Press release

Meudon (France), July 27, 2022

Second Quarter and First Half 2022 results

2022 EBITDA expected between €650 to €750 million, significantly above 2021
'New Vallourec' plan on track to generate additional €230 million of recurring EBITDA

Highlights

Solid Q2 2022 Performance

- EBITDA of €160 million, significant increase of €115 million compared to Q1
- Continued strong performance of the Tube business, particularly in North America
- Iron Ore Mine restarted, albeit still performing below typical levels
- EBITDA of €240 million[1] adjusted for normal operations of the iron ore mine

FY 2022 Financial outlook quantified

- FY 2022 EBITDA now expected between €650 to €750 million, despite assumed iron ore production of only 2.6 million tonnes compared to a capacity of 8.7 million tonnes
- Adjusted for normal operation of the iron ore mine, FY 2022 EBITDA would have been projected at approximately €1.0 billion[2] (excluding any effect of the 'New Vallourec' transformation plan)
- H2 2022 Free Cash Flow to be positive
- FY 2022 CAPEX expected slightly above €200 million

'New Vallourec' transformation plan on track to generate additional €230 million of recurring EBITDA by Q1 2024

- Plant closure process launched in Germany
- Other European headcount and overhead cost reduction measures underway
- Further reinforcement of the Executive Committee to complete new leadership team

Philippe Guillemot, Chairman of the Board of Directors and Chief Executive Officer, declared:
"Robust Second Quarter results were fully in line with our expectations. Our tube business continues to operate in a highly favorable environment, particularly in North America. Our iron ore mine has reopened but is still operating below typical production levels, and this situation is now assumed to continue for the remainder of the year. Nevertheless, at this stage in the year, we are confident in quantifying our EBITDA outlook for FY 2022, with an expected performance between €650 to €750 million. Adjusted for the normal operation of the mine, EBITDA would have been approximately €1.0 billion. Free Cash Flow in the Second Quarter remained in negative territory, reflecting temporary investments in inventories to satisfy strong business demand. It will be positive in the Second Half as working capital stabilizes at current levels.

We continue to progress our 'New Vallourec' transformation plan, with the plant closure process launched in Germany and other European reorganization measures underway. Furthermore, I am delighted to welcome new leaders to the Executive Committee to complete the team which will drive the transformation of Vallourec."

[1] Normalized EBITDA means adjusted for the mine at full production and actual iron ore prices for Q2 2022
[2] 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

Information
Half-year financial statements were subject to limited review by statutory auditors.
Quarterly statements are unaudited and not subject to any review.
Unless otherwise specified, indicated variations are expressed in comparison with the same period of the previous year.

KEY DATA

First-half 2022	First-half 2021	Change	*In € million*	Q2 2022	Q2 2021	Change
828	**739**	12.0%	**Production shipped (k tonnes)**	**433**	**381**	13.6%
2,060	**1,544**	33.4%	**Revenue**	**1,144**	**842**	35.9%
205	**228**	€(23)m	**EBITDA**	**160**	**148**	€12m
10.0%	*14.8%*	*(4.8)p.p.*	*(as a % of revenue)*	*14.0%*	*17.6%*	*(3.6)p.p.*
(375)	**227**	na	**Operating income (loss)**	**(358)**	**200**	na
(450)	**(42)**	€(408)m	**Net income, Group share**	**(415)**	**51**	€(466)m
(401)	**(197)**	€(204)m	**Free cash-flow**	**(171)**	**(135)**	€(36)m
1,389	**720**	€669m	**Net debt**	**1,389**	**720**	€669m

CONSOLIDATED REVENUES BY MARKET

First-half 2022	First-half 2021	Change	At constant exchange rates	*In € million*	Q2 2022	Q2 2021	Change	At constant exchange rates
1,403	887	58.2%	44.1%	Oil & Gas, Petrochemicals	781	478	63.2%	45.8%
585	589	(0.6)%	(8.5)%	Industry & Other	323	333	(2.7)%	12.3%
72	68	6.5%	(3.1)%	Power Generation	40	31	29.3%	18.4%
2,060	**1,544**	**33.4%**	**22.0%**	**Total**	**1,144**	**842**	**35.9%**	**21.8%**

In the Second Quarter of 2022, Vallourec recorded revenues of €1,144 million, up 36% year-on-year and up 22% at constant exchange rates reflecting:

- 14% currency conversion effect mainly related to weaker EUR/USD and weaker EUR/BRL
- 12% volume increase mainly driven by Oil & Gas in North America and to a lesser extent in EA-MEA
- 19% price/mix effect
- (9)% iron ore mine

For the First Half, revenues totaled €2,060 million, up 33% year-on-year and by 22% at constant exchange rates on the back of:

- 11% currency conversion effect mainly related to weaker EUR/USD and weaker EUR/BRL
- 11% volume increase mainly driven by Oil & Gas in North America and, to a lesser extent, in EA-MEA
- 21% price/mix effect
- (9)% iron ore mine

Oil & Gas, Petrochemicals (68% of Q2 2022 consolidated revenue)

In Q2 2022, Oil & Gas revenues amounted to €679 million, a 55% increase year-on-year and up 39% at constant exchange rates.

- **In North America**, Oil & Gas revenues more than doubled thanks to both higher prices and volumes
- **In EA-MEA**, Oil & Gas revenues rose, driven by higher volumes
- **In South America**, revenues were stable while volumes increased, driven by a positive Oil & Gas drilling market and project line pipe activity

For the First Half, Oil & Gas revenues totaled €1,231 million, a €430 million increase or 54% year-on-year (+40% at constant exchange rates), mainly thanks to North America and, to a lesser extent, EA-MEA.

In Q2 2022, Petrochemicals revenues stood at €102 million, a significant increase of 153% year-on-year (+124% at constant exchange rates) notably due to better prices and increased volumes, mainly in North America.

For the First Half, Petrochemicals revenues doubled year-on-year to reach €172 million, (+80% at constant exchange rates).

In Q2 2022 revenues for Oil & Gas and Petrochemicals amounted to €781 million, up 63% year-on-year (+46% at constant exchange rates).

For the First Half revenues for Oil & Gas and Petrochemicals totaled €1,403 million, up 58% compared with H1 2021 (+44% at constant exchange rates).

Industry & Other (28% of Q2 2022 consolidated revenue)

In Q2 2022, Industry & Other revenues amounted to €323 million, slightly decreasing by 3% year-on-year (down 12% at constant exchange rates):

- In Europe, Industry revenues were up on the back of price increases
- In South America, Industry & Other revenues declined, reflecting the lower iron ore mine activity

For the First Half, Industry & Other revenues totaled €585 million, stable year-on-year and down 8% at constant exchange rates; better prices in engineering and, to a lesser extent, in automotive, were insufficient to offset the impact of the mine shutdown.

Power Generation (4% of Q2 2022 consolidated revenue)

In Q2 2022, Power Generation revenues amounted to €40 million, up 29% year-on-year and by 18% at constant exchange rates.

For the First Half 2022, revenues totaled €72 million, up 7% year-on-year and down by 3% at constant exchange rates.

CONSOLIDATED RESULTS ANALYSIS

Q2 2022 consolidated results analysis

In Q2 2022, EBITDA amounted to €160 million compared with €148 million in Q2 2021**; the EBITDA margin stood at 14.0% of revenue** versus 17.6% in Q2 2021, reflecting:

- An industrial margin of €254 million, or 22.2% of revenues, versus €243 million or 28.9% of revenues in Q2 2021. The positive contribution of the Oil & Gas market in North America, both in prices and volumes, and to a lesser extent in EA-MEA as well as the higher contribution both in Industry in EA-MEA and South America was partially offset by the negative impact of the temporary suspension of the mine operations.

- Sales, general and administrative costs (SG&A) at €98 million or 8.6% of revenue versus 9.6% in Q2 2021.

Adjusted for the regular operation of the iron ore mine and actual iron ore prices for Q2 2022, the normalized level of EBITDA would have been approximately **€240 million.**

Operating income was negative at €(358) million, compared to a positive €200 million in Q2 2021, resulting mainly from the provisions related to the adaptation measures (European social plans and associated fees) and, to a lesser extent, provisions for non-recurring costs related to the incident at the mine. Moreover, Q2 2021 included a positive one-off €70m gain related to the Reisholz land and building sale.

Financial income was negative at €(8) million, compared with €(93) million in Q2 2021; net interest expenses in Q2 2022 at €(22) million, and reflecting the new balance sheet structure, were partially offset by 'other financial income'.

Income tax was reduced to €(48) million compared to €(60) million in Q2 2021, reflecting lower earnings from the mine and a recovery in activity in North America.

This resulted in negative net income, Group share, of €(415) million, compared to a positive €51 million in Q2 2021.

H1 2022 consolidated results analysis

In H1 2022, EBITDA amounted to €205 million, a €23 million decrease year-on-year, to stand at 10.0% of revenue, reflecting:

- An industrial margin of €383 million or 18.6% of revenue, down €28 million compared with H1 2021. The positive contribution of the Oil & Gas market in North America, both in prices and volumes, and to a lesser extent in EA-MEA as well as the higher contribution both in Industry in EA-MEA and South America was more than offset by the negative impact of the temporary suspension of the mine operations.

- Sales, general and administrative costs (SG&A) of €183 million, or 8.9% of revenue, versus €158 million and 10.2% of revenue in H1 2021.

Adjusted for the regular operation of the iron ore mine and actual iron ore prices for H1 2022, the normalized level of EBITDA would have been approximately €370 million.

Operating income was negative at €(375) million compared with a positive €227 million in H1 2021, resulting mainly from the provisions related to the adaptation measures (European social plans and associated fees) and, to a lesser extent, provisions for non-recurring costs related to the incident at the mine (H1 2021 was positively impacted by a non-recurring €70m gain related to the above-mentioned real estate asset disposals).

Financial income was negative at €(21) million, compared with €(175) million in H1 2021; net interest expenses in H1 2022 at €(45) million reflecting the new balance sheet structure, were partially offset by other financial income.

Income tax amounted to €(51) million mainly related to Brazil and North America**.**

As a result, net income, Group share, amounted to €(450) million, compared to €(42) million in H1 2021.

CASH FLOW & FINANCIAL POSITION

Cash flow from operating activities

In Q2 2022, cash flow from operating activities improved to €41 million, compared to €(15) million in Q2 2021; It included cash-out related to the adaptation measures of €22 million, lower income tax paid, as well as lower financial expenses.

H1 cash flow from operating activities was positive at €61 million compared to €(2) million in H1 2021. The improvement was related to lower income tax and adaptation measures cash-out, as well as reduced financial expenses.

Operating working capital requirement

In Q2 2022, the operating working capital requirement increased by €(187) million, versus an increase of €(92) million in Q2 2021, reflecting higher forward volume expectations and raw-material price increases. The net working capital requirement stood at 117 days of sales, compared to 101 days in Q2 2021.

For H1 2022, the operating working capital requirement increased by €(403) million versus an increase of €(139) million in H1 2021.

Capex

Capital expenditure was €(25) million in Q2 2022, compared with €(28) million in Q2 2021, and €(59) million in H1 2022 compared to €(56) million in H1 2021.

For the full year it is expected to be slightly above €200 million.

Free cash flow

As a result, **in Q2 2022, free cash flow was negative at €(171) million** versus €(135) million in Q2 2021.

Free cash flow for H1 2022 was negative €(401) million after €403 million working capital build in H1, compared with €(197) million in H1 2021.

For the Second Half of 2022 free cash flow is expected to be positive.

Asset disposals & other items

In Q2 2022, asset disposals & other items amounted to €(5) million compared with €1,780 million in Q2 2021. This included the recognition of the financial restructuring, the cash-in from the Reisholz building and land disposal for €71 million and from the Valinox Nucléaire SAS disposal for €12 million.

For H1 2022, they amounted to €(30) million.

Net debt and liquidity

As of June 30, 2022, net debt stood at €1,389 million, compared with €1,213 million at March 31, 2022. As of June 30, 2022, gross debt amounted to €1,754 million including €81 million of fair value adjustment under IFRS 9 (which will be reversed over the life of the debt). Long-term debt amounted to €1,379 million and short-term debt totaled €375 million.

Net debt at year-end 2022 is projected below the level of end-June thanks to positive free cash flow.

As of June 30, 2022, lease debt stood at €61 million following the application of IFRS 5 standards, compared with €50 million on March 31, 2022.

The liquidity position was strong at €752 million, with cash amounting to €365 million and an undrawn committed Revolving Credit Facility of €387 million.

UPDATE ON PAU BRANCO MINE

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

On May 4, 2022, Vallourec partially restarted operations, using an alternative waste pile. Under these conditions, volumes extracted in H1 2022 amounted to approximately 1.1 million tonnes.

In the Full Year 2022, Vallourec now assumes an annual production of 2.6 million tonnes, which informs its EBITDA outlook.

Meanwhile, Vallourec continues discussions with the authorities regarding the use of other alternative waste piles to continue production. The Group is also working as fast as possible on additional safeguarding measures including drainage system reinforcement and the stabilization of the soft soil layers, in order to resume normal operations using the original waste pile, subject to the validation by the state mining and environmental authorities. Those normal operations are expected not before Q2 2023 following the full release of the Cachoeirinha Pile.

PROGRESS ON 'NEW VALLOUREC'

Foundations of the New Vallourec

Reshape industrial footprint

In May 2022, Vallourec announced **the initiation of the closure process of its German tube plants** and **the transfer of the German rolling activity for Oil & Gas to Brazil**. This process will take place over the next two years and will include the sale of land and buildings. The transfer will require approximately **€120 million of capex** in the Brazil operations to support the transition of premium tubular volume from Europe by end 2023.

The closure of the German operations implies further rationalization of other European operations involved in the finishing of tubes rolled in Germany. This rationalization will entail the **consolidation of all the European threading activities in a single location in Aulnoye**, France. The Group has also launched the closure processes of the heat treatment line at Saint-Saulve (France) and the threading line at Bellshill (Scotland). Elsewhere, Vallourec completed the sale of Vallourec Bearing Tubes. The Aulnoye Competence Center will lead the 'one R&D' organization.

Streamline overheads to lower breakeven and increase efficiency

Vallourec will **simplify its organization** by streamlining its structure in all regions (North America, South America and Eastern Hemisphere) and by further downsizing the headquarter functions, which will be primarily focused on strategy and expertise.

The Group will also benefit from **higher productivity** by implementing automation for all transactional processes and consolidating support functions in larger, Shared Services Centers, to leverage the Company's scale.

Finally, **support functions will be located close to production sites** and the Group will **focus on value-creating projects**.

These combined initiatives will lead to €230 million of recurring EBITDA and €250 million in ongoing cash up-lift. The execution is expected to be finalized at end of Q1 2024. The associated headcount reduction[3] should be approximately 2,950.

The implementation of these measures is subject to consultation of the competent employee representative bodies.

The indicative profile for the 'one-off' cash flows of this project shows that the bulk of the cash outflows (severance and other one-off costs) are concentrated at the beginning of 2024, while the main cash inflows (sale of land, buildings, working capital and other) are expected in the early part 2023. Consequently, the restructuring is not expected to impair liquidity.

Further reinforcement of Executive Committee

Following the nomination in May of Ulrika Wising as Senior Vice President Energy Transition, Vallourec has made four further senior appointments to reinforce the Executive Committee tasked with executing the 'New Vallourec' transformation strategy.

Enrico Schiappacasse as Senior Vice President Group Strategy and Development: On June 1, 2022, Vallourec announced the appointment of Enrico Schiappacasse as Senior Vice President Group Strategy and Development. He took office on June 1, 2022. Enrico was previously Vice President of the Oil and Gas Business Unit at Prysmian Group, world leader in the energy and telecom cable systems industry.

Nathalie Joannes as General Counsel: On July 1, 2022, Vallourec announced the appointment of Nathalie Joannes as General Counsel for the Group. Prior to joining Vallourec, Nathalie was Executive Vice President Legal and Compliance & General Counsel at LEO Pharma. Nathalie has successfully built international legal, risk management and compliance teams in listed and private companies worldwide. She has been a member of the New York Bar since 1987.

Ludovic Oster as Chief Human Resources Officer: On July 1, 2022, Vallourec announced the appointment of Ludovic Oster as Chief Human Resources Officer. Since August 2018, he has been Chief Human Resources Officer at Elior Group where he contributed to the implementation of the group's strategy, particularly through the alignment and commitment of teams, the development of human resources and organizational efficiency.

Pierre d'Archemont as Senior Vice President South America: On July 8, 2022, Vallourec announced the appointment of Pierre d'Archemont as Senior Vice President South America. He took up his position on July 14, 2022. He occupied the position of Regional VP Brazil and Argentina in charge of the operational and financial turnaround of Visteon since 2014.

New Vallourec industrial footprint in 2024

Vallourec's new industrial footprint is designed to support its value-over-volume strategy through a reduction of approximately 700,000 tonnes of unprofitable capacity in Europe and a focus on low-cost production regions with a significantly reduced carbon footprint.

Following the completion of the reshaping of its industrial footprint, Vallourec industrial footprint will consist of:

- 750,000 tonnes of competitive rolling capacity in North America which will be supported by steel production capacity of 750,000 tonnes.
- 1,100,000 tonnes of low-cost rolling capacity in Brazil, effectively limited by steel production of 950,000 tonnes.
- Unchanged rolling capacity of 600,000 tonnes in the Eastern Hemisphere (China) operations.

[3] Refers to permanent employees

2022 OUTLOOK

Oil & Gas

In North America, the highly favorable market conditions should continue into H2 2022, in both price and volume terms. Market very tight in terms of available supply.
In EA-MEA, volumes expected to continue to recover modestly in the coming quarters; cost increases will be passed onto customers.
In South America, volumes are expected to increase leading to margin improvement throughout the year.

Industry & Other
In Europe, the outlook for volumes is neutral in a softer market; price increases are expected to fully offset cost inflation.
In Brazil, the outlook for volumes is neutral relative to currently elevated levels, with price increases fully offsetting cost inflation.
Vallourec has partially restarted the mining operations. Assumptions for H2 2022 assume production of approximately 1.5 million tonnes, bringing the total for the year to 2.6 million tonnes. H2 2022 consensus estimates for iron ore average prices stand at approximately US$120 per tonne[4].

Based on these market trends and assumptions we **are quantifying our EBITDA outlook for FY 2022 which is now expected in a range of €650 to €750 million. On a normalized basis (for full production at the iron ore mine) EBITDA would have been estimated at approximately €1 billion[5].**

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.

[4] Capital IQ: ~$120 per tonne in H2 2022.
[5] 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.

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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 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 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 Q2 2022 results

Conference call / audio webcast on Wednesday, July 27th at 9:00 am CET

- To listen to the audio webcast:
  https://channel.royalcast.com/landingpage/vallourec-en/20220727_4/
- To participate in the conference call, please dial (password: “13649654#”):
  - +44 207 194 3759 (UK)
  - +33 1 72 72 74 03 (France)
  - +1 646 722 4916 (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 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.

Financial Calendar

November 21st 2022	Third Quarter and Nine Month 2022 results

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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

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Sales volume

In thousands of tonnes	2022	2021	Change
Q1	395	358	10.3%
Q2	433	381	13.6%
Q3		391	-
Q4		510	-
Total		**1,640**	**-**

Forex

Average exchange rate	First-half 2022	First-half 2021
EUR / USD	1.09	1.21
EUR / BRL	5.56	6.49
USD / BRL	5.08	5.36

Revenue by geographic region

In € million	First-half 2022	As % of revenue	First-half 2021	As % of revenue	Change	Q2 2022	As % of revenue	Q2 2021	As % of revenue	Change
Europe	285	13.8%	247	16.0%	15.1%	142	12.4%	134	15.9%	6.0%
North America (Nafta)	807	39.2%	309	20.0%	161.3%	461	40.3%	194	23.0%	138.2%
South America	470	22.8%	509	33.0%	(7.5%)	264	23.0%	283	33.6%	(6.7%)
Asia and Middle East	409	19.9%	371	24.0%	10.5%	231	20.2%	173	20.5%	34.1%
Rest of the world	89	4.3%	108	7.0%	(18.1%)	46	4.0%	59	7.0%	(22.1%)
Total	**2,060**	**100%**	**1,544**	**100%**	**33.5%**	**1,144**	**100%**	**842**	**100%**	**35.9%**

Revenue by market

First-half 2022	As % of revenue	First-half 2021	As % of revenue	Change	*In € million*	Q2 2022	As % of revenue	Q2 2021	As % of revenue	Variation
1,231	59.8%	801	51.9%	53.7%	Oil & Gas	679	59.3%	438	52.0%	55.0%
172	8.3%	86	5.6%	99.4%	Petrochemicals	102	8.9%	40	4.8%	153.4%
1,403	**68.1%**	**887**	**57.5%**	**58.2%**	**Oil & Gas, Petrochemicals**	**781**	**68.2%**	**478**	**56.8%**	**63.2%**
291	14.2%	206	13.4%	41.5%	Mechanicals	150	13.1%	112	13.3%	33.4%
50	2.4%	40	2.6%	24.8%	Automotive	26	2.3%	21	2.5%	27.2%
244	11.8%	343	22.2%	(28.9)%	Construction & Other	147	12.9%	200	23.7%	(26.2)%
585	**28.4%**	**589**	**38.1%**	**(0.6)%**	**Industry & Other**	**323**	**28.3%**	**333**	**39.5%**	**(2.7)%**
72	**3.5%**	**68**	**4.4%**	**6.5%**	**Power Generation**	**40**	**3.5%**	**31**	**3.7%**	**29.3%**
2,060	**100%**	**1,544**	**100%**	**33.5%**	**Total**	**1,144**	**100%**	**842**	**100%**	**35.9%**

Summary consolidated income statement

First-half 2022	First-half 2021	Change	*In € million*	Q2 2022	Q2 2021	Change
2,060	**1,544**	33.4%	**Revenue**	**1,144**	**842**	35.9%
(1,677)	**(1,133)**	48.0%	Cost of sales	**(890)**	**(599)**	48.6%
383	**411**	(6.8%)	**Industrial Margin**	**254**	**243**	4.5%
18.6%	*26.6%*	*(8.0)p.p.*	*(as a % of revenue)*	*22.2%*	*28.9%*	*(6.7)p.p.*
(183)	(158)	15.8%	Sales, general and administrative costs	(98)	(81)	21.0%
5	(25)	na	Other	4	(14)	na
205	**228**	€(23)m	**EBITDA**	**160**	**148**	+€12m
10.0%	*14.8%*	*(4.8)p.p.*	*(as a % of revenue)*	*14.0%*	*17.6%*	*(3.6)p.p.*
(90)	(78)	15.4%	Depreciation of industrial assets	(49)	(35)	40.0%
(23)	(22)	4.5%	Amortization and other depreciation	(13)	(13)	na
-	-	na	Impairment of assets	-	-	na
(467)	99	na	Asset disposals, restructuring costs and non-recurring items	(456)	100	na
(375)	**227**	€(602)m	**Operating income (loss)**	**(358)**	**200**	€(558)m
(21)	(175)	(88%)	Financial income/(loss)	(8)	(93)	(91.4%)
(396)	**52**	€(448)m	**Pre-tax income (loss)**	**(366)**	**107**	€(473)m
(51)	(100)	na	Income tax	(48)	(60)	(20%)
(2)	(3)	na	Share in net income/(loss) of equity affiliates	(1)	-	na
(449)	**(51)**	€(398)m	**Net income**	**(415)**	**47**	€(462)m
1	(9)	na	Attributable to non-controlling interests		(4)	na
(450)	**(42)**	€(408)m	**Net income, Group share**	**(415)**	**51**	€(466)m
(2.0)	**(3.3)**	na	**Net earnings per share (in €) ***	**(1.8)**	**3.7**	na

na = not applicable

Summary consolidated balance sheet

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

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

Free cash flow

First-half 2022	First-half 2021	Change	*In € million*	Q2 2022	Q2 2021	Change
205	**228**	**€(23)m**	**Ebitda**	**160**	**148**	**€12m**
(2)	8	€(10)m	Provisions and other non-cash elements	(21)	2	€(23)m
203	236	€(33)m	Cash Ebitda	139	150	€(11)m
(53)	(61)	€8m	Interest payments	(49)	(55)	€6m
(38)	(68)	€30m	Tax payments	(17)	(33)	€16m
(51)	(109)	€58m	Other (including restructuring charges)	(32)	(77)	€45m
61	**(2)**	**€59m**	**Operating cash flow before change in WCR**	**41**	**(15)**	**€56m**
(403)	(139)	€(264)m	Change in operating WCR [+ decrease, (increase)]	(187)	(92)	€(95)m
(342)	**(141)**	**€(201)m**	**Operating cash flow**	**(146)**	**(107)**	**€(39)m**
(59)	(56)	€(3)m	Gross capital expenditure	(25)	(28)	€3m
(401)	**(197)**	**€(204)m**	**Free cash flow**	**(171)**	**(135)**	**€(36)m**

Cash flow statement

First-half 2022	First-half 2021	*In € million*	Q2 2022	Q2 2021
61	(2)	Cash flow from operating activities	41	(15)
(403)	(139)	Change in operating WCR [+ decrease, (increase)]	(187)	(92)
(342)	(141)	Net cash flow from operating activities	(146)	(107)
(59)	(56)	Gross capital expenditure	(25)	(28)
(30)	1,691	Asset disposals & other items	(5)	1,780
(431)	1,494	Change in net debt [+ decrease, (increase)]	(176)	1,645
1,389	**720**	**Financial net debt (end of period)**	**1,389**	**720**

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).