

## TUBACEX INAUGURATED A NEW PLANT TO MANUFACTURE UMBILICALS IN AUSTRIA

TUBACEX inaugurated on June 9th 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.

Some days before, on May 3st, the Federal Chancellor (Head of Government) of Austria, Werner Faymann, accompanied by Vice-Chan-

cellor 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.

Umbilical offshore tubes are used for controlling equipment on the seabed and for the injection of fluids or corrosion inhibitors.

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

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.



TUBACEX

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## SHAREHOLDERS

### THE ANNUAL GENERAL MEETING WAS HELD IN MAY

TUBACEX held last May 24th its Annual General Meeting at the company's headquarters located in Llodio (Álava). During this meeting the annual accounts for 2010 were approved, along with the Management Report and the Annual Report on Corporate Governance.

During his intervention in the meeting, the Chairman of the company, Álvaro Videgain, highlighted that TUBACEX is confident in achieving an improvement of its results during 2011. TUBACEX's President has assured 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.

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 Chairman 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.

As regards to the year 2010, of which the Annual Accounts were approved at the Shareholders' Annual General Meeting, Álvaro Videgain 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.



TUBACEX

## INFORMATION to SHAREHOLDERS

N.º 56 - First half 2011

## RESULTS

### Tubacex to invest €25 m in its Llodio and Amurrio plants TUBACEX OBTAINS AN EBITDA OF 17.78 MILLION EUROS IN THE FIRST HALF OF THE YEAR

TUBACEX has recorded a consolidated EBITDA (Earnings Before Interests, Taxes, Depreciation and Amortization) of 17.78 million euros during the first half of the year 2011, compared to 0.54 million euros recorded during the same period of 2010, according to the information registered at the Spanish Securities Exchange Commission (CNMV).

The company's consolidated net profit rose to 1.84 million euros between January and June, which sharply contrasts with losses amounting to 9.31 million euros recorded in the first semester of 2010.

Consolidated sales of the first half have reached 252.61 million euros, which is a figure 45.9% higher than the 173.11 million euros recorded for the same period in 2010.

Order intake during this first half has grown by 23% compared to 2010. TUBACEX's new products for the oil, gas and energy industries have played an increasingly important role in this increase. In this sense, during the recent months there has been a

considerable growth in the order intake for oil and gas extraction tubes and for the umbilical tubes plant in Austria for offshore applications.

Given the positive market perspectives for the production of high-alloy oil and gas tubes, TUBACEX's Board of Directors has approved a capital expenditure of 25 million euros, to increase the company's manufacturing capacity of this type of products in its Llodio and Amurrio facilities.

TUBACEX foresees an improvement of results in the following months, for which it will be essential to develop the company's Competitiveness Plan, the investments in high value-added products and the strategic alliance with Vallourec & Mannesmann.



### EVOLUTION OF CONSOLIDATED RESULTS FROM JANUARY TO JUNE

	1 Half 2011	1 Half 2010	%2011/2010
Sales	252.61	173.11	+ 45.9%
Gross Operating Profit (EBITDA)	17.78	0.54	n.m.
Operating Profit (EBIT)	6.74	-9.25	n.a.
Net Profit	1.84	-9.31	n.a.

Figures in millions of euros. n.a.: not applicable. n.m.: not meaningful.

## CONSOLIDATED BALANCE SHEET

	30/06/2011	%	31/12/2010	%
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>237,676</b>	<b>38.5%</b>	<b>239,979</b>	<b>40.9%</b>
Tangible Assets	157,069	25.5%	159,736	27.2%
Financial and other assets	2,881	0.5%	2,585	0.4%
Intangible assets	35,090	5.7%	35,371	6.0%
Deferred tax assets	42,636	6.9%	42,287	7.2%
<b>Current assets</b>	<b>379,063</b>	<b>61.5%</b>	<b>346,910</b>	<b>59.1%</b>
Cash and cash equivalents	19,202	3.1%	23,404	4.0%
Other current assets	359,861	58.3%	323,506	55.1%
<b>TOTAL</b>	<b>616,739</b>	<b>100.0%</b>	<b>586,889</b>	<b>100.0%</b>
<b>LIABILITIES</b>				
<b>Equity</b>	<b>237,194</b>	<b>38.5%</b>	<b>237,715</b>	<b>40.5%</b>
Share capital	59,840	9.7%	59,840	10.2%
Reserve funds	175,520	28.5%	184,420	31.4%
Year end results	1,834	0.3%	(6,545)	-1.1%
<b>Provisions and employee benefits</b>	<b>21,069</b>	<b>3.4%</b>	<b>21,969</b>	<b>3.7%</b>
<b>Long-term debt</b>	<b>55,168</b>	<b>8.9%</b>	<b>49,917</b>	<b>8.5%</b>
<b>Short-term debt</b>	<b>303,308</b>	<b>49.2%</b>	<b>277,288</b>	<b>47.2%</b>
<b>TOTAL</b>	<b>616,739</b>	<b>100.0%</b>	<b>586,889</b>	<b>100.0%</b>

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

	From 01/01/11 to 30/06/11	From 01/01/10 to 30/06/10	11/10 (%)
<b>Net sales</b>	252,608	173,108	45.9%
<b>Total turnover</b>	254,683	174,644	45.8%
<b>Increase in stocks</b>	14,040	5,942	136.3%
Cost of goods sold	162,870	99,475	63.7%
Operating expenses	88,072	80,571	9.3%
<b>EBITDA</b>	17,781	540	3.192.8%
Depreciation	11,042	9,609	14.9%
Net financial result	(4,816)	(2,527)	90.6%
<b>Profit (before taxes)</b>	1,923	(11,596)	n.a.
Taxes and minority interests	89	(2,712)	n.a.
<b>Net profit</b>	1,834	(8,884)	n.a.

TUBACEX consolidated. Figures in thousands of euros. n.a.: not applicable

## STOCK MARKET



### EARLY 50 MILLION TUBACEX SHARES WERE TRADED BETWEEN JANUARY AND JUNE

From January to June 2011, 46.63 million TUBACEX shares were traded; this figure is 17.8% lower than the number of shares traded during the same period of 2010, when this figure amounted to 56.74 million shares.

The number of TUBACEX shares traded in the first half of the year accounts for a 35.1% rotation of the company's share capital, which totals 132.98 million shares.

Moreover, effective trading during the first two quarters rose to 133.14 million euros, a figure 16.1% lower than the volume

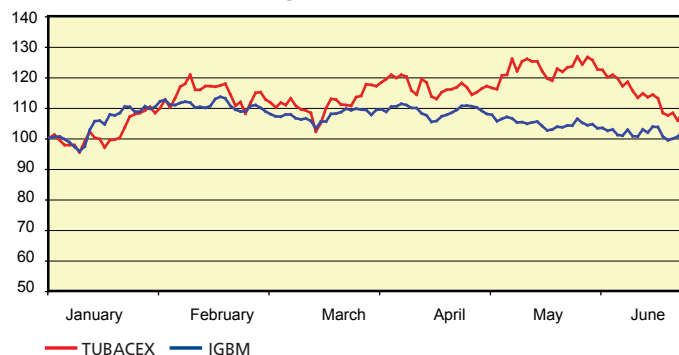
traded in the previous year, when it reached 158.63 million euros.

The company's market capitalization as of 30 June 2011 stood at 375.67 million euros, a figure that represents an increase of 13.7% with respect to the previous year end, when market cap rose to 329.79 million euros.

*\*Effective trading reached 133.14 million euros*

*\*In June, stock market capitalization amounted to 375.67 million euros*

### Quoted share price of TUBACEX compared with the IGBM



## HUMAN RESOURCES

### TUBACEX MANAGEMENT AND TRADE UNIONS REACH AN AGREEMENT TO INCREASE COMPETITIVENESS

TUBACEX Management and the Trade Unions (LAB, CC.OO., ELA and UGT), which account for the vast majority of trade union representations in the company, have signed a preliminary agreement aimed at increasing and improving competitiveness in the Acería de Álava and Tubacex Tubos Inoxidables subsidiaries.

This preliminary agreement, which has been reached after several months of negotiations, is framed within the company's competitiveness improvement plan, which expects to implement relevant changes for the future of both subsidiaries within the TUBACEX Group. The draft will be drawn up by both parts and approved in the Joint Committee, in compliance with the provisions of the current collective agreement.

TUBACEX's Management has stated their satisfaction with the broad consensus and the relevance of the agreed principles.

They have highlighted the inclusion of a large number of permanent contracts in the staff of TTI and Acerálava.



## ANALYSTS

### REPORTS OF TUBACEX RELEASED BY ANALYSTS IN 2011 (JAN-JUN)

Analyst	Month	Recommendation	Target price (1)
Nmas 1	January	Hold	2.80
La Caixa	January	Buy	3.10
BPI	January	Buy	3.20
Fidentiis	February	Sell	2.25
Banesto	March	Buy	4.70
La Caixa	April	Buy	3.40
Santander	April	Buy	3.35
Mirabaud	April	Overweight	3.50
Mirabaud	May	Overweight	3.50
Caja Madrid	May	Buy	4.00
Ahorro Corporación	May	Buy	4.00
Chevreurx	May	Overweight	3.60
Fidentiis	May	Hold	3.25
Caja Madrid	June	Buy	4.00

(1) Euros per Share.