

PRESS RELEASE



V A L L O U R E C

Sales up 29.7% in the third quarter of 2006 and by 34.8% over the first nine months of the year

Boulogne-Billancourt, 25 October 2006 - Vallourec, world leader in the production of seamless steel tubes and tubular products for specific industrial applications, announces that its consolidated sales for the third quarter of 2006 amounted to € 1,384.6 million, up 29.7% compared with the third quarter of 2005 (€ 1,067.5 million).

<i>In € million</i>	2005	2006	Change 2006/2005
1 st quarter	900.8	1,318.6	+46.4%
2 nd quarter	1,074.6	1,398.7	+30.2%
3 rd quarter	1,067.5	1,384.6	+29.7%
First nine months	3,042.9	4,101.9	+34.8%

Notwithstanding the production incidents at a steel mill during the second and third quarters, sales in the first nine months of 2006 were 34.8% higher than in the corresponding period of 2005 (up 32.1% at constant consolidation scope ⁽¹⁾). Sales growth has therefore continued at a sustained pace, reflecting the impact of higher prices, continued improvements to the product mix in favour of higher value-added tubes, and a positive volume effect.

⁽¹⁾ At constant consolidation scope = nine-month 2005 sales restated to make them comparable to nine-month 2006 sales, to reflect in particular:

- the consolidation of OMSCO (acquired on 1 October 2005) throughout the first nine months of 2005;
- the consolidation of SMFI (acquired at end-March 2006) for the second and third quarters of 2005;
- the deconsolidation of Spécitubes (sold on 1 April 2006) for the second and third quarters of 2005.

Given the sales performance in the third quarter, which was in line with the Group's expectations, management can confirm the guidance given in September regarding sales and the EBITDA / sales ratio in the second half of 2006.

Beyond 2006, management observes that demand remains favourable, notably in the energy markets where the fundamentals remain robust worldwide. More specifically, oil and gas exploration and production now take place in increasingly complex conditions and power plants are required to achieve increasingly higher energy yields, which favours demand for the "premium" products in which Vallourec is particularly well positioned.

Calendar

- Consolidated sales for the fourth quarter of 2006 will be released on 1 February 2007.
- Results for the year ended 31 December 2006 will be released on 7 March 2007.

About Vallourec

Vallourec is a world leader in the production of seamless steel tubes and tubular products for specific industrial applications (oil and gas, power generation, petrochemicals, automotive and mechanical engineering industries). Vallourec is listed on the Euronext Paris Eurolist (ISIN code: FR0000120354), is eligible for the deferred settlement system and is included in the following indices: MSCI World Index, Euronext 100, CAC Next 20 and SBF 120. FTSE classification: engineering and machinery.

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