



## ***Acquisition of Atlas Bradford, TCA and Tube-Alloy***

***Strategic investments  
in the premium OCTG market***

**October 30, 2007**

# *Disclaimer*

Some information in this presentation combines historical figures from the Vallourec group, prepared in accordance with International Financial Reporting Standards (IFRS), and the three tubular businesses acquired from Grant Prideco, prepared in accordance with accounting standards normally used in USA (US GAAP).

The financial statements of the three tubular businesses acquired from Grant Prideco for the year relate to periods ending on 30 September 2007.

This presentation contains forward-looking items that are subject to risks and uncertainties associated with Vallourec's business activities and the three tubular businesses acquired from Grant Prideco's. These forward-looking items are based on market parameters and other hypotheses, but may differ significantly from future published results.



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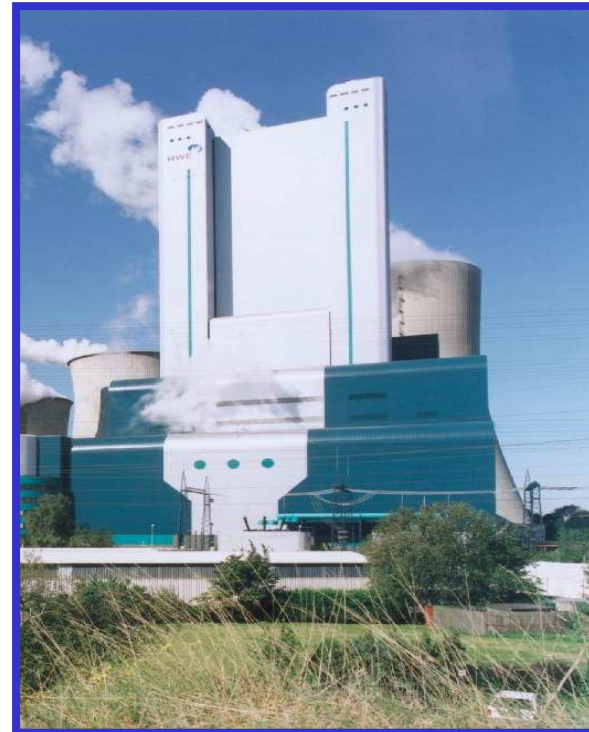
■ ***Vallourec: an international business mainly focused on supplying the Energy markets***

**Oil & Gas**



**47% of sales**

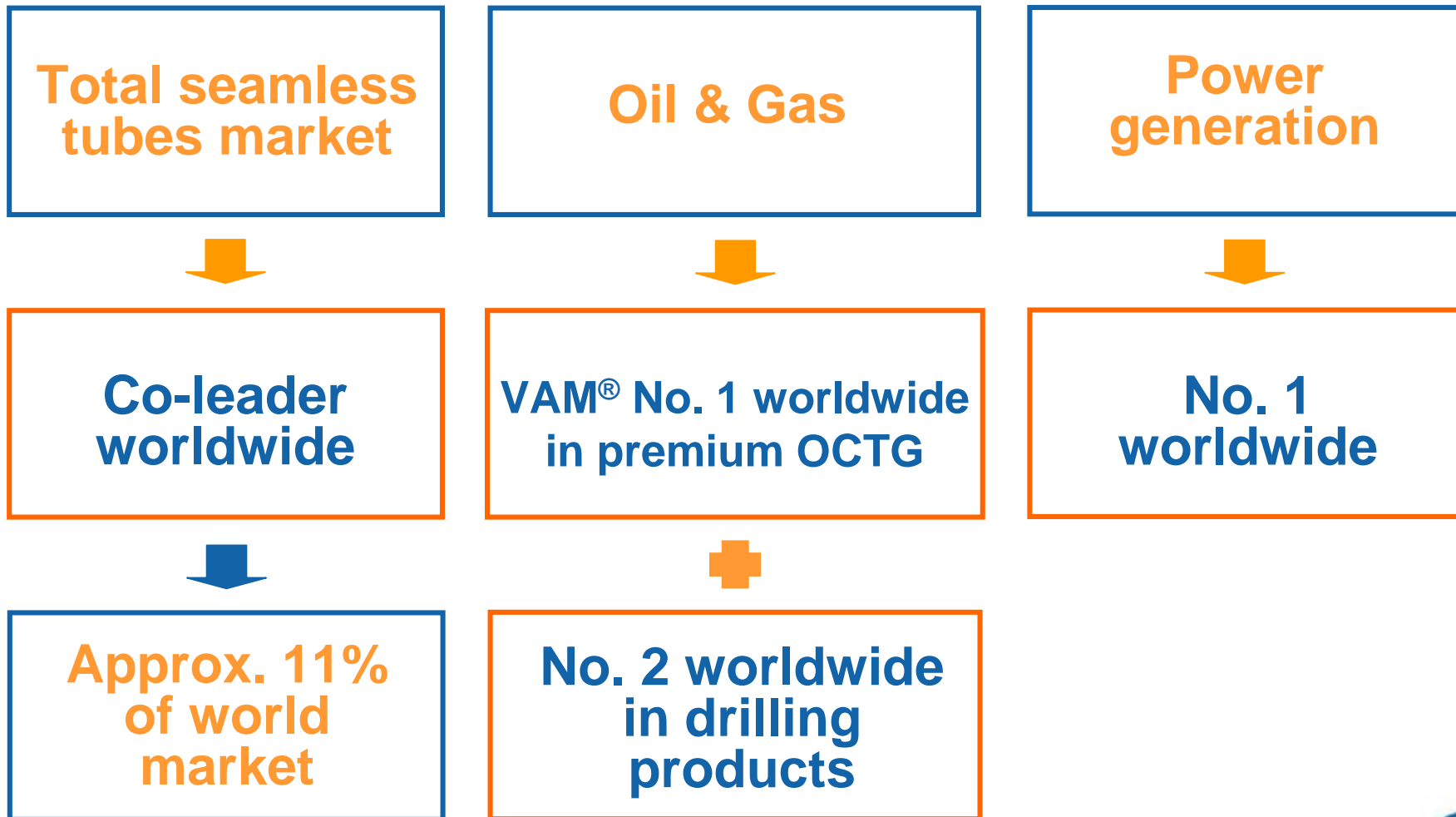
**Power generation**



**17% of sales**

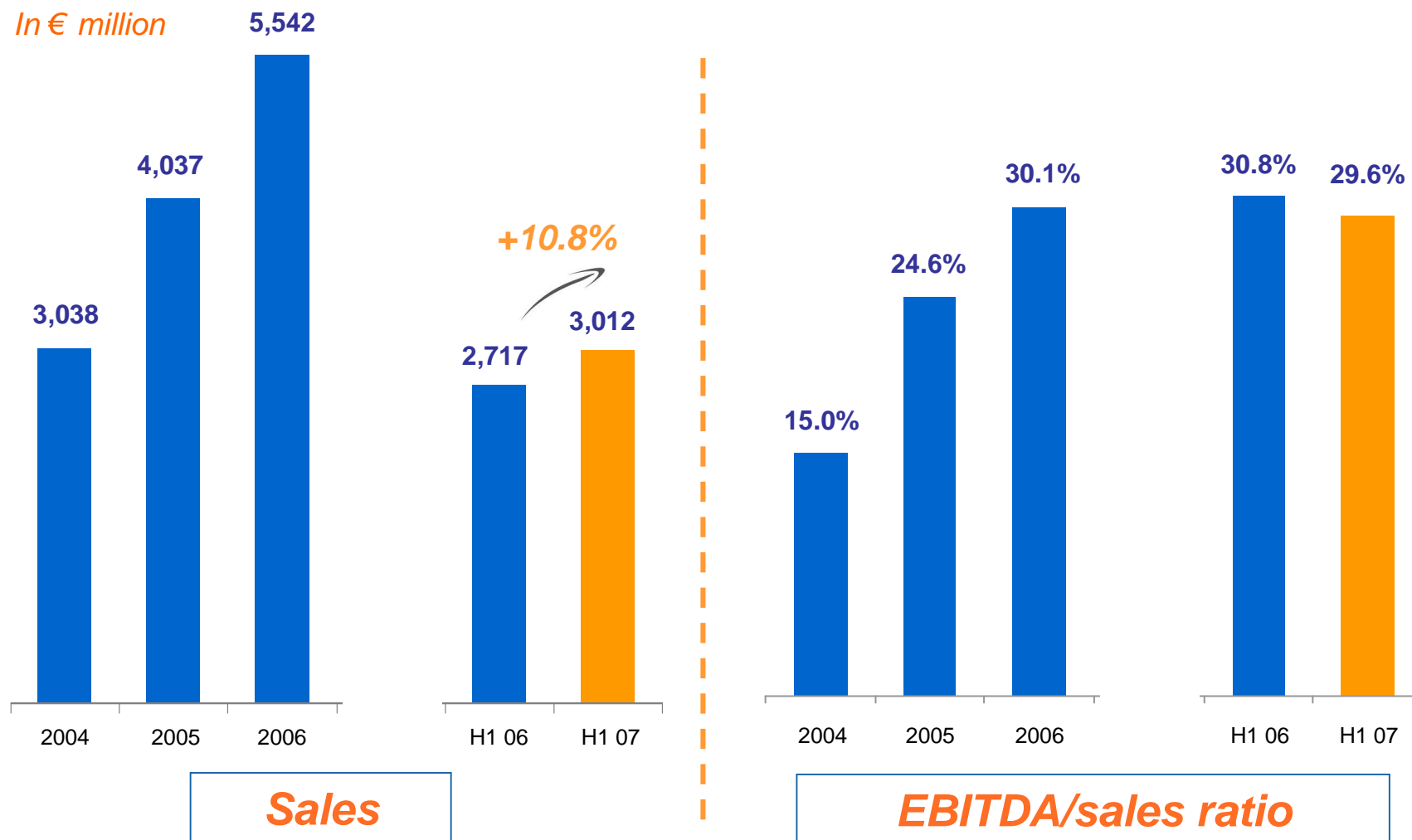


# World leadership positions in high value-added products



# Vallourec key figures

In € million



- Industrial presence: 40 production units in 10 countries.
- Around 17,000 employees (sept. 2007)





***Transaction  
overview***

# Vallourec to acquire 3 activities from Grant Prideco

**Atlas Bradford<sup>®</sup>**



Premium OCTG connection technology in North America

**TCA<sup>®</sup>**



Mainly heat treatment and high grade tubulars

**Tube-Alloy<sup>™</sup>**



Produces and repairs down-hole tubular accessories



## ■ 3 services-oriented companies enhancing our oil & gas offer in North America

### **Atlas Bradford®**

#### Premium connections

- leading US player
- more than 40 years
- full range
- proximity

### **TCA®**

#### Heat treated casing

- high grade
- well positioned geographically
- short lead time orders ('rig ready')

### **Tube-Alloy™**

#### Downhole accessories

- complex threading
- tailor made orders



Comprehensive network of 10 sites close to the market,  
with customer oriented teams



# Terms of the acquisition

- Price = \$800 million (all cash deal on net debt free basis)
- Marginally earnings enhancing before any synergies from year one\*
- Financed through existing credit facilities
- Subject to customary approvals
- Key figures (last 12 months\*\*):
  - ✓ Acquired sales = \$ 229 million
  - ✓ Acquired EBITDA = \$ 74 million
  - ✓ Acquired EBITDA margin = 32%

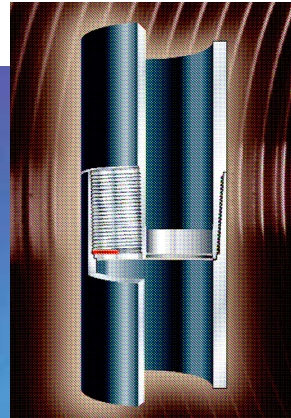
3 sound and profitable businesses

\* Before one-off impact and effect of customary purchase accounting adjustments.

\*\* Last 12 months = October 2006 to September 2007



# Products & technology acquired



**Premium Connections (Atlas Bradford)**

**Large Diameter  
Premium Casing  
(TCA)**

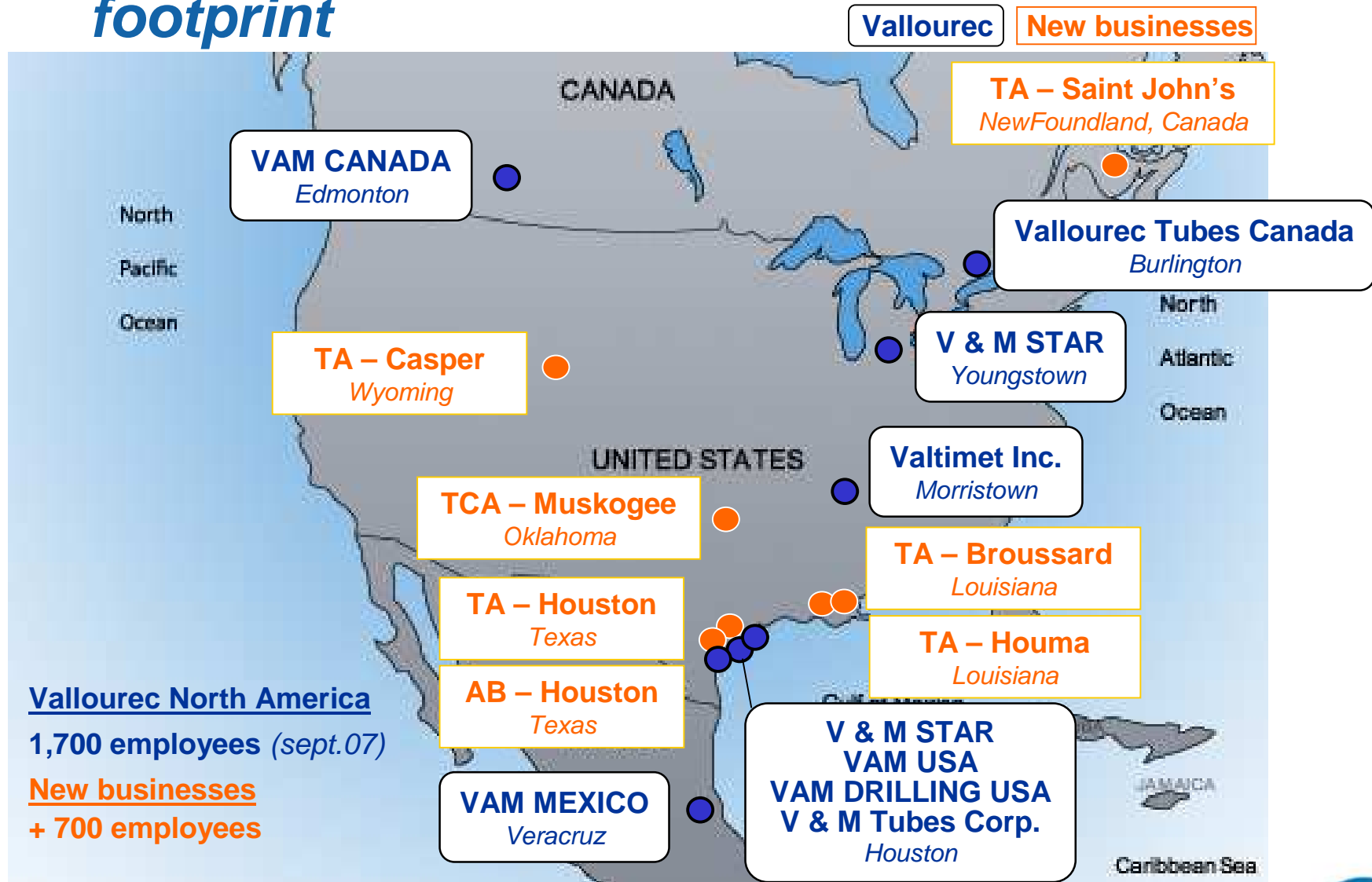
**Premium Casing  
(TCA)**

**Premium Liner (Atlas Bradford)**

**Premium Accessories  
(Tube-Alloy)**



# Vallourec to expand its North American footprint



**Geographically well positioned to service customers**





## ***Rationale of the transaction***

# Drivers for the US OCTG market

## Oil demand

over the next 10 years



**+1.7%** per year

Source: EIA - Energy Information Administration & IEA International Energy Agency

## Gas demand

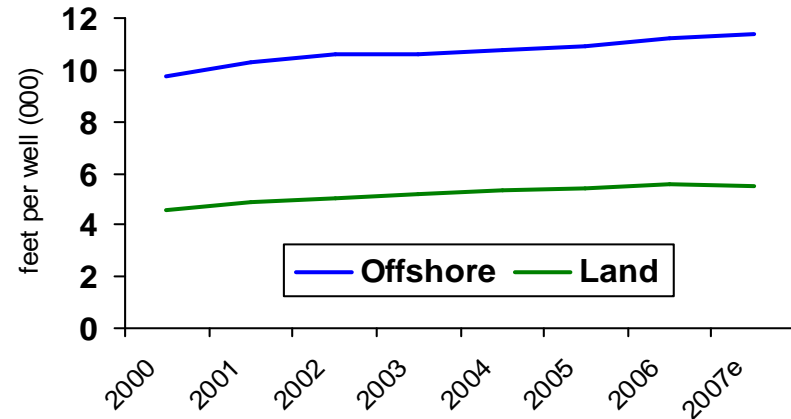
over the next 10 years



**+2.8%** per year

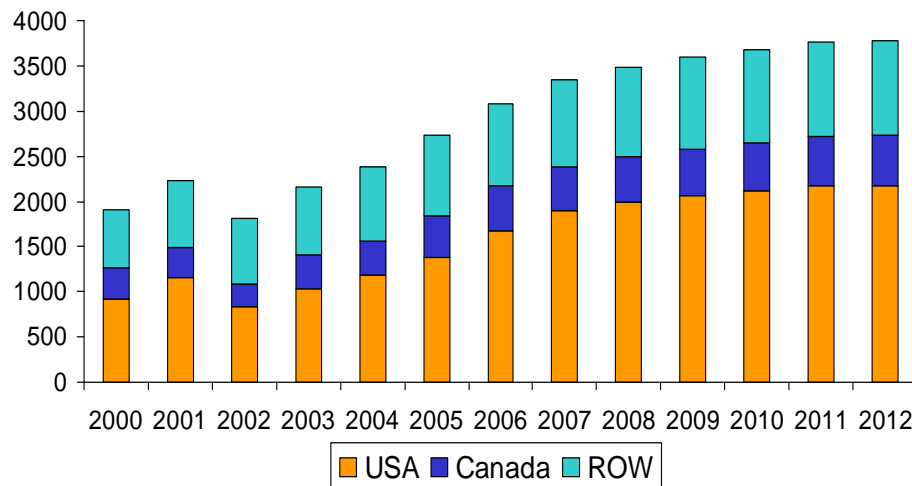
Source: EIA - Energy Information Administration

## US average footage per well drilled



Source: DPO, Spears Associates, Sept. 2007

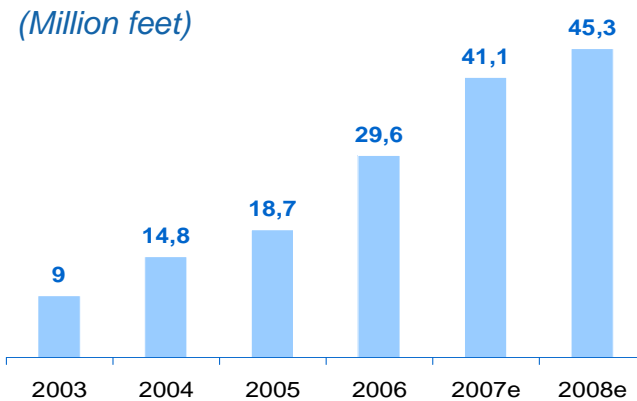
## Increase in rig count predictions



Source: Baker Hughes / Spears

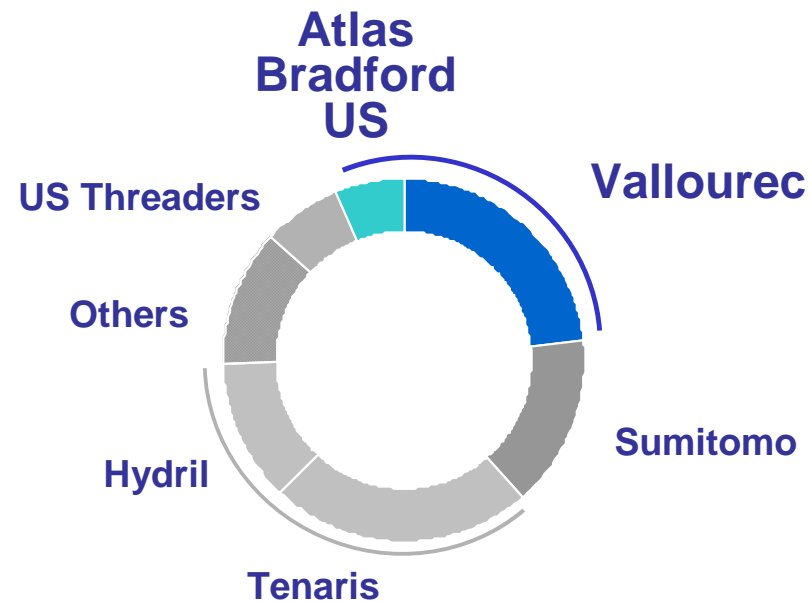
## Deviated footage

US onshore – Source : Spears



# Atlas Bradford complements Vallourec's premium connections business

## Premium connections market share worldwide



**Vallourec + Atlas Bradford US > 25%**

Source: Vallourec estimates, 2006



## **Strong complements to Vallourec's existing operations**

### **Atlas Bradford<sup>®</sup>**

#### **Premium connections**

- Strong additions in integral connections
- In-house testing capabilities and R&D expertise
- Strong brand name

### **TCA<sup>®</sup>**

#### **Heat treated casing**

- Expertise in sour services
- Geographical fit

### **Tube-Alloy<sup>™</sup>**

#### **Downhole accessories**

- New business line, complement to VAM<sup>®</sup>
- Substantial growth potential within Vallourec international network

**Powerful combination with**



**VAM<sup>®</sup>**



**V & M STAR**



**Vallourec**  
(Oil & Gas)



# Significant benefits for the market

## Vertical integration



## Industrial optimization → increased productivity

## Improved commercial offer to distributors + end users

- Widened technical offer
- Increased delivery flexibility with shorter lead time
- Closer link with customers

## Improved service offering

- Service oriented teams
- Tube-Alloy → content to customer service support

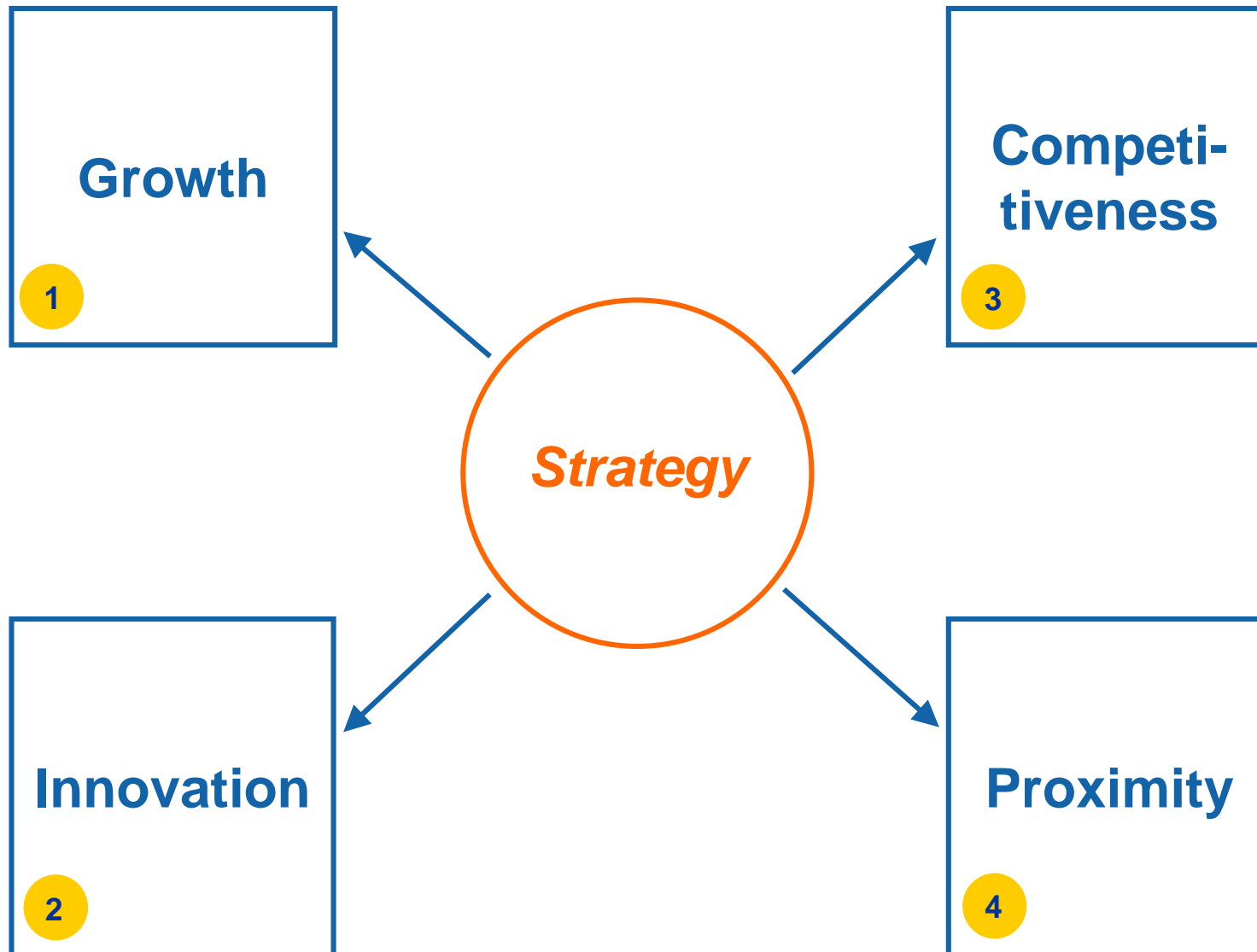
**Shared customer oriented culture and strong opportunities for cross fertilization**





***Conclusion***

■ **Reinforce our leadership positions in high value-added products**



## ■ *These acquisitions are in line with Vallourec's strategy*

### ● **Growth**

- Improves our premium market position
- Platform for developing new service-oriented businesses

### ● **Innovation**

- Additional R&D expertise
- Recognized excellence of Atlas Bradford

### ● **Competitiveness**

- Sharing of best practices
- Increased production in US dollar zone

### ● **Proximity**

- Geographic presence
- Value added services, close to customers



## *These acquisitions reinforce Vallourec*

- ➔ **Vallourec strengthens its existing premium operations**
- ➔ **Vallourec gets even closer to its North-American customers**

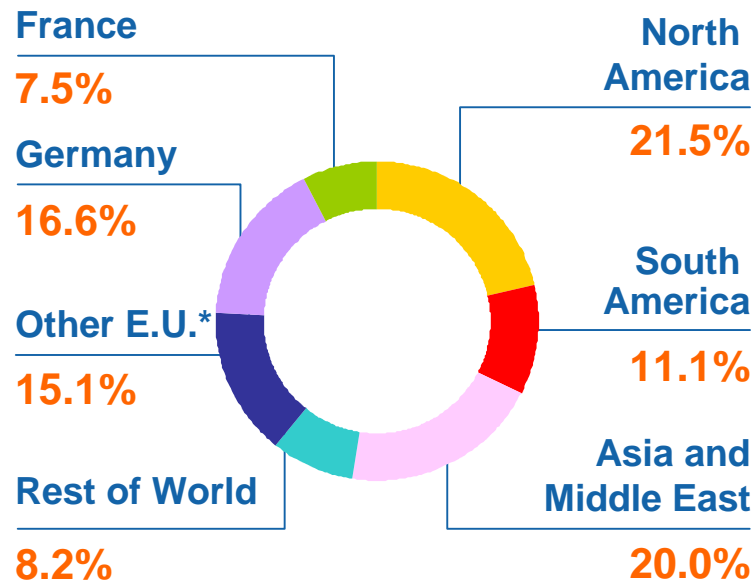




*Appendix*

# Vallourec H1 2007 sales = €3,012m

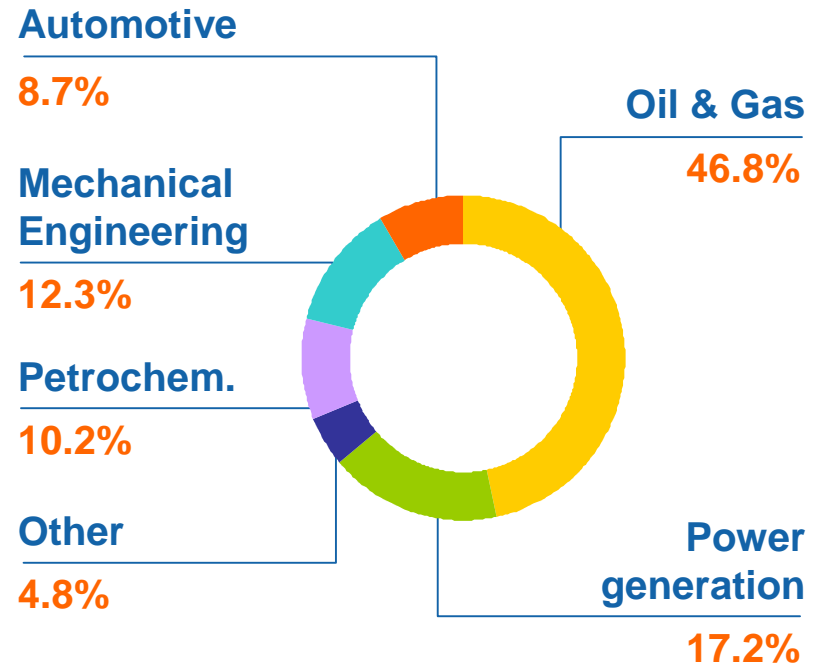
## International Presence



**Non E.U.\* = 60.8%**

\* Non E.U. = Total world – E.U. of 25 countries

## Market Segment



**Total Energy\* = 64.0%**

\* Total Energy = Oil & Gas + Power generation

