Q1 2022 Results
Investor presentation

May 19, 2022

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THE NEW MANAGEMENT TEAM FOR A "NEW VALLOUREC"

Philippe Guillemot

- **Chairman and Chief Executive Officer**
  - **Joined March 2022**
  - **Strong Industry and transformation background**
  - **Prior positions included CEO at Elior Group, COO at Alcatel Lucent, Chairman & CEO at Areva T&D**

Sascha Bibert

- **Chief Financial Officer**
  - **Joined April 2022**
  - **Energy and capital markets background**
  - **Prior positions included CFO of Uniper, Düsseldorf and CFO of EnerjiSA, Istanbul**

A new management team to accelerate Vallourec's transformation
Increase focus and commitment to energy transition opportunities

FY 2022 EBITDA NOW EXPECTED TO BE SIGNIFICANTLY ABOVE 2021

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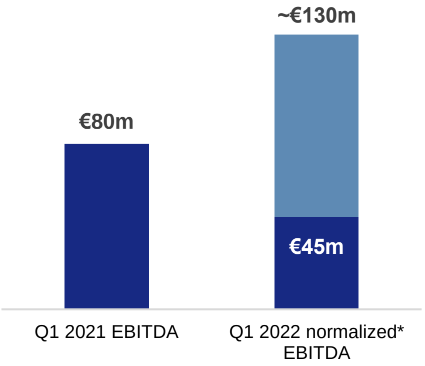
Q1 2022 results in line with expectations

- 395 kt shipped, up 10% year-over- year
- €916 million revenue, a 30% year-over-year led by North America
- €45m reported EBITDA negatively impacted by the iron ore mine shutdown; normalized level of ~€130m
- €(230)m Free Cash Flow impacted by €(217)m working capital build-up reflecting higher forward volume expectations and raw material price increases



Strong market dynamics

- Secular story: long term industry fundamentals
  - Global E&P capex projected to increase significantly for next 4 years
- Drilling activity
  - Current rig count up 63% from Covid-trough
  - Substantially more upside as current count is only 78% of pre-Covid level
- Tight OCTG market
  - North America: very tight market, strong price environment
  - Middle East: high activity particularly in UAE and Iraq
  - Africa: strong development especially in North Africa
  - South America: solid market conditions
- Favorable price evolution in inflationary environment

Outlook

- FY 2022 EBITDA now expected to be significantly above 2021 despite Q1 impacted by mine shutdown**

Vallourec initiatives

- €230m of recurring EBITDA and €250m ongoing cash up-lift

** Normalized predominantly for operation of iron ore mine*
*** Refer to slide 20 for assumptions underlying outlook*

CREATE A "NEW VALLOUREC"

Initial CEO observations

- **Strongholds**
  - Deep customer relationships
  - Global reach with market leading products
  - Strong engineering culture
  - Expertise beyond historical tubular business
- **Opportunities**
  - Increase low-cost manufacturing base
  - Entrepreneurial approach to be reshaped to focus on value not volume
  - Accelerate cultural change to adapt to fast evolving market

New dynamic

- Accelerate strategy execution
  - Lower fixed costs and substantially lower break-even point
  - Invest into energy transition
  - Build on company's strong existing ESG credentials
- Strengthen performance-based culture

Next steps

- Launch of closure process for German plants
- Refocus European plants to support new global strategy
- Significant reduction of overhead to mirror new industrial footprint

Focus on value not volume, culture of continuous improvement
€230m EBITDA improvement (+€100m compared to November 2021 announcement)

LOOKING AHEAD FOR A NEW VALLOUREC

1 PURSUE FOOTPRINT RESHAPING

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Germany

- **Launch closure process of German sites***
  - **No credible buyer found during disposal process**
    - » Closure process spread over the next 2 years, aligned with the timeline to transfer to volumes to Brazil
    - » 685kt reduction in less competitive rolling capacity
    - » Land and buildings to be sold
- **All European OCTG products to be produced in Brazil**
  - **~€110m capex plan well under way to support transition of premium tubular volumes from Europe to Brazil by end 2023**

Other European assets

- **Rationalization of other European assets***
  - **Consolidate all European threading activities in a single location (Aulnoye in France)**
  - **Launch closure process of heat treatment line in Saint-Saulve (France) and threading line in Bellshill (Scotland)**
  - **Close divestiture of Vallourec Bearing Tubes**

R&D

- **Aulnoye leading the 'One R&D' organization**

Lower cost manufacturing base capable of serving worldwide O&G markets

** The implementation of these measures is submitted to consultation of the employee representatives*

2 STREAMLINE CORPORATE STRUCTURE TO BETTER MANAGE A RESHAPED INDUSTRIAL FOOTPRINT AND A LEANER ORGANIZATION

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NEAR TERM INITIATIVES

- Moving main manufacturing base to Americas
- Leaner organization in all regions, North America, South America and Eastern Hemisphere
- Further downsize headquarter functions focused on strategy and expertise

- Implementation of robotic process automation for all transactional processes
- Consolidation of support functions in larger Shared Services Centers to leverage Company's scale

- Selective approach to R&D and IT projects with careful ROI parameters and interface with broader strategic vision
- Creation of one global R&D organization to establish consistency and focus resources on key strategic developments

- > 50% of support functions located in Americas
- Industrial support located in production sites

OUTCOME

- ► **Streamlined global overhead in line with new manufacturing footprint**
- ► **Major step to lower break-even of company**
- ► **Cycle-proof company to be free cash flow positive at bottom of cycle**
- ► **Strategy to pursue value over volume**

The implementation of these measures is submitted to consultation of the employee representatives

DECISIONS YIELD CLEAR BENEFITS FOR ALL STAKEHOLDERS

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1 Closure of German assets, transfer of O&G activities to Brazil and rationalization of other European assets

+€130m

Recurring EBITDA increase (+€20m Capex reduction)

2,400

*Headcount reduction**

2 Streamline Overheads

+€100m

Recurring EBITDA & cash increase

550

*Headcount reduction**

(30)%

Reduced CO_2 content of tubes produced in Brazil vs. Germany

Execution

Finalized Q1 2024

€230m of recurring EBITDA and €250m ongoing cash up-lift

* Refers to permanent employees

PREPARING THE FUTURE LOW-CARBON ECONOMY

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A committed player with clear roadmap

CDP
DISCLOSURE INSIGHT ACTION
A LIST
2021
CLIMATE

MSCI
ESG RATINGS
AA

- 25% reduction in the Group's greenhouse gas emissions in 2025 versus 2017
  - Validated by SBTi in May 2020; ambition is compatible with limiting global warming to well below 2°C
- 1.796 ton of CO_2 per ton of tube produced vs 2 tons on average for peers*

Accelerate and develop new profitable business opportunities

- Appointment of Ulrika Wising - Senior VP Energy Transition
  - Energy transition & corporate development background
  - Prior positions included VP Shell Renewable & Energy Solutions, Head of Solar Battery storage at Macquarie
- Investment in GreenFire Energy Inc. together with Baker Hughes and Helmerich & Payne
  - Vallourec THERMOCASE® Vacuum Insulated Tubing (VIT), a key enabler of closed loop geothermal systems
- Tubes and VAM® connections
  - VAM® 21 qualified for 100% hydrogen content
  - VAM TOP® qualified for Carbone Capture and Storage (CCS) at a temperature of 250°C

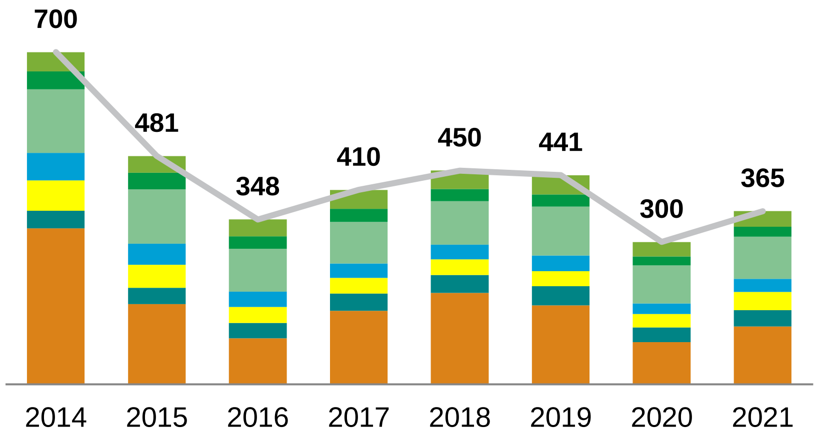
Vallourec is positioned to become leading player in low-carbon economy

** The carbon footprint of our products is based on EPD International PCR 2012:01 standard and certified ISO 14025 & EN 15804+A1*

SUPPORTIVE MARKET ENVIRONMENT

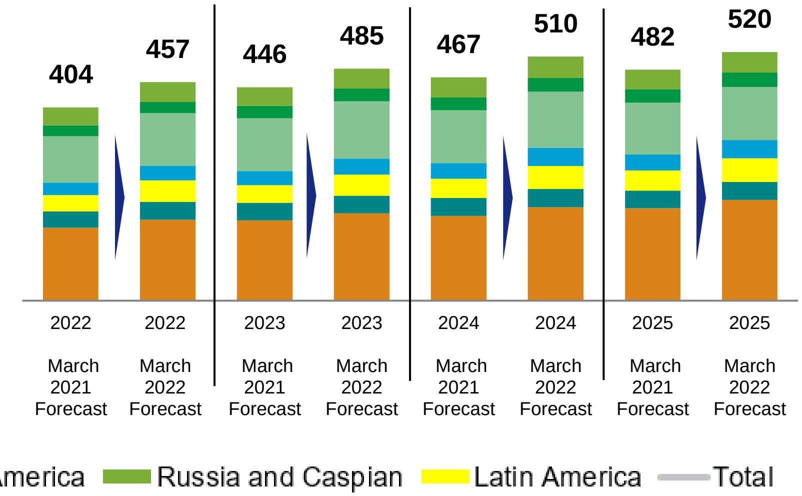
FAVORABLE E&P FUNDAMENTALS

Historic E&P Capex (in $bn)



Projected E&P Capex (in $bn)

$173bn increase in aggregate projected Capex between March 2021 and March 2022 forecasts



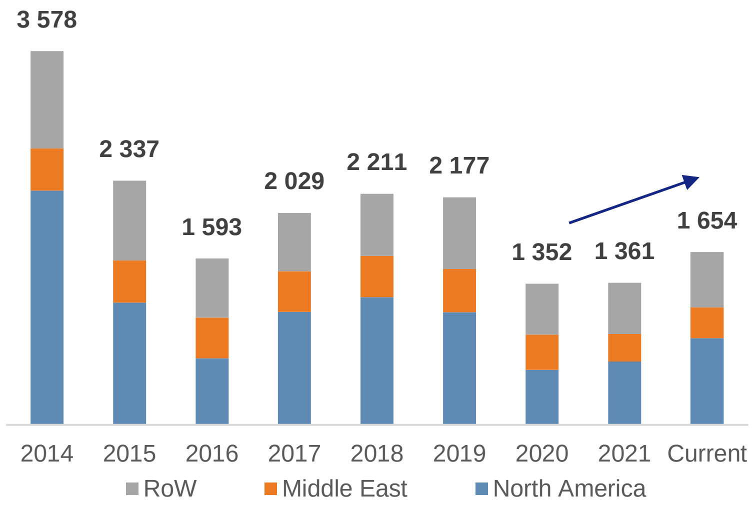
Source: IHS Markit – March 2021 and March 2022

Several years of underinvestment by the industry

Projected Capex increased for each year

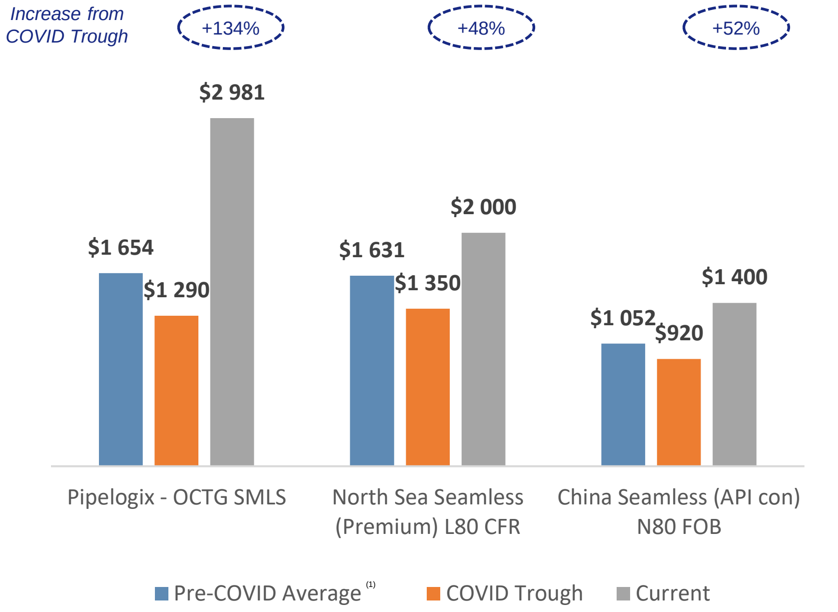
INCREASED DRILLING AND HIGHER OCTG PRICES

Global Rig Count



Source: Baker Hughes, April 2022

OCTG Price Evolution



(1) Jan 2018 – Mar 2020 average

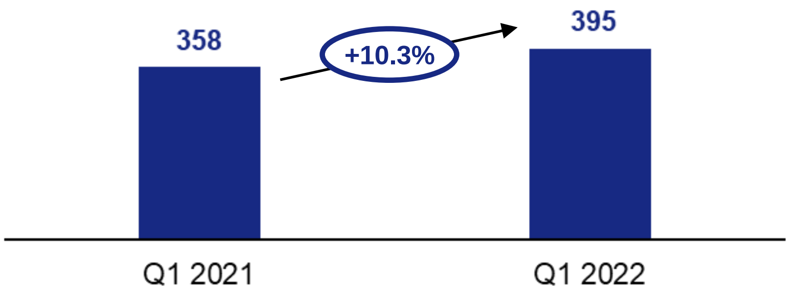
Source: Rystad (April 2022), Pipe Logix (March 2022)

Favorable price evolution driven by the restart of global demand and cost increases

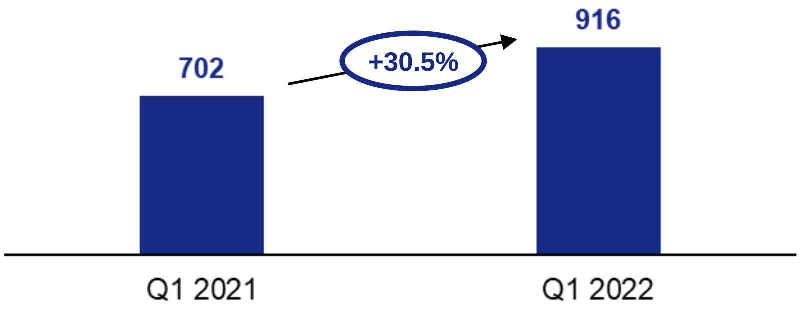
Q1 2022 RESULTS

Q1 2022 KEY FIGURES

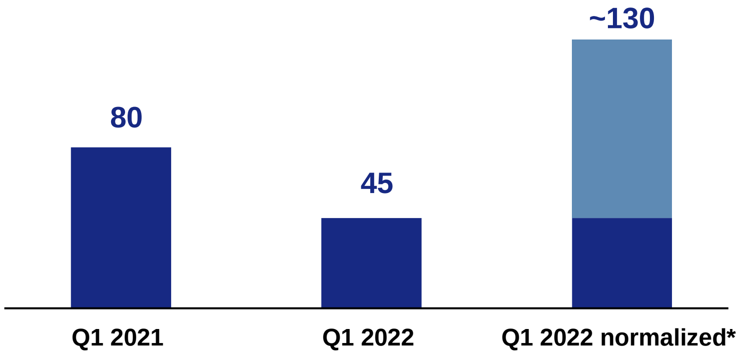
VOLUMES (kt)



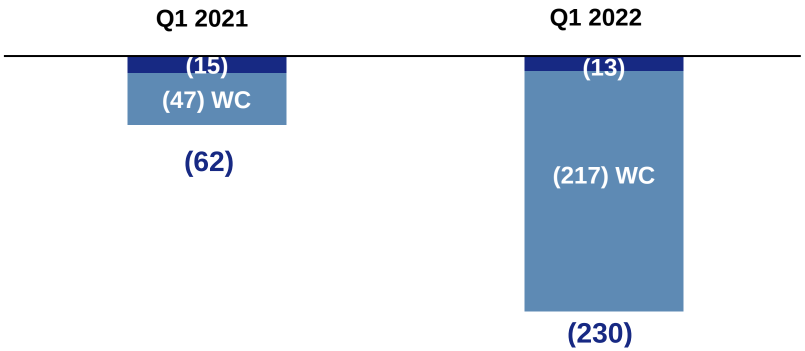
REVENUE (€m)



EBITDA (€m)



FREE CASH FLOW (€m)



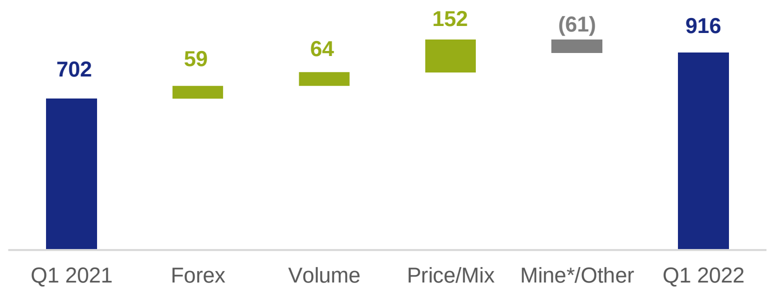
Q1 EBITDA in line with expectations, weakened by shut-down of mine
Significant increase in working capital to support strong business ahead

** Normalized predominantly for operation of iron ore mine*

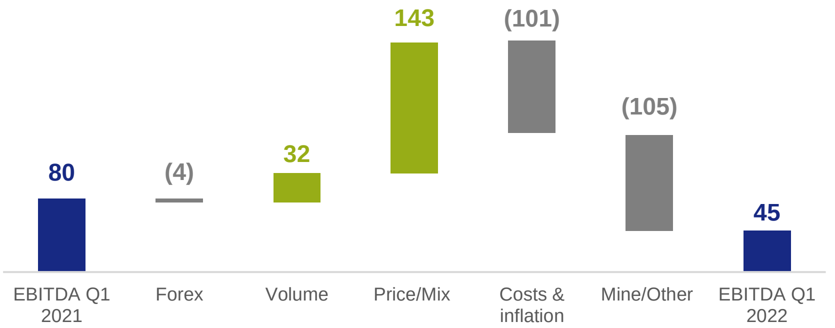
Q1 2022 FINANCIAL HIGHLIGHTS

- **EBITDA at €45m, margin 4.9%**
  - **€129m Industrial margin, or 14.1% of revenue**
    - Positive contribution on volume and pricing due to strength of the Oil & Gas market in North America
    - Negative impact from iron ore mine
    - International O&G volumes at lower margin due to less favorable mix
  - **Sales, general and administrative costs (SG&A)** at €85m or 9.3% of revenue versus 11.0% in Q1 2021
- **Financial income at €(13)m versus €(82)m in Q1 2021 reflecting improved balance sheet structure and non-recurring financial expenses in Q1 2021**
- **Income tax expense €(3)m compared to €(40)m in Q1 2021 related to stoppage of iron ore mine operations**
- **Net income Group share at €(35)m**

Q1 2021 – Q1 2022 Revenue bridge (€m)



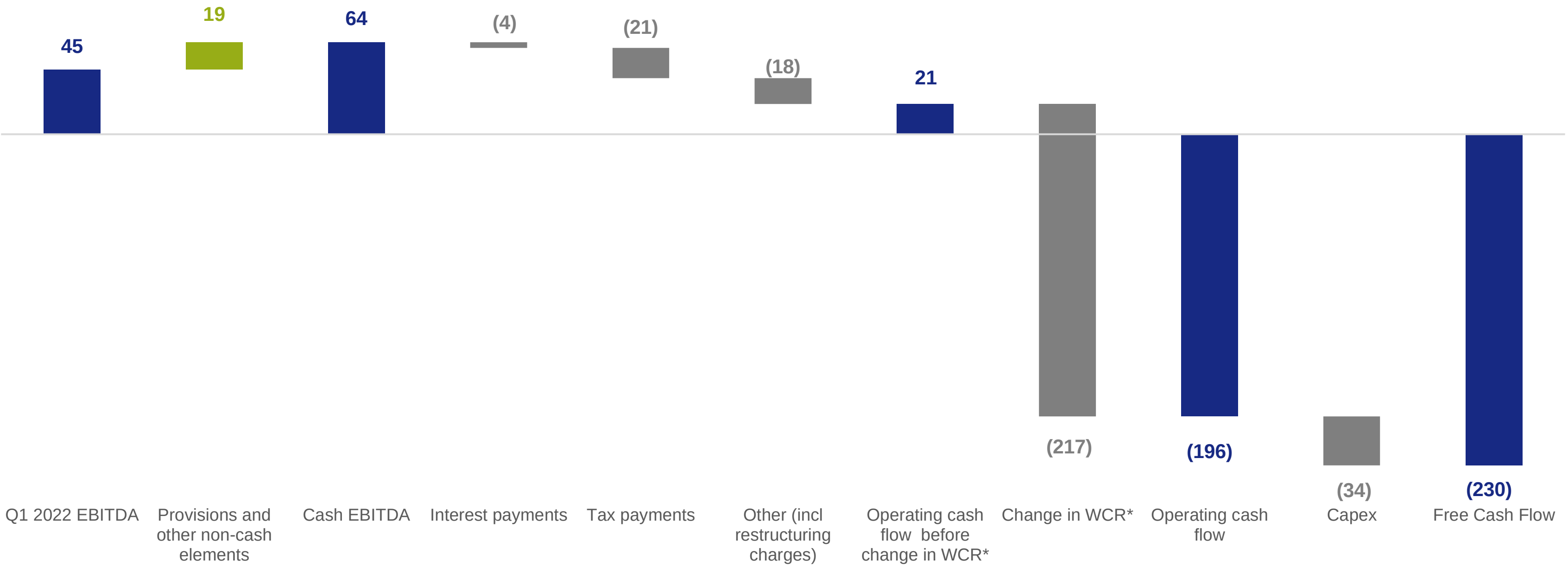
Q1 2021 – Q1 2022 EBITDA bridge (€m)



** External sales only*

CASH FLOW

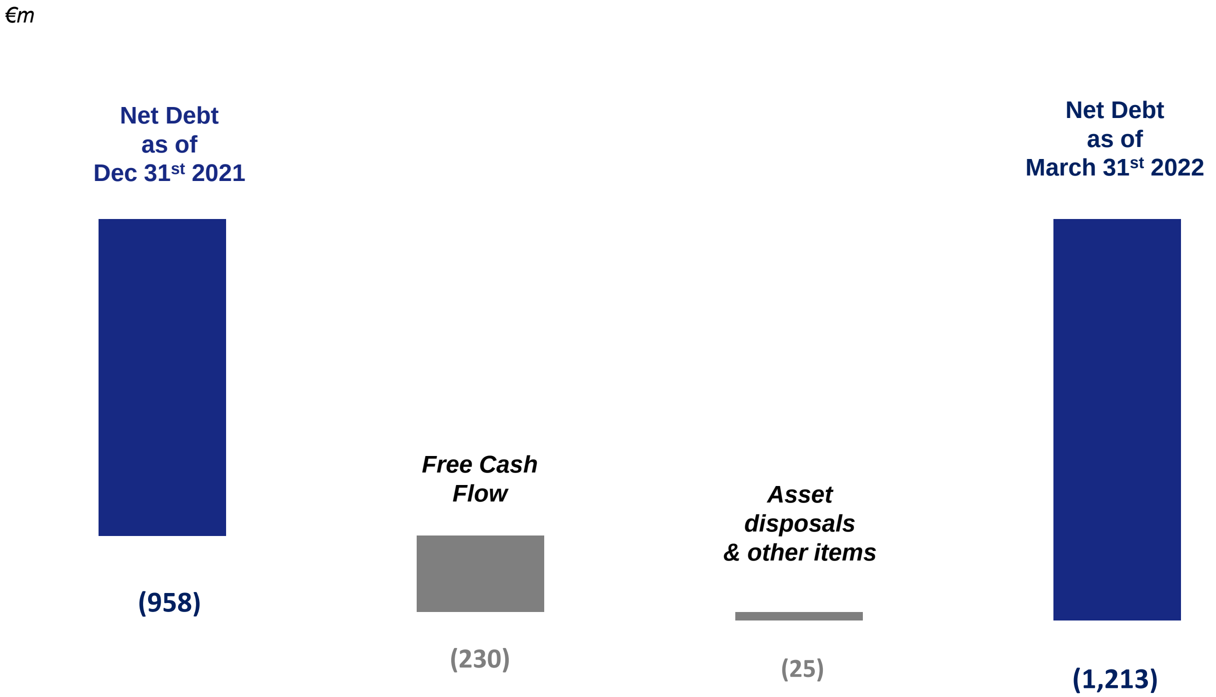
Q1 2022 EBITDA to FCF bridge (€m)



Cash EBITDA of €64m; Operating cash flow before working capital of €21m

* Working Capital Requirement (WCR) defined as trade receivables plus inventories minus trade payables (excluding provisions)

NET DEBT AND LIQUIDITY



▶ **Liquidity position of €855m:**

- Cash amounting to €393m
- Undrawn committed Revolving Credit Facility of €462m

Solid balance sheet and strong liquidity to support growth

OUTLOOK 2022

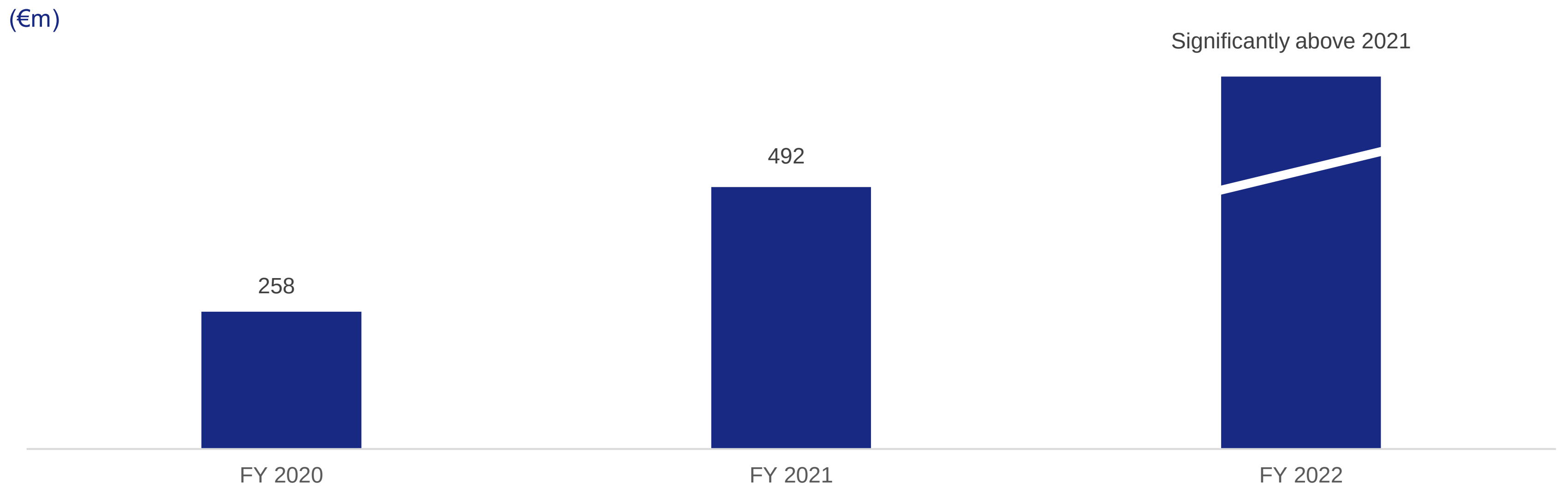
2022 OUTLOOK & ASSUMPTIONS

	Outlook
NORTH AMERICA ► **Very favorable market conditions should continue and even improve in H2 2022, in both price and volume terms**	
EUROPE-AFRICA & MIDDLE EAST- ASIA ► **Oil & Gas: volumes expected to significantly recover from Q2 onward; cost increases to be passed on to customers** ► **Industry: prices expected to increase, fully offsetting cost inflation**	
SOUTH AMERICA ► **Oil & Gas: volumes expected to increase leading to margin increase throughout the year** ► **Industry: volumes expected to increase slightly, with price increases fully offsetting cost inflation** ► **Partial restart of mining operations; H2 activity depends on validation of waste pile stability by the authorities** ► **FY22 consensus estimates for iron ore average prices c.$130/MT***	

* Source: Capital IQ

2022 EBITDA OUTLOOK

2022 EBITDA significantly above 2021



EBITDA expected to increase significantly in coming quarters, weighted towards H2

APPENDICES

Q1 2022 P&L

In € million	Q1 2022	Q1 2021	Change
Revenue	**916**	**702**	**30.5%**
Cost of sales	(787)	(534)	47.4%
Industrial Margin	**129**	**168**	**(23.2)%**
(as a % of revenue)	*14.1%*	*23.9%*	*(9.8)p.p.*
Sales, general and administrative costs	(85)	(77)	10.4%
(as a % of revenue), Group share	*(9.3)%*	*(11.0)%*	*(1.7)p.p.*
Other	1	(11)	na
EBITDA	**45**	**80**	**€(35)m**
(as a % of revenue)	***4.9%***	***11.4%***	***(6.5)p.p.***
Depreciation of industrial assets	(41)	(43)	(4.7)%
Amortization and other depreciation	(10)	(9)	11.1%
Impairment of assets	-	-	na
Asset disposals, restructuring costs and non-recurring items	(11)	(1)	na
Operating income (loss)	**(17)**	**27**	**€(44)m**
Financial income/(loss)	(13)	(82)	€69m
Pre-tax income (loss)	**(30)**	**(55)**	**€25m**
Income tax	(3)	(40)	na
Share in net income/(loss) of equity affiliates	(1)	(3)	na
Net income	**(34)**	**(98)**	**€64m**
Attributable to non-controlling interests	1	(5)	na
Net income, Group share	**(35)**	**(93)**	**€58m**
Net earnings per share	**(0.2)**	**(8.2)**	**na**

na = not applicable

REVENUE BREAKDOWN – Q1 2022

REVENUE BY REGION

In € million	Q1 2022	As % of revenue	Q1 2021	As % of revenue	Change
Europe	142	15.6%	113	16.1%	25.9%
North America (Nafta)	346	37.8%	115	16.4%	200.0%
South America	207	22.5%	226	32.2%	(8.6)%
Asia and Middle East	178	19.4%	198	28.2%	(10.1)%
Rest of the world	43	4.7%	49	7.0%	(13.4)%
Total	**916**	**100%**	**702**	**100%**	**30.5%**

REVENUE BY MARKET

In € million	Q1 2022	As % of revenue	Q1 2021	As % of revenue	Change
Oil & Gas	552	60.3%	364	51.9%	51.6%
Petrochemicals	70	7.7%	46	6.6%	52.5%
Oil & Gas, Petrochemicals	**623**	**68.0%**	**410**	**58.4%**	**51.7%**
Mechanicals	142	15.5%	94	13.4%	51.2%
Automotive	23	2.5%	19	2.7%	22.2%
Construction & Other	96	10.5%	142	20.2%	(32.1)%
Industry & Other	**261**	**28.5%**	**255**	**36.3%**	**2.7%**
Power Generation	**32**	**3.5%**	**37**	**5.2%**	**(12.7)%**
Total	**916**	**100%**	**702**	**100%**	**30.5%**

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

BALANCE SHEET AS AT MARCH 31ST, 2022

In € million

Assets	03/31/2022	12/31/2021	Liabilities	03/31/2022	12/31/2021
			Equity - Group share *	1,990	1,763
			Non-controlling interests	47	45
Net intangible assets	44	45	**Total equity**	**2,037**	**1,808**
Goodwill	44	38	**Shareholder loan**	**-**	**-**
Net property, plant and equipment	1,776	1,666	Bank loans and other borrowings (A)	1,383	1,387
Biological assets	46	38	Lease debt (D)	36	33
Equity affiliates	32	35	Employee benefit commitments	11	14
Other non-current assets	183	162	Deferred taxes	25	29
Deferred taxes	264	239	Provisions and other long-term liabilities	148	140
Total non-current assets	**2,389**	**2,223**	**Total non-current liabilities**	**1,603**	**1,603**
Inventories	1,092	856	Provisions	59	40
Trade and other receivables	616	541	Overdraft and other short-term borrowings (B)	223	190
Derivatives - assets	9	4	Lease debt (E)	14	15
Other current assets	195	133	Trade payables	518	457
Cash and cash equivalents (C)	393	619	Derivatives - liabilities	21	19
			Other current liabilities	233	242
Total current assets	**2,305**	**2,153**	**Total current liabilities**	**1,068**	**963**
Assets held for sale and discontinued operations	392	372	Liabilities held for sale and discontinued operations	378	374
Total assets	**5,086**	**4,748**	**Total equity and liabilities**	**5,086**	**4,748**

Net debt (A+B+C)	**1,213**	**958**	*** Net income (loss), Group share**	**(35)**	**40**

Lease debt (D+E)	**50**	**48**

GROSS INDEBTEDNESS

In € million	03/31/2022
Bond issue – maturing in June 2026	1,157
PGE	214
RCF drawing	-
ACC ACE	170
Other	65
TOTAL GROSS FINANCIAL INDEBTEDNESS	**1,606**

- Euronext Paris: ISIN code: FR0013506730, Ticker: VK
  USA: American Depositary Receipt (ADR) - ISIN code: US92023R4074, Ticker: VLOWY
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  - www.vallourec.com

- Financial calendar:
  - May 24, 2022 - Ordinary and Extraordinary Shareholders' Meeting
  - July 27, 2022 - Publication of Q2 and H1 2022 results
  - November 21, 2022 – Publication of Q3 and nine-month 2022 results
- Conference and roadshow
  - May 25, 2022 – SG Conference (Nice)