Vallourec
1 June 2006

Annual General Meeting

The Group

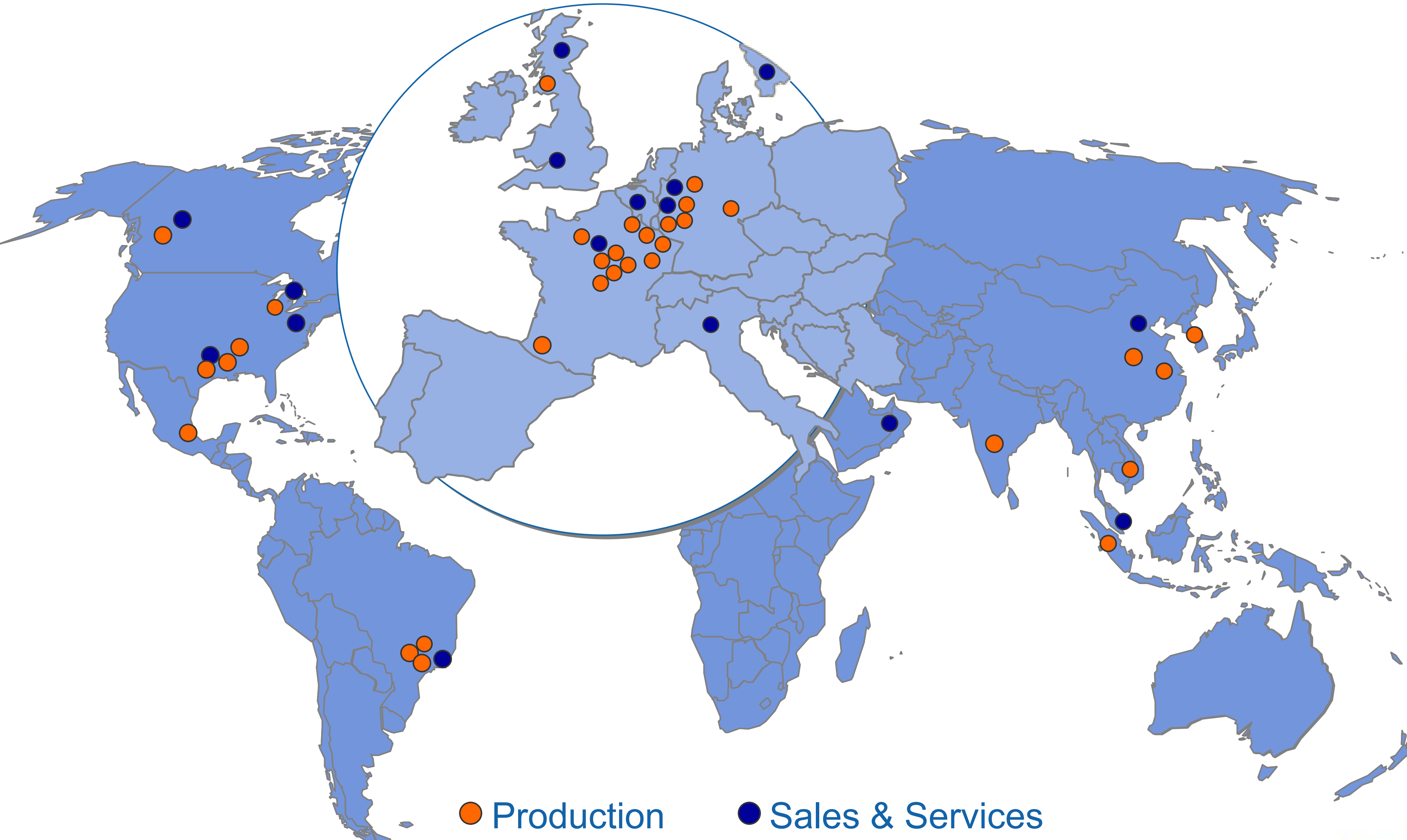
Vallourec, a world leader

- World leader in the production of seamless steel tubes and specific tubular products for industrial applications, particularly for the energy sector (oil & gas, power generation)

- Industrial facilities in four continents:
  - 30 industrial companies organized in 6 divisions by product or by market
  - 45 production units in 10 countries
  - Close to 18,000 people

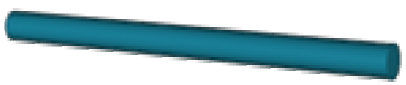
- Long-standing partnerships have reinforced Vallourec's leadership:
  - A historical partnership with Mannesmannröhren-Werke through V & M TUBES (now 100%-owned)
  - A 30 year technology partnership in the threading of tubes for the oil & gas industry with the Sumitomo group, also a 19.5% partner in V & M STAR
  - An industrial partnership with Timet via Valtimet (majority-owned by Vallourec with a 51% stake)

A worldwide presence

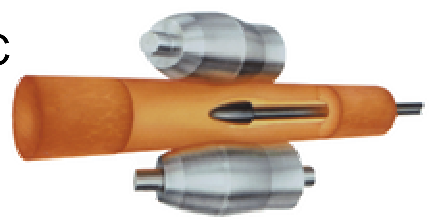


Seamless steel tube production

Round billet



Hot piercing at 1250° C
without metal loss



Hot rolling

Seamless tube

**Seamless tubes,
highly technical products**

- Mastering of specific raw materials
- Very capital intensive
- Strong added value
- Demanding uses
(temperature, pressure, corrosion, etc.)

**A wide range of tubular products
adapted to different uses:**

- Length
- Diameter
- Thickness
- Steel grade:
  - carbon steel
  - alloy steel
  - highly alloyed steel

Steel production capacity: a well-balanced and integrated Group

Pig iron process

Iron ore
+ carbon (coke / charcoal)
+ oxygen

Germany: 1,100,000 t / year

Brazil: 650,000 t / year

(self supply)

58% of internal steel production capacity

Scrap process

Scrap metal
+ electric power

France: 630,000 t / year

USA: 620,000 t / year

42% of internal steel production capacity

A 3 million t / year steel production capacity and a good balance beetween the 2 processes

A significant change in Group profile

A successful external growth strategy

Formation of V & M TUBES

Joint venture
55% Vallourec
and 45% MRW

A new dimension for Vallourec:
World leader in seamless steel tubes

1997

Acquisition of V & M do BRASIL

100% owned

International expansion and improvement of Group's profitability

2000

Acquisition of V & M STAR

80.5% V & M TUBES
and 19.5% Sumitomo

Industrial presence in the US and stronger offer in oil & gas

2002

Acquisition of remaining 45% in V & M TUBES

2005

Full ownership of industrial assets

Control over strategy

A clearer and more cohesive Group structure

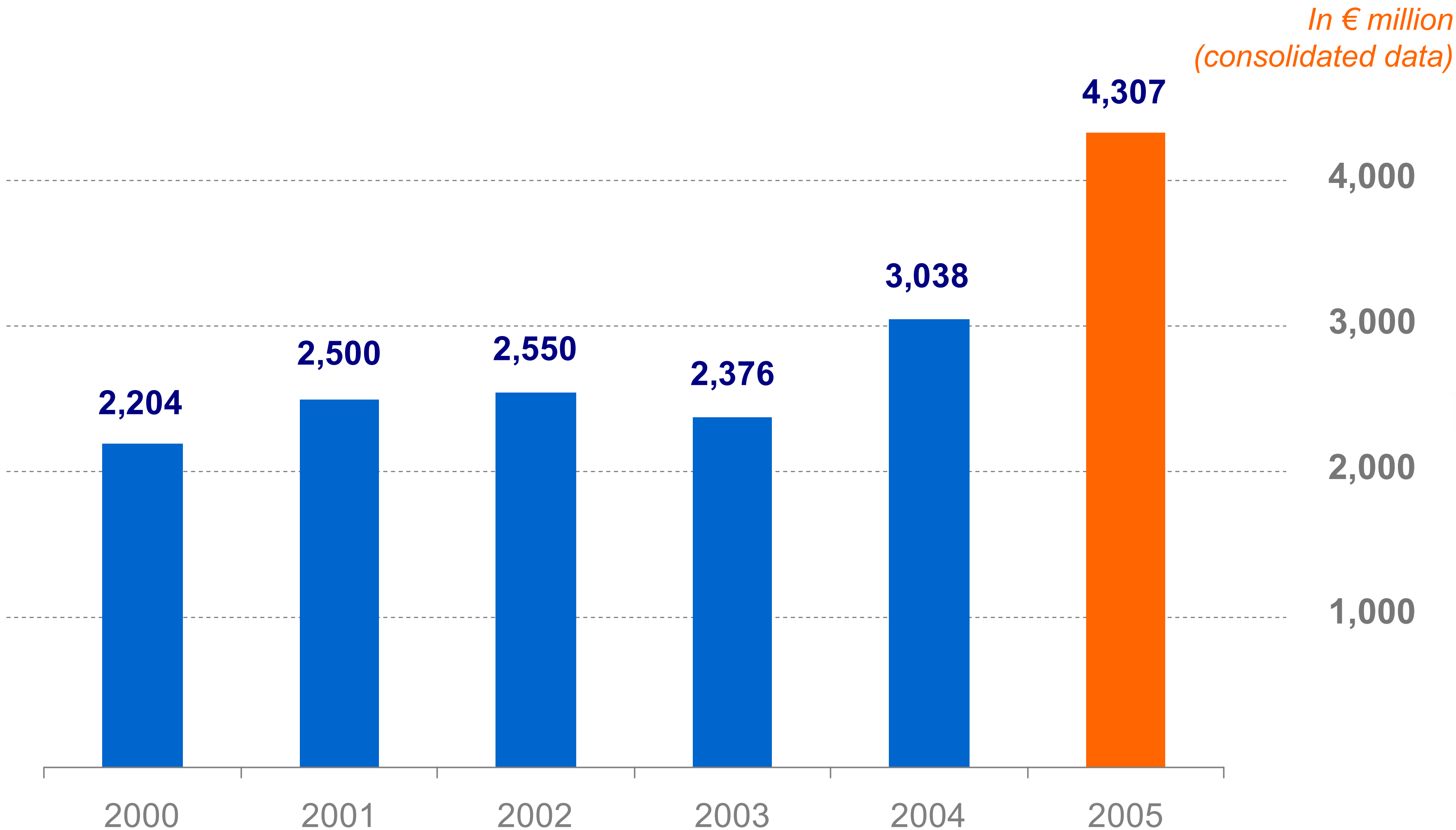
Access to 100% of V & M TUBES results and cash flow

2000 – 2005 : major changes in profile

	2000		2005
Stake in V & M TUBES	55%	↗	100%
Part of steel production outside Europe	0%	↗	43%
Sales outside the European Union	42%	↗	61%
Sales in the energy sector *	35%	↗	59%

* Oil & gas and Power generation

A strong acceleration of sales growth

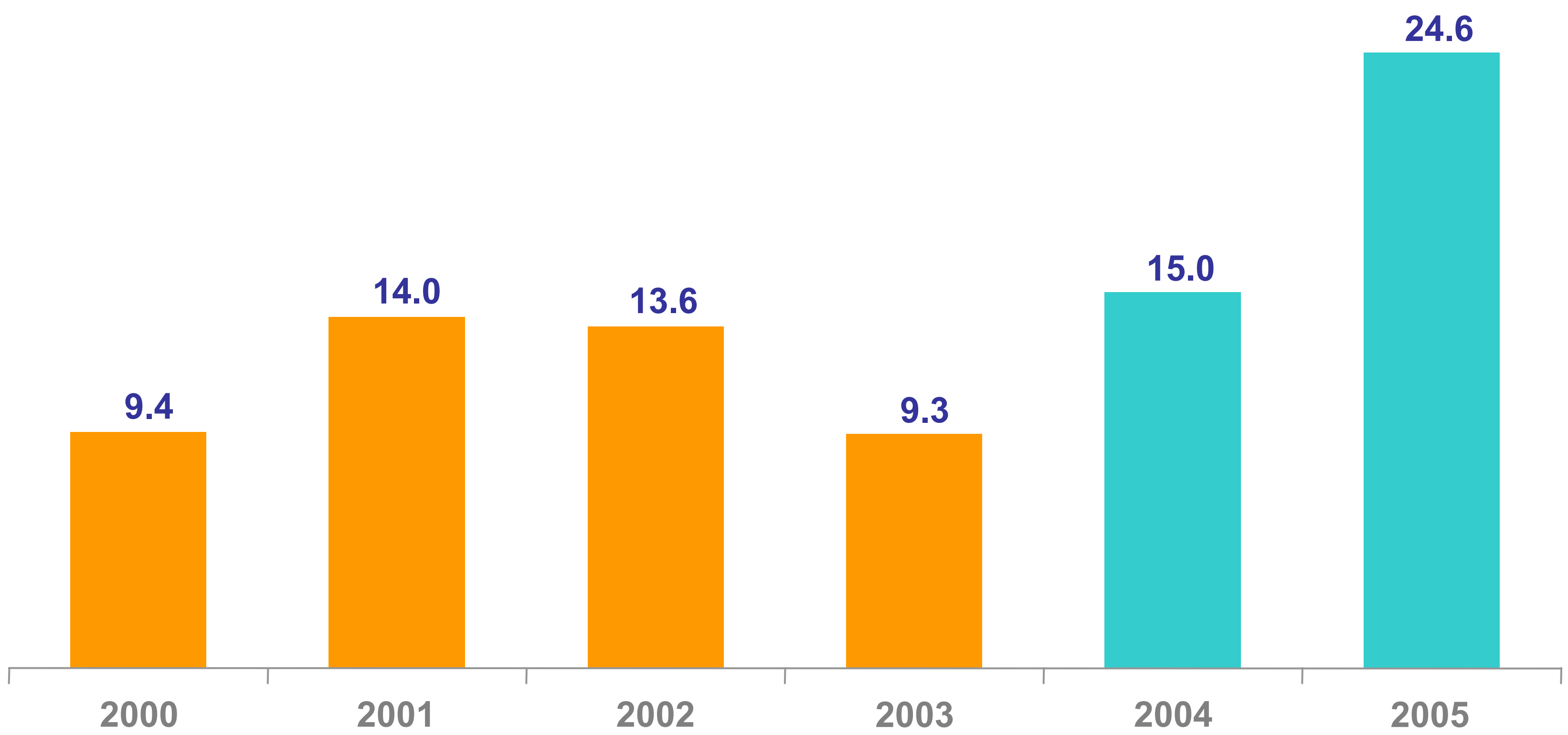


Record sales level in 2005

Profitability reached a record level

In %
(consolidated data)

EBITDA as a % of sales

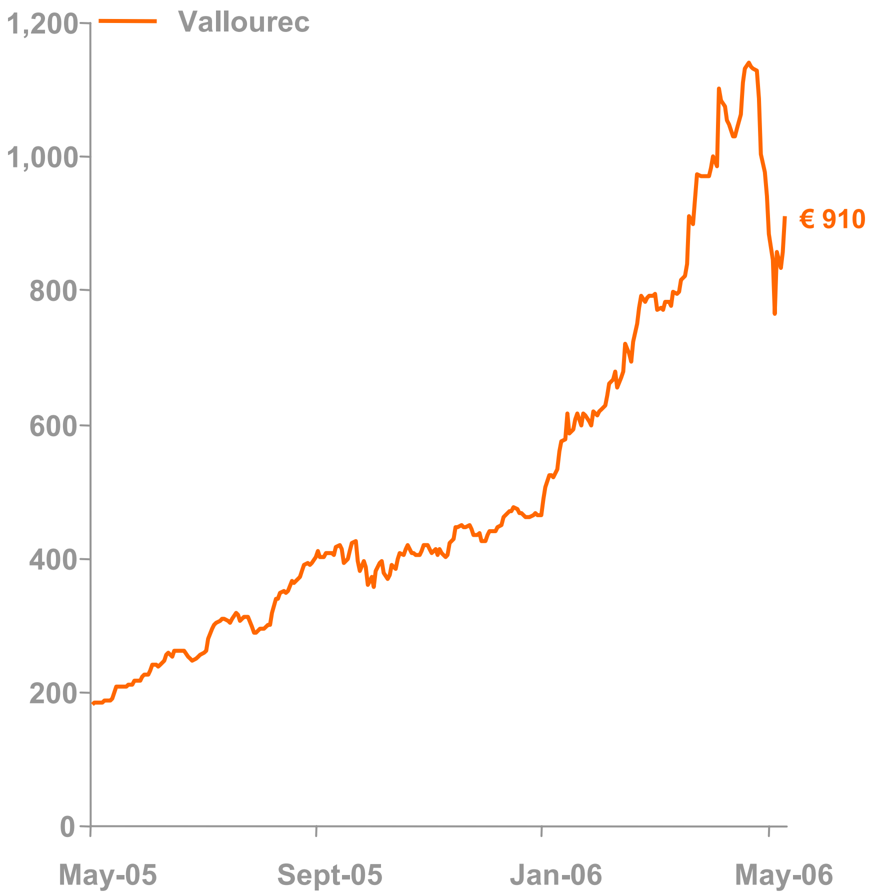


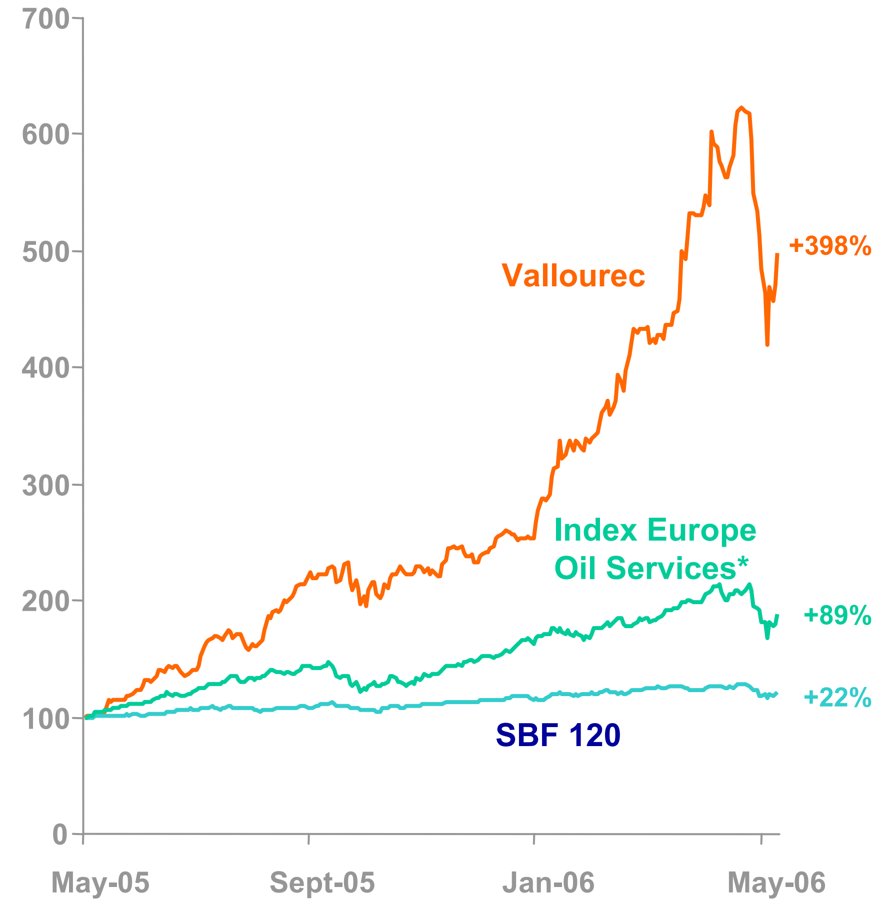
French GAAP (up to 2003)

IFRS in 2004 and 2005

Vallourec share price evolution

Over the past 12 months





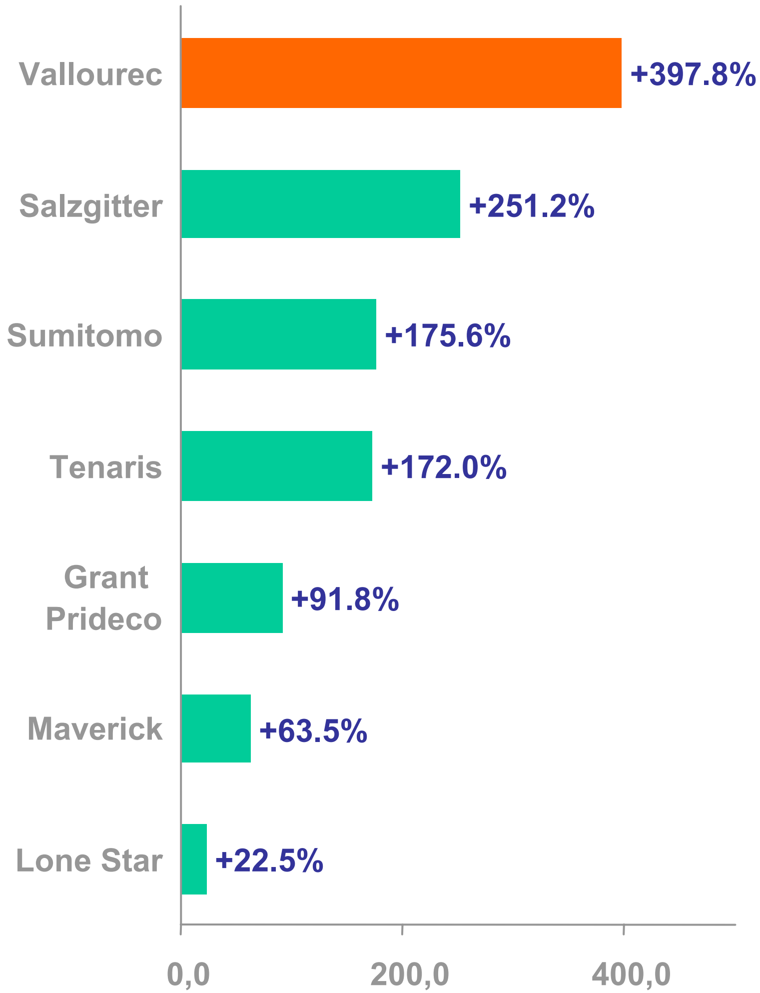
(At 26 May 2006)

Very strong absolute and relative increase of Vallourec share

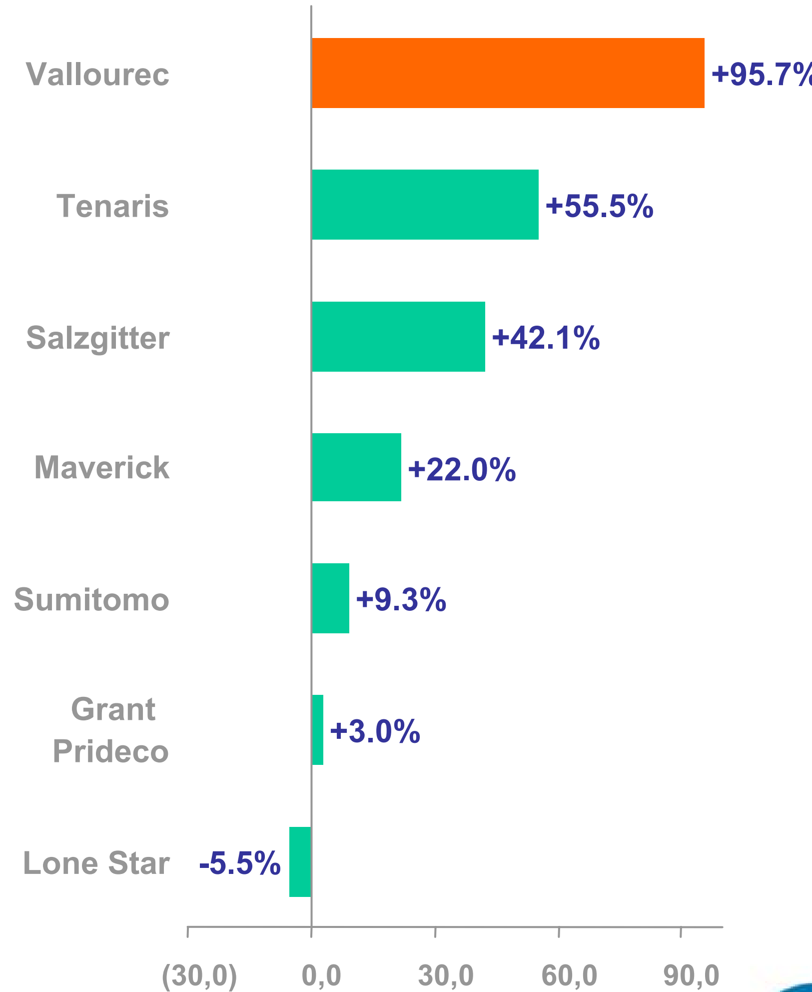
[1] Index composed of Bourbon, Geophysique, Technip, Saipem, Fugro, SBM Offshore, Aker Kvaerner, Bergesen, Fred Olsen, Ocean Rig, Petroleum Geo Services, Prosafe, Seadrill, Sevan Marine, Sinvest, Acergy, Subsea 7, TGS Nopec, Schoeller-Bleckmann, Petrolexportimport, Transneft, Abbot Group, Expro, Hunting, Petrofac, Sondex and John Wood Group.

Vallourec evolution compared to peers

Over the past 12 months

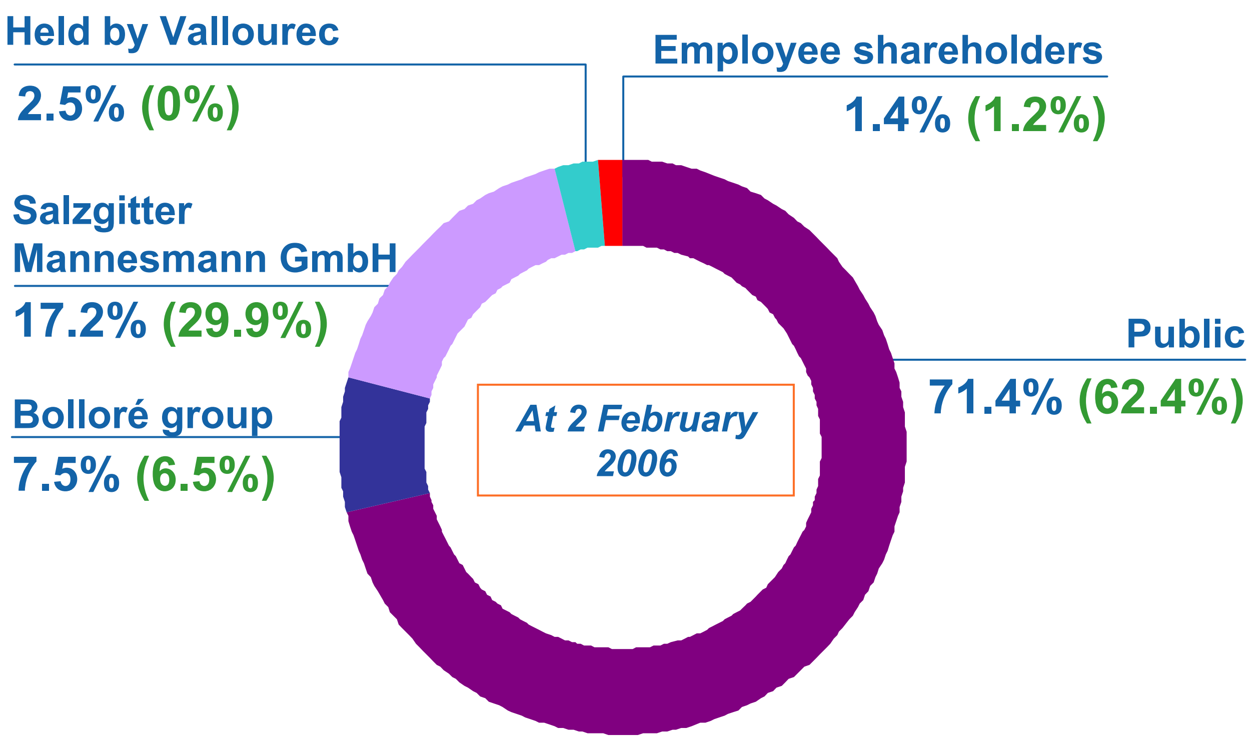


Since 1 January 2006



(at 26 May 2006)

Shareholder structure



Sources: identifiable bearer shares and registered shares as at 13 January 2006, and Bolloré group's threshold crossing on 2 February 2006

As a % of capital
As a % of voting rights

Number of shares at 31 December 2005: 10,600,332
Voting rights published in BALO on 25 January 2006: 12,162,388

2005:
an outstanding year

Environment remained extremely favourable

- In 2005, overall demand remained at a particularly high level:
  - Driven mainly by consumption of tubes for the oil & gas industry and tubes for power plants

- Raw material prices tended to stabilize but reflect a mixed picture:
  - Vallourec continues to benefit from its upstream integration (production of its own steel and even its own iron ore and charcoal in Brazil)

Environment remained extremely favourable (cont.)

- Further increases in selling prices have been pushed through (full impact of 2004 increases and further increases in 2005):
  - Particularly in Brazil and the US
  - Justified by high raw material prices (policy of passing on price increases)
  - Enhanced by a buoyant environment, strong demand and high-quality products offering significant added value

- Vallourec's installations continued operating at full capacity:
  - Without a single hitch in production (maximum productivity)
  - By focusing production on products offering higher added value (favourable mix effect)
  - By sharply increasing profitability

A record EBITDA/sales ratio of 24.6%

A very positive momentum in 2005

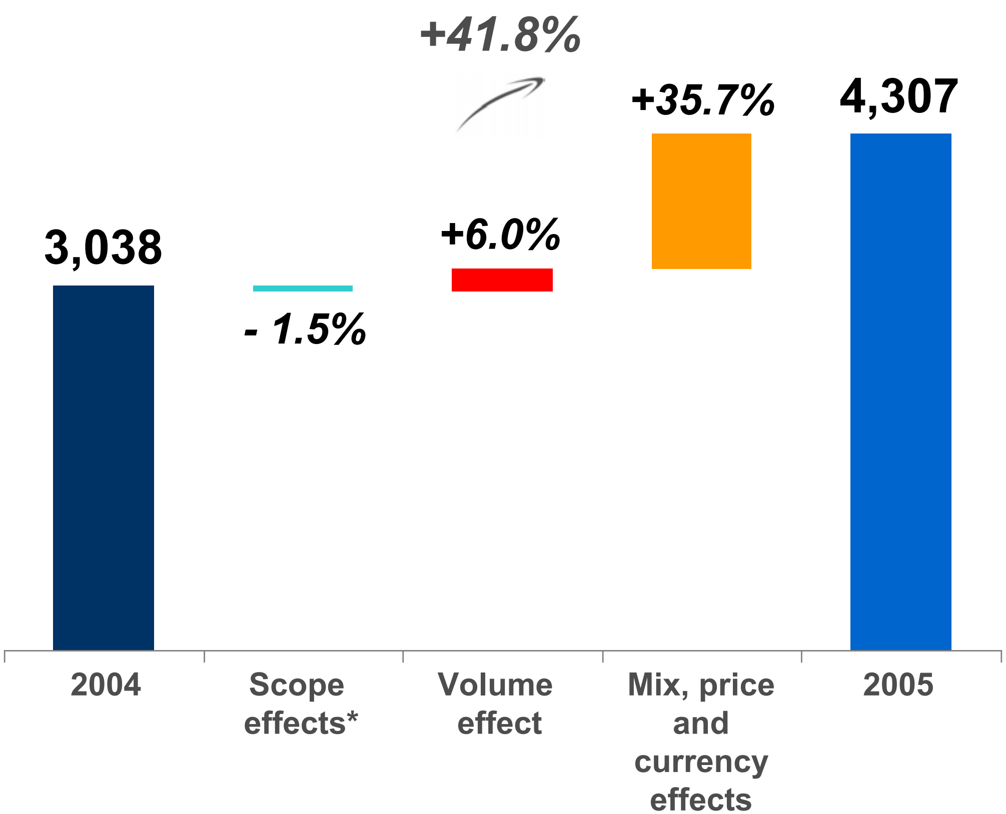
January 2005	Disposal of automotive components activities in South America (non-strategic)
June 2005	Acquisition of full control of V & M TUBES for € 545 million (purchase of 45% stake from Mannesmannröhren-Werke)
July 2005	€ 125 million rights offering
July 2005	Beginning of the construction of a new plant in China
July-August 2005	Investment in production capacity in Brazil
September 2005	Acquisition of OMSCO's assets for USD 120 million
October 2005	Payment of an interim dividend of € 4 per share

Implementation of a consistent strategy aimed at making Vallourec a stronger Group with greater visibility

2005 annual results

Further selling price increases and improvement in the product mix

In € million
(consolidated data)



* Scope effects: - disposal, effective on 1 January 2005, of automotive components activities in Brazil and Argentina (2004 sales = € 71 million);
- consolidation of OMSCO's assets as of 1 October 2005 (Q4 2005 sales = € 28 million).

Sharp rise in EBITDA

In € million (consolidated data)

	2004	% of sales	2005	% of sales	Change
Sales	**3,037.8**		**4,307.4**		**+41.8%**
Other operating revenues	91.1		171.9		**+88.7%**
Purchases consumed	-1,242.3	*40.9%*	-1,699.3	*39.5%*	**+36.8%**
Taxes and duties	-47.8	*1.6%*	-53.0	*1.2%*	**+10.9%**
Payroll costs	-618.9	*20.4%*	-716.4	*16.6%*	**+15.8%**
Other operating costs	-767.6	*25.3%*	-948.5	*22.0%*	**+23.6%**
Provisions	2.3	*-0.1%*	-1.5	*0.0%*	
Total	**-2,674.3**		**-3,418.7**		**+27.8%**
EBITDA	**454.6**		**1,060.6**		**+133.3%**

Sharp rise in net income

In € million (consolidated data)

	2004	% of sales	2005	% of sales	Change
EBITDA	454.6	15.0%	1 060.6	24.6%	+133.3%
Depreciation/amortization/impairment	-89.4		-99.0		
Disposals/restructuring	-10.0		3.7		
Operating income	355.2	11.7%	965.3	22.4%	+171.8%
Financial income (loss)	-0.9		-26.6		
Income tax	-89.4		-307.5		+244.0%
Net income of equity affiliates	0.3		1.2		
Total net income	265.2	8.7%	632.4	14.7%	+138.5%
Net income, Group share	145.0		473.0 *		+226.2%

** This figure would have been € 576.7 million if the acquisition of the 45% stake in V & M TUBES had been taken into account over a full year*

Limited increase in net debt despite acquisitions totalling € 650 million

In € million (consolidated data)

	2004	2005
Cash flow (excluding financial expenses and taxes)	**452.0**	**1,046.2**
Interest paid and received	-4.5	-3.4
Taxes paid	-76.9	-237.6
Change in gross WCR	-105.0	-279.2
Gross capital expenditure	-107.6	-188.6
Financial investments	-2.9	-651.3
Asset disposals	10.6	41.8
Capital increase	--	123.7
Dividends paid	-48.8	-113.6
Other	11.1	2.7
Impact on total net debt	**+128.0**	**-259.3**

A solid balance sheet

In € million (consolidated data)

	31/12/04	31/12/05
Fixed assets	894.9	1,156.9
Inventories and W-I-P	593.5	861.2
Trade receivables	639.9	906.2
Financial instruments		1.8
Other current assets	137.2	116.9
Cash	485.0	541.3
	2,750.5	3,584.3

	31/12/04	31/12/05
Shareholders' equity	812.9	1,391.0
Minority interests	499.7	112.1
Equity capital	1,312.6	1,503.1
Provisions	307.7	334.6
Bank debt	430.4	746.0
Financial instruments		102.3
Trade payables	402.7	496.6
Other current liabilities	297.1	401.7
	2,750.5	3,584.3

	31/12/04	31/12/05
Net debt	-€ 54.6 m	€ 204.7 m
Gearing ratio	-4.2%	13.6%

Parent company: Summary income statement

In € million

	Financial year 2004	Financial year 2005
Operating revenues	+2.5	+1.9
Operating costs	-10.4	-10.6
Operating loss	-7.9	-8.7
Net financial income	+32.0	+12.2
Net exceptional income	+0.2	+0.6
Income tax	+5.8	+10.0
Net income	+30.1	+14.1

Parent company:
Summary balance sheets

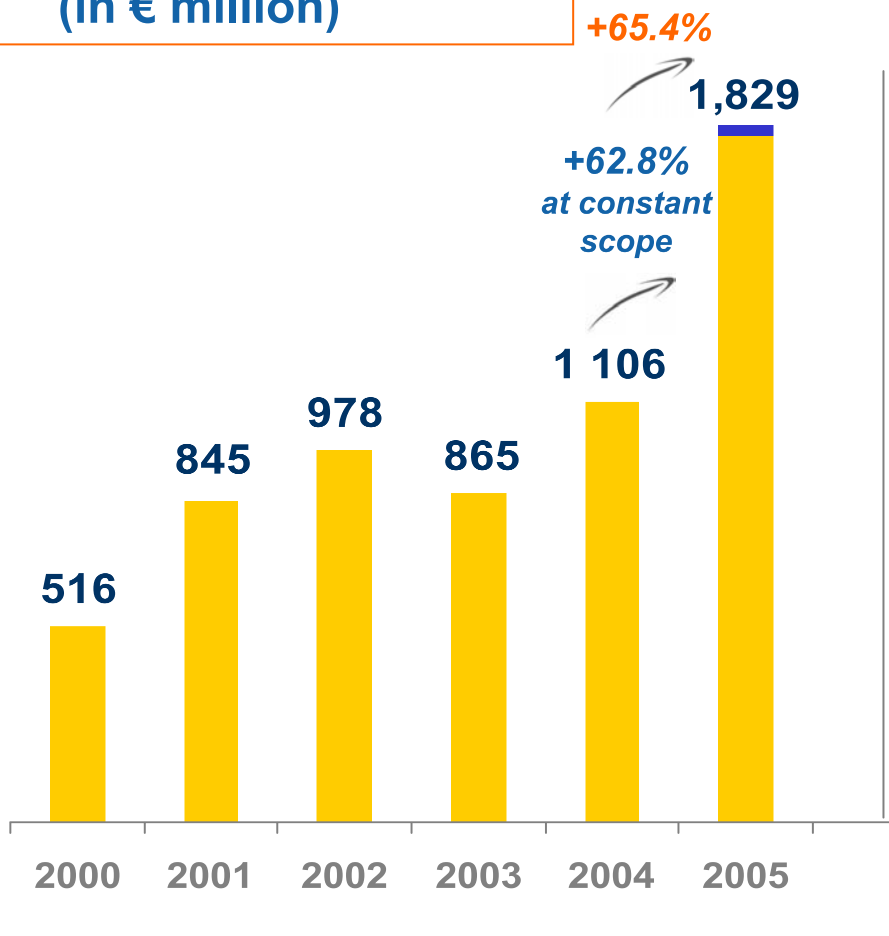
In € million

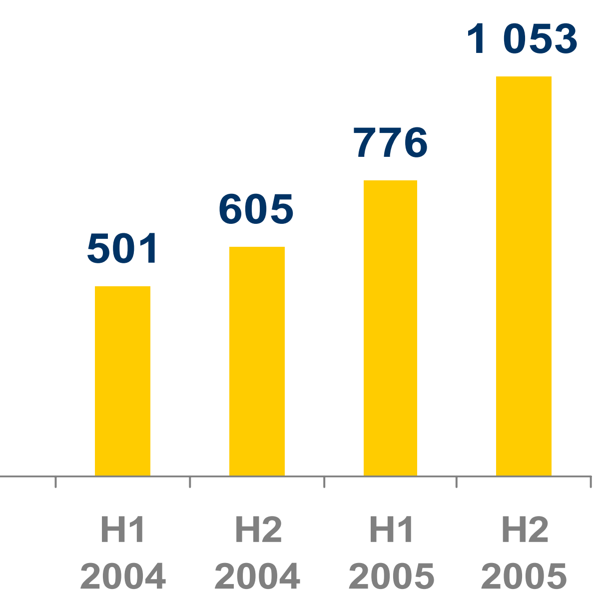
	31/12/04	31/12/05		31/12/04	31/12/05
Tangible fixed assets	0.2	0.2	Shareholders' equity	555.1	621.5
Securities	503.7	1,057.4	Provisions	0.3	0.3
Loans and other	53.8	35.4			
	557.7	1,093.0	Bank debt	150.6	462.4
Trade and other receivables	1.1	6.4	Trade payable	3.1	2.1
Cash and cash equivalents	171.9	6.5	Credit-debit balance	21.6	19.6
Unrealized losses on foreign exchange	-	0.4	Unrealized losses on foreign exchanges	-	0.4
	730.7	1,106.3		730.7	1,106.3

Review of Vallourec's activity by market

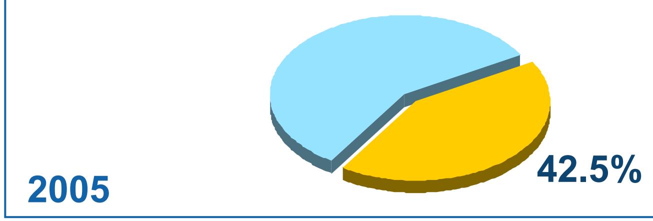
Oil & gas

Vallourec's sales in the sector
(in € million)





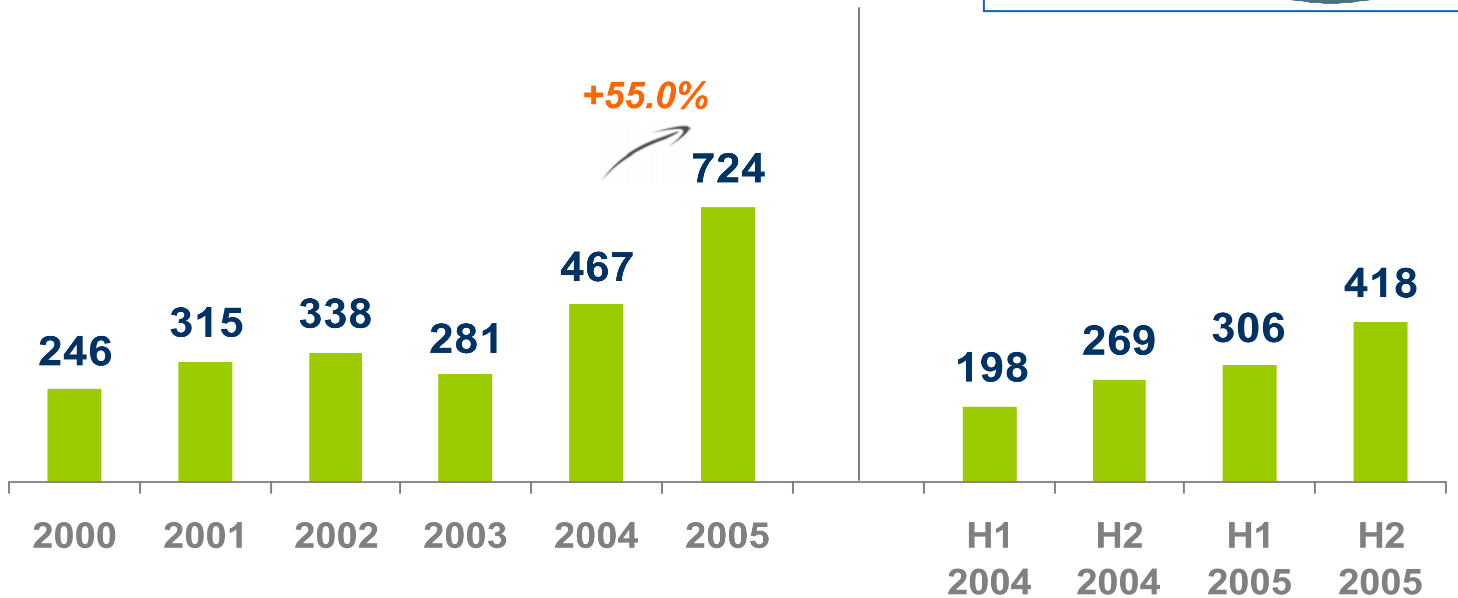
Oil & gas sales / total sales



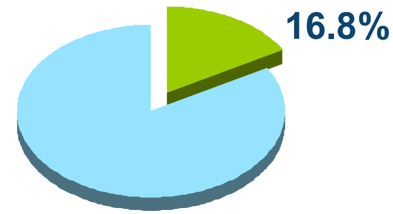
Fundamentals are positive and demand is growing for Vallourec's high value-added products

Power generation

Vallourec's sales in the sector
(in € million)



Power gen. sales / total sales

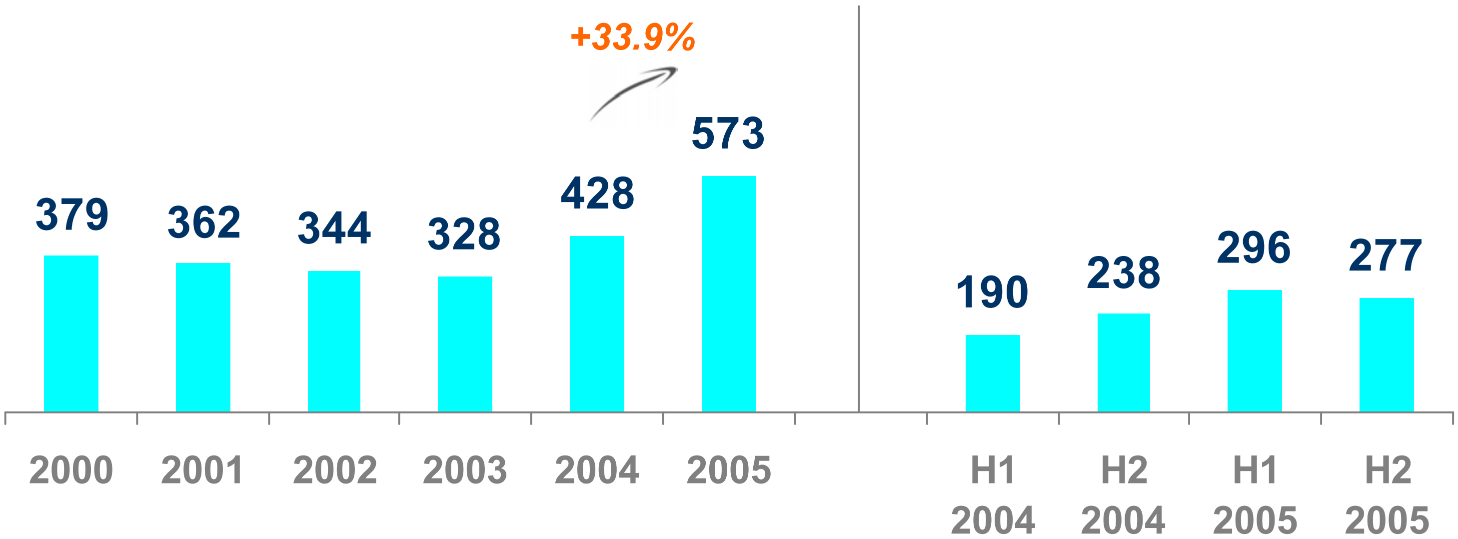


2005

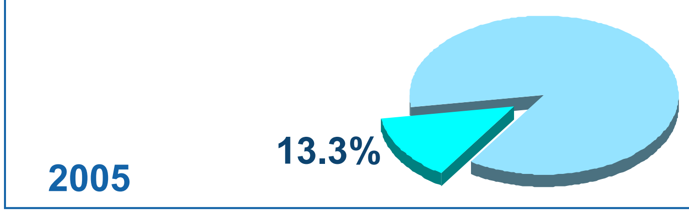
Demand remains very strong in China and Asia while gradually strengthening in Europe

Mechanical engineering

Vallourec's sales in the sector (in € million)



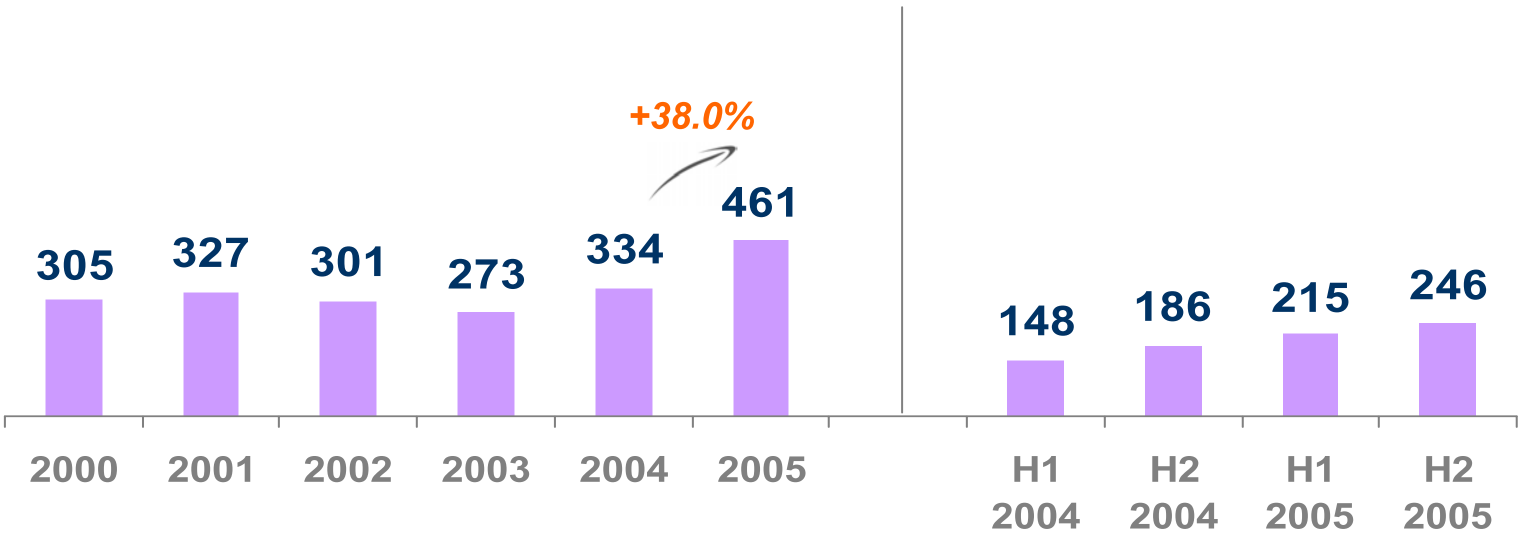
Mechanical eng. sales / tot. sales



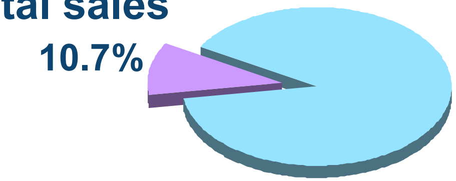
Consolidation of demand and prices at satisfactory levels

Chemicals and petrochemicals

Vallourec's sales in the sector (in € million)



Chemicals-petrochemicals sales / total sales



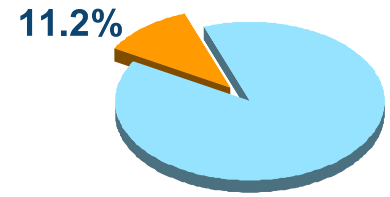
2005

Demand remains positive with the level of major projects increasing; prices are stabilizing

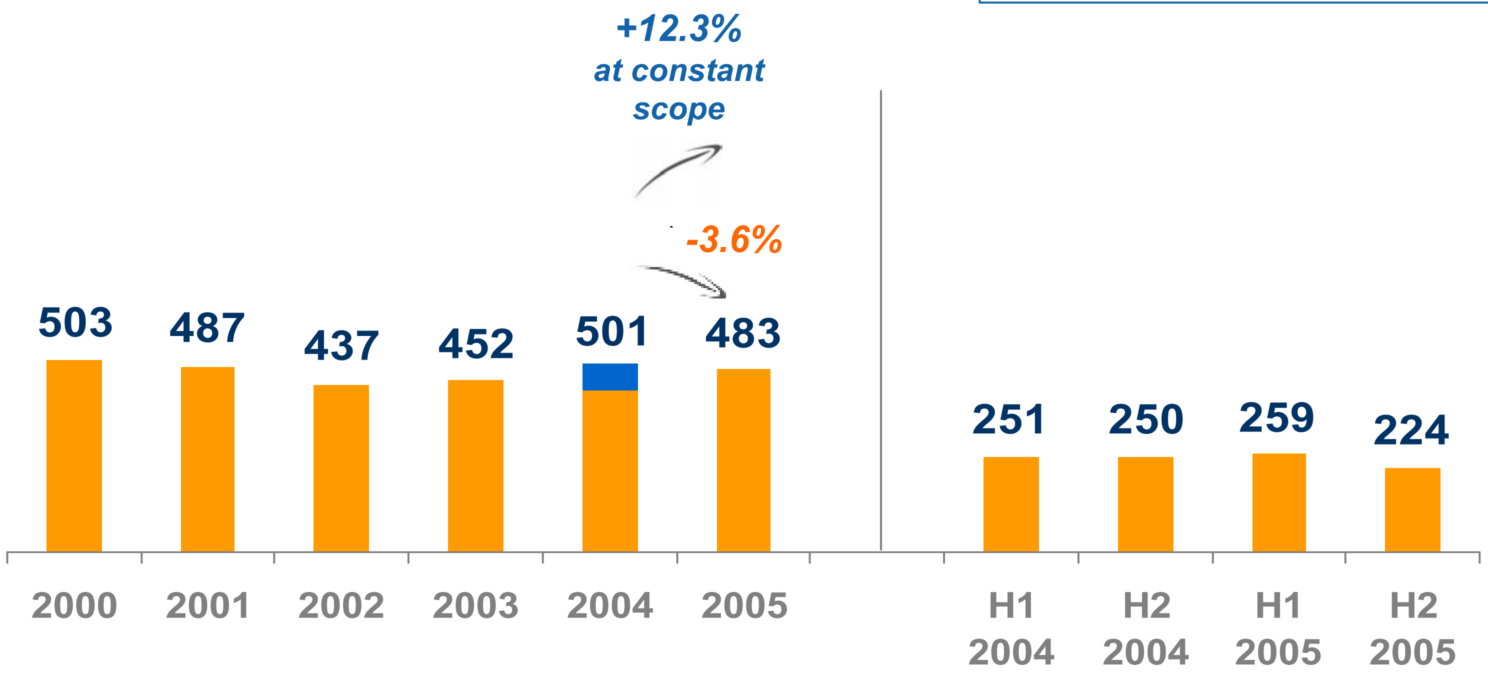
Automotive industry

Vallourec's sales in the sector
(in € million)

Automotive sales / total sales



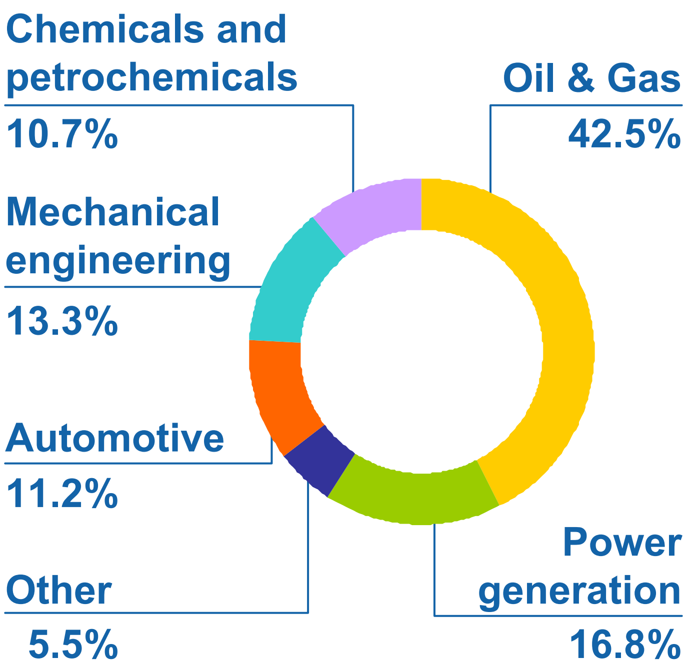
2005

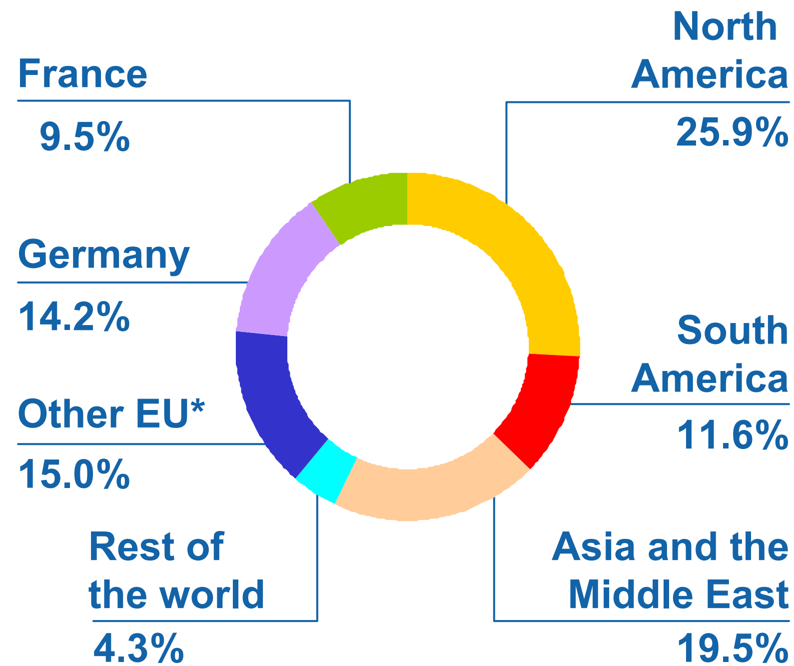


In 2005, after a good first half, demand has fallen slightly

Breakdown of consolidated sales

Sales in 2005 = € 4,307 m





* Enlarged EU of 25 countries

Total Energy

€ 2,553 m 59.3%

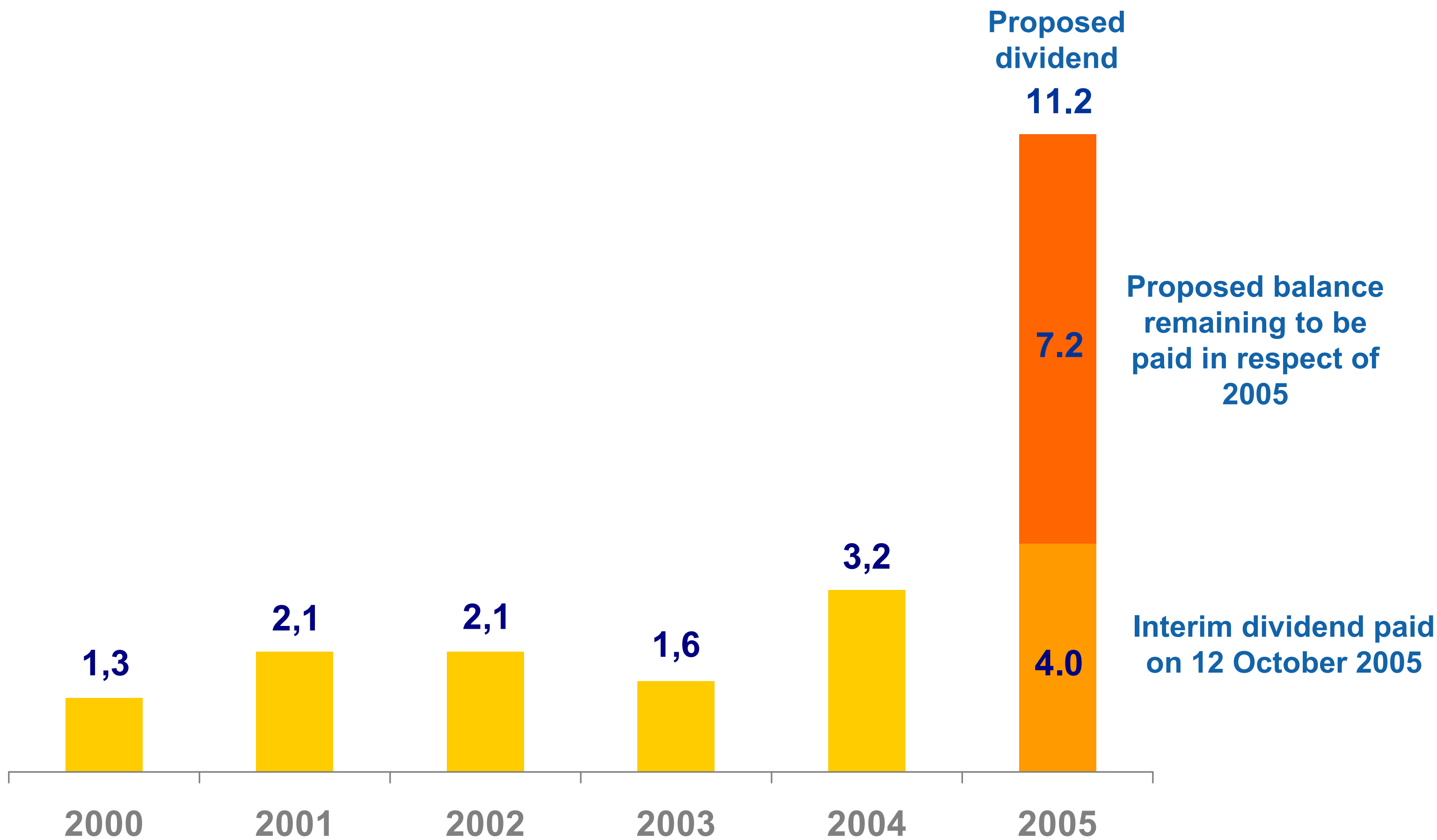
Total non-EU*

€ 2,637 m 61.3%

Dividends

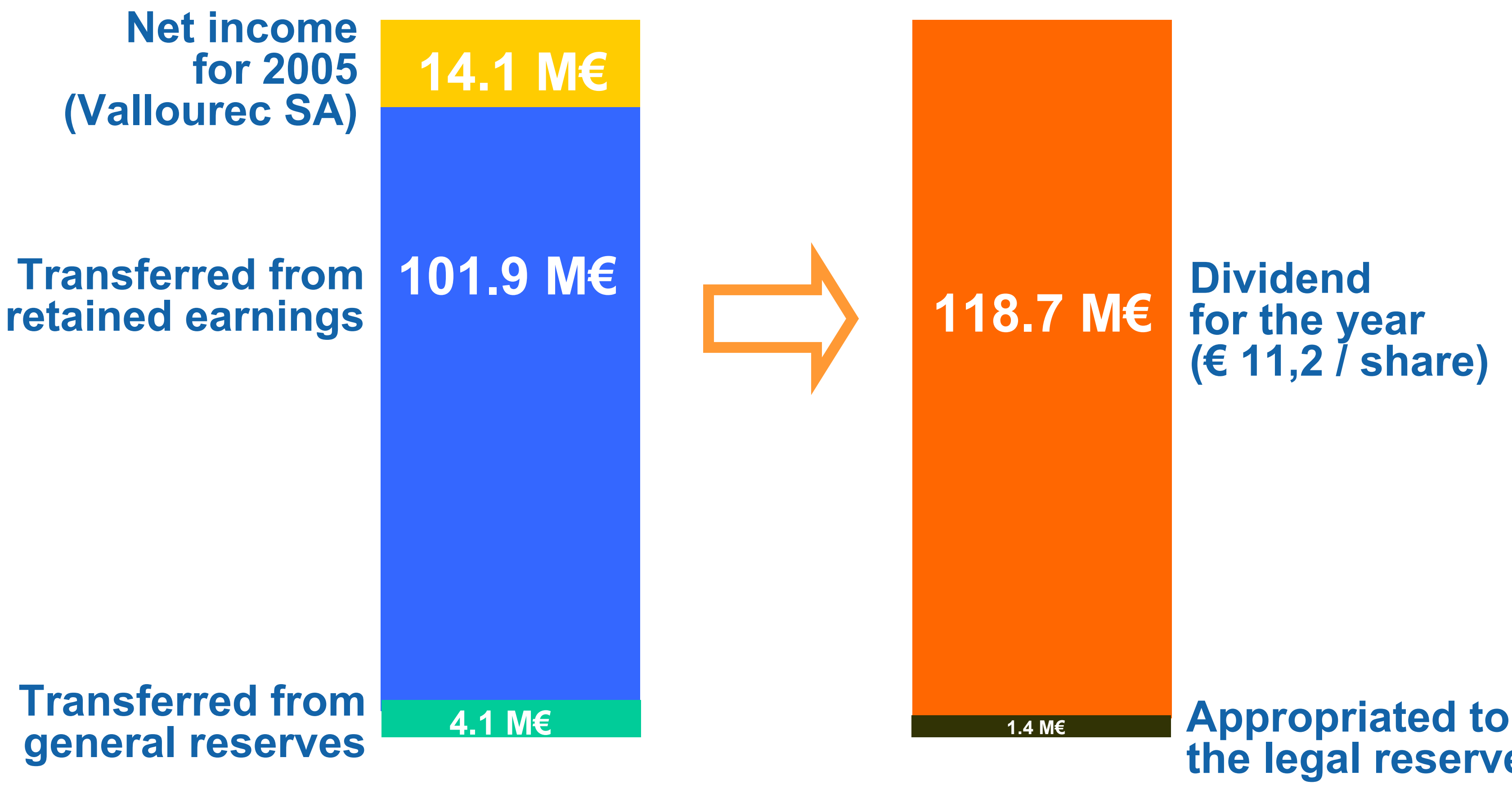
Substantial increase in proposed dividend

In euros per share



	2000	2001	2002	2003	2004	2005
Payout ratio	21.9%	23.1%	31.5%	39.2%	23.3%	25.1%

Proposed allocation of net income



Proposition of division by 5 of the nominal value of the share

- Attribution of 5 new Vallourec shares with a nominal value of € 4 per share for each former share with a nominal value of € 20 per share

- Effect on 18 July 2006

Conclusion and outlook

Positive momentum continues in 2006

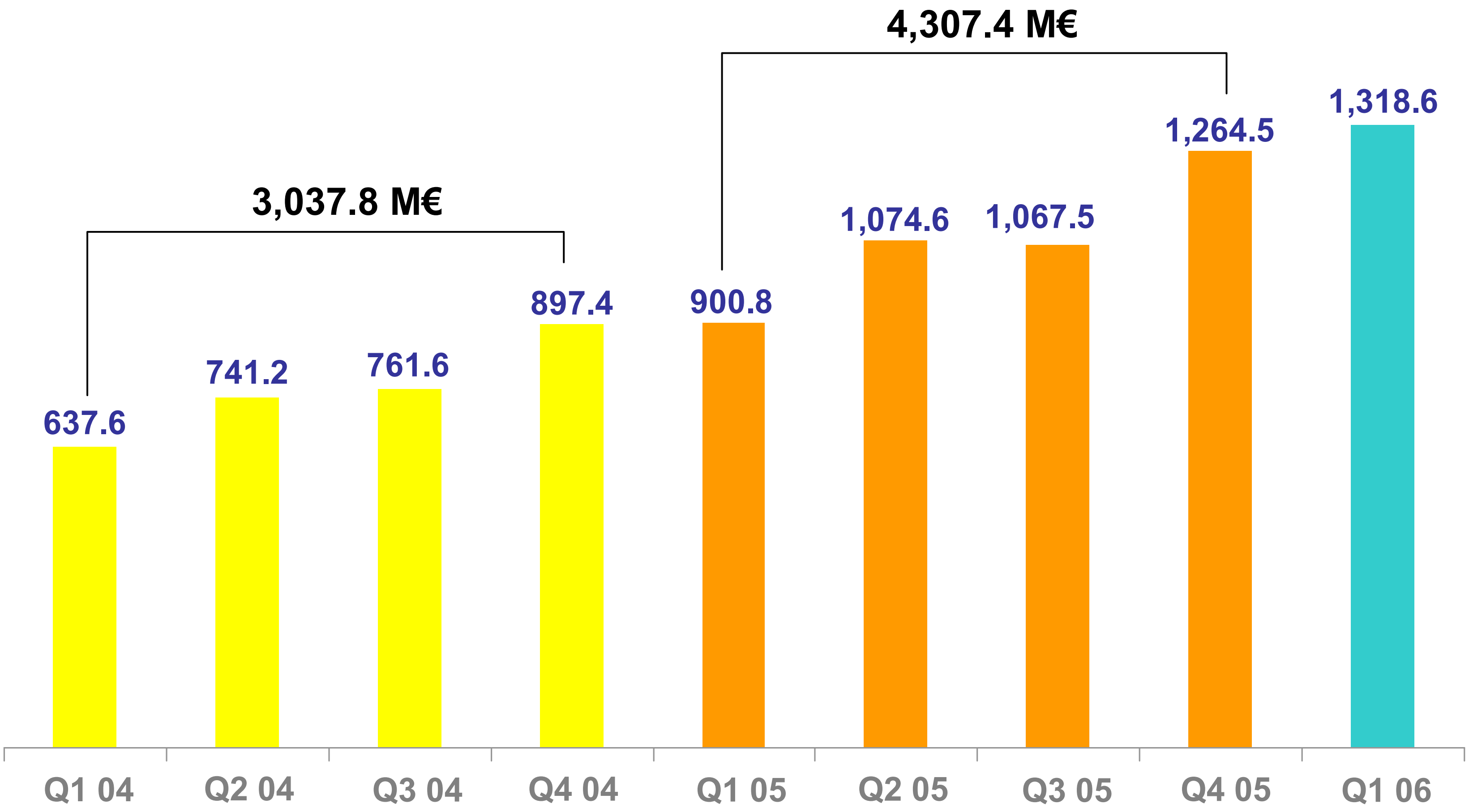
- March 2006: acquisition of SMFI for € 40 million
  - Perfect fit with OMSCO
  - Strengthening of Vallourec's position as the world's number two player in the drilling sector
- March 2006: disposal of Spécitubes
  - The only subsidiary in the Vallourec Group operating in the aerospace sector
- April 2006: acquisition of 75% of CST Ltd
  - Establishment of a presence in India (tubes for power plant condensers and feedwater-heaters)

Vallourec reinforces its positions in strategic businesses

Our priorities for 2006

- Further optimize the operation of our existing equipment at full capacity
- Continue to invest on high value-added products:
  - Increasing the capital expenditure budget by around 50% in 2006 to reach approximately € 300 million
  - Increasing heat treatment capacity by 15%
- Seize new opportunities for external growth, thereby continuing to strengthen our position as world leader
- Increase our technological lead by maintaining our R&D efforts

A very good sales level in Q1 2006



Quarterly consolidated sales figures
(in € million)

Outlook

First half 2006:

- As compared with the first half of 2005 (€ 1,975 m), sales for the first half of 2006 should continue to grow at a rate close to the annual growth rate achieved in 2005
- The EBITDA/sales ratio for the first half of 2006 is expected to be slightly higher than the one achieved for the 2nd half of 2005 (26.2%)

Full year 2006:

- For the second half, demand looks set to remain strong and sales are expected to maintain the high level to be achieved in the first half of 2006
- For the first time, Vallourec will benefit from the effect of the purchase of the 45% stake in V & M TUBES over a full year

Vallourec is well placed
to keep strengthening its position as world leader

Top-of-the-cycle phase continues

- Fundamentals remain very positive:
  - Increases in oil companies' exploration and production expenses
  - Growing requirements for power generation and for equipment replacement

- Main risks identified by Vallourec at some time in the future:
  - Possible decrease of the dollar

    => But differed impact and limited consequences thanks to potential new selling prices increases
  - New increases in world tube production capacity

    => Currently well absorbed by a growing demand