Press Release

February 2015
www.vallourec.com

Full year 2014 results and focus on value creation

Resilient 2014 financial performance and strong operational achievements

- EBITDA at €855 million in line with guidance
- Strong positive free cash flow in 2014 at €274 million
- 2014 dividend proposed to be maintained at €0.81 per share

Outlook for 2015

- Immediate measures taken to face oil market turmoil
- Vallourec targets a positive free cash flow generation in 2015

Launch of Valens, a 2-year competitiveness plan

- Cost reduction target of €350 million and capex reduction
- New capital allocation framework
- Target: ROCE over WACC in 2018, under normalized oil market conditions

Boulogne-Billancourt (France), 24 February 2015 – Vallourec, world leader in premium tubular solutions, today announces its results for the full year 2014. The consolidated financial statements were presented by Vallourec's Management Board to its Supervisory Board on 23 February 2015.

Commenting on these results, Philippe Crouzet, Chairman of the Management Board, said:

"We recorded satisfactory growth in 2014, with a 2.2% increase in our full year sales. Thanks to efficient cost and cash management, we generated a strong free cash flow and decreased our net debt, despite the expected reduction in our EBITDA. Given the current environment we have adjusted the carrying value of certain assets within our portfolio, with no impact on the Group's cash situation and liquidity profile. We will propose to maintain FY 2014 dividend at €0.81 per share.

The current environment is marked by a severe oil price drop and major E&P capex cuts by our customers, notably in the USA and in the EAMEA region. To cope with the drop in sales volumes, all flexibility levers have been activated. In addition to these temporary measures, we have been working over the past six months on the design and implementation of a two-year plan (Valens) to structurally reduce the 2014 cost base by €350 million over the period 2015-2016, or 10% of added costs, and to reduce normalized capex by €100 million per year, at €350 million, an optimized level to maintain and grow the business. In 2015, Immediate and structural measures in the mills will result in a reduction of approximately 15% of working hours, including a reduction of approximately 7% of the workforce.

We will drive value creation by improving our cost competitiveness and cash generation capability, and increasing discipline related to our capital allocation policy. We are committed to improving Vallourec's return on capital employed, which we target to exceed its cost of capital in 2018, under normalized oil market conditions. This is a core component of how our business will be managed going forward."

Information

Quarterly statements are unaudited and not subject to any review. Audit procedures have been carried out for the full year consolidated financial statements. Final certification will take place before the Registration Document is filed with the AMF, mid-April 2015. Unless otherwise specified, indicated variations are expressed in comparison with the same period of the previous year.

In millions of euros	2014	Change YoY	Q4 2014	Change YoY
Sales	**5,701**	*+2.2%*	**1,665**	*+3.5%*
EBITDA	**855**	*-7.1%*	**236**	*-8.9%*
As % of sales	*15.0%*	*-1.5pt*	*14.2%*	*-1.9pt*
Operating profit	**(661)**	*na*	**(1,006)**	*na*
Net income, Group share	**(924)**	*na*	**(1,093)**	*na*
Adjusted net income, Group share(1)	**239**	*-8.8%*	***na***	*na*
Free cash flow(2)	**+274**	*+€315m*	**+139**	*+€54m*
Net debt (end of period)	**1,547**	*-€84m*	**1,547**	*-€84m*

(1) *Excluding impairment impacts, see appendix for details*

(2) *Free cash flow (FCF) is a non-GAAP measure and is defined as cash flow from operating activities minus gross capital expenditure and plus/minus change in operating working capital requirement*

na: not applicable

I - CONSOLIDATED SALES BY MARKET

Consolidated sales amounted to €5,701 million in 2014, up 2.2% (3.9% at constant exchange rates), thanks to a positive volume effect (+7.6%), partly offset by a negative price and product mix effect (-3.7%) and a negative translation effect (-1.7%).

In millions of euros	2014	Change YoY	Q4 2014	Change YoY
Oil & Gas, Petrochemicals	4,084	*+2.7%*	1,215	*+5.1%*
Power Generation	610	*+6.6%*	201	*+6.9%*
Industry & Other	1,007	*-2.1%*	249	*-6.0%*
Total	**5,701**	***+2.2%***	**1,665**	***+3.5%***

Oil & Gas, Petrochemicals (71.7% of sales)

Oil & Gas sales reached €3,796 million in 2014, up 3.5% year-on-year (up 4.9% at constant exchange rates).

- **In the USA**, Vallourec sales reached a record high in 2014, benefiting from higher volumes. This performance was supported by increased local demand and the successful ramp up of the Group's new rolling mill. OCTG demand grew in 2014 driven by a 5.7% year-on-year increase in the average active rig count and gains in drilling efficiency.
- **In the EAMEA[1] region**, sales increased in 2014, mainly benefiting in the first nine months from the exceptional backlog generated in 2013, notably in the Middle East, and more specifically in Saudi Arabia. However, the low level of orders recorded since Q2 2014 negatively affected Q4 2014 sales year-on-year, and will severely impact 2015 deliveries.
- **In Brazil**, sales and product mix were strongly impacted in 2014, as a result of Petrobras' decision to eliminate most of its tube inventories, although its drilling plans were kept unchanged. As expected, Q4 2014 sales benefited from the progressive restart of deliveries to Petrobras.

Petrochemicals sales were €288 million in 2014, down 6.5% year-on-year (down 4.9% at constant exchange rates) affected by intense competition and a lack of new projects.

[1] EAMEA: Europe, Africa, Middle East, Asia

Power Generation (10.7% of sales)

Power Generation sales reached €610 million in 2014, up 6.6% year-on-year (up 6.8% at constant exchange rates).

- The **conventional power generation** market continued to benefit from numerous projects but was impacted by sustained pricing pressure.
- In **nuclear**, sales were up year-on-year, benefiting from the rescheduling of some projects from 2013 to 2014.

Industry & Other (17.6% of sales)

Industry & Other sales amounted to €1,007 million in 2014, down 2.1% year-on-year (up 1.3% at constant exchange rates).

- In **Europe**, higher volumes were offset by the effect of negative price and product mix. The competitive environment, coupled with the poor macroeconomic outlook in the region leads to a highly challenging backdrop.
- In **Brazil**, sales were down year-on-year due to the decline of automotive sales, notably heavy vehicles (domestic and export), suffering from the weak macroeconomic environment in the region. In addition, 2014 iron sales declined due to the correction in iron ore prices, notably in the second half of the year.

II - CONSOLIDATED RESULTS ANALYSIS

EBITDA stood at €855 million in 2014, down 7.1% year-on-year. EBITDA margin reached 15.0% of sales in 2014 compared with 16.5% in 2013. This was due to:

- Lower industrial margin, as higher consolidated sales have been offset by less favourable volumes and mix in Brazil, as well as a negative EUR/USD effect.
- Broadly stable sales, general and administrative costs (SG&A) at €568 million, notwithstanding an increased R&D effort.

Operating loss was -€661 million, compared with a profit of €534 million in 2013, largely as a consequence of the -€1,104 million impairment charge.
Excluding impairment impacts[2], operating profit stood at €465 million, down 12.9% year-on-year. This decline is attributable to a decrease in EBITDA and to higher depreciation of industrial assets, in line with investments made over the past few years.

For the full year 2014, financial result was negative at -€62 million versus -€91 million in 2013. This improvement mainly resulted from a positive foreign exchange result in 2014.

Net income, Group share stood at -€924 million, compared with €262 million in 2013. The income tax amounted to -€157 million in 2014, and was impacted by the depreciation and the non-recognition of some deferred tax assets.
Adjusted net income, Group share (excluding impairment impacts) stood at €239 million, down 8.8% versus last year.

[2] See appendix for details

III - REASSESSMENT OF ASSET BASE

Recent Brent and WTI price declines, together with increased capex discipline from IOCs, and the emergence of new competitors in some less differentiated products market, notably in the EAMEA region, are impacting prospects for some Group operations in the short and medium term.
Therefore, as a result of its annual impairment test, Vallourec has taken an asset impairment charge of -€1,104 million, mainly attributed to Vallourec Sumitomo do Brazil (VSB) integrated CGU[3] (-€522 million) and to Vallourec Europe CGU (-€539 million). These impairment charges relate to tangible assets of -€900 million and goodwill of -€204 million.

In millions of euros	Goodwill impairment	Assets impairment	Total impairment
Vallourec Europe CGU	(165)	(374)	(539)
VSB integrated CGU	-	(522)	(522)
Other CGUs & individual assets	(39)	(4)	(43)
Total	**(204)**	**(900)**	**(1,104)**

After this adjustment, the total value of non-current assets of the Group amounted to €5,077 million as at 31 December 2014.
These impairments charges have no impact on Vallourec's cash position or liquidity.

IV - CASH FLOW & FINANCIAL POSITION

Vallourec generated a positive free cash flow of €274 million in 2014 compared with a negative €41 million in 2013. Despite a slight decrease in **cash flow from operating activities**, at €682 million, mainly due to EBITDA decline, free cash flow generation was positive due to:

- Lower **gross capital expenditure which,** at €388 million in 2014, represented a reduction of 31.6% or €179 million compared with 2013.
- A stabilization in **operating working capital requirement** with an increase of €20 million in 2014, compared with an increase of €183 million in 2013.

Total dividends paid by the Group in 2014 amounted to €163 million.

As at 31 December 2014, Group net debt decreased by €84 million to €1,547 million compared to the end of 2013. The gearing ratio was 37.1%.

As at 31 December 2014, Vallourec had approximately €3.5 billion of committed financings, including undrawn confirmed credit lines of €1.7 billion. In September 2014, Vallourec announced the successful completion of its €500 million bond issue, maturing in September 2024, with an annual coupon of 2.25%.
In February 2015, Vallourec obtained a one-year extension option of its syndicated facility conditions. The maturity of the €1.1 billion multi-currency revolving credit facility is now February 2020, and can be extended for an additional year subject to banks' approval.

V - PROPOSED DIVIDEND

Given the strong free cash flow generation in 2014, and as the asset impairment is one-off and non-cash, Vallourec is proposing to maintain its dividend of €0.81 per share for 2014, payable in cash or in shares at the shareholders' option. This is subject to the approval of the General Meeting of Shareholders to be held on Thursday, 28 May 2015 at 10:00am at the Palais Brongniart, 28, place de la Bourse, 75002 Paris, France. The dividend payment in cash or in shares will take place on 25 June 2015, (shareholders on the register on

[3] 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 from the cash inflows generated by 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.

3 June 2015 will be entitled to the dividend and the share will go ex-dividend on 4 June 2015). This proposed dividend corresponds to a payout ratio of 44.3% of the adjusted net income, Group share.

VI - MARKET TRENDS & OUTLOOK FOR 2015

Vallourec Oil & Gas deliveries are expected to be heavily impacted in 2015 by the downturn in the oil markets:

- **In the EAMEA region**, Vallourec expects volumes and product mix to be significantly down in 2015. The slowdown of orders recorded in 2014 results in a low backlog entering in 2015. Destocking from some customers, in particular Saudi Aramco, is ongoing. Oil price weakness should further weigh on tender activities, and is likely to result in pricing pressure, notably for the less differentiated products. The EAMEA oil market is principally served by VSB and the European mills, where loads are therefore expected to be substantially reduced.
- **In the USA**, WTI price fall is severely impacting the US rig count, which may decline between 40% and 50% when compared to the end of 2014. This will result in lower OCTG consumption, destocking from distributors, and pressure on prices. Vallourec expects a sharp drop in its 2015 volumes.
- **In Brazil**, Petrobras announced in January a reduction of its 2015 capex, which will lead to a lower drilling activity compared to 2014, while maintaining a strong focus on development in pre-salt basins. The decisions to be taken by the new Management of Petrobras are not yet known.

The competitive environment for Power Generation and Industry & Other operations in Europe remains challenging, and Industry & Other operations in Brazil will continue to suffer from the depressed macroeconomic environment. In 2015, iron ore prices are expected to be significantly lower than 2014 average.

In order to face the drop in volumes, various flexibility levers have been activated.
In addition, Vallourec is also implementing measures to adapt its working capital to a reduced level of activity.

Immediate and structural measures in the mills will result in a reduction of approximately 15% of the working hours, including a reduction of approximately 7% of the workforce in 2015 compared with 2014.

The strengthening of the U.S. dollar versus the euro and the Brazilian real should benefit to the Group, notably in H2.

As a result of these initiatives and despite a sharp drop in activity, based on current market conditions and currency trends, Vallourec targets a positive free cash flow generation in 2015.

VII - VALENS, A 2-YEAR COMPETITIVENESS PLAN

Over the past several months Vallourec teams have been working extensively on the design of a two-year plan to re-shape the Group's cost base and optimize its cash generation. The recent oil price decrease and its foreseeable consequences have reinforced the need for Vallourec to take bold steps. This has led to the scope of the plan (named Valens) being wider.

Valens is a substantial cost cutting and cash use optimization program to be implemented over the next two years, and will be a major contributor to restore Vallourec's competitive position. It includes the following:

- **Reduction of 2014 cost base by €350 million**[4] over the period 2015-2016, or 10% of added costs:
  - based on more than 400 cost reduction initiatives already identified,
  - addressing all areas of costs (Raw materials, Manufacturing and Direct costs on sales, SG&A),
  - covering the full scope of the Group's activities (all divisions and regions),
  - with a global project organization structure and dedicated resources to support the implementation reporting to the management committee.
- **Capex capped at €350 million p.a.** compared to the previously announced capex target of €450 million, an optimized level to maintain and grow the business.

[4] Full year effect in 2017, Assuming same volumes & cost base as in 2014

- Leaner organization centered around 4 regions with central monitoring of industrial resources.

VIII - CAPITAL ALLOCATION FRAMEWORK

In 2014, Vallourec has demonstrated its ability to generate high levels of free cash and is proposing to its shareholders to maintain a stable dividend. In addition to Valens, Vallourec is introducing a new capital allocation framework driven by value creation.

After interest payments and tax, surplus cash will be utilized in the following order of priorities:

- Financing and maintaining growth: working capital and capital expenditure to maintain the company and continue growth, under reinforced discipline of value creation,
- Payment of dividend and other forms of return of capital to shareholders,
- While managing the balance sheet conservatively to maintain an investment grade rating and ensure operating flexibility.

These measures will all contribute to the improvement of Vallourec's ability to generate cash and increase its return on capital employed (ROCE[5]). Vallourec's target is to generate a ROCE that exceeds weighted average cost of capital (WACC) in 2018, under normalized oil market conditions.

The Group is taking important decisions to provide shareholders with a path to value creation. Having invested heavily in its industrial operations in the past, Vallourec is now focused on capex discipline, cash generation and sound capital allocation.

[5] ROCE is defined as EBITDA minus Depreciation and other non-cash items post tax shield divided by Capital Employed (sum of the Net Fixed Assets and Operating Working Capital, minus Goodwill).

About Vallourec

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

With over 23,000 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 21st 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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Presentation of FY 2014 results

Tuesday 24 February 2015

- Analyst conference call / audio webcast at 6:30 pm (Paris time) to be held in English.
  To participate in the call, please dial:
  0800 279 4992 (UK), 0805 631 579 (France),
  1877 280 2342 (USA), +44(0)20 3427 1909 (Other countries)
  Conference code: 7309557
- Audio webcast and slides will be available on the website at:
  http://www.vallourec.com/EN/GROUP/FINANCE
- A replay of the conference call will be available until 3 March 2015.
  To listen to the replay, please dial:
  0800 358 7735 (UK), 0800 989 597 (France),
  1866 932 5017 (USA), +44(0)20 3427 0598 (Other countries)
  Access code: 7309557

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

29/04/2015	Release of first quarter 2015 results
28/05/2015	Shareholders' General Assembly
30/07/2015	Release of second quarter and first half 2015 results

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Appendices

Documents accompanying this release:

- Sales volume (k tonnes)
- Forex
- Sales by geographic region
- Sales by market
- Cash flow statement
- Free cash flow
- Summary consolidated income statement
- Adjusted net income, Group share
- Summary consolidated balance sheet
- Reassessment of asset base (details)

Sales volume

In thousands of tonnes	2014	2013	Change YoY
Q1	551	487	*+13.3%*
Q2	583	543	*+7.4%*
Q3	*564*	545	*+3.5%*
Q4	625	584	*+7.0%*
Total	**2,323**	**2,159**	***+7.6%***

Forex

Average exchange rate	2014	2013
EUR / USD	**1.33**	1.33
EUR / BRL	**3.12**	2.87
USD / BRL	**2.35**	2.16

Sales by geographic region

In millions of euros	2014	*As % of sales*	2013	*As % of sales*	Change YoY
Europe	1,090	*19.1%*	1,065	*19.1%*	*+2.3%*
North America	1,747	*30.6%*	1,462	*26.2%*	*+19.5%*
South America	919	*16.1%*	1,185	*21.2%*	*-22.4%*
Asia & Middle East	1,434	*25.2%*	1,462	*26.2%*	*-1.9%*
Rest of World	511	*9.0%*	404	*7.3%*	*+26.5%*
Total	**5,701**	***100.0%***	**5,578**	***100.0%***	***+2.2%***

Sales by market

In millions of euros	Q4 2014	Change YoY	2014	*As % of sales*	2013	*As % of sales*	Change YoY
Oil & Gas	1,128	*+5.9%*	3,796	*66.6%*	3,669	*65.8%*	*+3.5%*
Petrochemicals	87	*-4.4%*	288	*5.1%*	308	*5.5%*	*-6.5%*
Oil & Gas, Petrochemicals	**1,215**	***+5.1%***	**4,084**	***71.7%***	**3,977**	***71.3%***	***+2.7%***
Power Generation	**201**	***+6.9%***	**610**	***10.7%***	**572**	***10.3%***	***+6.6%***
Mechanicals	127	*+19.8%*	447	*7.8%*	415	*7.4%*	*+7.7%*
Automotive	37	*-27.5%*	188	*3.3%*	231	*4.1%*	*-18.6%*
Construction & Other	85	*-21.3%*	372	*6.5%*	383	*6.9%*	*-2.9%*
Industry & Other	**249**	***-6.0%***	**1,007**	***17.6%***	**1,029**	***18.4%***	***-2.1%***
Total	**1,665**	***+3.5%***	**5,701**	***100.0%***	**5,578**	***100.0%***	***+2.2%***

Cash flow statement

Q4 2014	Q4 2013	Q3 2014	*In millions of euros*	2014	2013
+166	+205	+156	Cash flow from operating activities	+682	+709
+156	+130	+9	Change in operating WCR *+ decrease, (increase)*	(20)	(183)
+322	**+335**	**+165**	**Net cash flows from operating activities**	**+662**	**+526**
(183)	(250)	(67)	Gross capital expenditure	(388)	(567)
-	-	-	Financial investments	-	-
(21)	(4)	(6)	Dividends paid	(163)	(63)
(8)	+57	(10)	Asset disposals & other elements	(27)	87
+110	**+138**	**+82**	**Change in net debt *+ decrease, (increase)***	**+84**	**(17)**
1,547	1,631	1,657	Net debt (end of period)	1,547	1,631

Free cash flow

Q4 2014	Q4 2013	Change	*In millions of euros*	2014	2013	Change
+166	+205	-39	Cash flow from operating activities (FFO) (A)	+682	+709	-27
+156	+130	+26	Change in operating WCR (B) *[+ decrease, (increase)]*	(20)	(183)	+163
(183)	(250)	+67	Gross capital expenditure (C)	(388)	(567)	+179
+139	**+85**	**+54**	**Free cash flow (A)+(B)+(C)**	**+274**	**(41)**	**+315**

Summary consolidated income statement

Q4 2014	Q4 2013	Change YoY	*In millions of euros*	2014	2013	Change YoY
1,665	1,609	***+3.5%***	**SALES**	**5,701**	5,578	***+2.2%***
(1,260)	(1,173)	*+7.4%*	Cost of sales[1]	**(4,248)**	(4,035)	*+5.3%*
405	*436*	*-7.1%*	***Industrial margin***	***1,453***	*1,543*	*-5.8%*
24.3%	*27.1%*	*-2.8pt*	*(as % of sales)*	*25.5%*	*27.7%*	*-2.2pt*
(158)	(149)	*+6.0%*	SG&A costs[1]	**(568)**	(560)	*+1.4%*
(11)	(28)	*na*	Other income (expense), net	**(30)**	(63)	*na*
236	259	***-8.9%***	**EBITDA**	**855**	920	***-7.1%***
14.2%	*16.1%*	*-1.9pt*	*EBITDA as % of sales*	*15.0%*	*16.5%*	*-1.5pt*
(85)	(68)	*+25.0%*	Depreciation of industrial assets	**(311)**	(270)	*+15.2%*
(1,157)	(45)	*na*	Other (amortization, exceptional items, impairment & restructuring)	**(1,205)**	(116)	*na*
(1,006)	146	***na***	**OPERATING PROFIT**	**(661)**	534	***na***
(21)	(15)	*+40.0%*	Financial income (loss)	**(62)**	(91)	*-31.9%*
(1,027)	131	***na***	**PROFIT BEFORE TAX**	**(723)**	443	***na***
(50)	(39)	***+28.2%***	Income tax	**(157)**	(148)	***+6.1%***
1	1	*na*	Net profit of equity affiliates	**2**	4	*na*
(1,076)	93	***na***	**NET INCOME FOR THE CONSOLIDATED ENTITY**	**(878)**	299	***na***
(17)	(8)	*na*	Non-controlling interests	**(46)**	(37)	*na*
(1,093)	85	***na***	**NET INCOME, GROUP SHARE**	**(924)**	262	***na***
(8.6)	0.7	*na*	**EARNINGS PER SHARE (in €)**	**(7.3)**	2.1	*na*

(1) *Before depreciation and amortization*

na: not applicable

Adjusted net income, Group share

In millions of euros	2014 Actual	Impairment impacts			2014 Adjusted	2013 Actual	Change YoY
		Impairment *(incl. Goodwill)*	Depreciation of current assets	Deferred tax assets			
EBITDA	**855**				**855**	**920**	**-7.1%**
Depreciation of industrial assets	*(311)*				*(311)*	*(270)*	*+15.2%*
Other (amortization, exceptional items, impairment & restructuring)	*(1,205)*	*1,104*	*22*	*-*	*(79)*	*(116)*	*na*
Operating profit	**(661)**	**1,104**	**22**	**-**	**465**	**534**	**-12.9%**
Financial income (loss)	*(62)*	*-*	*-*	*-*	*(62)*	*(91)*	*-31.9%*
Profit before tax	**(723)**	**1,104**	**22**	**-**	**403**	**443**	**-9.0%**
Income tax & Net profit of equity affiliates	*(155)*	*(18)*	*(4)*	*59*	*(118)*	*(144)*	*na*
Adjusted net income, Group share	**(924)**	**1,086**	**18**	**59**	**239**	**262**	**-8.8%**

na: not applicable

Summary consolidated balance sheet

In millions of euros					
Assets	**31-Dec 2014**	**31-Dec 2013**	**Liabilities**	**31-Dec 2014**	**31-Dec 2013**
			Equity, Group share	**3,743**	4,601
Intangible assets, net	**166**	206	Non-controlling interests	**426**	385
Goodwill	**332**	495	**Total equity**	**4,169**	**4,986**
Net property, plant and equipment	**3,523**	4,151			
Biological assets	**214**	178	Bank loans and other borrowings	**1,782**	1,379
Investments in equity affiliates	**184**	173	Employee benefits	**244**	182
Other non-current assets	**435**	437	Deferred tax liabilities	**256**	209
Deferred tax assets	**223**	187	Other long-term liabilities	**229**	225
Total non-current assets	**5,077**	**5,827**	**Total non-current liabilities**	**2,511**	**1,995**
Inventories and work-in-progress	**1,490**	1,423	Provisions	**163**	138
Trade and other receivables	**1,146**	1,099	Overdrafts and other short-term borrowings	**912**	815
Derivatives - assets	**28**	92	Trade payables	**807**	833
Other current assets	**343**	297	Derivatives - liabilities	**173**	24
Cash and cash equivalents	**1,147**	563	Other current liabilities	**496**	510
Total current assets	**4,154**	**3,474**	**Total current liabilities**	**2,551**	**2,320**
TOTAL ASSETS	**9,231**	**9,301**	**TOTAL LIABILITIES**	**9,231**	**9,301**
Net debt	**1,547**	**1,631**	**Net income, Group share**	**(924)**	**262**
Gearing ratio	**37.1%**	**32.7%**			

Reassessment of asset base (details)

In millions of euros	**Vallourec Europe CGU**	**VSB Integrated CGU**
Net value before impairment	**2,369**	**1,417**
Impairment	(539)	(522)
Translation	(11)	8
Net value after impairment	**1,819**	**903**

In millions of euros	**2014**	**2013**
Impairment on intangible asset	(23)	-
Impairment on tangible asset	(876)	-
Impairment on Goodwill	(204)	-
Other	(1)	(26)
Total of impairment	**(1,104)**	**(26)**

Information

Quarterly statements are unaudited and not subject to any review. Audit procedures have been carried out for the full year consolidated financial statements. Final certification will take place before the Registration Document is filed with the AMF, mid-April 2015. Unless otherwise specified, indicated variations are expressed in comparison with the same period of the previous year.