TUBACEX

PRESS RELEASE

Shareholders' Annual General Meeting 2011

TUBACEX FORESEES A SIGNIFICANT IMPROVEMENT IN ITS RESULTS IN 2012

*** TUBACEX is preparing a new Strategic Plan for growth in high value-added products and increased penetration in emerging countries.**

*** This year TUBACEX is going to double its OCTG tube manufacturing capacity at its Amurrio plant.**

*** Order intake for the first quarter has increased by 16%.**

*** TUBACEX made investments of 19.30 million euros in 2011.**

(Llodio, May 23, 2012).- TUBACEX foresees a significant improvement in its results throughout 2012, backed by the strength of demand for seamless stainless steel tubes, particularly high value-added tubes for the oil and power generation sectors, according to Chairman and CEO, Álvaro Videgain, at the Shareholders' Ordinary General Meeting, which has taken place today at the company's headquarters in Llodio, Alava.

Álvaro Videgain has based these predictions on the positive order intake in the first quarter (+16% on the last quarter of 2011), the strength of demand for tubes for investment projects, the rise in prices in January and April 2012, the favorable business prospects in Brazil with substantial orders for OCTG tubes, the consolidation of the V&M agreement, as well as the continuation of the Group's increased competitiveness and profitability programs.

Sales for the first quarter have risen to 135.17 million euros, up 10.8% on the final quarter of 2011. The EBITDA has reached 10.37 million euros, tripling that of the previous quarter.

Shareholders' Meeting Agreements

In addition to the annual accounts, the management report and the corporate governance report, the TUBACEX Shareholders' Meeting has agreed to assign all profit for the year to the voluntary reserves.

The Shareholders' Meeting has also approved the appointment of Ignacio Marco-Gardoqui as External Independent Director for the statutory period of six years.

Likewise, the Shareholders' Meeting has re-elected Bagoeta S.L., represented by Luis María Uribarren, as External Proprietary Director and Gerardo Aróstegui as External Independent Director, both for the statutory period of six years.

The Director, Manuel Guasch, has retired from the Board of Directors on reaching the age established in the company's governance regulations.

Furthermore, the Shareholders' Meeting has approved the appointment of Deloitte S.L. as the new accounts auditor for TUBACEX S.A. and its consolidated Group for a period of three years.

New Strategic Plan 2013-2018

Moreover, Videgain has indicated that TUBACEX is drawing up a new Strategic Plan for 2013-2018, which foresees the Group's growth over this period through the increased importance of high value-added products on total sales and the company's greater penetration in emerging countries.

The new plan, which is being developed throughout the current financial year, will aim to achieve growth and a global leading position, including a significant increase in the profitability and competitiveness of the business, and, consequently a significant increase in the share value.

To do so, the company will continue to develop new high value-added products for the oil and power generation sectors, whereby it will improve and increase its capacity and the weight of these products on total sales. In this respect, Videgain has indicated that TUBACEX is going to double its capacity for the production of tubes for oil and gas exploration and extraction (OCTG) at its Amurrio plant, which will be operational by the last quarter of the year.

On the other hand, the plan will focus on markets with greater development potential in the medium and long term, increasing its penetration in emerging countries - which will provide two-thirds of worldwide economic growth until 2020 - and establishing the possibility of industrial plants in other countries.

TUBACEX will also explore entry into niches with high technological value, including inorganic growth options in high alloy tubes, offering a greater level of expertise and strengthening the product portfolio.

2011 Financial Year

As far as 2011 is concerned, Álvaro Videgain has stated that it was "a year of transition which enabled us to recover business levels and return to profitability. It was a complex financial year with increased demand, more in terms of quantity than price, although still a long way off the levels recorded prior to the crisis".

Order intake increased by 25% with respect to 2010, highlighting the significant increase in orders for high value-added tubes for the oil, gas and power generation sectors. Consolidated sales for the year amounted to 486.60 million euros, up 34.5%.

The gross operating profit (EBITDA) increased by 113%, reaching 27.21 million euros. The Group made a profit of 3.66 million euros, compared to losses of 6.55 million euros in 2010.

Investments of 19.30 million euros

Throughout 2011, TUBACEX invested 19.30 million euros in technical facilities and machinery, as part of the investment scheme established in the Strategic Plan for the strategic development of production capacity in those segments requiring a higher level of expertise and added value within the oil, gas and power generation sectors, such as the exploration and extraction of oil and gas in extreme conditions ("offshore" and deep water extraction) and power generation at state-of-the-art plants.

Between 2007 and 2011, investment linked to increasing the production capacity of high value-added tubes as set out in the Strategic Plan, amounted to 132.67 million euros, an average of 26.53 million euros per annum.

Strategic agreement with Vallourec & Mannesmann

During 2011, TUBACEX 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 supply of seamless stainless steel tubes for the oil, gas and power generation sectors. This agreement is generating substantial orders for tubes for the oil and power generation sectors.

For the power generation sector, 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 today's thermal power plants.

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

RELEVANT DATA OF THE TUBACEX CONSOLIDATED GROUP

	2011	2010	2009	2008	2007
SALES	486.60	361.78	371.47	671.80	696.73
GROSS OPERATING PROFIT (EBITDA)	27.21	12.77	(18.38)	72.38	106.17
OPERATING PROFIT (EBIT)	6.50	(5.87)	(35.41)	55.71	89.47
NET PROFIT	3.66	(6.55)	(25.78)	37.58	56.66
NET CASH FLOW	24.36	12.10	(8.75)	54.25	73.35
TOTAL ASSETS	626.96	586.89	526.02	674.96	603.08
EQUITY [(1)]	239.18	236.71	240.90	279.96	265.85
NET ASSETS/LIABILITIES	38.15	40.33	45.80	41.48	44.08
NET FINANCIAL DEBT	237,11	223.96	153.65	215.85	175.59
FINANCIAL PROFIT / (LOSS)	(6.92)	(6.36)	(7.29)	(14.36)	(12.26)
SHARE CAPITAL	59.84	59.84	59.84	59.84	59.84
CAPITAL EXPENDITURE	19.30	52.30	19.50	23.20	18.37
EBITDA / SALES (%)	5.59	3.53	(4.95)	10.77	15.24
OPERATING PROFIT / SALES (%)	1.34	(1.62)	(9.53)	8.29	12.84
NET PROFIT / SALES (%)	0.75	(1.81)	(6.94)	5.59	8.13
PROFIT / EQUITY (ROE) (%)	1.53	(2.77)	(10.70)	13.42	21.31
PROFIT / ASSETS (ROA) (%)	0.58	(1.12)	(4.90)	5.57	9.40
PROFITS PER SHARE (PPS) in euros	0.027	(0.049)	(0.194)	0.283	0.426
CASH FLOW / SHARE (CFPS) in euros	0.183	0.091	(0.066)	0.408	0.552
BOOK VALUE PER SHARE (in euros)	1.80	1.78	1.81	2.11	2.00
DIVIDEND (in euros per share)	0.000	0.000	0.101	0.151	0.094
LAST TRADING PRICE (in euros)	1.865	2.480	2.750	2.350	6.680
MARKET CAPITALIZATION	248.01	329.79	365.69	312.50	888.30
PRICE/ BOOK VALUE Times	1.04	1.39	1.52	1.12	3.34
PER (Times)	67.85	n.a.	n.a.	8.31	15.68
EV/EBITDA (times) [(2)]	17.84	43.44	n.a.	7.30	10.02
AVERAGE NUMBER OF EMPLOYEES	1,876	1,789	1,797	1,970	1,909
EMPLOYEES IN SPAIN	1,115	1,086	1,105	1,226	1,206
EMPLOYEES ABROAD	761	703	692	744	703

Figures in millions of euros. ( ) Negative balances. [(1)] Attributed to holders of equity instruments in the parent company. [(2)] (Market Capitalization plus Net Debts plus minority interest at year-end) / EBITDA. n.a.: not applicable.