



PRESS RELEASE

THE INTERNATIONAL ECONOMIC CRISIS LEADS TUBACEX TO FINANCIAL LOSS OF 25.8 MILLION EUROS IN 2009

(Llodio, 26 February 2010).- TUBACEX, the world's second largest seamless stainless steel tube manufacturer recorded a negative net profit of 25.8 million Euros in 2009, a year that was seriously affected by the unprecedented international economic crisis which brought forth the collapse of industrial activity and that may be well considered one of the worst in the company's history, according to the information submitted to the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores - CNMV*).

The challenging market conditions, with a contraction in activity levels and investments in most industrial sectors, especially those requesting TUBACEX products such as the oil and gas, petrochemical, chemical and energy industries, have profoundly affected the tube demand and its prices and, ultimately, the Group's activity. Sales decreased by 44.7% reaching 371.5 million Euros.

In this framework, TUBACEX has been undertaking since the beginning of 2009 a major effort in applying measures to alleviate the effects of this crisis, which included implementing competitive plans and reducing operating costs in every unit of the Group. This policy allowed the Group to generate 61.7 million euros of cash in 2009, thus reducing net debt to 153.6 million Euros, 29% less than the 2008 year-end figure.

Its financial strength has enabled TUBACEX to undertake all the investments foreseen in its Strategic Plan, aimed at developing production capacities in higher skilled and value-added segments within the oil, gas and power generation industries, such as Oil&Gas exploration and extraction in extreme conditions (offshore and deepwater), the new generation of power plants and nuclear energy.

In this sense, TUBACEX has launched a new rolling facility in Amurrio, specializing in tubes for oil and gas extraction (OCTG) in high alloys, and it will also have a new umbilical (offshore) tube manufacturing plant in Austria which will be running shortly. Undertaking these investments, together with the development of the strategic alliance with the Vallourec & Mannesmann Group, which will greatly strengthen the product portfolio in the upcoming months, will allow the company to emerge stronger and more competitive from the crisis.

TUBACEX expects the market situation to improve progressively in 2010, thanks to the increase in oil prices, the beginning of the recovery in most western economies, improved business confidence and investment expectations, especially in the U.S. and Asia. Thus, the upsurge in investments projects and the increased demand from tube distributors have had a positive effect on company's order intake in December and early 2010, which should be reflected in the coming months' results.



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EVOLUTION OF FULL-YEAR CONSOLIDATED RESULTS

	2009	2008	% 2009/2008
SALES	371.47	671.80	-44.7%
GROSS OPERATING PROFIT (EBITDA)	-18.38	72.38	N/A
OPERATING PROFIT (EBIT)	-35.41	55.71	N/A
NET PROFIT	-25.77	37.58	N/A

Figures in millions of Euros. N/A: not applicable.