

# Q1 2024 Results

May 16, 2024



# Legal Disclaimer

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## **Forward-Looking Statements**

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## **Information**

Quarterly financial information is unaudited and not subject to any review.

Unless otherwise specified, indicated variations are expressed in comparison with the same period of the previous year.

# Agenda

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	Topic	Speaker	Slide
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# Q1 2024 Highlights

**Philippe Guillemot**  
*Chairman of the Board &  
Chief Executive Officer*



# Q1 2024 Highlights

## Results & Outlook

### Continuing to Deliver Strong Cash Flow and Profitability

- First quarter 2024 results reflect the benefits of the New Vallourec plan and Value over Volume strategy
  - Tubes EBITDA per tonne reached second-highest level in last 15 years at €751; Group EBITDA was €235m (down €85m YoY)
  - Sixth-straight quarter of deleveraging: net debt reduced to €485m, €515m lower YoY
- Q2 EBITDA to moderately decline versus Q1 due to US market dynamics; expect to reduce net debt further in Q2

## Commercial & Operational

### Tubes Market Remains Strong, Momentum in New Energies

- International OCTG pricing strong with a robust demand pipeline across multiple geographic regions
- Demand remains stable in the US with inventories falling; pricing not yet reflecting balanced market conditions
- Partnership agreement with NextChem (Maire) for the integration of Delphy hydrogen storage solution

## Financial Management

### Holistic Balance Sheet Refinancing Successfully Completed

- Issuance of new 8-year Senior Notes with substantially reduced cost; RCF and ABL extended and upsized
- Ahead of schedule in net debt reduction; expect to meaningfully reduce net debt through year-end 2024
- Target initiation of capital returns to shareholders in 2025 at the latest





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# Market & Commercial Environment

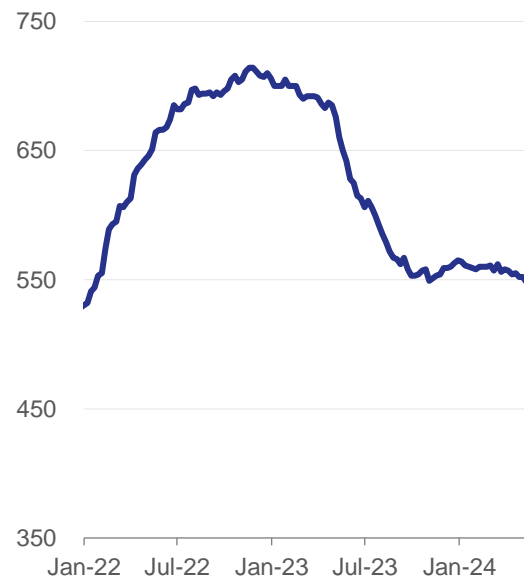
**Philippe Guillemot**  
*Chairman of the Board &  
Chief Executive Officer*



# US OCTG Market: Pricing Not Yet Reflecting Market Balance

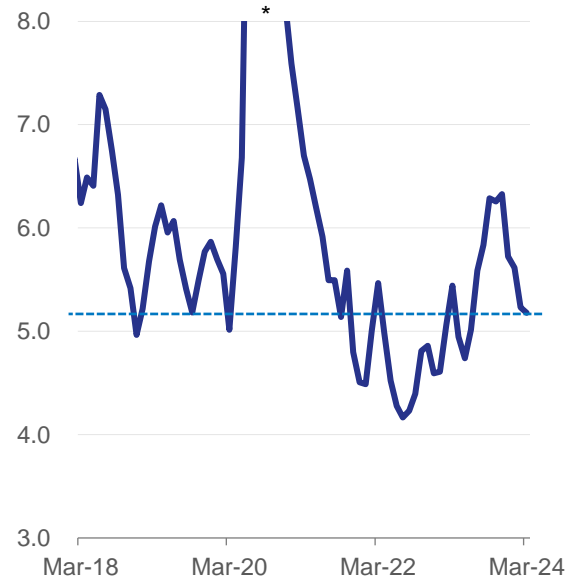
## Rig count stable since October

US Horizontal Rig Count



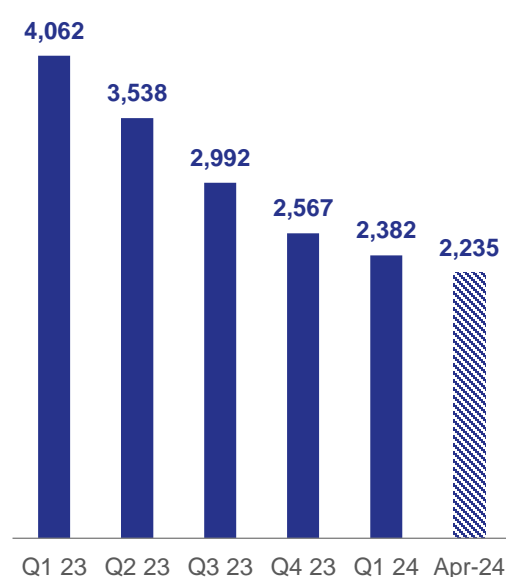
## Inventories have normalized

Months of OCTG Inventory



## Pricing still somewhat lower

Seamless OCTG Price (\$ / Tonne)



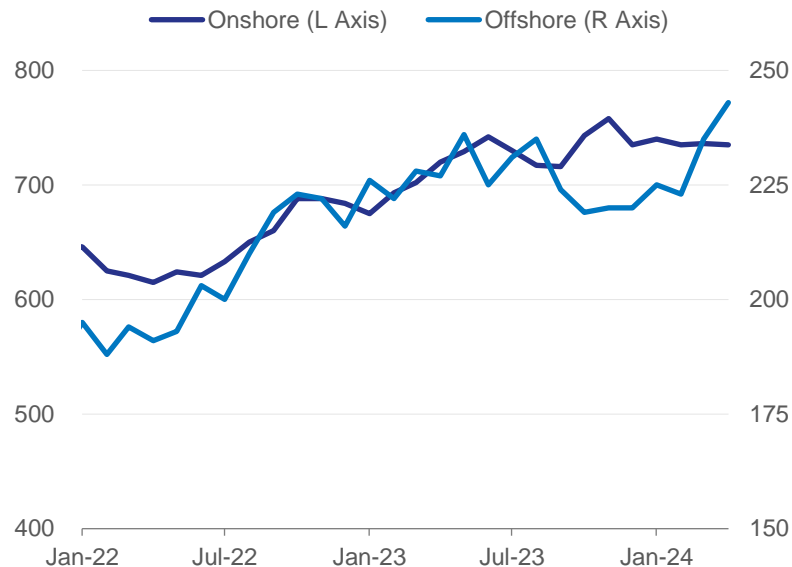
Sources: Baker Hughes, PipeLogix, OCTG Situation Report. Reflects average pricing for all seamless products. \*Values greater than 8 months are not shown.

# International OCTG Market: Demand Remains Robust

## International offshore activity at post-COVID highs

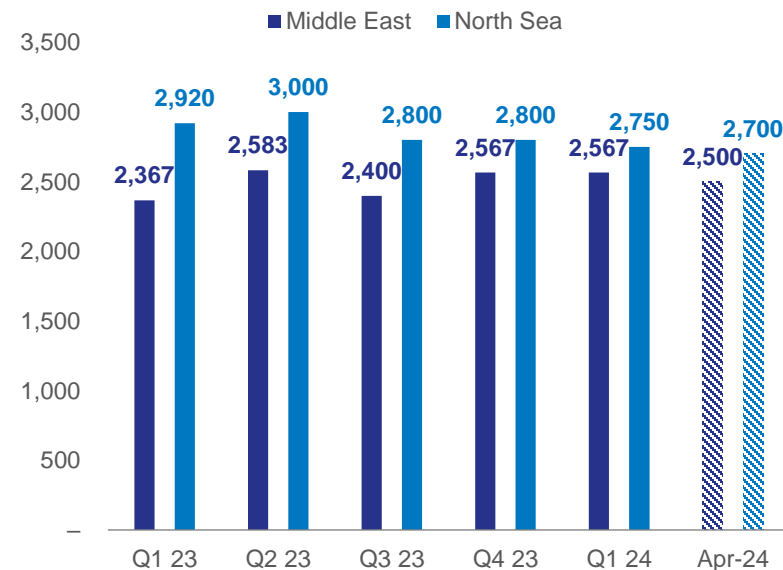
Onshore Rig Count

Offshore Rig Count



## International market pricing remains strong

Seamless OCTG Price (\$ / Tonne)



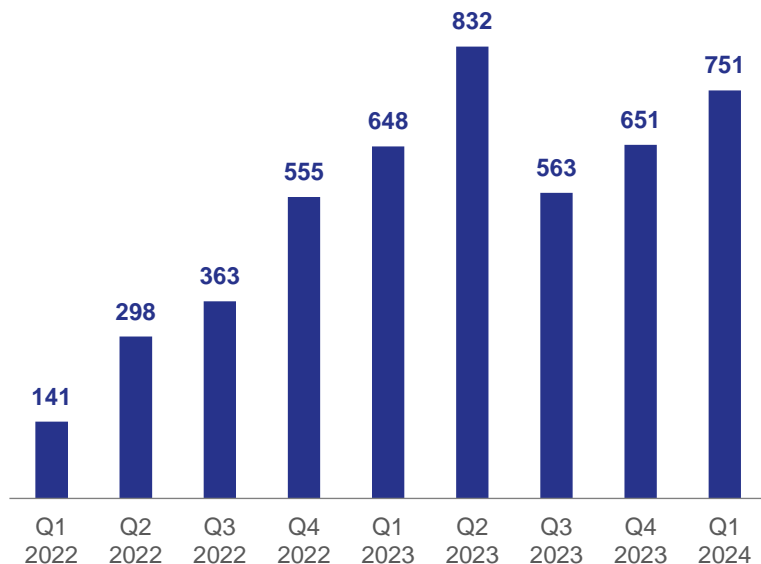
Sources: Baker Hughes, Rystad Energy. OCTG pricing reflects price of L80 tubes (Premium) in Jebel Ali (Middle East) and North Sea.



# Tubes Overview: Value over Volume Strategy Bearing Fruit

## Tubes profitability up sequentially and YoY

*Tubes EBITDA / Tonne (€)*



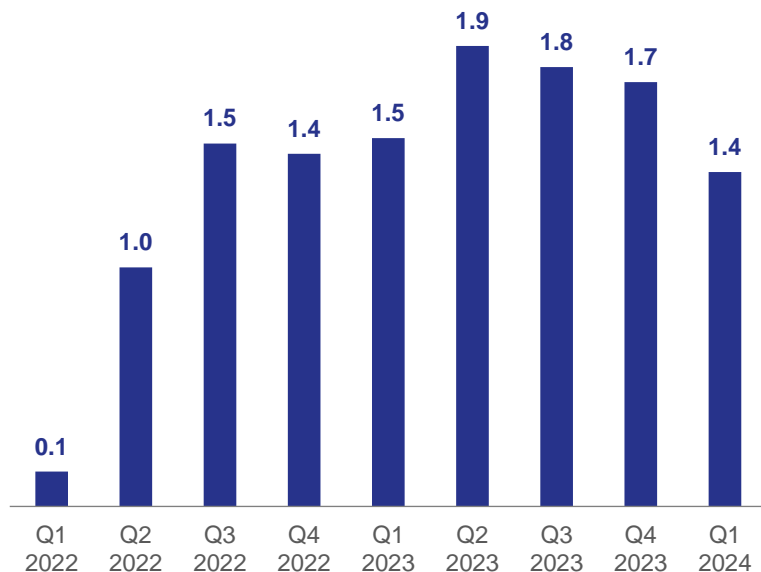
## Results of the New Vallourec plan on display

- Continued growth in EBITDA per tonne reflects power of Value over Volume strategy
  - EBITDA / tonne of €751 highest since Q2 2023
  - Substantial YoY improvement in international EBITDA due to delivery of higher-priced products and improved mix
- Strong international market environment
  - Robust pipeline of commercial opportunities in the Middle East, Africa and North Sea
  - Gas-oriented premium product suite in Middle East mitigates risks from recent oil rig suspensions
- Remaining disciplined in North America
  - Continue to align with top independent E&P and distribution partners with recent notable customer wins
  - Remain focused on Value over Volume and disciplined approach to pricing

# Mine & Forest Overview: Capitalizing on Strong Market Pricing

## Mine production in line with expectations

*Iron Ore Production Sold (Million Tonnes)*



## Market pricing supporting EBITDA

- Production performance in-line with expectations
  - Q1 2023 production sold 1.4m tonnes
  - Continue to expect 6m tonnes of production sold in 2024, with relatively equal weighting between H1 and H2
- Results supported by favorable iron ore market conditions
  - Q1 Mine & Forest EBITDA €30m above guided €100m annualized run-rate due to favorable iron ore pricing
  - Q2 Mine & Forest EBITDA to return closer to €100m annualized EBITDA run-rate
- Continuing to advance Phase 1 and Phase 2 extensions



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# Q1 2024 Results Review

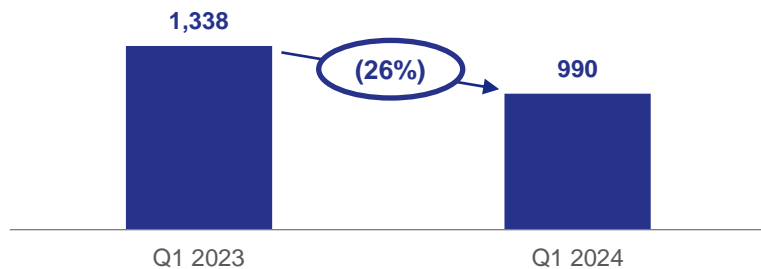
**Sascha Bibert**  
*Chief Financial Officer*



# Key Group Figures

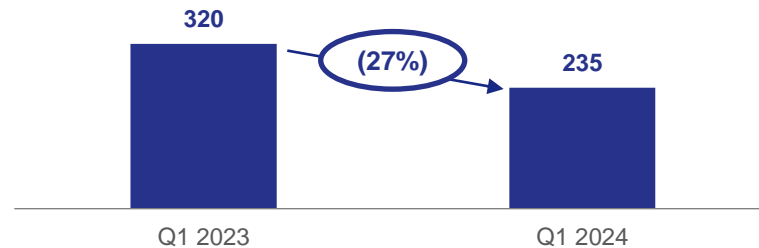
## Revenues

€ Million



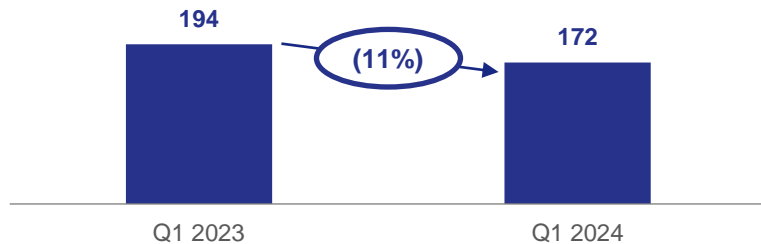
## EBITDA

€ Million



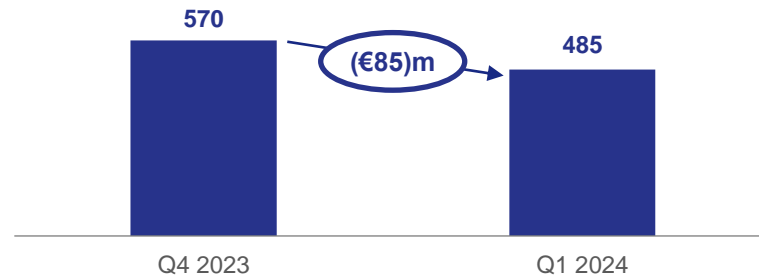
## Adjusted Free Cash Flow

€ Million



## Net Debt

€ Million

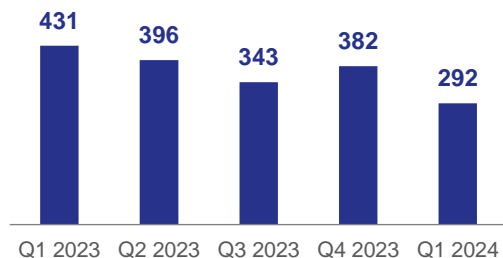




# Tubes Production and Revenue Details

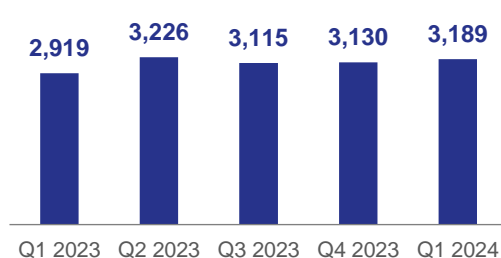
## Volume Sold

Thousand Tonnes



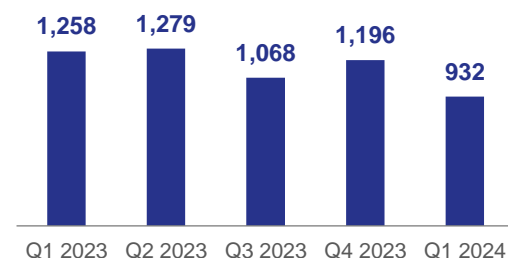
## Average Selling Price

€ / Tonne



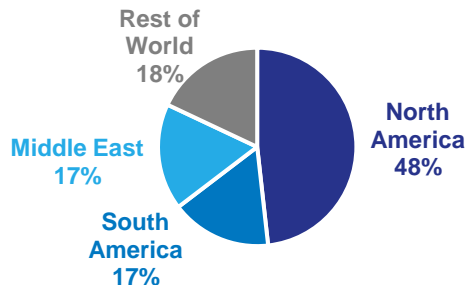
## Revenues

€ Million



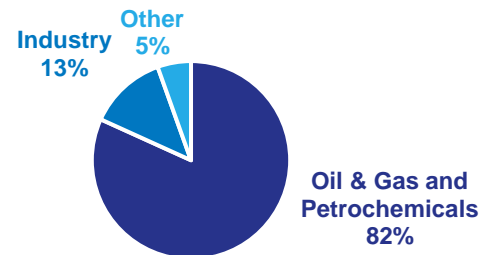
## Revenue Mix by Geography

% of Q1 2024 Revenues



## Revenue Mix by Market

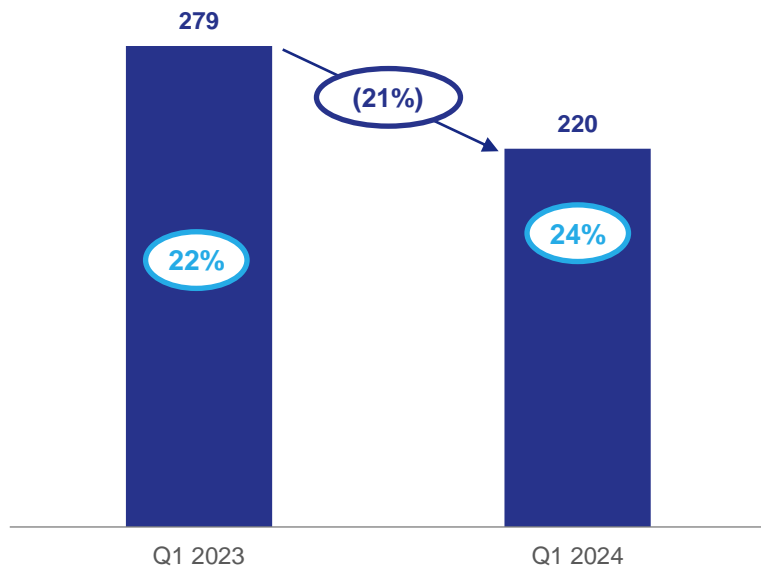
% of Q1 2024 Revenues



# Tubes Profitability

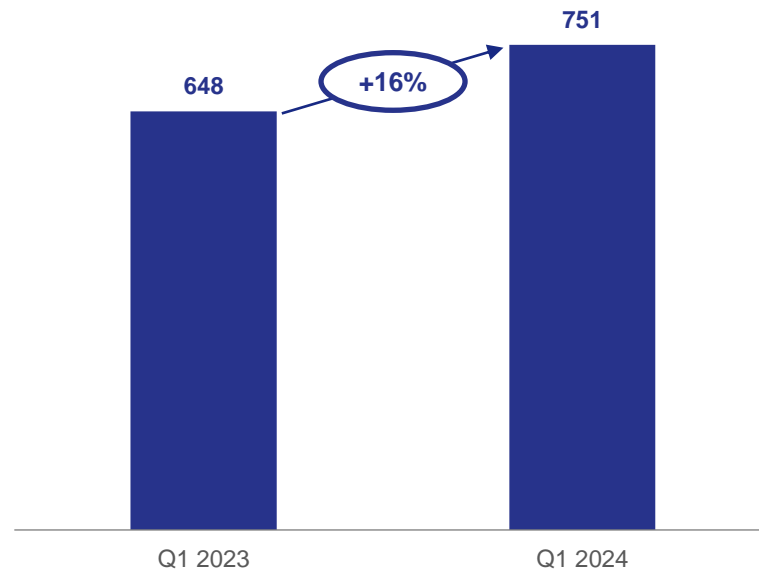
## EBITDA and EBITDA Margin

€ Million and % of Revenues



## EBITDA per Tonne

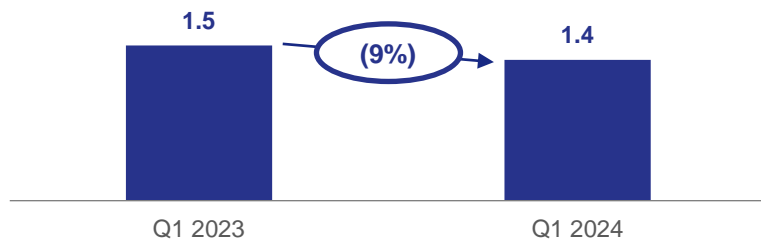
€ / Tonne



# Mine & Forest Performance

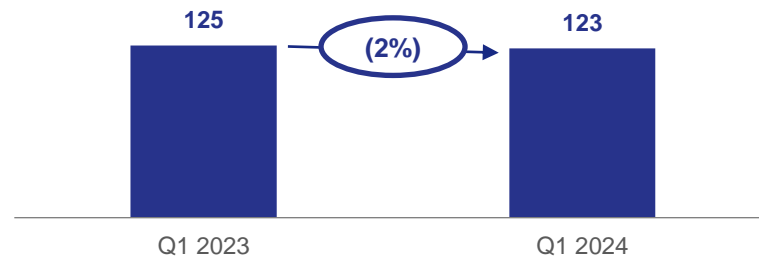
## Production Sold

Million Tonnes



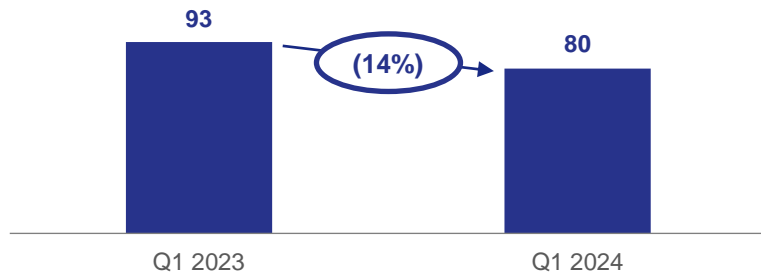
## Average Iron Ore Market Price<sup>1</sup>

\$/ Tonne (Quarterly Average)



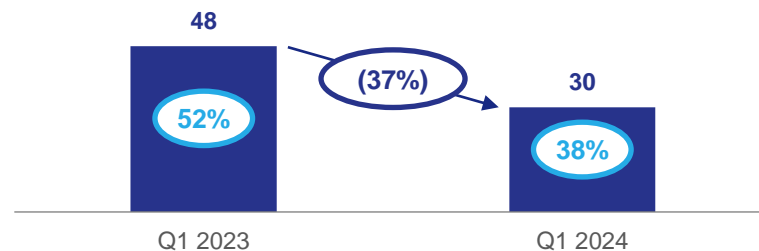
## Revenues

€ Million



## EBITDA

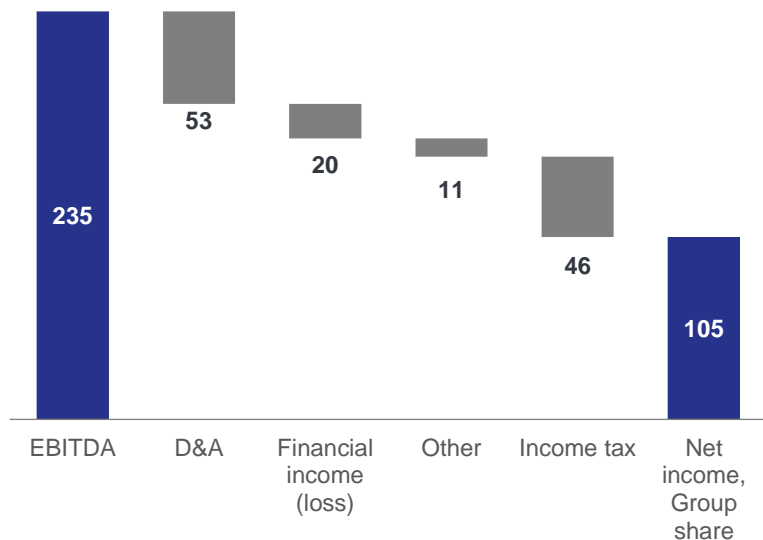
€ Million and % of Revenues



# Group Net Income Analysis

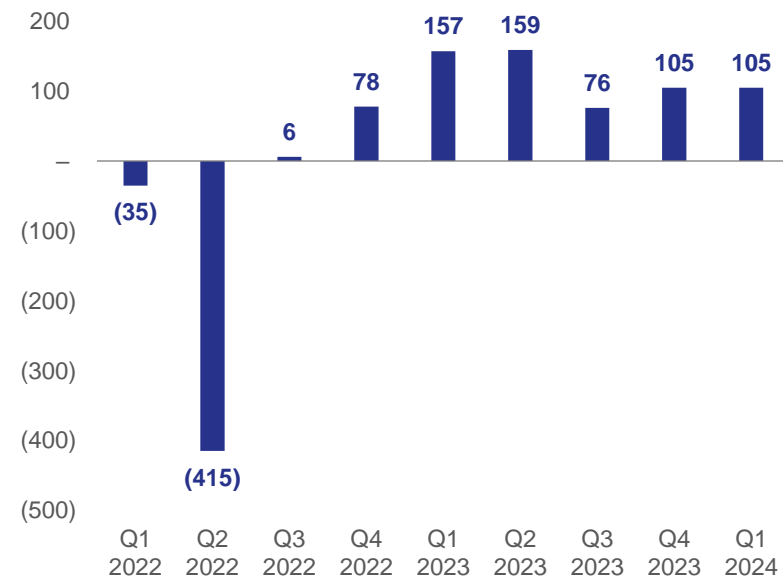
## Net Income, Group Share (Q1 2024)

€ Million



## Net Income Evolution

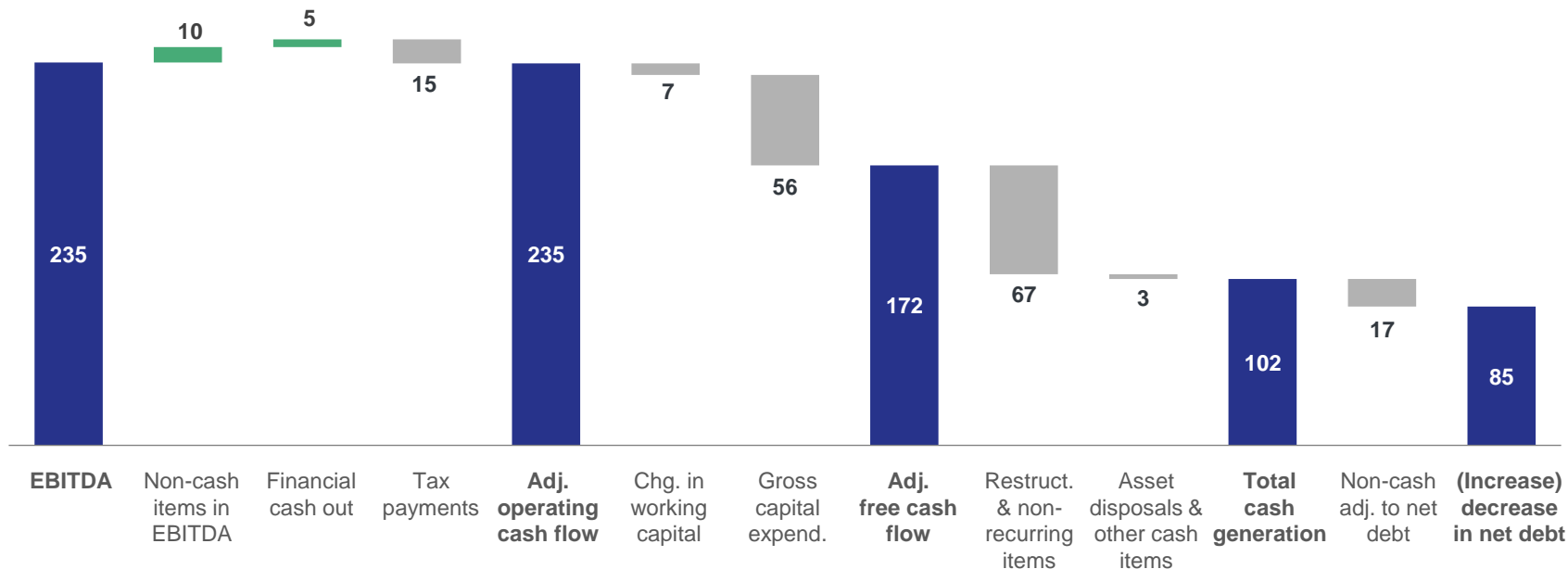
Net Income, Group Share (€ Million)





# First Quarter 2024 Group Cash Flow Bridge

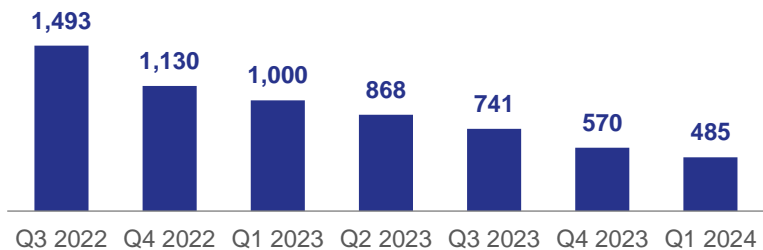
€ Million



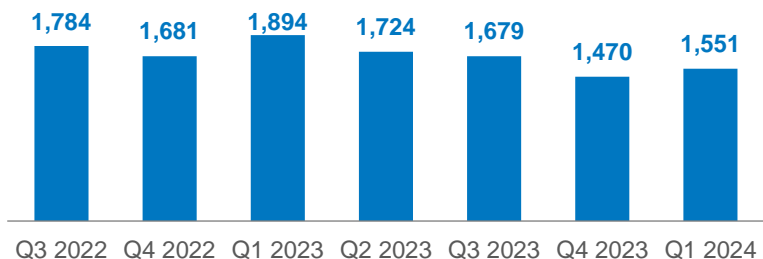
# Debt and Liquidity

## Debt

Net Debt (€ Million)

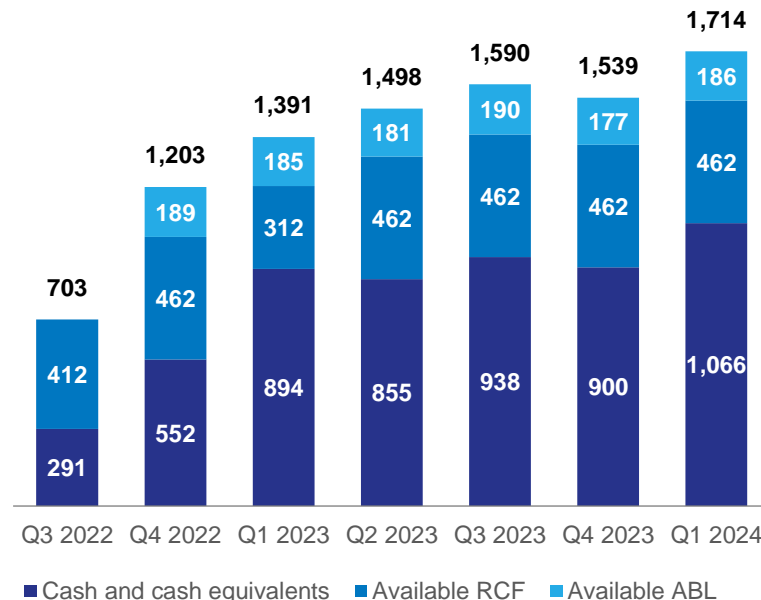


Gross Debt (€ Million)



## Liquidity

€ Million



# Holistic Balance Sheet Refinancing Completed

## Transaction Highlights

- Increased and extended liquidity facilities
  - New 5-year €550m multi-currency RCF
  - Upsized and extended 5-year \$350m ABL
- Reduced and extended long-term debt
  - Issued new 8-year, \$820m 7.5% senior notes
    - Subsequently executed cross-currency swap to convert into euro-effective coupon of ~5.8%
  - Repaid full €1,023m of 8.5% senior notes due 2026
  - Repaid €68m of PGE
    - Remaining €194m to be repaid by year-end 2024
- Now rated by all three major credit rating agencies
  - New ratings at Moody's (Ba2, outlook positive) and Fitch (BB+, outlook positive)
  - Upgraded again at S&P to BB+, outlook neutral

## Key Benefits

### Reduced Cost

€30-35m net benefit per year<sup>1</sup>

### Extended Maturities

5-year term on RCF and ABL  
8-year term on senior notes

### Diversified Lenders

Broad, globally-diversified RCF and ABL lending group

### Agency Recognition

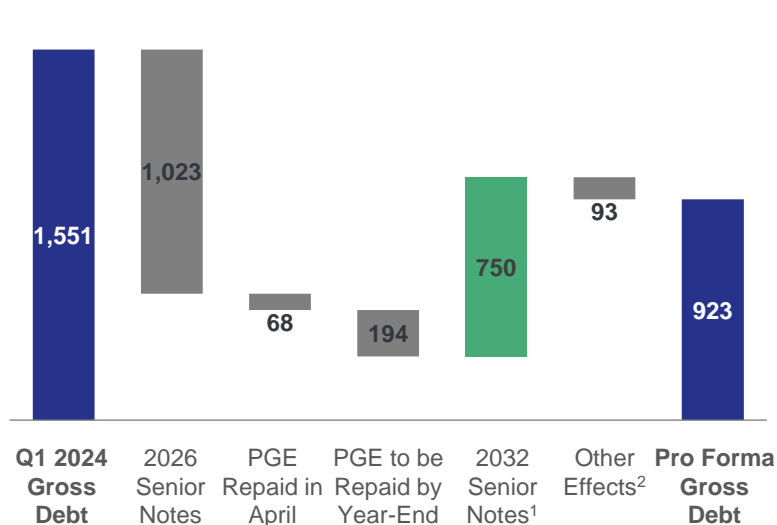
Favorable credit ratings with all three major rating agencies

<sup>1</sup> Net benefit calculated on full year basis as net of lower cost of debt partially offset by loss of investment return potential of cash assumed at 3.5%

# Pro Forma Balance Sheet: Reduced Gross Debt, Ample Liquidity

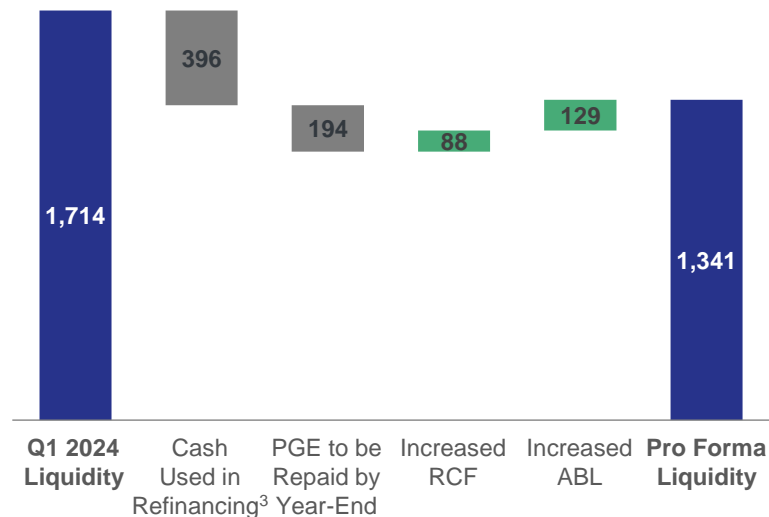
## Gross debt to be reduced by €550m+

€ Million



## Strong liquidity for all market conditions

€ Million



<sup>1</sup> Includes effect of estimated transaction costs related to note issuance which will be amortized over the life of the debt, assuming a Euro/US dollar FX rate of ~1.07.

<sup>2</sup> "Other effects" include the reversal of fair value accounting, accrued interest on 2026 notes and PGE as of March 31st 2024, and estimated other transaction costs.

<sup>3</sup> Includes accrued interest on 2026 notes and PGE as of March 31st 2024, and estimated transaction costs.



The background of the slide is a photograph of an industrial manufacturing facility, likely a steel mill, with large machinery, pipes, and a worker in safety gear. A large blue graphic element, consisting of a circle and a triangle, is overlaid on the left side of the image. Inside the circle, the number '4' is displayed in white.

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## Outlook & Key Takeaways

**Philippe Guillemot**  
*Chairman of the Board &  
Chief Executive Officer*



# 2024 Earnings, Cash Flow and Net Debt Outlook

	Second Quarter 2024	Full Year 2024
Tubes	Volumes to increase sequentially due to higher international shipments; EBITDA per tonne to decline primarily due to lower US pricing	Strong international market environment to persist with results benefiting from strong pricing already in backlog
Mine & Forest	Production sold to be slightly higher vs. Q1	Production sold to be approximately 6m tonnes
Group EBITDA	EBITDA to moderately decline versus Q1 due to US market dynamics	Group EBITDA margin to remain strong due to robust international Tubes pricing and continued operational improvement
Total Cash Generation & Net Debt	Expect to reduce net debt further vs. the Q1 2024 level <sup>1</sup>	Total cash generation to be positive and net debt to meaningfully decline versus the Q1 2024 level <sup>1</sup>

<sup>1</sup> In all cases, total cash generation and net debt guidance excludes the potential positive impact of major asset sales.

# Key Takeaways

1

Our successful balance sheet refinancing has established a sustainable capital structure aligned with the New Vallourec footprint

2

Durable strength in the premium tubes market will contribute to another year of robust results in 2024

3

We are ahead of plan in reducing our net debt and expect to begin returning capital to shareholders in 2025 at the latest\*

*Please see "Definitions of Non-GAAP Financial Data" in the Appendix*

*\* Vallourec's dividend policy would in any event be conditional upon the Board's decision taking into account Vallourec's results, its financial position including the deleveraging target and the potential restrictions applicable to the payment of dividends. Dividends and share repurchases would also be subject to shareholders' approval*



A worker in a blue hard hat and safety glasses is working on a large metal pipe in an industrial setting. The worker is wearing a dark blue jacket with yellow reflective stripes and black gloves. The background shows industrial equipment and structures.

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# Appendices

# Key Performance Indicators

		Q1 2024	Q4 2023	Q1 2023	QoQ chg.	YoY chg.
Tubes	Volume sold*	292	382	431	(23%)	(32%)
	Revenue (€m)	932	1,196	1,258	(22%)	(26%)
	Average Selling Price (€)	3,189	3,130	2,919	2%	9%
	EBITDA (€m)	220	249	279	(12%)	(21%)
	Capex (€m)	46	33	45	38%	3%
Mine & Forest	Volume sold*	1.4	1.7	1.5	(21%)	(9%)
	Revenue (€m)	80	101	93	(21%)	(14%)
	EBITDA (€m)	30	43	48	(29%)	(37%)
	Capex (€m)	9	7	7	18%	14%
H&O	Revenue (€m)	45	53	46	(15%)	(3%)
	EBITDA (€m)	(13)	(12)	(5)	10%	nm
Int.	Revenue (€m)	(67)	(73)	(59)	(9%)	13%
	EBITDA (€m)	(2)	1	(3)	nm	nm
Total	Revenue (€m)	990	1,276	1,338	(22%)	(26%)
	EBITDA (€m)	235	280	320	(16%)	(27%)
	Capex (€m)	56	42	53	31%	5%

\* Volume sold in thousand tonnes for Tubes and in million tonnes for Mine

H&O = Holding & Other, Int. = Intersegment Transactions

nm = not meaningful

# Tubes Revenue Breakdown

## Revenue by Region

<i>in € million</i>	Q1 2024	Q4 2023	Q1 2023	QoQ % chg.	YoY % chg.
<b>North America</b>	450	548	658	(18%)	(32%)
<b>South America</b>	153	230	189	(33%)	(19%)
<b>Middle East</b>	162	212	112	(24%)	45%
<b>Europe</b>	51	57	152	(11%)	(67%)
<b>Asia</b>	68	89	54	(23%)	26%
<b>Rest of World</b>	48	61	92	(20%)	(48%)
<b>Total Tubes</b>	<b>932</b>	<b>1,196</b>	<b>1,258</b>	<b>(22%)</b>	<b>(26%)</b>

## Revenue by Market

<i>in € million</i>	Q1 2024	Q4 2023	Q1 2023	QoQ % chg.	YoY % chg.	YoY % chg. at Const. FX
<b>Oil &amp; Gas and Petrochemicals</b>	762	1,017	1,021	(25%)	(25%)	(25%)
<b>Industry</b>	119	112	214	6%	(44%)	(46%)
<b>Other</b>	51	67	23	(24%)	125%	133%
<b>Total Tubes</b>	<b>932</b>	<b>1,196</b>	<b>1,258</b>	<b>(22%)</b>	<b>(26%)</b>	<b>(26%)</b>

# Income Statement

<i>€ million, unless noted</i>	Q1 2024	Q4 2023	Q1 2023	QoQ chg.	YoY chg.
<b>Revenues</b>	<b>990</b>	<b>1,276</b>	<b>1,338</b>	<b>(286)</b>	<b>(348)</b>
Cost of sales	(669)	(886)	(926)	216	257
<b>Industrial margin</b>	<b>321</b>	<b>390</b>	<b>412</b>	<b>(70)</b>	<b>(91)</b>
<i>(as a % of revenue)</i>	32.4%	30.6%	30.8%	1.8 pp	1.6 pp
Selling, general and administrative expenses	(87)	(86)	(79)	(1)	(8)
<i>(as a % of revenue)</i>	(8.8%)	(6.7%)	(5.9%)	(2.1) pp	(2.9) pp
Other	1	(24)	(13)	25	14
<b>EBITDA</b>	<b>235</b>	<b>280</b>	<b>320</b>	<b>(45)</b>	<b>(85)</b>
<i>(as a % of revenue)</i>	23.7%	22.0%	23.9%	1.8 pp	(0.2) pp
Depreciation of industrial assets	(45)	(40)	(40)	(5)	(5)
Amortization and other depreciation	(8)	(10)	(10)	2	2
Impairment of assets	3	153	–	(150)	3
Asset disposals, restructuring costs and non-recurring items	(11)	(185)	(13)	174	2
<b>Operating income (loss)</b>	<b>174</b>	<b>198</b>	<b>257</b>	<b>(25)</b>	<b>(84)</b>
Financial income (loss)	(20)	26	(46)	(46)	26
<b>Pre-tax income (loss)</b>	<b>154</b>	<b>224</b>	<b>211</b>	<b>(70)</b>	<b>(57)</b>
Income tax	(46)	(102)	(53)	55	7
Share in net income (loss) of equity affiliates	1	(0)	(1)	1	2
<b>Net income</b>	<b>108</b>	<b>122</b>	<b>157</b>	<b>(14)</b>	<b>(49)</b>
Attributable to non-controlling interests	3	17	1	(13)	2
<b>Net income, Group share</b>	<b>105</b>	<b>105</b>	<b>156</b>	<b>0</b>	<b>(51)</b>
Basic earnings per share (€)	0.46	0.46	0.67	0.00	(0.22)
<b>Diluted earnings per share (€)</b>	<b>0.43</b>	<b>0.44</b>	<b>0.66</b>	<b>(0.01)</b>	<b>(0.23)</b>
Basic shares outstanding (millions)	230	229	232	0	(2)
<b>Diluted shares outstanding (millions)</b>	<b>244</b>	<b>240</b>	<b>237</b>	<b>4</b>	<b>7</b>



# Balance Sheet

In € million

Assets	31-Mar-24	31-Dec-23	Liabilities	31-Mar-24	31-Dec-23
Net intangible assets	40	42	Equity - Group share	2,307	2,157
Goodwill	40	40	Non-controlling interests	71	67
Net property, plant and equipment	1,974	1,980	<b>Total equity</b>	<b>2,378</b>	<b>2,224</b>
Biological assets	66	70	Bank loans and other borrowings (A)	1,352	1,348
Equity affiliates	17	16	Lease debt	37	40
Other non-current assets	171	159	Employee benefit commitments	91	102
Deferred taxes	208	209	Deferred taxes	83	83
<b>Total non-current assets</b>	<b>2,516</b>	<b>2,516</b>	Provisions and other long-term liabilities	323	317
Inventories	1,319	1,242	<b>Total non-current liabilities</b>	<b>1,885</b>	<b>1,890</b>
Trade and other receivables	697	756	Provisions	185	249
Derivatives - assets	18	47	Overdraft & other short-term borrowings (B)	199	122
Other current assets	263	251	Lease debt	16	17
Cash and cash equivalents (C)	1,066	900	Trade payables	832	763
<b>Total current assets</b>	<b>3,364</b>	<b>3,196</b>	Derivatives - liabilities	71	79
<b>Assets held for sale and discontinued operations</b>	<b>1</b>	<b>1</b>	Other current liabilities	314	369
<b>Total assets</b>	<b>5,881</b>	<b>5,713</b>	<b>Total current liabilities</b>	<b>1,617</b>	<b>1,599</b>
			Liabilities held for sale and discontinued operations	-	-
			<b>Total equity and liabilities</b>	<b>5,881</b>	<b>5,713</b>

<b>Net financial debt (A+B-C)</b>	<b>485</b>	<b>570</b>	<b>Net income (loss), Group share</b>	<b>105</b>	<b>496</b>
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# Cash Flow Summary

<i>In € million</i>	Q1 2024	Q4 2023	Q1 2023	QoQ chg.	YoY chg.
<b>EBITDA</b>	<b>235</b>	<b>280</b>	<b>320</b>	<b>(45)</b>	<b>(85)</b>
Non-cash items in EBITDA	10	(1)	13	11	(3)
Financial cash out	5	(1)	(18)	6	23
Tax payments	(15)	(52)	(16)	37	1
<b>Adjusted operating cash flow</b>	<b>235</b>	<b>226</b>	<b>299</b>	<b>9</b>	<b>(64)</b>
Change in working capital	(7)	92	(52)	(99)	45
Gross capital expenditure	(56)	(43)	(53)	(13)	(3)
<b>Adjusted free cash flow</b>	<b>172</b>	<b>275</b>	<b>194</b>	<b>(103)</b>	<b>(22)</b>
Restructuring charges & non-recurring items	(67)	(193)	(47)	126	(20)
Asset disposals & other cash items	(3)	67	4	(70)	(7)
<b>Total cash generation</b>	<b>102</b>	<b>149</b>	<b>151</b>	<b>(47)</b>	<b>(49)</b>
Non-cash adjustments to net debt	(17)	22	(21)	(39)	4
<b>(Increase) decrease in net debt</b>	<b>85</b>	<b>171</b>	<b>130</b>	<b>(86)</b>	<b>(45)</b>

# Financial Indebtedness and Liquidity

## Financial Indebtedness

<i>In € million</i>	31-Mar-24	31-Dec-23
8.500% Bonds due 2026	1,098	1,105
1.837% PGE due 2027	231	229
ACC ACE <sup>(a)</sup>	117	94
Other	106	42
<b>Total gross financial indebtedness</b>	<b>1,551</b>	<b>1,470</b>
Cash and cash equivalents	1,066	900
<b>Total net financial indebtedness</b>	<b>485</b>	<b>570</b>

(a) Refers to ACC (Advances on Foreign Exchange Contract) and ACE (Advances on Export Shipment Documents) program in Brazil

## Liquidity

<i>In € million</i>	31-Mar-24	31-Dec-23
Cash and cash equivalents	1,066	900
Available RCF	462	462
Available ABL <sup>(a)</sup>	186	177
<b>Total liquidity</b>	<b>1,714</b>	<b>1,539</b>

(a) This \$210m committed ABL is subject to a borrowing base calculation based on eligible accounts receivable and inventories, among other items. The borrowing base is currently approximately \$201m. Availability is shown net of approximately \$9m of letters of credit and other items.

# Definitions of Non-GAAP Financial Data and Concepts

**Adjusted free cash flow** is defined as adjusted operating cash flow +/- change in operating working capital and gross capital expenditures. It corresponds to net cash used in operating activities less restructuring and non-recurring items +/- gross capital expenditure.

**Adjusted operating cash flow** is defined as EBITDA adjusted for non-cash benefits and expenses, financial cash out and tax payments.

**Asset disposals and other cash items** includes cash inflows from asset sales as well as other investing and financing cash flows.

**Change in working capital** refers to the change in the operating working capital requirement.

**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.

**EBITDA:** Earnings Before Interest, Taxes, Depreciation and Amortization is calculated by taking operating income (loss) before depreciation and amortization, and excluding certain operating revenues and expenses that are unusual in nature or occur rarely, such as:

- impairment of goodwill and non-current assets as determined within the scope of impairment tests carried out in accordance with IAS 36;
- significant restructuring expenses, particularly resulting from headcount reorganization measures, in respect of major events or decisions;
- capital gains or losses on disposals;
- income and expenses resulting from major litigation, significant roll-outs or capital transactions (e.g., costs of integrating a new activity).

**Financial cash out** includes interest payments on financial and lease debt, interest income and other financial costs.

# Definitions of Non-GAAP Financial Data and Concepts

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**Free cash flow**, as previously defined, may continue to be derived as follows: total cash generation - asset disposals & other cash items. This is also defined as EBITDA adjusted for changes in provisions, less interest and tax payments, changes in working capital, less gross capital expenditures, and less restructuring/other cash outflows.

**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.

**(Increase) decrease in net debt** (alternatively, “change in net debt”) is defined as total cash generation +/- non-cash adjustments to net debt.

**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** is defined as the present value of unavoidable future lease payments.

**Midcycle or normalized earnings and cash flow simulations and related assumptions** do NOT represent guidance, a forecast, a target or an outlook of Vallourec for any particular financial year, but aim to represent an abstract average across cycles and across different circumstances to illustrate, in a volatile and unpredictable environment, the theoretical functioning of the New Vallourec. Conceptually these should be understood as approximate levels to be observed on average, over a long period of time and through various economic and commodity price environments.

**Net debt:** Consolidated net debt (or “net financial 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.

# Definitions of Non-GAAP Financial Data and Concepts



**Net working capital requirement** is 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.

**Non-cash adjustments to net debt** includes non-cash foreign exchange impacts on debt balances, IFRS-defined fair value adjustments on debt balances, and other non-cash items.

**Non-cash items in EBITDA** includes provisions and other non-cash items in EBITDA.

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

**Restructuring charges and non-recurring items** consists primarily of the cash costs of executing the New Vallourec plan, including severance costs and other facility closure costs.

**Total cash generation** is defined as adjusted free cash flow +/- restructuring charges and non-recurring items and asset disposals & other cash items. It corresponds to net cash used in operating activities +/- gross capital expenditure and asset disposals & other cash items.

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

# Share Information and Financial Calendar

## Share Information

### **Euronext Paris**

ISIN code: FR0013506730

Ticker: VK

### **USA: American Depositary Receipt (ADR)**

ISIN code: US92023R4074

Ticker: VLOWY

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## Financial Calendar

- **May 23<sup>rd</sup>, 2024:** Annual General Meeting
- **July 26<sup>th</sup>, 2024:** Publication of Second Quarter and Half Year 2024 Results
- **November 15<sup>th</sup>, 2024:** Publication of Third Quarter and nine-month 2024 Results

### Upcoming Investor Events

- **May 29<sup>th</sup>, 2024:** Société Générale conference (Nice, France)