

PRESS RELEASE



The Vallourec group forecasts 2002 sales of nearly €2,500 million (compared to previous forecast of €2,550 million) and EBIDT down approximately one point against its target of 15%

Boulogne-Billancourt, 19 November 2002 - The Group saw a significant drop in its order book at the end of October, as a result of delays in the recording of some contracts – mainly in the oil and gas industry – together with an adverse change in the product mix.

The number of drilling rigs in the world has stabilised, but players in the oil sector are currently adopting a wait-and-see approach due to uncertainty over developments in the Middle East, and are deferring their procurement decisions. This is particularly noticeable in the United States, where they are also focusing on reducing their indebtedness as well as their year-end inventories (which are subject to a specific tax).

This significant slowdown in sales activity mainly resulted in a lower-than-expected workload in the Group's steel mills and tube mills together with slower stock rotation, which will weigh on the EBIDT expected between now and the end of 2002 as well as in the early months of 2003.

Technical problems with the start-up of new equipment in one of the Group's French factories will also weigh on the year-end results.

Given these conditions and on the basis of the information available today, the Executive Board considers that the Group's 2002 sales should be close to € 2,500 million, with EBIDT margin approximately one point below the previously announced target of 15%. That would therefore pull back the Group's 2002 income before tax and extraordinary items, and before exchange losses, to a level comparable to that achieved in 2001, despite the consolidation of V & M STAR for six months. Then, net income will be subject to exchange variations, which are difficult to estimate at this stage bearing in mind the volatility of the Brazilian real, but could reach a level in the second half of 2002 similar to that of the first. Finally, as already announced, the 2002 tax burden will return to normative rates.

In spite of significantly reduced activity levels, sales prices remain satisfactory. Markets outside the energy sector are in line with previous forecasts. In the oil and gas industry, fundamentals remain sound and should therefore enable next year oil companies again to increase their drilling activities, especially in the United States.



About Vallourec

Vallourec is the 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.

Information also available on www.vallourec.fr

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