vallourec

Press release

Meudon (France), May 16th, 2024

Vallourec, a world leader in premium tubular solutions, announces today its results for the first quarter 2024. The Board of Directors of Vallourec SA, meeting on May 15th 2024, approved the Group's first quarter 2024 Consolidated Financial Statements.

First Quarter 2024 Results

- **Cash generation capability of New Vallourec on display with sixth straight quarter of deleveraging**
- **International OCTG pricing remains strong due to robust demand pipeline across multiple geographic regions**
- **Market demand remains stable in the US; industry inventories have normalized**
- **Expect to reduce net debt further in the second quarter**
- **Target initiation of capital returns to shareholders in 2025 at the latest[a]**

HIGHLIGHTS

First Quarter 2024 Results

- Effects of New Vallourec plan and Value over Volume strategy on display:
    - Tubes EBITDA margin of 23.6% up 277bps sequentially and 135bps year-over-year
    - Tubes EBITDA per tonne of €751 increased sequentially and year over year despite lower US pricing
- Group EBITDA of €235 million down 16% sequentially and 27% year over year
    - Tubes EBITDA of €220 million down 12% sequentially and 21% year over year due to reductions in US pricing and lower volumes, largely driven by the closure of Germany
    - Mine & Forest EBITDA of €30 million down 29% sequentially and 37% year over year due to lower sales volumes and lower non-cash forest revaluation effects
- Adjusted free cash flow €172 million; total cash generation €102 million
- Deleveraging ahead of plan: net debt declined sequentially and more than halved year over year from €1,000 million in Q1 2023 to €485 million in Q1 2024

Second Quarter 2024 Outlook[b]

- Group EBITDA is expected to moderately decline versus Q1 due to US Tubes market dynamics:
    - For the Tubes segment, increased volumes and EBITDA in our international portfolio are expected to be more than offset by lower prices and volumes in the US
    - Mine & Forest EBITDA is expected to move closer to the €100 million annualized run-rate
- Net debt is expected to decline further versus the Q1 2024 level

Full Year 2024 Outlook[b]

- Group EBITDA margin expected to remain strong through 2024 due to robust international Tubes pricing in backlog and further operational improvement
- Net debt is expected to decline meaningfully versus the Q1 2024 level

[a] Vallourec's dividend policy would in any event be conditional upon the Board's decision taking into account Vallourec's results, its financial position including the deleveraging target and the potential restrictions applicable to the payment of dividends. Dividends and share repurchases would also be subject to shareholders' approval.
[b] In all cases, total cash generation and net debt guidance excludes the potential positive impact of major asset sales. See further details regarding the second quarter and full year 2024 outlook at the end of this press release.

Information
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.
Please see "Definitions of Non-GAAP Financial Data" for definitions of terms presented in this press release.

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

"Our first quarter results confirm the merits of the New Vallourec plan and our Value over Volume strategy. Following the closure of our German rolling mills at the end of 2023, our Tubes profitability per tonne and EBITDA margin took meaningful steps higher despite lower volumes in the first quarter. We also continue to deliver on our goal to decrease our net debt, which we reduced again by €85 million sequentially and €515 million year over year.

"The international OCTG market remains strong. We see a robust pipeline of new order opportunities across the Middle East, Africa and North Sea, and accordingly, market prices remain favorable. In the US, a reset in market expectations has caused some further incremental pricing pressure. That said, market demand remains stable and inventories have normalized. We remain disciplined in executing our Value over Volume strategy both in the US and globally.

"We are seeing clear opportunities to deliver differentiated value to our customers via our premium product offering. In the Middle East, our customers are increasingly focusing on developing their gas resources, for which they demand premium connections. Continued momentum in deepwater exploration and development campaigns is leading to strong demand for our high-end products in mission-critical offshore applications. Finally, in North America, operators' desire to drill ever-longer laterals in their horizontal wells is driving strong demand for our high-torque connections.

"On March 12th, we announced that ArcelorMittal had reached an agreement to purchase Apollo's stake in Vallourec. The deal is expected to close in the second half of 2024, following the completion of various regulatory approvals. We are delighted to welcome ArcelorMittal as a reference shareholder and look forward to finding ways to enhance value with this industrial partner.

"In April, we successfully executed our holistic balance sheet refinancing. This marked a major step towards our objective of making Vallourec crisis-proof. Through these transactions, we have extended our debt and liquidity facility maturities, increased our available liquidity, and reduced our debt service costs. We now benefit from greater visibility and financial flexibility for the years to come. Alongside this transaction, our significant progress in reshaping Vallourec has been recognized by all three of the major ratings agencies. S&P has upgraded our rating for the fourth time since we announced the New Vallourec plan, which now stands at BB+, Outlook stable. We are also delighted to welcome the addition of Moody's and Fitch, which rate Vallourec Ba2, Outlook positive and BB+, Outlook positive, respectively.

"We are now notably ahead of schedule on our plan to reach zero net debt by year-end 2025 at the latest. As such, we anticipate that we will initiate our return of capital to shareholders in 2025 at the latest.[c]"

[c] Vallourec's dividend policy would in any event be conditional upon the Board's decision taking into account Vallourec's results, its financial position including the deleveraging target and the potential restrictions applicable to the payment of dividends. Dividends and share repurchases would also be subject to shareholders' approval

Key Quarterly Data

in € million, unless noted	Q1 2024	Q4 2023	Q1 2023	QoQ chg.	YoY chg.
Tubes volume sold (k tonnes)	292	382	431	(90)	(139)
Iron ore volume sold (m tonnes)	1.4	1.7	1.5	(0.4)	(0.1)
Group revenues	990	1,276	1,338	(286)	(348)
Group EBITDA	**235**	**280**	**320**	**(45)**	**(85)**
(as a % of revenue)	*23.7%*	*22.0%*	*23.9%*	*1.8 pp*	*(0.2) pp*
Operating income (loss)	174	198	257	(25)	(84)
Net income, Group share	105	105	156	0	(51)
Adj. free cash flow	**172**	**275**	**194**	**(103)**	**(22)**
Total cash generation	**102**	**149**	**151**	**(47)**	**(49)**
Net debt	**485**	**570**	**1,000**	**(85)**	**(515)**

CONSOLIDATED RESULTS ANALYSIS

In Q1 2024, Vallourec recorded revenues of €990 million, down (26%) year over year, which was also (26%) at constant exchange rates. The decrease in Group revenues reflects:

- (32%) volume decrease mainly driven by the closure of the European rolling mills and decreased shipments in Oil & Gas Tubes in North America
- 7% price/mix effect
- (1%) Mine and Forest effect
- 0.1% currency effect

In Q1 2024, EBITDA amounted to €235 million, or 23.7% of revenues, compared to €320 million (23.9% of revenues) in Q1 2023**.** The decrease was largely driven by lower average selling prices in Tubes in North America, offset by improved Tubes results outside of North America.

In Q1 2024, operating income was €174 million, compared to €257 million in Q1 2023.

Financial income (loss) was negative at (€20) million, compared to (€46) million in Q1 2023. Net interest expense in Q1 2024 was (€15) million compared to (€26) million in Q1 2023.

Income tax amounted to (€46) million compared to (€53) million in Q1 2023.

This resulted in positive net income, Group share, of €105 million, compared to €156 million in Q1 2023.

Earnings per diluted share was €0.43, versus €0.66 in Q1 2023, reflecting the above changes in net income as well as an increase in potentially dilutive shares largely related to the Company's outstanding warrants, which are accounted for using the treasury share method.

RESULTS ANALYSIS BY SEGMENT

Tubes: In Q1 2024, Tubes revenues were down 26% year over year due to a 32% reduction in shipments, offset by a 9% increase in average selling price. This decrease in shipments was largely attributable to the closure of Vallourec's German rolling operations as a result of the New Vallourec plan and decreased shipments in North America. **Tubes EBITDA decreased from €279 million in Q1 2023 to €220 million Q1 2024** due to decreases in profitability in North America offset by improvements in the rest of the world.

Mine & Forest: In Q1 2024, iron ore production sold was 1.4 million tonnes, decreasing by 9% year over year. **In Q1 2024, Mine & Forest EBITDA reached €30 million**, versus €48 million in Q1 2023, largely reflecting lower sales volumes, lower forest revaluation effects and higher costs.

CASH FLOW AND FINANCIAL POSITION

Cash Flow Analysis

In Q1 2024, adjusted operating cash flow was €235 million versus €299 million in Q1 2023. The decrease was attributable to lower EBITDA, offset by reduced financial cash out.

Adjusted free cash flow was €172 million, versus €194 million in Q1 2023. Lower adjusted operating cash flow was partially offset by a smaller working capital build versus the prior year period.

Total cash generation in Q1 2024 was €102 million, versus €151 million in Q1 2023. The decrease was attributable to lower adjusted free cash flow as well as higher restructuring charges and non-recurring items.

Net Debt and Liquidity

As of March 31, 2024, net debt stood at €485 million, a significant decrease compared to €1,000 million on March 31, 2023. Gross debt amounted to €1,551 million including €43 million of fair value adjustment under IFRS 9. Long-term debt amounted to €1,352 million and short-term debt totaled €199 million.

As of March 31, 2024, the liquidity position was very strong at €1,714 million, with cash amounting to €1,066 million, availability on our revolving credit facility (RCF) of €462 million, and availability on an asset-backed lending facility (ABL) of €186 million [d].

[d] As of March 31, 2024, the borrowing base for this facility was approximately $201 million, and $9 million in letters of credit and other commitments were issued.

COMPLETION OF BALANCE SHEET REFINANCING

In April 2024, we executed a significant and holistic balance sheet refinancing that has substantially extended our debt maturities and reduced our financial costs. The key elements of this operation include:

- Entry into a new 5-year €550 million multi-currency revolving credit facility (RCF) with a substantially diversified, global banking group
- Entry into an upsized and extended 5-year $350 million asset-backed lending facility (ABL) in the United States
- Issuance of 8-year $820 million 7.5% senior notes and entry into a cross-currency swap to hedge Vallourec's currency exposure on its new senior notes with a euro-effective interest rate of approximately 5.8%
- Redemption of the full €1,023 million of previously outstanding 8.5% Senior Notes due 2026
- Repayment of approximately €68 million of the €262 million PGE (*prêts garantis par l'Etat*) during the transaction and repayment of the remaining amount by December 31, 2024.

The successful completion of this refinancing further strengthens Vallourec's financial position and sustainably improves its cash flow generation. Accordingly, the Group will benefit from both greater visibility and financial flexibility over the coming years. Vallourec estimates that this process will generate a recurring net economic benefit in a range of €30 to €35 million per year.

Furthermore, Vallourec now maintains credit ratings with all three of the major ratings agencies. Vallourec's issuer rating with S&P has been upgraded for the fourth time since we announced the New Vallourec plan and now stands at BB+, Outlook stable. We furthermore welcome the addition of Moody's and Fitch, which rate Vallourec Ba2, Outlook positive and BB+, Outlook positive, respectively.

SECOND QUARTER AND FULL YEAR 2024 OUTLOOK[e]

In the second quarter of 2024, based on our assumptions and current market conditions, Vallourec expects:

- Group EBITDA to moderately decline versus Q1 due to US Tubes market dynamics:
  - For the Tubes segment, increased volumes and EBITDA in our international portfolio will be more than offset by lower prices and volumes in the US
  - Iron ore production sold will be slightly higher sequentially with Mine & Forest EBITDA moving closer to the €100 million annualized run-rate
- Net debt to decline further versus the Q1 2024 level

For the full year 2024, based on our assumptions and current market conditions, Vallourec expects:

- Group EBITDA margin to remain strong through 2024, driven by:
  - Continued strong performance in Tubes due to robust international Tubes pricing in backlog and further operational improvement
  - Iron ore production sold of approximately 6 million tonnes
- Total cash generation to be positive
- Net debt to decline meaningfully versus the Q1 2024 level

[e] In all cases, total cash generation and net debt guidance excludes the potential positive impact of major asset sales.

Information and Forward-Looking Statements

This press release includes 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. 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 presentation. 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 presentation, those results or developments may not be indicative of results or developments in subsequent periods. 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 Universal Registration Document filed with the AMF on March 14, 2024, under filing number n° D. 24-0113.
Accordingly, readers of this document are cautioned against relying on these forward-looking statements. These forward-looking statements are made as of the date of this document. Vallourec disclaims any intention or obligation to complete, update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws and regulations. This press release does not constitute any offer to purchase or exchange, nor any solicitation of an offer to sell or exchange securities of Vallourec. or further information, please refer to the website https://www.vallourec.com/en .

Presentation of Q1 2024 Results

Conference call / audio webcast on May 16th at 9:30 am CET

- To listen to the audio webcast: https://channel.royalcast.com/landingpage/vallourec-en/20240516_1/

- To participate in the conference call, please dial (password: “Vallourec”):

  - +44 (0) 33 0551 0200 (UK)
  - +33 (0) 1 7037 7166 (France)
  - +1 786 697 3501 (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 15,000 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

May 23rd 2024	Annual General Meeting
July 26th 2024	Release of Second Quarter and Half Year 2024 Results
November 15th 2024	Release of Third Quarter and Nine Month 2024 results

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APPENDICES

The Group's reporting currency is the euro. All amounts are expressed in millions of euros, unless otherwise specified. Certain numerical figures contained in this document, including financial information and certain operating data, have been subject to rounding adjustments.

Documents accompanying this release:

- Tubes Sales Volume
- Mine Sales Volume
- Foreign Exchange Rates
- Tubes Revenues by Geographic Region
- Tubes Revenues by Market
- Segment Key Performance Indicators (KPIs)
- Summary Consolidated Income Statement
- Summary Consolidated Balance Sheet
- Key Cash Flow Metrics
- Summary Consolidated Statement of Cash Flows (IFRS)
- Indebtedness
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Tubes Sales Volume

in thousands of tonnes	2024	2023	YoY chg.
Q1	**292**	**431**	**(32%)**
Q2	**-**	**396**	**-**
Q3	**-**	**343**	**-**
Q4	**-**	**382**	**-**
Total	**292**	**1,552**	**-**

Mine Sales Volume

in millions of tonnes	2024	2023	YoY chg.
Q1	**1.4**	**1.5**	**(9%)**
Q2	**-**	**1.9**	**-**
Q3	**-**	**1.8**	**-**
Q4	**-**	**1.7**	**-**
Total	**1.4**	**6.9**	**-**

Foreign Exchange Rates

Average exchange rate	Q1 2024	Q4 2023	Q1 2023
EUR / USD	**1.09**	**1.08**	**1.07**
EUR / BRL	**5.38**	**5.40**	**5.58**
USD / BRL	**4.95**	**4.99**	**5.19**

Quarterly Tubes Revenues by Geographic Region

in € million	Q1 2024	Q4 2023	Q1 2023	QoQ % chg.	YoY % chg.
North America	450	548	658	*(18%)*	*(32%)*
South America	153	230	189	*(33%)*	*(19%)*
Middle East	162	212	112	*(24%)*	*45%*
Europe	51	57	152	*(11%)*	*(67%)*
Asia	68	89	54	*(23%)*	*26%*
Rest of World	48	61	92	*(20%)*	*(48%)*
Total Tubes	**932**	**1,196**	**1,258**	***(22%)***	***(26%)***

Quarterly Tubes Revenues by Market

in € million	Q1 2024	Q4 2023	Q1 2023	QoQ % chg.	YoY % chg.	YoY % chg. at Const. FX
Oil & Gas and Petrochemicals	762	1,017	1,021	*(25%)*	*(25%)*	*(25%)*
Industry	119	112	214	*6%*	*(44%)*	*(46%)*
Other	51	67	23	*(24%)*	*125%*	*133%*
Total Tubes	**932**	**1,196**	**1,258**	***(22%)***	***(26%)***	***(26%)***

Quarterly Segment KPIs

		Q1 2024	Q4 2023	Q1 2023	QoQ chg.	YoY chg.
Tubes	Volume sold*	292	382	431	(23%)	(32%)
	Revenue (€m)	932	1,196	1,258	(22%)	(26%)
	Average Selling Price (€)	3,189	3,130	2,919	2%	9%
	EBITDA (€m)	220	249	279	(12%)	(21%)
	Capex (€m)	46	33	45	38%	3%
Mine & Forest	Volume sold*	1.4	1.7	1.5	(21%)	(9%)
	Revenue (€m)	80	101	93	(21%)	(14%)
	EBITDA (€m)	30	43	48	(29%)	(37%)
	Capex (€m)	9	7	7	18%	14%
H&O	Revenue (€m)	45	53	46	(15%)	(3%)
	EBITDA (€m)	(13)	(12)	(5)	10%	nm
Int.	Revenue (€m)	(67)	(73)	(59)	(9%)	13%
	EBITDA (€m)	(2)	1	(3)	nm	nm
Total	Revenue (€m)	990	1,276	1,338	(22%)	(26%)
	EBITDA (€m)	235	280	320	(16%)	(27%)
	Capex (€m)	56	42	53	31%	5%

** Volume sold in thousand tonnes for Tubes and in million tonnes for Mine*
H&O = Holding & Other, Int. = Intersegment Transactions
nm = not meaningful

Quarterly Summary Consolidated Income Statement

€ million, unless noted	Q1 2024	Q4 2023	Q1 2023	QoQ chg.	YoY chg.
Revenues	**990**	**1,276**	**1,338**	**(286)**	**(348)**
Cost of sales	(669)	(886)	(926)	216	257
Industrial margin	**321**	**390**	**412**	**(70)**	**(91)**
(as a % of revenue)	*32.4%*	*30.6%*	*30.8%*	*1.8 pp*	*1.6 pp*
Selling, general and administrative expenses	(87)	(86)	(79)	(1)	(8)
(as a % of revenue)	*(8.8%)*	*(6.7%)*	*(5.9%)*	*(2.1) pp*	*(2.9) pp*
Other	1	(24)	(13)	25	14
EBITDA	**235**	**280**	**320**	**(45)**	**(85)**
(as a % of revenue)	*23.7%*	*22.0%*	*23.9%*	*1.8 pp*	*(0.2) pp*
Depreciation of industrial assets	(45)	(40)	(40)	(5)	(5)
Amortization and other depreciation	(8)	(10)	(10)	2	2
Impairment of assets	3	153	–	(150)	3
Asset disposals, restructuring costs and non-recurring items	(11)	(185)	(13)	174	2
Operating income (loss)	**174**	**198**	**257**	**(25)**	**(84)**
Financial income (loss)	(20)	26	(46)	(46)	26
Pre-tax income (loss)	**154**	**224**	**211**	**(70)**	**(57)**
Income tax	(46)	(102)	(53)	55	7
Share in net income (loss) of equity affiliates	1	(0)	(1)	1	2
Net income	**108**	**122**	**157**	**(14)**	**(49)**
Attributable to non-controlling interests	3	17	1	(13)	2
Net income, Group share	**105**	**105**	**156**	**0**	**(51)**
Basic earnings per share (€)	0.46	0.46	0.67	0.00	(0.22)
Diluted earnings per share (€)	**0.43**	**0.44**	**0.66**	**(0.01)**	**(0.23)**
Basic shares outstanding (millions)	230	229	232	0	(2)
Diluted shares outstanding (millions)	**244**	**240**	**237**	**4**	**7**

Summary Consolidated Balance Sheet

In € million

Assets	31-Mar-24	31-Dec-23	Liabilities	31-Mar-24	31-Dec-23
			Equity - Group share	2,307	2,157
Net intangible assets	40	42	Non-controlling interests	71	67
Goodwill	40	40	**Total equity**	**2,378**	**2,224**
Net property, plant and equipment	1,974	1,980	Bank loans and other borrowings (A)	1,352	1,348
Biological assets	66	70	Lease debt	37	40
Equity affiliates	17	16	Employee benefit commitments	91	102
Other non-current assets	171	159	Deferred taxes	83	83
Deferred taxes	208	209	Provisions and other long-term liabilities	323	317
Total non-current assets	**2,516**	**2,516**	**Total non-current liabilities**	**1,885**	**1,890**
Inventories	1,319	1,242	Provisions	185	249
Trade and other receivables	697	756	Overdraft & other short-term borrowings (B)	199	122
Derivatives - assets	18	47	Lease debt	16	17
Other current assets	263	251	Trade payables	832	763
Cash and cash equivalents (C)	1,066	900	Derivatives - liabilities	71	79
			Other current liabilities	314	369
Total current assets	**3,364**	**3,196**	**Total current liabilities**	**1,617**	**1,599**
Assets held for sale and discontinued operations	1	1	Liabilities held for sale and discontinued operations	–	–
Total assets	**5,881**	**5,713**	**Total equity and liabilities**	**5,881**	**5,713**

Net financial debt (A+B-C)	**485**	**570**	**Net income (loss), Group share**	**105**	**496**

Quarterly Key Cash Flow Metrics

In € million	Q1 2024	Q4 2023	Q1 2023	QoQ chg.	YoY chg.
EBITDA	**235**	**280**	**320**	**(45)**	**(85)**
Non-cash items in EBITDA	10	(1)	13	11	(3)
Financial cash out	5	(1)	(18)	6	23
Tax payments	(15)	(52)	(16)	37	1
Adjusted operating cash flow	**235**	**226**	**299**	**9**	**(64)**
Change in working capital	(7)	92	(52)	(99)	45
Gross capital expenditure	(56)	(43)	(53)	(13)	(3)
Adjusted free cash flow	**172**	**275**	**194**	**(103)**	**(22)**
Restructuring charges & non-recurring items	(67)	(193)	(47)	126	(20)
Asset disposals & other cash items	(3)	67	4	(70)	(7)
Total cash generation	**102**	**149**	**151**	**(47)**	**(49)**
Non-cash adjustments to net debt	(17)	22	(21)	(39)	4
(Increase) decrease in net debt	**85**	**171**	**130**	**(86)**	**(45)**

Summary Consolidated Statement of Cash Flows (IFRS)

In € million	Q1 2024	Q1 2023	YoY chg.
Consolidated net income (loss)	**108**	**157**	**(49)**
Net additions to depreciation, amortization and provisions	0	32	(32)
Unrealized gains and losses on changes in fair value	13	7	6
Capital gains and losses on disposals	(7)	(2)	(5)
Share in income (loss) of equity-accounted companies	(1)	1	(1)
Other cash flows from operating activities	(0)	–	(0)
Cash flow from (used in) operating activities after cost of net debt and taxes	**114**	**195**	**(81)**
Cost of net debt	15	26	(11)
Tax expense (including deferred taxes)	46	53	(7)
Cash flow from (used in) operating activities before costs of net debt and taxes	**175**	**274**	**(99)**
Interest paid	(7)	(10)	3
Tax paid	(15)	(16)	1
Interest received	10	2	8
Other cash flow on financial income	5	–	5
Cash flow from (used in) operating activities	**168**	**250**	**(82)**
Change in operating working capital in the statement of cash flows	(7)	(52)	45
Net cash flow from (used in) operating activies (A)	**161**	**198**	**(37)**
Acquisitions of property, plant and equipment and intangible assets	(56)	(53)	(3)
Disposals of property, plant and equipment and intangible assets	12	10	2
Impact of acquisitions (changes in consolidation scope)	(0)	(0)	0
Impact of disposals (changes in consolidation scope)	–	–	–
Other cash flow from investing activities	0	0	0
Net cash flow from (used in) investing activities (B)	**(44)**	**(43)**	**(0)**
Increase or decrease in equity attributable to owners	–	2	(2)
Dividends paid to non-controlling interests	(1)	(2)	2
Proceeds from new borrowings	63	195	(132)
Repayment of borrowings	(5)	(0)	(4)
Repayment of lease liabilities	(6)	(6)	0
Other cash flow used in financing activities	(9)	1	(10)
Net cash flow from (used in) financing activites (C)	**44**	**190**	**(146)**
Impact of changes in exchange rates (D)	**6**	**(1)**	**8**
Impact of reclassification to assets held for sale and discontinued operations (E)	**–**	**–**	**–**
Change in net cash (A+B+C+D+E)	**167**	**343**	**(176)**
Opening net cash	**898**	**547**	
Closing net cash	**1,065**	**889**	

Information
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.
Please see "Definitions of Non-GAAP Financial Data" for definitions of terms presented in this press release.

Indebtedness

In € million	31-Mar-24	31-Dec-23
8.500% Bonds due 2026	1,098	1,105
1.837% PGE due 2027	231	229
ACC ACE [(a)]	117	94
Other	106	42
Total gross financial indebtedness	**1,551**	**1,470**
Cash and cash equivalents	1,066	900
Total net financial indebtedness	**485**	**570**

[(a)] *Refers to ACC (Advances on Foreign Exchange Contract) and ACE (Advances on Export Shipment Documents) program in Brazil*

Liquidity

In € million	31-Mar-24	31-Dec-23
Cash and cash equivalents	1,066	900
Available RCF	462	462
Available ABL [(a)]	186	177
Total liquidity	**1,714**	**1,539**

(a) This $210m committed ABL is subject to a borrowing base calculation based on eligible accounts receivable and inventories, among other items. The borrowing base is currently approximately $201m. Availability is shown net of approximately $9m of letters of credit and other items.

DEFINITIONS OF NON-GAAP FINANCIAL DATA

Adjusted free cash flow is defined as adjusted operating cash flow +/- change in operating working capital and gross capital expenditures. It corresponds to net cash used in operating activities less restructuring and non-recurring items +/- gross capital expenditure.

Adjusted operating cash flow is defined as EBITDA adjusted for non-cash benefits and expenses, financial cash out and tax payments.

Asset disposals and other cash items includes cash inflows from asset sales as well as other investing and financing cash flows.

Change in working capital refers to the change in the operating working capital requirement.

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.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization is calculated by taking operating income (loss) before depreciation and amortization, and excluding certain operating revenues and expenses that are unusual in nature or occur rarely, such as:

- impairment of goodwill and non-current assets as determined within the scope of impairment tests carried out in accordance with IAS 36;
- significant restructuring expenses, particularly resulting from headcount reorganization measures, in respect of major events or decisions;
- capital gains or losses on disposals;
- income and expenses resulting from major litigation, significant roll-outs or capital transactions (e.g., costs of integrating a new activity).

Financial cash out includes interest payments on financial and lease debt, interest income and other financial costs.

Free cash flow, as previously defined, may continue to be derived as follows: total cash generation - asset disposals & other cash items. This is also defined as EBITDA adjusted for changes in provisions, less interest and tax payments, changes in working capital, less gross capital expenditures, and less restructuring/other cash outflows.

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.

(Increase) decrease in net debt (alternatively, "change in net debt") is defined as total cash generation +/- non-cash adjustments to net debt.

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 is defined as the present value of unavoidable future lease payments.

Net debt: Consolidated net debt (or "net financial 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 is 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.

Non-cash adjustments to net debt includes non-cash foreign exchange impacts on debt balances, IFRS-defined fair value adjustments on debt balances, and other non-cash items.

Non-cash items in EBITDA includes provisions and other non-cash items in EBITDA.

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

Restructuring charges and non-recurring items consists primarily of the cash costs of executing the New Vallourec plan, including severance costs and other facility closure costs.

Total cash generation is defined as adjusted free cash flow +/- restructuring charges and non-recurring items and asset disposals & other cash items. It corresponds to net cash used in operating activities +/- gross capital expenditure and asset disposals & other cash items.

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