



INTERPIPE HOLDINGS PLC

Consolidated Financial Statements

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

Three Months Ended 31 March 2020

INTERPIPE HOLDINGS PLC

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INTERPIPE HOLDINGS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020 (in US dollar and in thousands)



INTERPIPE

	31 March 2020	31 December 2019
ASSETS		
Non-current assets		
Property, plant and equipment	503,999	602,233
Intangible assets and goodwill	3,128	3,453
Investments in associates	814	1,222
Investment in joint venture	2,811	2,861
Deferred tax assets	41,031	35,966
Prepaid income tax	158	186
Other non-current assets	237	256
	552,178	646,177
Current assets		
Inventories	160,705	195,000
Trade and other accounts receivable	108,236	120,255
Prepayments and other current assets	32,977	29,592
Prepaid current income tax	3,255	3,378
Taxes recoverable, other than income tax	22,216	17,597
Cash and cash equivalents	133,435	256,148
	460,824	621,970
TOTAL ASSETS	1,013,002	1,268,147
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Issued capital, net of unpaid	5	5
Share premium	94,277	94,277
Revaluation reserve	405,396	411,166
Retained earnings	1,171,818	1,032,515
Cash flow hedge reserve	(62,767)	(83,689)
Foreign currency translation reserve	(1,209,522)	(1,018,198)
	399,207	436,076
Non-controlling interests	10,666	13,132
Total equity	409,873	449,208
Non-current liabilities		
Subordinated loan	43,508	42,462
Long-term borrowings	298,398	296,449
Deferred tax liabilities	22,731	20,741
Provisions	30,214	35,609
	394,851	395,261
Current liabilities		
Current portion of the long-term borrowings and interest accrued and payable	5,915	122,560
Trade and other accounts payable	52,548	59,718
Advances and other current liabilities	79,771	150,362
Current income tax payable	4,648	12,612
Taxes payable, other than income tax	2,281	4,156
Provisions	63,115	74,270
	208,278	423,678
Total liabilities	603,129	818,939
TOTAL EQUITY AND LIABILITIES	1,013,002	1,268,147

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

Member of the Board, Chief Executive Officer

Fadi Khraybe

Member of the Board, Non-Executive Director

Andrii Dudnyk

18 June 2020

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2020 (in US dollar and in thousands)



	For the three month ended 31 March	
	2020	2019
Revenue	251,022	272,049
Cost of sales	(162,330)	(195,755)
Gross profit	88,692	76,294
Selling and distribution expenses	(25,606)	(27,339)
General and administrative expenses	(11,918)	(13,628)
Other operating income and expenses	(766)	7,342
Operating foreign exchange difference	67,664	(1,718)
Operating profit	118,066	40,951
Finance income	529	525
Finance costs	(11,638)	(33,744)
Non-operating foreign exchange difference	24,780	(6,106)
Share of loss of joint venture	(50)	(48)
Share of loss of associates	(243)	(79)
Profit before tax	131,444	1,499
Income tax	1,620	(2,636)
Profit / (loss) for the period	133,064	(1,137)
Profit / (loss) attributable to:		
Equity holders of the parent	133,533	(2,787)
Non-controlling interests	(469)	1,650
	133,064	(1,137)
Other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods:		
Net income on cash flow hedges	20,922	21,883
Exchange differences on translation of foreign operations	(193,321)	9,618
Net other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods:	(172,399)	31,501
Other comprehensive (loss) / income for the year, net of tax:	(172,399)	31,501
Total comprehensive (loss) / income attributable to:		
Equity holders of the parent	(36,869)	28,634
Non-controlling interests	(2,466)	1,730
	(39,335)	30,364

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CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2020

(in US dollar and in thousands)



INTERPIPE

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	-	-	-	(2,787)	-	-	(2,787)	1,650	(1,137)
Other comprehensive income	-	-	-	-	21,883	9,538	31,421	80	31,501
Total comprehensive income / (loss)	-	-	-	(2,787)	21,883	9,538	28,634	1,730	30,364
Depreciation transfer	-	-	(5,185)	5,185	-	-	-	-	-
At 31 March 2019	62,304	426,065	428,966	(278,831)	(161,400)	(1,122,718)	(645,614)	6,479	(639,135)

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 2020	5	94,277	411,166	1,032,515	(83,689)	(1,018,198)	436,076	13,132	449,208
Profit / (loss) for the period	-	-	-	133,533	-	-	133,533	(469)	133,064
Other comprehensive income / (loss)	-	-	-	-	20,922	(191,324)	(170,402)	(1,997)	(172,399)
Total comprehensive income / (loss)	-	-	-	133,533	20,922	(191,324)	(36,869)	(2,466)	(39,335)
Depreciation transfer	-	-	(5,770)	5,770	-	-	-	-	-
At 31 March 2020	5	94,277	405,396	1,171,818	(62,767)	(1,209,522)	399,207	10,666	409,873

INTERPIPE HOLDINGS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (in US dollar and in thousands)



	For the three month ended 31 March	
	2020	2019
Loss before tax	131,444	1,499
Adjustments for:		
Depreciation and amortisation	14,400	11,049
Movement in provisions less interest cost	(2,216)	(11,730)
Loss on disposal of property, plant and equipment	287	810
Reclassification of the foreign exchange loss to cost of sales	20,922	13,674
Finance costs	11,638	33,744
Finance income	(529)	(525)
Share of loss of joint venture	50	48
Share of loss of associates	243	79
Translation difference and foreign exchange difference	(92,269)	5,384
Operating cash flows before working capital changes	83,970	54,032
Decrease in inventories	11,078	4,166
Decrease / (increase) in trade and other accounts receivable	486	(28,402)
(Increase) / decrease in prepayments and other assets	(7,118)	6,202
Increase in taxes recoverable, other than income tax	(7,611)	(2,483)
Increase / (decrease) in trade and other accounts payable	5,452	(4,205)
(Decrease) / increase in taxes payable, other than income tax	(1,517)	292
(Decrease) / increase in advances and other current liabilities	(67,547)	3,665
Cash generated from operations	17,193	33,267
Income tax paid	(8,158)	(312)
Interest and other finance costs paid	(2,226)	(1,288)
Net cash inflow from operating activities	6,809	31,667
Cash flow from investing activities		
Purchases of property, plant and equipment and intangible assets	(10,913)	(8,742)
Proceeds from sale of property, plant and equipment	-	14
Interest received	529	525
Net cash outflow from investing activities	(10,384)	(8,203)
Cash flows from financing activities		
Repayments of borrowings	(121,000)	(37)
Net cash outflow from financing activities	(121,000)	(37)
Net (decrease) / increase in cash and cash equivalents	(124,575)	23,427
Net foreign exchange difference	1,862	(474)
Cash and cash equivalents at period beginning	256,148	130,884
Cash and cash equivalents at period end	133,435	153,837

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SEGMENT INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2020 (in US dollar and in thousands)

Segment information

Segment revenues and results

<i>Three months ended 31 March 2020</i>	<i>Pipes</i>	<i>Railway wheels</i>	<i>Steel making</i>	<i>Other operations</i>	<i>Total</i>
Revenue	112,478	127,761	83,988	3,155	327,382
Elimination of sales to other segments	-	-	(76,360)	-	(76,360)
Revenue – external	112,478	127,761	7,628	3,155	251,022
Operating profit	16,081	82,450	19,237	298	118,066
Finance income					529
Finance costs					(11,638)
Non-operating foreign exchange difference					24,780
Share of loss of joint venture					(50)
Share of loss of associates					(243)
Income tax					1,620
Profit for the period					133,064

For the three months ended 31 March 2020 share of profit of associates was attributable to the seamless pipes segment.

EBITDA by segments

<i>Three month ended 31 March 2020</i>	<i>Pipes</i>	<i>Railway wheels</i>	<i>Steel making</i>	<i>Other operations</i>	<i>Total</i>
Operating profit	16,081	82,450	19,237	298	118,066
Depreciation and amortisation	5,566	2,488	6,299	47	14,400
Loss on disposal of property, plant and equipment	179	74	34	-	287
Foreign exchange cash flow hedges	16,352	4,324	204	42	20,922
Operating foreign exchange difference	(42,837)	(19,731)	(5,096)	-	(67,664)
EBITDA	(4,659)	69,605	20,678	387	86,011
Reallocation of EBITDA from Steelmaking to Pipes and Railway wheels segments	12,627	6,861	(19,488)	-	-
EBITDA (on a pass-through basis)	7,968	76,466	1,190	387	86,011

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SEGMENT INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2020 (in US dollar and in thousands)

Segment revenues and results

Three months ended 31 March 2019	Pipes	Railway wheels	Steel making	Other operations	Total
Revenue	187,613	76,760	108,273	3,374	376,020
Elimination of sales to other segments	-	-	(103,971)	-	(103,971)
Revenue – external	187,613	76,760	4,302	3,374	272,049
Operating profit	10,973	22,934	6,667	377	40,951
Finance income					525
Finance costs					(33,744)
Non-operating foreign exchange difference					(6,106)
Share of loss of joint venture					(48)
Share of loss of associates					(79)
Income tax					(2,636)
Loss for the period					(1,137)

For the three months ended 31 March 2019 share of profit of associates was attributable to the seamless pipes segment.

EBITDA by segments

Three months ended 31 March 2019	Pipes	Railway wheels	Steel making	Other operations	Total
Operating profit	10,973	22,934	6,667	377	40,951
Depreciation and amortisation	3,780	1,375	5,869	25	11,049
Loss on disposal of property, plant and equipment	434	361	15	-	810
Foreign exchange cash flow hedges	13,201	318	155	-	13,674
Operating foreign exchange difference	2,315	(117)	(480)	-	1,718
EBITDA	30,703	24,871	12,226	402	68,202
Reallocation of EBITDA from Steelmaking to Pipes and Railway wheels segments	8,161	3,083	(11,244)	-	-
EBITDA (on a pass-through basis)	38,864	27,954	982	402	68,202