TUBOS REUNIDOS, S.A.

MANAGEMENT REPORT AND FIRST QUARTER RESULTS 2015

Amurrio, 7 May 2015 - The consolidated net revenues at Tubos Reunidos Group in the first quarter of 2015 have totalled 102.6 million euros, 4.4% more than in the same period last year. Meanwhile, the EBITDA and net earnings in the period have totalled 11.1 and 1.7 million euros, 11.9% and 26.1% down on the first quarter of 2014 respectively.

Consolidated sales have remained positive, supported by the widest range of products with a high added value offered by the group and by the improvements in competitiveness and service following the investments made. The margins and profits for the period were initially affected by the lower usage of production capacity at one of the group's plants, which was affected by the rapid decline in oil and gas drilling activities occurring in North America over the quarter, in response to falling oil prices.

Significant events and analysis of the results

1. **Sales and new orders influenced by the effect of falling oil prices.** There has been a significant reduction in oil and gas drilling activities in North America, with the number of active drilling sites declining by over 50% compared to November 2014. The impact on demand for seamless steel tube has been amplified by inventory adjustments by the distributors.

2. **Increased sales and sustained activity in the energy-generation and petrochemical segments**. Consolidated sales have risen by 4.4%, driven in particular by large-diameter tubes, with growing market penetration of a wider range of special products, as well as by the appreciation of the dollar against the euro, which has given the Group a competitive advantage.

3. Positive margins and results, although initially affected by lower usage of capacity at the small-diameter plant where, thanks to the inherent flexibility of the management model, production has been cut, bringing it into line with market requirements, but it will be increased again when prospects improve. The large-diameter plant continues at full capacity. In the first quarter, the consolidated EBITDA has dropped by 11.9% compared to the same period in 2014, with a sales margin of 10.8%, also affected by greater competition and the resulting lower prices, especially in the most standard products.

4. Strengthening of the financial structure and optimization of the financing conditions of the group. New loans have been executed in the first quarter and other earlier loans have been cancelled, thereby obtaining extended debt maturities and reduced financial charges. Thus, 79.3% of gross borrowing now has a maturity date of over twelve months. The net cash position as at 31 March 2015 stands at 25 million euros, and lines of credit secured but not drawn down stand at 71 million euros.

5. Positive progress in the development and construction of a new joint plant with Marubeni-Itochu Steel Inc. for the turning of OCTG piping, with the Premium threading licence from JFE Steel Corporation, and its integrated offer at a global level.

Main figures for the first quarter of 2015

Consolidated ('000 EUR)	Q1 2015	Q1 2014	% var
Revenue	102.592	98.278	4,4%
EBITDA	11.114	12.616	(11,9%)
% sales	*10,8%*	*12,8%*	
EBIT	3.288	5.251	(37,4%)
EBT	2.414	2.586	(6,7%)
Net Income	1.703	2.304	(26,1%)

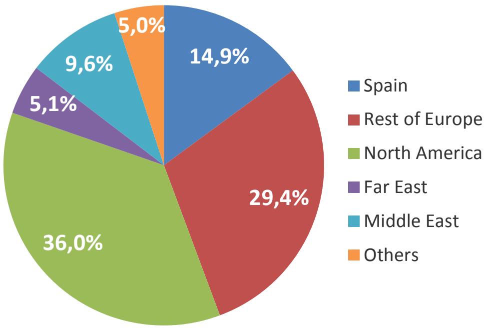
The company's financial expense amounted 874 thousand euros in the period, which represents a substantial improvement on the 2,665 thousand euros in the first quarter of 2014, supported, among other factors, by the financial optimization carried out during the 2014 financial year and the first quarter of 2015.

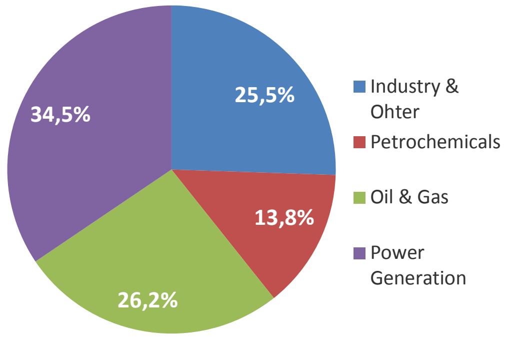
Investments over the period have amounted to 4.3 million euros at the consolidated group and 2.9 million euros in the seamless steel tube business.

Net financial debt has totalled 176.2 million euros, slightly above the figure for December 2014 of 171.6 million euros. The optimization policy for the administration of working capital and its progressive adaptation to the lower levels of market activity, mainly in North America, will allow the Group to reduce its inventories and borrowing in the coming months.

Market context and evolution of activity within Seamless Steel Tubes Division by sectors and geographical areas

Sales by geographical zone and sector, 1Q 2015, euros:





Sales of seamless steel tubes in the period have increased in the energy-generation and in the construction and mechanical sectors, going from 31.3% and 19.1% in the first quarter of 2014 to 34.5% and 25.5% respectively in the first quarter of 2015.

Europe (44.3% of sales vs. 40.5% in the same period of last year): 2% increase in sales compared with 2014, supported by the domestic market.

North America (36.0% of sales vs. 28.6% in the same period of last year): 18% increase in sales compared to the previous year as a result of the appreciation of the dollar against the euro, mainly in large-diameter tubes in the energy-generation and petrochemical sectors, and in the industrial and construction sectors, as well as the OCTG portfolio at the close of 2014.

Middle East (9.6% of sales vs. 11.5% in the same period of last year): Reduced sales in the period within a context of inventory reductions in the region and increased competition.

Far East (5.1% of sales vs. 18.5% in the same period of last year): Reduced sales with delays in the award of projects in the energy-generation and petrochemical sectors, as well as increased competition in oil and gas pipelines.

Prospects

Early 2015 has been characterized by the effect of the significant drop in oil prices on the sector, in particular in the OCTG segments and in pipelines in the North-American market, and by increased global competition.

Management of the company in the short term is focussing on growth in the least-affected segments and markets, such as large-diameter tubes or the energy-generation and petrochemical sectors, as well as on adapting production to the lower levels of activity. For this purpose, we can rely on the flexibility of our business and operational model to withstand periods when the cycle is at a low point, and to react as soon as demand picks up. Sales have remained positive in the first quarter, although we envisage decreases in the second quarter as well as lower margins, which will be affected by lower usage of production capacity.

Tubos Reunidos has a diversified geographical and sectoral exposure with which to face the current environment of low demand, and this, in conjunction with the measures to reduce costs and optimize new production processes, constitutes a key factor in mitigating the adverse effects of the situation the sector is experiencing.

The environment in relation to evolution over the third quarter is uncertain, with positive factors such as the gradual increase in oil prices, the high elasticity of the non-conventional technologies in North America, which could react rapidly and positively if the said recovery were to be consolidated; the strength of the dollar, which has a positive impact on the competitive position of the group, the cuts in capacity by global operators, and the anti-dumping measures in North America.

We believe that the situation is temporary and that there will be solid fundamental growth in the sector in the medium term, and as such we remain focussed on making progress with the objectives of our 2014-2017 strategic plan. In this regard, we have the majority of the investments under our 2012-2016 investment plan, aimed at tubes with a higher added value, which has already been completed, and our target portfolio of new products already implemented and industrialized. We remain focussed on strengthening our position in priority segments and markets, improving our service, competitiveness, and global commercial presence. In this regard and as a means to implement our strategy, we continue to work on our corporate development plan, the first step of which was taken in November 2014 with the execution of our strategic agreement with Marubeni Itochu Steel Inc. and JFE Steel Corporation.

Financial Statements

INCOME STATEMENT, Thousands of Euros	Q1 2015	Q1 2014	Q1 2015 / Q1 2014
Revenue	**102.592**	**98.278**	*4%*
Changes in inventory	4.822	10.715	
Supplies	(47.686)	(52.065)	
Personnel expenditure	(29.491)	(27.411)	
Other operating expenses	(21.904)	(19.623)	
Other operating income and net gains/(losses)	2.781	2.722	
EBITDA	**11.114**	**12.616**	***(12%)***
Depreciation and amortisation charge	(7.826)	(7.365)	
EBIT	**3.288**	**5.251**	***(37%)***
Financial income/(expense)	**(874)**	**(2.665)**	
Profit before income tax	**2.414**	**2.586**	***(7%)***
Profits tax	(393)	(192)	
Consolidated profit for the period	**2.021**	**2.394**	***(16%)***
Profit from minority interests	(318)	(90)	
Profit for the period	**1.703**	**2.304**	***(26%)***

BALANCE SHEET, Thousands of Euros	Q1 2015	Q4 2014
NON-CURRENT ASSETS	**421.053**	**417.639**
Inventories and customers	219.687	215.481
Cash and other cash equivalents	25.345	24.464
CURRENT ASSETS	**245.032**	**239.945**
Assets held for sale	4.347	4.599
TOTAL ASSETS	**670.432**	**662.183**
NET EQUITY	**263.519**	**260.936**
DEFERRED REVENUES	**11.854**	**12.469**
Non-current provisions	4.118	3.622
Bank borrowings and other financial liabilities	159.748	155.640
Other non-current liabilities	61.250	51.548
NON-CURRENT LIABILITIES	**225.116**	**210.810**
Short-term provisions	7.356	8.249
Bank borrowings and other financial liabilities	41.693	40.436
Other current liabilities	120.894	129.283
CURRENT LIABILITIES	**169.943**	**177.968**
Liabilities held for sale	--	--
TOTAL LIABILITIES	**670.432**	**662.183**

Net financial debt	**176.202**	**171.612**