

PRESS RELEASE



V A L L O U R E C

2006 full-year sales up 28.7% to € 5.54 billion (2006 Q4 sales up 13.9%)

Boulogne-Billancourt, 1 February 2007 - Vallourec, world leader in the production of seamless steel tubes and tubular products for specific industrial applications, announces that it achieved sales for the financial year 2006 of € 5,541.8 million, up 28.7% on the previous year (up 26.7% at constant consolidation scope⁽¹⁾).

This performance was due to the impact of higher prices, continuing improvements in the product mix achieved by focusing on higher value-added products, and increased volumes.

<i>In € million</i>	2005	2006	Change 2006/2005
1 st quarter	900.8	1,318.6	+46.4%
2 nd quarter	1,074.6	1,398.7	+30.2%
3 rd quarter	1,067.5	1,384.6	+29.7%
4 th quarter	1,264.5	1,439.9	+13.9%
Full year	4,307.4	5,541.8	+28.7%

Consolidated sales for the fourth quarter of 2006 amounted to € 1,439.9 million, up 13.9% compared with the fourth quarter of 2005 (€ 1,264.5 million).

Sales growth has therefore generally continued at a sustained pace, albeit at a somewhat lower rate in the fourth quarter due to a high basis of comparison.

⁽¹⁾ At constant consolidation scope = 2005 full-year sales restated to make them comparable with 2006 full-year sales to reflect, in particular:

- the consolidation of OMSCO (acquired on 1 October 2005) throughout 2005,
- the consolidation of SMFI (acquired at end-March 2006) for the second, third and fourth quarters of 2005,
- the deconsolidation of Spécitubes (sold on 1 April 2006) for the second, third and fourth quarters of 2005.

The sales trends in the fourth quarter were in line with the Group's expectations. Production facilities continued to operate at full capacity despite some residual disruption which lasted a little longer than expected following the problems met in the end of July at the HKM steel mill. Activity remained strong throughout the quarter in most of the Group's markets and in the oil & gas, power generation and mechanical engineering markets in particular, despite a small destocking effect in the oil industry in the United States.

Highlights

During the fourth quarter, Vallourec continued to focus its portfolio of assets on the Group's core business, i.e. high value-added tubular products, for the energy sector in particular. Vallourec made the following announcements during the quarter:

- the sale of Cerec, the French leader in the pressing and forming of steel ends;
- the proposed sale of VPE (Vallourec Précision Etirage), the disposal of the hot-rolled tube mill at Zeithain in Saxony being also considered as part of the project;
- the acquisition, for USD 75 million, of Timet's 43.7% interest in Valtimet, enabling Vallourec to increase its stake in Valtimet to 95%.

Outlook

The Group anticipates that demand will remain strong in 2007. Despite the recent fluctuations in oil & gas prices, fundamentals in the energy market remain positive. Therefore, in the absence of exceptional circumstances, Vallourec expects to achieve a further slight increase in sales in 2007 (excluding the impact of the proposed sale of VPE).

Calendar

- Results for the year ended 31 December 2006 will be released on 7 March 2007.

About Vallourec

Vallourec is a world leader in the production of seamless steel tubes and tubular products for specific industrial applications (oil and gas, power generation, chemicals and petrochemicals, automotive and mechanical engineering industries).

Vallourec is listed on the Euronext Paris Eurolist (ISIN code: FR0000120354), is eligible for the deferred settlement system and is included in the following indices: MSCI World Index, Euronext 100, CAC 40 and SBF 120. FTSE classification: engineering and machinery.

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