

The New Vallourec: Realizing the Opportunity



**Kepler Cheuvreux
Autumn Conference
September 14, 2022**

Forward-Looking Statements

This presentation 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 marchés financiers, or “AMF”), including those listed in the “Risk Factors” section of the Registration Document filed with the AMF on April 19, 2022, under filing number n° D.22-0305. 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 presentation. 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 presentation, those results or developments may not be indicative of results or developments in subsequent periods.

1



Positive market dynamics

2



**New Vallourec
transformation**

3



Solid Q2 performance

4

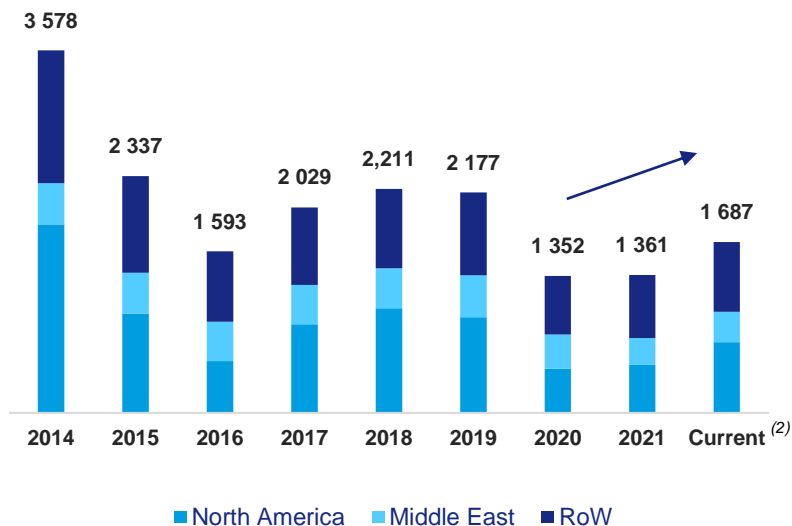


**2022 financial objectives
quantified**

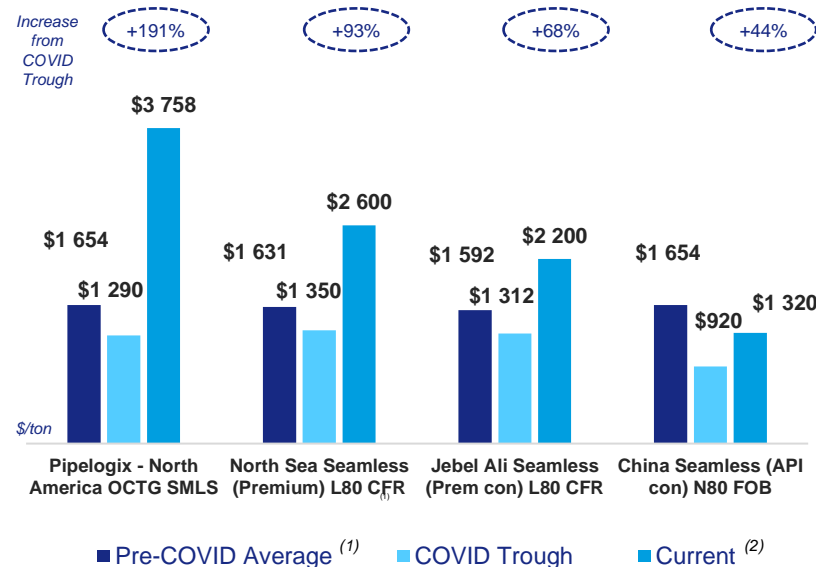
1. POSITIVE MARKET DYNAMICS

HIGHER DRILLING AND OCTG PRICES

Global Rig Count

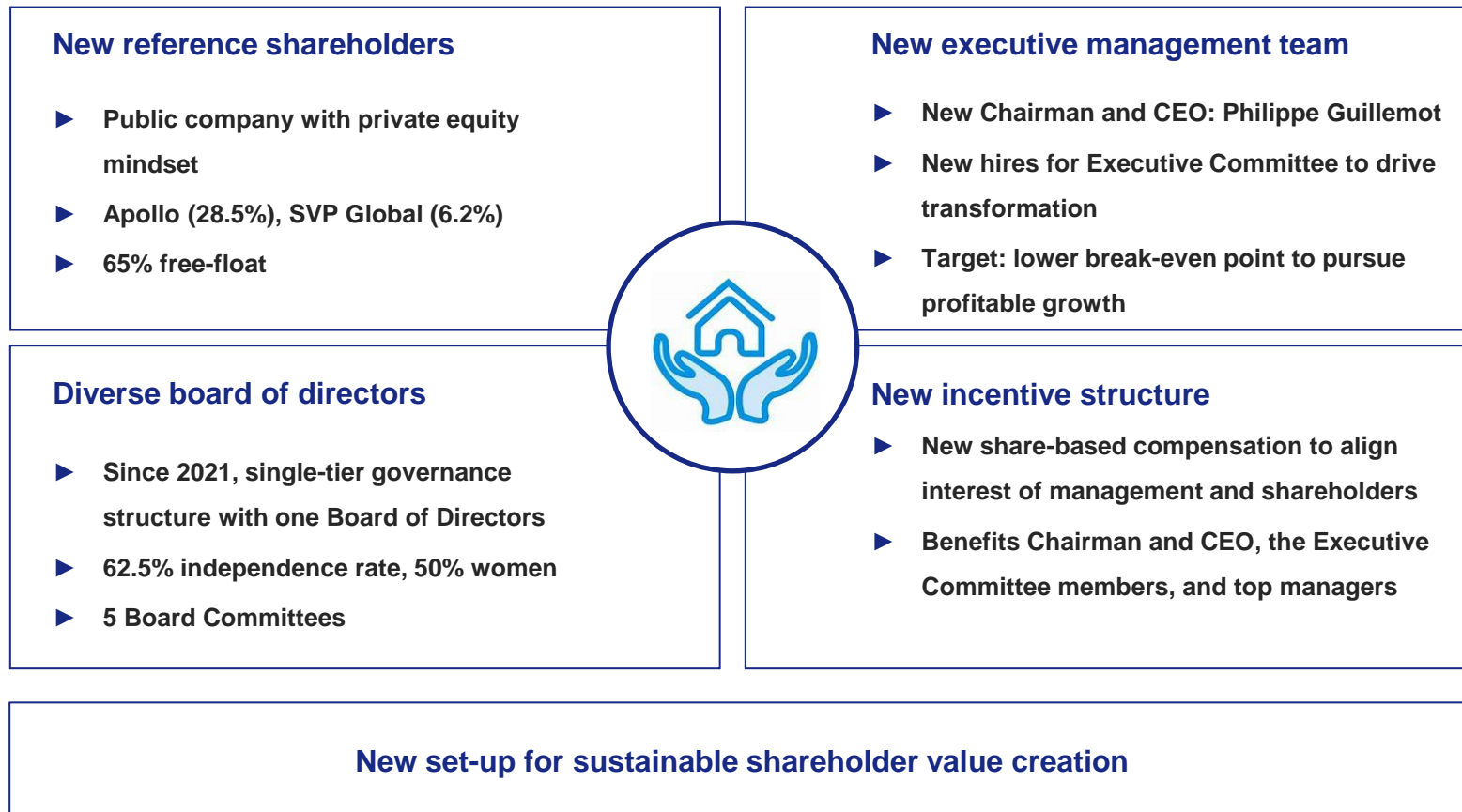


OCTG Price Evolution



**Favorable price evolution
driven by recovery in global demand and inflationary environment**

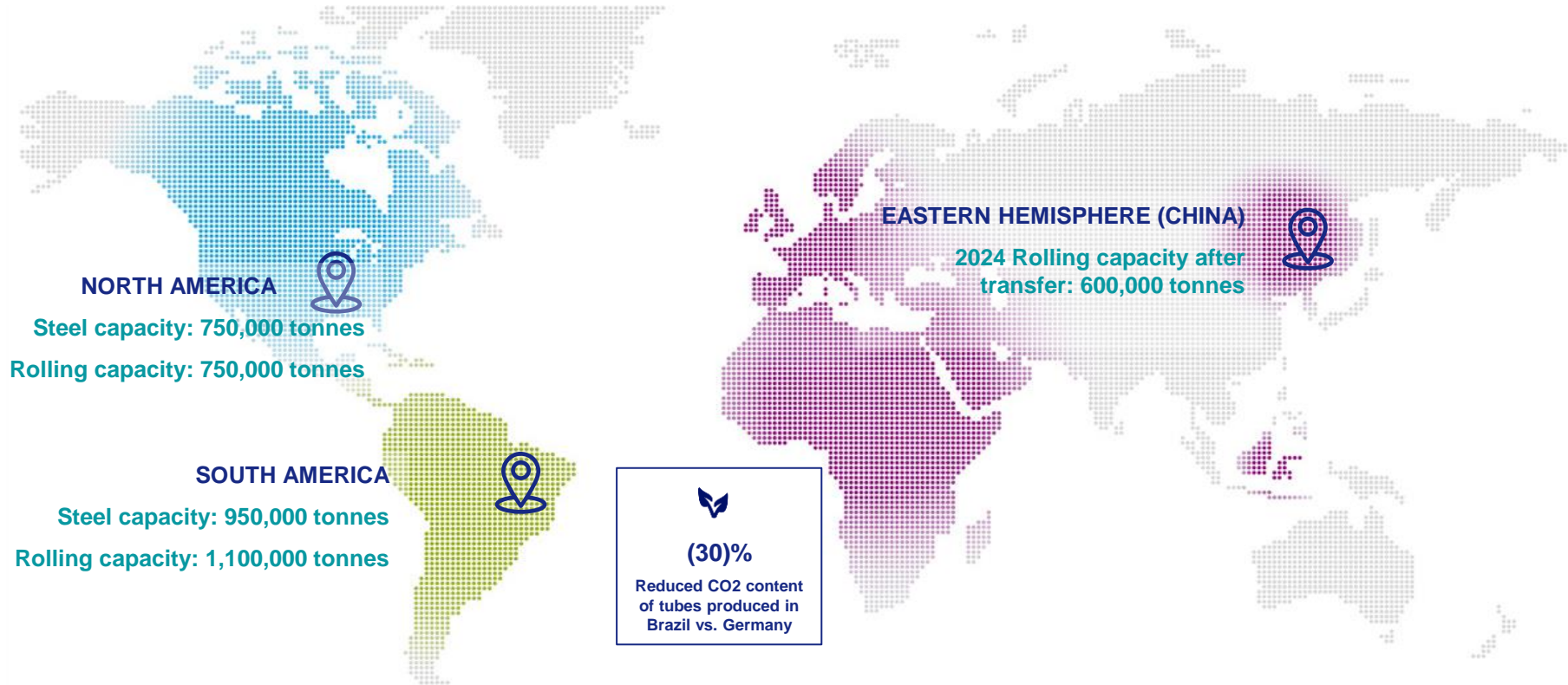
2. 'NEW VALLOUREC' TRANSFORMATION





Stronger balance sheet and simplified organization, executing towards cycle-proof company

NEW INDUSTRIAL FOOTPRINT BY 2024



Strategy of value over volume via reduction of ~700,000 tonnes of unprofitable rolling capacity in Europe
Focus on low-cost production regions with a significantly reduced carbon footprint

NEW VALLOUREC YIELDS BENEFITS FOR ALL STAKEHOLDERS

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*



(30)%

Reduced CO2 content of
tubes produced in Brazil vs.
Germany

2 Streamline overheads



+€100m

Recurring EBITDA & cash
increase



550

Headcount reduction*



Execution

Finalized Q1 2024

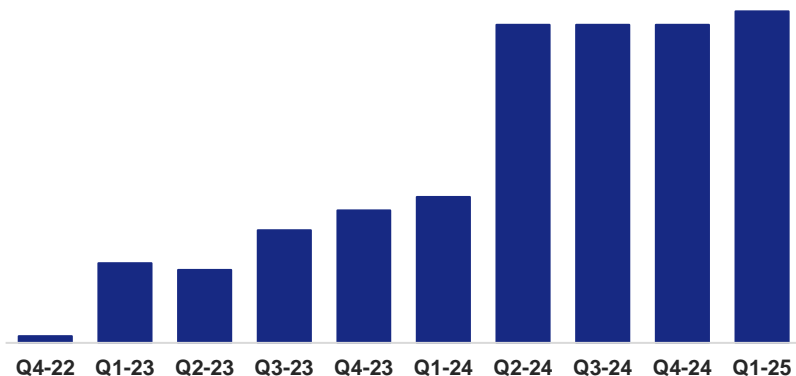


€230m of recurring EBITDA and €250m ongoing cash up-lift

P&L AND CASH PROFILE OF THE NEW VALLOUREC IMPLEMENTATION

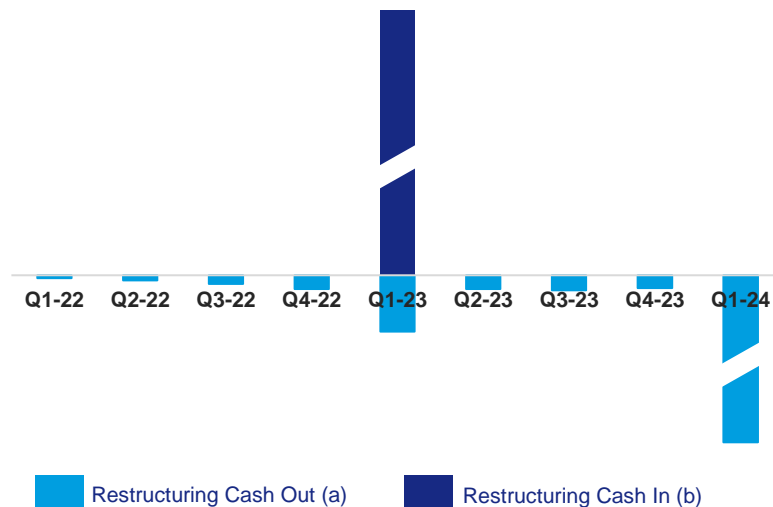


Ramp-up of €230 million recurring EBITDA uplift



Significant recurring EBITDA uplift
Full run-rate potential by end of Q1 2024

Illustrative cash flow profile



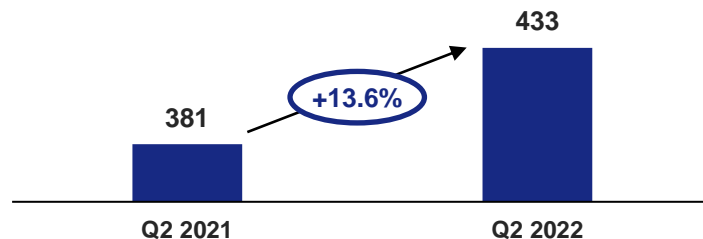
Self-funded project

(a) Severance and other one-off costs
(b) Sale of land, buildings, working capital and other

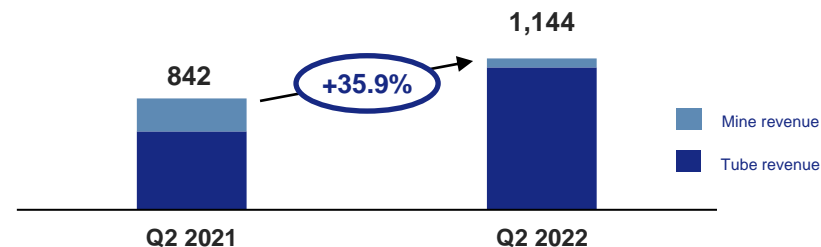
3. SOLID Q2 2022 PERFORMANCE

Q2 2022 KEY FIGURES

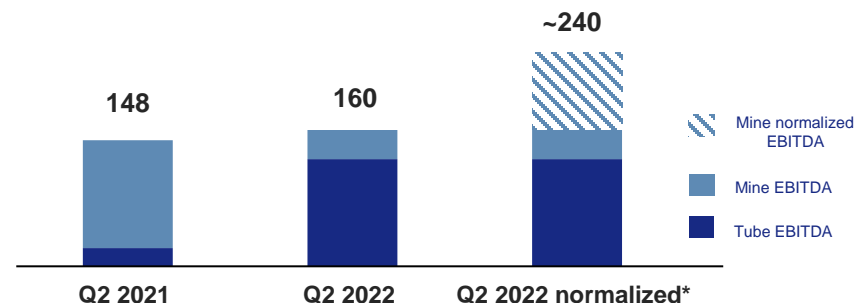
TUBE VOLUMES (k tonnes)



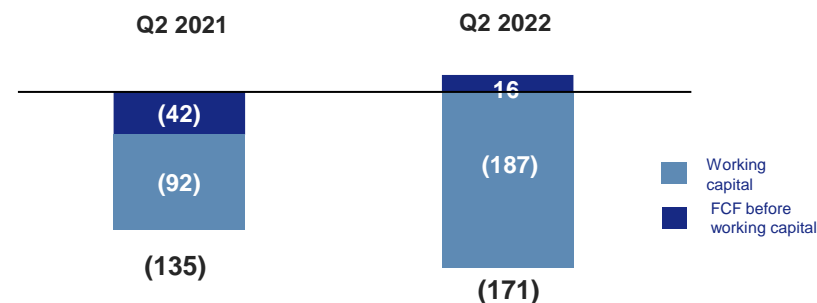
REVENUE (€ million)



EBITDA (€ million)



FREE CASH FLOW (€ million)

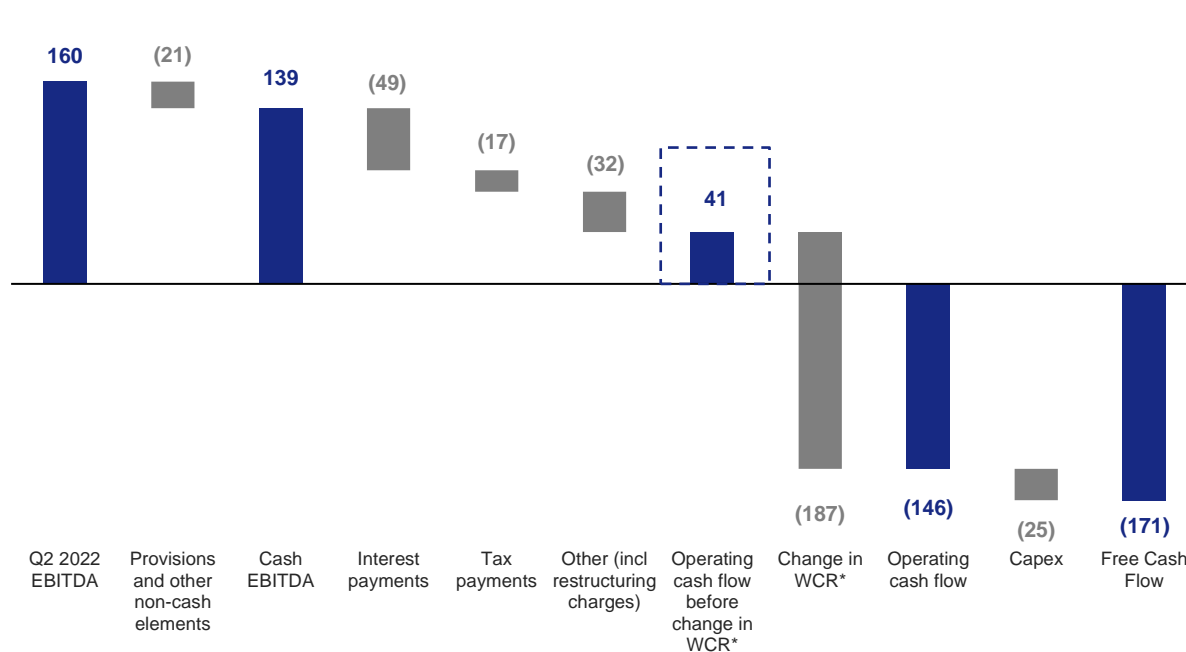


Revenue and EBITDA driven by profitable tube business
Continued investment in working capital to drive growth

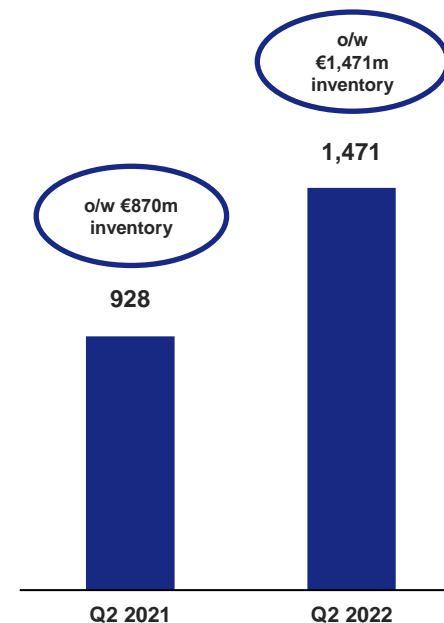
* Normalized EBITDA means adjusted for the mine at full production and actual iron prices for Q2 2022

CASH FLOW

Q2 2022 EBITDA to FCF bridge (€ million)



Q2 21/22 Net Working Capital (€ million)



**Operating cash flow before working capital at €41 million
+€601 million increase of inventory year-over-year**

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

NET DEBT AND LIQUIDITY

(€ million)

Net Debt
as of
March 31
2022



(1,213)

Free Cash
Flow

(171)



Asset
disposals
& other
items

(5)



Net Debt
as of
June 30
2022



(1,389)

- ▶ **Liquidity position of €752 million:**
 - ▶ Cash of €365 million
 - ▶ Revolving Credit Facility of €462 million o/w €387 million remaining headroom
- ▶ Average debt maturity of 4 years
- ▶ Vallourec Outlook Revised To Positive On New Strategic Plans; Rating B Affirmed on May 30, 2022

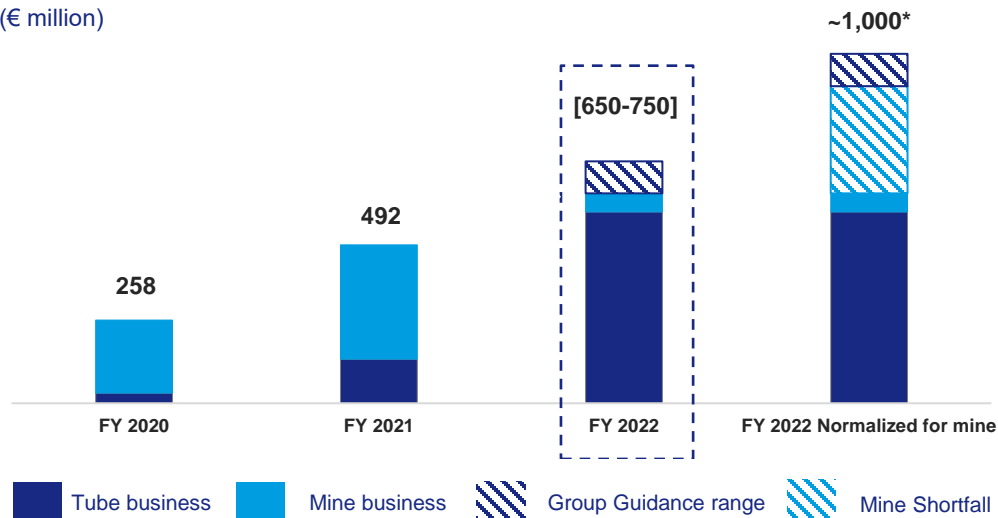
S&P Global
Ratings

Net debt increase reflects significant investment in working capital
Year-end net debt projected to decline from current levels

4. 2022 FINANCIAL OBJECTIVES

2022 EBITDA Guidance at €650 to €750 million

(€ million)



- ▶ 2022 EBITDA now expected in a range of €650 to €750 million
- ▶ EBITDA driven by growth of tube business (particularly in North America)
- ▶ This strong performance more than offsets significantly lower than normalized contribution from the iron ore mine
- ▶ With normalized iron ore mine production, EBITDA would have been approximately €1.0 billion* in 2022 (excluding €230 million for 'New Vallourec' project)

Strong pick-up in tube profitability, mine far below potential in 2022
H2 2022 Free Cash Flow to be positive incl. CAPEX slightly above €200m

* Normalized EBITDA means adjusted for the mine at full production (8.7 million tonnes) and either actual iron ore prices for H1 2022 or consensus prices for H2 2022



New corporate philosophy...

- ▶ Strict focus on value vs. volume
- ▶ Cycle proof the company, lowering the break-even point to be free cash flow positive at bottom of cycle
- ▶ Relentless focus on cash
- ▶ Shift in culture to continuous improvement with real bottom line cost reductions



...to increase shareholder value

- ▶ Increase operating earnings and cash flow
- ▶ Optimize working capital with sustainable CAPEX of ~€150 million
- ▶ Reset capital structure and further reduce leverage
- ▶ Reduce restructuring expenses and cash out post-transformation

Realizing the opportunity

APPENDICES

Q2 2022 P&L

<i>In € million</i>	Q2 2022	Q2 2021	Change
Revenue	1,144	842	35.9%
Cost of sales	(890)	(599)	48.6%
Industrial Margin	254	243	4.5%
<i>(as a % of revenue)</i>	<i>22.2%</i>	<i>28.9%</i>	<i>(6.7)p.p.</i>
Sales, general and administrative costs	(98)	(81)	21.0%
<i>(as a % of revenue)</i>	<i>(8.6)%</i>	<i>(9.6)%</i>	<i>(1)p.p.</i>
Other	4	(14)	na
EBITDA	160	148	€12m
<i>(as a % of revenue)</i>	<i>14.0%</i>	<i>17.6%</i>	<i>(3.6)p.p.</i>
Depreciation of industrial assets	(49)	(35)	40%
Amortization and other depreciation	(13)	(13)	na
Impairment of assets	-	-	-
Asset disposals, restructuring costs and non-recurring items	(456)	100	na
Operating income (loss)	(358)	200	€(558)m
Financial income/(loss)	(8)	(93)	(91.4%)
Pre-tax income (loss)	(366)	107	€(473)m
Income tax	(48)	(60)	(20)%
Share in net income/(loss) of equity affiliates	(1)	-	na
Net income	(415)	47	€(462)m
Attributable to non-controlling interests	-	(4)	na
Net income, Group share	(415)	51	€(466)m
Net earnings per share	(1.8)	3.7	na

na = not applicable

REVENUE BREAKDOWN – Q2 2022



REVENUE BY REGION

<i>In € million</i>	Q2 2022	As % of revenue	Q2 2021	As % of revenue	Change
Europe	142	12.4%	134	15.9%	6.0%
North America (Nafta)	461	40.3%	194	23.0%	138.2%
South America	264	23.0%	283	33.6%	(6.7)%
Asia and Middle East	231	20.2%	173	20.5%	34.1%
Rest of the world	46	4.0%	59	7.0%	(22.1)%
Total	1,144	100%	842	100%	35.9%

REVENUE BY MARKET

<i>In € million</i>	Q2 2022	As % of revenue	Q2 2021	As % of revenue	Change
Oil & Gas	679	59.3%	438	52.0%	55.0%
Petrochemicals	102	8.9%	40	4.8%	153.4%
Oil & Gas, Petrochemicals	781	68.2%	478	56.8%	63.2%
Mechanicals	150	13.1%	112	13.3%	33.4%
Automotive	26	2.3%	21	2.5%	27.2%
Construction & Other	147	12.9%	200	23.7%	(26.2)%
Industry & Other	323	28.3%	333	39.5%	(2.7)%
Power Generation	40	3.5%	31	3.7%	29.3%
Total	1,144	100%	842	100%	35.9%

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 OF JUNE 30TH, 2022



In € million

Assets	06/30/2022	12/31/2021	Liabilities	06/30/2022	12/31/2021
			Equity - Group share *	1,627	1,763
			Non-controlling interests	48	45
			Total equity	1,674	1,808
			Shareholder loan	-	-
Net intangible assets	43	45	Bank loans and other borrowings (A)	1,379	1,387
Goodwill	43	38	Lease debt (D)	45	33
Net property, plant and equipment	1,884	1,666	Employee benefit commitments	87	14
Biological assets	50	38	Deferred taxes	24	29
Equity affiliates	32	35	Provisions and other long-term liabilities	428	140
Other non-current assets	199	162	Total non-current liabilities	1,963	1,603
Deferred taxes	241	239	Provisions	220	40
Total non-current assets	2,493	2,223	Overdraft and other short-term borrowings (B)	375	190
Inventories	1,471	856	Lease debt (E)	17	15
Trade and other receivables	692	541	Trade payables	692	457
Derivatives - assets	7	4	Derivatives - liabilities	71	19
Other current assets	237	133	Other current liabilities	261	242
Cash and cash equivalents (C)	365	619	Total current liabilities	1,636	963
Total current assets	2,772	2,153	Liabilities held for sale and discontinued operations	5	374
Assets held for sale and discontinued operations	13	372	Total equity and liabilities	5,278	4,748
Total assets	5,278	4,748			

Net debt (A+B+C)	1,389	958	* Net income (loss), Group share	(450)	40
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Lease debt (D+E)	61	48
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INDEBTEDNESS

<i>In € million</i>	06/30/2022
Bond issue – maturing in June 2026	1,150
PGE	216
RCF	75
ACC ACE	264
Other	49
TOTAL GROSS FINANCIAL INDEBTEDNESS	1,754
Cash	365
TOTAL NET FINANCIAL INDEBTEDNESS	1,389

► Euronext Paris: ISIN code: FR0013506730,
Ticker: VK
USA: American Depositary Receipt (ADR) - ISIN
code: US92023R4074, Ticker: VLOWY

► **Investor Relations Contact** - Vallourec Group

- Email: investor.relations@vallourec.com
- www.vallourec.com

► **Financial calendar:**

- November 21, 2022 – Publication of Q3 and nine-month 2022 results

► **Conference and roadshow**

- October 12, 2022 – Bank of America OCTG Tour (Houston)
- March 28, 2023 – Bank of America Energy & Utilities Conference (London)