks have increased as part of the TUBACEX Service Solutions (TSS) strategy to become the Group's Master Distributor, offering our clients the most suitable product, at the required location and at the right time. This debt increase has led our Net Financial Debt over EBITDA to be 7.5x. Nevertheless, we need to remember the Group's good liquidity position, which enables us to meet our debt maturity within the next 3 years, as well as our commitment to reduce this ratio below 3x by the end of 2018.

Regarding 2017 it will be a good year for order intake although the impact of the current backlog in results will be more concentrated in 2018 and 2019. As for results, we expect the second semester will gradually improve as the backlog performance progresses, but with a significant improvement from next year.

MARKET ENVIRONMENT

The macroeconomic indicators for the first months of 2017 have been rather more positive than expected in both the advanced and emerging economies, although it appears that growth and optimism have stabilized during the second quarter.

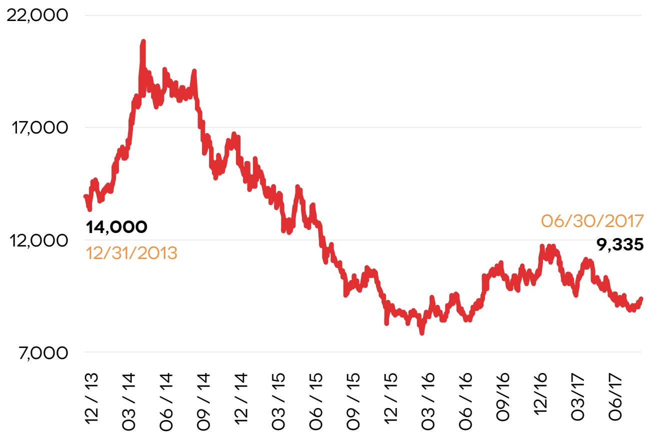
The prices of raw materials have continued the downward trend during the first half of the year, remaining at historically low levels. As a reference in our industry, nickel closed the month of June at $9,335 per ton, down 7.5% on the 2016 year-end. In average price terms, the average price of nickel LME has stood at $9,804 per ton, up 1.0% on the average price in 2016.

The other two alloys with significant weight in the Group's supplies for the manufacture of stainless steel are molybdenum and chromium. They have both reversed the upward tendency shown in the first quarter, experiencing a sharp fall in prices in the second quarter. The price of molybdenum, which closed March with an accumulated increase of 23%, closed June with a fall of 2% with respect to 2016. The price of chromium stands at a similar rate as the close of 2016, having accumulated a revaluation of 40% in March.

As for the oil price, once more it has undergone an important adjustment and has closed the half year at $47.92/barrel, down 15.7% on the 2016 year end.

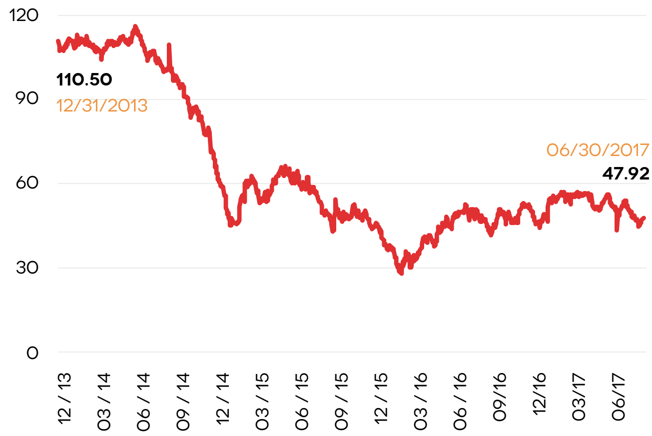
EVOLUTION OF THE NICKEL PRICE

DEC 13 – JUN 17 (USD/TON)



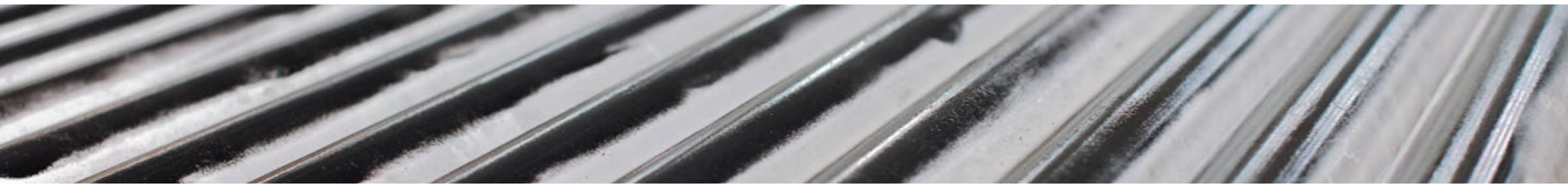
EVOLUTION OF THE BRENT PRICE

DEC 13 – JUN 17 (USD/BARREL)



KEY FINANCIAL FIGURES

TUBACEX GROUP



During the first half of the year, the overall weakness situation has remained in our market, leading to a constant reduction of volumes and a strong pressure on prices impacting the Group's results.

Nevertheless, TUBACEX's exposure to Premium products as well as the Group's important order backlog of these products is currently enabling us to resist the current situation and foresee a gradual improvement of results in forthcoming quarters.

FINANCIAL FIGURES

€M

	H1 2017	H1 2016	change %	Q2 2017	Q2 2016	change %
Sales	**241.4**	261.5	**-7.7%**	**110.1**	140.2	**-21.5%**
EBITDA	**17.6**	19.9	**-11.7%**	**4.6**	12.2	**-62.5%**
EBITDA margin	7.3%	7.6%		4.1%	8.7%	
EBIT	**0.8**	3.1	**-73.7%**	**(3.8)**	3.7	**n.m.**
EBIT margin	0.3%	1.2%		neg.	2.7%	
Net Profit	**1.9**	1.7	**9.0%**	**(0.9)**	2.2	**n.m.**
Net margin	0.8%	0.7%		neg.	1.6%	

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

	06/30/2017	12/31/2016
Working Capital	**211.7**	183.2
Working Capital / Sales	**44.7%**	37.1%
Equity	**307.4**	313.6
Equity / Net Financial Debt	**126.0%**	151.6%
Net Financial Debt	243.9	206.9
NFD/ EBITDA	7.5x	5.9x

The first semester sales figure stands at €241.4 million, down 7.7% on sales for the first half of 2016. The EBITDA has reached €17.6 million, with a margin of 7.3%.

As for the Balance Sheet, the working capital has closed the quarter at €211.7 million, which represents 44.7% of the sales figure and an increase of €28.5 million with respect to the previous year end. As we have already mentioned, the increase in net working capital is due to: increased activity by Tubacex Service Solutions in the distribution of tubular solutions at global level with new distribution centers in Austria, Brazil, India, the Middle East and Iran; and to the hedging of raw materials corresponding to the current order backlog.

Net financial debt amounts to €243.9 million, which represents an increase of €37.0 million with respect to the end of 2016 and a net financial debt ratio over EBITDA of 7.5x. The net financial debt increase is linked to a gain in working capital as well as investments made to purchase machinery for the Group's organic growth, in particular in India.

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 upholds its commitment to gradually reduce this ratio and achieve the strategic target of 3x in 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.

As for future perspectives, we foresee 2017 will be a good year to gain orders, as the record-breaking backlog of Premium product orders we currently have demonstrated. However, it is work highlighting the impact of this order backlog on the Group results will be concentrated in 2018 and 2019 but very limited in 2017.

QUARTERLY EVOLUTION

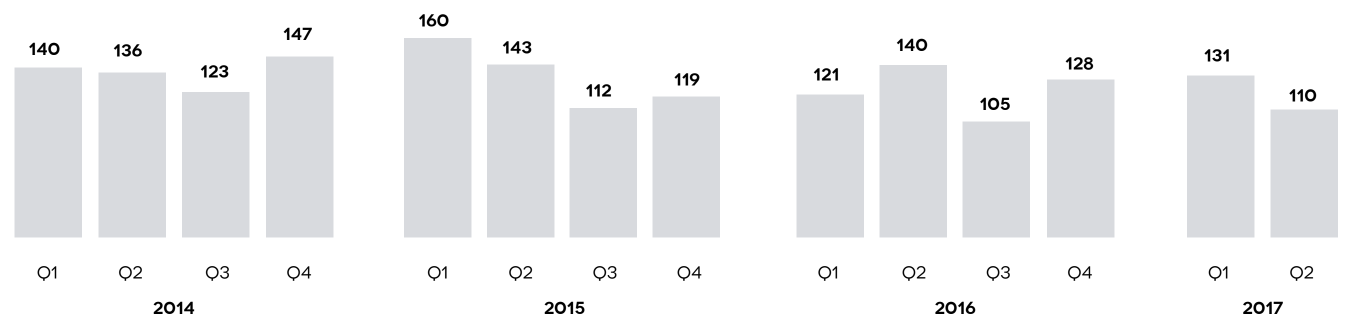
The sluggish market trend has resulted in the second quarter results showing the worst sales figures in recent years (except in the third quarter of 2016 which is affected by the seasonality of summer holidays). This quarter, sales are 20% below sales for the same term of 2014 despite the incorporation of two companies to the Group.

It is worth highlighting that the quarter results were impacted by the constant fall in volumes experienced over the last two years, as well as by a much more unfavorable mix compared to that of the previous quarter, due to completion of a significant OCTG order and delays in new awards. The lack of Premium products in the quarter results has prevented offsetting overall market weakness.

As a result, sales during the quarter amounted to €110.1 million while EBITDA was €4.6 million with a margin of 4.1%. Nevertheless, as we have already mentioned, TUBACEX believes the worst part of the crisis is now over and based on its current backlog of orders, expects a gradual improvement of results in forthcoming quarters.

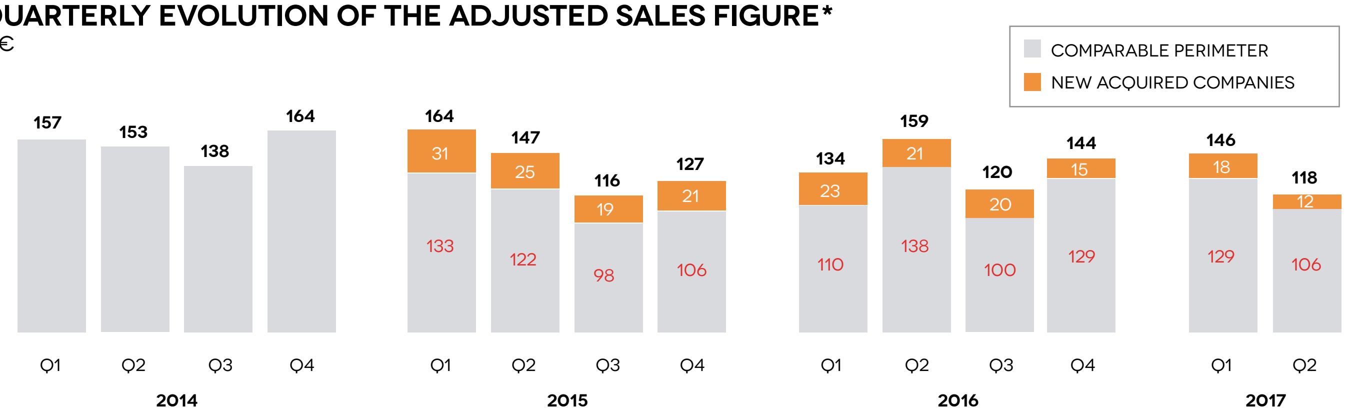
QUARTERLY EVOLUTION OF THE SALES FIGURE

M€



QUARTERLY EVOLUTION OF THE ADJUSTED SALES FIGURE*

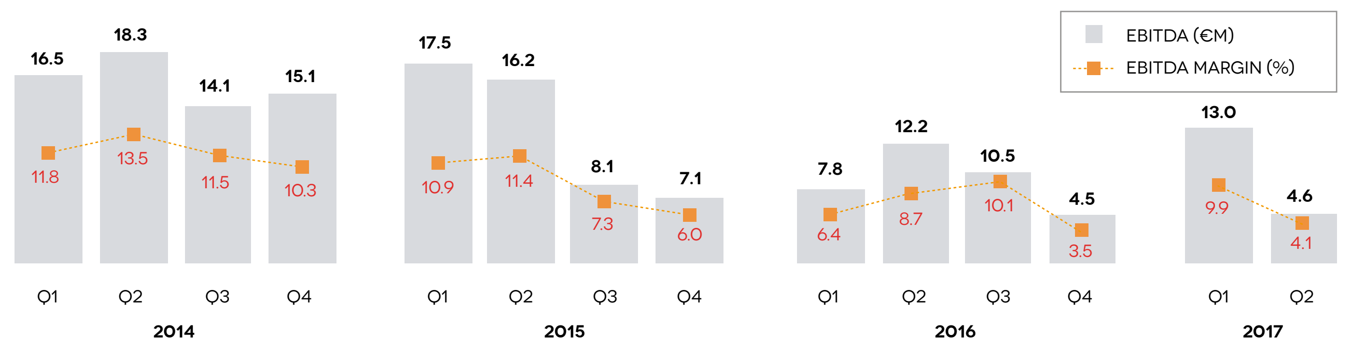
M€



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

QUARTERLY EVOLUTION OF THE EBITDA FIGURE

M€



The market where TUBACEX offers its products and services is experiencing a record-breaking low level of activity. However, the Company's strategy to boost its position in high value-added products and services, offering increasingly broader solutions, is enabling the Group to access and gain different specific projects of large sizes, which partly offset the poor market situation.

Sales through the distribution channel continue to register very weak performance levels both in volume and in price, due to the particular impact of very low sustained nickel prices, as well as low 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 to become a global supplier of tubular solutions, and accounted for 85% of order intake in the semester. Although the most unfavorable mix and a delay in the award of certain projects have reduced invoicing to 62% during the period, this percentage will increase as the current order backlog completion is materialized.

The **Oil&Gas E&P** sector is still the first destination of the Group's sales, with 31% of the sales made through this channel. Weight reduction in relation to the first quarter is mainly due to the completion of a large OCTG project gained last year for Abu Dhabi. The behavior of umbilical offshore tubes deserves a special mention in this sector, since TUBACEX continues to increase its market share in this segment, which is expected to end the year with a record-breaking invoicing figure.

Regarding OCTG tubes, expectations are very high for the next 3 years thanks to the award of the largest order of OCTG in history in CRA by the National Iranian Oil Company (NIOC). Finally, the Subsea market continues to be depressed and no change is envisaged in the short term.

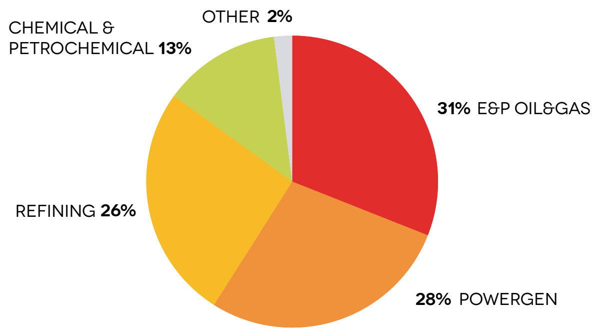
The **PowerGen** sector represents 28% of sales. It is worth remembering that after the record-breaking sales figures achieved in 2015 and 2016, current market activity is slowing down as a result of new regulations introduced by the Chinese Government (China is the main destination of tubes for supercritical boilers). As expected in 2016, the new Chinese regulation reduces installed capacity of coal powered plants by 20% for the next five years. 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 26% and 13% respectively. In the Refining sector, it is worth mentioning the framework agreement signed with Hengli Petrochemical for the supply of tubes for what will become one of the largest refineries in the world. This agreement is of great importance as it is the largest order gained by TUBACEX for an end client in China and includes products from different business units, in line with the strategic target of offering integrated solutions to improve our position in this market.

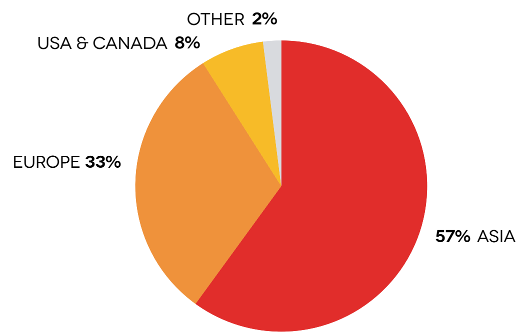
BREAKDOWN OF DIRECT SALES TO ENGINEERING FIRMS AND END-USERS

H1 2017

BREAKDOWN BY SECTOR



BREAKDOWN BY FINAL DESTINATION



Regarding geographical areas, Asia continues to be the main market destination for the Group, accounting for 57% of sales.

The TUBACEX Group considers increasing its presence in those markets in which high growth in demand for their product is expected in the forthcoming years a top priority.

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

HISTORIC PREMIUM BACKLOG RECORD

MAY 2017

On 24th May, TUBACEX announced a backlog of €700 million in Premium Products for the next three years, reaching a historic record in this type of products. This strategy focused on high value-added products, the improvement of the company's sales position and entry into new markets has boosted order intake for Premium Products.

These orders correspond mainly to high technological value tubular solutions for the oil and gas extraction sector (tubes for umbilicals used in offshore wells and OCTG, Oil Country Tubular Goods), Petrochemical, and in powergen with super-critical technology (boilers).

Besides, these orders also include a large amount of engineering solutions for the end user, such as full tube connection packages and services for gas extraction wells. They represent a qualitative and quantitative leap in terms of client relations and business model conception.

SHAREHOLDERS' ANNUAL GENERAL MEETING

MAY 2017

TUBACEX held its Shareholders' Annual General Meeting on May 24th, in which the annual accounts, Management Report and Corporate Governance Report corresponding to the 2016 financial year were approved.

Among the agreements adopted, the delegation of the power to increase the share capital to the Board of Directors in accordance with the provisions set out in Article 197.1.a) of the Corporations Act can be highlighted, as well as authorization for the Board of Directors to issue simple, convertible and/or exchangeable bonds and/or other fixed income securities (specifically including bonds, debentures, promissory notes) up to a maximum of €250 million for a maximum period of five years.

COLLABORATION AGREEMENT WITH FUNDACIÓN ONCE

JUNE 2017

TUBACEX and Fundación Once have signed an Inserta Agreement to foster the integration of disabled people in the Group's workforce. The agreement signed falls within the Social Inclusion and Social Economy Operational Program (POISES) developed by Fundación ONCE through Inserta Empleo, which is funded by the European Social Fund and aims to increase the training and employment of disabled people. In this way, TUBACEX fosters inclusive hiring, forming an active part of the process of integrating disabled people through their employability and increasing their capacities in a sustainable, innovative and integrative way.

TUBACEX IN THE STOCK MARKET

TUBACEX GROUP

SHARE EVOLUTION

JAN 17 – JUN 17

In the first semester of the year, the TUBACEX share has performed favorably on the stock market, closing on 30th June at €3.335 per share, which represents a revaluation of 22.2% so far this year.

At the end of June, the market capitalization amounts to €443.5 million, compared with €363.0 million at the close of 2015.

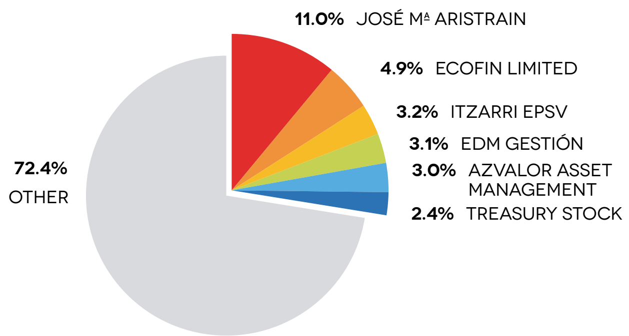
As for share liquidity, 59.5 million shares have been traded between January and June, up 36.3% on the same period in 2016, and effective trading has risen to €190.5 million.

SHAREHOLDING

06.30.2017

During the first half of the year, there have been two changes in the structure of the Company's significant shareholders. First of all, on 17th March 2017, AZValor notified the Spanish Securities Exchange Commission (CNMV) that it holds a stake of 3.003%. During the second quarter, Cartera Industrial Rea announced the sale of its 7.0% stake in the Company.

Therefore, as recorded in the Spanish Securities Exchange Commission, the TUBACEX shareholder structure at 30th June 2017 is as follows:



Source: CNMV (Spanish Securities Exchange Commission)

FINANCIAL FIGURES

TUBACEX GROUP

CONSOLIDATED BALANCE SHEET
€M

	06/30/2017	12/31/2016	change %
Intangible assets	71.7	71.6	0.1%
Tangible assets	262.7	267.6	-1.8%
Financial assets	68.6	63.0	8.9%
Non-current assets	**403.1**	**402.3**	**0.2%**
Inventories	258.1	221.2	16.7%
Receivables	72.4	62.8	15.3%
Other account receivables	19.1	14.7	30.2%
Other current assets	1.9	2.9	-36.1%
Derivative financial instruments	0.7	0.5	25.7%
Cash and equivalents	141.2	147.4	-4.2%
Current assets	**493.4**	**449.5**	**9.8%**
TOTAL ASSETS	**896.5**	**851.8**	**5.2%**
Equity. Group Share	282.1	286.6	-1.6%
Minority interests	25.3	26.9	-6.0%
Equity	**307.4**	**313.6**	**-2.0%**
Interest-bearing debt	179.9	164.7	9.2%
Derivative financial instruments	3.2	0.9	n.m.
Provisions and other	38.3	42.0	-9.0%
Non-current liabilities	**221.3**	**207.6**	**6.6%**
Interest-bearing debt	205.3	189.6	8.3%
Derivative financial instruments	3.0	2.6	12.9%
Trade and other payables	118.8	100.8	17.9%
Other current liabilities	40.7	37.6	8.2%
Current liabilities	**367.7**	**330.6**	**11.2%**
TOTAL EQUITY AND LIABILITIES	**896.5**	**851.8**	**5.2%**

n.m.: Not meaningful

CONSOLIDATED P&L

€M

	H1 2017	H1 2016	change %	Q2 2017	Q2 2016	change %
Sales	241.4	261.5	-7.7%	110.1	140.2	-21.5%
Change in inventories	29.8	2.4	n.m.	17.6	(1.7)	n.m.
Other income	4.2	6.2	-32.6%	2.8	4.9	-43.2%
Cost of materials	(139.0)	(132.6)	4.8%	(68.4)	(68.3)	0.0%
Personnel expenses	(63.9)	(63.7)	0.3%	(31.5)	(33.5)	-6.0%
Other operating costs	(54.9)	(54.0)	1.5%	(26.2)	(29.4)	-11.1%
EBITDA	**17.6**	**19.9**	**-11.7%**	**4.6**	**12.2**	**-62.5%**
EBITDA Margin	*7.3%*	*7.6%*		*4.1%*	*8.7%*	
Depreciation	(16.8)	(16.8)	-0.1%	(8.4)	(8.4)	-0.6%
EBIT	**0.8**	**3.1**	**-73.7%**	**(3.8)**	**3.7**	**n.m.**
EBIT Margin	*0.3%*	*1.2%*		*neg.*	*2.7%*	
Financial Result	(3.0)	(4.4)	-32.6%	(1.3)	(2.3)	-44.3%
Exchange differences	0.1	(0.1)	n.m.	0.2	0.1	n.m.
Profit Before Taxes	**(2.0)**	**(1.4)**	**n.m.**	**(4.9)**	**1.5**	**n.m.**
Income taxes	2.5	2.4	4.7%	3.3	0.7	n.m.
Consolidated Net Income	**0.4**	**1.0**	**-55.3%**	**(1.6)**	**2.2**	**n.m.**
Minority interests	1.4	0.7	92.6%	0.7	0.0	n.m.
Net Income. Group Share	**1.9**	**1.7**	**9.0%**	**(0.9)**	**2.2**	**n.m.**
Net Margin	0.8%	0.7%		neg.	1.6%	

n.m.: Not meaningful
neg.: Negative

MAIN FINANCIAL RATIOS

	H1 2017	2016	H1 2016
NFD / EBITDA	7.5x	5.9x	6.1x
NFD / Equity	79.3%	66.0%	69.0%
EBITDA Margin	7.3%	7.1%	7.6%
EBIT Margin	0.3%	0.5%	1.2%
RoE	0.2%	0.1%	neg.
RoCE	0.0%	0.5%	0.1%
Interest coverage	0.3x	0.3x	0.7x
Net working capital / sales	44.7%	37.1%	42.0%

neg.: Negative