

## Vallourec and the “Sociétés de Projets Industriels” funds, managed by Bpifrance on behalf of the French Government and the European Investment Bank, accompany Vallourec Umbilicals in a new phase of its industrialization



Boulogne-Billancourt, June 5th, 2019 - The "Sociétés de Projets Industriels" funds (“SPI funds”), managed by Bpifrance and subscribed jointly by the French Government and the European Investment Bank under the "Juncker Plan", have invested in the capital of Vallourec Umbilicals, specialized in the manufacture of tubes for umbilicals, to support and finance its phase of industrialization on a larger scale. Thanks to this investment, Vallourec Umbilicals will be able to triple its production capacity enabling it to become a key player in the growing market of offshore umbilical tubes.

Vallourec Umbilicals manufactures Super Duplex stainless steel tubes, to be assembled by its customers into umbilicals. These very long tubes are seam-welded by laser and then assembled with orbital welds. They also undergo a series of treatments and controls to meet the technical specificities of the company's customers who are manufacturers of umbilicals and oil companies as end customers. Umbilicals are a key element for an underwater oil installation. As the link between the equipment based on the seabed and the surface, these “lines” consist of small-diameter tubes, cables and/or optical fibers that transport fluids, supply energy or transmit information.

The Vallourec Umbilicals plant in Vénarey-Les-Laumes (Côte d'Or, France) currently has a production line with an annual capacity of 1,000 kilometers, which today, is not enough to meet the growing needs of the market in terms of quantities and lead times. The industrial project aims to triple this capacity by installing two new production lines in the immediate vicinity of the current facilities. Vallourec Umbilicals will then operate at a much greater scale, with tripled capacity after this project, allowing it to respond favorably to the demand of manufacturers, with much shorter delivery times as required by the oil companies. For Vallourec Umbilicals, the main objective of this development is to gain a significant share of the world market for umbilical tubes.

The production ramp-up of these two new lines in 2020 should lead to the creation of about one hundred direct jobs over time, while sustaining the industrial dynamism of the indirect sector and associated subcontractors.

To carry out this project, the SPI funds operated by Bpifrance, whose purpose is to support industrial projects offering business opportunities and jobs creation for innovative industrial sectors, have invested alongside with Vallourec. On November 16, 2018, the SPI funds invested €25m in the capital of Vallourec Umbilicals, becoming a shareholder together with Vallourec, which holds 51% of the capital.

This project has been approved by national and international regulatory bodies as well as relevant staff representative bodies.

**Magali Joessel, Director of SPI funds at Bpifrance**, declared: *“We are particularly proud to support Vallourec Umbilicals in this major industrial development, which will give it the necessary scale to become a reference player in this highly technical niche market that adds value to the oil industry. Through this project, the SPI funds are fully fulfilling their role as a catalyst for local industrial investment, creating jobs and wealth for all actors in the region.”*

**Stéphane Chrobot, Managing Director of Vallourec Umbilicals**, added: *“We are delighted with this major strategic investment for our company. This project will allow us to triple our production capacity to meet the expectations of the market while shortening our production lead times, a requirement in the market for SURF (Subsea, Umbilicals, Risers & Flowlines) offshore projects. Our suppliers and subcontractors will also benefit from this increase in activity, which will require the hiring and training of approximately one hundred people by 2020.”*

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### **About Vallourec**

Vallourec is a world leader in premium tubular solutions for the energy markets and for challenging industrial applications such as oil and gas wells in harsh environments, new generation power plants, daring 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 19,000 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 a sponsored Level 1 American Depository Receipt (ADR) program (ISIN code: US92023R2094, ticker: VLOWY). Parity between ADR and a Vallourec ordinary share has been set at 5:1.

### **About Bpifrance**

Bpifrance is the French national investment bank: it finances businesses – at every stage of their development – through loans, guarantees, equity investments and export insurances. Bpifrance also provides extrafinancial services (training, consultancy.) to help entrepreneurs meet their challenges (innovation, export...).

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### **Contacts:**

#### **Vallourec**

##### **Investor relations**

Jean-Marc Agabriel

Tel: +33 (0)1 49 09 39 77

[investor.relations@vallourec.com](mailto:investor.relations@vallourec.com)

##### **Press relations**

Héloïse Rothenbühler

Tel. +33 (0)1 41 03 77 50

[heloise.rothenbuhler@vallourec.com](mailto:heloise.rothenbuhler@vallourec.com)

#### **Bpifrance**

Nathalie Police

Tel.: +33 (0)1 41 79 95 26

[nathalie.police@bpifrance.fr](mailto:nathalie.police@bpifrance.fr)

Christophe Menger

Tel: + 33 (0)1 41 79 95 12

[christophe.menger@bpifrance.fr](mailto:christophe.menger@bpifrance.fr)