vallourec

Press release

Meudon (France), March 2, 2023

Fourth Quarter and Full Year 2022 Results

- **FY 2022 results in-line with objectives with EBITDA of €312 million in Q4 and €715 million for the full year**
- **Positive Free Cash Flow generation of €185 million in H2 driven by strong Q4 performance of €266 million, enabling Net Debt reduction of €363 million (a) (b)**
- **Worldwide Tubes business remains on a positive trajectory with particular strength in the U.S.**
- **New Vallourec plan well advanced and being implemented worldwide, including Brazil**
- **For FY 2023, expect a further improvement in EBITDA, positive Free Cash Flow generation and Net Debt reduction (a) (b)**

Highlights

Solid Q4 and FY 2022 Performance

- Q4 EBITDA of €312 million, up 129% year-on-year and by 58% quarter-on-quarter
- Strong Q4 Free Cash Flow generation of €266 million (a)
- Net Debt reduction of €363 million in Q4 driven predominately by Free Cash Flow in addition to disposals and non-cash balance sheet movements (a) (b)
- Iron ore mine production sold of 1.4 million tonnes in Q4 slightly above prior estimate; positive steps achieved towards full restart of mine
- FY 2022 results in line with objectives:
  - EBITDA at €715 million
  - Positive Free Cash Flow generation in H2 of €185 million (a)
  - Net debt on downward trajectory after peaking in September 2022 due to working capital investments

Continuing strong commercial dynamic, with further important new wins

- Three-year Long-Term Agreement with Petrobras for the supply of 110,000 tonnes of Premium OCTG products, associated accessories, and specialized physical and digital services
- Significant orders from LLOG Exploration Offshore for the supply of 25,000 tonnes of line pipe for the Salamanca deep-water development off U.S. coast of Gulf of Mexico

Further improvement expected in FY 2023

- Further improvement in EBITDA
- Positive Free Cash Flow generation despite higher-than-normal capex related to the Oil & Gas volumes transfer from Germany to Brazil, and expected one-time New Vallourec restructuring / other cash outflows (a)
- Further Net Debt reduction expected (b)

---

[a] *Free Cash Flow defined as EBITDA adjusted for changes in provisions, less Interest and Tax Payments, changes in Working Capital, less Capex, and less Restructuring/Other Cash Outflows*
[b] *Change in Net Debt defined as Free Cash Flow less Asset Disposals/Other*

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 April 2023. Unless otherwise specified, indicated variations are expressed in comparison with the same period of the previous year.

New Vallourec plan on track with new initiatives added

- On track to generate €230 million of recurring EBITDA uplift with full effect starting Q2 2024
- New Vallourec plan well advanced and being implemented worldwide, including Brazil

Philippe Guillemot, Chairman of the Board of Directors, and Chief Executive Officer, declared:

"2022 was an excellent year for Vallourec on all fronts – operational, commercial, and financial. First, our New Vallourec strategic plan, launched only in May 2022, accomplished all its key milestones. It is fully on track to generate €230 million of recurring EBITDA uplift, with the full impact starting in Q2 2024.

2023 will be a pivotal year of the New Vallourec plan with the closure of our German plants and the full transfer of the Oil & Gas volumes to Brazil. In addition, since the original launch of the New Vallourec plan in Q2 of 2022, we have identified additional initiatives which are being implemented worldwide.

We have signed a sale contract for our Mülheim site in Germany which will realize €40 million in proceeds, while the sale process for our much larger site in Duesseldorf-Rath is progressing [c].

We have partially mitigated the headwind of the waste pile slippage at our Pau Branco iron ore mine by securing alternative solutions to continue operating and minimizing the loss in production on the Group's results. We expect to receive the approval to resume operating at full capacity at the beginning of Q2 2023.

On the commercial front, we are fully leveraging the positive market conditions of the global Tubes sector thanks to our unparalleled technological expertise and customer service. We have secured several important commercial wins this year, most recently with Petrobras and LLOG, showcasing the excellence of our innovative solutions.

Finally, we delivered a strong set of results fully in line with our objectives, with an EBITDA of €715 million over the Full Year 2022, a positive Free Cash Flow of €185 million for the Second Half, both driven by a strong Fourth Quarter performance, enabling us to reduce Net Debt [a] [b]. In 2023, which will be a key year in the New Vallourec plan, we expect to continue on this positive trajectory with a further increase in EBITDA, positive Free Cash Flow generation, and further reduction in Net Debt [a] [b].

I am extremely proud to be at the helm of Vallourec to lead its transformation, and together with our committed employees, look forward to the coming year with confidence and enthusiasm."

[a] *Free Cash Flow defined as EBITDA adjusted for changes in provisions, less Interest and Tax Payments, changes in Working Capital, less Capex, and less Restructuring/Other Cash Outflows*
[b] *Change in Net Debt defined as Free Cash Flow less Asset Disposals/Other*
[c] *Mülheim subject to closing conditions*

KEY DATA

in € million	Q4 2022	Q4 2021	% change	FY 2022	FY 2021	% change
Tubes volume sold (thousand tonnes)	**514**	510	1%	**1,804**	1,640	10%
Iron ore volume sold (million tonnes)	**1.4**	1.7	(13)%	**4.0**	8.1	(50)%
Group Revenues	**1,541**	1,064	45%	**4,883**	3,442	42%
Group EBITDA	**312**	136	+€176m	**715**	492	+€223m
(as a % of revenue)	*20.2%*	*12.8%*	*+7.4p.p.*	*14.6%*	*14.3%*	*+0.3p.p.*
Operating income (loss)	**164**	75	+€89m	**(122)**	374	€(496)m
Net income, Group share	**78**	89	(12)%	**(366)**	40	€(406)m
Free Cash Flow [(a)]	**266**	17	+€249m	**(216)**	(284)	+€68m
Net Debt	**1,130**	956	+€174m	**1,130**	956	+€174m

CONSOLIDATED RESULTS ANALYSIS

In the Fourth Quarter of 2022, Vallourec recorded revenues of €1,541 million, up 45% year-on-year and by 31.5% at constant exchange rates. The increase in Group revenues reflects:

- 1% volume increase mainly driven by Oil & Gas in North America
- 31% price/mix effect
- (1)% Mine and Forest
- 13% currency effect mainly related to weaker EUR/USD and EUR/BRL

For the Full Year, revenues totaled €4,883 million, up 42% year-on-year and by 28.5% at constant exchange rates. The increase in Group revenues reflects:

- 9% volume increase mainly driven by Oil & Gas in North America and to a lesser extent in the Middle East
- 25% price/mix effect
- (6)% Mine and Forest
- 13% currency effect mainly related to weaker EUR/USD and EUR/BRL

Q4 2022 Consolidated Results Analysis

In the Fourth Quarter of 2022, EBITDA amounted to €312 million compared with €136 million in Q4 2021**;** the **EBITDA margin reached 20.2% of revenues** versus 12.8% in Q4 2021. For the Group, the EBITDA increase reflects:

- **An industrial margin of €415 million, or 26.9% of revenues**, versus €219 million or 20.6% of revenues in Q4 2021. The positive contribution of the Oil & Gas market in North America, both in prices and volumes, was partially offset by the negative impact of the lower mine and forest activity.

- **Sales, general and administrative costs (SG&A) of €89 million or 5.8% of revenues**, versus 7.8% in Q4 2021.

[a] *Free Cash Flow defined as EBITDA adjusted for changes in provisions, less Interest and Tax Payments, changes in Working Capital, less Capex, and less Restructuring/Other Cash Outflows*

Operating income was positive at €164 million, compared to €75 million in Q4 2021. In Q4 2022, the Group booked restructuring charges amounting to €56 million mainly related to restructuring measures in Germany and France, consultancy fees and dismantling costs in France, as well as impairment charges of €36 million, predominantly related to the German tube plants.

Financial income was negative at €(60) million, compared with €(25) million in Q4 2021 driven by FX losses among others; net interest expenses in Q4 2022 stood at €(25) million compared to €(21) million in Q4 2021.

Income tax amounted to €(9) million compared to €40 million in Q4 2021.

This resulted in positive net income, Group share, of €78 million, compared to €89 million in Q4 2021.

Full Year 2022 consolidated results analysis

Over the Full Year 2022, EBITDA amounted to €715 million, a €223 million increase year-on-year, resulting in an EBITDA margin of 14.6%. The EBITDA increase reflects:

- **An industrial margin of €1,076 million or 22% of revenues**, up €239 million compared with FY 2021. The positive contribution of the Oil & Gas market in North America, both in prices and volumes, was partially offset by the negative impact of the temporary suspension of the mine operations.

- **Sales, general and administrative costs (SG&A) of €349 million, or 7.2% of revenues**, versus €316 million and 9.2% of revenues in FY 2021.

Operating income was negative at €(122) million compared with €374 million in FY 2021, resulting mainly from provisions related to the adaptation measures (European social plans and associated fees) and, to a lesser extent, from provisions for non-recurring costs related to the iron ore mine incident.

Financial income was negative at €(111) million, compared with €(236) million in FY 2021; net interest expenses in FY 2022 stood at €(95) million reflecting the new balance sheet structure.

Income tax amounted to €(113) million mainly related to North America and Brazil.

As a result, net income, Group share, amounted to €(366) million, compared to €40 million in FY 2021.

RESULTS ANALYSIS BY SEGMENT

TUBES

In Q4 2022, Tubes revenues were up 49% predominately due to higher prices. **Tubes EBITDA increased from €86 million to €285 million** driven by an increased EBITDA margin of 19.4%.

For the Full Year 2022, Tubes revenues increased by 54% predominately due to higher prices. **EBITDA rose significantly from €148 million to €638 million** based on a 10% increase in volumes, coupled with a 40% increase in the average selling price per tonne.

MINE AND FOREST

In Q4 2022, the iron ore mine production reached 1.4 million tonnes, compared to 1.7 million tonnes in Q4 2021. For the **Full Year 2022, the mine produced 4.0 million tonnes**, compared to 8.1 million tonnes over the Full Year 2021, significantly reduced as a consequence of the waste pile slippage incident at the beginning of 2022.

Mine and Forest revenue in Q4 2022 reached €70 million, slightly down by 3% year-on-year. **For the Full Year 2022, the Mine and Forest revenue amounted to €245 million**, a 48% decrease compared to FY 2021.

In Q4 2022, Mine and Forest EBITDA decreased from €41 million to €22 million due to lower volumes and lower prices reducing the EBITDA margin to 31%. **For the Full Year 2022, Mine and Forest EBITDA decreased strongly from €358 million to only €113 million** due to 50% lower volumes and lower prices.

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities

In Q4 2022, cash flow from operating activities improved to €161 million, compared to €10 million in Q4 2021; higher EBITDA and lower income tax cash-out more than offset the increase in restructuring cash-out and in financial interest paid.
For the Full Year 2022, cash flow from operating activities was €330 million compared to €26 million in FY 2021. The improvement was predominantly related to increased EBITDA and lower income tax.

Operating working capital requirement

In Q4 2022, the operating working capital requirement decreased by €183 million, versus a decrease of €61 million in Q4 2021. **The net working capital requirement stood at 80 days of sales**, compared to 84 days in Q4 2021.
For the Full Year 2022, working capital increased by €355 million versus an increase of €172 million in FY 2021.

Capex

Capital expenditure was €78 million in Q4 2022, compared with €54 million in Q4 2021, and **€191 million in FY 2022** compared to €138 million in FY 2021.

Free cash flow

As a result, **in Q4 2022 free cash flow was €266 million** versus €17 million in Q4 2021 [(a)].
Free cash flow for the Full Year of 2022 was negative at €(216) million, compared with negative €(284) million in FY 2021, **after a €355 million working capital increase over the year**. [(a)]

Asset disposals and other items

In Q4 2022, asset disposals and other items amounted to €98 million, compared with €19 million in Q4 2021. These amounts reflected €45 million in non-cash items including accrued interest and fair value adjustments on debt. Additionally, these amounts reflected a €53 million change in cash items, including €26 million for disposal on assets and other items.
Over the Full Year of 2022, asset disposals and other items amounted to €44 million.

---

[a] Free Cash Flow defined as EBITDA adjusted for changes in provisions, less Interest and Tax Payments, changes in Working Capital, less Capex, and less Restructuring/Other Cash Outflows

Net debt and liquidity

As of December 31, 2022, net debt stood at €1,130 million, compared with €1,493 million on September 30, 2022. Gross debt amounted to €1,682 million including €70 million of fair value adjustment under IFRS 9 (which will be reversed over the life of the debt). Long-term debt amounted to €1,368 million and short-term debt totaled €314 million.

As of December 31, 2022, lease debt stood at €71 million following the application of IFRS 16 standards, compared with €78 million on September 30, 2022.

As of December 31, 2022, the liquidity position was strong at €1,203 million, with cash amounting to €552 million, an undrawn committed Revolving Credit Facility of €462 million, and an Asset Backed Loan of $210 million [d]. **The Group has no repayments scheduled before June 2026.**

UPDATE ON PAU BRANCO MINE

Operations at Vallourec's Pau Branco iron ore mine were temporarily suspended in January 2022 following slippage at its Cachoeirinha waste pile. Operations were partially restarted in May using alternative waste piles, albeit at lower-than-normal capacity levels. Volumes sold in 2022 amounted to 4.0 million tonnes, slightly ahead of estimates given at the Q3 2022 results release.

Permissions have been secured to continue using alternative waste piles until the beginning of Q2 2023. In parallel, the Group has finalized all civil works required to achieve a minimum safety factor and applied for its release. The solidity of the structure was confirmed during the rainy season.

For Q1 2023, Vallourec estimates production of approximately 1.5 million tonnes. The release of the core waste pile and resumption of normal operations is expected at the beginning of Q2 2023.

NEW VALLOUREC PLAN ON TRACK WITH NEW INITIATIVES ADDED

The New Vallourec plan, announced in May 2022, remains fully on track. The plan aims to generate €230 million of recurring EBITDA uplift and around €20 million CAPEX reduction with the full impact starting in Q2 2024. It will contribute to making the Group cycle-proof and generating positive Free Cash Flow, before change in working capital, even at the bottom of the cycle. [a]

In 2022 firm social agreements were secured in France, Germany, and the UK, substantially de-risking the plan and allowing our teams to focus on execution. Employees at the sites to be closed or downsized will begin to leave the company in Q1 of 2023 with the last wave of departures in 2024. The industrial CAPEX plan in Brazil is on track to ensure the full transfer of Oil & Gas volumes from Germany throughout the course of 2023.

In February 2023 we signed a contract to sell our Mülheim site for €40 million [c]. The sale process for our much larger site in Duesseldorf-Rath is ongoing.

[a] *Free Cash Flow defined as EBITDA adjusted for changes in provisions, less Interest and Tax Payments, changes in Working Capital, less Capex, and less Restructuring/Other Cash Outflows*
[c] *Subject to closing conditions*
[d] *$8.5 million letter of credit issued as per end 2022*

Moreover, we are implementing New Vallourec initiatives in other geographies, including Brazil, as well as production increases in the U.S. and Saudi Arabia.

In addition, a value-over-volume strategy incorporates portfolio rationalization to drive profitable growth. Vallourec aims to achieve best-in-class profitability levels and close the margin gap with peers over the cycle.

OUTLOOK 2023

Based on our market assumptions, as well as our progress throughout 2022, we are confident that 2023 will see a further significant enhancement in our financial results, with notably:

- An improvement in EBITDA, which will be driven by both our Tubes business and Mine and Forest business
- After a positive Free Cash Flow generation in H2 2022, our ambition is to be also Free Cash Flow positive for the Full Year 2023. This is despite CAPEX of around 220 million euros and the expected one-time New Vallourec restructuring cash outflows of about 350 million euros [a]
- And we expect further Net Debt reduction in 2023 [b]

---

[a] Free Cash Flow defined as EBITDA adjusted for changes in provisions, less Interest and Tax Payments, changes in Working Capital, less Capex, and less Restructuring/Other Cash Outflows
[b] Change in Net Debt defined as Free Cash Flow less Asset Disposals/Other

Information and Forward-Looking Statements

This press release includes 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. 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. 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 April 19, 2022, under filing number n° D.22-0305.
Accordingly, readers of this document are cautioned against relying on these forward-looking statements. These forward-looking statements are made as of the date of this document. Vallourec disclaims any intention or obligation to complete, update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws and regulations. This press release does not constitute any offer to purchase or exchange, nor any solicitation of an offer to sell or exchange securities of Vallourec. or further information, please refer to the website www.vallourec.com.

Presentation of Q4 2022 results

Conference call / audio webcast on Thursday, March 2nd at 9:30 am CET

- To listen to the audio webcast: https://channel.royalcast.com/landingpage/vallourec-en/20230302_1/

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

  - +44 (0) 33 0551 0200 (UK)
  - +33 (0) 1 70 37 71 66 (France)
  - +1 786 697 3501 (USA)

- Audio webcast replay and slides will be available 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 16,000 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.

Financial Calendar

May 17th 2023	First Quarter 2023 results
May 25th 2023	Ordinary and Extraordinary Shareholders' Meeting

For further information, please contact:

Investor relations
Investor.relations@vallourec.com

Press relations
Héloïse Rothenbühler
Tel: +33 (0)1 41 03 77 50
heloise.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
- Tubes revenues by geographic region
- Tubes revenues by market
- KPI per segment
- Summary consolidated income statement
- Summary consolidated balance sheet
- Free cash flow
- Net Debt
- Indebtedness
- Definitions of non-GAAP financial data

Tubes sales volume

in thousands of tonnes	2022	2021	% Change
Q1	**395**	358	10%
Q2	**433**	381	14%
Q3	**462**	391	18%
Q4	**514**	510	1%
Total	**1,804**	**1,640**	**10%**

Mine sales volume

in millions of tonnes	2022	2021	% Change
Q1	**0.14**	1.9	(93)%
Q2	**1.0**	2.3	(57)%
Q3	**1.5**	2.2	(33)%
Q4	**1.4**	1.7	(13)%
Total	**4.0**	**8.1**	**(50)%**

Forex

Average exchange rate	FY 2022	FY 2021
EUR / USD	**1.05**	1.18
EUR / BRL	**5.44**	6.38
USD / BRL	**5.17**	5.39

Tubes revenues by geographic region

in € million	Q4 2022	Q4 2021	% change	FY 2022	FY 2021	% change
Europe	**137**	135	*1.4%*	**606**	537	*12.9%*
North America	**744**	311	*139.0%*	**2,094**	828	*153.0%*
Middle East	**111**	127	*(12.7)%*	**434**	334	*29.7%*
Asia	**111**	121	*(8.4)%*	**389**	402	*(3.3)%*
South America	**241**	211	*14.2%*	**855**	726	*17.7%*
Others	**123**	81	*52.1%*	**285**	203	*40.5%*
Total Tubes Revenues	**1,467**	**986**	***48.7%***	**4,663**	**3,030**	***53.9%***

Tubes revenues by market

in € million	Q4 2022	Q4 2021	% change	FY 2022	FY 2021	% change
Oil & Gas and Petrochemicals	**1,185**	687	*72.3%*	**3,419**	1,950	*75.3%*
Industry	**252**	255	*(1.3)%*	**1,063**	908	*17.1%*
Other	**31**	44	*(29.8)%*	**181**	172	*5.1%*
Total Tubes Revenues	**1,467**	**986**	***48.7%***	**4,663**	**3,030**	***53.9%***

Q4 2022 KPI per SEGMENT

in € million	Tubes			Mine and Forest			Holding companies and others			Inter-segment transactions			Total		
	Q4 2022	Q4 2021	% change	Q4 2022	Q4 2021	% change	Q4 2022	Q4 2021	% change	Q4 2022	Q4 2021	% change	Q4 2022	Q4 2021	% change
INCOME STATEMENT															
Volume sold [e]	514	510	*1%*	1.4	1.7	*(13)%*									
Revenues	1,467	986	*49%*	70	73	*(3)%*	61	43	*43%*	(57)	(38)	*51%*	1,541	1,064	45%
Average Selling Price (in € per tonnes)	2,853	1,936	*47%*												
EBITDA	285	86	*231%*	22	41	*(46)%*	2	(2)	*na*	3	13	*(77)%*	312	136	129%
CASH FLOWS															
Capital Expenditures	61	41	*49%*	14	8	*75%*	3	4	*(25)%*	0	0	*na*	78	54	44%

FY 2022 KPI per SEGMENT

in € million	Tubes			Mine and Forest			Holding companies and others			Inter-segment transactions			Total		
	FY 2022	FY 2021	% change	FY 2022	FY 2021	% change	FY 2022	FY 2021	% change	FY 2022	FY 2021	% change	FY 2022	FY 2021	% change
INCOME STATEMENT															
Volume sold [e]	1,804	1,640	*10%*	4.0	8.1	*(50)%*									
Revenues	4,663	3,030	*54%*	245	469	*(48)%*	210	186	*13%*	(234)	(243)	*(4)%*	4,883	3,442	42%
Average Selling Price (in € per tonnes)	2,584	1,848	*40%*												
EBITDA	638	148	*330%*	113	358	*(68)%*	(37)	(16)	*135%*	1	2	*(53)%*	715	492	45%
CASH FLOWS															
Capital Expenditures	142	87	*63%*	44	41	*7%*	5	9	*(44)%*	0	0	*na*	191	138	38%

na = not applicable

[e] *Volumes sold in thousand tonnes for Tubes; Volumes sold in million tonnes for the Iron Ore Mine*

Summary consolidated income statement

FY 2022	FY 2021	Change	*In € million*	Q4 2022	Q4 2021	Change
4,883	**3,442**	**41.9%**	**Revenues**	**1,541**	**1,064**	**44.8%**
-3,807	-2,605	46.1%	Cost of sales	-1,126	-845	33.3%
1,076	**837**	**28.6%**	**Industrial Margin**	**415**	**219**	**89.5%**
22.0%	*24.3%*	*(2.3)p.p.*	*(as a % of revenue)*	*26.9%*	*20.6%*	*6.3p.p.*
-349	-316	10.4%	Sales, general and administrative costs	-89	-83	7.2%
(7.2)%	*(9.2)%*	*(2.0)p.p.*	*(as a % of revenue)*	*(5.8)%*	*(7.8)%*	*(2.0)p.p.*
-11	-29	(62.1)%	Other	-14	-	na
715	**492**	**€223m**	**EBITDA**	**312**	**136**	**€176m**
14.6%	*14.3%*	*0.3p.p.*	*(as a % of revenue)*	*20.2%*	*12.8%*	*7.4p.p.*
-183	-160	14.4%	Depreciation of industrial assets	-45	-39	15.4%
-44	-42	4.8%	Amortization and other depreciation	-10	-10	na
-36	-5	na	Impairment of assets	-37	-5	-
-574	89	na	Asset disposals, restructuring costs and non-recurring items	-56	-7	na
-122	**374**	**€(496)m**	**Operating income (loss)**	**164**	**75**	**€89m**
-111	-236	(53.0)%	Financial income/(loss)	-60	-25	€35m
-233	**138**	**€(371)m**	**Pre-tax income (loss)**	**104**	**50**	**€54m**
-113	-101	11.9%	Income tax	-9	40	na
-18	-5	na	Share in net income/(loss) of equity affiliates	-15	-1	na
-363	**32**	**€(395)m**	**Net income**	**80**	**89**	**€(9)m**
3	-8	na	Attributable to non-controlling interests	2	-	na
-366	**40**	**€(406)m**	**Net income, Group share**	**78**	**89**	**€(11)m**
(1.6)	0.3	na	Net earnings per share	0.34	0.4	na

na = not applicable

Summary consolidated balance sheet

In € million

Assets	12/31/2022	12/31/2021[f]	Liabilities	12/31/2022	12/31/2021[f]
			Equity - Group share	**1,643**	1,763
Net intangible assets	**37**	46	Non-controlling interests	**42**	45
Goodwill	**40**	38	**Total equity**	**1,685**	**1,808**
Net property, plant and equipment	**1,829**	1,753	Bank loans and other borrowings (A)	**1,368**	1,387
Biological assets	**63**	38	Lease debt (D)	**51**	50
Equity affiliates	**16**	35	Employee benefit commitments	**105**	137
Other non-current assets	**187**	169	Deferred taxes	**52**	29
Deferred taxes	**238**	239	Provisions and other long-term liabilities	**296**	153
Total non-current assets	**2,410**	**2,318**	**Total non-current liabilities**	**1,872**	**1,756**
Inventories	**1,312**	1,015	Provisions	**355**	69
Trade and other receivables	**824**	571	Overdraft and other short-term borrowings (B)	**314**	190
Derivatives - assets	**34**	4	Lease debt (E)	**20**	17
Other current assets	**217**	168	Trade payables	**787**	601
Cash and cash equivalents (C)	**552**	620	Derivatives - liabilities	**36**	26
			Other current liabilities	**285**	258
Total current assets	**2,939**	**2,378**	**Total current liabilities**	**1,797**	**1,161**
Assets held for sale and discontinued operations	**9**	52	Liabilities held for sale and discontinued operations	**4**	23
Total assets	**5,358**	**4,748**	**Total equity and liabilities**	**5,358**	**4,748**

Net debt (A+B-C)	**1,130**	**956**	**Net income (loss), Group share**	**(366)**	**40**
Lease debt (D+E)	**71**	**67**			

[f] *Restated figures as of December 31st 2021*

Free cash flow

FY 2022	FY 2021	Change	*In € million*	Q4 2022	Q4 2021	Change
715	**492**	**+€223m**	**EBITDA**	**312**	**136**	**+€176m**
-53	-34	€(19)m	Provisions and other non-cash elements	-15	-37	+€22m
662	**458**	**+€204m**	**Cash EBITDA**	**297**	**99**	**+€198m**
-112	-95	€(17)m	Interest payments	-51	-28	€(23)m
-79	-180	+€101m	Tax payments	-23	-41	+€18m
-141	-157	+€16m	Other (including restructuring charges)	-62	-20	€(42)m
330	**26**	**+€304m**	**Operating cash flow before change in WCR**	**161**	**10**	**+€151m**
-355	-172	€(183)m	Change in operating WCR [+ decrease, (increase)]	183	61	+€122m
-25	**-146**	**+€121m**	**Operating cash flow**	**344**	**71**	**+€273m**
-191	-138	€(53)m	Gross capital expenditure	-78	-54	€(24)m
-216	**-284**	**+€68m**	**Free cash flow**[1]	**266**	**17**	**+€249m**

Net debt

FY 2022	FY 2021	*In € million*	Q4 2022	Q4 2021
330	26	Cash flow from operating activities	**161**	10
(355)	(172)	Change in operating WCR [+ decrease, (increase)]	**183**	61
(25)	**(146)**	**Net cash flow from operating activities**	**344**	**71**
(191)	(138)	Gross capital expenditure	**(78)**	(54)
44	1,540	Asset disposals and other items	**98**	19
(172)	1,256	Change in net debt [+ decrease, (increase)]	**363**	36
1,130	**956**	**Financial net debt (end of period)**	**1,130**	**956**

Indebtedness

In € million	12/31/2022
Bond issue – maturing in June 2026	1,135
PGE	220
ACC ACE	282
Other	43
TOTAL GROSS FINANCIAL INDEBTEDNESS	**1,681**
Cash	552
TOTAL NET FINANCIAL INDEBTEDNESS	**1,130**

[a] *Free Cash Flow defined as EBITDA adjusted for changes in provisions, less Interest and Tax Payments, changes in Working Capital, less Capex, and less Restructuring/Other Cash Outflows*

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.

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).

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.

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

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.

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

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 defined as EBITDA adjusted for changes in provisions, less Interest and Tax Payments, changes in Working Capital, less Capex, and less Restructuring/Other Cash Outflows.

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.

Change in Net Debt: Change in Net Debt defined as Free Cash Flow less Asset Disposals/Other

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