



INTERPIPE LIMITED

Consolidated Financial Statements

Consolidated statement of financial position
Consolidated statement of comprehensive income
Consolidated statement of changes in equity
Consolidated statement of cash flows

Nine Months Ended 30 September 2019

INTERPIPE LIMITED

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INTERPIPE LIMITED
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**
(in US dollar and in thousands)


	30 September 2019	31 December 2018
ASSETS		
Non-current assets		
Property, plant and equipment	606,774	515,446
Intangible assets and goodwill	3,137	2,584
Investments in associates	1,241	1,201
Investment in joint venture	3,092	3,230
Deferred tax assets	5,507	2,024
Prepaid income tax	2,351	1,867
Other non-current assets	515	180
	622,617	526,532
Current assets		
Inventories	214,633	155,367
Trade and other accounts receivable	134,664	106,372
Prepayments and other current assets	52,126	38,695
Prepaid current income tax	513	132
Taxes recoverable, other than income tax	21,627	18,587
Cash and cash equivalents	219,387	130,884
	642,950	450,037
TOTAL ASSETS	1,265,567	976,569
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Issued capital	62,304	62,304
Share premium	426,065	426,065
Revaluation reserve	417,582	434,151
Accumulated deficit	(331,985)	(281,229)
Cash flow hedge reserve	(76,643)	(183,283)
Foreign currency translation reserve	(1,046,478)	(1,132,256)
	(549,155)	(674,248)
Non-controlling interests	12,790	4,749
Total equity	(536,365)	(669,499)
Non-current liabilities		
Subordinated loan	69,204	59,938
Deferred tax liabilities	31,245	21,602
Defined employee obligations	28,987	25,176
	129,436	106,716
Current liabilities		
Borrowings and interest payable	1,434,507	1,354,766
Trade and other accounts payable	92,492	89,665
Advances and other current liabilities	54,155	40,947
Current income tax payable	14,571	6,290
Taxes payable, other than income tax	5,686	4,405
Provisions	71,085	43,279
	1,672,496	1,539,352
Total liabilities	1,801,932	1,646,068
TOTAL EQUITY AND LIABILITIES	1,265,567	976,569

Signed and authorised for issue on behalf of the Board of the Company:

Member of the Board, Chief Executive Officer

Fadi Khaybe

Member of the Board, Non-Executive Director

Andrii Dudnyk

19 December 2019

INTERPIPE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 (in US dollar and in thousands)



	For the nine month ended 30 September	
	2019	2018
Revenue	862,552	823,225
Cost of sales	(605,489)	(594,997)
Gross profit	257,063	228,228
Selling and distribution expenses	(99,095)	(121,830)
General and administrative expenses	(39,733)	(36,457)
Other operating income and expenses	4,278	(5,571)
Operating foreign exchange difference	(44,259)	(648)
Operating profit	78,254	63,722
Finance income	8,695	904
Finance costs	(116,371)	(99,815)
Non-operating foreign exchange difference	(10,914)	6,318
Share of loss of joint venture	(138)	-
Share of (loss) / profit of associates	(122)	84
Loss before tax	(40,596)	(28,787)
Income tax	(20,118)	(4,558)
Loss for the period	(60,714)	(33,345)
Loss attributable to:		
Equity holders of the parent	(67,325)	(34,939)
Non-controlling interests	6,611	1,594
	(60,714)	(33,345)
Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods:		
Net income on cash flow hedges	106,640	40,520
Exchange differences on translation of foreign operations	87,208	(12,544)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:	193,848	27,976
Other comprehensive income for the year, net of tax:	193,848	27,976
Total comprehensive income / (loss) attributable to:		
Equity holders of the parent	125,093	(7,114)
Non-controlling interests	8,041	1,745
	133,134	(5,369)

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CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

(in US dollar and in thousands)



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Attributable to equity holders of the parent

	Issued capital	Share premium	Revaluation reserve	Accumulated deficit	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
At 1 January 2018	62,304	426,065	269,387	(246,746)	(248,852)	(1,122,204)	(860,046)	2,689	(857,357)
Loss for the period	-	-	-	(34,939)	-	-	(34,939)	1,594	(33,345)
Other comprehensive income / (loss)	-	-	-	-	40,520	(12,695)	27,825	151	27,976
Total comprehensive income / (loss)	-	-	-	(34,939)	40,520	(12,695)	(7,114)	1,745	(5,369)
Depreciation transfer	-	-	(12,636)	12,636	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-
At 30 September 2018	62,304	426,065	256,751	(269,049)	(208,332)	(1,134,899)	(867,160)	4,434	(862,726)

Attributable to equity holders of the parent

	Issued capital	Share premium	Revaluation reserve	Accumulated deficit	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
At 1 January 2019	62,304	426,065	434,151	(281,229)	(183,283)	(1,132,256)	(674,248)	4,749	(669,499)
Loss for the period	-	-	-	(67,325)	-	-	(67,325)	6,611	(60,714)
Other comprehensive income	-	-	-	-	106,640	85,778	192,418	1,430	193,848
Total comprehensive income / (loss)	-	-	-	(67,325)	106,640	85,778	125,093	8,041	133,134
Depreciation transfer	-	-	(16,569)	16,569	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-
At 30 September 2019	62,304	426,065	417,582	(331,985)	(76,643)	(1,046,461)	(549,155)	12,790	(536,365)

INTERPIPE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 (in US dollar and in thousands)



	For the nine month ended 30 September	
	2019	2018
Loss before tax	(40,596)	(28,787)
Adjustments for:		
Depreciation and amortisation	35,029	27,922
Movement in provisions less interest cost	15,429	28,843
Loss on disposal of property, plant and equipment	1,731	3,197
Reclassification of the foreign exchange loss to cost of sales	41,021	42,911
Finance costs	116,371	99,815
Finance income	(8,695)	(904)
Share of loss of joint venture	138	-
Share of loss / (profit) of associates	122	(84)
Translation difference and foreign exchange difference	56,356	7,994
Operating cash flows before working capital changes	216,906	180,907
Increase in inventories	(36,168)	(49,803)
Increase in trade and other accounts receivable	(14,917)	(73,061)
Increase in prepayments and other current assets	(9,706)	(4,214)
Increase in taxes recoverable, other than income tax	(729)	(952)
(Decrease) / increase in trade and other accounts payable	(19,065)	11,148
Increase in taxes payable, other than income tax	701	3,264
Increase in advances and other current liabilities	2,740	8,216
Cash generated from operations	139,762	75,505
Income tax paid	(5,406)	(3,188)
Interest and other finance costs paid	(10,741)	(5,167)
Net cash inflow from operating activities	123,615	67,150
Cash flow from investing activities		
Purchases of property, plant and equipment and intangible assets	(41,505)	(39,070)
Proceeds from sale of property, plant and equipment	1,836	193
Interest received	2,165	770
Net cash outflow from investing activities	(37,504)	(38,107)
Cash flows from financing activities		
Repayments of borrowings	(47)	(994)
Net cash outflow from financing activities	(47)	(994)
Net increase in cash and cash equivalents	86,064	28,049
Net foreign exchange difference	2,439	(3,126)
Cash and cash equivalents at period beginning	130,884	70,253
Cash and cash equivalents at period end	219,387	95,176

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SEGMENT INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 (in US dollar and in thousands)



Segment information

Segment revenues and results

Nine months ended
30 September 2019

	<i>Pipes</i>	<i>Railway wheels</i>	<i>Steel making</i>	<i>Other operations</i>	<i>Total</i>
Revenue	534,918	296,765	342,800	10,580	1,185,063
Elimination of sales to other segments	-	-	(322,511)	-	(322,511)
Revenue – external	534,918	296,765	20,289	10,580	862,552
Operating profit / (loss)	(37,555)	106,856	8,017	936	78,254
Finance income					8,695
Finance costs					(116,371)
Non-operating foreign exchange difference					(10,914)
Share of loss of joint venture					(138)
Share of loss of associates					(122)
Income tax					(20,118)
Loss for the period					(60,714)

For the nine months ended 30 September 2019 share of profit of associates was attributable to the seamless pipes segment.

EBITDA by segments

Nine month ended
30 September 2019

	<i>Pipes</i>	<i>Railway wheels</i>	<i>Steel making</i>	<i>Other operations</i>	<i>Total</i>
Operating profit / (loss)	(37,555)	106,856	8,017	936	78,254
Depreciation and amortisation	12,463	4,771	17,708	87	35,029
Loss on disposal of property, plant and equipment	911	811	9	-	1,731
Foreign exchange cash flow hedges	39,636	831	554	-	41,021
Operating foreign exchange difference	32,089	9,267	2,903	-	44,259
EBITDA	47,544	122,536	29,191	1,023	200,294

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SEGMENT INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 (in US dollar and in thousands)

Segment revenues and results

<i>Nine months ended 30 September 2018</i>	<i>Pipes</i>	<i>Railway wheels</i>	<i>Steel making</i>	<i>Other operations</i>	<i>Total</i>
Revenue	578,151	217,707	395,884	14,915	1,206,657
Elimination of sales to other segments	-	-	(383,432)	-	(383,432)
Revenue – external	578,151	217,707	12,452	14,915	823,225
Operating profit / (loss)	(8,024)	18,393	53,315	38	63,722
Finance income					904
Finance costs					(99,815)
Non-operating foreign exchange difference					6,318
Share of profit of associates					84
Income tax					(4,558)
Loss for the period					(33,345)

For the nine months ended 30 September 2018 share of profit of associates was attributable to the seamless pipes segment.

EBIDTA by segments

<i>Nine months ended 30 September 2018</i>	<i>Pipes</i>	<i>Railway wheels</i>	<i>Steel making</i>	<i>Other operations</i>	<i>Total</i>
Operating profit / (loss)	(8,024)	18,393	53,315	38	63,722
Depreciation and amortisation	10,546	6,589	10,772	15	27,922
Loss on disposal of property, plant and equipment	2,045	1,135	17	-	3,197
Foreign exchange cash flow hedges	41,223	876	765	47	42,911
Operating foreign exchange difference	998	529	(930)	51	648
EBIDTA	46,788	27,522	63,939	151	138,400