



News Release

Feb. 20, 2020

Nippon Steel Corporation

Equity Investment in Vallourec S.A. through the Rights Issue

Nippon Steel Corporation (“Nippon Steel”) is pleased to announce that it has reached an agreement with Vallourec S.A. (“Vallourec”), an important strategic partner in the pipe and tube business, regarding Nippon Steel’s participation in the share capital increase proposed by Vallourec in the form of a rights offering to subscribe to new Vallourec shares, with preferential subscription rights for existing shareholders (the “Rights Issue”).

For more than 40 years, Nippon Steel and Vallourec have established and maintained strong partnership through cooperation in developing VAM® premium joints for OCTG business, as well as operating joint ventures in Brazil, USA and Asia. Since 2016, Nippon Steel and Vallourec have accelerated the VAM premium joint development programs, and have expanded the scope of cooperation to include industrialization and enhanced customer service capabilities. In Brazil, Nippon Steel and Vallourec have made progress in improving the financial performance of Vallourec Soluções Tubulares do Brasil S.A., a pipe manufacturing joint venture between Nippon Steel, Sumitomo Corporation and Vallourec (“VSB”).

On February 19, 2020, Vallourec announced its plan to raise new equity through the Rights Issue in order to strengthen its balance sheet, subject to approval by the general meeting of shareholders which is expected to be held on April 6, 2020.

The strengthened financial stability of Vallourec will provide a robust foundation for Nippon Steel to continue the cooperation with Vallourec, which is an important strategic partner in the pipe and tube business. We will pursue to increase the profitability of Nippon Steel’s pipe and tube business by enhancing and accelerating, together with Vallourec, the development, industrialization and customer service regarding VAM premium joints, as well as improving the cost competitiveness of VSB. With this objective, Nippon Steel has decided to subscribe to the new shares to be issued by Vallourec through the Rights Issue, aiming to hold approximately 10% of Vallourec’s share capital upon completion of the Rights Issue. The total net amount to be newly invested by Nippon Steel is capped at EUR 35 million.

For inquiries

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