

**Boulogne-Billancourt (France), 29 January 2015** – Over the past few months, certain of Vallourec's end-markets have been affected by challenging conditions; in particular, oil markets have experienced substantial levels of turmoil, a situation that has led Oil & Gas companies to announce reductions in capital expenditure for Exploration & Production.

As a consequence, Vallourec has reassessed the carrying value of its global asset base, as part of its annual impairment review. Vallourec estimates that this review should lead to a total adjustment anticipated between €1.0-1.2bn, of which €0.5-0.6bn relating to Vallourec Sumitomo Tubos do Brasil (VSB) integrated CGU<sup>1</sup>, which includes Vallourec's Brazilian joint-operation with Nippon Steel & Sumitomo Metal Corporation, and €0.5-0.6bn relating to Vallourec Europe CGU.

This depreciation will result in a non-recurring impact on Vallourec's net income in 2014, with neither an impact on Vallourec's cash generation nor on the Group's liquidity situation. Vallourec confirms its previously communicated guidance for the fiscal year 2014, including targeted FY 2014 sales at a level close to the one reached in FY 2013, an EBITDA down by approximately 10% compared to 2013, and a positive free cash flow generation.

For the past six months, Vallourec has been working on a program to improve its competitive situation. It is specifically focused on reducing costs, as well as optimizing cash management. The details of this plan will be presented together with FY 2014 results on 24 February 2015.

Philippe Crouzet, Chairman of the Management Board, commented:

*"We have taken appropriate measures to adjust the carrying value of certain assets within our portfolio, given the current operating environment. Vallourec is in a good position to weather a period of oil price weakness given its positive cash flow generation, a healthy balance sheet and a broad program of cost reduction and cash optimization which will be detailed at the time of our full year results."*

<sup>1</sup> CGU: For impairment testing, assets are grouped into cash-generating units (CGU), which are homogeneous groups of assets, the ongoing use of which generates cash inflows that are largely independent of the cash inflows from other groups of assets. The main CGUs within the Group's current structure and organization are Vallourec Europe, Vallourec Tubos do Brasil, Vallourec North America, Vallourec Heat Exchanger Tubes, Valinox Nucléaire, Serimax, and Vallourec & Sumitomo Tubos do Brasil.

# About Vallourec

**Vallourec is a world leader in premium tubular solutions primarily serving the energy markets, as well as other industrial applications.**

With over 24,000 employees, integrated manufacturing facilities, advanced R&D and a presence in more than 20 countries, Vallourec offers its customers innovative global solutions to meet the energy challenges of the 21<sup>st</sup> century.

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: MSCI World Index, Euronext 100 and SBF 120.

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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## Information and Forward-Looking Reflections

This press release contains forward-looking reflections and information. By their nature, these reflections and information include financial forecasts and estimates as well as the assumptions on which they are based, statements related to projects, objectives and expectations concerning future operations, products and services or future performance. Although Vallourec's management believes that these forward-looking reflections and information are reasonable, Vallourec cannot guarantee their accuracy or completeness and investors in Vallourec are hereby advised that these forward-looking reflections and information are subject to numerous risks and uncertainties that are difficult to foresee and generally beyond Vallourec's control, which may mean that the actual results and developments differ significantly from those expressed, induced or forecasted in the forward-looking reflections and information. These risks include those developed or identified in the public documents filed by Vallourec with the AMF, including those listed in the "Risk Factors" section of the Registration Document filed with the AMF on April 14, 2014 (N° D.14-0358). 2014 Registration Document will be filed with the AMF mid-april 2015.

## Calendar

<b>02/24/2015</b>	Release of fourth quarter and full year 2014 results
<b>04/29/2015</b>	Release of first quarter 2015 results
<b>05/28/2015</b>	Shareholders' General Assembly
<b>07/30/2015</b>	Release of second quarter and first half 2015 results

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