TUBACEX

PRESS RELEASE

Stockholder's Annual General Meeting for the year 2009

TUBACEX EXPECTS 2010 TO BE A MORE POSITIVE YEAR

*** Important order intake increase in the first quarter**

***TUBACEX to inaugurate a new plant for offshore umbilical tubes in Austria**

*** In 2009 a new OCTG installation began its operation in Llodio**

*** New high value-added products are being launched**

***Significant orders for tubes for boilers and OCTG thanks to V&M agreement**

***TUBACEX will continue applying measures to improve competitiveness, productivity and save operating costs**

***TUBACEX invested 17.43 million euros in 2009**

(Llodio, 27 May 2010).- TUBACEX, the world's second largest seamless stainless steel tube manufacturer, expects 2010 to be a more positive year than 2009, according to the statements of the company's Chairman, Mr. Álvaro Videgain, at the TUBACEX Stockholders' Annual General Meeting, gathered today in the company's headquarters in Llodio, Alava, (Spain).

Videgain added that clear signs of improvements in the industry of seamless stainless steel tubes are beginning to be perceived, driven by the global economic recovery and the reactivation of the investment projects in the oil, gas and energy industries, among other factors.

Thus, during the first quarter order intake increased by 30% in comparison to the fourth quarter of 2009 and by 50% compared to the previous year's quarterly average. This increase in demand is reflected both in the projects segment and in the tube distribution segment.

The development of the Strategic Plan, the launching of new high value-added products for the oil, gas and power generation industries, the deployment of new advanced installations and the development of the alliance with Vallourec & Mannesmann will actively contribute to the improvement of this year's results.

TUBACEX's Chairman added, however, that "we should be cautious because the economic situation is very complex as we have observed in the monetary tension of these past weeks". He also highlighted that the company will continue to apply its plans of competitiveness, productivity, cost improvement and expense reduction as it has been doing since 2008, focusing also on stock reduction and working capital optimization.

Year 2009

As regards to the year 2009, the annual accounts for the year have been approved today by the Stockholders' Annual General Meeting. Álvaro Videgain has indicated that the company has developed "in an environment of an unprecedented international economicacrisis, which has brought forth a collapse of the world's industrial activity" and he has called it "one of the worst years in the history of the company".

Thus, consolidated sales amounted to 371.47 million euros, a figure 44.7% times lower than in 2008. Sales have fallen in all markets. The drop in USA and Canada (-51.4%) and in Europe (-45.9%) was especially significant and higher than average. This year 59% of revenues came from Europe, 20% from USA and Canada, 4% from the Middle East, 13% from the rest of Asia and 4% from the rest of the world.

The gross operating profit (EBITDA) was negative by 18.38 million euros and the Group has recorded net losses amounting to 25.78 million euros.

TUBACEX is in a sound financial position, with its equity, totaling 240.90 million euros, accounting for 45.8% of the company's total liabilities. This strength has been reinforced during the year by the reduction of the net financial debt by 29%.

Investments amounting to 17.43 million euros

Its financial strength has allowed TUBACEX to carry out all the investments foreseen in the Strategic Plan, aimed at developing production capacities in those segments requiring a higher level of expertise and of high value added within the oil, gas and energy industries. Overall, the company has invested, in 2009, 17.43 million euros, which is the third highest annual amount in the company's recent history.

In the 1999-2009 period, the TUBACEX Group invested a total of 154.97 million euros in expanding and improving its production facilities, a figure which means an average annual investment of 14.09 million euros. Between 2007 and 2009 the investments, basically linked to the implementation of the Strategic Plan, have amounted to 59 million euros, almost 20 million euros per annum.

New umbilical tube manufacturing plant

Among the 2009 investments we must highlight the construction of a new facility in the Group's plant located in Ternitz (Austria) for manufacturing umbilical tubes, a product intended for supporting activities of the exploration and extraction of oil and gas in critical conditions of pressure, temperature and corrosion. This new plant, that began its construction in 2008, will be in operation during 2010 and will become the international technological benchmark for this type of facilities.

Steel tube umbilicals are used for controlling sea bed equipment and for the injection of fluids or corrosion inhibitors. It is an extremely long welded product that is supplied in coils. The demands of the product's performance, quality and cleanliness are extreme. TUBACEX fully relies on a very positive evolution of the demand for this product in the upcoming years as a consequence of the increasing trend to drill for oil in deeper and more corrosive environments.

New OCTG facility

Moreover, TUBACEX has launched in 2009, in the TTI factory in Amurrio, a cold rolling mill for high-value products, specializing in tubes for oil and gas extraction (OCTG, Oil Country Tubular Goods) in special alloys.

With this new investment - which includes a cold Pilger mill and a ring machining system, among other tools - TUBACEX increases its range of cold finished products, including large diameter OCTG tubes.

This plant, which started operating in 2009, will be complemented with the expansion and improvement of the finishing area of the TTI factory in Llodio, where TUBACEX has begun to remodel its lay-out. The plant will finish both the hot tubes manufactured in TTI and the OCTG cold tubes manufactured in Amurrio. Additionally, the company will add new facilities to strengthen quality assurance of the products. The new finishing facilities in Llodio will be operational in 2010.

Agreement with Vallourec & Mannesmann

In February 2009, TUBACEX signed a long-term collaboration agreement with Vallourec & Mannesmann (hereinafter, V&M) in the areas of R&D&I and sales to strengthen the offer of seamless stainless steel tubes for the industries of oil, gas and power generation. This is a key impulse for the company's innovation strategy.

Throughout the year, the details of the collaboration program have been defined and joint groups have been established for the development of new products.

For the power generation industry, TUBACEX and V&M are developing new materials that can withstand extreme pressure and temperature conditions to be used in supercritical thermal power plants, a new generation of highly efficient plants that require the development of new materials that are more resistant than those used in the current thermal power plants.

For the oil and gas market, both companies are working on the development of tubes for critical environments, with very high mechanical and corrosion-resistance performance, a high uniformity of features and a highly competitive process in terms of productivity and costs.

The agreement with Vallourec & Mannesmann is starting to bear fruit with significant orders for boilers and OCTG tubes.

Strategic Plan

During these past years, TUBACEX has been developing strategic lines based on optimization, from the industrial perspective, of the Group's current production capacity, focusing on internationalization and on maintaining its leading and profitable position in Europe and its growth in the company's products traditional regions, like North America, as well as in regions where, due to their economical growth, there is an increasing demand for seamless stainless steel tubes, like Asia.

In 2008 a new Plan was approved, with a 2012 horizon, complementing the goals of the previous Plan.

The goal of the Group's Strategic Plan is to consolidate TUBACEX's leading position in the seamless stainless steel industry. Therefore, the company has developed the production capacity in those segments requiring a higher level of expertise and value added within the oil, gas and energy industries, such as the drilling and extraction of oil and gas in extreme conditions (offshore and deep water), the new generation of thermal power plants and nuclear energy.

In addition, TUBACEX is actively working on incorporating innovation as a key element in the company's future development. Therefore, in 2009 the company has established Tubacex Innovation, a subsidiary concentrating the Group's efforts in innovation, including developments in production processes and new products, quality control, technical sales services, knowledge management, etc. Likewise, this subsidiary is responsible for promoting collaboration with other companies and Technology Centers and Universities in the scope of R&D&I.

RELEVANT DATA OF THE TUBACEX CONSOLIDATED GROUP

	2009	2008	2007	2006	2005
SALES	371.47	671.80	696.73	539.07	430.50
GROSS OPERATING PROFIT (EBITDA)	(18.38)	72.38	106.17	64.03	52.65
OPERATING PROFIT (EBIT)	(35.41)	55.71	89.47	47.29	37.00
NET PROFIT	(25.78)	37.58	56.66	30.95	25.42
NET CASH-FLOW	(8.75)	54.25	73.35	47.69	41.06
TOTAL ASSETS	526.02	674.96	603.08	539.62	456.93
TOTAL EQUITY	240.90	279.96	265.85	225.22	206.02
EQUITY / LIABILITIES (%)	45.80	41.48	44.08	41.74	45.09
NET FINANCIAL DEBT	153.65	215.85	175.59	172.59	129.35
FINANCIAL RESULT	(7.29)	(14.36)	(12.26)	(6.11)	(3.82)
SHARECAPITAL	59.84	59.84	59.84	59.84	59.84
EBITDA/SALES (%)	(4.95)	10.77	15.24	11.88	12.23
EBIT/SALES (%)	(9.53)	8.29	12.84	8.77	8.59
NET PROFIT/SALES (%)	(6.94)	5.59	8.13	5.74	5.90
NET PROFIT/ EQUITY (ROE) (%)	(10.70)	13.42	21.31	13.74	12.34
NET PROFIT/ ASSETS (ROA) (%)	(4.90)	5.57	9.40	5.74	5.56

EARNINGS PER SHARE (in euros)	**(0.194)**	**0.283**	**0.426**	**0.233**	**0.191**
CASH-FLOW/SHARE (in euros)	**(0.066)**	**0.408**	**0.552**	**0.359**	**0.309**
BOOK VALUE PER SHARE (in euros)	**1.81**	**2.11**	**2.00**	**1.69**	**1.55**
DIVIDEND (in euros per share)	**0.101**	**0.151**	**0.094**	**0.078**	**0.052**
MARKET CAPITALIZATION	**365.69**	**312.50**	**888.30**	**656.92**	**476.06**
PRICE/ BOOK VALUE (Times)	**1.52**	**1.12**	**3.34**	**2.92**	**2.31**
PER (Times)	**n.s.**	**8.31**	**15.68**	**21.23**	**18.73**
EV/EBITDA Times(1)	**n.s.**	**7.29**	**10.03**	**12.93**	**11.44**
AVERAGE OF EMPLOYEES	**1,797**	**1,970**	**1,909**	**1,771**	**1,628**
EMPLOYEES IN SPAIN	**1,105**	**1,226**	**1,206**	**1,093**	**963**
EMPLOYEES ABROAD	**692**	**744**	**703**	**678**	**665**

Figures in millions of euros. () Negative figures. (1) (Market Capitalization plus Net Debts plus minority interest at year-end) / EBITDA. n.s.: not significant.