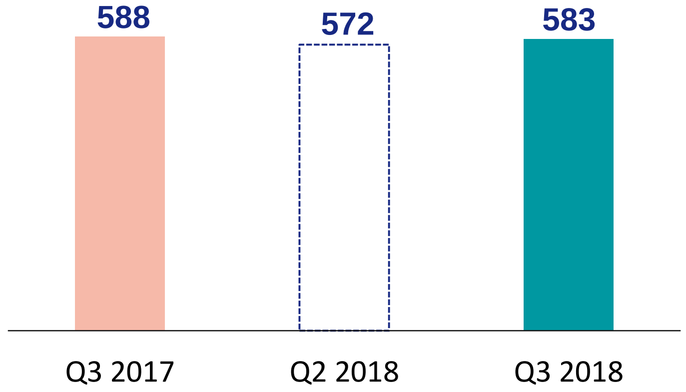
3Q AND 9M 2018 HIGHLIGHTS

3Q 2018 AT A GLANCE

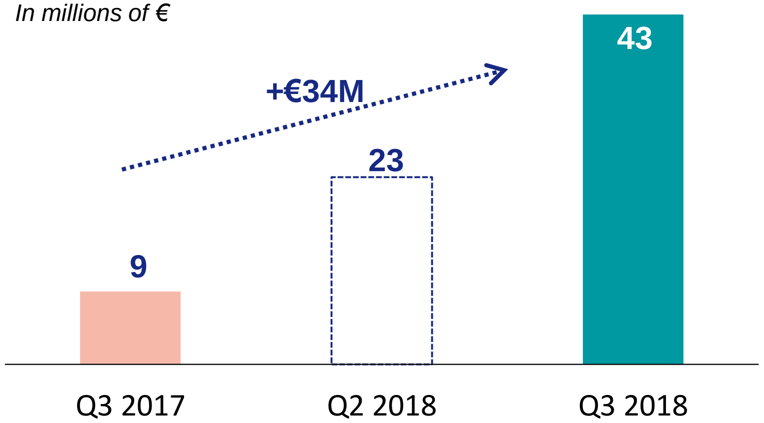
VOLUMES SOLD

In k tons



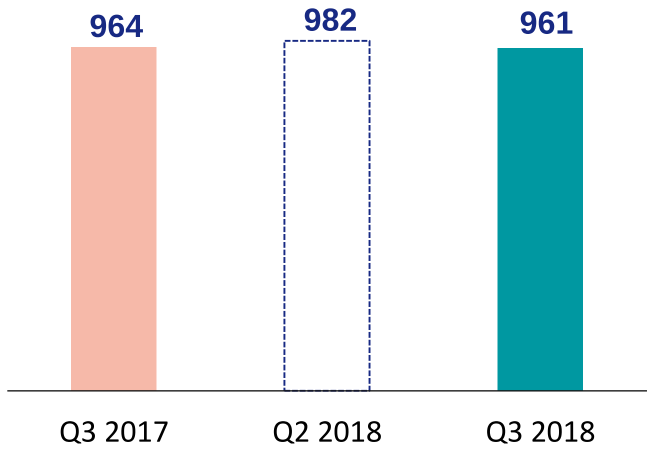
EBITDA (1)

In millions of €



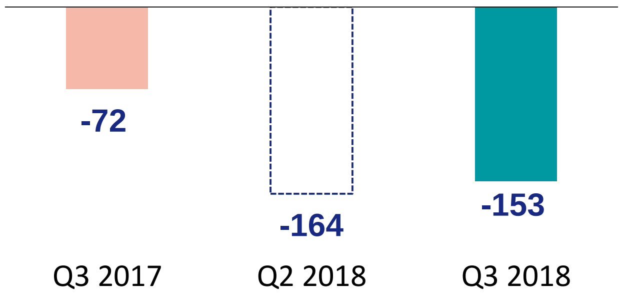
REVENUE

In millions of €



FREE CASH FLOW (2)

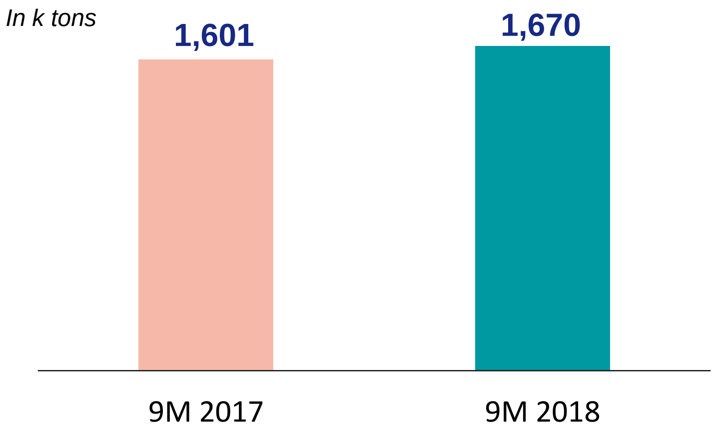
In millions of €



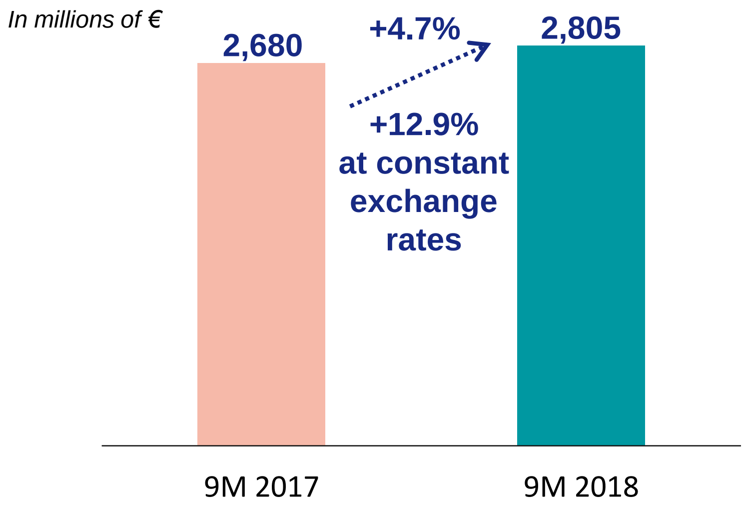
(1) *Earnings Before Interest, Taxes, Depreciation and Amortization*
(2) *Non-GAAP measure defined as cash flow from operating activities minus capital expenditure and plus/minus change in operating working capital requirement*

9M 2018 AT A GLANCE

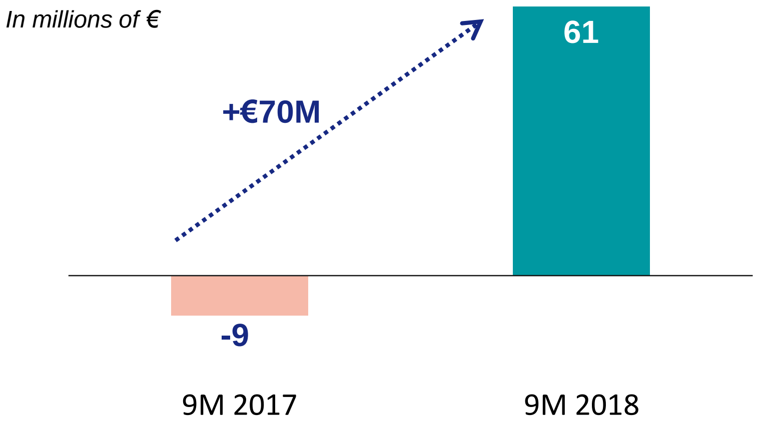
VOLUMES SOLD



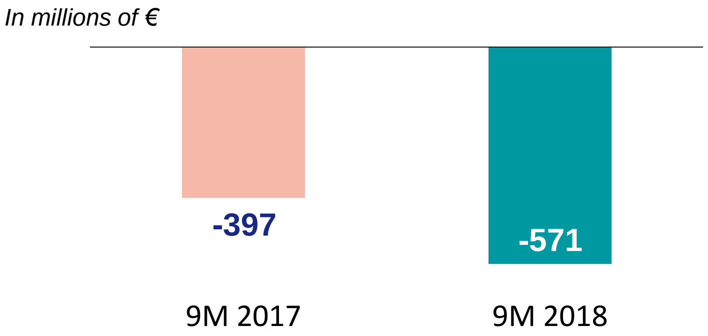
REVENUE



EBITDA (1)



FREE CASH FLOW (2)



(1) *Earnings Before Interest, Taxes, Depreciation and Amortization*
(2) *Non-GAAP measure defined as cash flow from operating activities minus capital expenditure and plus/minus change in operating working capital requirement*

9M 2018 REVENUE BY MARKET

Revenue up 4.7% vs. 9M 2017
- **+12.9%** at constant exchange rates

Oil & Gas
+2.8%[1] (+11.8%[2])

North America: strong YoY improvement
- Higher volumes and significant OCTG price increase
- Negative forex impact

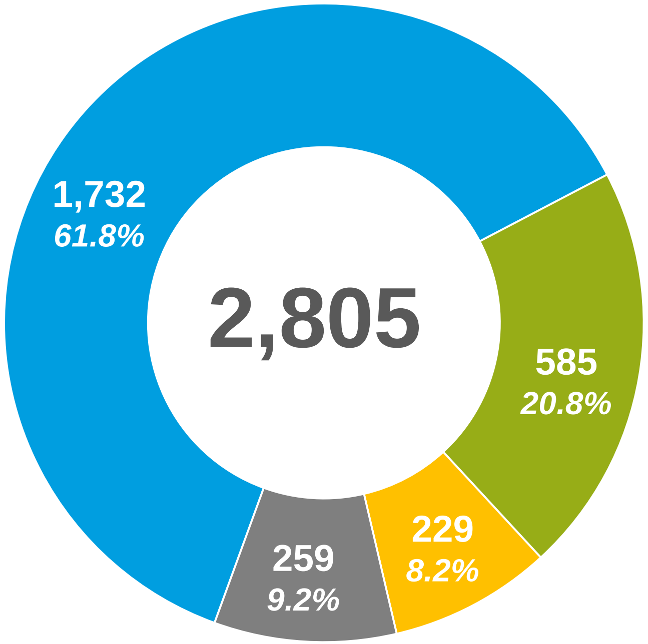
EA-MEA: Revenue down
- Higher OCTG revenue
- More than offset by unfavourable forex and a decrease in deliveries for pipe projects for which strong bookings have been recorded over the last months

South America: Slightly up
- Revenue increase partly offset by the weakening of the BRL

Petrochemicals
+48.9%[1] (+58.9%[2])

Strong increase: positive momentum in the US

9M 2018 revenue
in millions of €
and as a % of revenue



Industry & Other
+8.7%[1] (+16.9%[2])

Europe:
- Higher prices for Mechanical Engineering and Automotive
- Slowdown in volumes in Q3 due to some destocking at distributors

South America:
- Higher volumes in Mechanical Engineering and Automotive

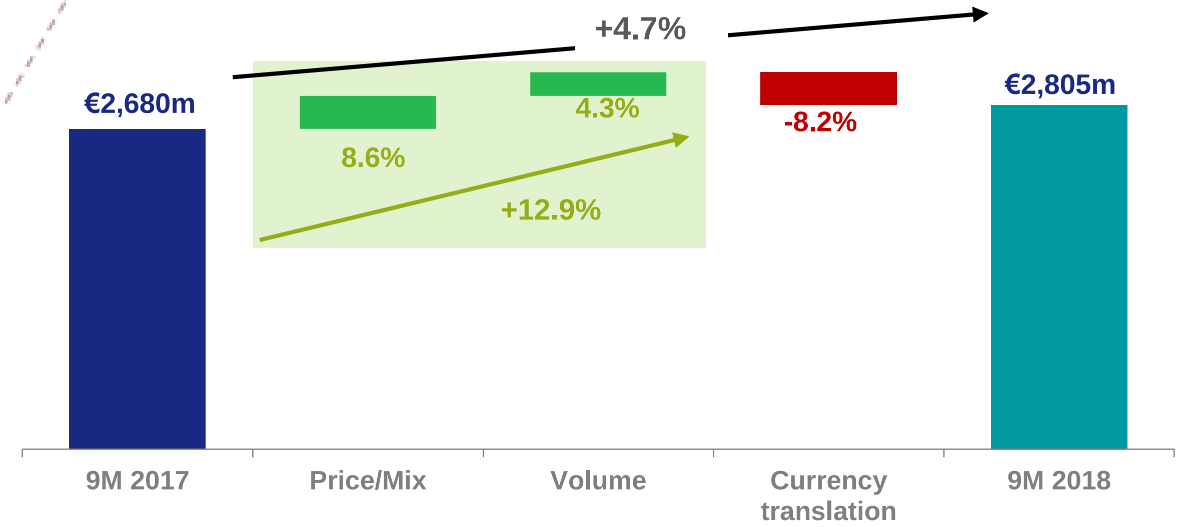
Power Generation
-19.1%[1] (-17.3%[2])

Nuclear and conventional
- Lower revenue, with lower number of projects

[1] 9M 2018 versus 9M 2017 [2] At constant exchange rates

FOCUS ON 9M 2018 FINANCIAL RESULTS

9M 2018 REVENUE AND EBITDA



VALLOUREC *In millions of euros*	**9M 2018**	**9M 2017**	**Change YoY**
REVENUE	**2,805**	**2,680**	**4.7%**
Cost of sales	(2,432)	(2,353)	3.4%
Industrial margin	**373**	**327**	**14.1%**
(as % of revenue)	*13.3%*	*12.2%*	*1.1 pt*
SG&A costs	(299)	(323)	-7.4%
(as % of revenue)	*10.7%*	*12.1%*	*-1.4 pt*
Other income (expense), net	(13)	(13)	na
EBITDA	**61**	**(9)**	**+€70m**
EBITDA margin (as % of revenue)	*2.2%*	*-0.3%*	*+2.5 pts*

Revenue

- Positive volume and price/mix
- Negative forex impact

EBITDA improved +€70m YoY

- Industrial margin up €46m:
  - better Oil & Gas volumes and prices mainly in the U.S
  - Savings from the Transformation Plan initiatives
  - Partly offset by the increase in raw material costs and unfavorable currencies evolution
- Lower SG&A costs
  - 9M 2018 SG&A representing 10.7% of revenue vs. 12.1% in 9M 2017
  - Down 7.4% with effects from the Transformation Plan, along with favorable currency impacts

9M 2018 VS 9M 2017: EBITDA TO NET INCOME

VALLOUREC *In millions of euros*	9M 2018	9M 2017	Change YoY
EBITDA	**61**	**(9)**	**+€70m**
EBITDA as % of revenue	*2.2%*	*-0.3%*	*+2.5 pts*
Depreciation of industrial assets	(197)	(221)	-10.9%
Amortization and other depreciation	(26)	(33)	Na
Impairment of assets	(15)	(1)	Na
Asset disposals, restructuring and other	(57)	(13)	Na
OPERATING INCOME (LOSS)	**(234)**	**(277)**	**+€43m**
Net financial income (loss)	(165)	(140)	+17.9%
PRE-TAX INCOME (LOSS)	**(399)**	**(417)**	**+€18m**
Income tax	(2)	24	Na
Share in net income (loss) of associates	2	(3)	Na
CONSOLIDATED NET INCOME (LOSS)	**(399)**	**(396)**	**-€3m**
Non-controlling interests	-	23	Na
NET INCOME (LOSS), GROUP SHARE	**(399)**	**(373)**	**-€26m**
EARNINGS PER SHARE (in €)	**(0.9)**	**(0.8)**	**-€0.1**

- €57m of non-recurring “asset disposals, restructuring and other” booked in H1:
  - Restructuring measures in Europe
  - Divestiture of the 2 remaining French Drilling Products entities
- Financial charges:
  - Higher interest charges
- Income tax:
  - Tax gains reduced mainly as a consequence of the results recovery in North America

9M 2018: FREE CASH-FLOW

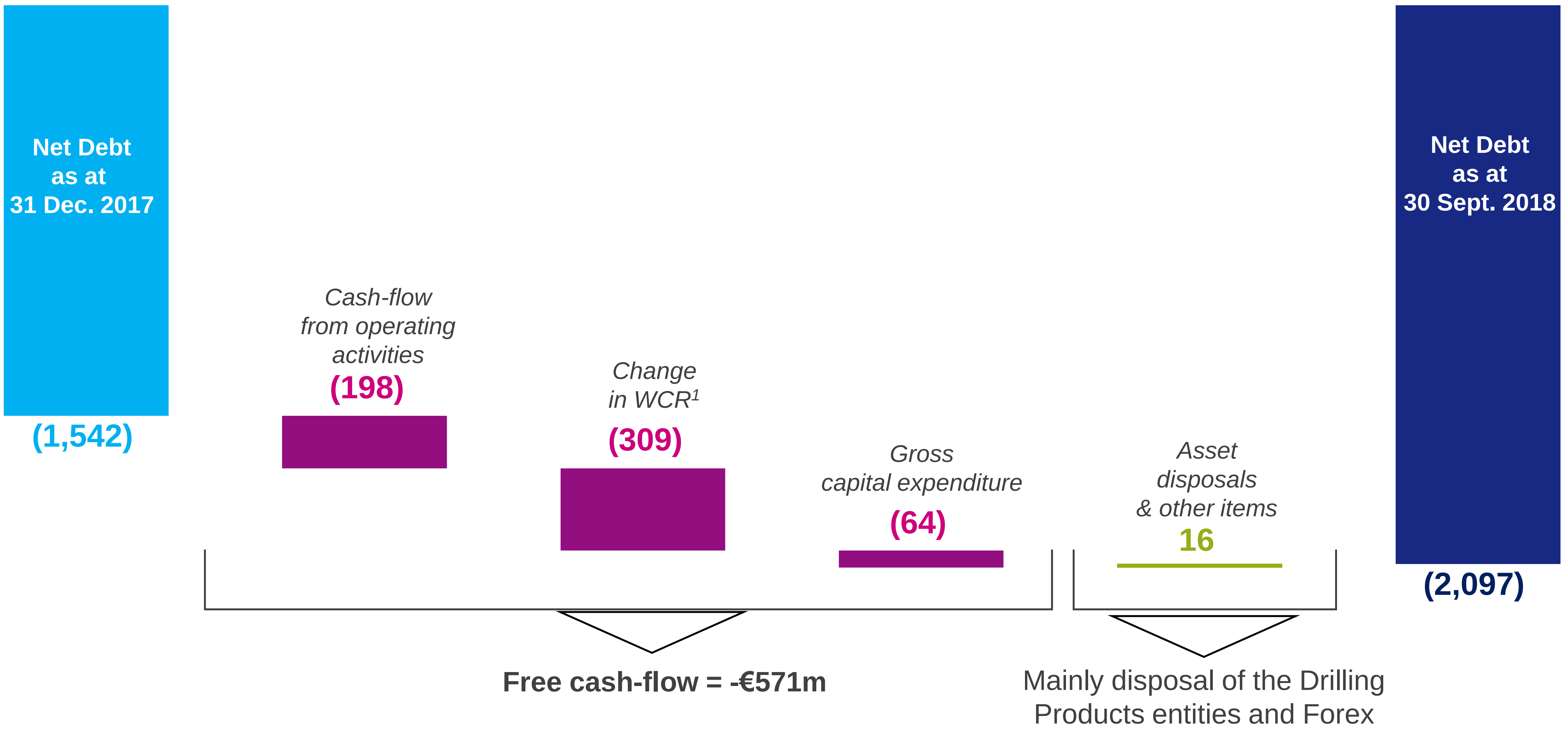
Vallourec *In millions of euros*	**9M 2018**	**9M 2017**	**Change (€m)**	**Q3 2018**
Cash flow from operating activities (FFO) **(A)**	(198)	(208)	+€10m	(54)
Change in operating WCR **(B)** [+ decrease, (increase)]	(309)	(103)	-€206m	(73)
Gross capital expenditure **(C)**	(64)	(86)	+€22m	(26)
Free cash flow[1] (A)+(B)+(C)	**(571)**	**(397)**	**-€174m**	**(153)**

- Slight improvement of cash flow from operating activities despite higher financial interests and restructuring cash out
- Increase in Working Capital Requirement driven by higher activity and a temporary build-up of inventories. Working Capital Requirement is expected to decrease in Q4 2018.
- Capex: aligned with the needs of the Group’s recently reshaped industrial footprint

[1] *Free cash flow (FCF) is a non-GAAP measure and is defined as cash flow from operating activities minus gross capital expenditure and plus/minus change in operating working capital requirement*

9M 2018 NET DEBT

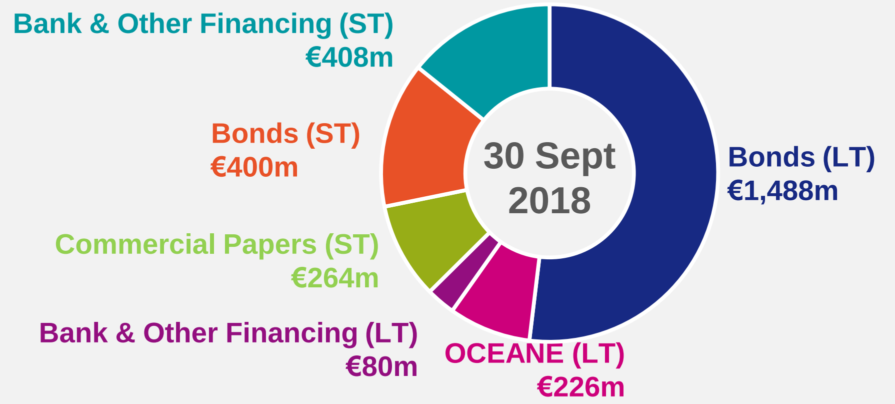
(in millions of €)



[1] *Change in Working Capital Requirement, + decrease/(increase)*

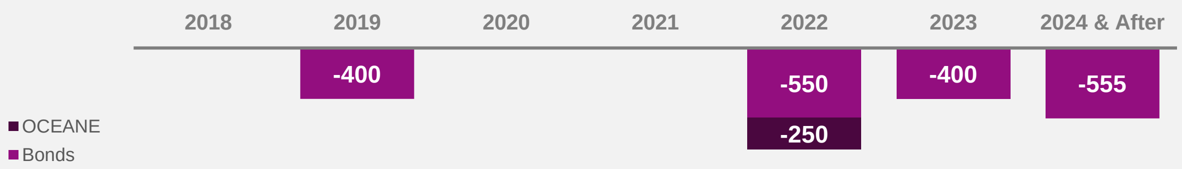
LIQUIDITY

GROSS DEBT BREAKDOWN (in €m)



AVAILABLE LIQUIDITY AS AT 30 SEPTEMBER 2018 (in €m)

MATURITIES OF BONDS[1] (in €m)



Net debt as at 30 September 2018

- Gross Debt: €2,866m
- Cash & Cash equivalents: €769m
- Net Debt: €2,097m

Liquidity as at 30 September 2018

- €0.8bn of cash
- €2.2bn undrawn LT committed bank facilities

LT committed bank facilities

- Total €2.2bn, of which:
  - €0.1bn maturing in 2019
  - €0.9bn maturing in 2020
  - €1.1bn maturing in 2021
  - €0.1bn maturing in 2027
- Gearing covenant:
  - 100% for 2018-2020, tested every 31/12

S&P rating: B Outlook negative

Next debt maturity in August 2019 already refinanced through the €400m senior notes issued in April 2018

[1] *LT Market Financing represents 96% of Long Term Debt*

OUTLOOK

OUTLOOK FOR 2018

NORTH AMERICA

In 4Q 2018:

- Rig count expected **stable at a high level**
- the Group expects **softer demand attributable to temporary higher inventories on the tubular market** built in anticipation of Section 232, which aims at **benefiting U.S. domestic producers including Vallourec**

EUROPE-AFRICA AND MIDDLE-EAST ASIA

In 4Q 2018:

- Vallourec's O&G operations should benefit from **higher volumes and mix/prices**

SOUTH AMERICA

In 4Q 2018:

- **O&G**: Drilling activity expected to remain **stable**

- **Transformation Plan** should generate **higher cost savings over the second half of the year** compared with the first half.

VALLOUREC TARGETS 4Q 2018 EBITDA TO SHOW CONTINUING PROGRESS AND TO EXCEED THAT OF 3Q 2018