PRESENTATION OF THE RESULTS

4TH QUARTER OF 2016

"We have registered three patents, created three Joint Ventures and made major progress regarding the development of new products and technologies which will be crucial in forthcoming years."

Jesús Esmorís
CEO

In 2016 we have probably faced the worst year in the history of our sector. The price of oil and raw materials in general remained at historically low levels, leading to a dramatic reduction in investments for the whole value chain in oil companies and overall weak situation in our market. As a result, pressure on volumes and prices was sustained throughout the financial year which ended with a 25% drop in orders combined with an average price fall of approximately 15%.

Nevertheless and despite this negative environment, we can be proud of the milestones we have achieved. Firstly, we closed this financial year with a positive net benefit thanks to a stringent cost reduction policy teamed with operational and commercial improvements.

Moreover, our balance sheet still reflects the Group's solid financial position. Although our net financial debt over EBITDA ratio stands at 5.9x, we can rest assured thanks to our healthy financial structure which enables us to meet our debt maturities for the next 3 - 4 years even in the worst-case scenarios. In this regard, it is worth highlighting our ability to generate, once again, €14 million cashflow in spite of the severe crisis we underwent in 2016.

Even more relevant still is the fact we have met our cash generation target without stopping our strategic investments, as we know they are the basis of our future growth and profitability. We have registered three patents, created three Joint Ventures and made major progress regarding the development of new products and technologies which will be crucial in forthcoming years.

From a commercial viewpoint, we have reinforced our sales network and significantly improved our position in the market. This improvement along with our sustained commitment to Innovation and Operational and Management Excellence over recent years, are enabling us to access large projects we could not reach before. Not only are we gaining access to these projects but we are also winning them as the large amount of orders received for strategic products such as Umbilicals, OCTG and tubes for supercritical boilers has demonstrated.

With regard to 2017 financial year, we expect a gradual recovery in order intake thanks to the good position of TUBACEX and the activation of projects driven by the stabilization of oil prices. Although most of the above projects will be carried out in 2018 and thus, their impact on results will be very limited this year, should order intake materialization be as good as expected, visibility for forthcoming years will experience a major growth.

MARKET ENVIRONMENT

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, in the last months of the year the growth rate of global economy has gradually settled, due mainly to an improvement in advanced economies. This together with an enhanced trust identified in the fourth quarter of the year, suggests a more optimistic outlook for forthcoming months.

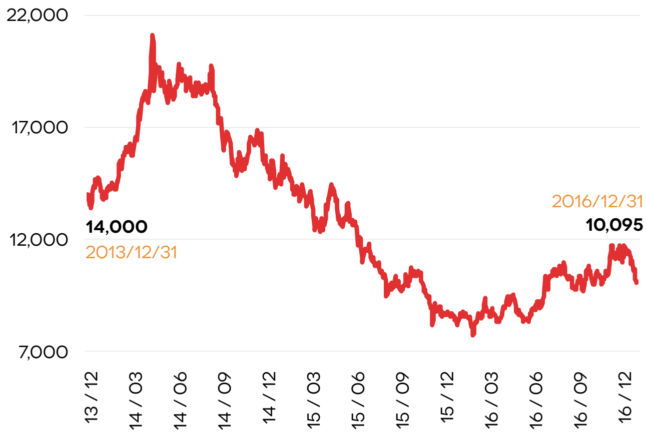
The 2016 financial year has been defined by the partial recovery of raw material prices, which still remain at historical low levels. Since April the price of nickel maintained a growing trend and despite a setback in December (-8.3%), closed the year at US$10,095/ton representing an appreciation in value of 16.0% compared to its price at close of 2015. In average price terms, the average price of nickel during 2016 was US$9,645/ton, i.e. 18.7% below its average price in 2015.

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 28% in the financial year to date, although average price is still 5% lower than its price in 2015. As for chromium, its price at the close of December is up 79% on the close of 2015, although it is 10% below its average price.

The price of oil sustained a very positive performance as its record low value registered in mid-January finally doubled. The Brent barrel closed December at 56.82 USD, up 52.4% on the close of 2015.

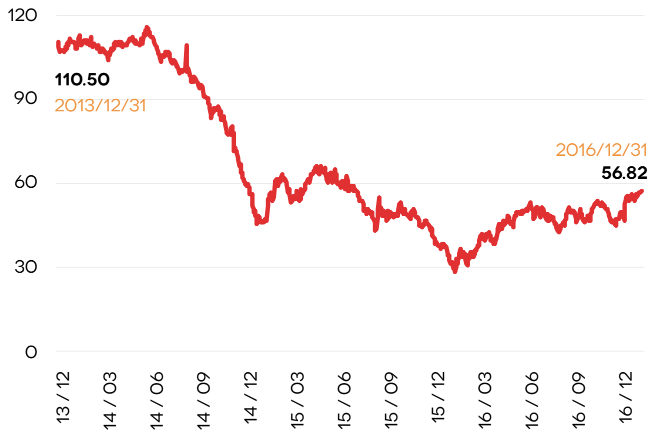
EVOLUTION OF THE NICKEL PRICE

DEC 13 – DEC 16 (US$/TON)



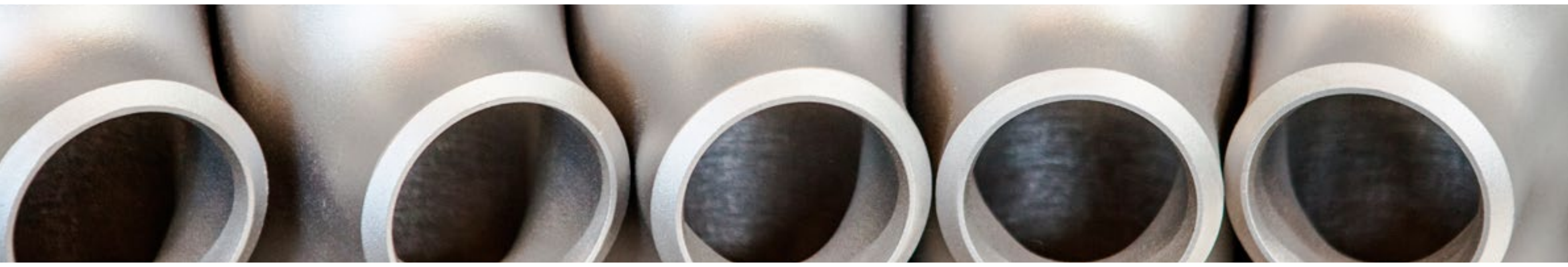
EVOLUTION OF THE BRENT PRICE

DEC 13 – DEC 16 (US$/BARREL)



KEY FINANCIAL FIGURES

TUBACEX GROUP



The 2016 financial year evolved in a very unfavorable market environment. Despite the rising trend of raw materials prices, historical low prices have been maintained preventing the sector recovery.

Nevertheless, the Group's excellent position in Premium Products and efforts made regarding operational and management improvements have contributed to reasonable results at year close, considering the environment where they were generated.

FINANCIAL FIGURES

M€

	2016	2015	2014	change % 2015-2016
Sales	**494.0**	533.4	546.7	**-7.4%**
EBITDA	**34.9**	48.9	64.1	**-28.6%**
EBITDA margin	7.1%	9.2%	11.7%	
EBIT	**2.5**	15.6	43.7	**-83.8%**
EBIT margin	0.5%	2.9%	8.0%	
Net Profit	**0.5**	8.4	23.8	**-94.0%**
Margen	0.1%	1.6%	4.3%	

	Dec. 2016	Dec. 2015	Dec. 2014
Working Capital	**183.2**	210.1	202.4
Working Capital / Sales	**37.1%**	39.3%	37.0%
Equity	**313.6**	317.5	285.1
Equity / Net Financial Debt	**151.6%**	144.0%	188.2%
Net Financial Debt	206.9	220.5	151.5
NFD/ EBITDA	5.9x	4.5x	2.4x

The sales figure amounted to €494 million, 7.4% below sales in 2015, because of a 25% drop in volume and strong pressure on prices causing them to plummet about 15% on average. On the other hand, EBITDA amounted to €34.9 million with a 7.1% margin on sales and Net Profit was positive at €0.5 million at the close of the year.

The financial strength of the Group is also worth a special mention. Working capital closed the year at €183.2 million, representing 37.1% of the sales figure and a €26.9 million drop in relation to 2015 year close thanks to a stringent working capital management policy. This working capital reduction has contributed to meeting the positive cash generation and ending the year with a net financial debt of €206.9 million, entailing a reduction of €13.6 million compared to December 2015.

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 2016 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.

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 2015; 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.

We expect 2017 to be a good year 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 offer important high added value orders. However, as these orders will not materialize until the end of 2017 or beginning of 2018, their impact on the profit and loss account will be more limited this year.

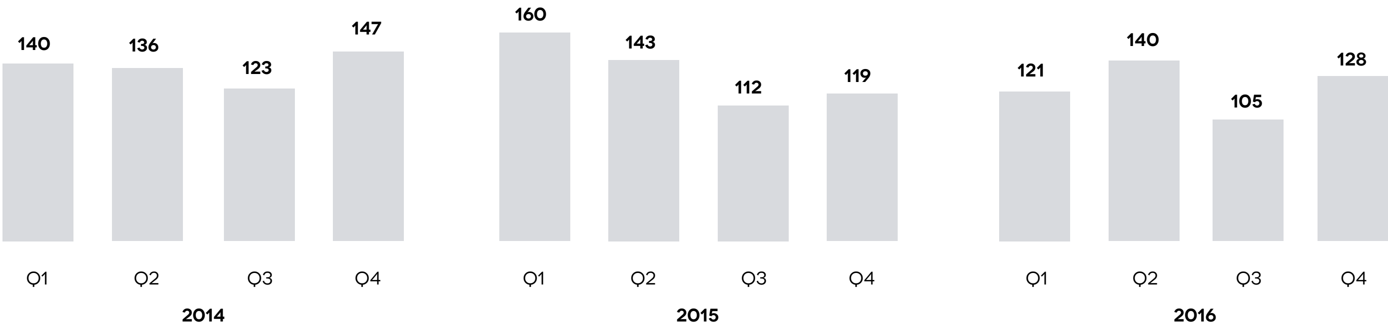
QUARTERLY EVOLUTION

The results of the fourth quarter 2016 were affected by the progressive deterioration of market conditions which led to a constant shrinkage in volume and prices billed. Additionally, some extraordinary and non-recurrent adjustments took place during the quarter with a negative effect in the results.

Our sales figure amounted to €127.8 million, 7.5% over sales in that quarter in 2015, while EBITDA was recorded as €4.5 million.

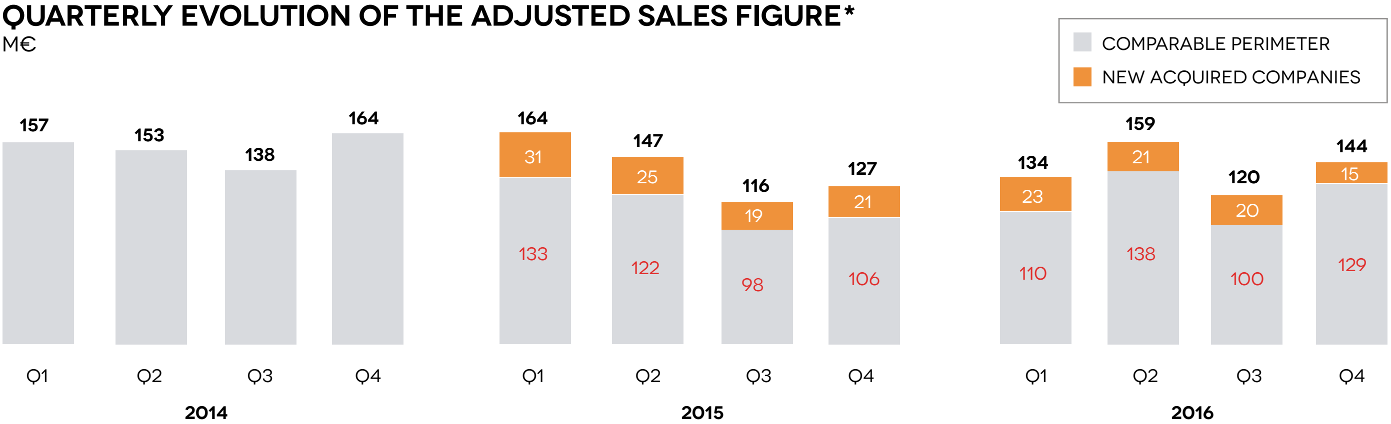
QUARTERLY EVOLUTION OF THE SALES FIGURE

M€



QUARTERLY EVOLUTION OF THE ADJUSTED SALES FIGURE*

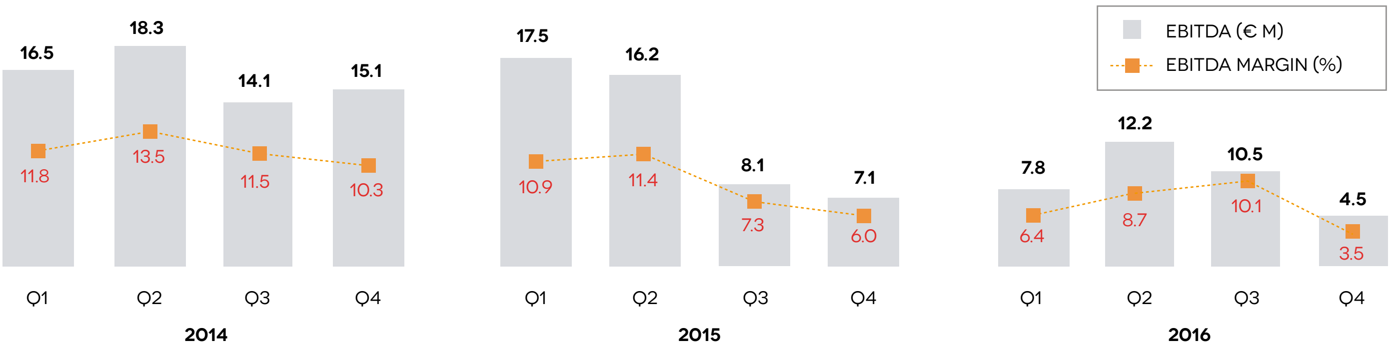
M€



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

QUARTERLY EVOLUTION OF THE EBITDA FIGURE

M€



PROPOSAL FOR THE DISTRIBUTION OF RESULTS

TUBACEX Board of Directors has proposed the full application of the Group's net profit to reserves (€0.5 million).

BUSINESS EVOLUTION

TUBACEX GROUP

For the first time in history, the oil and gas sector has faced two consecutive years of significant cuts in capital expenditure throughout the entire value chain. As a result, the volume has dropped by 25% and prices have fallen by 15%, on average. However, the improvement of the Group's positioning within high value-added products and the strengthening of its sales network in the areas experiencing greatest global growth have allowed TUBACEX to increase its market share in Premium Products, which now account for 80% of order intake and over 70% of the invoicing.

Sales through the distribution channel registered a very weak performance through the year both in terms of volume and price, with sales being specifically affected by the 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.

In terms of **direct sales to engineering firms and end-users**, the weight of this channel in the Group's total sales has increased significantly, in line with the Company's strategy, and accounts for 73% of order intake. The performance of the **PowerGen** sector deserves mention, since the evolution of this sector has shown constant growth with a volume of sales that doubles the figures of 2015 and accounts for 48% of sales of this channel. Advanced steels, and the use of Shot Peening to increase the resistance of these grades under severe oxidation conditions, are proving to be the best solution for the demanding market of this type of applications with equipment operating at temperatures in excess of 600 ºC.

The **E&P** sector has maintained its steady progressive improvement trend in the Group's sales quarter over quarter, standing at 24% at the end of the financial year. Although this sector has taken the brunt of the steady low oil prices, in 2016 it has had two great commercial successes: the award of the two largest orders for OCTG and umbilical offshore tubes. Furthermore, based on the current backlog and the good order intake prospects for the following months, this percentage is expected to continue to increase gradually in forthcoming quarters.

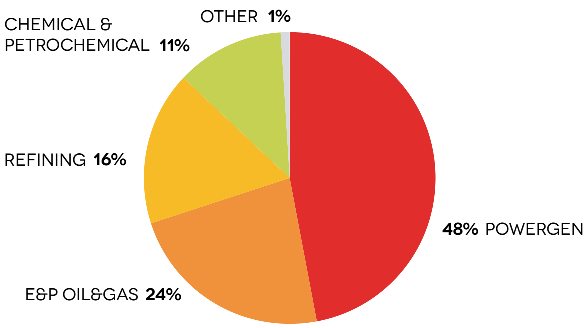
Regarding the **Refining** and **Petrochemical Industry**, they have maintained a performance marked by the weakness of the demand, with a decreasing trend in the second half of the year. The activity drop in the E&P segment translated into a significant competition increase, while a CAPEX reduction in the entire oil industry has also affected these segments leading to a fall in orders quarter on quarter representing respectively 16% and 11% of sales at year-end.

The development of new sectors, applications and products is one of the main goals of TUBACEX Group. In 2017, aside from an improvement in the profitability of standard products, we hope to continue to improve our positioning in premium products. Thus, our 2016-2020 Strategic Plan is committed to the development of production capacities in the segments with greater levels of specialization and added value, promoting the rendering of services and comprehensive solutions.

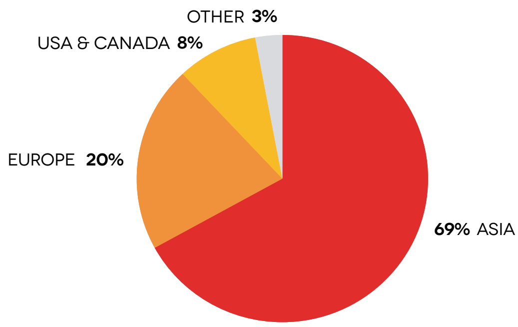
BREAKDOWN OF DIRECT SALES TO ENGINEERING FIRMS AND END-USERS

2016

BREAKDOWN BY SECTOR



BREAKDOWN BY FINAL DESTINATION

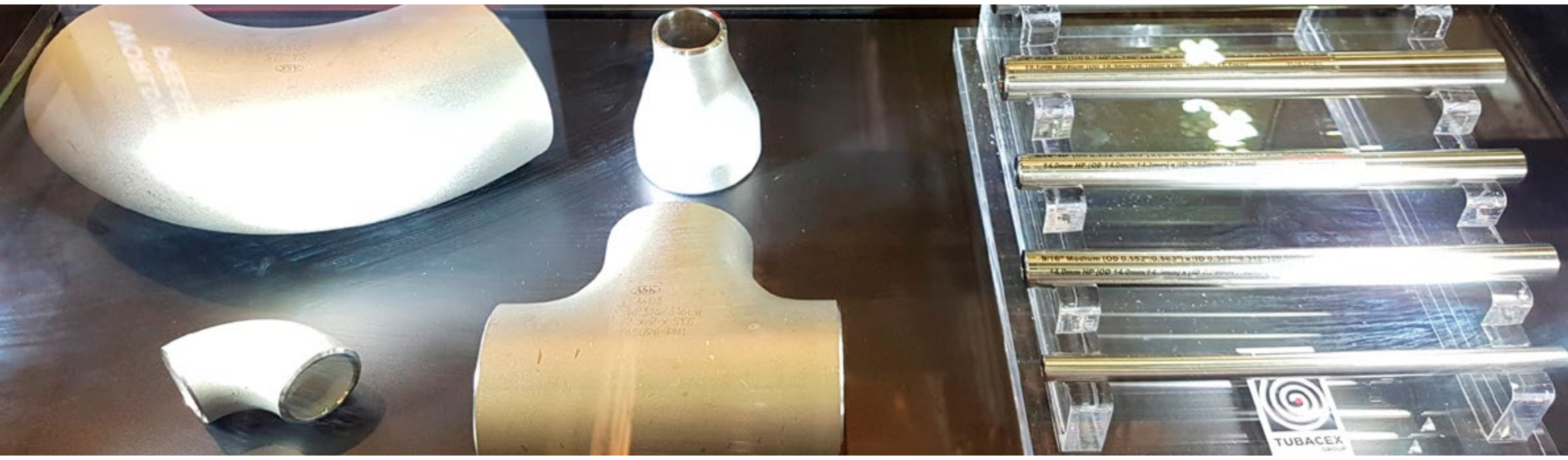


Considering a geographical breakdown by final sales destination we observe that the Asian market continues to maintain its leadership in the Group's sales, reaching 69%. This leadership is a direct result of the good performance of the Chinese market as the final destination for tubes for supercritical boilers and the sales of OCTG for gas extraction in the Middle East.

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, which is patent in the incorporation of the company TUBACEX Awaji Thailand and the opening of new warehouses in United Arab Emirates, Iran and India

SIGNIFICANT EVENTS

TUBACEX GROUP



TUBACEX TUBOS INOXIDABLES WAS OFFICIALLY APPROVED BY SHELL GLOBAL SOLUTIONS

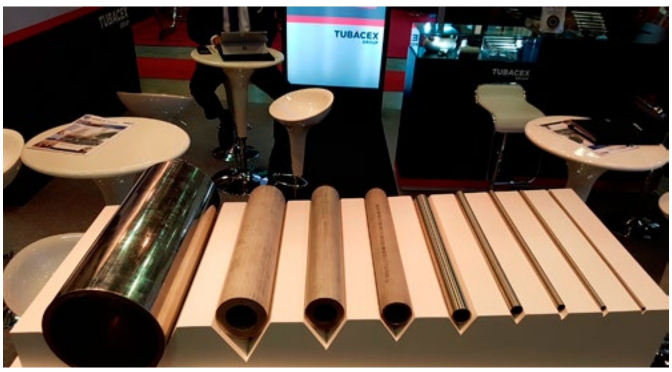
SEPTEMBER 2016


Shell Global Solutions
CERTIFICATE OF ACCEPTANCE
Tubacex Tubos Inoxidables, S.A.U.

Shell has accredited TUBACEX Tubos Inoxidables for having obtained the Supplier Technical Assessment Record for TAMAP level - 2. This milestone demonstrates the long-term relationship between Shell and TUBACEX is extremely healthy, as well as TUBACEX's commitment to become one of Shell key partners in the future.

EXHIBITIONS

Q4 2016



For the first time, TUBACEX was present at the **OSEA** International Exhibition and Conference (Singapore, 29 November - 2 December 2016) where the especial event «TUBACEX BEAT» took place to present TUBACEX activity in South-East Asia, one of the main geographical focuses of the company strategy, which also included the opening of a sales office in Singapore last year.

With over 1,000 exhibitors from 48 countries, TUBACEX also attended **ADIPEC** (Abu Dhabi, 7-10 November), the leading fair for the oil and gas petrochemical industry in Asia, with our corporate stand. In addition to this, the Group held a meeting with its clients to present the latest breakthroughs achieved by TUBACEX Group and discuss business matters.

Moreover, TUBACEX was also present at the 22nd **Metal-Expo 2016**, the International Industrial Exhibition, held in Moscow in 8-11 November. The event was attended by 530 companies from 32 countries from around the world, including: steel makers, tube and pipe manufacturers, steel product distributors, engineering firms, as well as suppliers of equipment for all ferrous and non-ferrous production stages.

TUBACEX ON THE STOCK MARKET

TUBACEX GROUP

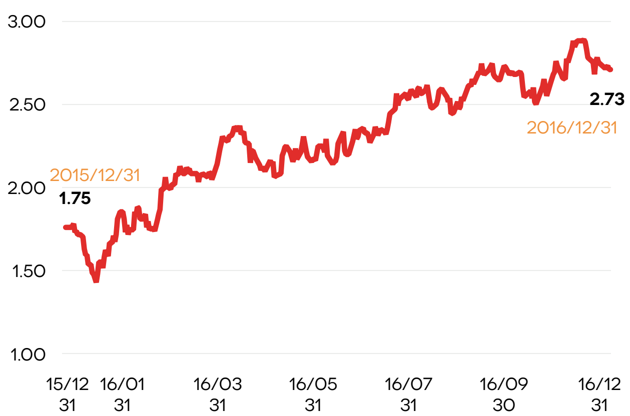
SHARE EVOLUTION

JAN 16 – DEC 16

Like other companies in the sector, the TUBACEX trading price was hit hard by the fall in oil and nickel prices in 2015 and underwent an adjustment of 43.5%. In 2016 TUBACEX shares have maintained a very positive performance with a 56% appreciation at the year close thanks to the good perspectives of the sector and in line with the price improvement experimented by raw materials, particular by the price of oil with a 52.4% increase.

At year end closing on December 31st 2016, TUBACEX share price was at €2.73 representing a market capitalization of €363.0 million in relation to that of €232.7 million at the close of 2015.

The number of shares traded in 2016 reached to 74.30 million with effective trading of €164.60 million. The volume of shares traded has fallen by 56.4% in relation to 2015, representing a 56% rotation of all the company shares.



Source: CNMV (Spanish Securities Exchange Commission)

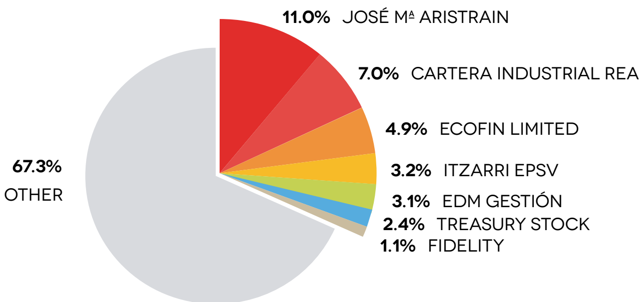
SHAREHOLDING

31.12.2016

During the last quarter of the year the only change in significant company shareholding was Norges Bank which is no longer a significant shareholder, after holding 3.2% of capital at the end of the previous quarter.

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 December 31st is as follows:



FINANCIAL FIGURES

TUBACEX GROUP

CONSOLIDATED BALANCE SHEET
€M

	Dec. 2016	Dec. 2015	change %
Intangible assets	71.6	68.8	4.1%
Tangible assets	267.6	263.7	1.5%
Financial assets	63.0	61.9	1.8%
Non-current assets	**402.3**	394.4	**2.0%**
Inventories	221.2	226.7	-2.4%
Receivables	62.8	79.8	-21.3%
Other account receivables	14.7	13.7	7.0%
Other current assets	2.9	1.4	117.5%
Derivative financial instruments	0.5	0.4	51.1%
Cash and equivalents	147.4	142.8	3.2%
Current assets	**449.5**	464.7	**-3.3%**
TOTAL ASSETS	**851.8**	**859.1**	**-0.9%**
Equity, Group Share	286.6	288.6	-0.7%
Minority interests	26.9	28.9	-6.9%
Equity	**313.6**	317.5	**-1.2%**
Interest-bearing debt	164.7	166.1	-0.9%
Derivative financial instruments	0.9	0.8	19.2%
Provisions and other	42.0	48.7	-13.7%
Non-current liabilities	**207.6**	215.6	**-3.7%**
Interest-bearing debt	189.6	197.1	-3.8%
Derivative financial instruments	2.6	0.9	180.2%
Trade and other payables	100.8	96.4	4.5%
Other current liabilities	37.6	31.6	19.1%
Current liabilities	**330.6**	326.0	**1.4%**
TOTAL EQUITY AND LIABILITIES	**851.8**	**859.1**	**-0.9%**

CONSOLIDATED P&L
€M

	2016	2015	change %	Q4 2016	Q4 2015	change %
Sales	494.0	533.4	-7.4%	127.8	118.9	7.5%
EBITDA	**34.9**	48.9	**-28.6%**	**4.5**	7.1	**-36.7%**
EBITDA Margin	7.1%	9.2%		3.5%	6.0%	
Depreciation	(32.4)	(33.4)	-2.8%	(8.9)	(11.4)	-21.8%
EBIT	**2.5**	15.6	**-83.8%**	**(4.4)**	(4.3)	**n.m.**
EBIT Margin	0.5%	2.9%		neg.	neg.	
Net Income, Group Share	**0.5**	8.4	**-94.0%**	**(2.8)**	(5.7)	**n.m.**
Net Margin	0.1%	1.6%		neg.	neg.	

n.m.: not meaningful
neg.: negative

MAIN FINANCIAL RATIOS

	2016	9M 2016	H1 2016	Q1 2016	2015	2014
NFD / EBITDA	5.9x	5.9x	6.1x	6.1x	4.5x	2.4x
NFD / Equity	66.0%	70.5%	69.0%	76.2%	69.4%	53.1%
EBITDA Margin	7.1%	8.3%	7.6%	6.4%	9.2%	11.7%
EBIT Margin	0.5%	1.9%	1.2%	neg.	2.9%	8.0%
RoE	0.1%	neg.	neg.	0.5%	2.9%	8.4%
RoCE	0.5%	0.5%	0.1%	0.8%	2.9%	10.0%
Interest coverage	0.3x	1.1x	0.7x	neg.	1.7x	3.8x
Net working capital / sales	37.1%	41.8%	42.0%	44.7%	39.4%	37.0%

neg.: negative