

Vallourec updates its 2014 guidance

- **Significant temporary adjustments due to key Brazilian customer Petrobras deciding to eliminate most of its tube inventories, and to reduced level of Oil & Gas orders in EAMEA**
- **Actions taken to adjust to the temporary demand shortfall**
- **2014 EBITDA is now targeted to be down by approximately 10% relative to 2013**
- **Capex reduction by €100 million to protect Free Cash Flow**

Boulogne-Billancourt (France), 10 June 2014 – Vallourec, world leader in premium tubular solutions, today announces an update of its 2014 guidance, following a significant temporary reduction in demand for its Oil & Gas operations in Brazil and in EAMEA¹.

In Brazil, Petrobras has decided to eliminate most of its tube inventories by year end, while maintaining its drilling plans. This will be a one-time adjustment. It will heavily weigh on Vallourec's sales in the second semester of 2014, with an estimated net EBITDA impact of circa €60 million. In addition, the Brazilian non Oil & Gas activities are impacted by the continued deterioration in the local macroeconomic environment, and declining iron ore prices.

In EAMEA, the level of orders has strongly reduced resulting from E&P² operators adjusting their inventories and delaying some tenders for premium products. This will impact deliveries through the end of the year and in the first half of 2015. It does not change the positive structural trends resulting from major E&P capex programs in the region, required to offset depletion and support growing demand.

The Group has taken several actions on the operational front to mitigate these temporary negative impacts:

- In Brazil, Vallourec is adapting its mills to the lower load.
- To adjust to a lower demand in EAMEA, Vallourec is adapting its industrial operations servicing those markets, in addition to the recently announced measures aiming at structurally improving its European cost base.

As a result, the Group now targets EBITDA to be down by approximately 10% when compared to 2013.

The Group remains focused on Free Cash Flow generation, and has accordingly decided to reduce its capital expenditures by €100 million (down from an initial target of €500 million for 2014).

Philippe Crouzet, Chairman of the Management Board, said:

“The Group is facing a more challenging environment mainly due to temporary adjustments by selected large customers, and has taken immediate measures to adjust to this new situation. Management remains convinced of the long-term attractiveness of the global Oil & Gas end markets the Group serves and committed to implementing its strategy aimed at taking full advantage of these favorable structural trends.”

¹ EAMEA: Europe, Asia, Middle-East, Africa

² E&P: Exploration and Production



About Vallourec

Vallourec is a world leader in premium tubular solutions primarily serving the energy markets, as well as other industrial applications.

With over 24,000 employees, integrated manufacturing facilities, advanced R&D and a presence in more than 20 countries, Vallourec offers its customers innovative global solutions to meet the energy challenges of the 21st century.

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: MSCI World Index, Euronext 100, SBF 120 and CAC 40.

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.

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Conference call details

Tuesday 10 June 2014



- Analyst conference call / audio webcast at 6:30 pm (CET) to be held in English.
To participate in the call, please dial:
0800 279 4835 (UK), 0805 636 389 (France),
1877 280 3459 (USA), +44 (0)20 3427 1926 (Other countries)
Conference code: 9092501
- Audio webcast will be available on the website at:
<http://www.vallourec.com/EN/GROUP/FINANCE>
- A replay of the conference call will be available until 17 June 2014.
To listen to the replay, please dial:
0800 358 7735 (UK), 0800 989 597 (France),
1 866 932 5017 (USA), +44 (0)20 3427 0598 (Other countries)
Access code: 9092501

Information and Forward-Looking Reflections

This press release contains forward-looking reflections and information. By their nature, these reflections and information include financial forecasts and estimates as well as the assumptions on which they are based, statements related to projects, objectives and expectations concerning future operations, products and services or future performance. Although Vallourec's management believes that these forward-looking reflections and information are reasonable, Vallourec cannot guarantee their accuracy or completeness and investors in Vallourec are hereby advised that these forward-looking reflections and information are subject to numerous risks and uncertainties that are difficult to foresee and generally beyond Vallourec's control, which may mean that the actual results and developments differ significantly from those expressed, induced or forecasted in the forward-looking reflections and information. These risks include those developed or identified in the public documents filed by Vallourec with the AMF, including those listed in the "Risk Factors" section of the Registered Document filed with the AMF on April 14, 2014 (N° D.14-0358).

Calendar

07/30/2014	Release of second quarter and first half 2014 results
11/06/2014	Release of third quarter and first nine months 2014 results

For further information, please contact

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