Interpipe Holdings Plc

Ratings

Interpipe Holdings Plc

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

Click here for the full list of ratings

2035 Climate Vulnerability Signal: 30

Applicable Criteria

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

Corporates Recovery Ratings and Instrument Ratings Criteria (October 2023)

Corporate Rating Criteria (November 2023)

Sector Navigators – Addendum to the Corporate Rating Criteria (November 2023)

Related Research

Global Corporates Macro and Sector Forecasts

Global Steel Outlook 2024 (December 2023)

Interpipe Holdings Plc – Recovery Tool (March 2024)

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Interpipe Holdings Plc's Issuer Default Rating (IDR) reflects the high risk of damage or disruption at its five facilities in central Ukraine, which generate its operating cash flow, due to their proximity to the conflict zone. The rating also reflects a high-risk operating environment and refinancing risk linked to outstanding debt.

Nonetheless, Fitch Ratings expects the company will be able to maintain liquidity in the near-term to service its financial obligations in 2024, including coupons on its USD300 million bonds, minor amortisation of local bank debt and performance-sharing fees linked to its previous debt restructuring.

Key Rating Drivers

Resilient Operations Despite War: Interpipe is operating its facilities at 60%-70% of pre-war levels, supported by a stabilisation of energy supply, and is adapting logistics channels to limit the impact of capacity constraints and disruptions. Its assets in central Ukraine are undamaged. Operations nevertheless are vulnerable to energy disruptions or shortages amid opportunistic targeting of Ukrainian infrastructure by Russian forces, while its Nikotube facility is located across the river from the frontline and continues to be subject to shelling from time to time.

Strong Financial Performance: Fitch estimates Interpipe generated more than USD330 million of Fitch-adjusted EBITDA in 2023. Earnings have been bolstered by favourable demand and pricing for oil country tubular goods (OCTG) pipes amid boosted activity in the upstream oil and gas sector linked to geopolitical tensions and security-of-supply concerns. Interpipe has benefited from reduced tariffs on Ukrainian steel products in the US and EU.

We expect a moderation in earnings towards mid-cycle levels in 2024-2025, as conditions for key products become more balanced.

Cash Preservation in Focus: Over 2022 and 2023, Interpipe significantly reduced discretionary expenditure, particularly capex, and boosted free cash flow (FCF) generation. As a result, the company has built meaningful financial flexibility (a cash balance of USD279 million at end-September). Despite an expected increase in capex for required maintenance and asset upgrades, we expect Interpipe to preserve a comfortable cash buffer on its balance sheet over 2024-2025 while management weigh up options to address the 2026 bond maturity.

Financial Summary

(USDm)	2020	2021	2022	2023E	2024F
Debt	52	343	340	337	314
EBITDA	273	214	192	333	227
FCF margin (%)	13.6	-20.7	9.5	11.7	4.5
EBITDA leverage (x)	0.2	1.6	1.8	1.0	1.4
EBITDA net leverage (x)	-0.1	1.1	1.0	0.4	0.6

F — Forecast
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

Interpipe's 'CCC-' rating reflects its small scale, concentrated nature of its assets and a high-risk operating environment amid the Russian invasion of Ukraine. Metinvest B.V. is rated one notch higher at 'CCC' due to cash-generating assets outside of Ukraine, supporting its business profile and financial flexibility, while Ferrexpo plc is rated at 'CCC+' due to an absence of financial debt.

Rating Sensitivities

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

- De-escalation of Russia's war in Ukraine, facilitating a reopening of logistics routes and reducing operating risks.
- Repayment of all outstanding gross debt.

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

- Default of some kind appearing probable or near default, e.g. a decision not to pay a coupon or an inability to service debt.
- An intensification of the conflict with Russia leading to damage to key production assets.

Liquidity and Debt Structure

Adequate Liquidity: Although Interpipe extended an USD85 million upstreamed shareholder loan and paid performance-sharing fees of around USD49 million in 2023, it maintains in excess of USD200 million of available liquidity, a large proportion of which is held offshore.

As long as its assets remain operational and the company continues to generate operating cash flow, Interpipe will be able to service its financial obligations in 2024, including cash interest (USD25.1 million bond coupon plus incremental interest for a domestic loan), performance-sharing fees (linked to the previous refinancing) and minimal principal (linked to a domestic loan facility with a Ukrainian bank), totalling an estimated USD100 million for 2024. Interpipe has no significant debt repayment ahead of its USD300 million bond due in May 2026.

ESG Considerations

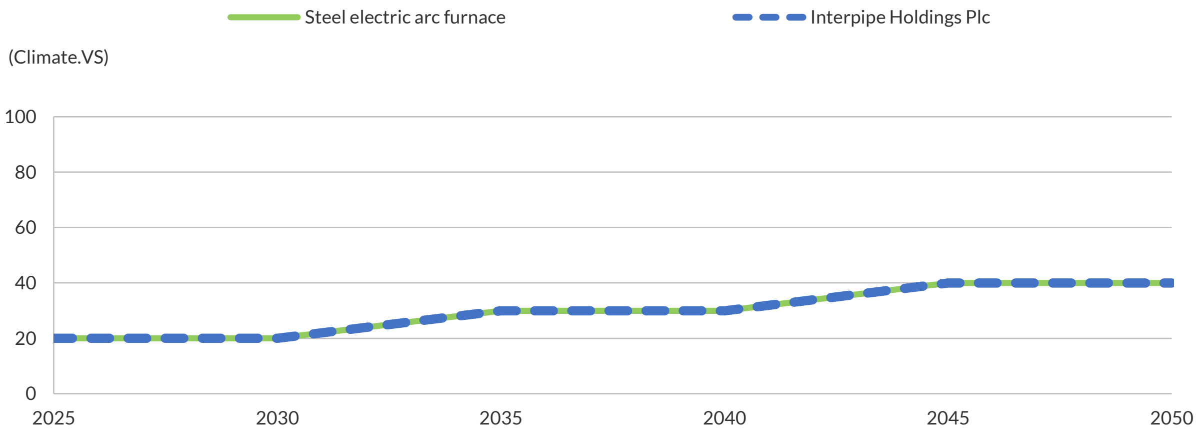
Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance 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, visit www.fitchratings.com/esg

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.

FY22 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. For further information on how Fitch perceives climate-related risks in the metals and mining sector, see Metals & Mining – Long-Term Climate Vulnerability Signals.

Climate.VS Evolution
As of Dec. 31, 2022



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(USDm)	2023E	2024F
Available liquidity		
Beginning cash balance	154	213
Rating case FCF after acquisitions and divestitures	203	94
Upstream loan to shareholder	-85	-50
Payment of performance sharing fee	-49	-50
Total available liquidity (A)	**223**	**207**
Liquidity uses		
Debt maturities	-10	-14
Total liquidity uses (B)	**-10**	**-14**
Liquidity calculation		
Ending cash balance (A+B)	213	193
Revolver availability	—	—
Ending liquidity	**213**	**193**
Liquidity score (x)	37.5	21.3

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

Scheduled debt maturities

(USDm)	31 Dec 23E
2023	10
2024	14
2025	13
2026	300
2027	—
Thereafter	—
Total	**337**

Source: Fitch Ratings, Fitch Solutions, Interpipe

Key Assumptions

- EBITDA of USD230 million in 2024, down from more than USD330 million in 2023.
- Capex USD75 million in 2024, up from USD35 million in 2023.
- Extension of an upstreamed shareholder loan of USD50 million in 2024, versus USD85 million in 2023.
- Broadly neutral FCF – after performance-sharing fees and upstreamed shareholder loan – in 2024, versus USD65 million in 2023.

Financial Data

(USDm)	2020	2021	2022	2023E	2024F
Summary income statement					
Gross revenue	865	1,133	981	1,010	994
Revenue growth (%)	-22.9	31.0	-13.4	2.9	-1.6
EBITDA before income from associates	273	214	192	333	227
EBITDA margin (%)	31.6	18.8	19.6	32.9	22.9
EBITDA after associates and minorities	273	214	192	333	227
EBITDAR	273	214	192	333	227
EBITDAR margin (%)	31.6	18.9	19.6	32.9	22.9
EBIT	218	156	156	308	200
EBIT margin (%)	25.2	13.8	15.9	30.4	20.1
Gross interest expense	-18	-17	-27	-28	-27
Pretax income including associate income/loss	228	111	221	283	178
Summary balance sheet					
Readily available cash and equivalents	89	103	154	214	181
Debt	52	343	340	337	314
Lease-adjusted debt	52	343	340	337	314
Net debt	-37	241	186	123	134
Summary cash flow statement					
EBITDA	273	214	192	333	227
Cash interest paid	-21	-17	-27	-28	-27
Cash tax	-12	-7	-28	-36	-31
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—	—
Other items before FFO	-57	-20	48	8	-10
FFO	185	170	185	280	165
FFO margin (%)	21.3	15.0	18.9	27.8	16.6
Change in working capital	-23	-112	-22	-43	4
CFO (Fitch-defined)	162	58	163	238	169
Total non-operating/non-recurring cash flow	—	—	—	—	—
Capex	-44	-63	-21	—	—
Capital intensity (capex/revenue) (%)	5.1	5.5	2.2	—	—
Common dividends	—	-230	-49	—	—
FCF	118	-235	93	—	—
FCF margin (%)	13.6	-20.7	9.5	—	—
Net acquisitions and divestitures	—	3	0	—	—
Other investing and financing cash flow items	-12	-48	53	-53	-53
Net debt proceeds	-280	294	-96	-3	-23
Net equity proceeds	-0	-0	—	—	—
Total change in cash	-175	14	51	61	-34
Leverage ratios (x)					
EBITDA leverage	0.2	1.6	1.8	1.0	1.4
EBITDA net leverage	-0.1	1.1	1.0	0.4	0.6
EBITDAR leverage	0.2	1.6	1.8	1.0	1.4
EBITDAR net leverage	-0.1	1.1	1.0	0.4	0.6
FFO adjusted leverage	0.3	1.8	1.6	1.1	1.7
FFO adjusted net leverage	-0.2	1.3	0.9	0.4	0.7
FFO leverage	0.3	1.8	1.6	1.1	1.7
FFO net leverage	-0.2	1.3	0.9	0.4	0.7
Calculations for forecast publication					
Capex, dividends, acquisitions and other items before FCF	-44	-290	-70	-120	-125
FCF after acquisitions and divestitures	118	-232	93	118	44
FCF margin after net acquisitions (%)	13.6	-20.5	9.5	11.7	4.5

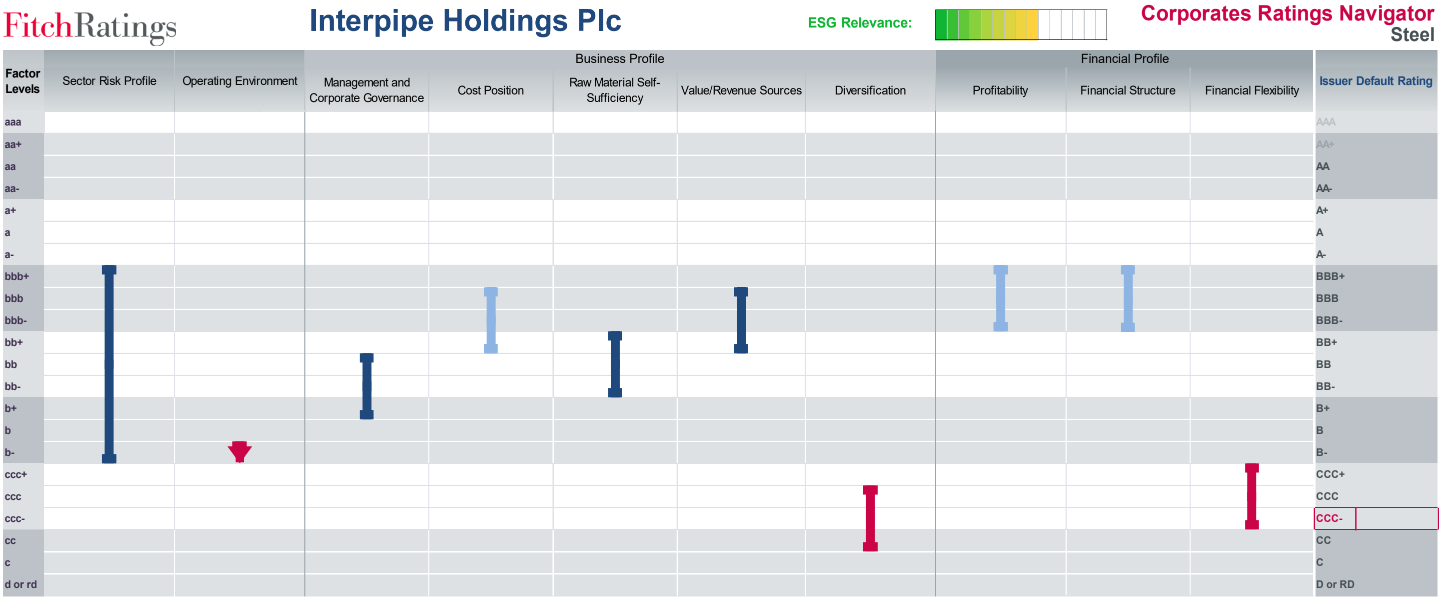
(USDm)	2020	2021	2022	2023E	2024F
Coverage ratios (x)					
FFO interest coverage	9.8	10.8	7.7	10.8	6.8
FFO fixed-charge coverage	9.8	10.4	7.7	10.8	6.8
EBITDAR fixed-charge coverage	13.2	11.9	7.0	11.8	8.4
EBITDAR net fixed-charge coverage	14.5	12.8	7.3	14.1	11.0
EBITDA interest coverage	13.2	12.3	7.0	11.8	8.4
Additional metrics (%)					
CFO-capex/debt	226.8	-1.5	41.8	60.2	30.0
CFO-capex/net debt	-317.3	-2.1	76.4	165.2	70.6
CFO/capex	367.5	92.0	770.0	679.7	225.7

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
	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.

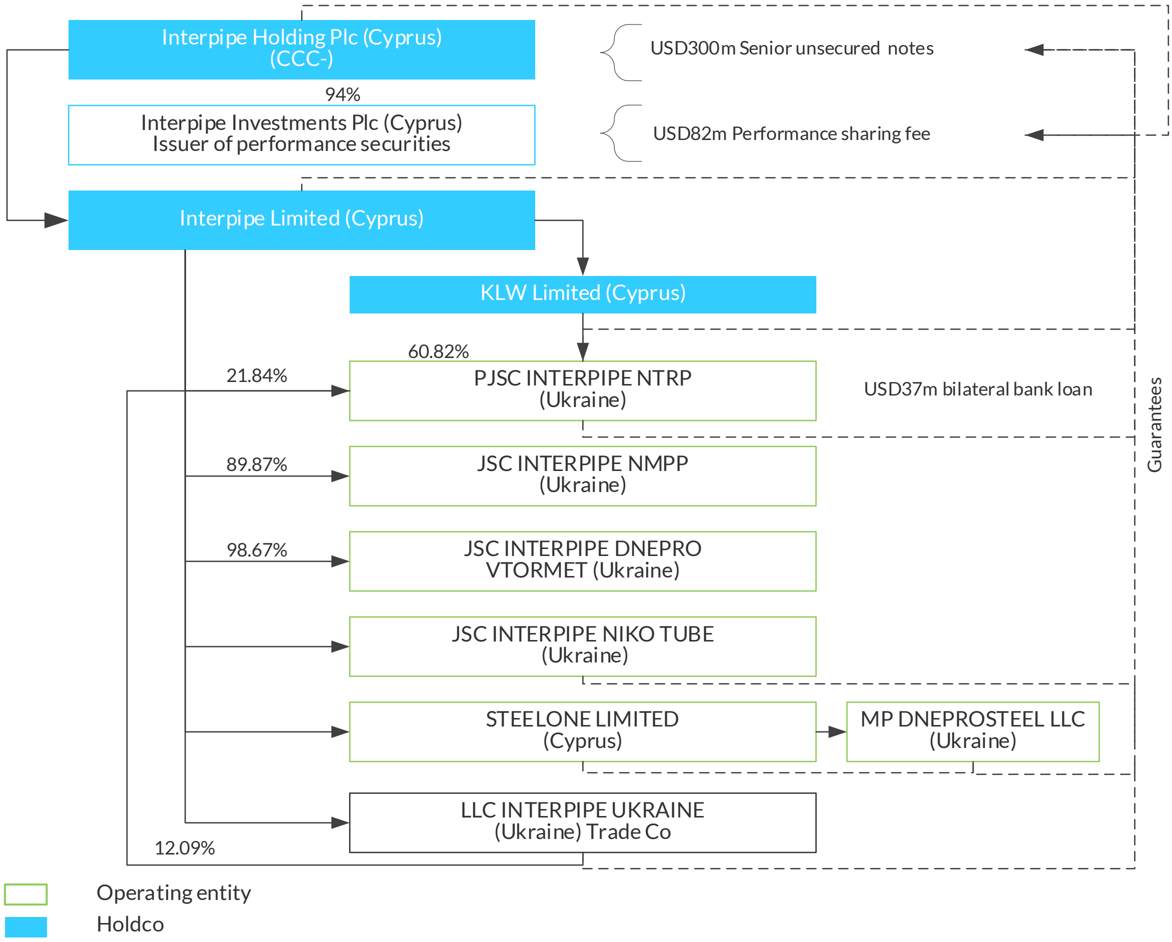
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and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



All debt figures are as of September 2023.
Source: Fitch Ratings, Fitch Solutions

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	EBITDA margin (%)	Capex (USDm)	EBITDA (USDm)	FCF margin (%)	EBITDA net leverage (x)
Ferrexpo plc	CCC+						
	CCC+	2022	32.7	-161	408	-29.5	-0.3
	BB-	2021	58.6	-361	1,476	6.2	-0.1
	BB-	2020	46.6	-206	792	16.8	-0.0
Metinvest B.V.	CCC						
	CCC	2022	17.3	-381	1,434	-12.5	1.4
	BB-	2021	32.8	-1,358	5,906	10.4	0.3
	BB-	2020	18.3	-678	1,908	9.3	1.3
Interpipe Holdings Plc	CCC-						
	CCC-	2022	19.6	-21	192	9.5	1.0
	B	2021	18.9	-63	214	-20.7	1.1
	B	2020	31.6	-44	273	13.6	-0.1

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(USDm as of 31 December 2022)	Notes and formulas	Standardised values	Lease treatment	Other adjustments	Adjusted values
Income statement summary					
Revenue		981	—	—	981
EBITDA	(a)	381	-1	-188	192
Depreciation and amortisation		-36	0	—	-36
EBIT		345	-0	-188	156
Balance sheet summary					
Debt	(b)	390	-1	-49	340
Of which other off-balance-sheet debt		—	—	—	—
Lease-equivalent debt		—	—	—	—
Lease-adjusted debt		390	-1	-49	340
Readily available cash and equivalents	(c)	154	—	-0	154
Not readily available cash and equivalents		0	—	0	0
Cash flow summary					
EBITDA	(a)	381	-1	-188	192
Dividends received from associates less dividends paid to minorities	(d)	—	—	—	—
Interest paid	(e)	-28	1	—	-27
Interest received	(f)	1	—	—	1
Preferred dividends paid	(g)	—	—	—	—
Cash tax paid		-28	—	—	-28
Other items before FFO		-141	-0	188	48
FFO	(h)	186	-0	—	185
Change in working capital		-22	—	—	-22
CFO	(i)	164	-0	—	163
Non-operating/non-recurring cash flow		—	—	—	—
Capex	(j)	-21	—	—	-21
Common dividends paid		-49	—	—	-49
FCF		93	-0	—	93
Gross leverage (x)					
EBITDA leverage	b / (a+d)	1.0	—	—	1.8
(CFO-capex)/debt (%)	(i+j) / b	36.5	—	—	41.8
Net leverage (x)					
EBITDA net leverage	(b-c) / (a+d)	0.6	—	—	1.0
(CFO-capex)/net debt (%)	(i+j) / (b-c)	60.3	—	—	76.4
Coverage (x)					
EBITDA interest coverage	(a+d) / (-e)	13.7	—	—	7.0

CFO – Cash flow from operations.
Notes: 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

Recovery Analysis

Issuer	Interpipe Holdings Plc		
Issuer Default Rating	CCC-	**As of**	30 Sep 23
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	276	0	-
Accounts receivable	133	0	-
Inventory	183	20	37
Net property, plant and equipment	222	20	44
Liquidation value of off-balance-sheet assets	-	100	-
Additional value from affiliates, minority interest, other	-	100	-
Total liquidation value			**81**

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**
Secured debt	37	0	37	100	NR	NR	NR	NR	NR	NR
Unsecured Notes	300	0	287	96	RR2	+2	CCC+	RR4	0	CCC-

Note: NR = Not Rated.
Source: Fitch Ratings, Fitch Solutions, Interpipe

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 and captures that in a financial restructuring either not all assets remain operational or logistics constraints may limit exports amid the 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.

Taking into account our *Country-Specific Treatment of Recovery Ratings Criteria* and after a deduction of 10% for administrative claims, our waterfall 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%.

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