



## Press release

### **Vallourec starts exclusive negotiations with the Ascometal Group for the sale of a majority holding in the Saint-Saulve steel mill**

***Thursday, July 21 2016 – Boulogne-Billancourt: Vallourec, global leader in premium tubular solutions, has started exclusive negotiations with Ascometal, Europe's largest producer of special steels, with a view to the sale of its majority holding in the Saint-Saulve steel mill (Hauts-de-France region). Based on a reinforced industrial and business plan, the Ascometal offer should retain the site's 320 highly skilled employees.***

Negotiations should be concluded with a final agreement being signed by the end of 2016.

At this stage in proceedings, the two partners envisage creating a joint venture with Vallourec holding a 40% stake and Ascometal having a 60% holding, thus giving the latter exclusive control of operations. Furthermore, the Hauts-de-France region has confirmed its support for the transaction according to conditions which are still to be determined.

From an industrial viewpoint, the two shareholders will be supplied by the Saint-Saulve modern and high technology steel mill, Vallourec for its requirements in terms of special steels and Ascometal to supply its finishing units located in Dunkirk and Fos-sur-Mer, in the North and South of France.

The global industrial projects would include a significant investment program in order to both diversify production at the Saint-Saulve steel mill and meet Ascometal's new requirements.

It means:

- In Saint-Saulve, the upgrade of the existing equipment in order to produce steel bars with varying diameters which would pave the way to accessing new markets, in particular in the automotive industry.
- In Dunkirk, new rolling capacity that would enable this plant to gain a foothold in new automotive markets.
- In Fos-sur-Mer, new equipment that would enable the rod mill to use the semi-finished products made with the Saint-Saulve continuous casting, in addition to the semi-finished products from the Fos ingot casting, in order to allow this plant to enter new bearings markets.

At the outset, the undertakings made by the two parties in terms of the quantities of steel produced are as follows: 175,000 tons per year for Ascometal, and 100,000 tons per year for Vallourec. These volumes would secure the steel mill's long-term operations and competitiveness.

Management and employee representatives were informed today about this stage of the process of the partial sale of the steel mill.

### 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. Operating in more than 20 countries, its 20,000 dedicated and passionate people work hand-in-hand with their customers to offer more than just tubes: they deliver 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.

### About Ascometal

ASCOMETAL is a European leader in Specialty Long steel products dedicated to the Automotive, Bearings, Energy and Mechanical Engineering sectors with a yearly turnover of € 500 million.

With 1550 employees, ASCOMETAL operates 5 industrial facilities located in France : 3 steel making plants (Dunkerque, Hagondange, Fos-sur-Mer) and 2 finishing centers (Custines, Saint-Etienne). In addition, Ascometal has an industrial Joint-Venture in China (MASCOMETAL Ltd) and commercial subsidiaries in Germany, Italy, Spain, Poland and USA.

ASCOMETAL has the largest European R&D center (CREAS) located in Hagondange, focusing on specialty long steel products, with 40 employees. Innovation, know-how and quality benefiting customers are the trademark of ASCOMETAL products.

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