Press release

Meudon (France), July 26th, 2024

Vallourec, a world leader in premium tubular solutions, announces today its results for the second quarter 2024. The Board of Directors of Vallourec SA, meeting on July 25th 2024, approved the Group's second quarter 2024 Consolidated Financial Statements.

Second Quarter 2024 Results

- **Q2 2024 EBITDA of €215m was moderately down sequentially, as expected**
- **Q2 2024 results reflect strong QoQ recovery in international Tubes volumes, more than offset by weaker US Tubes prices and volumes**
- **Several significant initiatives underway to realize full earnings potential in Brazil**
- **International OCTG demand remains at a healthy level and pricing remains strong**
- **Net debt reduction remains ahead of plan; further reduced to €364 million**
- **Expect further total cash generation in H2 2024, to be allocated predominantly to shareholder returns in 2025 at the latest[a]**

HIGHLIGHTS

Second Quarter 2024 Results

- Group EBITDA of €215 million (down €20m QoQ) with EBITDA margin of 20%
    - Tubes EBITDA per tonne of €599, above €550 for the seventh straight quarter despite reduced US pricing
    - Tubes EBITDA of €210 million down 4% sequentially and 36% year over year
    - Mine & Forest EBITDA of €15 million down 49% sequentially and 69% year over year due to lower realized prices and lower volumes year over year
- Adjusted free cash flow €81 million; total cash generation €41 million
- Deleveraging remains ahead of plan: net debt declined €121 million sequentially to €364 million

Third Quarter 2024 Outlook[b]

- Group EBITDA to decline versus Q2 due to lower overall Tubes volumes and reduced US Tubes pricing
- Expect positive total cash generation and further net debt reduction versus the Q2 2024 level

Full Year 2024 Outlook

- Group EBITDA expected to range between €800 – €850 million due to lower US prices
- Expect positive total cash generation and further net debt reduction versus the Q2 2024 level

[a] 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.
[b] In all cases, total cash generation and net debt guidance excludes the potential positive impact of major asset sales. See further details regarding the third quarter and full year 2024 outlook at the end of this press release.

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.
Please see "Definitions of Non-GAAP Financial Data" for definitions of terms presented in this press release.

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

"Our second-quarter results continued to reflect Vallourec's significant transformation into a more profitable, resilient and cash-generative company. Our Tubes EBITDA margin exceeded 20% for the fifth time in the last six quarters despite significantly weaker market conditions in the US versus early 2023. In addition, our total cash generation was positive for the seventh consecutive quarter, enabling us to remain ahead of plan in terms of net debt reduction.

"We are convinced that there remain significant opportunities to improve our Tubes returns independent of overall OCTG market conditions. In particular, we have several initiatives underway to drive our Brazilian Tubes operations towards best-in-class levels of efficiency and profitability. Today, we announce our plan to close our oldest rolling mill, the Barreiro Plug mill[c], which will save on cost and capex without sacrificing future volume upside. We are further reducing operating complexity and costs at our remaining operations with the goal of improving Brazilian Tubes cost per tonne by over €150 by year-end 2025. We also believe that this asset base retains the potential to deliver over 100,000 tonnes of incremental premium volume as we capitalize on future demand and improve our production efficiency. [d]

"Also in Brazil, we recently announced that we have obtained the necessary approvals from the state environmental authority (COPAM) and federal mining regulator (ANM) to progress the mine's Phase 1 extension project. This project, expected to start in late 2024, will extend the iron ore mine's life, improve its reserve quality, and enhance its profitability. We also are engaging with the relevant parties to progress the Phase 2 extension, which is still slated for startup in 2027.

"International OCTG market dynamics remain strong. Over the past several months, Vallourec has been awarded several contracts in the Middle East, Brazil and Africa to deliver premium tubular solutions to top global customers over the coming years. Additionally, customer tendering activity remains high, and we are confident in our ability to win attractive new business in the coming months. Our pricing for new orders remains at a healthy level, in line with strong global drilling activity levels.

"In the US market, OCTG prices have remained pressured by weaker than expected demand in 2024. We have remained disciplined in our pricing strategy and have taken action to offset these price headwinds via reduced staffing and sourcing costs. We see medium-term upside to demand as operators seek to maintain their currently-high level of oil and gas production in the years ahead.

"With our balance sheet refinancing completed and our net debt level now within our target leverage range, we are in a resilient position for any market environment. We expect further total cash generation in the second half of 2024, which will be predominantly allocated to shareholder returns in 2025 at the latest.[e]"

[c] The Barreiro Plug rolling mill has annual capacity of 150kt.
[d] The cost reduction target measured relative to the 2023 baseline, while volume upside is measured relative to H1 24 volumes.
[e] 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.

Key Quarterly Data

in € million, unless noted	Q2 2024	Q1 2024	Q2 2023	QoQ chg.	YoY chg.
Tubes volume sold (k tonnes)	351	292	396	59	(46)
Iron ore volume sold (m tonnes)	1.4	1.4	1.9	0.0	(0.5)
Group revenues	1,085	990	1,358	95	(273)
Group EBITDA	**215**	**235**	**374**	**(20)**	**(159)**
(as a % of revenue)	*19.8%*	*23.7%*	*27.5%*	*(3.9) pp*	*(7.7) pp*
Operating income (loss)	100	174	258	(74)	(158)
Net income, Group share	111	105	159	6	(48)
Adj. free cash flow	**81**	**172**	**174**	**(91)**	**(93)**
Total cash generation	**41**	**102**	**118**	**(61)**	**(77)**
Net debt	**364**	**485**	**868**	**(121)**	**(504)**

CONSOLIDATED RESULTS ANALYSIS

Second Quarter Results Analysis

In Q2 2024, Vallourec recorded revenues of €1,085 million, down (20%) year over year, which was also (20%) at constant exchange rates. The decrease in Group revenues reflects:

- (12%) volume decrease mainly driven by the closure of the European rolling mills and decreased volume sold in North America
- (7%) price/mix effect
- (1%) Mine & Forest effect
- (0.3%) currency effect

EBITDA amounted to €215 million, or 19.8% of revenues, compared to €374 million (27.5% of revenues) in Q2 2023**.** The decrease was largely driven by lower average selling prices in Tubes in North America, partially offset by improved Tubes results outside of North America due to higher market pricing and the benefits of the New Vallourec plan.

Operating income was €100 million, compared to €258 million in Q2 2023. Operating income was burdened by (€65) million of asset disposals, restructuring costs and non-recurring items, largely due to costs related to the closure of Vallourec's German operations.

Financial income (loss) was positive at €57 million, compared to (€24) million in Q2 2023. Net interest income in Q2 2024 was €37 million compared to (€28) million in Q2 2023. Vallourec's balance sheet refinancing had a net positive impact of approximately €70 million mainly related to the reversal of fair value accounting on the 2026 senior notes and State-guaranteed loan (PGE), of which €44 million impacted interest income.

Income tax amounted to (€40) million compared to (€70) million in Q2 2023.

This resulted in positive net income, Group share, of €111 million, compared to €159 million in Q2 2023.

Earnings per diluted share was €0.46 versus €0.67 in Q2 2023, reflecting the above changes in net income as well as an increase in potentially dilutive shares largely related to the Company's outstanding warrants, which are accounted for using the treasury share method.

First Half Results Analysis

In H1 2024, Vallourec recorded revenues of €2,075 million, down (23%) year over year, which was also (23%) at constant exchange rates. The decrease in Group revenues reflects:

- (22%) volume decrease mainly driven by the decrease in Industry volumes following the closure of the European rolling mills and by lower volumes in Oil & Gas Tubes in North America
- 0.4% price/mix effect
- (1%) Mine and Forest effect
- (0.1%) currency effect

EBITDA amounted to €450 million, or 21.7% of revenues, compared to €694 million (25.7% of revenues) in H1 2023**.** The decrease was largely driven by lower average selling prices in Tubes in North America, partly offset by improved Tubes results outside of North America due to higher market pricing and the benefits of the New Vallourec plan.

Operating income was €273 million, compared to €514 million in H1 2023. Operating income was burdened by (€77) million of asset disposals, restructuring costs and non-recurring items, largely due to costs related to the closure of Vallourec's German operations.

Financial income (loss) was positive at €37 million, compared to (€70) million in H1 2023. Net interest income in H1 2024 was €23 million compared to (€54) million in H1 2023. Vallourec's balance sheet refinancing had a net positive impact of approximately €70 million mainly related to the reversal of fair value accounting on the 2026 senior notes and State-guaranteed loan (PGE), of which €44 million impacted interest income.

Income tax amounted to (€86) million compared to (€123) million in H1 2023.

This resulted in positive net income, Group share, of €216 million, compared to €315 million in H1 2023.

Earnings per diluted share was €0.90 versus €1.34 in H1 2023, reflecting the above changes in net income as well as an increase in potentially dilutive shares largely related to the Company's outstanding warrants, which are accounted for using the treasury share method.

RESULTS ANALYSIS BY SEGMENT

Second Quarter Results Analysis

Tubes: In Q2 2024, Tubes revenues were down 19% year over year due to an 11% reduction in volume sold and a 9% decrease in average selling price. This decrease in volumes was largely attributable to the closure of Vallourec's German rolling operations as a result of the New Vallourec plan and decreased shipments in North America. **Tubes EBITDA decreased from €330 million in Q2 2023 to €210 million Q2 2024** due to lower profitability in North America offset by improvements in the rest of the world due to higher market pricing and the benefits of the New Vallourec plan.

Mine & Forest: In Q2 2024, iron ore production sold was 1.4 million tonnes, a decrease of 0.5 million tonnes year over year. **In Q2 2024, Mine & Forest EBITDA reached €15 million**, versus €50 million in Q2 2023, reflecting lower sales volumes, realized price, and non-cash forest fair value revaluation effects and higher costs.

First Half Results Analysis

Tubes: In H1 2024, Tubes revenues were down 23% year over year due to a 22% reduction in volume sold. This decrease in shipments was largely attributable to the closure of Vallourec's German rolling operations as a result of the New Vallourec plan and decreased volume sold in North America. **Tubes EBITDA decreased from €609 million in H1 2023 to €430 million H1 2024** due to a decrease in profitability in North America offset by improvement in the rest of the world due to higher market pricing and the benefits of the New Vallourec plan.

Mine & Forest: In H1 2024, iron ore production sold was 2.8 million tonnes, decreasing by 0.6 million tonnes year over year. **In H1 2024, Mine & Forest EBITDA reached €46 million**, versus €98 million in H1 2023, largely reflecting lower sales volumes, realized price, and non-cash forest fair value revaluation effects and higher costs.

CASH FLOW AND FINANCIAL POSITION

Second Quarter Cash Flow Analysis

In Q2 2024, adjusted operating cash flow was €96 million versus €232 million in Q2 2023. The decrease was attributable to lower EBITDA. Financial cash out in the period included approximately (€10) million of one-time costs related to the balance sheet refinancing.

Adjusted free cash flow was €81 million, versus €174 million in Q2 2023. Lower adjusted operating cash flow was partially offset by reduced capex versus the prior year period.

Total cash generation in Q2 2024 was €41 million, versus €118 million in Q2 2023. The decrease was attributable to lower adjusted free cash flow as well as higher restructuring charges and non-recurring items.

First Half Cash Flow Analysis

In H1 2024, adjusted operating cash flow was €330 million versus €531 million in H1 2023. The decrease was attributable to lower EBITDA, partly offset by reduced financial cash out. Financial cash out in the period included approximately (€10) million of one-time costs related to the balance sheet refinancing.

Adjusted free cash flow was €253 million, versus €368 million in H1 2023. Lower adjusted operating cash flow was partially offset by a release in working capital and lower capex versus the prior year period.

Total cash generation in H1 2024 was €143 million, versus €269 million in H1 2023. The decrease was attributable to lower adjusted free cash flow as well as higher restructuring charges and non-recurring items.

Net Debt and Liquidity

As of June 30, 2024, net debt[f] stood at €364 million, a significant decrease compared to €868 million on June 30, 2023. Gross debt was €1,082 million, down from €1,724 million on June 30, 2023. Long-term debt was €772 million and short-term debt totaled €310 million. There were €80m of non-cash reductions to net debt in Q2, which included €44 million of fair value adjustments related to the April balance sheet refinancing.

As of June 30, 2024, the liquidity position was very strong at €1,498 million, with €720 million of cash, availability on our revolving credit facility (RCF) of €550 million, and availability on an asset-backed lending facility (ABL) of €228 million[g]. Both liquidity facilities were upsized and extended in Vallourec's April balance sheet refinancing.

[f] Vallourec entered into 4-year cross-currency swaps (CCS) to hedge the EUR/USD currency exposure related to its USD 2032 Senior Notes. The fair value of the CCS related to the EUR/USD hedging of the principal of the notes is consequently included in the net debt definition.
[g] As of June 30, 2024, the borrowing base for this facility was approximately $253 million, and $9 million in letters of credit and other commitments were issued.

THIRD QUARTER AND FULL YEAR 2024 OUTLOOK[h]

In the third quarter of 2024, based on our assumptions and current market conditions, Vallourec expects:

- Group EBITDA to decline versus Q2, with:
  - Tubes volumes to decrease sequentially driven by lower US volumes and a Q4-weighted international shipment schedule
  - US Tubes prices to be lower in Q3 versus Q2
  - Iron ore production sold to increase sequentially
- Total cash generation to be positive and net debt to further decline versus the Q2 2024 level

For the full year 2024, based on our assumptions and current market conditions, Vallourec expects:

- Group EBITDA to range between €800 – €850 million, driven by:
  - A persistently strong international Tubes market environment, more than offset by lower US Tubes demand and pricing
  - Iron ore production sold of approximately 6 million tonnes, leading to full year EBITDA of approximately €100 million[i]
- Deleveraging to remain ahead of schedule with positive total cash generation positive and further net debt reduction versus the Q2 2024 level

Key items affecting Vallourec's cash flow in 2024 are as follows:

- Financial cash out is expected to be approximately (€100) million
- Tax payments are expected to reflect a low-to-mid 20% cash tax rate relative to reported pre-tax income, down from the previous expectation of a mid-to-high 20% cash tax rate relative to reported pre-tax income
- Capital expenditures are expected to be less than (€200) million, down from the previous expectation of approximately (€200) million
- Restructuring charges and non-recurring items are expected to represent a net cash use of approximately (€250) million. This estimate has increased from a previous estimate of a (€200) million cash use and includes offsetting proceeds from minor equipment sales, changes in cash collateral and other cash items.[j]
- The potential positive impact of major asset sales continues to be excluded from any cash flow or net debt outlook.

Accounting for the above factors, we expect positive total cash generation in the second half of 2024, allowing us to remain ahead of schedule in our net debt reduction plan.

[h] In all cases, total cash generation and net debt guidance excludes the potential positive impact of major asset sales.
[i] Assumes iron ore prices around the current level (as of July 26, 2024).
[j] The majority of such proceeds are expected to be recorded in "asset disposals and other cash items."

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 Universal Registration Document filed with the AMF on March 14, 2024, under filing number n° D. 24-0113.
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 https://www.vallourec.com/en
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Presentation of Q2 2024 Results

Conference call / audio webcast on July 26th at 9:30 am CET

- To listen to the audio webcast: https://channel.royalcast.com/landingpage/vallourec-en/20240726_1/

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

    - +44 (0) 33 0551 0200 (UK)
    - +33 (0) 1 7037 7166 (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 14,000 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 15th 2024	Release of Third Quarter and Nine Month 2024 results

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APPENDICES

The Group's reporting currency is the euro. All amounts are expressed in millions of euros, unless otherwise specified. Certain numerical figures contained in this document, including financial information and certain operating data, have been subject to rounding adjustments.

Documents accompanying this release:

- Tubes Sales Volume
- Mine Sales Volume
- Foreign Exchange Rates
- Tubes Revenues by Geographic Region
- Tubes Revenues by Market
- Segment Key Performance Indicators (KPIs)
- Summary Consolidated Income Statement
- Summary Consolidated Balance Sheet
- Key Cash Flow Metrics
- Summary Consolidated Statement of Cash Flows (IFRS)
- Indebtedness
- Liquidity
- Definitions of Non-GAAP Financial Data

Tubes Sales Volume

in thousands of tonnes	2024	2023	YoY chg.
Q1	292	431	(32%)
Q2	351	396	(11%)
Q3	-	343	-
Q4	-	382	-
Total	**643**	**1,552**	**-**

Mine Sales Volume

in millions of tonnes	2024	2023	YoY chg.
Q1	1.4	1.5	(9%)
Q2	1.4	1.9	(25%)
Q3	-	1.8	-
Q4	-	1.7	-
Total	**2.8**	**6.9**	**-**

Foreign Exchange Rates

Average exchange rate	Q2 2024	Q1 2024	Q2 2023
EUR / USD	1.08	1.09	1.09
EUR / BRL	5.61	5.38	5.39
USD / BRL	5.22	4.95	4.94

Quarterly Tubes Revenues by Geographic Region

in € million	Q2 2024	Q1 2024	Q2 2023	QoQ % chg.	YoY % chg.
North America	383	450	663	*(15%)*	*(42%)*
South America	169	153	229	*10%*	*(26%)*
Middle East	247	162	157	*53%*	*57%*
Europe	48	51	102	*(5%)*	*(53%)*
Asia	108	68	73	*57%*	*47%*
Rest of World	76	48	56	*56%*	*36%*
Total Tubes	**1,030**	**932**	**1,279**	***11%***	***(19%)***

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.
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Year-to-Date Tubes Revenues by Geographic Region

in € million	H1 2024	H1 2023	YoY % chg.
North America	833	1,321	*(37%)*
South America	322	418	*(23%)*
Middle East	409	269	*52%*
Europe	99	254	*(61%)*
Asia	176	127	*38%*
Rest of World	124	148	*(16%)*
Total Tubes	**1,963**	**2,537**	***(23%)***

Quarterly Tubes Revenues by Market

in € million	Q2 2024	Q1 2024	Q2 2023	QoQ % chg.	YoY % chg.	YoY % chg. at Const. FX
Oil & Gas and Petrochemicals	879	762	1,039	*15%*	*(15%)*	*(15%)*
Industry	100	119	207	*(16%)*	*(52%)*	*(51%)*
Other	52	51	33	*3%*	*60%*	*58%*
Total Tubes	**1,030**	**932**	**1,279**	***11%***	***(19%)***	***(19%)***

Year-to-Date Tubes Revenues by Market

in € million	H1 2024	H1 2023	YoY % chg.	YoY % chg. at Const. FX
Oil & Gas and Petrochemicals	1,641	2,060	*(20%)*	*(20%)*
Industry	219	422	*(48%)*	*(48%)*
Other	103	55	*87%*	*89%*
Total Tubes	**1,963**	**2,537**	***(23%)***	***(23%)***

Quarterly Segment KPIs

		Q2 2024	Q1 2024	Q2 2023	QoQ chg.	YoY chg.
Tubes	Volume sold*	351	292	396	20%	(11%)
	Revenue (€m)	1,030	932	1,279	11%	(19%)
	Average Selling Price (€)	2,937	3,189	3,226	(8%)	(9%)
	EBITDA (€m)	210	220	330	(4%)	(36%)
	Capex (€m)	23	46	61	(50%)	(63%)
Mine & Forest	Volume sold*	1.4	1.4	1.9	3%	(25%)
	Revenue (€m)	69	80	93	(13%)	(25%)
	EBITDA (€m)	15	30	50	(49%)	(69%)
	Capex (€m)	5	9	5	(37%)	14%
H&O	Revenue (€m)	49	45	51	9%	(4%)
	EBITDA (€m)	(13)	(13)	(5)	(2%)	nm
Int.	Revenue (€m)	(64)	(67)	(65)	(5%)	(1%)
	EBITDA (€m)	2	(2)	(1)	nm	nm
Total	Revenue (€m)	1,085	990	1,358	10%	(20%)
	EBITDA (€m)	215	235	374	(9%)	(43%)
	Capex (€m)	29	56	66	(47%)	(56%)

** Volume sold in thousand tonnes for Tubes and in million tonnes for Mine*
H&O = Holding & Other, Int. = Intersegment Transactions
nm = not meaningful

Year-to-Date Segment KPIs

		H1 2024	H1 2023	YoY chg.
Tubes	Volume sold*	643	827	(22%)
	Revenue (€m)	1,963	2,537	(23%)
	Average Selling Price (€)	3,052	3,066	(0%)
	EBITDA (€m)	430	609	(29%)
	Capex (€m)	69	106	(35%)
Mine & Forest	Volume sold*	2.8	3.4	(18%)
	Revenue (€m)	149	186	(20%)
	EBITDA (€m)	46	98	(53%)
	Capex (€m)	14	12	14%
H&O	Revenue (€m)	93	97	(4%)
	EBITDA (€m)	(27)	(10)	nm
Int.	Revenue (€m)	(130)	(123)	6%
	EBITDA (€m)	1	(3)	nm
Total	Revenue (€m)	2,075	2,696	(23%)
	EBITDA (€m)	450	694	(35%)
	Capex (€m)	85	119	(29%)

** Volume sold in thousand tonnes for Tubes and in million tonnes for Mine*
H&O = Holding & Other, Int. = Intersegment Transactions
nm = not meaningful

Quarterly Summary Consolidated Income Statement

€ million, unless noted	Q2 2024	Q1 2024	Q2 2023	QoQ chg.	YoY chg.
Revenues	**1,085**	**990**	**1,358**	**95**	**(273)**
Cost of sales	(774)	(669)	(890)	(105)	116
Industrial margin	**311**	**321**	**468**	**(10)**	**(157)**
(as a % of revenue)	*28.6%*	*32.4%*	*34.5%*	*(3.8) pp*	*(5.8) pp*
Selling, general and administrative expenses	(91)	(87)	(84)	(4)	(7)
(as a % of revenue)	*(8.4%)*	*(8.8%)*	*(6.2%)*	*0.4 pp*	*(2.2) pp*
Other	(5)	1	(10)	(6)	5
EBITDA	**215**	**235**	**374**	**(20)**	**(159)**
(as a % of revenue)	*19.8%*	*23.7%*	*27.5%*	*(3.9) pp*	*(7.7) pp*
Depreciation of industrial assets	(44)	(45)	(45)	1	1
Amortization and other depreciation	(8)	(8)	(9)	(0)	1
Impairment of assets	3	3	(8)	(0)	11
Asset disposals, restructuring costs and non-recurring items	(65)	(11)	(55)	(54)	(10)
Operating income (loss)	**100**	**174**	**258**	**(74)**	**(158)**
Financial income (loss)	57	(20)	(24)	77	81
Pre-tax income (loss)	**156**	**154**	**234**	**3**	**(78)**
Income tax	(40)	(46)	(70)	6	30
Share in net income (loss) of equity affiliates	0	1	1	(1)	(1)
Net income	**116**	**108**	**164**	**8**	**(48)**
Attributable to non-controlling interests	5	3	5	2	0
Net income, Group share	**111**	**105**	**159**	**6**	**(48)**
Basic earnings per share (€)	0.48	0.46	0.68	0.02	(0.20)
Diluted earnings per share (€)	**0.46**	**0.43**	**0.67**	**0.03**	**(0.21)**
Basic shares outstanding (millions)	230	230	233	–	(3)
Diluted shares outstanding (millions)	**241**	**244**	**236**	**(3)**	**5**

Year-to-Date Summary Consolidated Income Statement

€ million, unless noted	H1 2024	H1 2023	YoY chg.
Revenues	**2,075**	**2,696**	**(621)**
Cost of sales	(1,443)	(1,816)	373
Industrial margin	**631**	**880**	**(248)**
(as a % of revenue)	*30.4%*	*32.6%*	*(2.2) pp*
Selling, general and administrative expenses	(178)	(163)	(15)
(as a % of revenue)	*(8.6%)*	*(6.0%)*	*(2.6) pp*
Other	(3)	(23)	20
EBITDA	**450**	**694**	**(244)**
(as a % of revenue)	*21.7%*	*25.7%*	*(4.1) pp*
Depreciation of industrial assets	(89)	(85)	(4)
Amortization and other depreciation	(17)	(19)	2
Impairment of assets	6	(8)	13
Asset disposals, restructuring costs and non-recurring items	(77)	(68)	(9)
Operating income (loss)	**273**	**514**	**(241)**
Financial income (loss)	37	(70)	107
Pre-tax income (loss)	**310**	**445**	**(134)**
Income tax	(86)	(123)	37
Share in net income (loss) of equity affiliates	1	(0)	1
Net income	**224**	**321**	**(97)**
Attributable to non-controlling interests	8	6	2
Net income, Group share	**216**	**315**	**(99)**
Basic earnings per share (€)	0.94	1.36	(0.42)
Diluted earnings per share (€)	**0.90**	**1.34**	**(0.44)**
Basic shares outstanding (millions)	230	232	(2)
Diluted shares outstanding (millions)	**241**	**236**	**5**

Summary Consolidated Balance Sheet

In € million

Assets	30-Jun-24	31-Dec-23	Liabilities	30-Jun-24	31-Dec-23
			Equity - Group share	2,311	2,157
Net intangible assets	37	42	Non-controlling interests	77	67
Goodwill	37	40	**Total equity**	**2,388**	**2,224**
Net property, plant and equipment	1,885	1,980	Bank loans and other borrowings	772	1,348
Biological assets	59	70	Lease debt	33	40
Equity affiliates	17	16	Employee benefit commitments	81	102
Other non-current assets	132	159	Deferred taxes	84	83
Deferred taxes	209	209	Provisions and other long-term liabilities	264	317
Total non-current assets	**2,375**	**2,516**	**Total non-current liabilities**	**1,234**	**1,890**
Inventories	1,240	1,242	Provisions	181	249
Trade and other receivables	716	756	Overdraft & other short-term borrowings	310	122
Derivatives - assets	22	47	Lease debt	16	17
Other current assets	251	251	Trade payables	817	763
Cash and cash equivalents	720	900	Derivatives - liabilities	103	79
			Other current liabilities	278	370
Total current assets	**2,949**	**3,196**	**Total current liabilities**	**1,704**	**1,600**
Assets held for sale and discontinued operations	1	1	Liabilities held for sale and discontinued operations	–	–
Total assets	**5,325**	**5,713**	**Total equity and liabilities**	**5,325**	**5,713**

Quarterly Key Cash Flow Metrics

In € million	Q2 2024	Q1 2024	Q2 2023	QoQ chg.	YoY chg.
EBITDA	**215**	**235**	**374**	**(20)**	**(159)**
Non-cash items in EBITDA	(0)	10	(21)	(10)	21
Financial cash out	(65)	5	(61)	(70)	(4)
Tax payments	(54)	(15)	(60)	(39)	6
Adjusted operating cash flow	**96**	**235**	**232**	**(139)**	**(136)**
Change in working capital	15	(7)	8	22	7
Gross capital expenditure	(30)	(56)	(66)	26	36
Adjusted free cash flow	**81**	**172**	**174**	**(91)**	**(93)**
Restructuring charges & non-recurring items	(71)	(67)	(59)	(4)	(12)
Asset disposals & other cash items	31	(3)	3	34	28
Total cash generation	**41**	**102**	**118**	**(61)**	**(77)**
Non-cash adjustments to net debt	80	(17)	14	96	66
(Increase) decrease in net debt	**121**	**85**	**132**	**35**	**(11)**

Year-to-Date Key Cash Flow Metrics

In € million	H1 2024	H1 2023	YoY chg.
EBITDA	**450**	**694**	**(244)**
Non-cash items in EBITDA	9	(8)	17
Financial cash out	(60)	(79)	19
Tax payments	(68)	(76)	8
Adjusted operating cash flow	**330**	**531**	**(200)**
Change in working capital	8	(44)	52
Gross capital expenditure	(85)	(119)	34
Adjusted free cash flow	**253**	**368**	**(115)**
Restructuring charges & non-recurring items	(138)	(106)	(32)
Asset disposals & other cash items	28	7	21
Total cash generation	**143**	**269**	**(126)**
Non-cash adjustments to net debt	63	(7)	70
(Increase) decrease in net debt	**206**	**262**	**(56)**

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Summary Consolidated Statement of Cash Flows (IFRS)

In € million	H1 2024	H1 2023	YoY chg.
Consolidated net income (loss)	**224**	**321**	**(97)**
Net additions to depreciation, amortization and provisions	13	64	(51)
Unrealized gains and losses on changes in fair value	43	1	42
Capital gains and losses on disposals	(1)	1	(1)
Share in income (loss) of equity-accounted companies	(1)	0	(1)
Other cash flows from operating activities	(34)	(0)	(34)
Cash flow from (used in) operating activities after cost of net debt and taxes	**244**	**386**	**(142)**
Cost of net debt	(23)	54	(76)
Tax expense (including deferred taxes)	86	123	(37)
Cash flow from (used in) operating activities before costs of net debt and taxes	**308**	**563**	**(255)**
Interest paid	(70)	(68)	(1)
Tax paid	(68)	(76)	8
Interest received	18	7	11
Other cash flow on financial income	–	–	–
Cash flow from (used in) operating activities	**188**	**425**	**(237)**
Change in operating working capital in the statement of cash flows	8	(44)	52
Net cash flow from (used in) operating activities (A)	**196**	**381**	**(185)**
Acquisitions of property, plant and equipment and intangible assets	(85)	(119)	34
Disposals of property, plant and equipment and intangible assets	21	18	3
Impact of acquisitions (changes in consolidation scope)	3	2	1
Impact of disposals (changes in consolidation scope)	–	–	–
Other cash flow from investing activities	0	0	0
Net cash flow from (used in) investing activities (B)	**(61)**	**(99)**	**38**
Increase or decrease in equity attributable to owners	–	–	–
Dividends paid to non-controlling interests	(1)	(3)	2
Proceeds from new borrowings	790	41	749
Repayment of borrowings	(1,106)	0	(1,107)
Repayment of lease liabilities	(11)	(12)	1
Other cash flow used in financing activities	16	(1)	17
Net cash flow from (used in) financing activites (C)	**(312)**	**27**	**(338)**
Impact of reclassification to assets held for sale and discontinued operations (E)	**–**	**(0)**	**0**
Change in net cash (A+B+C+D+E)	**(177)**	**308**	**(485)**
Opening net cash	**898**	**547**	
Impact of changes in exchange rates (D)	**(2)**	**(4)**	
Closing net cash	**719**	**851**	
Change excluding forex impact	**(177)**	**308**	

Indebtedness

In € million	30-Jun-24	31-Dec-23
8.500% 5-year EUR Senior Notes due 2026	–	1,105
7.500% 8-year USD Senior Notes due 2032	748	–
1.837% PGE due 2027 [(a)]	193	229
ACC ACE [(b)]	109	94
Other	32	42
Total gross financial indebtedness	**1,082**	**1,470**
Cash and cash equivalents	720	900
Fair value of cross currency swap [(c)]	2	–
Total net financial indebtedness	**364**	**570**

(a) *Maturity prior to refinancing was 2027. Intended repayment of the remaining amount by Dec. 2024*

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

(c) *Vallourec entered into 4-year cross-currency swaps (CCS) to hedge the EUR/USD currency exposure related to its USD 2032 Senior Notes. The fair value of the CCS related to the EUR/USD hedging of the principal of the notes is consequently included in the net debt definition.*

Liquidity

In € million	30-Jun-24	31-Dec-23
Cash and cash equivalents	720	900
Available RCF	550	462
Available ABL [(a)]	228	177
Total liquidity	**1,498**	**1,539**

(a) *This $350m 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 $253m. Availability is shown net of approximately $9m of letters of credit and other items.*

DEFINITIONS OF NON-GAAP FINANCIAL DATA

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.

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.

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 plus the fair value of the cross-currency swaps related to the EUR/USD hedging of the principal of the $820 million 7.5% senior notes. Net debt excludes lease debt.

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).