vallourec

Press release

Vallourec reports fourth quarter and full year 2021 results

Meudon (France), February 24th 2022 – Vallourec, a world leader in premium tubular solutions, announces today its results for the fourth quarter and full year 2021. The Board of Directors of Vallourec SA, meeting on February 23rd 2022, approved the Group's fourth-quarter and full-year 2021 accounts.

FY 2021: Strong EBITDA growth with margin up over 600 bps

- €3,442 million revenue, up 6.1% YoY
- €492 million EBITDA, up 91% YoY, EBITDA margin increasing to 14.3% vs. 8% in 2020
- Positive net income at €40 million
- Free cash flow at €(284) million mainly reflecting working capital rebuild of €172million and one-time charges, which include financial restructuring costs
- Strong liquidity position at €1,081 million as of December 31st, 2021

Q4 2021: solid year-on-year revenue and EBITDA growth

- €1,064 million revenue, up 28.1% YoY
- €136 million EBITDA, up 79% YoY, margin increasing to 12.8% vs. 9.2% in Q4 2020
- Positive free cash flow at €17 million

Operational efficiency

- Focus on value vs. volume to be implemented across the business enterprise
- Transformational footprint actions announced in Q3 2021 are well on track, both for the disposal process of German assets and for the preparation of the transfer of their Oil & Gas activity to low-cost operations in Brazil
- Good momentum on savings in 2022, and evaluating potential additional cost savings initiatives
- Reinforcing Group priority of cash discipline, with focus on inventory management

2022 Outlook

- In North America, favourable market conditions leading to strong improvement in financial performance
- In other markets, overall increase in volumes and prices somewhat offset by inflation headwinds
- Iron ore prices as per consensus[1]
- Gradual restart of iron ore mine is targeted for Q2 subject to finalization of conditions precedent with the Brazilian mining authorities
- Based on these assumptions, the Group is expecting a further improvement of its full-year 2022 EBITDA relative to 2021

[1] Capital IQ: $110/MT

Edouard Guinotte, Chairman of the Board of Directors and Chief Executive Officer, declared:

"Vallourec has delivered a very robust Q4 with strong revenue and profitability growth, leveraging the fundamentals of a positive Oil & Gas market. In this context, our Oil & Gas business improved significantly in North America, while recovery in EA-MEA markets is progressing more slowly. Across the Group, Vallourec has benefited from an increased order book at year end 2021, to be delivered in 2022. Iron ore prices softened in Q4, but our business remains solidly profitable given our low-cost and flexible production model.

The transformational footprint action which the Group announced last quarter continues. It will significantly simplify the operations of the Group, lowering Vallourec's break-even point and allowing the Group to remain solidly profitable through cycle.

Looking forward, the Oil & Gas market should continue to develop positively, with high prices creating favorable conditions for E&P operators. We expect such positive momentum in most of our markets and particularly in North America, despite the consequences of the incident at the mine. Inflation is starting to affect some of our costs in every region, which will create some offset to positive price movements but will ultimately support higher finished product prices in the future.

Finally, we are proud that the Group has added high-level ESG audited ratings to its track record. It differentiates us from our peers and paves the way for future growth opportunities."

Key figures

Full year 2021	Full year 2020	Change	*In € million*	Q4 2021	Q4 2020	Change
1,640	**1,599**	2.6%	**Production shipped (k tons)**	**510**	**408**	24.9%
3,442	**3,242**	6.1%	**Revenue**	**1,064**	**830**	28.1%
492	**258**	+€234m	**EBITDA**	**136**	**76**	+€60m
14.3%	*8.0%*	*+6.3p.p.*	*(as a % of revenue)*	*12.8%*	*9.2%*	*+3.6p.p.*
374	**(1,002)**	na	**Operating income (loss)**	**75**	**(495)**	na
40	**(1,206)**	na	**Net income, Group share**	**89**	**(570)**	na
(284)	**(111)**	-€173m	**Free cash-flow**	**17**	**112**	-€95m
958	**2,214**	-€1,256m	**Net debt**	**958**	**2,214**	-€1,256m

Information
Quarterly statements are unaudited and not subject to any review. Audit procedures have been carried out for the full year consolidated financial statements. Final certification will take place before the URD "Universal Registration Document" is filed with the AMF, by end of March 2022. Unless otherwise specified, indicated variations are expressed in comparison with the same period of the previous year.

I - CONSOLIDATED REVENUE BY MARKET

Full year 2021	Full year 2020	Change	At constant exchange rates	*In € million*	Q4 2021	Q4 2020	Change	At constant exchange rates
2,056	2,207	-6.8%	-4.8%	Oil & Gas, Petrochemicals	709	566	25.4%	21.0%
1,241	826	50.2%	59.9%	Industry & Other	306	225	36.0%	38.8%
145	210	-30.7%	-31.7%	Power Generation	48	39	22.4%	14.8%
3,442	**3,242**	**6.1%**	**10.0%**	**Total**	**1,064**	**830**	**28.1%**	**25.5%**

In the fourth quarter of 2021, Vallourec had revenues of €1,064 million, up approximately 28% compared with the fourth quarter of 2020 (+25.5% at constant exchange rates) with:

- 25% volume increase mainly driven by Oil & Gas in North America and Industry & Other
- 1% price/mix effect
- 3% currency conversion effect mainly related to EUR/BRL.

Over the full year of 2021, revenue totaled €3,442 million, increasing by 6% versus the full year of 2020 (+10% at constant exchange rate) with:

- 3% volume effect mainly driven by higher deliveries in Industry and Other more than offsetting lower Oil & Gas shipments in EA-MEA.
- 7% price/mix effect mainly driven by higher iron ore prices and improved Oil &Gas prices in North America.
- (4)% currency conversion effect mainly related to EUR/BRL.

Oil & Gas, Petrochemicals (66.7% of Q4 2021 consolidated revenue)

In Q4 2021, Oil & Gas revenue reached €647 million, increasing by 23% year-on-year (+18.5% at constant exchange rates).

- **In North America**, Oil & Gas revenue more than doubled thanks to higher prices and volumes.
- **In EA-MEA**, Oil & Gas revenue decreased; the higher deliveries were more than offset by an unfavorable price/mix (Q4 2020 was positively impacted by high alloy products deliveries).
- **In South America**, revenue increased, driven by higher activity in Oil & Gas and project line pipes.

Over the full year of 2021, Oil & Gas revenue totaled €1,859 million, decreasing by 7% year-on-year ((5.3)% at constant exchange rates), the lower activity in EA-MEA following the reduced order intake in 2020, was not offset by higher revenue and deliveries in North America which picked up in the second half the year, and in South America.

In Q4 2021, Petrochemicals revenue was €63 million, up 61% year-on-year (up 54.4% at constant exchange rates) notably due to a better price/mix and to an increase in deliveries in South America and North America.
Over the full year of 2021, Petrochemicals revenue totaled €197 million, down 1.7% year-on-year (up 0.4% at constant exchange rates).

In Q4 2021, revenue for Oil & Gas and Petrochemicals amounted to €709 million, up 25% compared with Q4 2020 (up 21% at constant exchange rates).

Over the full year of 2021, revenue for Oil & Gas and Petrochemicals totaled €2,056 million, down 6.8% compared with the full year of 2020 (down (4.8)% at constant exchange rates).

Industry & Other (28.8% of Q4 2021 consolidated revenue)

In Q4 2021, Industry & Other revenue amounted to €306 million, increasing by 36% year-on-year (+39% at constant exchange rates):

- In Europe, Industry revenue was up, reflecting higher volumes.
- In South America, Industry & Other revenue was stable. The lower iron ore contribution resulting from price decrease and lower volume (1.7Mt versus 2.3Mt) was offset by higher sales recorded in Industry markets mainly driven by Mechanical Engineering and Automotive.

Over the full year of 2021, Industry & Other revenue totaled €1,241 million, up 50% year-on-year (up 60% at constant exchange rates) as a result of a higher contribution from the mine (reflecting higher iron ore prices and volumes at 8.1Mt versus 7.9Mt in 2020) and of higher deliveries in Industry markets in Europe and South America, despite an unfavorable currency conversion effect.

Power Generation (4.5% of Q4 2021 consolidated revenue)

In Q4 2021, Power Generation revenue amounted to €48 million, increasing by 22% year-on-year (+15% at constant exchange rates).

For the full year of 2021, revenue totaled €145 million, down 31% year-on-year ((32)% at constant exchange rates), reflecting notably the disposal of Valinox Nucléaire SAS on May 31, 2021.

II – CONSOLIDATED RESULTS ANALYSIS

Q4 2021 consolidated results analysis

In Q4 2021, EBITDA reached €136 million (compared with €76 million in Q4 2020), **and EBITDA margin increased to 12.8% of revenue** (versus 9.2% in Q4 2020), as a result of:

- An industrial margin of €219 million, or 20.6% of revenue, versus €157 million and 18.9% of revenue in Q4 2020. Higher deliveries and prices in the Oil & Gas market in North America as well as to a lesser extent in the Oil & Gas and Industry markets in Brazil did largely more than offset the lower contribution of the mine, the lower activity of the Oil & Gas market in EA-MEA, and the increase in raw material and energy costs.
- Sales, general and administrative costs (SG&A) at €83 million or 7.8% of revenue (versus 9.0% in Q4 2020) increasing by 11%, in line with the activity recovery.

Operating income was positive at €75 million, compared to €(495) million in Q4 2020 (which was negatively impacted by impairment charges and restructuring provisions), resulting mainly from the EBITDA improvement, lower restructuring costs and lower depreciation of industrial assets.

Financial income was negative at €(25) million, compared with €(48) million in Q4 2020, reflecting the new balance sheet structure.

Income tax amounted to a positive €40 million mainly related to the partial reversal of deferred tax asset provisions and a positive one-off recovery of tax credit, compared to €(45) million in Q4 2020.

This resulted in a positive net income, Group share, of €89 million, compared to €(570) million in Q4 2020.

FY 2021 consolidated results analysis

Over the full year 2021, EBITDA reached €492 million, a €234 million increase year-on-year, at 14.3% of revenue, including:

- An industrial margin of €837 million, or 24.3% of revenue, increasing by 38% year-on-year, reflecting a higher contribution of the mine in prices and volumes, a higher activity in the Oil & Gas market in North America and in Industry markets along with savings more than offsetting lower activity in the Oil & Gas market in EA-MEA and the raw materials and energy costs increase.
- Sales, general and administrative costs (SG&A) down 3% at €316 million representing 9.2% of revenue versus 10% in 2020.

Operating income was positive at €374 million compared to a loss of €(1,002) million in full year 2020 (which was negatively impacted by impairment charges for €850 million and by restructuring charges), resulting from the improvement in EBITDA, lower depreciation of industrial assets and the positive effects from the sale of Reisholz buildings and land as well as from the favorable Brazilian Supreme Court decision on PIS/COFINS tax claim.

Financial income was negative at €(236) million, compared to €(227) million in full year 2020. Net interest expenses amounted to €147 million versus €196 million in full year 2020. Other financial income was a negative €(40) million, compared with €28 million in full year 2020, due largely to one-offs such as the €(70) million cost of exercising the option of DBOT repurchase, partially offset by the positive effects of the PIS/COFINS tax litigation in Brazil for €28 million. In addition, the financial restructuring had a negative impact on financial income of €(42) million.

Income tax amounted to €(101) million mainly related to Brazil, including the partial reversal of deferred tax asset provisions and a positive one-off recovery of tax credit**.**

As a result, net income, Group share, amounted to €40 million, compared to €(1,206) million in full year 2020.

III – CASH FLOW & FINANCIAL POSITION

Cash flow from operating activities

In Q4 2021, cash flow from operating activities was positive at €10 million, compared to €(18) million in Q4 2020, reflecting mainly the improved EBITDA and lower financial interests paid, partly offset by higher tax.
For the full year 2021, cash flow from operating activities was positive at €26 million compared to €(146) million in full year 2020, mainly due to higher EBITDA and lower interest expense, more than offsetting an increase in tax expense. 2021 cash flow results included one-offs such as debt restructuring fees €(56 million), the repurchase cost of the DBOT in Brazil (€72 million) partially offset by a positive tax litigation settlement receipt in Brazil (€28 million).

Operating working capital requirement

In Q4 2021, operating working capital requirement decreased by €61 million, versus a decrease of €178 million in Q4 2020. Net working capital requirement, excluding the impact of the IFRS 5, stood at 85 days of sales, compared to 78 days in Q4 2020. Quarterly average net working capital requirement decreased at 100 days of sales compared to 108 days in 2020.
For the full year of 2021, operating working capital increased by €(172) million versus a decrease of €173 million in full year 2020, mainly as a result of recovering activity.

Capex

Capital expenditure was €54 million in Q4 2021, compared with €48 million in Q4 2020, and was **€138 million in full year 2021,** in line with 2020.

Free cash flow

As a result, **in Q4 2021, free cash flow was positive at €17 million** versus €112 million in Q4 2020. **Free cash flow for the full year 2021 was negative at €(284) million**, compared with €(111) million in full-year 2020, impacted notably by the working capital rebuild along with the activity recovery and one-off charges, which include financial restructuring costs.

Asset disposals & other items

In Q4 2021, asset disposals & other items amounted to €19 million. **For the full year of 2021, asset disposals & other items amounted to €1,540 million** mainly as a result of the financial restructuring.

Net debt and liquidity

As of December 31, 2021, net debt stood at €958 million, compared with €993 million on September 30, 2021. As of December 31, 2021, gross debt amounted to €1,577 million including €91 million of fair value adjustment under IFRS 9 (which will be reversed over the life of the debt). Long-term debt amounted to €1,387 million, and short-term debt totaled €190 million.

As of December 31, 2021, lease debt stood at €48 million, compared with €71 million on September 30, 2021 following the application of IFRS 5 standards.

Liquidity position was strong at €1,081 million, with cash amounting to €619 million and undrawn committed Revolving Credit Facility equal to €462 million.

IV – UPDATE ON MINE

On January 8, 2022, following the exceptionally heavy rainfall in Minas Gerais State (Brazil), some material from a waste pile associated with the operations of Vallourec's Pau Branco mine slid into a rainwater dam ("the Lisa Dam") causing it to overflow, and resulting in the interruption of traffic on the nearby highway. The structure of the dam was not affected, and there were no casualties.

As a result of this incident, the operations of the mine have been temporarily suspended. Vallourec plans to restart them in the coming weeks subject to receiving the necessary consents, at first without using the waste pile. In the meantime, Vallourec is preparing the report on the waste pile stability to be validated by the mining authorities. The mine could therefore reach its full capacity during Q2.

In addition, on January 21, 2022, Vallourec signed an agreement with the Public Prosecutor's Office regarding the consequences of the overflow of the Lisa Dam. The agreement includes the implementation of emergency measures, many of which have already been completed, and a commitment to the environmental restoration of the affected area. It also includes the provision of BRL200 million (approximatively €35 million) as a guarantee in a bank account held by Vallourec. As previously disclosed, Vallourec confirms that the BRL288 million (approximately €50 million) fine announced in January is currently being challenged. These one-time costs will be registered below EBITDA in Vallourec's 2022 consolidated results.

The Group has not experienced any interruption in supply to its Jeceaba blast furnace.

V – STRENGHTENING VALLOUREC'S COMPETITIVENESS

The Group expects good momentum on savings in 2022. Vallourec is evaluating potential additional cost-savings initiatives in 2022 and will deliver further bottom-line net savings to continue to lower its break-even point. The Group has also launched a project aiming to reduce its inventory across its plant system and introduce sustainable and repeatable business practices to continue to manage working capital going forward.

As a reminder, the Group announced a significant rationalization of its footprint last November with the planned disposal of its German operations. This project advances according to plan, and the preparation for the transfer of the Oil & Gas related sales to low-cost to Brazil is well on track. Once this project is fully implemented, the Group will benefit from a €130 million run-rate improvement in EBITDA and a €20 million reduction in capex.

VI – 2022 OUTLOOK

Oil & Gas

In North America, the very favorable market conditions observed at the end of 2021 should continue and even improve during the first half of 2022, both in terms of prices and capacity utilization. Although visibility is less certain for the second half of the year, a strong increase in the region's contribution is expected over the full year.

In EA-MEA, following the resumption of the tendering activity in 2021, volumes to be delivered in 2022 are expected to significantly recover. Costs inflation, notably on energy and logistics, should weigh on margin, notably at the start of the year.

In South America, Oil & Gas volumes delivered in 2022 are expected to increase slightly.

Industry & Other

In Europe, both volumes and prices are expected to increase.

In Brazil, after a very positive year in 2021, volumes for Industry are expected to decrease slightly due to distributor stock normalization and election uncertainties. While the iron ore operations profitability for the year will be affected by the January incident, Vallourec targets a gradual restart of the mine in the second quarter as described above in section IV. Consensus[2] estimates for iron ore average prices for 2022 are approximately \$110/MT compared to the average of \$161/MT in 2021[3] and current spot price of approximately \$140/MT.

Based on these market trends and assumptions, Vallourec targets a further improvement of its full-year 2022 EBITDA relative to 2021. Q1 will be impacted by the incident at the iron ore mine and some inflationary headwinds, and Vallourec expects a rebound in Q2.

Other
Capex is expected to be slightly above €200 million, including approximately €50 million for the preparation of the transfer of operations from Germany to Brazil.

[2] Capital IQ Consensus

[3] The impact of a variation in the iron ore price of 10 USD/t on average over the year, based on an annual normalized production of approximately 8.7Mt, would be approximately \$40 million on the mine's EBITDA

Information and Forward-Looking Statements

This press release may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms as “believe”, “expect”, “anticipate”, “may”, “assume”, “plan”, “intend”, “will”, “should”, “estimate”, “risk” and or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, Vallourec’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which they operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risks include those developed or identified in the public documents filed by Vallourec with the French Financial Markets Authority (Autorité des marches financiers, or “AMF”), including those listed in the “Risk Factors” section of the Registration Document filed with the AMF on March 29, 2021, under filing number n° D.21-0226 and the amendment to the Universal Registration Document filed with the AMF on June 2, 2021 under filing number n° D.21-0226-A01. Readers are cautioned that forward-looking statements are not guarantees of future performance and that Vallourec’s or any of its affiliates’ actual results of operations, financial condition and liquidity, and the development of the industries in which they operate may differ materially from those made in or suggested by the forward-looking statements contained in this press release. In addition, even if Vallourec’s or any of its affiliates’ results of operations, financial condition and liquidity, and the development of the industries in which they operate are consistent with the forward-looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

Presentation of Q4 & FY 2021 results

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

- To listen to the audio webcast:
  https://channel.royalcast.com/landingpage/vallourec-en/20220224_1/

- To participate in the conference call, please dial (password to use is “Vallourec”):

  - +44 (0) 33 0551 0200 (UK)
  - +33 (0) 1 70 37 71 66 (France)
  - +1 212 999 6659 (USA)

- Audio webcast replay and slides will be available on the website at:
  https://www.vallourec.com/en/investors

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 17,000 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: FR0013506730, Ticker VK), Vallourec is part of the CAC Mid 60, SBF 120 and Next 150 indices and is eligible for Deferred Settlement Service.

In the United States, Vallourec has established a sponsored Level 1 American Depositary Receipt (ADR) program (ISIN code: US92023R4074, Ticker: VLOWY). Parity between ADR and a Vallourec ordinary share has been set at 5:1.

Calendar

May 18th 2022	Release of first quarter 2022 results
May 24th 2022	Shareholders' Annual Meeting

For further information, please contact:

Investor relations
Jérôme Friboulet
Tel : +33 (0)1 49 09 39 77
Investor.relations@vallourec.com

Press relations
Héloïse Rothenbühler
Tel: +33 (0)1 41 03 77 50
9eloise.rothenbuhler@vallourec.com

Individual shareholders
Toll Free Number (from France): 0 800 505 110
actionnaires@vallourec.com

Appendices

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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	2021	2020	Change
Q1	358	450	-20.4%
Q2	381	422	-9.7%
Q3	391	319	+22.6%
Q4	510	408	+24.9%
Total	**1,640**	**1,599**	**+3.0%**

Forex

Average exchange rate	Full year 2021	Full year 2020
EUR / USD	1.18	1.14
EUR / BRL	6.38	5.90
USD / BRL	5.39	5.16

Revenue by geographic region

In € million	Full year 2021	As % of revenue	Full year 2020	As % of revenue	Change	Q4 2021	As % of revenue	Q4 2020	As % of revenue	Change
Europe	529	15.4%	533	16.4%	-0.8%	143	13.4%	126	15.2%	13.5%
North America (Nafta)	836	24.3%	719	22.2%	16.4%	312	29.3%	138	16.6%	125.8%
South America	1,077	31.3%	756	23.3%	42.3%	266	25.0%	225	27.1%	18.6%
Asia and Middle East	766	22.2%	900	27.8%	-14.9%	253	23.8%	236	28.4%	7.4%
Rest of the world	234	6.8%	334	10.3%	-30.0%	89	8.4%	106	12.8%	-15.7%
Total	**3,442**	**100%**	**3,242**	**100%**	**6.1%**	**1,064**	**100%**	**830**	**100%**	**28.1%**

Revenue by market

Full year 2021	As % of revenue	Full year 2020	As % of revenue	Change	*In € million*	Q4 2021	As % of revenue	Q4 2020	As % of revenue	Variation
1,859	54.0%	2,007	61.9%	-7.4%	Oil & Gas	647	60.8%	527	63.5%	22.8%
197	5.7%	200	6.2%	-1.7%	Petrochemicals	63	5.9%	39	4.7%	61.0%
2,056	**59.7%**	**2,207**	**68.1%**	**-6.8%**	**Oil & Gas, Petrochemicals**	**709**	**66.7%**	**566**	**68.2%**	**25.4%**
477	13.9%	296	9.1%	61.1%	Mechanicals	141	13.2%	77	9.3%	83.5%
87	2.5%	59	1.8%	46.3%	Automotive	23	2.2%	19	2.3%	26.7%
677	19.7%	471	14.5%	43.8%	Construction & Other	142	13.4%	130	15.7%	9.3%
1,241	**36.1%**	**826**	**25.5%**	**50.2%**	**Industry & Other**	**306**	**28.8%**	**225**	**27.1%**	**36.0%**
145	**4.2%**	**210**	**6.5%**	**-30.7%**	**Power Generation**	**48**	**4.5%**	**39**	**4.7%**	**22.4%**
3,442	**100%**	**3,242**	**100%**	**6.1%**	**Total**	**1,064**	**100%**	**830**	**100%**	**28.1%**

Summary consolidated income statement

Full year 2021	Full year 2020	Change	*In € million*	Q4 2021	Q4 2020	Change
3,442	**3,242**	**6.1%**	**Revenue**	**1,064**	**830**	**28.2%**
(2,605)	**(2,634)**	**-1.1%**	**Cost of sales**	**(845)**	**(674)**	**25.4%**
837	**608**	**37.7%**	**Industrial Margin**	**219**	**157**	**39.5%**
24.3%	*18.8%*	*+5.5p.p.*	*(as a % of revenue)*	*20.6%*	*18.9%*	*+1.7p.p.*
(316)	(325)	-2.8%	Sales, general and administrative costs	(83)	(75)	10.7%
(29)	(25)	-€4m	Other	(0)	(6)	-€6m
492	**258**	**+€234m**	**EBITDA**	**136**	**76**	**+€60m**
14.3%	*8.0%*	*+6.3p.p.*	*(as a % of revenue)*	*12.8%*	*9.2%*	*+3.6p.p.*
(160)	(213)	-24.9%	Depreciation of industrial assets	(39)	(55)	-29.1%
(42)	(54)	-22.2%	Amortization and other depreciation	(10)	(17)	-41.2%
(5)	(850)	na	Impairment of assets	(5)	(409)	na
89	(143)	na	Asset disposals, restructuring costs and non-recurring items	(7)	(90)	na
374	**(1,002)**	**+€1,376m**	**Operating income (loss)**	**75**	**(495)**	**+€570m**
(147)	(196)	-€49m	Net interest expense	(21)	(48)	-€27m
(89)	(30)	+€59m	Other financial income and expenses	(4)	0	+€4m
(236)	**(227)**	**4.0%**	**Financial income/(loss)**	**(25)**	**(48)**	**-47.9%**
138	**(1,229)**	**+€1,367m**	**Pre-tax income (loss)**	**50**	**(543)**	**+€593m**
(101)	(96)	5.2%	Income tax	40	(45)	na
(5)	(3)	na	Share in net income/(loss) of equity affiliates	(1)	(1)	na
32	**(1,328)**	**+€1,360m**	**Net income**	**89**	**(589)**	**+€678m**
(8)	(122)	na	Attributable to non-controlling interests	-	(19)	na
40	**(1,206)**	**+€1,246m**	**Net income, Group share**	**89**	**(570)**	**+€659m**
0.3	**(105.4)**	**na**	**Net earnings per share (in €) ***	**0.4**	**(49.8)**	**na**

na = not applicable
** FY and Q4 2020 figures adjusted for new number of shares following reverse stock split effective on May 25 2020*

Summary consolidated balance sheet

In € million

Assets	12/31/2021	12/31/2020	Liabilities	12/31/2021	12/31/2020
			Equity - Group share *	1,763	(187)
			Non-controlling interests	45	321
Net intangible assets	45	50	**Total equity**	**1,808**	**134**
Goodwill	38	25	**Shareholder loan**	**-**	**9**
Net property, plant and equipment	1,666	1,718	Bank loans and other borrowings (A)	1,387	1,751
Biological assets	38	30	Lease debt (D)	33	84
Equity affiliates	35	42	Employee benefit commitments	14	203
Other non-current assets	162	128	Deferred taxes	29	20
Deferred taxes	239	187	Provisions and other long-term liabilities	140	142
Total non-current assets	**2,223**	**2,180**	**Total non-current liabilities**	**1,603**	**2,200**
Inventories	856	664	Provisions	40	104
Trade and other receivables	541	468	Overdraft and other short-term borrowings (B)	190	1,853
Derivatives - assets	4	37	Lease debt (E)	15	24
Other current assets	133	203	Trade payables	457	426
Cash and cash equivalents (C)	619	1,390	Derivatives - liabilities	19	21
			Other current liabilities	242	241
Total current assets	**2,153**	**2,762**	**Total current liabilities**	**963**	**2,669**
Assets held for sale and discontinued operations	372	107	Liabilities held for sale and discontinued operations	374	37
Total assets	**4,748**	**5,049**	**Total equity and liabilities**	**4,748**	**5,049**

*** Net income (loss), Group share**	**40**	**(1,206)**
Net debt (A+B-C)	**958**	**2,214**
Lease debt (D+E)	**48**	**108**

Free cash flow

Full year 2021	Full year 2020	Change	*In € million*	Q4 2021	Q4 2020	Change
26	(146)	+€172m	Cash flow from operating activities (A)	10	(18)	+€28m
(172)	173	-€345m	Change in operating WCR [+ decrease, (increase)] (B)	61	178	-€117m
(138)	(138)	na	Gross capital expenditure (C)	(54)	(48)	-€6m
(284)	**(111)**	**-€173m**	**Free cash flow (A)+(B)+(C)**	**17**	**112**	**-€95m**

Cash flow statement

Full year 2021	Full year 2020	*In € million*	Q4 2021	Q4 2020
26	(146)	Cash flow from operating activities	10	(18)
(172)	173	Change in operating WCR [+ decrease, (increase)]	61	178
(146)	27	Net cash flow from operating activities	71	160
(138)	(138)	Gross capital expenditure	(54)	(48)
1,540	(72)	Asset disposals & other items	19	3
1,256	(183)	Change in net debt [+ decrease, (increase)]	36	115
958	**2,214**	**Financial net debt (end of period)**	**958**	**2,214**

Definitions of non-GAAP financial data

Data at constant exchange rates: the data presented « at constant exchange rates » 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.

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.

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.

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.

Lease debt: defined as the present value of unavoidable future lease payments

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. Net debt excludes lease debt.

Net working capital requirement: defined as working capital requirement net of provisions for inventories and trade receivables; net working capital requirement days are computed on an annualized quarterly sales basis.

Operating working capital requirement: includes working capital requirement as well as other receivables and payables.

Working capital requirement: defined as trade receivables plus inventories minus trade payables (excluding provisions).