TUBOS REUNIDOS, S.A.

MANAGEMENT REPORT AND RESULTS AS OF 30 SEPTEMBER 2015

Amurrio, 13 November 2015 –

The results of Tubos Reunidos continue to be impacted by the impact of the sharp fall in investment activity in the oil and gas industry since the beginning of the year, mainly in North America, in response to the collapse in oil prices. The sharp decline in demand has led to a reduction in the Group's sales and margins, mainly due to reduced use of production capacity.

In addition, it has caused a reduction in prices for OCTG products in North America, the only market and product in which Tubos Reunidos maintains inventories to meet the demand of its customers, which led, in the third quarter of 2015, to implementation of an extraordinary provision due to the impairment of its realisable value, amounting to €5.9 million before taxes.

During the first nine months of 2015, the net amount of business volume amounted to €275.7 million, with EBITDA, before the extraordinary provision indicated above, of €19.5 million, figures that represent a decline of 8% and 37% respectively, compared with the same period in the previous financial year.

Given the situation, which could continue over the next few months but during which the industry's positive opportunities and fundamentals continue in the medium term, Tubos Reunidos is implementing a plan to rebalance its results, whereby the Group:

- **Maintains its strategic commitment and is strengthening its international business development, focusing on products with higher added value,** in order to increase its presence in geographic markets and target segments.

- **Has launched a plan of action and competitiveness** with the aim of increasing efficiency and structurally reducing their cost base, with an expected gradual effect on EBITDA that will reach €15 million in 2017.

In addition, all operational flexibility measures have been put into effect to adjust costs to the lower levels of demand.

- **Keeps the focus on cash generation, with a commitment to reduce the Group's debt,** compared with current levels, once the investments of its strategic plan are made in 2015, remaining linked to strict optimisation of working capital.

- **Is working on measures aimed at further strengthening the Group's financial stability** and at optimising its structure and conditions, relying on the opportunities presented by the markets and its established relations with the Company's usual banks.

The combination of all of these measures and actions is intended, in varying degrees and extents, to mitigate the effects of the sharp decline in demand and increase competitiveness and the Group's commercial positioning in order to be even better prepared when the environment returns to normal.

Key figures for the third quarter and the first nine months of 2015

Consolidated ('000 EUR)	Q3 2015	Q3 2014	% var	9M 2015	9M 2014	% var
Revenue	74.096	92.665	(20,0%)	275.670	299.888	(8,1%)
EBITDA *	3.612	6.460	(44,1%)	19.503	31.086	(37,3%)
% o. sales	4,9%	7,0%		7,1%	10,4%	
EBIT	-7.698	1.385	n.a.	-7.472	11.268	n.a.
Profit for the period	-6.500	647	n.a.	-8.487	5.079	n.a.
Adjusted profit for the period*	-2.228	647	n.a.	-4.215	5.079	n.a.

Note *: Excludes impact of the impairment accounted in 3Q 2015 of the Group's stock in the US for a value of 5.933 ('000 Euros) before taxes

Significant events of the period and analysis of results

1.- Sales and incoming orders affected by the effect of lower oil prices.

In the first nine months of 2015, the number of drilling rigs in North America decreased by over 55% compared with the maximum level reached in November 2014. During the third quarter, activity continued to decline by 5%, compared with the average number of rigs active in the second quarter of 2015. Tubos Reunidos' increase in sales of large diameter pipes for high value-added applications in the energy production and petrochemical segments, and the best product mix of the period, in which sales of special piping accounted for 72.2% of total sales compared with 67% in the same period of 2014, could not offset the lower sales of OCTG pipes and pipelines in the oil and gas segments, as well as the lower prices.

Overall, Tubos Reunidos' sales decreased by 8% and 20% in the first nine months and third quarter respectively, compared with the same period in the previous financial year.

2.- Results affected by lower use of production capacity and by the provision made for the impairment of the realisable value of the inventory in North America.

The Group's EBITDA was affected by the reduction in tonnes sold, lower widespread prices and the consequences of the reduced use of production capacity.

In the third quarter, Tubos Reunidos implemented an extraordinary provision due to the impairment of the realisable value of its OCTG inventories in North America amounting to €5.9 million, due to the reduced price of these products on the market.

In the first nine months of the year, EBITDA amounted to €19.5 million, and in the third quarter to €3.6 million, before the extraordinary provision indicated above, representing a decrease of 37% and 44% compared with the same period in the previous financial year respectively.

3.- Implementation of measures in 2015 to adjust costs to the lower levels of sales, the advance in strategic measures for international business development and the plan of action and competitivity:

- Strengthening of business activity, diversifying into the fastest-growing markets and segments, especially in the Middle East and Southeast Asia, in energy and petrochemicals, supported by the new portfolio of higher value-added products, the growing procurement of approvals among top-level customers and the supply to end users of customised service solutions.

- Reduction of production hours, to adapt to the slower pace of sales, with the consequent reduction of resources, both of temporary staff and subcontractors.

- Plan of action for reducing costs and implementing efficiency programmes to gradually reduce the Group's structural cost base, with the aim of obtaining €15 million in savings in terms of EBITDA in 2017, including:

    - Efficiency programmes and programmes to improve productivity in all operational and industrial processes.

- Accelerating the implementation of plans to reduce losses and the reprocessing of new products.
- A cost reduction plan for fixed and variable costs across all lines, including reducing the structure and organisation of buying processes.

4.- The implementation of a new Organisational Structure has been approved and initiated.

The main purpose of the new organisation of Tubos Reunidos is to optimise the Group's overall commercial position, increase the supply of quality service solutions and maximise competitiveness and efficiency in all company processes and activities.

5.- Positive progress in developing the strategic agreement with Marubeni-Itochu Steel Inc.

The opening of the new plant for OCTG pipe threading is on track, with the JFE Steel Corporation Premium threading licence, for the beginning of 2016, as well as new customer approvals. In other product lines and markets of mutual interest, Tubos Reunidos has already performed its first operations in collaboration with Marubeni.

6.- Investments in fixed assets in the period amounted to €24.3 million, to complete the 2012-2016 planned investment of €150 million by the end of 2015.

€20.4 million-worth of investments have been allocated to seamless piping business. In this way, Tubos Reunidos is implementing the investments planned in its Strategic Plan, with the aim of almost fully completing them this financial year. Investment needs in 2016 will be very significantly reduced in comparison with the amounts invested in recent years.

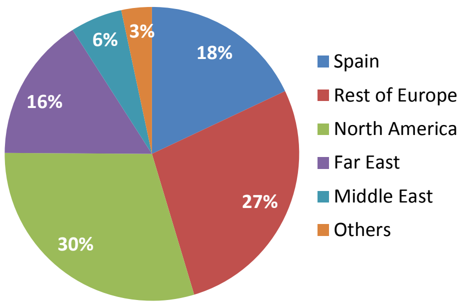
7.- Strengthening of the financial structure and optimisation of the financing conditions of the Group.

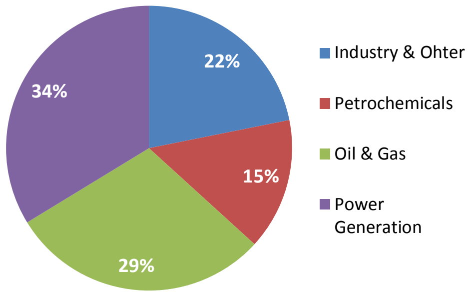
In the third quarter of 2015, Tubos Reunidos continued its policy of the year as a whole, signing new loans resulting in an extension of debt maturities and a reduction of the average cost of its bank financing.

As a result, financial expenses were reduced in the first nine months of the year by 34% compared with the same period of financial year 2014.

Net financial debt amounted to €180.7 million as of 30 September 2015, accounting for 84% of the long-term gross debt, an amount of debt that reflects the company's effort to keep debt levels similar to those of previous financial years, given the current situation of the industry, the impact on the Company's activities and the significant investments made in the period to implement the strategic plan.

Market context and business performance of Seamless Pipes by sector and geographical area





Sales of seamless pipes in the energy production, petrochemical and construction and mechanical sectors increased as a whole by 2.8% in the first nine months of the year, mainly supported by higher specialty products. However, this growth did not offset the decline in sales in the oil and gas sector, which fell by 32.7% in the period.

By geographical area, the good performance of sales in Spain and the Far East mitigated the lower sales in North America as well as in the Middle East, where there were delays in the awarding of projects in the period.

Prospects

Uncertainties regarding the evolution of oil prices in the short term and their effect on investment decisions in the oil and gas industry continue to affect the seamless pipes business, which is expected to continue along the same lines in the remainder of 2015 and with uncertainty in relation to 2016.

Tubos Reunidos, whose business operates in a cyclical industry, has historically proven its ability to manage low cycle situations. In this way, even considering that the market context continues along the same lines as at present, the Group has a roadmap that it is implementing, which should enable it to face the future with solvency.

The Group is confident of turning the current context into an opportunity and that the efficiency measures implemented and the improved ability to generate cash, once the investments of its Strategic Plan are made, will allow the Company to be even more prepared to see the results of its investment efforts, its competitiveness and the opening of new markets and products when the market returns to normal.

Consolidated Financial Statements

INCOME STATEMENT, Thousands of Euros	Q3 2015	Q3 2014	Q3 2015 / Q3 2014	9M 2015	9M 2014	9M 2015 / 9M 2014
Revenue	**74.096**	**92.665**	*(20%)*	**275.670**	**299.888**	*(8%)*
Changes in inventory	(7.792)	(9.028)		(3.582)	4.434	
Supplies	(31.407)	(43.166)		(132.454)	(150.773)	
Personnel expenditure	(19.277)	(19.962)		(75.486)	(75.546)	
Other operating expenses	(15.370)	(18.405)		(56.400)	(59.018)	
Other operating income and net gains/(losses)	3.362	4.356		11.755	12.101	
EBITDA *	**3.612**	**6.460**	***(44%)***	**19.503**	**31.086**	***(37%)***
Impairment of inventory provision	(5.933)			(5.933)		
Depreciation and amortisation charge	(5.377)	(5.075)		(21.042)	(19.818)	
EBIT	**(7.698)**	**1.385**	***n.a.***	**(7.472)**	**11.268**	***n.a.***
Financial income/(expense)	(1.641)	(1.236)		(5.032)	(6.153)	
Profit before income tax	**(9.339)**	**149**	***n.a.***	**(12.504)**	**5.115**	***n.a.***
Profits tax	2.821	554		4.829	141	
Consolidated profit for the period	**(6.518)**	**703**		**(7.675)**	**5.256**	
Profit from minority interests	18	(56)		(812)	(177)	
Profit for the period	**(6.500)**	**647**	***n.a.***	**(8.487)**	**5.079**	***n.a.***
Adjusted profit for the period*	**(2.228)**	**647**	***n.a.***	**(4.215)**	**5.079**	***n.a.***

Note *: Excludes impact of the impairment accounted in 3Q 2015 of the Group's stock in the US for a value of 5.933 ('000 Euros) before taxes

BALANCE SHEET, Thousands of Euros	Q3 2015	Q4 2014
NON-CURRENT ASSETS	**436.548**	**417.639**
Inventories and customers	177.560	215.491
Cash and other cash equivalents	26.725	24.454
CURRENT ASSETS	**204.285**	**239.945**
Assets held for sale	4.466	4.599
TOTAL ASSETS	**645.299**	**662.183**
NET EQUITY	**251.452**	**260.936**
DEFERRED REVENUES	**14.816**	**12.469**
Non-current provisions	2.630	3.622
Bank borrowings and other financial liabilities	175.223	155.640
Other non-current liabilities	65.025	51.548
NON-CURRENT LIABILITIES	**242.878**	**210.810**
Short-term provisions	6.145	8.249
Bank borrowings and other financial liabilities	32.180	40.436
Other current liabilities	97.828	129.283
CURRENT LIABILITIES	**136.153**	**177.968**
Liabilities held for sale	--	--
TOTAL LIABILITIES	**645.299**	**662.183**

Net financial debt	**180.678**	**171.622**