vallourec

Press release

Meudon (France), November 21, 2022

Third Quarter and Nine Month 2022 Results

- **FY 2022 EBITDA guidance confirmed at €650 to €750 million**
- **Free Cash Flow to be positive in H2, driven by an expected strong Q4 performance**
- **Social plan agreements finalized in Germany, France and UK, substantially de-risking New Vallourec plan**
- **New Vallourec plan initiatives to be implemented in other regions**

Highlights

Solid Q3 2022 Performance

- EBITDA of €198 million, +55% year-over-year and +24% quarter-over-quarter
- Continued positive OCTG price dynamics in the U.S. and in the Middle East
- Iron Ore mine production of 1.5 million tons; civil works for restoration of the Cachoeirinha pile completed[1] and request to release pile registered

Strong commercial dynamic in the U.S. and from long-term agreements with customers like Saudi Aramco, ADNOC and Petrobras

2022 financial objectives confirmed

- FY 2022 EBITDA expected between €650 and €750 million
- Mine production to continue in Q4 2022 and Q1 2023 with c.1.2 million tons per quarter using alternative waste piles
- Positive Free Cash Flow in H2, driven by an expected strong Q4 performance
- FY 2022 CAPEX expected around €200 million

New Vallourec plan on track with new initiatives added

- Social plan agreements finalized in Germany, France and the UK, substantially de-risking New Vallourec plan
- On track to generate €230 million of recurring EBITDA uplift with full impact starting Q2 2024
- New Vallourec plan initiatives to be implemented in other regions, starting with Brazil

[1] Civil works related to restoration of minimum safety factor completed

Information
Half-year financial statements were subject to limited review by statutory auditors.
Quarterly statements are unaudited and not subject to any review.
Unless otherwise specified, indicated variations are expressed in comparison with the same period of the previous year.

Philippe Guillemot, Chairman of the Board of Directors, and Chief Executive Officer, declared:

"Our tube business continues to improve quarter after quarter driven by a favorable environment due to a worldwide focus on energy security. Q3 results are positively impacted by the new Company-wide pricing strategies implemented since Q2 and strong volume dynamics related to new or existing contracts. In addition, we have made significant progress towards restoring normal operations at our Pau Branco mine. We have received permission to continue to use alternative waste piles until the beginning of Q2 2023. In parallel, we have finalized civil works related to the restoration of the minimum safety factor of the core Cachoeirinha waste pile and registered the request for its release.

Within our businesses, Q4 mine production will be above our previous assumptions, at lower prices. Our tube business continues to perform strongly across the global platform, even though we are seeing higher energy costs in the to be closed German operations. In addition, as part of our focus on inventory management, we have scrapped unallocated materials and inventories with low resale value potential, leading to one-off expenses in 2022.

Overall, we confirm our full year 2022 EBITDA objective of €650 million to €750 million, and we are on track to deliver positive Free Cash Flow in the second half, driven by an expected strong Q4 performance.

At the same time, we are making steady progress in the implementation of our New Vallourec plan: in recent weeks we have secured firm social agreements in France, Germany, and the UK, substantially de-risking our plan and allowing our teams to focus on execution. In addition, we will expand the scope of the transformation of our business and implement New Vallourec plan initiatives in other geographies, starting with Brazil. Our strategic targets remain unchanged: to become cycle proof and to increase our margins towards best-in class levels. The New Vallourec plan is fully on track to generate €230 million of recurring EBITDA uplift with full impact starting in Q2 2024."

KEY DATA

9 Months 2022	9 Months 2021	Change	*In € million*	Q3 2022	Q3 2021	Change
1,290	**1,130**	14.2%	**Production shipped (k tons)**	**462**	**391**	18.2%
3,342	**2,378**	40.5%	**Revenue**	**1,281**	**834**	53.6%
403	**356**	€47m	**EBITDA**	**198**	**128**	€70m
12.1%	*15.0%*	*(2.9)p.p.*	*(as a % of revenue)*	*15.4%*	*15.3%*	*0.1p.p.*
(286)	**299**	na	**Operating income (loss)**	**89**	**72**	23.6%
(444)	**(49)**	€(395)m	**Net income, Group share**	**6**	**(7)**	€13m
(482)	**(300)**	€(182)m	**Free cash-flow**	**(81)**	**(103)**	€22m
1,493	**993**	€500m	**Net debt**	**1,493**	**993**	€500m

CONSOLIDATED REVENUES BY MARKET

9 Months 2022	9 Months 2021	Change	At constant exchange rates	*In € million*	Q3 2022	Q3 2021	Change	At constant exchange rates
2,310	1,343	72.0%	54.4%	Oil & Gas, Petrochemicals	907	456	98.8%	74.4%
931	937	(0.6)%	(8.5)%	Industry & Other	346	348	(0.5)%	(8.5)%
100	98	2.8%	(6.8)%	Power Generation	28	30	(5.7)%	(15.3)%
3,342	**2,378**	**40.5%**	**27.1%**	**Total**	**1,281**	**834**	**53.6%**	**36.6%**

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In the Third Quarter of 2022, Vallourec recorded revenues of €1,281 million, up 54% year-on-year and by 37% at constant exchange rates reflecting:

- 17% currency conversion effect mainly related to weaker EUR/USD and EUR/BRL
- 16% volume increase mainly driven by Oil & Gas in EA-MEA and North America
- 26% price/mix effect
- (5)% iron ore mine

For the First Nine months, revenues totaled €3,342 million, up 41% year-on-year and by 27% at constant exchange rates on the back of:

- 13% currency conversion effect mainly related to weaker EUR/USD and EUR/BRL
- 12% volume increase mainly driven by Oil & Gas in North America and, to a lesser extent, in EA-MEA
- 22% price/mix effect
- (8)% iron ore mine

Oil & Gas, Petrochemicals (71% of Q3 2022 consolidated revenues)

In Q3 2022, Oil & Gas revenues amounted to €794 million, a sharp increase of 94% year-on-year and of 71% at constant exchange rates.

- **In North America**, Oil & Gas revenues more than doubled thanks to both higher prices and volumes
- **In EA-MEA**, the significant Oil & Gas revenue increase was mainly driven by higher volumes
- **In South America**, the decrease in revenues was explained by lower project line pipe activity

For the First Nine months, Oil & Gas revenues totaled €2,025 million, up 67% year-on-year (+51% at constant exchange rates), mainly thanks to North America and, to a lesser extent, EA-MEA.

In Q3 2022, Petrochemicals revenues stood at €113 million, more than doubling year-on-year (+105% at constant exchange rates) notably explained by increased prices and volumes in North America. **For the First Nine months, Petrochemicals revenues increased sharply year-on-year to reach €285 million**, (+89% at constant exchange rates).

In Q3 2022 revenues for Oil & Gas and Petrochemicals amounted to €907 million, up 99% year-on-year (+74% at constant exchange rates). **For the First Nine months revenues for Oil & Gas and Petrochemicals totaled €2,310 million, up 72% compared with 2021** (+54% at constant exchange rates).

Industry & Other (27% of Q3 2022 consolidated revenues)

In Q3 2022, Industry & Other revenues amounted to €346 million, stable year-on-year (down 8.5% at constant exchange rates):

- In Europe, Industry revenues were up on the back of price increases
- In South America, Industry & Other revenues declined, reflecting the lower iron ore mine activity

For the First Nine Months, Industry & Other revenues totaled €931 million, stable year-on-year and down 8.5% at constant exchange rates; better prices in engineering and, to a lesser extent, in automotive, did not offset the impact of the mine shutdown.

Power Generation (2% of Q3 2022 consolidated revenues)

In Q3 2022, Power Generation revenues amounted to €28 million, down by 6% year-on-year and by 15% at constant exchange rates. **For the First Nine Months 2022, revenues totaled €100 million, up 3% year-on-year** and down by 7% at constant exchange rates.

CONSOLIDATED RESULTS ANALYSIS

Q3 2022 consolidated results analysis

In Q3 2022, EBITDA amounted to €198 million compared with €128 million in Q3 2021**; the EBITDA margin stood at 15.4% of revenues** versus 15.3% in Q3 2021, reflecting:

- An industrial margin of €278 million, or 21.7% of revenues, versus €207 million or 24.8% of revenues in Q3 2021. The positive contribution of the Oil & Gas market in North America, both in prices and volumes, was partially offset by the negative impact of the lower mine activity.

- Sales, general and administrative costs (SG&A) stood at €77 million or 6% of revenue versus 9% in Q3 2021.

Operating income was positive at €89 million, compared to €72 million in Q3 2021. In Q3 2022, the Group booked €51 million mainly related to adaptation measures in Germany and the accelerated amortization of ceased activities.

Financial income was negative at €(30) million, compared with €(36) million in Q3 2021; net interest expenses in Q3 2022 stood at €(25) million reflecting the new balance sheet structure.

Income tax amounted to €(53) million compared to €(41) million in Q3 2021, reflecting both corporate tax as well as changes in deferred taxes.

This resulted in positive net income, Group share, of €6 million, compared to negative €(7) million in Q3 2021.

First nine months 2022 consolidated results analysis

Over the first nine months 2022, EBITDA amounted to €403 million, a €47 million increase year-on-year, to stand at 12.1% of revenues, reflecting:

- An industrial margin of €661 million or 19.8% of revenues, up €43 million compared with 9M 2021. The positive contribution of the Oil & Gas market in North America, both in prices and volumes, was partially offset by the negative impact of the temporary suspension of the mine operations.

- Sales, general and administrative costs (SG&A) of €260 million, or 7.8% of revenues, versus €233 million and 9.8% of revenues in 9M 2021.

Operating income was negative at €(286) million compared with a positive €299 million in 9M 2021, resulting mainly from provisions related to the adaptation measures (European social plans and associated fees) and, to a lesser extent, from provisions for non-recurring costs in respect of the mine incident.

Financial income was negative at €(51) million, compared with €(221) million in 9M 2021; net interest expenses in 9M 2022 of €(70) million reflecting the new balance sheet structure, were partially offset by other financial income.

Income tax amounted to €(104) million mainly related to North America and Brazil**.**

As a result, net income, Group share, amounted to €(444) million, compared to €(49) million in 9M 2021.

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities

In Q3 2022, cash flow from operating activities improved to €108 million, compared to €18 million in Q3 2021; mainly driven by a higher EBITDA and lower income tax cash-out.

Over the first nine months, cash flow from operating activities was positive at €169 million compared to €16 million in 9M 2021. The improvement was mainly related to lower income tax.

Operating working capital requirement

In Q3 2022, the operating working capital requirement increased by €(135) million, versus a rise of €(93) million in Q3 2021, reflecting higher forward volume expectations and raw-material price increases. The net working capital requirement stood at 118 days of sales, compared to 111 days in Q3 2021.

For the first nine months 2022, the operating working capital requirement increased by €(538) million versus an increase of €(232) million in 9M 2021.

Capex

Capital expenditure was €(54) million in Q3 2022, compared with €(28) million in Q3 2021, and €(113) million in 9M 2022 compared to €(84) million in 9M 2021.

For the full year it is expected to be around €200 million, including €120 million of capital expenditures equally spread over FY 2022 and FY 2023 related to the transfer of the German Oil & Gas activities to Brazil.

Free cash flow

As a result, **in Q3 2022, free cash flow was negative at €(81) million** versus €(103) million in Q3 2021.

Free cash flow for 9M 2022 was negative at €(482) million, compared with €(300) million in 9M 2021, **after €538 million working capital build over the first nine months**.

Free Cash Flow will be positive in H2, driven by an expected strong performance in Q4.

Asset disposals and other items

In Q3 2022, asset disposals and other items amounted to €(24) million compared with €(171) million in Q3 2021. Over the first nine months of 2022, they amounted to €(54) million.

Net debt and liquidity

As of September 30, 2022, net debt stood at €1,493 million, compared with €1,389 million at June 30, 2022. Gross debt amounted to €1,784 million including €76 million of fair value adjustment under IFRS 9 (which will be reversed over the life of the debt). Long-term debt amounted to €1,375 million and short-term debt totaled €409 million.

Net debt at year-end 2022 is projected below September levels thanks to an expected strong free cash flow performance in Q4.

As of September 30, 2022, lease debt stood at €78 million following the application of IFRS 16 standards, compared with €61 million on June 30, 2022.

As of September 30, 2022, the liquidity position was strong at €703 million, with cash amounting to €291 million and an undrawn committed Revolving Credit Facility of €412 million.

As of November 21, 2022, Vallourec has fully repaid the utilized Revolving Credit Facility. **The Group also closed a $210 million asset-backed loan with a 5-year tenor provided by a group of four top ranked international banks.**

The Group has no repayments scheduled before June 2026.

UPDATE ON PAU BRANCO MINE

Operations at Vallourec's Pau Branco iron ore mine were temporarily suspended in January 2022 following flooding which caused damage to its Cachoeirinha waste pile. Operations were partially restarted in May using an alternative waste pile, albeit at lower-than-normal capacity levels. Volumes extracted in first nine months 2022 amounted to c.2.6 million tons.

Permissions from authorities have been obtained to continue to use alternative waste piles until the beginning of Q2 2023. In parallel, the Group has finalized civil works related to the restoration of the minimum safety factor of the core Cachoeirinha waste pile and registered the request for full release.

For 2022 as a whole, Vallourec estimates production of around 3.8 million tons, which is embedded in our FY 2022 EBITDA outlook.

MARKET TRENDS

Oil & Gas

- **In North America**, the highly favorable market conditions should continue through year-end and into 2023. The OCTG market remains very tight in terms of available supply.
- **In EA-MEA,** ongoing volume recovery is expected in the coming quarters especially in the dynamic Middle East markets, with a progressive recovery in pricing power.
- **In Europe,** higher energy costs are set to impact GDP growth.
- **In South America**, prices and volumes are expected to increase.

Industry & Other

- **In Brazil**, the outlook for volumes is neutral, with price increases fully offsetting cost inflation.

OUTLOOK

We confirm our EBITDA objective for FY 2022 in a range of €650 to €750 million.

Capex is expected to be around €200 million, including approximately €60 million for the preparation of the transfer of Oil & Gas volumes from Germany to Brazil.

Free Cash Flow will be positive in H2, driven by an expected strong Q4 performance.

NEW VALLOUREC PLAN ON TRACK WITH NEW INITIATIVES ADDED

The New Vallourec plan, announced in May 2022, remains fully on track. The plan aims to generate €230 million of recurring EBITDA uplift and around €20 million CAPEX reduction with full impact starting in Q2 2024, contributing to making the Group cycle-proof and generating positive free cash flow[2] even at the bottom of the cycle.

In recent weeks we have secured firm social agreements in France, Germany, and the UK, substantially de-risking our plan and allowing our teams to focus on execution. Moreover, we will implement New Vallourec plan initiatives in other geographies starting with Brazil, as well as production increases in the US and Saudi Arabia.

In addition, a value-over-volume strategy incorporates portfolio rationalization to drive profitable growth. Vallourec aims to achieve best-in-class profitability levels and close the margin gap with peers.

[2] *Free Cash Flow before change in working capital

Information and Forward-Looking Statements

This press release may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms as “believe”, “expect”, “anticipate”, “may”, “assume”, “plan”, “intend”, “will”, “should”, “estimate”, “risk” and or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, Vallourec’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which they operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risks include those developed or identified in the public documents filed by Vallourec with the French Financial Markets Authority (Autorité des marches financiers, or “AMF”), including those listed in the “Risk Factors” section of the Registration Document filed with the AMF on April 19, 2022, under filing number n° D.22-0305. Readers are cautioned that forward-looking statements are not guarantees of future performance and that Vallourec’s or any of its affiliates’ actual results of operations, financial condition and liquidity, and the development of the industries in which they operate may differ materially from those made in or suggested by the forward-looking statements contained in this press release. In addition, even if Vallourec’s or any of its affiliates’ results of operations, financial condition and liquidity, and the development of the industries in which they operate are consistent with the forward-looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

Presentation of Q3 2022 results

Conference call / audio webcast on Monday, November 21st at 9:30 am CET

- To listen to the audio webcast: https://channel.royalcast.com/landingpage/vallourec-en/20221121_1/
- To participate in the conference call, please dial (password: “Vallourec”):
  - +44 (0) 33 0551 0200 (UK)
  - +33 (0) 1 70 37 71 66 (France)
  - +1 212 999 6659 (USA)
- Audio webcast replay and slides will be available at: https://www.vallourec.com/en/investors

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 17,000 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: FR0013506730, Ticker VK), Vallourec is part of the CAC Mid 60, SBF 120 and Next 150 indices and is eligible for Deferred Settlement Service. In the United States, Vallourec has established a sponsored Level 1 American Depositary Receipt (ADR) program (ISIN code: US92023R4074, Ticker: VLOWY). Parity between ADR and a Vallourec ordinary share has been set at 5:1.

Financial Calendar

March 2nd 2023	Fourth Quarter and Full Year 2022 results

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Appendices

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Documents accompanying this release:

- Sales volume
- Forex
- Revenue by geographic region
- Revenue by market
- Summary consolidated income statement
- Summary consolidated balance sheet
- Free cash flow
- Cash flow statement
- Definitions of non-GAAP financial data

Sales volume

In thousands of tons	2022	2021	Change
Q1	395	358	10.3%
Q2	433	381	13.6%
Q3	462	391	18.2%
Q4		510	-
Total		**1,640**	**-**

Forex

Average exchange rate	9 months 2022	9 months 2021
EUR / USD	1.06	1.20
EUR / BRL	5.46	6.38
USD / BRL	5.14	5.32

Revenue by geographic region

In € million	9 months 2022	As % of revenue	9 months 2021	As % of revenue	Change	Q3 2022	As % of revenue	Q3 2021	As % of revenue	Change
Europe	426	12.7%	386	16.2%	10.3%	141	11.0%	139	16.6%	1.7%
North America (Nafta)	1,353	40.5%	524	22.0%	158.1%	546	42.6%	215	25.8%	153.4%
South America	748	22.4%	810	34.1%	(7.7)%	277	21.7%	302	36.2%	(8.1)%
Asia and Middle East	634	19.0%	512	21.5%	23.7%	224	17.5%	142	17.0%	58.2%
Rest of the world	182	5.4%	145	6.1%	25.3%	93	7.2%	37	4.4%	154.1%
Total	**3,342**	**100%**	**2,378**	**100%**	**40.5%**	**1,281**	**100%**	**834**	**100%**	**53.6%**

Revenue by market

9 months 2022	As % of revenue	9 months 2021	As % of revenue	Change	*In € million*	Q3 2022	As % of revenue	Q3 2021	As % of revenue	Variation
2,025	60.6%	1,209	50.9%	67.5%	Oil & Gas	794	62.0%	408	48.9%	94.4%
285	8.5%	134	5.6%	112.5%	Petrochemicals	113	8.8%	48	5.7%	136.1%
2,310	**69.1%**	**1,343**	**56.5%**	**72.0%**	**Oil & Gas, Petrochemicals**	**907**	**70.8%**	**456**	**54.7%**	**98.8%**
446	13.3%	337	14.2%	32.5%	Mechanicals	154	12.0%	130	15.6%	18.4%
71	2.1%	64	2.7%	11.5%	Automotive	21	1.6%	24	2.8%	(10.8)%
415	12.4%	537	22.6%	(22.8)%	Construction & Other	171	13.3%	194	23.3%	(12.0)%
931	**27.9%**	**937**	**39.4%**	**(0.6)%**	**Industry & Other**	**346**	**27.0%**	**348**	**41.7%**	**(0.5)%**
100	**3.0%**	**98**	**4.1%**	**2.8%**	**Power Generation**	**28**	**2.2%**	**30**	**3.6%**	**(5.7)%**
3,342	**100%**	**2,378**	**100%**	**40.5%**	**Total**	**1,281**	**100%**	**834**	**100%**	**53.6%**

Summary consolidated income statement

9 months 2022	9 months 2021	Change	*In € million*	Q3 2022	Q3 2021	Change
3,342	**2,378**	40.5%	**Revenue**	**1,282**	**834**	53.7%
(2,681)	**(1,760)**	52.3%	Cost of sales	**(1,004)**	**(627)**	60.1%
661	**618**	7.0%	**Industrial Margin**	**278**	**207**	34.3%
19.8%	*26.0%*	*(6.2)p.p.*	*(as a % of revenue)*	*21.7%*	*24.8%*	*(3.1)p.p.*
(260)	(233)	11.6%	Sales, general and administrative costs	(77)	(75)	2.7%
2	(29)	na	Other	(3)	(4)	na
403	**356**	€47m	**EBITDA**	**198**	**128**	€70m
12.1%	*15.0%*	*(2.9)p.p.*	*(as a % of revenue)*	*15.4%*	*15.3%*	*0.1p.p.*
(137)	(121)	13.2%	Depreciation of industrial assets	(47)	(43)	9.3%
(34)	(32)	6.3%	Amortization and other depreciation	(11)	(10)	na
-	-	-	Impairment of assets	-	-	-
(518)	96	na	Asset disposals, restructuring costs and non-recurring items	(51)	(3)	na
(286)	**299**	€(585)m	**Operating income (loss)**	**89**	**72**	€17m
(51)	(211)	(75.8)%	Financial income/(loss)	(30)	(36)	16.7%
(337)	**88**	€(425)m	**Pre-tax income (loss)**	**59**	**36**	€23m
(104)	(141)	na	Income tax	(53)	(41)	29.3%
(3)	(4)	na	Share in net income/(loss) of equity affiliates	(1)	(1)	na
(443)	**(57)**	€(386)m	**Net income**	**6**	**(6)**	€12m
1	(8)	na	Attributable to non-controlling interests	-	1	na
(444)	**(49)**	€(395)m	**Net income, Group share**	**6**	**(7)**	€13m
(1.9)	**(0.6)**	na	**Net earnings per share (in €) ***	**0.03**	**(0.03)**	na

na = not applicable

Summary consolidated balance sheet

In € million

Assets	09/30/2022	12/31/2021	Liabilities	09/30/2022	12/31/2021
			Equity - Group share *	1,767	1,763
			Non-controlling interests	44	45
Net intangible assets	41	45	**Total equity**	**1,811**	**1,808**
Goodwill	42	38	**Shareholder loan**	**-**	**-**
Net property, plant and equipment	1,972	1,666	Bank loans and other borrowings (A)	1,375	1,387
Biological assets	66	38	Lease debt (D)	56	33
Equity affiliates	32	35	Employee benefit commitments	85	14
Other non-current assets	213	162	Deferred taxes	28	29
Deferred taxes	221	239	Provisions and other long-term liabilities	428	140
Total non-current assets	**2,587**	**2,223**	**Total non-current liabilities**	**1,972**	**1,603**
Inventories	1,561	856	Provisions	213	40
Trade and other receivables	808	541	Overdraft and other short-term borrowings (B)	409	190
Derivatives - assets	21	4	Lease debt (E)	22	15
Other current assets	260	133	Trade payables	709	457
Cash and cash equivalents (C)	291	619	Derivatives - liabilities	117	19
			Other current liabilities	281	242
Total current assets	**2,941**	**2,153**	**Total current liabilities**	**1,751**	**963**
Assets held for sale and discontinued operations	14	372	Liabilities held for sale and discontinued operations	8	374
Total assets	**5,542**	**4,748**	**Total equity and liabilities**	**5,542**	**4,748**

*** Net income (loss), Group share**	**(444)**	**40**
Net debt (A+B-C)	**1,493**	**958**
Lease debt (D+E)	**78**	**48**

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Free cash flow

9 months 2022	9 months 2021	Change	In € million	Q3 2022	Q3 2021	Change
403	**356**	**€47m**	**Ebitda**	**198**	**128**	**€70m**
(38)	3	€(41)m	Provisions and other non-cash elements	(36)	(5)	€(31)m
365	**359**	**€6m**	**Cash Ebitda**	**162**	**123**	**€39m**
(61)	(67)	€6m	Interest payments	(8)	(6)	€(2)m
(56)	(139)	€83m	Tax payments	(18)	(71)	€53m
(79)	(137)	€58m	Other (including restructuring charges)	(28)	(28)	-
169	**16**	**€153m**	**Operating cash flow before change in WCR**	**108**	**18**	**€90m**
(538)	(232)	€(306)m	Change in operating WCR [+ decrease, (increase)]	(135)	(93)	€(42)m
(369)	**(216)**	**€(153)m**	**Operating cash flow**	**(27)**	**(75)**	**€48m**
(113)	(84)	€(29)m	Gross capital expenditure	(54)	(28)	€(26)m
(482)	**(300)**	**€(182)m**	**Free cash flow**	**(81)**	**(103)**	**€22m**

Cash flow statement

9 months 2022	9 months 2021	In € million	Q3 2022	Q3 2021
169	16	Cash flow from operating activities	108	18
(538)	(232)	Change in operating WCR [+ decrease, (increase)]	(135)	(93)
(369)	(216)	Net cash flow from operating activities	(27)	(75)
(113)	(84)	Gross capital expenditure	(54)	(28)
(54)	1,520	Asset disposals and other items	(24)	(171)
(536)	1,220	Change in net debt [+ decrease, (increase)]	(105)	(274)
1,493	**993**	**Financial net debt (end of period)**	**1,493**	**993**

Information
Half-year financial statements were subject to limited review by statutory auditors.
Quarterly statements are unaudited and not subject to any review.
Unless otherwise specified, indicated variations are expressed in comparison with the same period of the previous year.

Definitions of non-GAAP financial data

Data at constant exchange rates: the data presented « at constant exchange rates » is calculated by eliminating the translation effect into euros for the revenue of the Group's entities whose functional currency is not the euro. The translation effect is eliminated by applying Year N-1 exchange rates to Year N revenue of the contemplated entities.

Free cash flow: Free cash-flow (FCF) is defined as cash flow from operating activities minus gross capital expenditure and plus/minus change in operating working capital requirement.

Gross capital expenditure: gross capital expenditure is defined as the sum of cash outflows for acquisitions of property, plant and equipment and intangible assets and cash outflows for acquisitions of biological assets.

Industrial margin: the industrial margin is defined as the difference between revenue and cost of sales (i.e. after allocation of industrial variable costs and industrial fixed costs), before depreciation.

Lease debt: defined as the present value of unavoidable future lease payments

Net debt: consolidated net debt is defined as Bank loans and other borrowings plus Overdrafts and other short-term borrowings minus Cash and cash equivalents. Net debt excludes lease debt.

Net working capital requirement: defined as working capital requirement net of provisions for inventories and trade receivables; net working capital requirement days are computed on an annualized quarterly sales basis.

Operating working capital requirement: includes working capital requirement as well as other receivables and payables.

Working capital requirement: defined as trade receivables plus inventories minus trade payables (excluding provisions).