

TUBOS REUNIDOS EARNS €25.4M FROM ITS CORE BUSINESS OF SEAMLESS TUBES

- **Tubos Reunidos successfully implements its strategy in special products (72% of sales), geographical diversification (87% exports) and improved competitiveness**
- **A dividend of €0.023 per share is proposed**
- **Consolidated net profit amounted to €10.6M after the reorganisation of the distribution business**

Amurrio, 28 February 2013 – The core seamless steel tubes business of Tubos Reunidos achieved net profit of €25.4M and EBITDA of €59.6M in 2012, which represents a sales margin of 15.6%, thereby exceeding the 14.6% of the previous year.

In a context of slowing down of global activity and increasingly tougher competition, these positive results are the fruit of the successful wise decisions taken in the scope of the Group Strategic Plan, which focuses on the following aspects:

- **Specialisation and Innovation:** the range of new products has been expanded and high added value special products represented 72% of sales in 2012, with an 8% increase in the average price compared to 2011.
- **Commitment to investment:** Investments for the amount of €40M were made during 2012, corresponding to more than 25% of the €150M investment programme foreseen for the 2012-2016 period, whose main goals are to develop new products and markets and to improve the competitiveness of the Group.
- **Geographical diversification and positioning in fastest growing markets:** 87% of seamless tube sales were made outside Spain and 58% outside Europe. On their part, North America accounted for 31% of sales and those destined for emerging regions (North Africa, Asia, Middle East, Latin America) for 26%, all markets with high growth potential in the energy sector, in which TR carried out 83% of its sales.
- **Flexible and competitive business model:** along with the policies of maximising quality and service, the Group's flexible and competitive business model makes it possible to optimise the overall margin by giving

priority to the most profitable products, which, together with strict cost control, enabled improvement of the EBITDA margin, despite the slowdown in activity levels.

In the Group as a whole, the consolidated net profit amounted to €10.6M, with EBITDA of €49.6M, lower than the contribution by the tube division stated above, due mainly to the new strategic definition of the distribution business, focusing on the industrial segment as part of the core business of the Group, which involves the implementation of a reorganization plan whose one-off and non-recurring cost has been recorded in 2012. Meanwhile, the consolidated net turnover amounted to €464.7M.

The financial structure of the Group remains solid, with net financial debt of €179.9M, of which 89% is long-term, thereby reinforcing the position of solvency, which is a permanent aim of the Group.

DIVIDEND

The Group's Board of Directors has agreed to propose a dividend of €0.023 gross per share, charged to the profit of financial year 2012, representing a total amount of €4.02M, at the next General Meeting of Shareholders.

PROSPECTS FOR 2013

As regards 2013, although the world economy is expected to improve in relation to 2012, a high degree of uncertainty remains, especially in Europe, with the risk of it spreading to the rest of the world economy.

In that context, Grupo Tubos Reunidos contemplates financial year 2013 with caution, and is attentive, as always, to supply-demand equilibrium. In any case, its business model, based on high product quality, flexibility and customer service, should enable the Group to differentiate itself from the competition and maintain a satisfactory position in markets. To do this, success in its strategy of selecting higher added value products and geographical diversity will be fundamental. To this effect, the TR Group will continue to develop and implement its Strategic Plan, which includes the €150M Investment Programme referred to above.