

## **Vallourec merges its two main Brazilian companies into Vallourec Soluções Tubulares do Brasil**

**Boulogne-Billancourt (France), 3 October 2016** – Vallourec, world leader in premium tubular solutions, announces it finalized the merger<sup>1</sup> of Vallourec Tubos do Brasil (VBR)<sup>2</sup> and Vallourec & Sumitomo Tubos do Brasil (VSB)<sup>3</sup> on 1 October 2016. Vallourec holds a majority stake of 84.6% in the new entity, called Vallourec Soluções Tubulares do Brasil, Nippon Steel & Sumitomo Metal Corporation (NSSMC) 15%, and Sumitomo Corp. 0.4%.

Following the merger, Vallourec Soluções Tubulares do Brasil will generate significant industrial and administrative synergies and will fully benefit from the optimal performance reached by VSB's state-of-the-art PQF® mill and premium finishing facilities, making it a highly competitive production hub.

NSSMC will keep its present purchase agreement for 300kt of tubes per year to be manufactured in the Jeceaba plant. The new entity<sup>4</sup> will be fully consolidated in Vallourec's financial statements as from 1 October 2016 and the interests held by NSSMC and Sumitomo Corp. will be recorded as non-controlling interests.

Commenting on this merger Philippe Crouzet, Chairman of the Management Board said: *“The successful merger of VBR and VSB is an important step in the development of a highly competitive production hub in Brazil. Vallourec Soluções Tubulares do Brasil will serve its domestic customers as well as its worldwide customers with high-end products and solutions. It also highlights the strong and fruitful partnership between Vallourec and NSSMC.”*

This merger is part of Vallourec's global Transformation Plan announced early February 2016 which aims at enhancing the Group's competitiveness and driving Vallourec's return to solid profitability and cash generation.

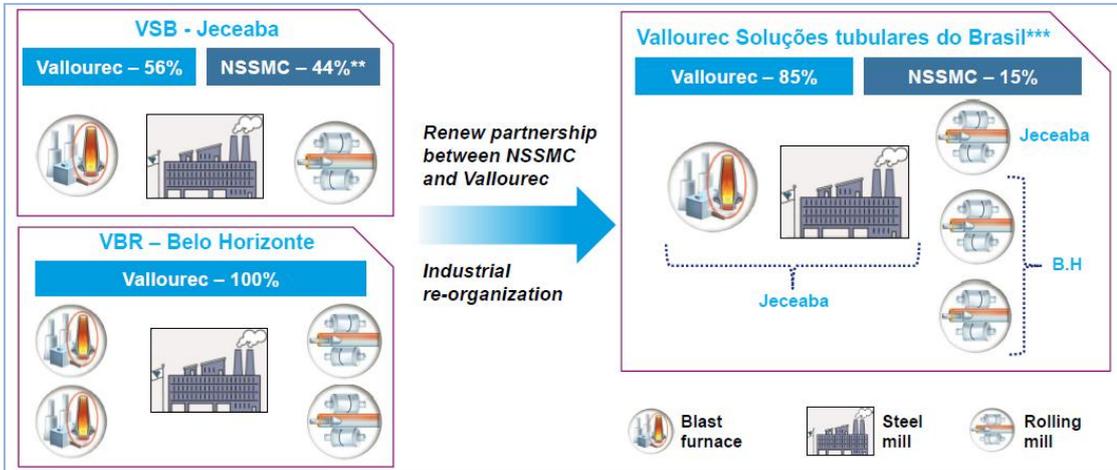
<sup>1</sup> Through a contribution of Vallourec Tubos do Brasil (VBR) Pipe & Tube business to Vallourec & Sumitomo Tubos do Brasil (VSB).

<sup>2</sup> Vallourec Tubos do Brasil is a company fully owned by Vallourec.

<sup>3</sup> Vallourec & Sumitomo Tubos do Brasil is a Vallourec and NSSMC 56/40.4% joint operation, with Sumitomo Corp. holding the remaining 3.6%.

<sup>4</sup> Total rolling capacity of Vallourec Soluções Tubulares do Brasil: 1.1 million tons per year, including 300k tons for NSSMC as per purchase agreement.

A single integrated and optimized production set-up to be fully in place in 2018



\*\* Including 3.6% owned by Sumitomo Corp.

\*\*\* Sumitomo Corp. owning 0.4%



### 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. Operating in more than 20 countries, its 20,000 dedicated and passionate people work hand-in-hand with their customers to offer more than just tubes: they deliver innovative, safe, competitive and smart tubular solutions, to make every project possible.

Listed on Euronext in Paris (ISIN code: FR0000120354, Ticker VK) and eligible for the Deferred Settlement System (SRD), Vallourec is included in the following indices: SBF 120 and Next 150.

In the United States, Vallourec has established a sponsored Level 1 American Depositary Receipt (ADR) program (ISIN code: US92023R2094, Ticker: VLOWY). Parity between ADR and a Vallourec ordinary share has been set at 5:1.

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## Calendar

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**8 November 2016**      Release of third quarter and first nine months 2016 results

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