



**Q3 and the first nine  
months 2024  
Operational and  
Financial Overview**

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# Key highlights of Q3 2024 and business outlook



-  Interpipe continues running its operations on the back of instable electricity supplies caused by frequent massive air attacks and permanent shelling of Nikopol, however it continues delivering a superior performance through recent periods
-  For instance, in September-October, upon one of regular shelling of Nikopol a transformer in the workshop #7 at Nikotube was damaged that led to a 6-week downtime of the entire workshop (an underproduction for the period is estimated at ca. 24 thousand tons of seamless pipes)
-  At the same time, the Company has once again confirmed its resiliency and solvency having fully discharged the Performance Sharing Fees and Securities Instrument upon the repayment of the final annual instalment in amount of USD 47M in October this year
-  European region continues to be a key market for the Company constituting (for the first nine months 2024) 2/3 of sales in the railway product segment and over 40% of sales in the pipe segment
-  But now, we do observe signals of softening of business activity and demand in Europe on the back of declining economic indicators across the region that could affect our sales (esp. in the pipe segment) and hence reduce the financial figures of the Company next year
-  Market prices for electricity, procurement of stable electricity supply along with the deficit of skilled work force remain amongst key risk factors for 2025 that will cause an additional pressure on the bottom line of Interpipe
-  The forthcoming assuming of the Oval Office by the President Donald Trump also brings uncertainty and exposes the Company to a risk of incurring of additional costs in the US pipe market as the new administration might contemplate canceling the exemption for Section 2.3.2 (25% safeguard duty) for Ukraine steel producers shortly after his inauguration on January 20, 2025

# Pipe market



## USA:

- In Q3 2024, rig count continued declining and resulted in -107 rigs over the first nine months of the year
- Import volumes of OCTG contracted by 13% q-o-q in Q3, having factored softened demand and intensified competition from domestic suppliers. On a YTD basis, imports declined by 41% y-o-y
- OCTG prices depreciated more - by 5% q-o-q in Q3 that resulted in the total slump of 36% y-o-y for the first nine months 2024

## MENA:

- Steel pipe imports declined by 19% in Q3 2024 primarily amid high stocks in the region. The share of Chinese supplies in imports remained dominant at 80%
- Both OCTG and linepipe prices slid by 4% q-o-q in Q3 2024

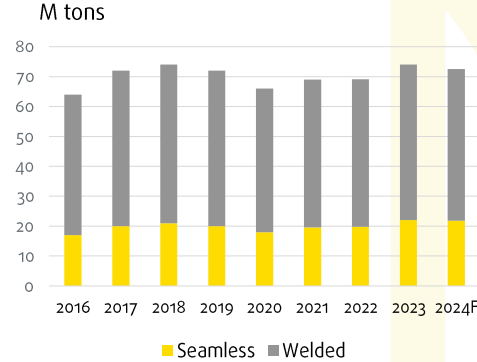
## Europe

- Seamless steel pipe demand declined by 10% q-o-q in Q3 2024 mostly due to a dip in purchasing activity
- Prices for seamless pipes in Q2 2024 inched by 4% q-o-q

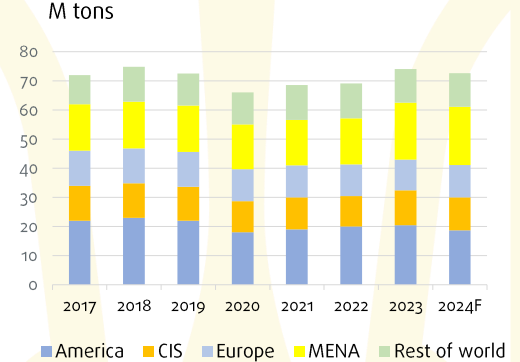
## Ukraine

- In Q3 2024, consumption of OCTG pipes in Ukraine declined q-o-q that factored in decline of import volumes
- The construction sector saw a slight drop in order volumes in Q3, reflecting subdued activity. For the first nine months of the year, overall demand dropped by nearly 20% y-o-y

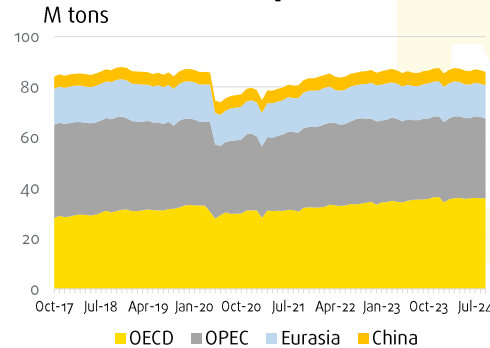
### Pipe market by products<sup>1</sup>



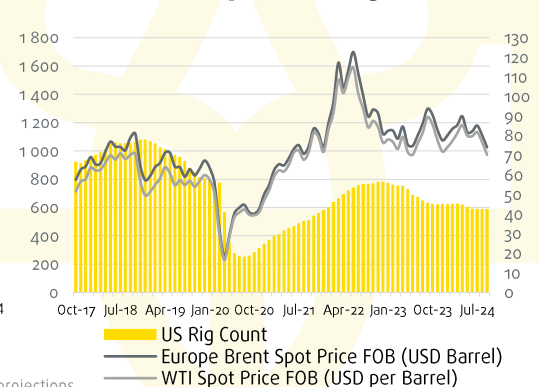
### Pipe market by regions<sup>1</sup>



### Crude oil production



### Crude oil price and rig count



1. Excluding China. 2024 forecasts are as per the management's projections

# Railway product market



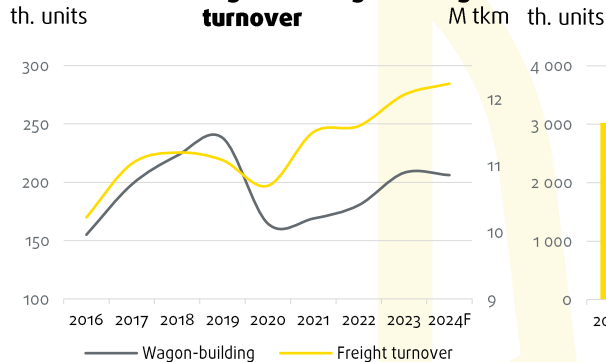
## Europe:

- In Q3 2024, supply of railway products to Europe decreased by 9% q-o-q amid less shipments from Ukraine and Turkey
- For the first nine months 2024, the total imports to Europe fell by 4% y-o-y with a significant slump in Chinese supplies, by 66% y-o-y

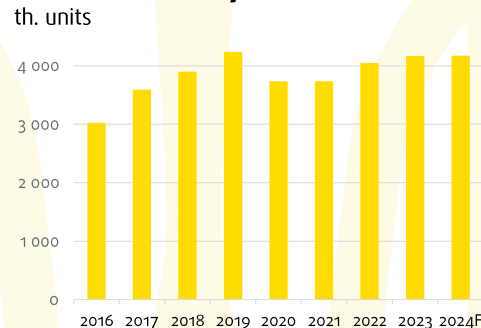
## Ukraine:

- Q3 2024, wagon building industry showed contracted by 13% q-o-q after the significant hike in the previous quarter. Notwithstanding this fact, the cumulative growth of this sector for the first nine months 2024 accounted to 31% y-o-y
- The number of total depot and capital wagon repairs in Q3 remained flat q-o-q
- In Q3 2024, the share of after-market segment rose from 25% to 44% driven by stable volumes of repairs and a slight q-o-q rollback of OEM market

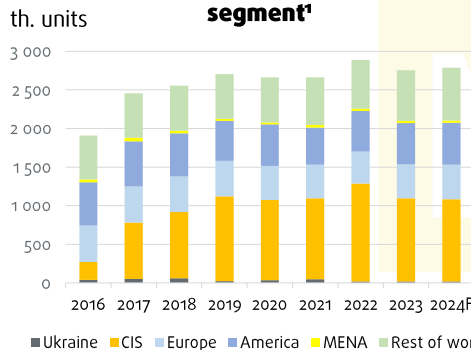
**Global markets' wagon building and freight turnover**



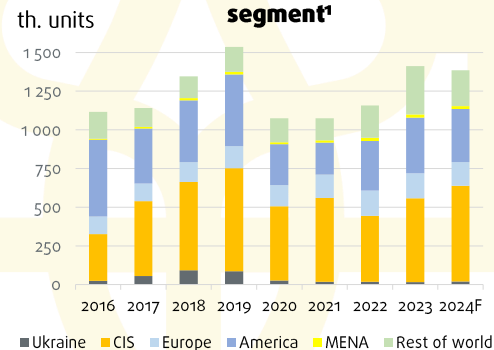
**Railway wheel market<sup>1</sup>**



**Railway wheels for after-market segment<sup>1</sup>**



**Railway wheels for wagon-building segment<sup>1</sup>**

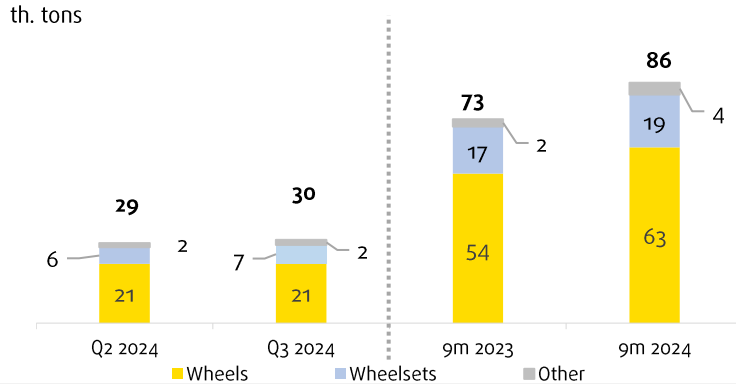


1. Excluding China. 2022 forecasts are as per the management's projections

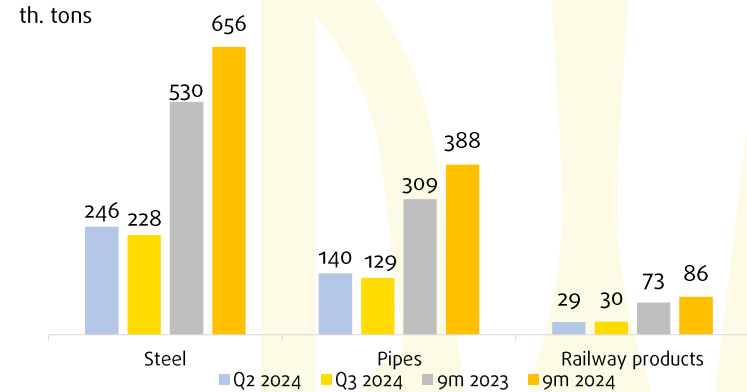
# Operational results

- In Q3 2024, even on the back of the downtime at Nikotube utmost of production indicators were relatively flat q-o-q having reflected the pattern of sales volumes
- At the same time, despite the adverse environment for operations our key products exhibited a noticeable growth or the first nine months 2024 :
  - Steel billets production surged by 24% y-o-y
  - Linepipe products hiked by 36% y-o-y
  - OCTG grew by 14% y-o-y
  - Railway production ramped up by 18% y-o-y

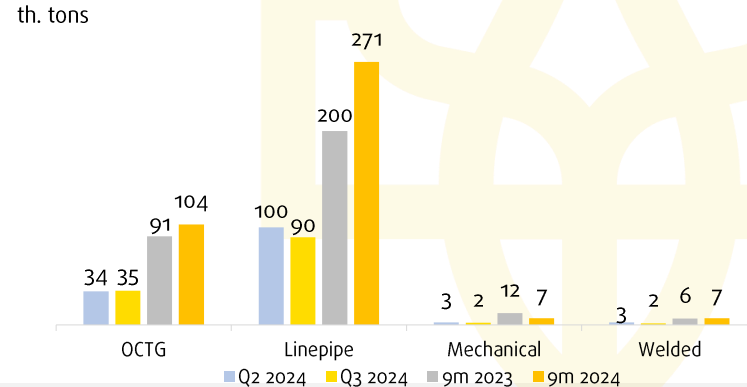
### Railway products by type production dynamics



### Production dynamics



### Pipes by type production dynamics

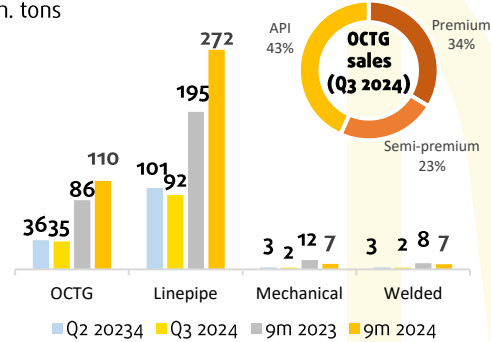


# Pipe segment: Sales portfolio

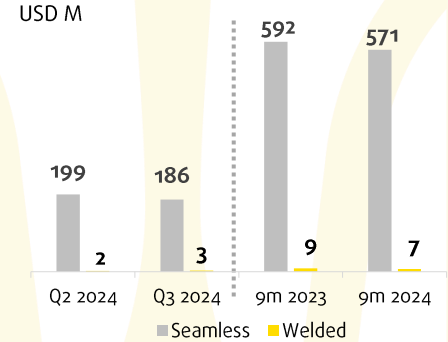


- In Q3 2024, the total pipe sales volumes declined by 8% q-o-q, showed a robust growth of 32% y-o-y for the first nine months 2024
- Total OCTG sales volumes fell by 5% q-o-q in Q3 2024, with linepipe volumes were down by 8% q-o-q
- American** sales in Q3 were 24% q-o-q lower, driven by a significant drop in OCTG and linepipe sales. However, the total sales for the first nine months of the year surged by 42% y-o-y
- Europe** sales slid by 3% in Q3 q-o-q. However, the total sales for the three quarters of 2024 surged by 42% y-o-y reached a remarkable +67% y-o-y
- MENA** volumes in Q3 2024 declined by 33%, largely driven by a steep decline in linepipe and OCTG shipments. The Total sales for the first nine months 2024 rose by 51% y-o-y
- Domestic** sales grew by 25% q-o-q in Q3 2024 amid to larger shipments to UGV

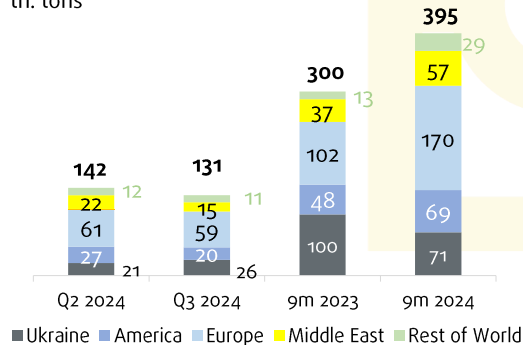
**Pipe sales volumes by production type**  
th. tons



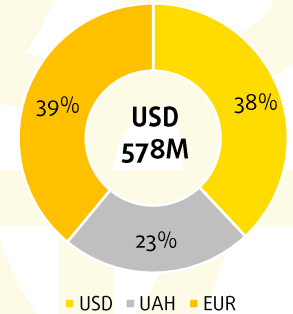
**Pipe revenue by product type**  
USD M



**Pipe sales volumes split by region**  
th. tons



**Currency breakdown the first nine months 2024**

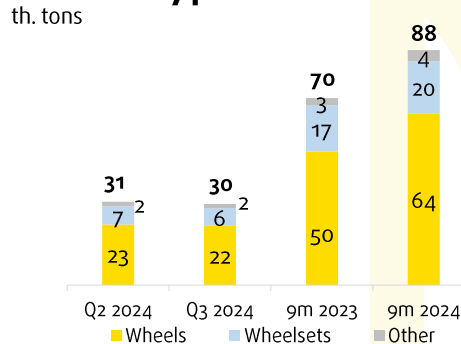


# Railway product segment: Sales portfolio

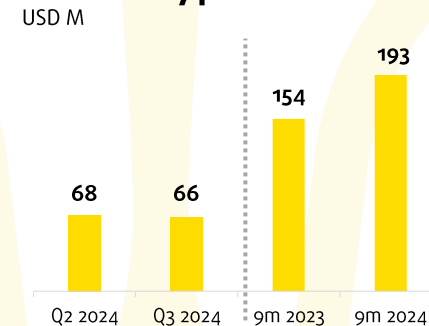


- In Q3 2024 railway products sales sustained (just slid by 3% q-o-q) after record sales volumes to America and Europe in Q2. The total sales for the three quarters of 2024 grew by 26% y-o-y
- Ukraine.** Domestic sales rose by 6% q-o-q in Q3 2024 supported by a pickup of consumption by wagon manufactures
- Europe** remains the key direction for our railway product sales although a 10% q-o-q contraction in Q3. European sales grew substantially by 32% y-o-y for the first nine months 2024 expanding their share up to 2/3 of Interpipe's total sales for period
- ROW** (including America and MENA) sales grew by 17% q-o-q in Q3 that resulted in leaving behind the contribution of domestic sales to the total sales since the beginning of this year

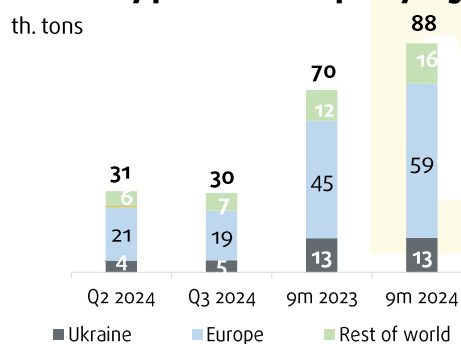
### Railway product sales volumes



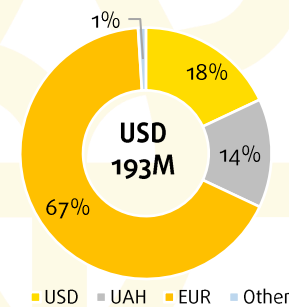
### Railway product revenue



### Railway product sales split by region



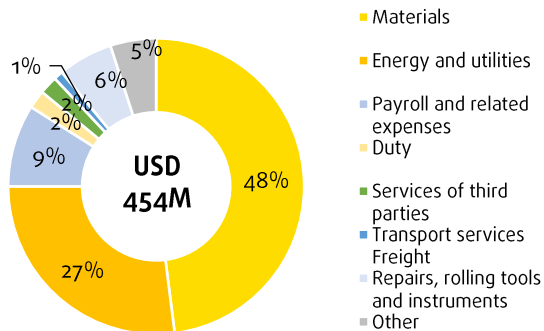
### Currency breakdown the first nine months 2024



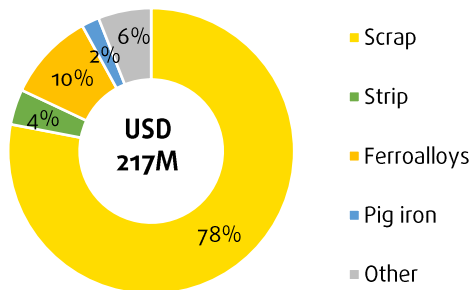


# Cost structure for the first nine months 2024

## Cost of Sales breakdown<sup>1</sup>



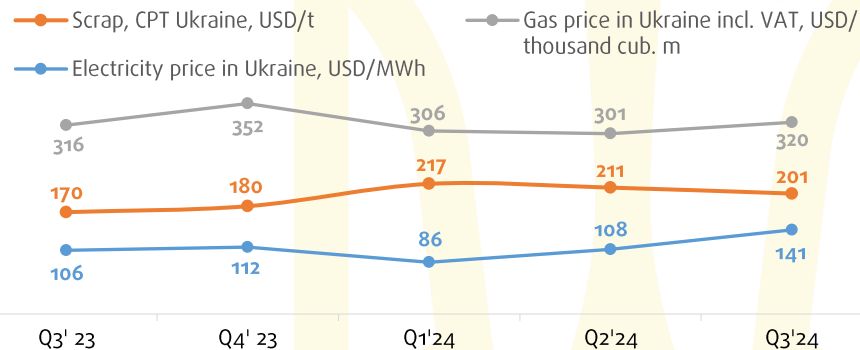
## Materials breakdown



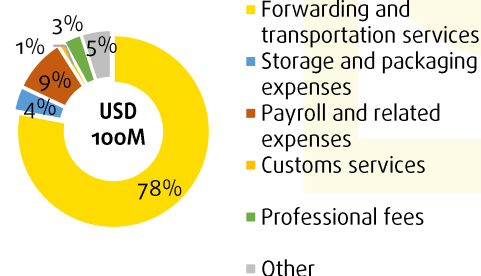
1. Net of Depreciation & Amortization item

2. Prices converted from UAH into USD at average USD/UAH rates for respective periods

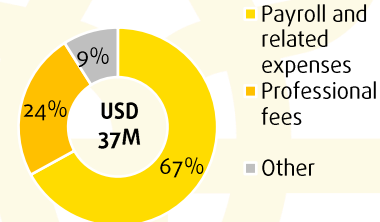
## Evolution of market prices for key production inputs<sup>2</sup>



## Selling & Distribution costs<sup>1</sup>



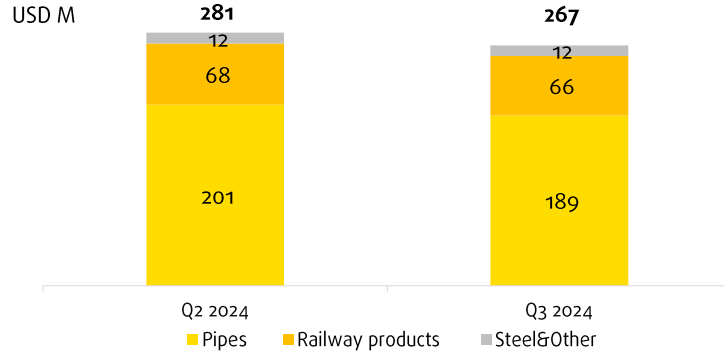
## General & Administrative costs<sup>1</sup>



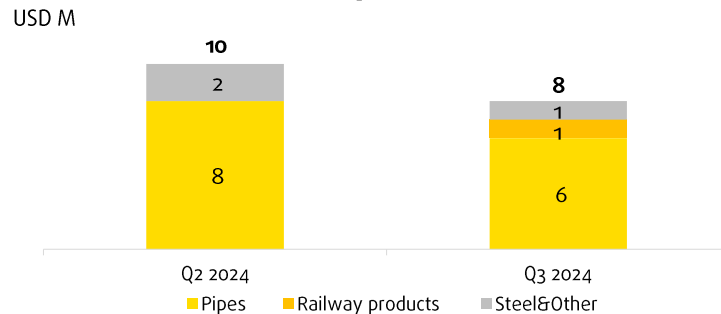
# Financial Highlights<sup>1</sup> of Q3 2024



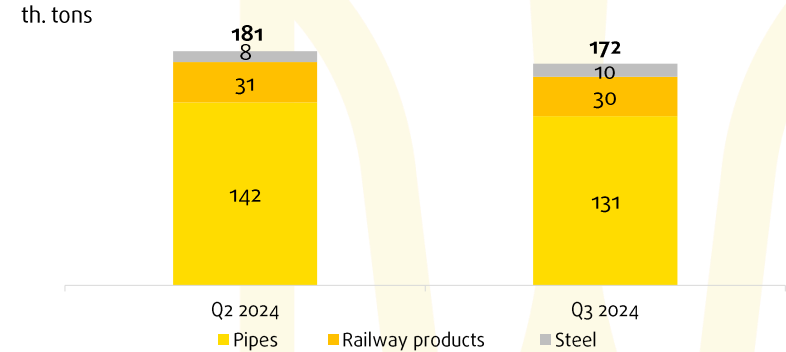
## Revenue



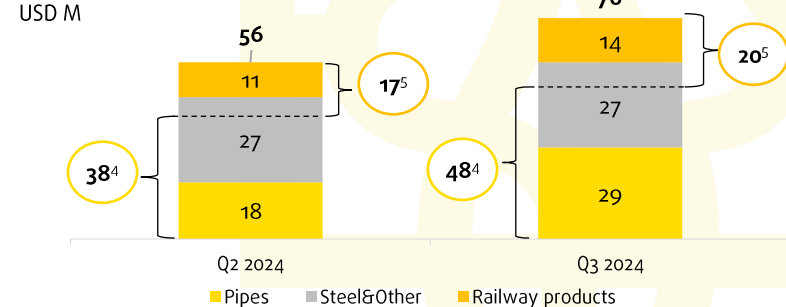
## Capex<sup>2</sup>



## Sales volumes



## EBITDA<sup>3</sup>



1. Financial figures are presented based on the unaudited interim consolidated financial statements prepared according to the IFRS

2. Capex figure represents the line Purchases of property, plant and equipment and intangible assets as part of the net cash flow from investing activities

3. EBITDA is calculated as an operating profit (or loss) plus depreciation and amortization charges, plus impairment of property, plant, and equipment and intangible assets, plus loss / (gain) on disposal of property, plant, and equipment, plus extraordinary losses / (gains)

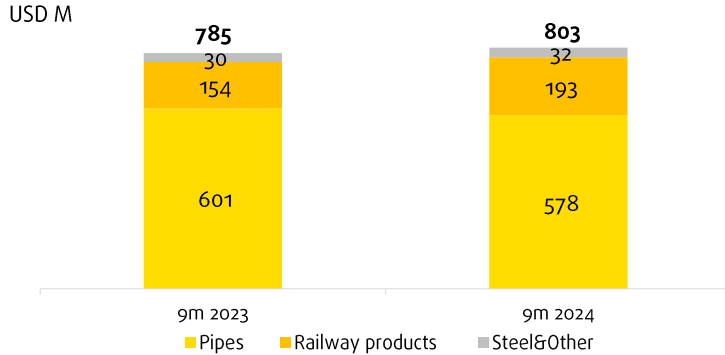
4. EBITDA of the pipe segment on a pass-through basis reallocating the relevant portion of EBITDA from the steel segment to the pipe segment

5. EBITDA of the railway product segment on a pass-through basis reallocating the relevant portion of EBITDA from the steel segment to the railway product segment

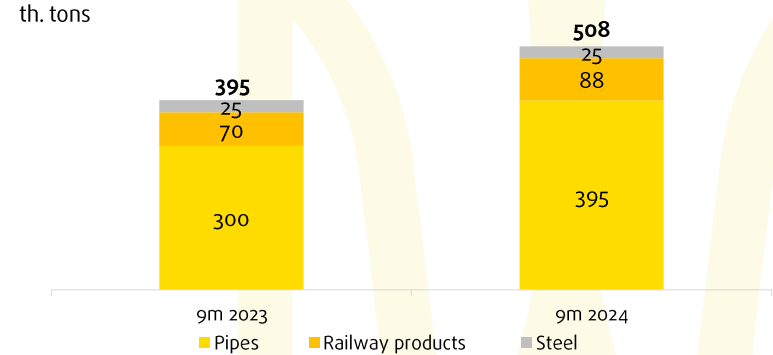
# Financial Highlights<sup>1</sup> for the first nine months 2024



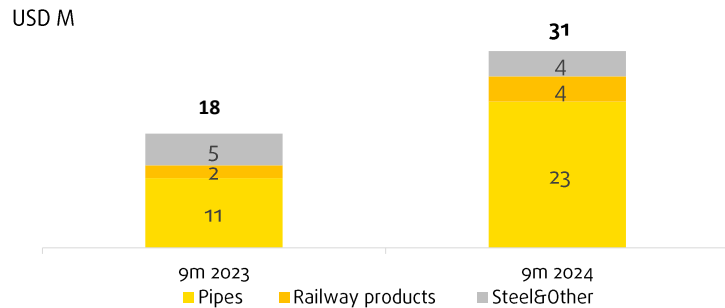
## Revenue



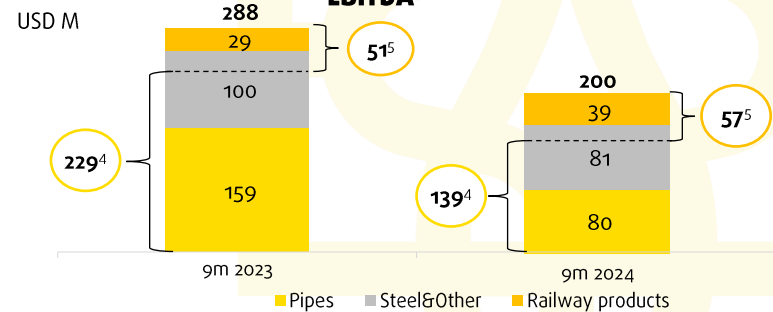
## Sales volumes



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4. EBITDA of the pipe segment on a pass-through basis reallocating the relevant portion of EBITDA from the steel segment to the pipe segment

5. EBITDA of the railway product segment on a pass-through basis reallocating the relevant portion of EBITDA from the steel segment to the railway product segment

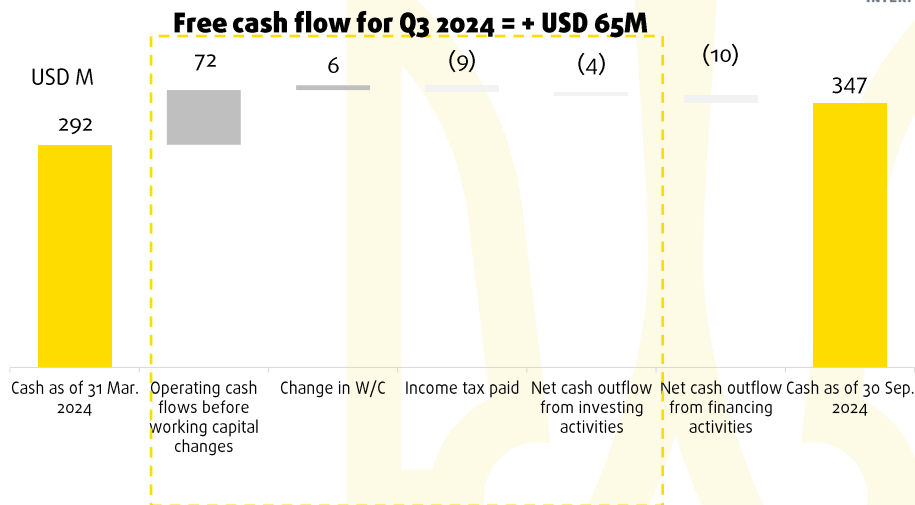
# Cash flow

Free cash flow<sup>1</sup> generated in Q3 2024 amounted to USD 65M supporting the Company's strong cash generation through recent years

The key factors were:

- a robust conversion of EBITDA into cash (over 100%)
- Decline in Working Capital mainly driven by change in the geography of sales (+USD 6M)
- income tax payments (-USD 9M) on the back of the strong financial performance
- capex (-USD 8M) buffered with USD 4M interest received on the cash balance

In Q3 2024, Interpipe repaid ca. USD 10M under the Bank facilities



1. Free cash flow is calculated as the net cash flow from operating activities less the net cash flow from investing activities

# Debt profile



As of September 30, 2024, **Consolidated Total Debt<sup>1</sup>** amounted to **USD 365M** and comprised of:

- Notes 2026 recognized at amortized cost according to the IFRS in amount of **USD 299M**
- 2 **Bank Facilities** (EUR-denominated) in amount of **USD 19M**
- Carrying value of the **Performance Sharing Fees and Securities** revalued upward to **USD 47M**

**Cash & Cash Equivalents<sup>1</sup>** grew up to **USD 349 M** during the first nine months 2024 on the back of the sound financial performance that resulted in a continuous decline of **Consolidated Total Net Debt<sup>1</sup>** to an unprecedentedly low level of **USD 15M**

**Consolidated Net Leverage Ratio<sup>1</sup>** (Total Net Debt to EBITDA) as of September 30, 2024, amounted just **0.06x** that made the Company literally – **fully unleveraged**

Following the reporting date, in October Interpipe repaid the **final annual installment** under the **Performance Sharing Fees and Securities** for the testing period (July 1, 2023 – June 30, 2024) in amount of ca. **USD 47M**, thus having **discharged this instrument in full**

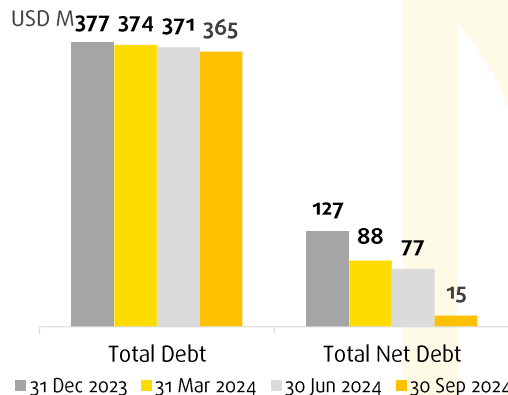
The scheduled semiannual **coupon payment** under the Notes 2026 was duly **executed** on November 13, 2024 (amounted to **USD 12.5M**)

As of today, the outstanding amount under the RCF amounts to **EUR 1M** upon the repayment of EUR 6M

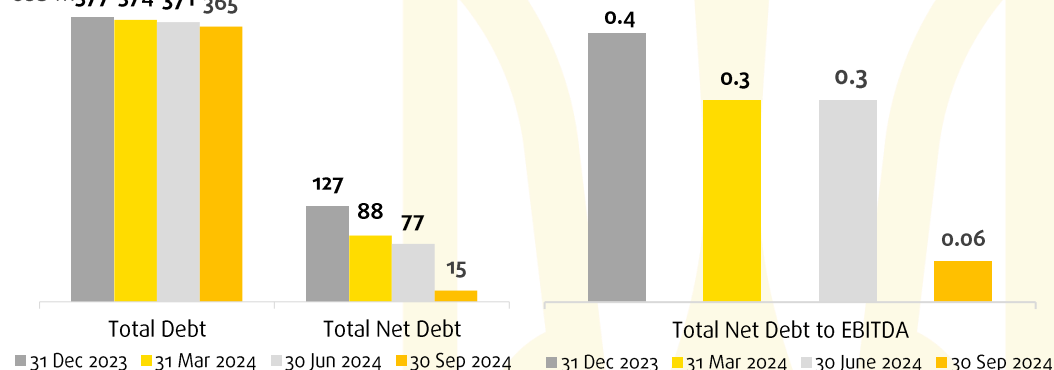
1. Total Debt, Cash & Cash Equivalents, Total Net Debt, Consolidated Net Leverage Ratio are calculated subject to the Terms and Conditions of the Notes 2026 set out in Schedule 1 to the Trust Deed

2. Debt maturity profile is presented (as of the date of this Presentation) at nominal value of the debt instruments and net of carrying value of the Performance Sharing Fees and Securities. Current USDEUR rate=1.05

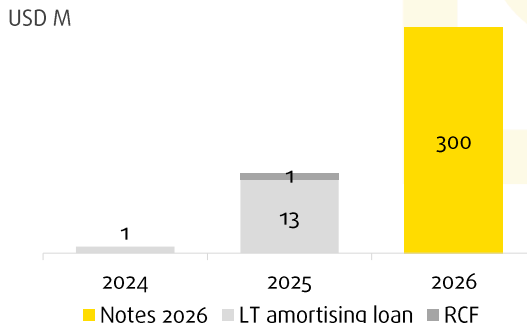
## Debt Quantum<sup>1</sup>



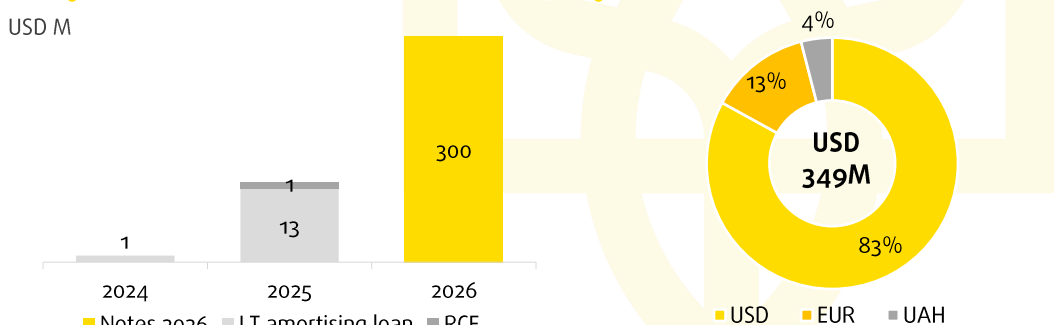
## Consolidated Net Leverage ratio<sup>1</sup>



## Current Debt maturity profile<sup>2</sup>



## Cash & Cash Equivalents<sup>1</sup> currency breakdown as of September 30, 2024



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