



Press Release

The Saint Saulve steel mill: Vallourec and Asco Industries announce the creation of Ascoval

Thursday, January 26, 2017, Boulogne-Billancourt – Vallourec, the global leader in premium tubular solutions, and Asco Industries, a major European actor in the production of special steels (long products), today finalize the acquisition of a majority shareholding by Asco Industries in the Saint Saulve steel mill.

Ascoval S.A.S., 60% owned by Asco Industries and 40% by Vallourec, will own all the assets of the steel mill. The creation of Ascoval, which plans to integrate the site's 320 highly skilled employees, is based on a solid industrial and commercial project that includes a major investment program as well as commercial commitments for the purchase of steel by both partners.

The investment program will allow the Saint-Saulve steel mill to diversify its markets and adapt to Asco Industries' needs. It includes:

- in Saint-Saulve, the development of the existing equipment to extend the range of steel bar diameters and develop new steel grades that will allow access to new markets, particularly the automotive market.
- in Dunkirk, the rolling capacity will be strengthened to allow the plant to enter new market segments;

Steel purchasing commitments

The Saint-Saulve steel mill, a modern, hi-tech production facility, will supply both shareholders; Asco Industries to supply the rolling facilities of its mills, and Vallourec for its special steel requirements. The loading plan is progressive and should reach an annualized production level of 275,000 tonnes from the end of 2017, volumes which will allow the steel mill to remain operational and competitive.

In terms of governance, the management of the company will be assured by Asco Industries. A Management Board, composed of five members; three of its members from Asco Industries and two from Vallourec, has been established. Franck Dourlens, currently Director of Asco Industries in Les Dunes, will become Director of the company and site, replacing Jean-Paul Brancart, who will take on other roles within Vallourec at the start of March.

Philippe Crouzet, Chairman of the Vallourec Management Board, stated, *"This transfer is part of the Vallourec transformation plan, most of which has now been completed. It will allow the Saint-Saulve steel mill to work with Asco Industries to write a new page in its history, whilst continuing to supply Vallourec with special steels. I would like to thank all the site's employees for their involvement."*

Alex Nick, Chairman of Ascométal, stated, *"Asco Industries and Vallourec share the same vision that customers should benefit from the best technology to get premium products of the highest quality. It is in this spirit that Ascoval represents an opportunity not only for our two companies, but also for our customers. Together with the employees of Saint-Saulve and Asco Industries, we are creating a leading French industrial sector for special long steels. "*

The Saint Saulve steel mill

Commissioned in 1975 and connected to the rail network and the Escaut Canal, the Saint-Saulve electric-arc steel mill covers an area of 245,000 m², 61,000 m² of which are covered. It has 320 highly qualified employees and semi finished steel products (continuous cast rounds or CCR). It is characterized by its flexibility, which allows it to produce a wide range of steels, particularly highly alloyed steels. Over the last ten years it has received investments of 100 million euros, including in a new continuous curved caster in 2008 and a new electric furnace in 2013, making it a modern, hi-tech production facility.

⇒ Photos of the steel mill are available on this link:

<http://www.vallourec.com/FR/group/MEDIA/Library/Pages/news.aspx>

About Vallourec

Vallourec is a world leader in premium tubular solutions for the energy markets and for demanding industrial applications such as oil and 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 continually open new technological frontiers. Operating in more than 20 countries, its 20,000 dedicated and passionate employees 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 the Euronext in Paris (ISIN code: FR0000120354, Ticker VK) and eligible for the Deferred Settlement Service (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 Asco Industries

Asco Industries is a European leader in specialty long steels for the automotive, mechanical engineering, bearings and energy sectors with annual sales of around € 400 million. Asco Industries employs 1,480 employees on 5 industrial sites in France: three steel production sites (Dunkerque, Hagondange, Fos-sur-Mer) and two machining facilities (Custines, Saint-Etienne), in addition to a Joint Venture (MASCOMETAL Ltd) and commercial subsidiaries in Germany, Italy, Spain, Poland and the United States. Asco Industries has the first European research center on special steels (CREAS), with 35 researchers based in Hagondange. Innovation, technical expertise and quality for the customer are the hallmark of ASCOMETAL® products.

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