Valourec merges its two main Brazilian companies into Valourec Soluções Tubulares do Brasil

Boulogne-Billancourt (France), 3 October 2016 – Valourec, world leader in premium tubular solutions, announces it finalized the merger\(^1\) of Vallourec Tubos do Brasil (VBR)\(^2\) and Valourec & Sumitomo Tubos do Brasil (VSB)\(^3\) on 1 October 2016. Valourec holds a majority stake of 84.6% in the new entity, called Valourec Soluções Tubulares do Brasil, Nippon Steel & Sumitomo Metal Corporation (NSSMC) 15%, and Sumitomo Corp. 0.4%.

Following the merger, Valourec Soluções Tubulares do Brasil will generate significant industrial and administrative synergies and will fully benefit from the optimal performance reached by VSB’s state-of-the-art PQF® mill and premium finishing facilities, making it a highly competitive production hub.

NSSMC will keep its present purchase agreement for 300kt of tubes per year to be manufactured in the Jeceaba plant. The new entity\(^4\) will be fully consolidated in Valourec’s financial statements as from 1 October 2016 and the interests held by NSSMC and Sumitomo Corp. will be recorded as non-controlling interests.

Commenting on this merger Philippe Crouzet, Chairman of the Management Board said: “The successful merger of VBR and VSB is an important step in the development of a highly competitive production hub in Brazil. Valourec Soluções Tubulares do Brasil will serve its domestic customers as well as its worldwide customers with high-end products and solutions. It also highlights the strong and fruitful partnership between Valourec and NSSMC.”

This merger is part of Valourec’s global Transformation Plan announced early February 2016 which aims at enhancing the Group’s competitiveness and driving Valourec’s return to solid profitability and cash generation.

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1. Through a contribution of Valourec Tubos do Brasil (VBR) Pipe & Tube business to Valourec & Sumitomo Tubos do Brasil (VSB).
2. Valourec Tubos do Brasil is a company fully owned by Valourec.
3. Valourec & Sumitomo Tubos do Brasil is a Valourec and NSSMC 56/40.4% joint operation, with Sumitomo Corp. holding the remaining 3.6%.
4. Total rolling capacity of Valourec Soluções Tubulares do Brasil: 1.1 million tons per year, including 300k tons for NSSMC as per purchase agreement.
A single integrated and optimized production set-up to be fully in place in 2018

** Including 3.6% owned by Sumitomo Corp.
*** Sumitomo Corp. owning 0.4%
About Vallourec

Vallourec is a world leader in premium tubular solutions for the energy markets and for demanding industrial applications such as oil & gas wells in harsh environments, new generation power plants, challenging architectural projects, and high-performance mechanical equipment. Vallourec's pioneering spirit and cutting-edge R&D open new technological frontiers. Operating in more than 20 countries, its 20,000 dedicated and passionate people work hand-in-hand with their customers to offer more than just tubes: they deliver innovative, safe, competitive and smart tubular solutions, to make every project possible.

Listed on Euronext in Paris (ISIN code: FR0000120354, Ticker VK) and eligible for the Deferred Settlement System (SRD), Vallourec is included in the following indices: SBF 120 and Next 150.

In the United States, Vallourec has established a sponsored Level 1 American Depositary Receipt (ADR) program (ISIN code: US92023R2094, Ticker: VLOWY). Parity between ADR and a Vallourec ordinary share has been set at 5:1.

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**Calendar**

8 November 2016  Release of third quarter and first nine months 2016 results