Interpipe Holdings Plc

Interpipe Holding Plc's Long-Term Issuer Default Rating of 'CCC-' reflects the high risk of damage or disruption at its five facilities in central Ukraine, which generate substantially all its earnings and cash flow, due to their proximity to the conflict zone.

Fitch Ratings expects the company to be able to maintain robust liquidity in the near term to fund operations and service its financial obligations in 2025. We see limited visibility at present as to whether the Central Bank of Ukraine (CBU) may allow the repayment of its bonds in 2026 with funds that are subject to exchange controls or whether Interpipe will be able to facilitate a refinancing.

Key Rating Drivers

Resilient Operations Despite War: Interpipe increased sales volumes to around 650kt in 2024 and we expect production volumes to reach around 85% of pre-war levels in 2025. In October 2024, one workshop at Nikotube had six weeks of downtime after a transformer was damaged by shelling; the pipe production facility is located across the river from the frontline.

Despite the need to procure part of its electricity supplies from Europe and manpower shortages, Interpipe has been operating with limited operational disruptions. Its assets in central Ukraine remain by and large undamaged.

Robust Financial Performance: We estimate Interpipe generated over USD250 million in operating EBITDA in 2024. Weaker growth across major markets is affecting demand for pipes and railway wheels and we assume that earnings will moderate towards USD225 million in 2025.

Interpipe has benefited from reduced tariffs on Ukrainian steel products in the US and the EU. The impact of the changing US policy agenda under the Trump administration is unpredictable for now. A potential removal of the section 232 exemption for Interpipe later in 2025 would only have a limited earnings impact.

Strong Free Cash Flow (FCF): Interpipe has paid the final instalment of performance-sharing fees (linked to its previous debt restructuring). While we assume moderating earnings linked to weak economic conditions and capex to revert to more normal levels of USD70 million-USD80 million a year, we expect FCF before potential distributions to be strong at over USD100 million in 2025 and 2026.

Bond Refinancing in Focus: Interpipe launched a discounted tender offer for up to USD100 million notional of its USD300 million 2026 bonds on 6 January 2025, of which USD25.4 million of notional were tendered by bondholders. It signals its intention to evaluate options for addressing the upcoming maturity ahead of the May 2026 deadline. The ultimate bond repayment will be driven by the CBU's decision.

Ratings

Long-Term IDR	CCC-
Senior Unsecured Debt - Long-Term Rating	CCC-

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	3

2035 Climate Vulnerability Signal: 30

Applicable Criteria

Country-Specific Treatment of Recovery Ratings Criteria (March 2023)

Corporate Recovery Ratings and Instrument Ratings Criteria (August 2024)

Corporate Rating Criteria (December 2024)

Sector Navigators – Addendum to the Corporate Rating Criteria (December 2024)

Related Research

Global Corporates Macro and Sector Forecasts

Global Steel Outlook 2025 (December 2024)

Interpipe Holdings Plc – Recovery Tool (February 2025)

Analysts

Oliver Schuh
+44 20 3530 1263
oliver.schuh@fitchratings.com

Yulia Buchneva
+971 4 424 1288
yulia.buchneva@fitchratings.com

Financial Summary

(USDm)	2021	2022	2023	2024E	2025F
EBITDA	214	192	331	252	226
FCF margin (%)	-20.7	9.5	14.9	4.0	12.3
Debt	343	340	339	314	275
EBITDA leverage (x)	1.6	1.8	1.0	1.2	1.2
EBITDA net leverage (x)	1.1	1.0	0.3	0.4	-0.1

F = Forecast. E = Estimated
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

Interpipe is rated lower than Metinvest B.V. and Ferrexpo plc. Metinvest is rated one notch higher at ‘CCC’, due to cash-generating assets outside of Ukraine, which support its business profile and financial flexibility, while Ferrexpo is rated at ‘CCC+’ due to the absence of financial debt.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Default of some kind appearing probable or near default, e.g. decision not to pay coupon or inability to service debt or the formal announcement by Interpipe or their agent of a distressed debt exchange
- An intensification of the conflict with Russia leading to damage to key production assets

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- De-escalation of Russia’s war in Ukraine, reducing operating risks
- Repayment of all outstanding gross debt

Liquidity and Debt Structure

We assume Interpipe held more than USD250 million of available liquidity at end-2024, a large proportion of which was held offshore. Repatriation requirements apply to the majority of these offshore funds. Such liquidity will allow the company to service its financial obligations in 2025, which are limited to cash interest (USD23 million bond coupon plus incremental interest for a domestic loan) and around USD14 million principal (linked to domestic loan facilities in Ukraine).

Our forecast indicates FCF before distributions of more than USD100 million a year in 2025 and 2026. As a result, the company should have sufficient funds to repay outstanding USD274.6 million bonds in 2026, but will need approval from the CBU to make this payment or refinance at least part of the notional ahead of the legal maturity.

ESG Considerations

The highest level of ESG credit relevance is a score of ‘3’, unless otherwise disclosed in this section. A score of ‘3’ means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch’s ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch’s ESG Relevance Scores, click here.

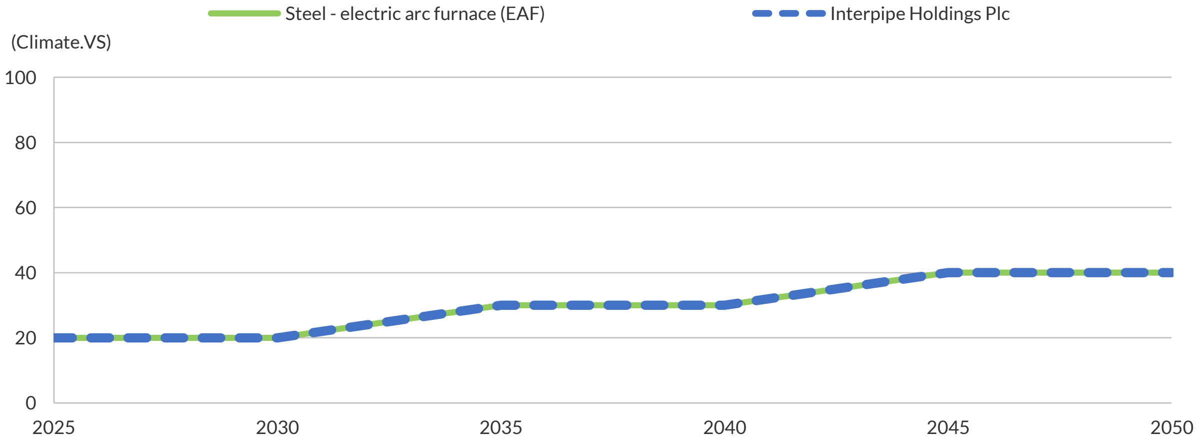
Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's Corporate Rating Criteria. For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Climate Vulnerability Signals for Non-Financial Corporate Sectors.

FY24 revenue-weighted Climate.VS for Interpipe for 2035 is 30, suggesting low exposure to climate-related risks in that year due to its use of electric arc furnace steelmaking.

Climate.VS Evolution

As of 31 December 2024



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(USDm)	2024E	2025F
Available liquidity		
Beginning cash balance	247	221
Rating case FCF after acquisitions and divestitures	41	116
Performance sharing fee	-47	—
Bond tender completed February 2025	—	-25
Total available liquidity (A)	**241**	**311**
Liquidity uses		
Debt maturities	-20	-19
Total liquidity uses (B)	**-20**	**-19**
Liquidity calculation		
Ending cash balance (A+B)	221	292
Revolver availability	—	—
Ending liquidity	**221**	**292**
Liquidity score (x)	12.0	16.4

F – Forecast. E – Estimated.
Source: Fitch Ratings, Fitch Solutions, Interpipe Holdings Plc

Scheduled debt maturities

(USDm)	31 Dec 23
2024	20
2025	19
2026	300
2027	—
2028	—
Thereafter	—
Total	**339**

Source: Fitch Ratings, Fitch Solutions, Interpipe Holdings Plc

Key Assumptions

- Operating EBITDA of USD220 million-225 million in 2025 and 2026, down from over USD250 million in 2024
- Capex of USD83 million in 2025 and USD71 million in 2026, up from USD48 million in 2024
- Positive FCF of over USD100 million per year in 2025 and 2026, up from around USD30 million-40 million in 2024

Financial Data

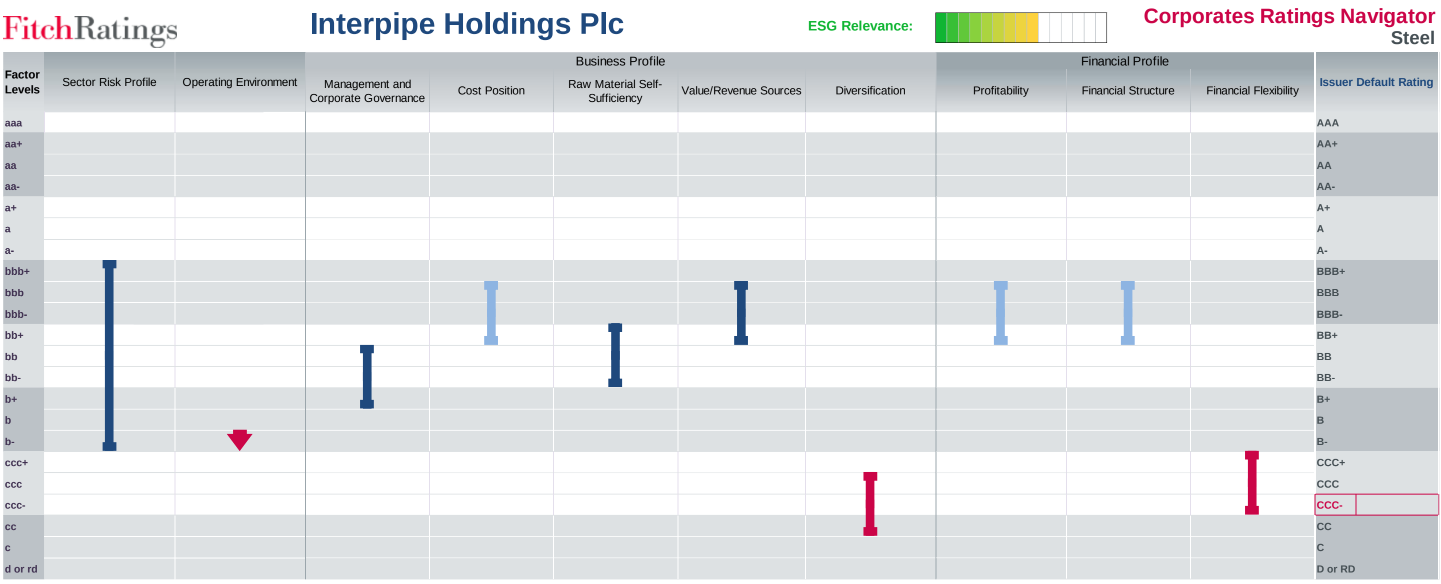
(USDm)	2021	2022	2023	2024E	2025F
Summary income statement					
Gross revenue	1,133	981	989	1,018	942
Revenue growth (%)	31.0	-13.4	0.8	3.0	-7.5
EBITDA before income from associates	214	192	331	252	226
EBITDA margin (%)	18.8	19.6	33.5	24.7	24.0
EBITDA after associates and minorities	214	192	331	252	226
EBIT	156	156	308	207	181
EBIT margin (%)	13.8	15.9	31.2	20.3	19.2
Gross interest expense	-17	-27	-26	-27	-25
Pretax income including associate income/loss	111	221	292	192	165
Summary balance sheet					
Readily available cash and equivalents	103	154	247	216	293
Debt	343	340	339	314	275
Net debt	241	186	92	98	-18
Summary cash flow statement					
EBITDA	214	192	331	252	226
Cash interest paid	-17	-27	-28	-27	-25
Cash tax	-7	-28	-49	-39	-33
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—	—
Other items before FFO	-20	48	14	5	3
FFO	170	185	274	202	179
FFO margin (%)	15.0	18.9	27.7	19.8	19.0
Change in working capital	-112	-22	-11	-63	20
CFO (Fitch-defined)	58	163	263	139	199
Total non-operating/nonrecurring cash flow	—	—	—	—	—
Capex	-63	-21	-31	—	—
Capital intensity (capex/revenue) (%)	5.5	2.2	3.1	—	—
Common dividends	-230	-49	-85	—	—
FCF	-235	93	147	—	—
FCF margin (%)	-20.7	9.5	14.9	—	—
Net acquisitions and divestitures	3	0	—	—	—
Other investing and financing cash flow items	-48	53	-2	—	—
Net debt proceeds	294	-96	-52	-25	-39
Net equity proceeds	-0	—	—	—	—
Total change in cash	14	51	94	-31	76
Calculations for forecast publication					
Capex, dividends, acquisitions and other items before FCF	-290	-70	-116	-98	-83
FCF after acquisitions and divestitures	-232	93	147	41	116
FCF margin after net acquisitions (%)	-20.5	9.5	14.9	4.0	12.3
Gross Leverage ratios (x)					
EBITDA leverage	1.6	1.8	1.0	1.2	1.2
(CFO-capex)/debt	-1.5	41.8	68.6	28.9	42.1
Net Leverage ratios (x)					
EBITDA net leverage	1.1	1.0	0.3	0.4	-0.1
(CFO-capex)/net debt	-2.1	76.4	253.7	92.9	-642.2
Coverage ratios (x)					
EBITDA interest coverage	12.3	7.0	12.0	9.2	9.2

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	□ Stable

FitchRatings

Interpipe Holdings Plc

Corporates Ratings Navigator
Steel

Operating Environment

b	Economic Environment	b	Weak combination of countries where economic value is created and where assets are located.
b-	Financial Access	b	Weak combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	b	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'b'.
b-			
ccc+			

Management and Corporate Governance

bb+	Management Strategy	bb	Strategy generally coherent but some evidence of weak implementation.
bb	Governance Structure	bb	Board effectiveness questionable with few independent directors. "Key person" risk from dominant CEO or shareholder.
bb-	Group Structure	bb	Complex group structure or non transparent ownership structure. Related-party transactions exist but with reasonable economic rationale.
b+	Financial Transparency	bb	Financial reporting is appropriate but with some failings (eg, lack of interim or segment analysis).
b			

Cost Position

bbb+	Cost Position	bbb	Low – 1st/2nd quartile.
bbb	Regulatory Risk	bbb	Limited or manageable exposure to environmental regulations. Remediation costs are comfortably within current cashflows.
bbb-			
bb+			
bb			

Raw Material Self-Sufficiency

bbb-	Raw Material Self-Sufficiency	bb	Partial control over key raw materials or pricing power.
bb+			
bb			
bb-			
b+			

Value/Revenue Sources

bbb+	Proportion of Higher Value-Added Products	bbb	High (>50%).
bbb	EBITDA	b	USD0.2 billion
bbb-			
bb+			
bb			

Diversification

ccc+	Product and Geographical Diversification	ccc	Concentration in disadvantageous region experiencing major recession or disruptive conditions.
ccc	Operational Diversification	b	Low (single plant)
ccc-	Environmental Risk	bb	Less ambitious sustainability strategy in line with average players. Substantial share of BF/BOF operations with less defined emission reduction plan or EAFs with high level of emissions.
cc			
c			

Profitability

bbb+	EBITDA Margin	bbb	16%
bbb	FCF Margin	bbb	Mostly positive through the cycle.
bbb-			
bb+			
bb			

Financial Structure

bbb+	EBITDA Leverage	bbb	2.0x
bbb	EBITDA Net Leverage	bbb	1.7x
bbb-			
bb+			
bb			

Financial Flexibility

b-	Financial Discipline	b	No financial policy or record of ignoring it. Opportunistic behavior.
ccc+	Liquidity	ccc	No near-term prospect of recovery in liquidity. All/most funding sources subject to material execution risk.
ccc	EBITDA Interest Coverage	b	4.0x
ccc-	FX Exposure	ccc	FX exposure dominant in impairing the issuer's ability to service debt in cash terms.
cc			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Credit-Relevant ESG Derivation

Interpipe Holdings Plc has 11 ESG potential rating drivers

- Emissions from production
- Energy and fuel use in operations
- Water usage in operations (including exposure to regions with water scarcity)
- Pollution incidents; sludge disposal
- Impact of labor negotiations and employee (dis)satisfaction
- Worker safety and accident prevention

Showing top 6 issues

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	11	issues	3
not a rating driver	0	issues	2
	3	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

FitchRatings

Interpipe Holdings Plc

Corporates Ratings Navigator
Steel

Credit-Relevant ESG Derivation

Interpipe Holdings Plc has 11 ESG potential rating drivers

- Interpipe Holdings Plc has exposure to emissions regulatory risk but this has very low impact on the rating.
- Interpipe Holdings Plc has exposure to energy productivity risk but this has very low impact on the rating.
- Interpipe Holdings Plc has exposure to water management risk but this has very low impact on the rating.
- Interpipe Holdings Plc has exposure to waste & impact management risk but this has very low impact on the rating.
- Interpipe Holdings Plc has exposure to labor relations & practices risk but this has very low impact on the rating.
- Interpipe Holdings Plc has exposure to employee health & safety risk but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	11	issues	3
not a rating driver	0	issues	2
not a rating driver	3	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	3	Emissions from production	Diversification; Profitability; Financial Structure; Financial Flexibility	5
Energy Management	3	Energy and fuel use in operations	Cost Position; Profitability	4
Water & Wastewater Management	3	Water usage in operations (including exposure to regions with water scarcity)	Diversification; Profitability; Financial Flexibility	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Pollution incidents; sludge disposal	Diversification; Profitability; Financial Flexibility	2
Exposure to Environmental Impacts	1	n.a.	n.a.	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	1	n.a.	n.a.	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Diversification; Cost Position; Profitability; Financial Flexibility	3
Employee Wellbeing	3	Worker safety and accident prevention	Diversification; Profitability; Financial Flexibility	2
Exposure to Social Impacts	3	Social resistance to new projects, sourcing of iron ore/coking coal that leads to delays and cost increases	Raw Material Self-Sufficiency; Profitability; Financial Structure; Financial Flexibility	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

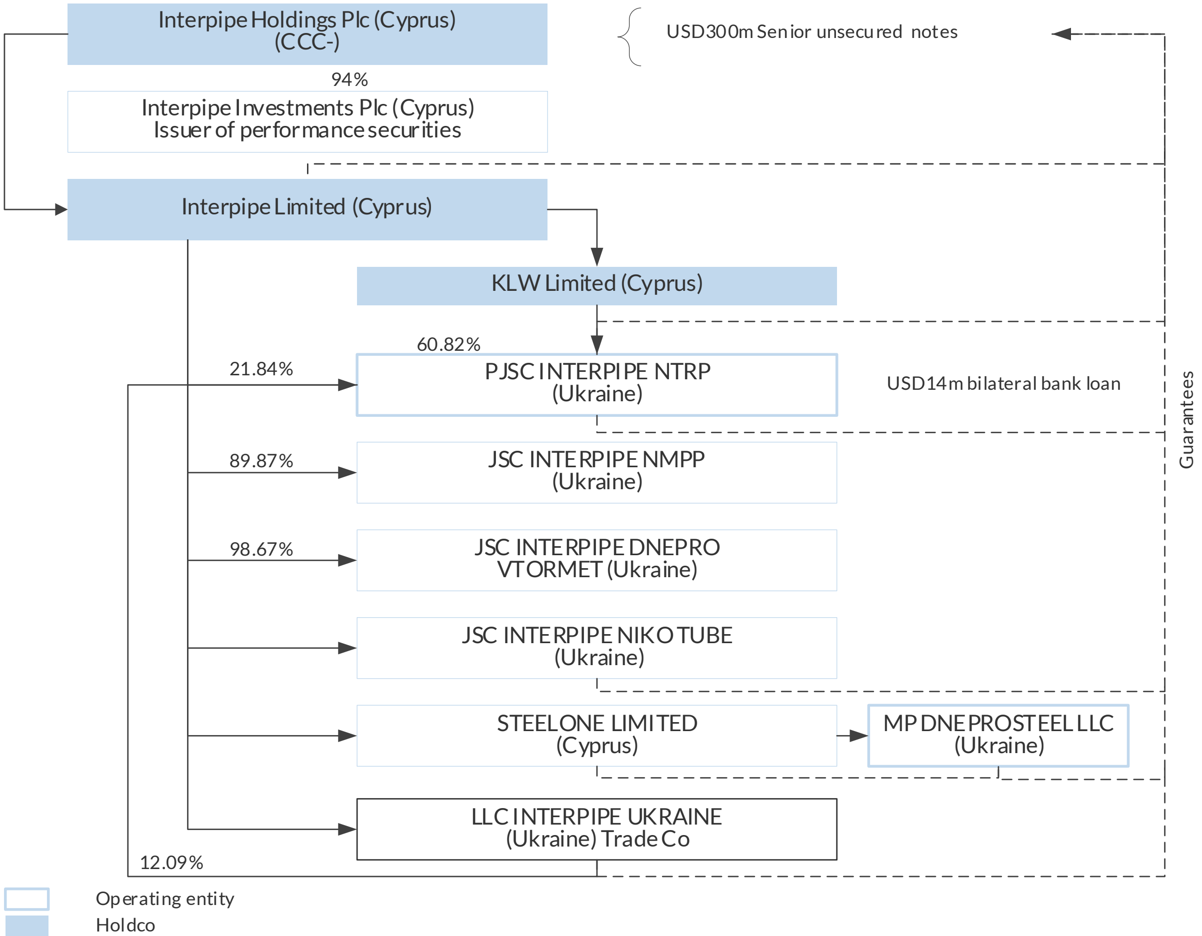
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, Interpipe Holdings Plc, as of December 2024

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	EBITDA margin (%)	Capex (USDm)	EBITDA (USDm)	FCF margin (%)	EBITDA net leverage (x)
Interpipe Holdings Plc	CCC-						
	CCC-	2023	33.5	-31	331	14.9	0.3
	CCC-	2022	19.6	-21	192	9.5	1.0
	B	2021	18.9	-63	214	-20.7	1.1
Metinvest B.V.	CCC						
	CCC	2023	13.2	-305	980	4.6	1.9
	CCC	2022	17.3	-381	1,434	-4.9	1.4
	BB-	2021	32.8	-1,358	5,906	9.8	0.3
Vallourec SA	BB+						
		2023	22.8	-233	1,279	9.2	0.5
		2022	14.0	-203	728	-4.5	1.7
		2021	13.3	-156	518	-8.1	2.1

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(USDm as of 31 Dec 23)	Notes and formulas	Standardised values	Cash adjustment	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		989	—	—	—	989
EBITDA	(a)	381	—	-1	-49	331
Depreciation and amortization		-23	—	0	-0	-23
EBIT		358	—	-1	-49	308
Balance sheet summary						
Debt	(b)	384	—	-4	-41	339
Of which other off-balance-sheet debt		—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—
Lease-adjusted debt		384	—	-4	-41	339
Readily available cash and equivalents	(c)	247	-0	—	-0	247
Not readily available cash and equivalents		0	0	—	—	0
Cash flow summary						
EBITDA	(a)	381	—	-1	-49	331
Dividends received from associates less dividends paid to minorities	(d)	—	—	—	—	—
Interest paid	(e)	-28	—	—	—	-28
Interest received	(f)	6	—	—	—	6
Preferred dividends paid	(g)	—	—	—	—	—
Cash tax paid		-49	—	—	—	-49
Other items before FFO		-36	—	1	49	14
FFO	(h)	274	—	-0	-0	274
Change in working capital		-11	—	—	—	-11
CFO	(i)	263	—	-0	-0	263
Non-operating/nonrecurring cash flow		—	—	—	—	—
Capex	(j)	-31	—	—	—	-31
Common dividends paid		—	—	—	—	—
FCF		233	—	-0	0	232
Gross leverage (x)						
EBITDA leverage	b/(a+d)	1.0	—	—	—	1.0
(CFO-capex)/debt (%)	(i+j)/b	60.6	—	—	—	68.6
Net leverage (x)						
EBITDA net leverage	(b-c)/(a+d)	0.4	—	—	—	0.3
(CFO-capex)/net debt (%)	(i+j)/(b-c)	170.2	—	—	—	253.7
Coverage (x)						
EBITDA interest coverage	(a+d)/(-e)	13.8	—	—	—	12.0

CFO – Cash flow from operations
Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region. Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Source: Fitch Ratings, Fitch Solutions, Interpipe Holdings Plc

Recovery Analysis

Issuer	Interpipe Holdings Plc		
Issuer Default Rating	CCC-	**As of**	30 Sep 24
Sector	Metals and Mining	**Currency**	(USDm)
Country	Ukraine	**Country group**	D

Going concern (GC) enterprise value (EV)	
GC EBITDA	120
EBITDA multiple (x)	3.0
GC value from alternative method	-
Additional value from affiliates, minority interest, other	-
GC EV	**360**
EV for claims distribution	
Greater of GC enterprise or liquidation value	360
Less administrative claims	36
Total EV	**324**

Liquidation value	**Book value**	**Advance rate (%)**	**Available to creditors**
Cash	347	0	-
Accounts receivable	109	0	-
Inventory	191	20	38
Net property, plant and equipment	343	20	69
Liquidation value of off-balance-sheet assets	-	100	-
Additional value from affiliates, minority interest, other	-	100	-
Total liquidation value			**107**

Distribution of value

					Before country-specific considerations			**After country-specific considerations**		
Priority	**Amount**	**Concession allocation**	**Value recovered**	**Recovery (%)**	**Recovery Rating**	**Notching**	**Rating**	**Recovery Rating**	**Notching**	**Rating**
First-lien Secured	15	0	15	100	NR	NR	NR	NR	NR	NR
Unsecured	300	0	300	100	RR2	+2	CCC+	RR4	0	CCC-

Source: Fitch Ratings, Fitch Solutions, Interpipe Holdings Plc

Recovery Analysis Assumptions

Our recovery analysis assumes that Interpipe would be a going concern (GC) in bankruptcy and that it would be reorganised rather than liquidated.

Interpipe's GC EBITDA of USD120 million is well below our mid-cycle estimate. It captures the possibility that, in a financial restructuring, not all its assets may remain operational or that logistics constraints could limit exports due to the ongoing military conflict.

We use an enterprise value/EBITDA multiple of 3.0x to calculate a post-reorganisation valuation, reflecting the concentrated nature of key manufacturing assets in a territory with military conflict.

After deducting 10% for administrative claims and taking into account Fitch's Country-Specific Treatment of Recovery Ratings Criteria, our analysis resulted in a waterfall-generated recovery computation (WGRC) in the 'RR4' band, indicating a 'CCC-' rating for the company's senior unsecured notes. The WGRC output percentage on current metrics and assumptions is 50%. The Recovery Rating for corporate issuers in Ukraine is capped at 'RR4'.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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