

Vallourec pursues its employee shareholding policy

Boulogne-Billancourt, 28 July 2016 - Vallourec announces the implementation of a new employee share ownership offering for the ninth consecutive year.

This offering, called "Value 16", concerns a maximum of 6,600,000 newly-issued shares representing 1.48% 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 eight previous "Value" offerings generated a high participation rate among Group employees and were all very successful. Employee shareholders held 2.56% of Vallourec's share capital on 20 June 2016 and are represented on the Supervisory Board.

Based on the indicative calendar for the offering, the share reservation period will be open to employees from 12 September 2016 to and including 30 September 2016. The subscription price should be determined on 7 November 2016. The subscription/revocation period is scheduled to take place from 10 to 14 November 2016 inclusive and the capital increase on 14 December 2016.

Details of the conditions for the "Value 16" employee share ownership offering

Beneficiaries

Subject to any locally required authorizations, the "Value 16" 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 12 September 2015 to and including 30 September 2015. 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 7 November 2016. The subscription/revocation period would be open from 10 November 2016 to and including 14 November 2016. The capital increase should take place on 14 December 2016.

Share offering

The "Value 16" is an offering of a maximum of 6,600,000 ordinary shares, representing close to 1.50% of the company's share capital on the date of this press release. The new shares will be entitled to dividends as from 1 January 2016.

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 16" 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 16" offering (subject to the effects of foreign exchange rate fluctuations, any applicable

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

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 2021. 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, 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 2021 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. 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.

vallourec.com
Follow us on Twitter @Vallourec

For further information, please contact:

Investor relations

Etienne Bertrand
Tel: +33 (0)1 49 09 35 58
etienne.bertrand@vallourec.com

Christophe Le Mignan
Tel: +33 (0)1 49 09 38 96
christophe.lemignan@vallourec.com

Press relations

Héloïse Rothenbühler
Tel: +33 (0)1 41 03 77 50 / +33 (0)6 45 45 19 67
heloise.rothenbuhler@vallourec.com

Individual shareholders

Toll Free Number (from France): 0 800 505 110
actionnaires@vallourec.com