

Meudon (France), November 15th, 2024

Vallourec, a world leader in premium tubular solutions, announces today its results for the third quarter 2024. The Board of Directors of Vallourec SA, meeting on November 14th 2024, approved the Group's third quarter 2024 Consolidated Financial Statements.

Third Quarter 2024 Results

- Q3 EBITDA of €168m, EBITDA margin remained strong at 19%
- Very strong total cash generation, with €130 million in Q3
- Net debt now €240 million, marking eighth consecutive quarter of deleveraging
- Group full year EBITDA guidance of €800 – €850 million confirmed; Q4 EBITDA to increase sequentially
- Vallourec confirms total cash generation in Q3 and future periods will be subject to its 80 – 100% payout ratio
- Vallourec plans to announce dividend proposal for 2025 AGM with Full Year 2024 results communication^a

HIGHLIGHTS

Third Quarter 2024 Results

- Group EBITDA of €168 million, down 22% QoQ as anticipated; EBITDA margin remained strong at 19%
 - Tubes EBITDA per tonne of €556 was down (7%) sequentially and only (1%) year over year due to lower US OCTG prices, offset by robust international OCTG prices and cost savings
 - Mine & Forest EBITDA of €22 million, up 43% sequentially due to improved cost performance and down (44%) year over year due to lower realized prices and volumes
- Adjusted free cash flow of €183 million; total cash generation of €130 million
- Further deleveraging during the quarter: net debt declined €124 million sequentially to €240 million

Fourth Quarter 2024 Outlook^b

- Group EBITDA to increase versus Q3:
 - In Tubes, volumes will increase sequentially driven by higher deliveries for both US and international markets
 - In Mine & Forest, iron ore production sold will decline sequentially due to rainy season impact and soft export market conditions
- Net debt to be broadly stable versus Q3 2024, driven by sequentially higher EBITDA offset by sequentially higher capex, increased restructuring charges & non-recurring items, and higher financial cash out

Full Year 2024 Outlook

- Confirm full year Group EBITDA will range between €800 and €850 million
- Confirm second half total cash generation will be positive
- Confirm net debt will decline versus the Q2 2024 level in H2 2024

^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 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 fourth quarter and full year 2024 outlook at the end of this press release.

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

“Our third-quarter results were driven by healthy profitability in international OCTG markets, despite the anticipated weakness in the US OCTG market. In this context, the Group has proven its ability to control its costs, manage its working capital and ultimately to generate significant cash flow. This marks the Group’s eighth consecutive quarter of deleveraging which ended with the exit from the safeguard plan implemented in 2021.

“Over the quarter, Vallourec has once again demonstrated its role as a key partner for offshore developments. Thanks to its unique offering of premium seamless tubes, accessories and associated services, Vallourec has secured a major contract with Petrobras for the technically-sophisticated Sepia 2 and Atapu 2 projects. Elsewhere in the deepwater market, the Group will be a key supplier for the development of TotalEnergies’ Kaminho deepwater project in Angola. We also announced an addition to our premium offshore product offering via the acquisition of Thermotite do Brasil (TdB). This transaction will add to our coating capabilities in our Project Line Pipe (PLP) business by allowing Vallourec to provide premium thermal insulation solutions for some of the most challenging offshore projects.

“Looking ahead, we continue to see strong demand across offshore and onshore international markets, with opportunities stemming from a large variety of geographies and customers. Market pricing therefore remains robust as premium tube mills are well-utilized. Meanwhile, after several quarters of negative market dynamics, the US OCTG market has improved recently. We have seen a notable uptick in demand from our core US customers, suggesting inventory levels across the industry have normalized. On the supply side, OCTG imports have decreased over the past several months and recent trade actions to preserve fair competition in the US will support domestic suppliers like Vallourec. As a result, market sources have reported an increase in spot pricing in both September and October.

“For 2024, we reiterate our full-year expectation of EBITDA ranging between €800 and €850 million, which will result in healthy total cash generation. At the end of the second quarter, we declared that our target capital structure had been achieved, and we are well ahead of our plan to reach net debt zero by year-end 2025. Accordingly, 80% to 100% of the total cash generation in the third quarter 2024 and future periods will be returned to shareholders. We are pleased to announce that we will provide a dividend proposal for our 2025 AGM with our Full Year 2024 results communication.”

Key Quarterly Data

<i>in € million, unless noted</i>	Q3 2024	Q2 2024	Q3 2023	QoQ chg.	YoY chg.
Tubes volume sold (k tonnes)	292	351	343	(59)	(51)
Iron ore volume sold (m tonnes)	1.3	1.4	1.8	(0.1)	(0.5)
Group revenues	894	1,085	1,142	(190)	(248)
Group EBITDA	168	215	222	(46)	(54)
<i>(as a % of revenue)</i>	18.8%	19.8%	19.5%	(1.0) pp	(0.7) pp
Operating income (loss)	124	100	146	24	(22)
Net income, Group share	73	111	76	(38)	(3)
Adj. free cash flow	183	81	217	102	(34)
Total cash generation	130	41	150	89	(20)
Net debt	240	364	741	(124)	(501)

© 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 would also be subject to shareholders’ approval.

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CONSOLIDATED RESULTS ANALYSIS

Third Quarter Results Analysis

In Q3 2024, Vallourec recorded revenues of €894 million, down (22%) year over year, or (18%) at constant exchange rates. The decrease in Group revenues reflects a (15%) volume decrease mainly driven by lower Industry volumes following the closure of the European rolling mills, a (1%) price/mix effect, a (2%) Mine & Forest effect, and a (4%) currency effect.

EBITDA amounted to €168 million, or 18.8% of revenues, compared to €222 million (19.4% of revenues) in Q3 2023. The decrease was largely driven by lower average selling prices in Tubes in North America as well as lower realized iron ore prices and production sold. This was 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 €124 million, compared to €146 million in Q3 2023.

Financial income (loss) was (€19) million, compared to (€22) million in Q3 2023. Net interest income (expense) in Q3 2024 was (€6) million compared to (€21) million in Q3 2023.

Income tax amounted to (€28) million compared to (€44) million in Q3 2023.

This resulted in positive net income, Group share, of €73 million, compared to €76 million in Q3 2023.

Earnings per diluted share was €0.30 versus €0.32 in Q3 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 Nine Month Results Analysis

In 9M 2024, Vallourec recorded revenues of €2,969 million, down (23%) year over year, or (21%) at constant exchange rates. The decrease in Group revenues reflects a (20%) 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, a (0.1%) price/mix effect, a (1%) Mine and Forest effect, and a (1%) currency effect.

EBITDA amounted to €618 million, or 20.8% of revenues, compared to €916 million (23.9% of revenues) over the first nine months of 2023. The decrease was largely driven by lower average selling prices in Tubes in North America, as well as lower iron ore production sold. This was partly offset by improved Tubes results in International markets due to higher market pricing and the benefits of the New Vallourec plan.

Operating income was €397 million, compared to €661 million in 9M 2023. Operating income was burdened by (€62) 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 €18 million, compared to (€92) million in 9M 2023. Net interest income (expense) over the first nine months of 2024 was €17 million compared to (€74) million in 9M 2023. In Q2, 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 (€114) million compared to (€167) million in 9M 2023.

This resulted in positive net income, Group share, of €289 million, compared to €391 million in 9M 2023.

Earnings per diluted share was €1.19 versus €1.66 in 9M 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.

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RESULTS ANALYSIS BY SEGMENT

Third Quarter Results Analysis

Tubes: In Q3 2024, Tubes revenues were down (21%) year over year due to a (15%) reduction in volume sold and a (7%) 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. **Tubes EBITDA decreased from €193 million in Q3 2023 to €162 million Q3 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 Q3 2024, iron ore production sold was 1.3 million tonnes, a decrease of ~0.5 million tonnes year over year. In Q3 2024, Mine & Forest EBITDA reached €22 million, versus €39 million in Q3 2023, reflecting lower sales volumes and realized price.

First Nine Month Results Analysis

Tubes: In 9M 2024, Tubes revenues were down (22%) year over year mainly due to a (20%) reduction in volume sold, while average selling price was down only (3%) during the period. 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 €802 million in 9M 2023 to €592 million 9M 2024** due to a decrease in profitability in North America partly offset by improvement in the rest of the world driven by higher market pricing and the benefits of the New Vallourec plan.

Mine & Forest: In 9M 2024, iron ore production sold was 4.1 million tonnes, decreasing by 1.1 million tonnes year over year. In 9M 2024, Mine & Forest EBITDA reached €68 million, versus €137 million in 9M 2023, largely reflecting lower sales volumes, realized price, and non-cash forest fair value revaluation effects plus higher costs.

CASH FLOW AND FINANCIAL POSITION

Third Quarter Cash Flow Analysis

In Q3 2024, adjusted operating cash flow was €117 million versus €171 million in Q3 2023. The decrease was attributable to lower EBITDA and higher financial cash out, only partly offset by lower tax payments.

Adjusted free cash flow was €183 million, versus €217 million in Q3 2023. Lower adjusted operating cash flow was partially offset by reduced capex versus the prior year period. Both periods saw significant working capital releases.

Total cash generation in Q3 2024 was €130 million, versus €150 million in Q3 2023.

First Nine Month Cash Flow Analysis

In 9M 2024, adjusted operating cash flow was €448 million versus €702 million in 9M 2023. The decrease was attributable to lower EBITDA, partly offset by reduced tax cash out.

Adjusted free cash flow was €436 million, versus €585 million in 9M 2023. Lower adjusted operating cash flow was partially offset by a higher release in working capital and lower capex versus the prior year period.

Total cash generation in 9M 2024 was €273 million, versus €419 million in 9M 2023.

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Net Debt and Liquidity

As of September 30, 2024, net debt^d stood at €240 million, a significant decrease compared to €570 million on December 31, 2023. Gross debt was €1,017 million, down from €1,470 million on December 31, 2023. Long-term debt was €736 million and short-term debt totaled €281 million^e.

As of September 30, 2024, the liquidity position was very strong at €1,561 million, with €814 million of cash, availability on our revolving credit facility (RCF) of €550 million, and availability on an asset-backed lending facility (ABL) of €197 million^f. Both liquidity facilities were upsized and extended in Vallourec's April balance sheet refinancing.

FOURTH QUARTER AND FULL YEAR 2024 OUTLOOK^g

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

- Group EBITDA to increase versus Q3:
 - In Tubes, volumes will increase sequentially driven by higher deliveries for both US and international markets
 - In Mine & Forest, iron ore production sold will decline sequentially due to rainy season impact and soft export market conditions
- Net debt to be broadly stable versus Q3 2024, driven by sequentially higher EBITDA offset by sequentially higher capex, increased restructuring charges & non-recurring items, and higher financial cash out

For the full year 2024, based on our assumptions and current market conditions, Vallourec confirms and clarifies its outlook as follows:

- Confirm full year Group EBITDA will range between €800 and €850 million:
 - In Tubes, the strong international OCTG market environment will persist, offset by the already-realized reductions in US demand and pricing
 - In Mine & Forest, iron ore production sold is now expected to be slightly above 5 million tonnes (previously 6 million tonnes) and EBITDA is expected to be slightly below €100 million at current iron ore prices (€100 million previously), with the reductions resulting from weak export market conditions
- Confirm second half total cash generation will be positive
- Confirm net debt will decline versus the Q2 2024 level

^d 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.

^e Short-term debt includes €194 million of remaining PGE (prêts garantis par l'État) outstanding. Depending on the outcome of ongoing discussions with the PGE lenders, this remaining amount may be repaid by end of December 2024, as reflected in the financial statements, or by its original maturity in June 2027.

^f As of September 30, 2024, the borrowing base for this facility was approximately \$230 million, and \$9 million in letters of credit and other commitments were issued.

^g In all cases, total cash generation and net debt guidance excludes the potential positive impact of major asset sales.

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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 marchés 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. For further information, please refer to the website <https://www.vallourec.com/en>

Presentation of Q3 2024 Results

Conference call / audio webcast on November 15th at 9:30 am CET

- To listen to the audio webcast: https://channel.royalcast.com/landingpage/vallourec-en/20241115_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.

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Financial Calendar

February 27th, 2025 Publication of Fourth Quarter and Full-Year 2024 Results

May 15th, 2025 Publication of First Quarter 2025 Results

May 22nd, 2025 Annual General Meeting

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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

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Tubes Sales Volume

<i>in thousands of tonnes</i>	2024	2023	YoY chg.
Q1	292	431	(32%)
Q2	351	396	(11%)
Q3	292	343	(15%)
9M Total	935	1,170	(20%)
Q4	–	382	–
Annual Total	–	1,552	–

Mine Sales Volume

<i>in millions of tonnes</i>	2024	2023	YoY chg.
Q1	1.4	1.5	(9%)
Q2	1.4	1.9	(25%)
Q3	1.3	1.8	(26%)
9M Total	4.1	5.2	(21%)
Q4	–	1.7	–
Annual Total	–	6.9	–

Foreign Exchange Rates

<i>Average exchange rate</i>	Q3 2024	Q2 2024	Q3 2023
EUR / USD	1.10	1.08	1.09
EUR / BRL	6.09	5.61	5.31
USD / BRL	5.54	5.22	4.88

Quarterly Tubes Revenues by Geographic Region

<i>in € million</i>	Q3 2024	Q2 2024	Q3 2023	QoQ % chg.	YoY % chg.
North America	331	383	460	(14%)	(28%)
South America	136	169	198	(19%)	(31%)
Middle East	143	247	162	(42%)	(12%)
Europe	84	48	116	75%	(28%)
Asia	108	108	80	0%	35%
Rest of World	40	76	52	(47%)	(23%)
Total Tubes	842	1,030	1,068	(18%)	(21%)

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Year-to-Date Tubes Revenues by Geographic Region

<i>in € million</i>	9M 2024	9M 2023	YoY % chg.
North America	1,164	1,781	(35%)
South America	458	616	(26%)
Middle East	551	431	28%
Europe	184	370	(50%)
Asia	284	208	37%
Rest of World	164	200	(18%)
Total Tubes	2,805	3,605	(22%)

Quarterly Tubes Revenues by Market

<i>in € million</i>	Q3 2024	Q2 2024	Q3 2023	QoQ % chg.	YoY % chg.	YoY % chg. at Const. FX
Oil & Gas and Petrochemicals	698	879	845	(21%)	(17%)	(15%)
Industry	85	100	175	(15%)	(52%)	(45%)
Other	60	52	48	14%	25%	30%
Total Tubes	842	1,030	1,068	(18%)	(21%)	(18%)

Year-to-Date Tubes Revenues by Market

<i>in € million</i>	9M 2024	9M 2023	YoY % chg.	YoY % chg. at Const. FX
Oil & Gas and Petrochemicals	2,338	2,905	(20%)	(19%)
Industry	304	597	(49%)	(47%)
Other	163	103	58%	62%
Total Tubes	2,805	3,605	(22%)	(21%)

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Quarterly Segment KPIs^h

		Q3 2024	Q2 2024	Q3 2023	QoQ chg.	YoY chg.
Tubes	Volume sold	292	351	343	(17%)	(15%)
	Revenue (€m)	842	1,030	1,068	(18%)	(21%)
	Average Selling Price (€)	2,888	2,937	3,115	(2%)	(7%)
	EBITDA (€m)	162	210	193	(23%)	(16%)
	Capex (€m)	25	23	44	8%	(44%)
Mine & Forest	Volume sold	1.3	1.4	1.8	(5%)	(26%)
	Revenue (€m)	66	69	88	(5%)	(25%)
	EBITDA (€m)	22	15	39	43%	(44%)
	Capex (€m)	11	5	6	100%	67%
H&O	Revenue (€m)	50	49	47	3%	6%
	EBITDA (€m)	(14)	(13)	(10)	5%	33%
Int.	Revenue (€m)	(64)	(64)	(62)	1%	3%
	EBITDA (€m)	(2)	2	0	–	–
Total	Revenue (€m)	894	1,085	1,142	(18%)	(22%)
	EBITDA (€m)	168	215	222	(22%)	(24%)
	Capex (€m)	36	30	51	22%	(30%)

Year-to-Date Segment KPIs^h

		9M 2024	9M 2023	YoY chg.
Tubes	Volume sold	935	1,170	(20%)
	Revenue (€m)	2,805	3,605	(22%)
	Average Selling Price (€)	3,001	3,081	(3%)
	EBITDA (€m)	592	802	(26%)
	Capex (€m)	93	150	(38%)
Mine & Forest	Volume sold	4.1	5.2	(21%)
	Revenue (€m)	215	274	(21%)
	EBITDA (€m)	68	137	(50%)
	Capex (€m)	25	19	33%
H&O	Revenue (€m)	144	144	(0%)
	EBITDA (€m)	(40)	(20)	102%
Int.	Revenue (€m)	(194)	(186)	5%
	EBITDA (€m)	(1)	(3)	–
Total	Revenue (€m)	2,969	3,838	(23%)
	EBITDA (€m)	618	916	(33%)
	Capex (€m)	121	170	(29%)

^h Volume sold in thousand tonnes for Tubes and million tonnes for Mine & Forest. H&O = Holding & Other; Int = Intersegment Transactions. Values for percentage changes not shown where not meaningful.

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Quarterly Summary Consolidated Income Statement

€ million, unless noted	Q3 2024	Q2 2024	Q3 2023	QoQ chg.	YoY chg.
Revenues	894	1,085	1,142	(190)	(248)
Cost of sales	(633)	(774)	(818)	141	185
Industrial margin	262	311	324	(49)	(62)
<i>(as a % of revenue)</i>	29.3%	28.6%	28.4%	0.6 pp	0.9 pp
Selling, general and administrative expenses	(84)	(91)	(85)	7	1
<i>(as a % of revenue)</i>	(9.4%)	(8.4%)	(7.4%)	(1.0) pp	(2.0) pp
Other	(9)	(5)	(17)	(4)	8
EBITDA	168	215	222	(46)	(54)
<i>(as a % of revenue)</i>	18.8%	19.8%	19.4%	(1.0) pp	(0.6) pp
Depreciation of industrial assets	(46)	(44)	(41)	(2)	(5)
Amortization and other depreciation	(8)	(8)	(9)	0	1
Impairment of assets	(5)	3	–	(8)	(5)
Asset disposals, restructuring costs and non-recurring items	15	(65)	(26)	80	41
Operating income (loss)	124	100	146	24	(22)
Financial income (loss)	(19)	57	(22)	(75)	3
Pre-tax income (loss)	105	156	124	(51)	(19)
Income tax	(28)	(40)	(44)	13	16
Share in net income (loss) of equity affiliates	(0)	0	0	(0)	(0)
Net income	78	116	81	(39)	(3)
Attributable to non-controlling interests	5	5	5	(1)	(0)
Net income, Group share	73	111	76	(38)	(3)
Basic earnings per share (€)	0.32	0.48	0.33	(0.17)	(0.01)
Diluted earnings per share (€)	0.30	0.46	0.32	(0.16)	(0.02)
Basic shares outstanding (millions)	230	230	230	0	0
Diluted shares outstanding (millions)	244	241	236	3	8

Information

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Year-to-Date Summary Consolidated Income Statement

€ million, unless noted	9M 2024	9M 2023	YoY chg.
Revenues	2,969	3,838	(868)
Cost of sales	(2,076)	(2,634)	558
Industrial margin	893	1,204	(311)
<i>(as a % of revenue)</i>	30.1%	31.4%	(1.3) pp
Selling, general and administrative expenses	(263)	(248)	(15)
<i>(as a % of revenue)</i>	(8.8%)	(6.5%)	(2.4) pp
Other	(13)	(40)	27
EBITDA	618	916	(298)
<i>(as a % of revenue)</i>	20.8%	23.9%	(3.1) pp
Depreciation of industrial assets	(135)	(126)	(9)
Amortization and other depreciation	(25)	(28)	3
Impairment of assets	1	(8)	9
Asset disposals, restructuring costs and non-recurring items	(62)	(94)	33
Operating income (loss)	397	661	(264)
Financial income (loss)	18	(92)	110
Pre-tax income (loss)	415	569	(154)
Income tax	(114)	(167)	53
Share in net income (loss) of equity affiliates	1	–	1
Net income	302	402	(100)
Attributable to non-controlling interests	13	11	2
Net income, Group share	289	391	(102)
Basic earnings per share (€)	1.26	1.71	(0.45)
Diluted earnings per share (€)	1.19	1.66	(0.47)
Basic shares outstanding (millions)	230	229	1
Diluted shares outstanding (millions)	243	236	8

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Summary Consolidated Balance Sheet

In € million

Assets	30-Sep-24	31-Dec-23	Liabilities	30-Sep-24	31-Dec-23
Net intangible assets	34	42	Equity - Group share	2,303	2,157
Goodwill	36	40	Non-controlling interests	78	67
Net property, plant and equipment	1,809	1,980	Total equity	2,381	2,224
Biological assets	60	70	Bank loans and other borrowings	736	1,348
Equity affiliates	16	16	Lease debt	30	40
Other non-current assets	123	159	Employee benefit commitments	80	102
Deferred taxes	192	209	Deferred taxes	83	83
Total non-current assets	2,270	2,516	Provisions and other long-term liabilities	249	317
Inventories	1,231	1,242	Total non-current liabilities	1,179	1,890
Trade and other receivables	586	756	Provisions	126	249
Derivatives - assets	42	47	Overdraft & other short-term borrowings	281	122
Other current assets	247	251	Lease debt	14	17
Cash and cash equivalents	814	900	Trade payables	812	763
Total current assets	2,920	3,196	Derivatives - liabilities	111	79
Assets held for sale and discontinued operations	1	1	Other current liabilities	286	370
Total assets	5,191	5,713	Total current liabilities	1,631	1,600
			Liabilities held for sale and discontinued operations	-	-
			Total equity and liabilities	5,191	5,713

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Quarterly Key Cash Flow Metrics

<i>In € million</i>	Q3 2024	Q2 2024	Q3 2023	QoQ chg.	YoY chg.
EBITDA	168	215	222	(46)	(54)
Non-cash items in EBITDA	(14)	(0)	11	(14)	(25)
Financial cash out	(17)	(65)	(8)	48	(9)
Tax payments	(20)	(54)	(54)	34	34
Adjusted operating cash flow	117	96	171	22	(54)
Change in working capital	102	15	97	87	5
Gross capital expenditure	(36)	(30)	(51)	(6)	15
Adjusted free cash flow	183	81	217	102	(34)
Restructuring charges & non-recurring items	(73)	(71)	(63)	(2)	(10)
Asset disposals & other cash items	19	31	(4)	(12)	24
Total cash generation	130	41	150	89	(20)
Non-cash adjustments to net debt	(6)	80	(23)	(85)	17
(Increase) decrease in net debt	124	121	127	3	(3)

Year-to-Date Key Cash Flow Metrics

<i>In € million</i>	9M 2024	9M 2023	YoY chg.
EBITDA	618	916	(298)
Non-cash items in EBITDA	(4)	3	(7)
Financial cash out	(77)	(87)	10
Tax payments	(89)	(130)	41
Adjusted operating cash flow	448	702	(254)
Change in working capital	109	53	56
Gross capital expenditure	(121)	(170)	49
Adjusted free cash flow	436	585	(149)
Restructuring charges & non-recurring items	(210)	(169)	(42)
Asset disposals & other cash items	47	3	45
Total cash generation	273	419	(146)
Non-cash adjustments to net debt	57	(30)	87
(Increase) decrease in net debt	330	389	(59)

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Summary Consolidated Statement of Cash Flows (IFRS)

<i>In € million</i>	9M 2024	9M 2023	YoY chg.
Consolidated net income (loss)	302	402	(100)
Net additions to depreciation, amortization and provisions	(2)	85	(87)
Unrealized gains and losses on changes in fair value	20	7	12
Capital gains and losses on disposals	(12)	(3)	(9)
Share in income (loss) of equity-accounted companies	(1)	(1)	(0)
Other cash flows from operating activities	(33)	–	(33)
Cash flow from (used in) operating activities after cost of net debt and taxes	274	491	(217)
Cost of net debt	(17)	74	(91)
Tax expense (including deferred taxes)	114	167	(53)
Cash flow from (used in) operating activities before costs of net debt and taxes	371	732	(361)
Interest paid	(75)	(88)	13
Tax paid	(89)	(130)	42
Interest received	29	20	8
Other cash flow on financial income	–	–	–
Cash flow from (used in) operating activities	237	534	(297)
Change in operating working capital	109	53	57
Net cash flow from (used in) operating activities (A)	346	587	(241)
Acquisitions of property, plant and equipment and intangible assets	(121)	(170)	49
Disposals of property, plant and equipment and intangible assets	40	25	15
Impact of acquisitions (changes in consolidation scope)	3	(0)	3
Impact of disposals (changes in consolidation scope)	–	2	(2)
Other cash flow from investing activities	0	0	(0)
Net cash flow from (used in) investing activities (B)	(78)	(143)	65
Increase or decrease in equity attributable to owners	–	–	–
Dividends paid to non-controlling interests	(1)	(4)	3
Proceeds from new borrowings	759	2	757
Repayment of borrowings	(1 130)	(30)	(1 100)
Repayment of lease liabilities	(17)	(17)	0
Other cash flow used in financing activities	21	(3)	24
Net cash flow from (used in) financing activities (C)	(368)	(52)	(316)
Change in net cash (A+B+C)	(101)	392	(492)
Opening net cash	898	547	
Change in net cash	(101)	392	
Impact of changes in exchange rates	10	(0)	
Impact of reclassification to assets held for sale and discontinued operations	–	–	
Closing net cash	808	938	

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Indebtedness

In € million	30-Sep-24	31-Dec-23
8.500% 5-year EUR Senior Notes due 2026	–	1,105
7.500% 8-year USD Senior Notes due 2032	714	–
1.837% PGE due 2027 ^(a)	194	229
ACC ACE ^(b)	63	94
Other	46	42
Total gross financial indebtedness	1,017	1,470
Cash and cash equivalents	814	900
Fair value of cross currency swap ^(c)	36	–
Total net financial indebtedness	240	570

^(a) Depending on the outcome of ongoing discussions with the PGE lenders, this remaining amount may be repaid by end of December 2024, as reflected in the financial statements, or by its original maturity in June 2027.

^(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-Sep-24	31-Dec-23
Cash and cash equivalents	814	900
Available RCF	550	462
Available ABL ^(a)	197	177
Total liquidity	1,561	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 \$230m. Availability is shown net of approximately \$9m of letters of credit and other items.

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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.

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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).

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