

Ukraine-Based Interpipe Holdings PLC Proposed Senior Unsecured Notes Rated 'B'

April 26, 2021

LONDON (S&P Global Ratings) April 26, 2021--S&P Global Ratings said today that it has assigned its 'B' issue rating to the proposed senior unsecured notes issued by Interpipe Holding PLC (Interpipe), the holding company of a vertically integrated low-cost manufacturer of steel pipes and railway wheels.

The company expects to issue senior unsecured notes of about \$300 million with maturity in 2026. It will use about half of the proceeds to make a one-off dividend payment to shareholders and the other half to strengthen the group's liquidity and finance upcoming investments.

We previously assumed Interpipe's capital structure would change over time and include gross debt of about \$300 million-\$350 million. Consequently, we see the transaction as credit neutral, without a change in the rating. That said, the bond issue will positively affect Interpipe's liquidity position. This is thanks to the company's improved position in the capital markets as well as its comfortable maturity profile with no material debt repayments before 2026.

The improved economic recovery in Europe and in the U.S. has led us to update our EBITDA forecast for 2021 to \$170 million-\$210 million from \$150 million-\$200 million previously (see "Ukraine-Based Interpipe Holdings PLC Assigned 'B' Rating; Outlook Stable", published Nov. 12, 2020).

ISSUE RATINGS--SUBORDINATION RISK ANALYSIS

CAPITAL STRUCTURE

The pro forma gross debt, including the proposed \$300 million new senior unsecured bonds, amounts to about \$410 million and comprises:

- \$300 million senior unsecured notes with maturity in 2026;
- About \$44 million bank facilities; and
- Performance fees of about \$65 million--as reported on balance sheet at Dec. 31, 2020.

ANALYTICAL CONCLUSIONS

We rate Interpipe's proposed bonds 'B', in line with the issuer credit rating. This is because there are no elements of subordination risk in Interpipe's capital structure. The proposed new notes will rank pari passu with the existing bank debt.

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Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Metal Price Assumptions: Demand Surges But COVID-19, Trade, And ESG Concerns Flatten Output, March 30, 2021
- Ukraine-Based Interpipe Holdings PLC Assigned 'B' Rating; Outlook Stable, Nov. 12, 2020

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/504352 Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

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