TUBOS REUNIDOS, S.A.

RESULTS FOR SECOND QUARTER AND FIRST HALF OF 2014

Amurrio, 30 July 2014

Tubos Reunidos businesses performed very positively in the first half of 2014. Net turnover reached 207 million euros, making it 10% more than in the same period of the previous year. Moreover, EBITDA stood at 24.6 million euros, 15% more, and consolidated net profit grew 41% to 4.4 million euros.

This positive progress has occurred due to the growth of Group sales in new segments and products, as well as greater competitiveness, as a result of investments made and sales policy in the context of the Strategic Plan.

Analysis and significant events in the period:

1.- Increased sales in the first half, especially in new products derived from investments made

- **a)** Increase in sales of OCTG (Oil Country Tubular Goods) products for oil and gas exploration and production, through more competitive in-house manufacture of new special steels (investment in Degassing plant, commissioned in the first quarter of 2014) and the greater capabilities to supply products with more demanding finishes (investment in new heat treatment facility, commissioned in the first quarter of 2014). This increase has been especially significant in North America, which accounted for 32.2% of first half sales in 2014 vs. 30.4% the preceding year.

- **b)** Special large diameter tubing: growth of 25% in this product segment compared to the same period of the previous year, thanks to the investments taking place to manufacture tubes up to 28" diameter. This sales increase has occurred especially in projects for the Middle East, Russia and Korea, for applications in critical phases in power generation, refining and petrochemical plants.

2.- Improvement of the product mix in first half sales. Special product sales grew 15% in the first half of 2014, compared with the same period of the previous year, accounting for 65.4% of sales, vs. 65.1% the previous year.

3.- Good order book position, in volume and mix, at the end of June 2014, improving on the situation on 31 March and significantly higher (15%) than at the same date in the previous year, as a result of a higher contracting level in the second quarter.

4.- Presentation of the new 2014-2017 Strategic Plan in May 2014, with a business model approach, in line and consistent with the previous plan, towards increasingly more value added products. To this effect, the new Strategic Plan focuses on the following key points: a) More Premium Products, b) More Competitiveness, c) Comprehensive Service.

The Company examined the new Plan thoroughly at its *Investor Day*, which took place at its production plants on 21 May.

5. Payment of a dividend for financial year 2013 of 0.018 euros gross per share, representing a total payout amount of 3.1 million euros, **on 20 June**.

Key Figures for Second Quarter and First Half of 2014

The consolidated net turnover for the second quarter amounted to 108 million euros, with EBITDA of 12 million euros, a margin of 11% and positive results of 2.1 million euros. This means an increase of 16.2% in terms of turnover, 10.1% in terms of EBITDA and 7.2% in terms of profit.

Consolidated ('000 EUR)	Q2 2014	Q2 2013	% growth	H1 2014	H1 2013	% growth
Revenue	108.945	93.751	16,2%	207.223	188.947	9,7%
EBITDA	12.010	10.904	10,1%	24.626	21.502	14,5%
% sales	*11,0%*	*11,6%*		*11,9%*	*11,4%*	
EBIT	4.632	3.903	18,7%	9.883	7.516	31,5%
Net Income	2.127	1.984	7,2%	4.432	3.146	40,9%

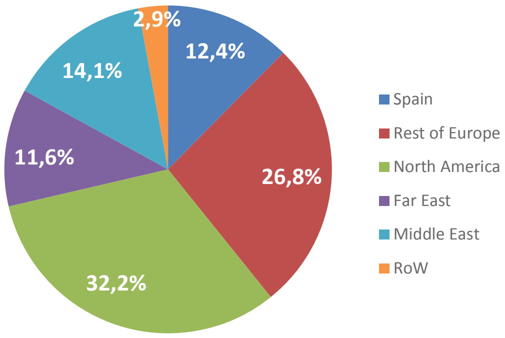
The EBITDA margin obtained in the second quarter and the semester was impacted by lower price levels, particularly in the North American market, affected by high imports from countries against which anti-dumping measures are being taken, and in Europe, where activity remains depressed though stabilised; as well as an unfavourable Euro/dollar exchange rate and a sales mix with a greater weight of fewer special products in the second quarter.

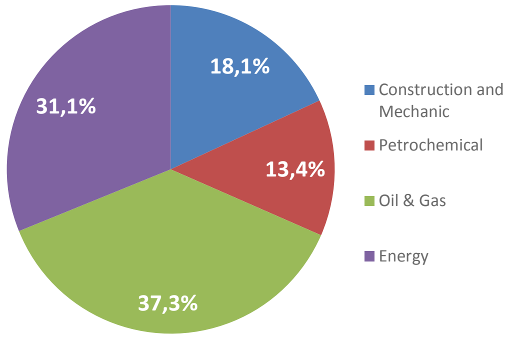
Net financial debt stood at 193 million euros in June 2014. The increase of high added value product work in progress has brought about a temporary situation of higher inventory levels and working capital financing requirements. This increase is expected to be corrected in the third quarter due to higher deliveries of special products in the order book, for which the finishing facilities are planning to be operational in August, together with working capital optimization policies that are being implemented.

Financial expenses were reduced in the period, largely motivated by 59 million euros in funding granted by the European Investment Bank to support the R&D&I investment plan.

Market situation and evolution of seamless tube activity by geographical regions

Sales by geographical region and sector, first half 2014





Europe (39.2% of sales vs. 46.9% in the same period of the previous year): the total sales volume of the Group in Europe in 2014 is being maintained at the levels of the previous year, with the trend for stability being consolidated, as opposed to the decrease in 2013.

North America (32.2% of sales vs. 30.4% in the same period of the previous year): Group sales in North America are progressing very positively, especially in OCTG products, backed by greater capability to supply new product into new segments and improved competitiveness, together, to a lesser extent, with a higher level of exploration and production activity, with a 3.6% increase in the average number of active rigs in the first half of 2014 compared to the first half of 2013. On 11 July, the U.S. Department of Commerce announced definitive anti-dumping measures against the nine countries exporting OCTG products into the U.S.A., about which an investigation was launched in July 2013, including imposing duties against tubing from South Korea, which had been excluded from the measures in the preliminary resolution of February 2014. These measures could positively affect the market situation and its final application depends on the ITC (US International Trade Commission) assessment of damage to American industry from these imports, which is expected by the end of August.

Middle East (14.1% of sales vs. 3.8% in the same period of the previous year): Tubos Reunidos has significantly increased its sales in the Middle East, where, in addition to strengthening its commercial presence in 2013, it has supplied large diameter Premium tubing for power generation, refining and petrochemical projects.

Far East (11.6% of sales vs. 13.3% in the same period of the previous year): Group sales remain stable in this region, focusing on high added value projects and products for the power generation, refining and petrochemical sectors.

Prospects

In the first half of 2014 Tubos Reunidos has made positive progress in activity and results, which are expected to be maintained in the second part of the year. The high order backlog that the Group has in June, resulting from an increase in order volume and mix during the second quarter of 2014 will help and will be reflected in the results for the second half, as will the possible positive evolution of prices in North America in the event of final implementation of the anti-dumping measures, and a more favourable Eur/USD exchange rate. In any case, business evolution in the coming months will depend on the macroeconomic situation in the target geographical areas for the supply of Tubos Reunidos products.

Continuity in the business strategy, oriented towards products, segments and geographic markets with greater added value and growth, coupled with the growing differentiation of Group service solutions and greater competitiveness of its facilities, as a result of the investments implemented in 2013 and the first quarter of 2014, provide the foundations for growth in the medium term, in line with the objectives of the 2014-2017 Strategic Plan of Grupo Tubos Reunidos.

Financial Statements

INCOME STATEMENT, Thousands of Euros	Q2 2014	Q2 2013	Q2 2014 / Q2 2013	H1 2014	H1 2013	H1 2014 / H1 2013
Revenue	**108.945**	**93.751**	*16%*	**207.223**	**188.947**	*10%*
Changes in inventory	2.747	(512)		13.462	(2.953)	
Supplies	(55.542)	(42.686)		(107.607)	(83.044)	
Personnel expenditure	(28.173)	(25.574)		(55.584)	(52.047)	
Other operating expenses	(20.990)	(20.265)		(40.613)	(38.811)	
Other operating income and net gains/(losses)	5.023	6.190		7.745	9.410	
EBITDA	**12.010**	**10.904**	***10%***	**24.626**	**21.502**	***15%***
Depreciation and amortisation charge	(7.378)	(7.001)		(14.743)	(13.986)	
EBIT	**4.632**	**3.903**	***19%***	**9.883**	**7.516**	***31%***
Financial income/(expense)	**(2.253)**	**(2.113)**		**(4.917)**	**(4.808)**	
Profit before income tax	**2.379**	**1.790**	***33%***	**4.966**	**2.708**	***83%***
Profits tax	(221)	(13)		(413)	(11)	
Consolidated profit for the period	**2.158**	**1.777**	***21%***	**4.553**	**2.697**	***69%***
Profit from minority interests	(31)	207		(121)	449	
Profit for the period	**2.127**	**1.984**	***7%***	**4.432**	**3.146**	***41%***

BALANCE SHEET, Thousands of Euros	H1 2014	Q4 2013
NON-CURRENT ASSETS	**404.361**	**411.801**
Inventories and customers	233.600	188.107
Cash and other cash equivalents	27.227	25.791
CURRENT ASSETS	**260.827**	**213.898**
Assets held for sale	4.799	4.836
TOTAL ASSETS	**669.987**	**630.535**
NET EQUITY	**250.804**	**246.037**
DEFERRED REVENUES	**9.898**	**10.946**
Non-current provisions	14.348	15.183
Bank borrowings and other financial liabilities	169.778	169.054
Other non-current liabilities	56.047	55.656
NON-CURRENT LIABILITIES	**240.173**	**239.893**
Short-term provisions	3.554	3.839
Bank borrowings and other financial liabilities	50.687	38.568
Other current liabilities	114.871	91.252
CURRENT LIABILITIES	**169.112**	**133.659**
Liabilities held for sale	-	-
TOTAL LIABILITIES	**669.987**	**630.535**

Net financial debt	**193.238**	**181.831**