Table of Contents

1. Tubacex Group
2. Strategic Plan 2013 – 2017
3. Current Status of the Strategic Plan
4. Transaction and Impact of IBF
5. Appendix
Tubacex Group

A strong Group to Your Service

Tubacex Group is an industrial group specialized in the production & distribution of high added value seamless stainless products, with global presence

The Tubacex Group is listed on the Spanish Stock Market

A fully integrated player

Steel billets & bars ➔ Extrusion ➔ Cold finishing ➔ Pipes & tubes fittings ➔ Master distribution ➔ Commercial network
Tubacex Group

A Group with a strong global presence
- Global leading supplier of seamless stainless steel tubes
- Sales of 600 million EUR
- Investment of 152.2 million EUR in the 2008-2013 period
- Commercial presence in over 100 countries
- More than 300 customers
- c.2500 professionals
Oil&Gas sector accounts by 2/3 of Group sales

- Oil&Gas sector maintain its increasing weight in Group sales
- Important orders in Subsea sector with important orders for tubes for high pressure equipment and tubes for Oil&Gas production in aggressive environments
- Refining sector focus on USA

Sales breakdown by sector*

- E&P Oil&Gas: 39%
- Refining: 30%
- PowerGen: 15%
- Chem & Petroch.: 13%
- Others: 3%

* Sales in the project market 2014
Geographic Sales Breakdown*

- U.S. and Canada: 14%
- Europe: 56%
- Asia: 25%
- ROW: 5%

Products sold in more than 100 countries

* Sales in 2014
## Seamless Stainless Steel Tube Sector

### Main Characteristics

- **Production:** 0.3 million tons per year vs. 1.300 million tons of crude steel production
- **Highest value added steel market niche**
- **Constant 3-4% annual growth after 2009-2010 crisis**
- **High consolidation level with only a few major players**
- **Strong know-how and CAPEX entry barriers**

### Main Customers

- **OIL & GAS E&P**
  - On shore
  - Off shore
- **PETROCHEM INDUSTRIES**
  - Refineries
- **TRANSPORTATION**
  - Light oil
  - Heavy oil
  - LNG
- **POWER GENERATION**
  - Thermal
  - Octg
  - Co-generation
  - Nuclear
- **OTHER PROCESS INDUSTRIES**
  - Water desalting plants
  - Chemical
  - Pharmaceutical
  - Paper
  - Mining & metals
  - Food
- **METAL-MECHANICAL INDUSTRY**

Nota: cifras 2012 estimadas.
Tubacex Group

TUBACEX

THE HISTORY OF A GREAT EFFORT
(1963 - 2013)
Table of Contents

1 Tubacex Group
2 Strategic Plan 2013 – 2017
3 Current Status of the Strategic Plan
4 Transaction and Impact of IBF
5 Appendix
Strategic Plan 2013 - 2017

Four Strategic Targets

Double the company's value in 5 years
- Results: EBITDA, EBIT, etc.
- Debt / EBITDA
- Equity & Enterprise Value

Reduce Market Volatility
- Break even vs. Sales
- Product Diversification
- Market Diversification
- Alliances and M&A

Be a benchmark supplier for clients
- Market Share
- Quality / Service
- Satisfaction Survey
- Entry in new products

Be the company for which people want to work
- Safety
- Quality Index
- 180º/360º Evaluations

Commitment to strategic targets
# Strategic Plan 2013 - 2017

## Calendar

<table>
<thead>
<tr>
<th>Phase</th>
<th>Cash Generation</th>
<th>Growth</th>
<th>Consolidation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>2013-2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>30% High Value-added Products vs. 70% Traditional</td>
<td>40% High Value-added Products vs. 60% Traditional</td>
<td>50% High Value-added Products vs. 50% Traditional</td>
</tr>
<tr>
<td>II</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 15%</td>
<td>&gt; 10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&lt; 3x</td>
<td>2 - 3x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>45%</td>
<td>40%</td>
</tr>
<tr>
<td>III</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>35%</td>
</tr>
</tbody>
</table>
Tubacex Group

Strategic Plan 2013 - 2017

Strategic Axes

Management Strategy
- Operational Excellence
- Process Management
- Target alignment and deployment

Business Strategy
- Market
- Customer
- Product

Growth Strategy
- To be developed in Phase II

Operational Strategy
- TxPS
- Participation
- PDCA Cycle

Management focus based on four axes
Table of Contents

1. Tubacex Group
2. Strategic Plan 2013 – 2017
3. Current Status of the Strategic Plan
4. Transaction and Impact of IBF
5. Appendix
# Current Status of the Strategic Plan

## Main Financial Figures 2014

<table>
<thead>
<tr>
<th>€M</th>
<th>2013</th>
<th>2014</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>554.1</td>
<td>546.7</td>
<td>-1.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>51.3</td>
<td>64.1</td>
<td>25.1%</td>
</tr>
<tr>
<td><strong>EBITDA Margin</strong></td>
<td>9.3%</td>
<td>11.7%</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>31.5</td>
<td>43.7</td>
<td>38.5%</td>
</tr>
<tr>
<td><strong>EBIT Margin</strong></td>
<td>5.7%</td>
<td>8.0%</td>
<td></td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>16.6</td>
<td>32.6</td>
<td>96.6%</td>
</tr>
<tr>
<td><strong>Margin on sales</strong></td>
<td>3.0%</td>
<td>6.0%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>€M</th>
<th>2013</th>
<th>2014</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital</td>
<td>217.6</td>
<td>202.4</td>
<td>-7.0%</td>
</tr>
<tr>
<td>Net Financial Debt</td>
<td>194.6</td>
<td>151.5</td>
<td>-22.1%</td>
</tr>
<tr>
<td>Net Financial Debt / EBITDA</td>
<td>3.8x</td>
<td>2.4x</td>
<td></td>
</tr>
</tbody>
</table>

**Increasing results and strengthening financial position**
## Current Status of the Strategic Plan

### Main ratios 2014

<table>
<thead>
<tr>
<th>Ratio</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA Margin</td>
<td>9.3%</td>
<td>11.7%</td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>5.7%</td>
<td>8.0%</td>
</tr>
<tr>
<td>EBT Margin</td>
<td>3.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>R.o.E.</td>
<td>5.8%</td>
<td>8.4%</td>
</tr>
<tr>
<td>R.o.C.E.</td>
<td>6.9%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Interest coverage</td>
<td>2.3x</td>
<td>3.8x</td>
</tr>
<tr>
<td>Net working capital / sales</td>
<td>39.3%</td>
<td>37.0%</td>
</tr>
<tr>
<td>Net Financial Debt / EBITDA</td>
<td>3.8x</td>
<td>2.4x</td>
</tr>
<tr>
<td>Net Financial Debt/ Shareholders’ Equity</td>
<td>74.9%</td>
<td>53.7%</td>
</tr>
<tr>
<td>Shareholders’ Equity / Total Assets</td>
<td>40.8%</td>
<td>40.3%</td>
</tr>
</tbody>
</table>

**Important improvement in ratios**
# Current Status of the Strategic Plan

## H1 2015. Main figures

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>H1 2015</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>€M</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>276.6</td>
<td>302.5</td>
<td>9.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>34.9</td>
<td>33.71</td>
<td>-3.4%</td>
</tr>
<tr>
<td><strong>EBITDA Margin</strong></td>
<td>12.6%</td>
<td>11.1%</td>
<td></td>
</tr>
</tbody>
</table>
| EBIT                 | 24.0    | 17.9    | -25.3%
| **EBIT Margin**      | 8.7%    | 5.9%    |       |
| Net Profit           | 13.7    | 14.0    | 1.8%  |
| **Margin over sales**| 5.0%    | 4.6%    |       |

<table>
<thead>
<tr>
<th></th>
<th>Dec. 2014</th>
<th>H1 2015</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Working Capital</td>
<td>202.4</td>
<td>240.2</td>
<td>21.3%</td>
</tr>
<tr>
<td>Net Financial Debt</td>
<td>151.5</td>
<td>185.3</td>
<td>22.3%</td>
</tr>
<tr>
<td>Net Financial Debt / EBITDA</td>
<td>2.4x</td>
<td>2.7x</td>
<td></td>
</tr>
</tbody>
</table>

### Strong results despite the unfavourable scenario

1. It includes 3.5M€ from an extraordinary net adjustment

---

Tubacex Group
Main Ratios Evolution

EBITDA Margin (%)
- FY 2012: 8.6%
- FY 2013: 9.3%
- FY 2014: 11.7%

EBIT Margin (%)
- FY 2012: 5.0%
- FY 2013: 5.7%
- FY 2014: 8.0%

EBT Margin (%)
- FY 2012: 2.5%
- FY 2013: 3.0%
- FY 2014: 6.0%

NFD/EBITDA
- FY 2012: 5.7x
- FY 2013: 3.8x
- FY 2014: 2.4x

Improving significantly margins and reducing financial leverage
### Fulfillment of the Strategic Plan

**Current Status of the Strategic Plan**

- **Phase I (2013-2014)**
  - **Cash Generation**
    - Product Mix: 30% High Value Added Products vs. 70% Traditional
    - Sales Growth: >15%
    - EBITDA Margin: 10%
    - Net Debt / EBITDA: < 3x
    - RoCE: 10%
    - Working Cap. / Sales: 45%

- **Phase II (2015-2016)**
  - **Growth**
    - 40% High Value Added Products vs. 60% Traditional
    - Sales Growth: >15%
    - EBITDA Margin: 12%
    - Net Debt / EBITDA: 2 – 3x
    - RoCE: 12%
    - Working Cap. / Sales: 40%

- **FY 2014**
  - 36.2%
  - +15.0%
  - 11.7%
  - 2.4x
  - 10.0%
  - 37.0%

---

**Successful fulfillment of Phase I and already started Phase II**

1. Sales growth 2014 vs. 2012, assuming stable nickel price
Current Status of the Strategic Plan

Growth Strategy

Vision: Be a solutions provider

- Organic and inorganic growth focused on value generation and looking for complementarity and synergies.
- Maintain debt multiples of 2-3 times EBITDA.
- Feasible and manageable integration processes.

Organic Growth

- Strategic Alliances
- New Products
- Services to increase added value

Inorganic Growth

In:
- “Brown Field” in LCC
- Complementary products
- Move forward in Value Chain

Growth

Phase II
2015-2016

40% High Value Added Products vs. 60% Traditional

> 15%

12%

2 – 3x

12%

40%
Current Status of the Strategic Plan

Organizational Structure

Organizational structure ready for integrating companies
Transaction & Impact of IBF

Transaction details

- TUBACEX takes over 65% of IBF share capital with a call option for the remaining 35%

**Benefits of the deal**

- Improvement in TUBACEX competitive positioning getting closer to become a solutions provider
- Commitments and goals of the Strategic Plan are maintained
- Still allows additional growth operations
- The acquisition is part of Tubacex Commitment to accelerate its Strategic Plan
- Integration in a benchmark Group in the Oil&Gas sector
- Local management maintained but adding the potential of the TUBACEX Management Plan and Production System
- Potential improvement in results targeting an expected EBITDA of 20 €M with limited Capex
**Transaction & Impact of IBF**

**Fit with TUBACEX Strategic Goals**

<table>
<thead>
<tr>
<th>TUBACEX GOALS</th>
<th>IBF CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Double the company's value in 5 years</td>
<td>Expected medium term contribution: 20 M€ EBITDA</td>
</tr>
<tr>
<td>Reduce Market Volatility</td>
<td>Geographic and product diversification</td>
</tr>
<tr>
<td></td>
<td>Advance in Value Chain</td>
</tr>
<tr>
<td>Be a benchmark supplier</td>
<td>Unique position as manufacturer of premium tubular solutions</td>
</tr>
<tr>
<td></td>
<td>Leading brand</td>
</tr>
<tr>
<td>Be the company for which people want to work</td>
<td>Management team committed with the project</td>
</tr>
<tr>
<td></td>
<td>Skilled workforce</td>
</tr>
</tbody>
</table>

IBF acquisition fits 100% with Tubacex strategic goals
The acquisition allows Tubacex to accelerate the objective of becoming a global solutions provider.
Investment rationale

Commercial synergies: Product (i)

- Tubacex becomes the only Company that can offer the complete dimensional range in Seamless Stainless Steel Tubes

**Outside Diameter**
- Up to 8”
- Up to 25”

**Wall Thickness**
- Up to 25mm
- Any...
Investment rationale

Commercial synergies: Product (ii)

- The acquisition allows Tubacex to increase significantly its position in the fittings market
  - Manifolds, special components, laterals, etc.
- The deal strengthens the Tubacex competitiveness position by offering a combination of pipes and fittings
### Commercial synergies: Product (iii)

<table>
<thead>
<tr>
<th>Oil &amp; Gas E&amp;P Onshore and Offshore</th>
<th>OCTG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downhole</td>
<td>Well Intervention</td>
</tr>
<tr>
<td>Subsea</td>
<td>Trees, Manifolds, Flow lines</td>
</tr>
<tr>
<td>Top side</td>
<td>Umbilical, Control lines</td>
</tr>
<tr>
<td>Transportation</td>
<td>Risers, Jumpers, Connections</td>
</tr>
<tr>
<td>Process, re-gas</td>
<td>Platforms, FPSO</td>
</tr>
<tr>
<td>Refining</td>
<td>Ships</td>
</tr>
<tr>
<td>Petrochemical</td>
<td>Process piping</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>Linepipe</td>
</tr>
</tbody>
</table>

### Complementary products in all applications

- Complementary products
- New products added
**Investment rationale**

**Commercial synergies: Sector**

- IBF acquisition allows Tubacex Group to increase its premium offer by 30%
- Increase of the offer by application sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>TBX Current Premium offer</th>
<th>Post IBF: +30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>E&amp;P Onshore</td>
<td>TBX</td>
<td>TBX + IBF</td>
</tr>
<tr>
<td>E&amp;P Offshore</td>
<td>TBX</td>
<td>TBX + IBF</td>
</tr>
<tr>
<td>PowerGen*</td>
<td>TBX</td>
<td>TBX</td>
</tr>
<tr>
<td>Downstream</td>
<td>TBX</td>
<td>TBX + IBF</td>
</tr>
</tbody>
</table>

*Including nuclear
**Transaction & Impact of IBF**

**Investment rationale**

**Commercial synergies: Customers**

- Clear commercial synergies due to the complementarity of clients

<table>
<thead>
<tr>
<th><strong>End User</strong></th>
<th><strong>EPC/Contractors</strong></th>
<th><strong>Traders</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>eni, woodside, bp, StatOil, Shell, Total, Petrobras, ConocoPhillips, Eni KCO, Rosneft, ExxonMobil</td>
<td>Dalkia, OPT, JGC, CB, KVERNER, HYUNDAI, B&amp;W, Saipem, AREVA, Mitsubishi, IHI, Areva, Snamprogetti, Petrofac</td>
<td>TIoga, StainAlloy, U.S. Metals</td>
</tr>
</tbody>
</table>

Move forward in the Value Chain
### Investment rationale

#### Commercial synergies: Geographic

- **Revenues breakdown by customer country**

<table>
<thead>
<tr>
<th>Region</th>
<th>Tubacex</th>
<th>IBF</th>
<th>TBX + IBF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>North America</strong></td>
<td>13%</td>
<td>17%*</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tubacex</td>
<td>58%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IBF</td>
<td>29%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TBX + IBF</td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tubacex</td>
<td>26%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IBF</td>
<td>58%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TBX + IBF</td>
<td>34%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RoW</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tubacex</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IBF</td>
<td>2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TBX + IBF</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*8% excluding IBF sales in the nuclear sector

### Strong position in growing markets
Transaction & Impact of IBF

Investment rationale

Purchasing synergies

- Synergies when buying raw material
- Potential improvement in the management and sale of stainless scrap
- Potential improvement in the purchase of other consumables and goods
- Potential for synergy concerning the reuse of carrots as mother tubes for smaller tubes manufactured in TTI or SBER

Creating value for Tubacex and IBF
Investment rationale

**Operational synergies**

- TxPS implementation would allow significant improvements in capacity and productivity
- Substantial operational improvements in reducing operating costs and rationalizing of working capital

Together towards excellence
Investment rationale

Operational synergies

Replicate the successful model implemented in Tubacex

Operational synergies include:
- SDCA + PDCA Empowerment
- mC, deployment of Objectives
- Elimination of Losses and Waste
  Micro layout, SMED, TPM, HQ...
- Process Definition and Control – SDCA
  VSM, Material Flow/Pull, Standards, Self-Control, Prevention
- Basic Disciplines
  Data Management, Visual Management, 5S, Autonomous Maintenance

TxPS Guidelines

Focused Improvement
Advanced Tools

Support Change

Transaction & Impact of IBF
**Investment rationale**

### Operational synergies

- **Goals Achieved:**
  - Strong reduction of working capital thanks to lean manufacturing methods
  - Decrease of lead time
  - Productive improvement (OEE increase) together with cost cutting
  - Better use of materials improving refuse index and MauM

### Press Performance
- Increase of 15% Tonn in spite of unfavorable mix
- Considerable improvement in rounded containers
- Future: TPM (TM)

### Plant Load
- Load increase of 10% Tonn
- Without external roughing in '14
- With improvement margin with and without external roughing

### Deliveries
- DBR: traffic light prioritization, item pickers
- Consequences:
  1. Positive Backlog Evolution
  2. Lead time/stock Reduction

### Productivity
- TpPS Management: OEE Overall Increase
- Radical Improvement: 2.2 Mio Euro savings in 2013
- Continuous improvement has no limits

### MauM
- Positive evolution in hot rolling
- OCTG Monitoring commenced: good evolution
- Good evolution in standard and special steels.

**Repeat the improvements achieved in Tubacex**
Investment rationale

Technological and R&D Opportunities

- Common R&D projects (materials, solutions, etc.)
- A strong step towards becoming a full provider of solutions
- Combined process to extend the product range
- Stronger platform to develop new products with customers (i.e. engineering capabilities, full range of products)
Investment rationale

Technological and R&D Opportunities

Opportunities from know-how point of view

- Complementary technologies to manufacture a broader range of products
- Development of process know-how
- Best-practice deployment

- Oil & Gas tube
- Umbilical
- Coiled tubing - small OD
- Extrusion
- Cold pilgering
- Welding
- Material technology
- Extrusion Press
- NDT knowledge
Impact on revenues

**TUBACEX**

- Revenues by geographical area:
  - Asia: 26%
  - USA + Canada: 13%
  - Europe: 58%
  - Others: 3%

- Revenues by application:
  - PowerGen: 15%
  - E&P Oil & Gas: 43%
  - Mid & Downstream: 39%
  - Others: 3%

- Revenues by product:
  - Traditional Products: 48%
  - Premium Products: 52%

**TUBACEX + IBF***

- Revenues by geographical area:
  - Asia: 34%
  - USA + Canada: 14%
  - Europe: 50%
  - Others: 3%

- Revenues by application:
  - PowerGen: 20%
  - E&P Oil & Gas: 36%
  - Mid & Downstream: 36%
  - Nuclear: 3%
  - Others: 5%

- Revenues by product:
  - Traditional Products: 40%
  - Premium Products: 60%

*Proforma 9M 2014 Revenues
## Pro-forma financial figures 9M 2014

<table>
<thead>
<tr>
<th>Metric</th>
<th>TBX</th>
<th>IBF</th>
<th>TBX + IBF 9M 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>400.0</td>
<td>125.4</td>
<td>525.4</td>
</tr>
<tr>
<td>EBITDA</td>
<td>49.0</td>
<td>10.6</td>
<td>59.6</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>12.3%</td>
<td>8.4%</td>
<td>11.3%</td>
</tr>
<tr>
<td>EBIT</td>
<td>33.9</td>
<td>6.1</td>
<td>40.0</td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>8.5%</td>
<td>4.9%</td>
<td>7.6%</td>
</tr>
<tr>
<td>EBT</td>
<td>25.2</td>
<td>4.8</td>
<td>30.0</td>
</tr>
<tr>
<td>EBT Margin</td>
<td>6.3%</td>
<td>3.8%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Working Capital</td>
<td>210.1</td>
<td>72.5</td>
<td>282.6</td>
</tr>
<tr>
<td>Net Financial Debt</td>
<td>149.6</td>
<td>48.2</td>
<td>197.8*</td>
</tr>
</tbody>
</table>

**Net Financial Debt Goal for 2015 <200 €M**

* Excluding purchase price
Table of Contents

1. Tubacex Group
2. Strategic Plan 2013 – 2017
3. Current Status of the Strategic Plan
4. Transaction and Impact of IBF
5. Appendix
Appendix

Tubacex Product Strategy

Key condition: Reinforce R&D and industrialization process and refocusing of commercial organization
Appendix

Tubacex Product Strategy - Positioning

Strong Tubacex presence

Tubacex Growing presence

Focus on customer service and delivery excellence

Continue our technological development with new products and services

The size indicates the volume of each segment, measured in Euros (not in tonnes)
# Appendix

## Tubacex Product Strategy – Product Portfolio

<table>
<thead>
<tr>
<th>Oil &amp; Gas E&amp;P</th>
<th>Downhole</th>
<th>OCTG</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Subsea</td>
<td>Well Intervention Trees, Manifolds, Flow lines Umbilical, Control lines Risers, Jumpers, Connections Platforms, FPSO</td>
</tr>
<tr>
<td></td>
<td>Top side</td>
<td>Ships Process piping</td>
</tr>
<tr>
<td>Midstream</td>
<td>Transportation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Process, re-gas</td>
<td></td>
</tr>
<tr>
<td>Downstream Hydrocarbon process Industry</td>
<td>Refining</td>
<td>Linepipe Furnace, Heaters Heat exchanger, Air coolers Condenser, Scrubber</td>
</tr>
<tr>
<td></td>
<td>Petrochemical</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fertilizer</td>
<td></td>
</tr>
<tr>
<td>Power Generation</td>
<td>Power Generation</td>
<td>Boiler Nuclear</td>
</tr>
<tr>
<td>Metal mechanic</td>
<td>Metal-mechanic</td>
<td>Hollow Bar Bar &amp; Billets</td>
</tr>
<tr>
<td>Other Industries</td>
<td>Aeronautic, precision, water, food…</td>
<td>Instrumentation, Hydraulic</td>
</tr>
</tbody>
</table>
Tubacex Product Strategy

TX Sales % 2013

- Oil & gas E&P onshore and offshore: 34%
- Process: 14%
- Downstream-HPI: 33%
- Power Generation: 15%
- Other: 4%

Oil & Gas Industry Diagram

Strong presence in the Oil & Gas sector
The umbilicals market continues to show very high growth rates over 5%.

Good fundamentals with sustained and more variable growth for subsea and top-site, respectively.

Opportunity: to complete our portfolio and continue progressing in our knowledge curve to strengthen our competitive situation.

Source: World Subsea Hardware Market 2012-2016 (Douglas-Westwood)
Tubacex Product Strategy – Oil&Gas E&P: Subsea. Concepts

- FPSO: Floating, Production, Storage and Offloading. FLNG: Floating Liquified Natural Gas
- SURF: Subsea, Umbilicals, Risers and Flowlines
- Greenfields: New Fields. Nowadays Deeper waters, HPHT field
- Brownfield: Old fields that need to increase recovery
Tubacex Product Strategy – Oil&Gas E&P: Subsea. Products
Appendix

Tubacex Product Strategy – Oil&Gas E&P: Subsea. Players

Operators

Integrators

EPCs
Our competitive position in OCTG is strong thanks to our investments and applied R&D

Development prospects are very positive for Asia (Middle East and Far East)

Tubacex was very well received by end-users

Opportunity: to continue our technological development with new dimensions and grades

### OCTG demand evolution

Source: SMI-Steel Market Intelligence GmbH

>5% expected growth
The fertilizer market is a key target of our new Strategic Plan.

- Sustained growth and lower fluctuations than in the energy sector.
- Opportunity: to increase our market knowledge and to enter into a new market

Global Fertilizer Consumption

+4% expected growth

Source: Fertecon, IFA, Potash Corp 2011
Appendix

Tubacex Product Strategy - Power Gen

- **Nuclear:**
  - Our presence in the nuclear market is still reduced but we hope to continue growing.
  - Opportunity: JV Project: Global Nuclear Supply

- **Boilers:**
  - Power generation prospects are good, despite heavy dependency on China e India.
  - Part of the increase expected in 2014 has already occurred in 2013.
  - Opportunity: increase our cost competitiveness and our market share in China and Korea.

**SST Boiler market evolution**

Note: figures are calculated applying SST/MW hypothesis to estimated global energy demand.

Steady market with growth in Supercritical Boilers
Growth is difficult to measure but positive

- Good fundamentals
- Good competitive position of Salem: major opportunities in the US and to be developed in Europe

Aircraft Demand

Source: Hydrocarbon Processing

Growth is difficult to measure but positive
Tubacex Product Strategy – Improvement of the mix

Increasing the weight of the premium products higher than expected

Previous projections

Current projections
## Conclusion

### Cash Generation

<table>
<thead>
<tr>
<th>Phase I</th>
<th>2013-2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Mix</strong></td>
<td>30% High Value-added Products vs. 70% Traditional</td>
</tr>
</tbody>
</table>

### Growth

<table>
<thead>
<tr>
<th>Phase II</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Mix</strong></td>
<td>40% High Value-added Products vs. 50% Traditional</td>
</tr>
</tbody>
</table>

### Consolidation

<table>
<thead>
<tr>
<th>Phase III</th>
<th>2017…</th>
</tr>
</thead>
</table>

| **Product Mix** | 30% High Value-added Products vs. 70% Traditional |
| **Sales Growth** | > 15% |
| **EBITDA Margin** | 12% |
| **Net Debt / EBITDA** | 2 – 3x |
| **CNO / Sales** | 45% |

We anticipate the fulfillment of the 2017 targets by one year.
MANY THANKS FOR YOUR ATTENTION
WWW.TUBACEX.COM