Press release

Vallourec reports third quarter results and results for the first nine months of 2017

Improved 9M 2017 results

- Positive EBITDA in Q3 2017: +€9 million compared with -€52 million in Q3 2016
- Strong improvement in EBITDA for first nine months: -€9 million compared with -€156 million in 9M 2016
- Mainly driven by higher Oil & Gas revenue in the US and the realized benefits from the Transformation Plan
- Liquidity strengthened: €800 million refinancing through bond and convertible bond issuance
- Range for EBITDA target for 2017 revised upwards to -€30 million and -€10 million.

Boulogne-Billancourt (France), 9 November 2017 – Vallourec, world leader in premium tubular solutions, today announces its results for the third quarter and first nine months of 2017. The consolidated financial information was presented by Vallourec's Management Board to its Supervisory Board on 9 November 2017.

Key figures

9M 2017	9M 2016	Change YoY	*In millions of euros*	Q3 2017	Q3 2016	Change YoY
1,601	**905**	***76.9%***	**Sales Volume (k tons)**	**588**	**333**	***76.6%***
2,680	**2,127**	***26.0%***	**Revenue**	**964**	**693**	***39.1%***
(9)	**(156)**	***+€147m***	**EBITDA**	**9**	**(52)**	***+€61m***
-0.3%	*-7.3%*	*7.0pt*	*As % of revenue*	*0.9%*	*-7.5%*	*8.4pt*
(373)	**(575)**	***+€202m***	**Net income (loss), Group share**	**(119)**	**(160)**	***+€41m***
(397)	**(392)**	***-€5m***	**Free cash flow**	**(72)**	**(75)**	***+€3m***
30 Sept. 2017	**31 Dec. 2016**	**Change 9M 2017**	*In millions of euros*	**30 Sept. 2017**	**30 Sept. 2016**	**Change YoY**
1,645	**1,287**	***+€358m***	**Net debt**	**1,645**	**1,020**	***+€625m***

Commenting on these results, Philippe Crouzet, Chairman of the Management Board, said:
"*Over the first nine months of 2017, Vallourec's financial performance has improved in each of the three quarters leading to significant progress compared to the same period in 2016. In the third quarter, the full effect of announced price increases in the US became evident. In EAMEA, NOCs continued to issue tenders for Oil & Gas products, and while IOCs' are starting to sanction new projects in the region, market prices are still challenging.*
Vallourec remains focused on the sustained implementation of its Transformation Plan.
In October, the Group both strengthened and diversified its liquidity position by raising €800 million on the bond and convertible bond markets.
The EBITDA target for the full year 2017 has been raised to a range between -€30 million and -€10 million."

Information
Quarterly financial statements are unaudited and not subject to any review. Unless otherwise specified, indicated variations are expressed in comparison with the same period of the previous year.

I - CONSOLIDATED REVENUE BY MARKET

9M 2017	9M 2016	Change YoY	*At constant scope and exchange rate*	*In millions of euros*	Q3 2017	Q3 2016	Change YoY	*At constant scope and exchange rate*
1,859	1,370	*35.7%*	*9.1%*	Oil & Gas, Petrochemicals	681	439	*55.1%*	*15.0%*
283	335	*-15.5%*	*-15.8%*	Power Generation	94	108	*-13.0%*	*-14.8%*
538	422	*27.5%*	*19.7%*	Industry & Other	189	146	*29.5%*	*30.8%*
2,680	**2,127**	***26.0%***	***11.1%***	**Total**	**964**	**693**	***39.1%***	***29.4%***

For the third quarter of 2017, Vallourec recorded revenue of €964 million, up 39.1% compared with the third quarter of 2016 (up 43.1% at constant exchange rates). At constant scope and exchange rates, revenue was up 29.4%, with a positive volume impact particularly in the Oil & Gas market in the US and EAMEA[1]. Price/mix effect was -9.3%, higher prices in the US being more than offset by the deliveries from the backlog booked in 2016 at low prices for Oil & Gas in EAMEA. Lower Powergen revenue was more than offset by increased Industry & Other revenue.
Sequentially, revenue increased compared to the second quarter, mainly driven by the improvement in the Oil & Gas market. The positive volume effect in EAMEA and the price increases in the US were partly offset by a lower price/mix effect in EAMEA and Brazil.

For the first nine months of 2017, Vallourec recorded revenue of €2,680 million, up 26.0% compared with the first nine months of 2016 (up 23.5% at constant exchange rates). At constant scope and exchange rates, revenue was up 11.1%, mainly driven by a positive volume impact of +30.7%, partly offset by a negative price/mix effect of -19.6%.

Oil & Gas, Petrochemicals (69.4% of consolidated revenue)

In Q3 2017, Oil & Gas revenue amounted to €616 million, up 49.9% year-on-year (up 35.0% at constant scope and exchange rates).

Over the first 9M of 2017, Oil & Gas revenue was €1,685 million, up 32.3% year-on-year (up 13.0% at constant scope and exchange rates):

- In the **USA**, 9M 2017 revenue increased significantly year-on-year thanks to much higher volumes. The recovery of OCTG consumption resulted primarily from the significant increase in the drilling activity and rig count. Strong customer demand was served through domestic production which was supplemented by imports from our Brazilian mill, notably in the third quarter. This positive trend enabled the Group to announce price increases which were partially reflected in Q2 revenue and took full effect as from July 2017.
  Over Q3 2017, despite a slight erosion in the rig count, revenue was up sequentially and year-on-year.

- In the **EAMEA** region, 9M 2017 volumes were up year-on-year essentially as a result of positive scope impacts.
  Excluding those impacts, volumes were up in the third quarter mainly driven by deliveries to the Middle East. However, the orders booked in 2016 and delivered along the first nine months of 2017 to NOCs were recorded at low price and mix resulting in lower revenue year-on-year. Prices have bottomed out in H1 2017 and some price increases are gradually being negotiated with customers with whom price concessions were the most severe during the trough.

[1] EAMEA: Europe, Africa, Middle East, Asia.

- In **Brazil**, 9M 2017 revenue was up year-on-year supported by high OCTG deliveries to Petrobras in Q1 for the drilling of exploratory wells in the Libra field. As anticipated, Q3 product mix for domestic Oil & Gas market was weaker than in Q1 and Q2 2017.
  Q3 2017 revenue was down year-on-year, it being specified that H2 2016 deliveries were concentrated in Q3 2016 before the creation of Vallourec Soluções Tubulares do Brasil, therefore making it an unfavorable comparison basis.

In Q3 2017, Petrochemicals revenue was €65 million, up 132.1% year-on-year (up 110.7% at constant scope and exchange rates) mainly due to a very low comparison basis over the same period in 2016.

Over the first 9M of 2017, Petrochemicals revenue was €174 million, up 81.3% year-on-year (up 43.8% at constant scope and exchange rates) mainly due to a very low comparison basis over the same period in 2016.

Power Generation (10.6% of consolidated revenue)

In Q3 2017, Power Generation revenue was €94 million, down 13.0% year-on-year (down 14.8% at constant scope and exchange rates).

Power Generation 9M 2017 revenue amounted to €283 million, down 15.5% year-on-year (down 15.8% at constant scope and exchange rates).

The revenue declined essentially as a result of a challenging market environment for both conventional and nuclear applications.

Industry & Other (20.0% of consolidated revenue)

In Q3 2017, Industry & Other revenue amounted to €189 million, up 29.5% year-on-year (up 30.8% at constant scope and exchange rates).

Over the first 9M of 2017, Industry & Other revenue amounted to €538 million, up 27.5% year-on-year (up 19.7% at constant scope and exchange rates):

- In **Europe**, 9M 2017 revenue was up year-on-year essentially thanks to higher volumes in Mechanical Engineering.

- In **Brazil**, 9M 2017 Industry & Other revenue was up year-on-year mainly due to increased volumes and to a lesser extent, to higher prices in Automotive. Revenue generated from the mine was up year-on-year thanks to increased iron ore prices.

II - Q3 AND 9M 2017 CONSOLIDATED RESULTS ANALYSIS

Q3 2017 consolidated results analysis

In Q3 2017, EBITDA stood at +€9 million, up by €61 million year-on-year, with:

- Consolidated revenue up 39.1% compared with Q3 2016, reaching €964 million;
- A higher industrial margin of €114 million, up €58 million reflecting (i) higher revenue, (ii) the savings and scope impact from the Transformation Plan initiatives along with (iii) favorable change in provisions;
- Reduced sales, general and administrative costs (SG&A) of €102 million, down 3.3%, with cost savings more than offsetting the negative scope, forex and inflation impacts.

Operating result was a loss of €88 million, compared to a loss of €143 million in Q3 2016, resulting mostly from the improved EBITDA.

Financial result was negative at -€39 million versus -€31 million in Q3 2016, resulting mainly from higher interest charges over the period.

Income tax was a gain of €6 million stable compared to Q3 2016, mainly related to the recognition of deferred tax assets in the US.

The share attributable to non-controlling interests amounted to €2 million, compared to €10 million in Q3 2016.

This resulted in a net loss of €119 million, compared to a loss of €160 million in Q3 2016.

9M 2017 consolidated results analysis

For the first nine months of 2017, EBITDA stood at -€9 million, representing an improvement of €147 million year-on-year, with:

- Consolidated revenue up 26.0% compared to the first nine months of 2016 (+11.1% at constant scope and exchange rates) of €2,680 million;
- An industrial margin of €327 million, up €149 million reflecting (i) the increase in revenue, (ii) the savings and scope impact from the Transformation Plan initiatives along with (iii) favorable change in provisions;
- Sales, general and administrative costs (SG&A) of €323 million, down 2.3%, cost savings more than offsetting the negative scope, forex and inflation impacts.

Operating result was a loss of €277 million, compared to a loss of €561 million in 9M 2016. The improvement of €284 million resulted from a higher EBITDA and lower restructuring and impairment charges. In the first nine months of 2016, the operating result was impacted by restructuring charges of €92 million and impairment charges of €70 million mainly related to the strategic initiatives announced on 1 February 2016.

For the first nine months of 2017, financial result was negative at -€140 million versus -€99 million in 9M 2016, resulting mainly from change in scope and forex result, change in fair value of NSSMC shares and higher interest charges.

Income tax was a gain of €24 million in 9M 2017 compared to a gain of €52 million in 9M 2016, mainly related to the recognition of deferred tax assets in the US.

The share attributable to non-controlling interests amounted to €23 million in 9M 2017, compared to €37 million in 9M 2016.

Net result, Group share was a loss of €373 million in 9M 2017, compared to a loss of €575 million in 9M 2016.

III - CASH FLOW & FINANCIAL POSITION

Vallourec generated a negative free cash flow of -€72 million in Q3 2017.

Over 9M 2017, negative free cash flow amounted to -€397 million, close to stable compared to -€392 million in 9M 2016. This is mainly explained by:

- Negative cash flow from operating activities of -€208 million, versus -€275 million in 9M 2016, as the better EBITDA was partly offset by unfavorable change in non-cash provisions and higher financial interests paid over the period;
- Change in working capital requirement amounted to -€103 million compared to -€17 million in 9M 2016. This increase took place in Q1 2017 before stabilization in Q2 and Q3. Working capital needs related to the activity recovery in the US were partly offset by better efficiencies in operational working capital management over the period;
- Strict capex management with -€86 million in 9M 2017 compared to -€100 million in 9M 2016.

As at 30 September 2017, Group net debt stood at €1,645 million compared to €1,287 million on 31 December 2016, and €1,613 million on 30 June 2017.

The Company's cash position as at 30 September 2017 amounted to €992 million. Vallourec's medium and long-term committed facilities amounted to €2.1 billion (€0.2 billion credit facilities having matured in July 2017), out of which €0.7bn were drawn. At the same date, excluding drawings of the long-term committed facilities, short-term debt amounted to €0.9 billion, mainly comprised of €0.6 billion of commercial paper.

Vallourec reinforced its liquidity profile in October 2017 by raising €800 million on the bond and convertible bond markets.
On 4 October 2017, Vallourec issued €250 million OCEANE (Bonds Convertible into New Shares and/or Exchangeable for Existing Shares) due in 2022. The original €170 million quantum was upsized as a result of strong investor demand.
On 18 October 2017, Vallourec issued €400 million of senior notes due 2022. Following strong investor demand, this operation was also upsized from an original amount of €300 million. On 26 October 2017, Vallourec issued an additional €150 million of the same senior notes.
The proceeds from these offerings will be used to repay the amounts drawn under the Group's revolving credit facilities and certain short-term indebtedness. Amounts repaid under the Group's revolving credit facilities will remain available following repayment.

IV - TRANSFORMATION PLAN

Vallourec continues to deploy its Transformation Plan including its new industrial footprint combined with the implementation of the structural cost reductions program.

In Q3 2017, Vallourec demonstrated the efficiency of the new routes created under the Transformation Plan and how they enable the Group to offer competitive solutions to its customers. Vallourec indeed announced the signature of a contract with Badr El Din Petroleum Company, a joint venture between Shell and the Egyptian General Petroleum Corporation for the supply of tubular solutions. Most of the seamless carbon steel tubes will be produced by Tianda, the new plant purchased by the Group in 2016 in Chuzhou, while the premium VAM TOP® threading will be made at Vallourec's Chinese threading plant in Changzhou.

V – MAIN MARKET TRENDS & OUTLOOK

In the months to come, Vallourec expects the rig count to plateau in the US assuming no significant change in WTI price. This would allow to maintain a high load of its domestic facilities. In Brazil, Petrobras' drilling activity is expected to remain stable. In the other regions, IOCs' are progressively starting to sanction new projects, which should not impact 2017 deliveries, while NOCs' operations remain sustained.

Power Generation is expected to be progressively impacted by a diminishing number of conventional power plant projects, particularly in China.

The better momentum in the Industry markets in Europe and Brazil is expected to be confirmed, although these markets remain very competitive.

The Group's results are also dependent notably on the evolution of raw material prices and foreign exchange, which remain volatile.

The Group remains focused on the sustained implementation of its Transformation Plan, which will continue generating significant savings.

Vallourec's FY 2017 EBITDA target is revised upwards to a range between -€30 million and -€10 million[2]: Q4 2017 EBITDA is now targeted to range between -€20 million and breakeven as market trends in the US and raw material prices have proved to be slightly more favorable than expected, however taking into account a mix for Q4 deliveries in the Middle-East and Brazil less favorable than in the first quarters.

[2] On 26 July 2017, Vallourec targeted an EBITDA improvement ranging between €125 million and €175 million when compared to 2016. As a reminder, 2016 EBITDA stood at -€219 million.

Information and Forward-Looking Statements

Information and Forward-Looking Statements This press release contains forward-looking statements. These statements include financial forecasts and estimates as well as assumptions on which they are based, statements related to projects, objectives and expectations concerning future operations, products and services or future performance. Although Vallourec's management believes that these forward-looking statements are reasonable, Vallourec cannot guarantee their accuracy or completeness and these forward-looking statements are subject to numerous risks and uncertainties that are difficult to foresee and generally beyond Vallourec's control, which may mean that the actual results and developments may differ significantly from those expressed, induced or forecasted in the statements. These risks include those developed or identified in the public documents filed by Vallourec with the AMF, including those listed in the "Risk Factors" section of the Registration Document filed with the AMF on 21 March 2017 (N° D.17-0191).

Presentation of Q3 and first 9M 2017 financial results

Analyst conference call / audio webcast held at 6:30 pm (Paris time) in English.

- To listen to the audio webcast: http://edge.media-server.com/m6/go/vallourec_3Q17

- To participate in the conference call, please dial :
  +44(0)20 3427 1915 (UK)
  +33(0)1 76 77 22 24 (France)
  +1646 254 3367 (USA)
  +44(0)20 3427 1915 (other countries)
  Conference ID: 8365712

- Audio webcast and slides will be available on the website at:
  http://www.vallourec.com/EN/GROUP/FINANCE

Calendar

21 February 2018	Release of fourth quarter and full year 2017 results

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. With close to 19,000 dedicated and passionate employees in more than 20 countries, Vallourec works hand-in-hand with its customers to offer more than just tubes: Vallourec delivers 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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Appendices

Documents accompanying this release:

- Sales volume
- Forex
- Revenue by geographic region
- Revenue by market
- Summary consolidated income statement
- Summary consolidated balance sheet
- Free cash flow
- Cash flow statement
- Definitions of non-GAAP financial data

Sales volume

In thousands of tons	2017	2016	Change YoY
Q1	**475**	251	*89.2%*
Q2	**538**	321	*67.6%*
Q3	**588**	333	*76.6%*
Q4		376	
Total	**1,601**	**1,281**	

Forex

Average exchange rate	9M 2017	9M 2016
EUR / USD	**1.11**	1.12
EUR / BRL	**3.54**	3.96
USD / BRL	**3.17**	3.54

Revenue by geographic region

In millions of euros	9M 2017	*As % of revenue*	9M 2016	*As % of revenue*	Change YoY
Europe	420	*15.7%*	461	*21.7%*	*-8.9%*
North America	676	*25.2%*	366	*17.2%*	*84.7%*
South America	452	*16.9%*	378	*17.7%*	*19.6%*
Asia & Middle East	869	*32.4%*	559	*26.3%*	*55.5%*
Rest of World	263	*9.8%*	363	*17.1%*	*-27.5%*
Total	**2,680**	***100.0%***	**2,127**	***100.0%***	***26.0%***

Revenue by market

9M 2017	*As % of revenue*	9M 2016	*As % of revenue*	Change YoY	*In millions of euros*	Q3 2017	*As % of revenue*	Q3 2016	Change YoY
1,685	*62.9%*	1,274	*59.9%*	*32.3%*	Oil & Gas	616	*63.9%*	411	*49.9%*
174	*6.5%*	96	*4.5%*	*81.3%*	Petrochemicals	65	*6.7%*	28	*132.1%*
1,859	***69.4%***	**1,370**	***64.4%***	***35.7%***	**Oil & Gas, Petrochemicals**	**681**	***70.6%***	**439**	***55.1%***
283	***10.6%***	**335**	***15.8%***	***-15.5%***	**Power Generation**	**94**	*9.8%*	**108**	***-13.0%***
245	*9.1%*	206	*9.7%*	*18.9%*	Mechanicals	90	*9.3%*	73	*23.3%*
105	*3.9%*	76	*3.5%*	*38.2%*	Automotive	35	*3.6%*	27	*29.6%*
188	*7.0%*	140	*6.6%*	*34.3%*	Construction & Other	64	*6.6%*	46	*39.1%*
538	***20.0%***	**422**	***19.8%***	***27.5%***	**Industry & Other**	**189**	***19.6%***	**146**	***29.5%***
2,680	***100.0%***	**2,127**	***100.0%***	***26.0%***	**Total**	**964**	**100.0%**	**693**	***39.1%***

Summary consolidated income statement

9M 2017	9M 2016	Change YoY	*In millions of euros*	Q3 2017	Q3 2016	Change YoY
2,680	**2,127**	***26.0%***	**REVENUE**	**964**	**693**	***39.1%***
(2,353)	(1,949)	*20.7%*	Cost of sales(1)	(850)	(637)	*33.4%*
327	**178**	***83.7%***	***Industrial margin***	**114**	**56**	***103.6%***
12.2%	*8.4%*	*3.8 pts*	*(as % of revenue)*	*11.8%*	*8.1%*	*3.7 pts*
(323)	(331)	*-2.3%*	SG&A costs(1)	(102)	(106)	*-3.3%*
(13)	(4)	*na*	Other income (expense), net	(3)	(3)	*na*
(9)	**(156)**	***+€147m***	**EBITDA**	**9**	**(52)**	***+€61m***
-0.3%	*-7.3%*	*+7.0 pts*	*EBITDA as % of revenue*	0.9%	-7.5%	*8.4 pts*
(221)	(210)	*5.2%*	Depreciation of industrial assets	(70)	(69)	*1.4%*
(33)	(33)	*na*	Amortization and other depreciation	(10)	(11)	*na*
(1)	(70)	*na*	Impairment of assets	(1)	(2)	*na*
(13)	(92)	*na*	Asset disposals, restructuring and other	(16)	(9)	*na*
(277)	**(561)**	***+€284m***	**OPERATING INCOME (LOSS)**	**(88)**	**(143)**	***+€55m***
(140)	(99)	*41.4%*	Financial income (loss)	(39)	(31)	*25.8%*
(417)	**(660)**	***-36.8%***	**PRE-TAX INCOME (LOSS)**	**(127)**	**(174)**	***-27.0%***
24	52	*na*	Income tax	6	6	*na*
(3)	(4)	*na*	Share in net income (loss) of associates	-	(2)	*na*
(396)	**(612)**	***-35.3%***	**NET INCOME (LOSS) FOR THE CONSOLIDATED ENTITY**	**(121)**	**(170)**	***-28.8%***
23	37	*na*	Non-controlling interests	2	10	*na*
(373)	**(575)**	***+€202m***	**NET INCOME (LOSS), GROUP SHARE**	**(119)**	**(160)**	***+€41m***
(0.8)	**(3.4)**	***na***	**EARNINGS PER SHARE (in €)**	**(0.3)**	**(0.9)**	***na***

(1) *Before depreciation and amortization*

na: not applicable

Summary consolidated balance sheet

In millions of euros					
Assets	**30-Sept 2017**	**31-Dec 2016**	**Liabilities**	**30-Sept 2017**	**31-Dec 2016**
			Equity, Group share	2,619	3,284
Net intangible assets	96	125	Non-controlling interests	471	494
Goodwill	349	383	**Total equity**	**3,090**	**3,778**
Net property, plant and equipment	3,177	3,618	Shareholder loan	74	84
Biological assets	79	88	Bank loans and other borrowings **(A)**	1,061	1,121
Associates	123	125	Employee benefits	218	227
Other non-current assets	270	348	Deferred tax liabilities	52	80
Deferred tax assets	206	190	Provisions and other long-term liabilities	117	121
Total non-current assets	**4,300**	**4,877**	**Total non-current liabilities**	**1,448**	**1,549**
Inventories and work-in-progress	1,136	1,035	Provisions	187	280
Trade and other receivables	596	546	Overdrafts and other short-term borrowings **(B)**	1,576	1,453
Derivatives - assets	33	58	Trade payables	563	530
Other current assets	237	283	Derivatives - liabilities	13	105
Cash and cash equivalents **(C)**	992	1 287	Tax and other current liabilities	343	310
Total current assets	**2,994**	**3,209**	**Total current liabilities**	**2,682**	**2,678**
Assets held for sale	-	46	Liabilities disposal for sale	-	43
TOTAL ASSETS	**7,294**	**8,132**	**TOTAL EQUITY AND LIABILITIES**	**7,294**	**8,132**
Net debt (A+B-C)	**1,645**	**1,287**	**Net income (loss), Group share**	**(373)**	**(758)**

Free cash flow

9M 2017	9M 2016	Change (€m)	*In millions of euros*	Q3 2017	Q3 2016	Change (€m)
(208)	(275)	67	Cash flow from operating activities (FFO) **(A)**	(48)	(72)	24
(103)	(17)	(86)	Change in operating WCR **(B)** *[+ decrease, (increase)]*	1	24	(23)
(86)	(100)	14	Gross capital expenditure **(C)**	(25)	(27)	2
(397)	**(392)**	**(5)**	**Free cash flow (A)+(B)+(C)**	**(72)**	**(75)**	**3**

Cash flow statement

9M 2017	9M 2016	*In millions of euros*	Q3 2017	Q3 2016	Q2 2017	Q1 2017
(208)	(275)	Cash flow from operating activities	(48)	(72)	(78)	(82)
(103)	(17)	Change in operating WCR + *decrease, (increase)*	1	24	-	(104)
(311)	**(292)**	**Net cash flow from operating activities**	**(47)**	**(48)**	**(78)**	**(186)**
(86)	(100)	Gross capital expenditure	(25)	(27)	(27)	(34)
-	-	Financial investments	-	-	-	-
-	959	Increase and decrease in equity	-	-	-	-
-	(2)	Dividends paid	-	(1)	-	-
39	(66)	Asset disposals & other items	40	-	25	(26)
(358)	**499**	**Change in net debt + *decrease, (increase)***	**(32)**	**(76)**	**(80)**	**(246)**
1,645	1,020	Net debt (end of period)	1,645	1,020	1,613	1,533

Definitions of non-GAAP financial data

Gross capital expenditure: Gross capital expenditure is defined as the sum of cash outflows for acquisitions of property, plant and equipment and intangible assets and cash outflows for acquisitions of biological assets.

Free cash flow: Free cash flow (FCF) is defined as cash flow from operating activities minus gross capital expenditure and plus/minus change in operating working capital requirement.

Industrial margin: The industrial margin is defined as the difference between revenue and cost of sales (i.e. after allocation of industrial variable costs and industrial fixed costs), before depreciation.

Consolidated net debt: Consolidated net debt is defined as Bank loans and other borrowings plus Overdrafts and other short-term borrowings minus Cash and cash equivalents.

Banking Covenant: As defined in the bank loan agreements, the "banking covenant" ratio is the ratio of the Group's consolidated net debt to the Group's equity, restated for gains and losses on derivatives and for remeasurements (foreign currency gains and losses of consolidated subsidiaries).

Data at constant exchange rate: The data presented « at constant exchange rate » is calculated by eliminating the translation effect into euros for the revenue of the Group's entities whose functional currency is not the euro. The translation effect is eliminated by applying Year N-1 exchange rates to Year N revenue of the contemplated entities.

Data at constant scope: The data presented at « constant scope » is calculated by eliminating the effect of changes in the Group's scope (acquisitions, divestitures, mergers, etc.) by taking into account on 1 January of Year N-1 the scope variations which have occurred during Year N-1.