



PRESS RELEASE

Together with representatives of the Basque and Spanish Governments and the Federal Government of Lower Austria.

TUBACEX INAUGURATED A NEW PLANT TO MANUFACTURE UMBILICALS IN AUSTRIA

- * **These new facilities have required an investment nearing 40 million euros.**
- * **The first order is already underway for an oil extraction project in the North Sea.**
- * **The Austrian subsidiary has over 170 years of industrial experience.**
- * **The Group promotes specialization in high added-value products.**

(Ternitz, Austria, 9 June 2011).- TUBACEX has inaugurated at the Schoeller Bleckmann Edelstahlrohr GmbH (SBER) subsidiary, located in the Austrian city of Ternitz, a new plant to manufacture tubes for umbilicals (offshore), a product intended for supporting activities in the exploration and extraction of oil and gas in critical conditions of pressure, temperature and corrosion. The TUBACEX Group has invested nearly 40 million euros in this project.

The event has been presided by the Vice-Governor of Lower Austria - the state where the factory is located -, Josef Leitner; the Counselor for Industry, Innovation, Trade and Tourism of the Basque Government, Bernabé Unda; the General Secretary of the Spanish Ministry of Science and Innovation, Juan Tomás Hernani; the Director of SBER, Erich Hertner; and the President of the TUBACEX Group, Álvaro Videgain. Senior representatives of the Lower Austria and Basque Governments, TUBACEX Counselors and Directors and the main worldwide manufacturers of umbilicals - consumers of the products manufactured in this plant - also attended the event.

On 31 May, the Federal Chancellor (Head of Government) of Austria, Werner Faymann, accompanied by Vice-Chancellor and Foreign Affairs Minister, Michael Spindelegger, visited the Ternitz facilities.

International benchmark

This new plant, whose construction began in 2008, is the international technological benchmark of this type of facilities and has overcome the complex product certification and approval requirements of both clients and certification bodies. The first order is already underway, for the expansion of an oil field in the North Sea, belonging to a world leader in the oil and gas industry.

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This investment is part of the company's strategy to develop production capacities in those added-value segments requiring a higher level of expertise 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 power plants.

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.

These new facilities have four last-generation Pilger rollers and the most advanced finishing, control, inspection and orbital tube welding systems. 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.

Over €50 million CAPEX

A new hot tube extrusion mill has been installed, which will complement SBER's current one, feeding into the cold tube rollers for umbilicals, and producing small-diameter hot rolled tubes in special alloys.

In all, TUBACEX has allocated an investment of more than 50 million euros for these projects in the Austrian factory. Between 2007 and 2010 the investments in the different manufacturing plants, basically linked to the implementation of the Strategic Plan, have amounted to 113.37 million euros, almost 30 million euros per annum.

Moreover, TUBACEX has fitted the TTI factory in Amurrio to increase its capacity for cold rolling of high-value products, specializing in tubes for oil and gas exploration and pumping (OCTG, Oil Country Tubular Goods) in special alloys. With this new investment, TUBACEX has increased its cold tube product portfolio, including large OCTG tubes.

SBER - Over 170 years of history

Schoeller Bleckmann Edelstahlrohr GmbH (SBER) is a company with a dilated industrial tradition, created back in 1840. The company became a part of the Group in 1999, after TUBACEX acquired 100% of its shares.

SBER is specialized in manufacturing high added-value and small-diameter tubes, which completed the Group's product portfolio. This subsidiary has a consolidated position in the European market, especially in Central and Eastern Europe.

During 2010, SBER recorded sales amounting to 109.57 million euros, being 14.2% higher than the figures for 2009, when sales reached 95.95 million euros.

TUBACEX - An international Group

TUBACEX is an industrial Group whose main activity is the manufacture of seamless stainless steel tubes. Founded in 1963, its head office is in Llodio and it has industrial facilities in the same town as well as in Amurrio and Arceniega (all three in the province of Álava, Spain), Ternitz (Austria) and Greenville (Pennsylvania, U.S.A.).

TUBACEX Group is the second worldwide manufacturer, and is vertically integrated in its operations; having their own steelworks to make steel, hot extruded and cold rolled tubes. Similarly, the company has a unique marketing structure for its products on a worldwide level.

In this regard, the Group has trading companies in Spain, France, Netherlands, Germany, Czech Republic, Hungary, the United States and Canada, in addition to sales offices staffed by its own personnel in Italy, Poland, China, Brazil, Dubai and Russia, as well as sales representatives in over 30 countries around the world. Additionally, it has tube distribution warehouses in Spain, France, United States, China and Indonesia.

The TUBACEX Group runs a stainless steel manufacturing plant (Amurrio), two hot tube extrusion plants (Llodio and Ternitz), two cold rolling facilities (Amurrio and Ternitz), a plant manufacturing tubes for umbilicals (Ternitz), a cold drawing factory (Greenville), and a plant manufacturing curved sections and tube fittings (Arceniega). It also manufactures mechanical tube (hollow tubes) in the Llodio and Ternitz plants. All products are made from stainless steel.

During 2010, TUBACEX recorded sales amounting to 361.78 million euros. During the first quarter of 2011, the Group's sales peaked, reaching 119.56 million euros, 64.9% more than in the same period in 2010. From January to March, TUBACEX has achieved a net profit of 2.80 million euros.