

# PRESS RELEASE



## ***Vallourec announces completion of its acquisition of the Tubular Division of North Star Steel Co (North Star Tubes) to be known as V & M STAR***

*Boulogne-Billancourt, 1 July 2002* – Vallourec, world leader in the production of seamless steel tubes and specific tubular products for industrial applications, announces the completion today of the acquisition for a sum of \$380 million of the assets of North Star Tubes, the seamless steel tubular division of North Star Steel Company, a subsidiary of Cargill, Incorporated, through a newly incorporated US limited partnership named "V & M STAR" owned 80% by VALLOUREC & MANNESMANN TUBES (V & M TUBES) and 20% by SUMITOMO Corp.

As V & M TUBES is 55% owned by Vallourec, this acquisition means that V & M STAR is completely consolidated in Vallourec's financial statements from 1 July 2002 – i.e. for the whole of the second half of 2002.

V & M STAR, an integrated manufacturer of seamless steel tubes mainly dedicated for oil and gas applications, employs 561 people on two sites – one in Youngstown (Ohio) and the other in Houston (Texas). It achieved sales of \$328 million (98% of which in the US) and an EBIDTA of \$81 million in the year ended 31 December 2001. Oil and gas drilling in the US, which had shown a decline in the second half of 2001, has clearly been picking up since May 2002 and should continue to recover in the coming months.

This acquisition strengthens Vallourec's overall presence in the fast-growing energy market with a significant position in the US, the reference market for Oil Country Tubular Goods ("OCTG").

The acquisition is estimated to have a positive impact on Vallourec's EBIDTA and net income as early as 2002. Vallourec's EBIDTA/sales margin should increase by over 1% due to the integration of this newly acquired activity, before future synergies are taken into account.

Commenting on the acquisition, Jean-Claude Cabre, Chairman of Vallourec's Executive Board, stated: *"We are very pleased that we have been able to complete the acquisition of North Star Tubes*

*(V & M STAR) so quickly. This acquisition represents major strategic growth for the Group. We shall not waste any time in releasing the expected synergies. We are delighted to welcome into the Group the management team and employees of North Star Tubes and to reinstate the entire experienced and renowned management team at the head of V & M STAR."*



### **Acquisition key dates:**

- 27 May 2002: North Star Tubes acquisition announced (purchase agreement signed)
- 4 June 2002: Approval by the relevant US authorities
- 1 July 2002: Completion of acquisition of North Star Tubes' assets by V & M STAR (transfer of ownership)

### ***About Vallourec***

*Vallourec is world leader in the production of seamless steel tubes and specific tubular products for industrial applications (oil and gas, power generation, chemicals and petrochemicals, automotive and mechanical engineering industries).*

*Vallourec is listed on the Euronext Paris Premier Marché (code: 12035).*

*Vallourec is included in the SBF 120, NEXT 150 and MID CAC indices, as well as being part of Next Prime, the new segment of Euronext. FTSE classification: engineering and industrial capital goods.*

### ***About V & M STAR***

*V & M STAR is an integrated manufacturer of seamless steel tubes mainly dedicated to oil and gas applications. With 561 employees, its operations are based in two sites: one in Youngstown, Ohio, comprising an electric steel mill and a rolling mill, the other in Houston, Texas, with heat treatment and threading facilities. The annual output capacity is approximately 500,000 metric tons of finished tubes out of which 80% are OCTG.*

Information also available on [www.vallourec.fr](http://www.vallourec.fr)

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