

Vallourec pursues its employee shareholding policy

Boulogne-Billancourt, 5 September 2017 - Vallourec announces the implementation of a new employee share ownership offering for the tenth consecutive year.

This offering, called "Value 17", concerns a maximum of 6,750,000 newly-issued shares representing 1.50% of the company's share capital on the date of this press release. It will be open to Vallourec employees in 11 countries¹, representing approximately 95% of the employees of the Group.

The nine previous "Value" offerings generated a high participation rate among Group employees and were all very successful. Employee shareholders held 3.42% of Vallourec's share capital on 30 June 2017 and are represented on the Supervisory Board.

Details of the conditions for the "Value 17" employee share ownership offering

Beneficiaries

Subject to any locally required authorizations, the "Value 17" offering will be open to employees (and beneficiaries and similar parties) of Vallourec and of those of its subsidiaries over which it holds, directly or indirectly, the majority of the share capital and which have registered offices in one of the following countries: Germany, Brazil, Canada, China, the United Arab Emirates, the United States, France, Malaysia, Mexico, the United Kingdom and Singapore, i.e. approximately 95% of the Group's current employees.

Indicative calendar for the offering

Based on the indicative calendar, the reservation period will be open from 11 September 2017 to and including 29 September 2017. The subscription price will be equal to the average opening price of Vallourec's shares on the Euronext Paris during the twenty trading days preceding the date on which the subscription/revocation period is established, discounted by 20% for the classic formula and 15 % for the leverage formula, and rounded up to the nearest euro cent. The subscription price is expected to be determined on 8 November 2017. The subscription/revocation period would be open from 13 November 2017 to and including 16 November 2017. The capital increase should take place on 14 December 2017.

Share offering

The "Value 17" is an offering of a maximum of 6,750,000 ordinary shares, representing close to 1.50% of the company's share capital on the date of this press release. The new shares will carry dividend rights as from the date of their issuance.

Subscription procedures

Two formulas will be offered in France: a classic formula (i.e. share subscription with a 20% discount, supplemented by an employer contribution through an FCPE), and a leverage formula (i.e. share subscription with a 15% discount, supplemented by an employer contribution through an FCPE). Outside of France, only a leverage formula will be offered. The leveraged formula proposed within the framework of the "Value 17" offering is intended to guarantee the employee's personal contribution and the net employer's contribution (for those countries in which the contribution is made by means of a cash payment) which he/she receives under the terms of the "Value 17" offering (subject to the effects of foreign exchange rate fluctuations, any applicable tax and social security contributions and the consequences of a potential unwinding of the exchange transaction) and to allow him/her to benefit from a multiple of the protected average increase of the share price compared to the reference price between the date of the capital increase and 1st July 2022. The structure of this formula will differ from one jurisdiction to another in order to comply with local regulations and/or to take advantage of specific tax provisions that may be more favorable for employee subscriptions, while ensuring comparable economic advantages to all eligible employees (in particular through a specific leveraged FCPE or a direct subscription for shares (or a cash deposit by the employee) supplemented by the grant of stock appreciation rights (SARs) by the employer). In France, Germany, Brazil, the United Arab Emirates, Mexico and the United Kingdom, the leveraged formula will be supplemented by an employer contribution in cash also invested in the specific leveraged FCPEs, and in Canada, China, the United States,

¹ Germany, Brazil, Canada, China, the United Arab Emirates, the United States, France, Malaysia, Mexico, the United Kingdom and Singapore.

Malaysia and Singapore by a grant of free shares, newly issued or existing shares (up to a maximum of 15,000 shares), or a deferred cash bonus. Eligible employees will be informed of the terms and conditions that apply in their jurisdiction.

Lock-up period

Shares or FCPE units subscribed for by the employees or the cash deposits made by employees, as the case may be, will be unavailable until 30 June 2022 inclusive except in cases of early release. The Supervisory Board of each FCPE holding shares will exercise the voting rights associated with such shares. The financial institution, who subscribes for shares under the SAR formula, has undertaken to vote in the same manner as the Supervisory Board of the leveraged FCPE being offered to French, UK and German employees.

Hedging

The financial mechanisms underlying the leverage formula require hedging transactions to be carried out on the open market by the financial institutions that structure the formula. These hedging transactions may be carried out by these institutions as from the publication of this press release and during the duration of the transaction. Based on Vallourec's subscription assumptions, the impact of such transactions on the price of Vallourec shares is expected to be limited.

"U.S. Person" advertisement

FCPE units cannot be offered or sold, either directly or indirectly in the United States of America (including its territories and possessions) or to or for the benefit of a "U.S. Person", as defined in the U.S. Regulations and available on the web site of the management company: www.amundi.com.

Persons wishing to subscribe for FCPE units certify that they are not "U.S. Persons". Any Unit holder must immediately inform the management company in the event he will become a "U.S. Person".

The management company may impose restrictions on (i) the holding of FCPE units by a "U.S. Person" and in particular compulsorily redeem or (ii) transfer any units held by a U.S. Person. This power would also extend to any person (a) who appears to be directly or indirectly in breach of the laws and regulations of any country or governmental authority, or (b) who could, in the view of the management company, cause damage to the FCPE that otherwise it would not have suffered.



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 19,000 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: 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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