TUBACEX

PRESS RELEASE

Shareholders' Annual General Meeting for the year 2010

TUBACEX RELIES ON ITS STRATEGIC LINES IN ORDER TO IMPROVE ITS RESULTS IN 2011

*** Order intake increased during the first quarter**

*** In 2011 new plant became operational to manufacture tubes for umbilicals.**

*** New high technological added-value products for the power generation and oil and gas exploration and extraction under extreme conditions have been launched.**

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

***TUBACEX will continue applying its plan based on improving competitiveness , productivity, cost savings and reducing expenditure**

*** In 2010 TUBACEX has made investments amounting to 52.30 million euros.**

(Llodio, 24 May 2011).- TUBACEX is confident in achieving an improvement of its results during 2011. The President of the company, Álvaro Videgain, has assured at the Shareholders' Annual General Meeting, held today at the company's headquarters in Llodio, Álava, that the new high added-value products recently included in the product portfolio and the plans to control expenditure and improve competitiveness, which represent the main elements of the Strategic Plan of the company, will be key to achieving this target.

Videgain added that the demand for seamless stainless steel tubes has shown some recovery, supported by an increased activity in the sectors demanding the company's products - oil & gas, energy and petrochemical industries - as well as the increase of oil prices that has favored new investments in this industry. The President of TUBACEX has highlighted the strength of the German market and the recovery of the tube distribution industry in the US, as well as the growth expectations in the demand of tubes in Brazil, where important investments in this industry are expected.

In this sense, during the first quarter of the year, order intake has increased by 30% compared to the same period in 2010 and by 25%, if compared to the fourth quarter of 2010. This improvement includes orders for new investment projects in tube stockists and distributors. Sales for the first quarter of the year stood at 119.56 million euros, a figure that represents a relevant increase compared to the same period in 2010.

The current plan of the company is based on achieving growth in new high added-value products for power generation and oil and gas exploration and extraction under extreme conditions, the inclusion of tubes for umbilicals in the product portfolio and the development of the strategic alliance with V&M will actively contribute to the improvement of results during this year. As per the alliance with the French manufacturer, worldwide leader in its sector, Álvaro Videgain has added that "it is an important impulse for the innovation strategy of our company in the strategic areas of the oil and energy industries, which contributes significantly to the increase of sales and the profitability of our company".

TUBACEX's President added that "we should be cautious because this year will be very complex for our industry and our company" and he highlighted that he will continue to implement the plans for competitiveness, productivity, cost improvement and expenditure reduction as the company has been doing since 2008, focusing also on stock reduction and working capital optimization.

Year 2010.

As regards to the year 2010, of which the Annual Accounts have been approved today at the Shareholders' Annual General Meerting, Álvaro Videgain has stated that it developed in a better environment than 2009, although it is still very far from the level achieved before this international financial crisis.

"Despite our efforts - Videgain told the Shareholders -, the weak macro economical environment and even lower investment levels in the tube demand sectors have resulted in an insufficient growth in the demand for our products, preventing us from achieving net positive growth, although it has allowed us to reduce the losses of the previous year by 75%".

Consolidated sales for the year amounted to 361.78 million euros, a figure 2.6% times lower than in 2009. Sales grew in Europe, Middle East and Latin America, while they dropped in North America and Asia. We must highlight the increase in the European market, where sales have accounted for 66.9% of the Group's total sales and invoices have increased by 9.8%; and Brazil, where sales have grown by 75%.

The gross operating profit (EBITDA) has been positive, 12.77 million euros, which contrasts with the negative figure (-18.38 million euros) of 2009. The Group has recorded losses amounting to 6.55 million euros, which are 74.6% less than in the previous year.

TUBACEX is in a sound financial position accounting for over 40% of its total liabilities.

Investments amounting to 52.30 million euros

Throughout 2010, and fulfilling the commitments included in its Strategic Plan, TUBACEX has deployed investments in technical facilities and machinery amounting to 52.30 million euros, which were allocated to the development of production capacity in those segments requiring a higher level of expertise and added value within the oil, gas and energy industries, such as the exploration and extraction of oil and gas in extreme conditions (offshore and deep water extraction) and power generation in state-of-the-art plants. This figure is the highest in the company's history.

Between 2007 and 2010 the investments, linked to the implementation of the Strategic Plan, have amounted to 113.37 million euros, almost 30 million euros per annum.

New off-shore plant

Among the 2010 investments included in the Strategic Plan we must highlight the completion of the construction of a new facility in the Group's plant located in Ternitz (Austria) for manufacturing umbilical offshore tubes, a product intended for supporting activities in 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, is now fully operational and has become the international technological benchmark for this type of facilities. The plant has overcome complex product certification and validation requirements and will begin supplying the markets in 2011.

Umbilical offshore tubes are used for controlling equipment on the seabed and for the injection of fluids or corrosion inhibitors. It is an extremely long welded product that is supplied in coils. Requirements of performance and quality are extreme in this product. 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 extract oil in deeper and more corrosive environments.

These facilities will supplement the previous investment in a cold rolling mill for high-value products for the TTI factory in Amurrio, which specializes in tubes for drilling and pumping oil and gas (OCTG, Oil Country Tubular Goods) in special alloys. With this new investment, TUBACEX has increased its cold tube product portfolio, including large OCTG tubes.

To supplement this new product line, TUBACEX has developed improvements during 2010 in the finishing area of the TTI factory in Llodio. Moreover, the company has added two new ultrasound control machines in these facilities to strengthen quality assurance of the products.

Agreement with Vallourec & Mannesmann

During 2010, TUBACEX has continued developing the strategic agreement formalized in 2009 with Vallourec & Mannesmann (V&M) in the areas of R&D&I and sales, to strengthen its offer in seamless stainless steel tubes for the oil, gas and energy industries. The companies have set up joint teams 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 for use 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. In 2010, we have obtained the first orders for the first steel grade developed jointly.

For the oil and gas market, both companies are working on the development of tubes for critical environments, on products with very high-performance regarding mechanical and corrosion-resistance properties, a high uniformity of features and a highly competitive process in terms of productivity and costs. In 2010, we completed the industrialization of a range of grades and tube sizes for their use as oil and gas production tubes in extreme environments and we have served the first orders.

RELEVANT DATA OF THE TUBACEX CONSOLIDATED GROUP

	2010	2009	2008	2007	2006
SALES	**361.78**	**371.47**	**671.80**	**696.73**	**539.07**
GROSS OPERATING PROFIT (EBITDA)	**12.77**	**(18.38)**	**72.38**	**106.17**	**64.03**
OPERATING PROFIT (EBIT)	**(5.87)**	**(35.41)**	**55.71**	**89.47**	**47.29**
NET PROFIT	**(6.55)**	**(25.78)**	**37.58**	**56.66**	**30.95**
NET CASH FLOW	**12.10**	**(8.75)**	**54.25**	**73.35**	**47.69**
TOTAL ASSETS	**586.89**	**526.02**	**674.96**	**603.08**	**539.62**
EQUITY	**236.71**	**240.90**	**279.96**	**265.85**	**225.22**
NET ASSETS/LIABILITIES	**40.33**	**45.80**	**41.48**	**44.08**	**41.74**
NET FINANCIAL DEBT	**223.96**	**153.65**	**215.85**	**175.59**	**172.59**
FINANCIAL PROFIT / (LOSS)	**(6.36)**	**(7.29)**	**(14.36)**	**(12.26)**	**(6.11)**
SHARE CAPITAL	**59.84**	**59.84**	**59.84**	**59.84**	**59.84**
EBITDA / SALES (%)	**3.53**	**(4.95)**	**10.77**	**15.24**	**11.88**
OPERATING PROFIT / SALES (%)	**(1.62)**	**(9.53)**	**8.29**	**12.84**	**8.77**
NET PROFIT / SALES (%)	**(1.81)**	**(6.94)**	**5.59**	**8.13**	**5.74**
PROFIT / EQUITY (ROE) (%)	**(2.77)**	**(10.70)**	**13.42**	**21.31**	**13.74**
PROFIT / ASSETS (ROA) (%)	**(1.12)**	**(4.90)**	**5.57**	**9.40**	**5.74**
PROFITS PER SHARE (PPS) in euros	**(0.049)**	**(0.194)**	**0.283**	**0.426**	**0.233**
CASH FLOW / SHARE (CFPS) in euros	**0.091**	**(0.066)**	**0.408**	**0.552**	**0.359**
BOOK VALUE PER SHARE (in euros)	**1.78**	**1.81**	**2.11**	**2.00**	**1.69**
DIVIDEND (in euros per share)	**0.000**	**0.101**	**0.151**	**0.094**	**0.078**
MARKET CAPITALIZATION	**329.79**	**365.69**	**312.50**	**888.30**	**656.92**
PRICE/ BOOK VALUE Times	**1.39**	**1.52**	**1.12**	**3.34**	**2.92**
PER (Times)	**n.a.**	**n.a.**	**8.31**	**15.68**	**21.23**
EV/EBITDA (times) (1)	**43.44**	**n.a.**	**7.29**	**10.03**	**12.93**
AVERAGE NUMBER OF EMPLOYEES	**1,789**	**1,797**	**1,970**	**1,909**	**1,771**
EMPLOYEES IN SPAIN	**1,086**	**1,105**	**1,226**	**1,206**	**1,093**
EMPLOYEES ABROAD	**703**	**692**	**744**	**703**	**678**

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