

PRESS RELEASE

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Interpipe released its audited IFRS consolidated financial statements for 2018 and H1 2019

Ukrainian Interpipe, steel pipe and railway wheels producer, has released its audited IFRS consolidated financial statements for the 12 months that ended on 31 December 2018 and IFRS consolidated financial statements for the 6 months that ended on 30 June 2019.

2018 Financial Results

- Interpipe's revenue increased 33% y-o-y to \$1,074 million, driven by growth in all key markets of the pipes division (35% y-o-y). EBITDA increased 32% y-o-y up to \$158 million as compared to \$120 million in 2017 due to a stronger performance in the pipes division.
- EBITDA of the pipes division hiked by almost three times from \$18.3 million to \$50.9 million. EBITDA of the wheels division grew by 7% y-o-y from \$30.9 million to \$33.1 million. EBITDA of the steel production division rose by 7% y-o-y from \$68.6 million to \$73.2 million.

EBITDA growth in 2018 was primarily driven by two factors: (a) higher drilling activity and E&P spending in the U.S. and Ukrainian markets; and (b) growing demand for railway wheels products in Europe, Ukraine and the other CIS countries.

H1 2019 Financial Results

- Interpipe's revenue increased by 3% y-o-y to \$557 million
- EBITDA increased by 37% y-o-y and reached \$125 million as compared to \$91 million in H1 2018
- EBITDA of the pipes division increased by 39% y-o-y from \$31.9 million to \$44.5 million. EBITDA of the wheels division soared by almost three times from \$20.9 million to \$60.2 million. However, the steel making EBITDA dropped by 49% from \$39.3 million to \$20.0 million.

Key drivers of EBITDA growth in H1 2019 were mostly the same as in 2018: (a) strong demand from the Oil & Gas sector in the U.S. and Ukrainian markets; and (b) steadily increasing demand for railway wheels in the CIS countries. At the same time in H1 2019 the steel division's performance was negatively affected by changes in global prices of steel products and scrap shortage in Ukraine.

About the company:

Interpipe is global producer of steel pipes and railway wheels products, based in Ukraine. The company's products are shipped to more than 80 countries all around the world via a network of sales offices located in the key markets of Ukraine, Europe, North America and the Middle East. In 2018 Interpipe supplied 876 thousand tons of finished goods, including 189 thousand tons of railway products.