



**The first three
months 2024
Operational and
Financial Overview**

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Key highlights of Q1 2024 and business outlook



-  H1 2024 brought new challenges to Ukraine and its industrial enterprises: as following massive airstrikes in March-May the country lost a lion share of its maneuvering energy generating capacities that resulted in a new wave of shutdowns starting from May
-  Interpipe hasn't suffer material electricity shortages as it has been continuing to operate far from the full capacity load (still at ca. 70%)
-  In June, Interpipe also started importing electricity from abroad and plans continuing this practice as it shall allow the Company to satisfy fully its needs in electricity volume should the imports constitutes not less than 80% of it (according to the recent resolution of the CMU)
-  Nevertheless, Q1 2024 was quite successful for Interpipe in terms of volumes sold primarily amid catching up domestic OCTG shipments that were delayed from Q4 2023 and hike in linepipe sales in the US, MENA and Europe
-  On another positive note, as anticipated earlier, the US government extended the suspension of the 25% safeguard duty for Ukrainian steel products (Section 232) until June 2025
-  Risks of sustainability of the Ukraine energy system of Ukraine and sufficiency of electricity supplies in H2 2024 remain high like never before (esp. in Q4 with a start of the heating season)
-  Along with the imports of electricity Interpipe also undertakes the following preemptive measures:
 - Piling up the stock of steel billets as the EAF constitutes up to 80% in the total consumption of electricity of the Company
 - Considers postponing of the EAF maintenance from October (when it's usually held) to winter
-  Apart the electricity supply risks related to sufficiency of human resources now come out to the front given the ongoing conscription measures and massive fleeing of people abroad

Pipe market



USA:

- Average Q1 2024 rig count in USA declined by 138 rigs y-o-y driving down in OCTG consumption by 18% y-o-y
- OCTG import volumes also dropped by 41% y-o-y in Q1 2024 amid a significant inventory build-up during prior 24 months
- Average OCTG prices in Q1 2024 dropped by 39% y-o-y

MENA:

- Regional rig count grew by 42 rigs y-o-y in Q1 2024
- Steel pipe imports declined by 18% in Q1 2024, driven mainly by a larger decline in OCTG volumes of -30%
- Chinese supplies accounted up to 75% of the total imports
- Average seamless pipe prices stayed almost unchanged, while OCTG prices lost near 8% y-o-y in Q1 2024

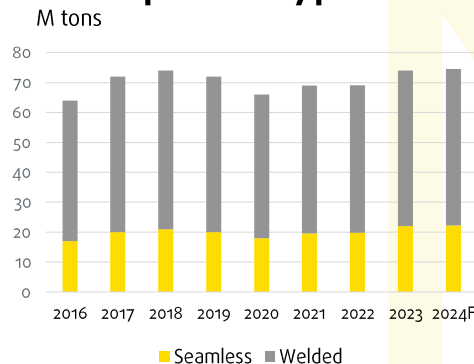
Europe

- Steel pipe demand in Q1 2024 was restricted by slow recovery of construction and industrial sectors. Despite the drop in imports from China pipe prices declined by 19% y-o-y mainly due to depreciation of raw materials

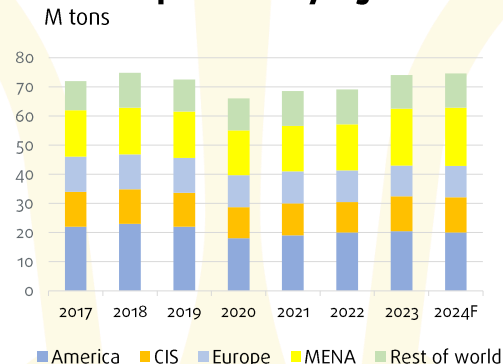
Ukraine

- In Q1 2024, demand for steel pipes in Ukraine saw a minor decline y-o-y, despite an increase of demand for OCTG by Naftogaz amid its drilling expansion plans for this year
- On the other hand, construction sector output grew by 40% y-o-y driven mainly by restoration works on facilities suffered the Russian aggression

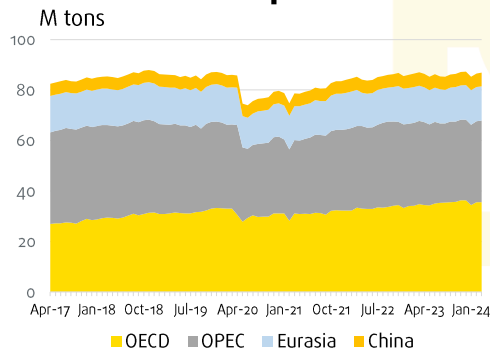
Pipe market by products¹



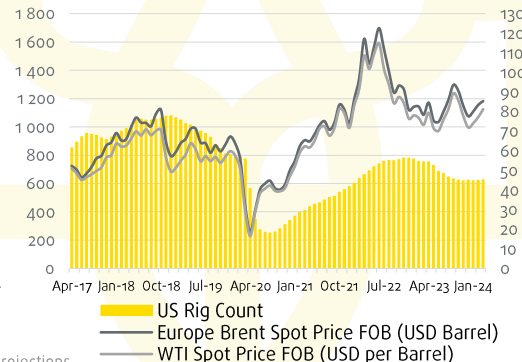
Pipe market by regions¹



Crude oil production



Crude oil price and rig count



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

Railway product market



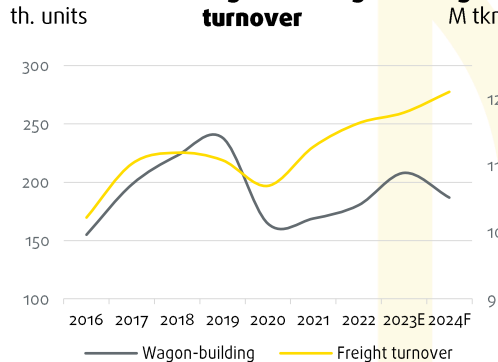
Europe:

- In Q1 2024, supplies of railway products to Europe showed a q-o-q decrease of 2% majorly due to significant decline in supplies from China (-59%)
- Total imports to Europe in Q1 2024 stayed flat y-o-y

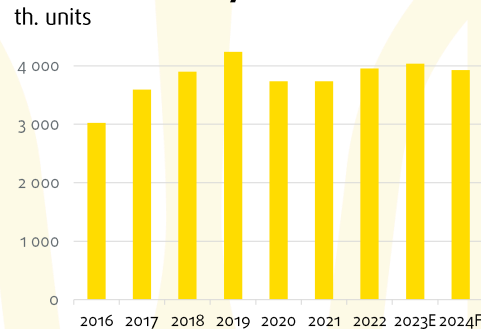
Ukraine:

- Wagon building industry showed partial recovery in Q1 2024 after a recession observed in Q3-Q4 2023
- Q1 2023 showed a hike of 21% q-o-q. But on the y-o-y basis wagon building industry observed declined by 19%
- The number of total depot and capital wagon repairs declined by 8% q-o-q
- In Q1 2024, the after-market segment continued representing the larger part of the total wheel market in Ukraine – around 2/3

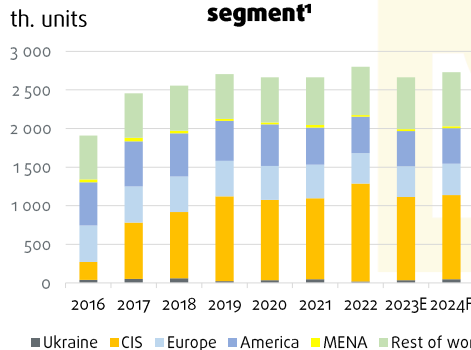
Global markets' wagon building and freight turnover



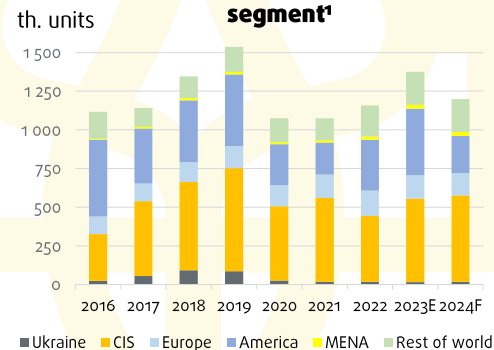
Railway wheel market¹



Railway wheels for after-market segment¹



Railway wheels for wagon-building segment¹



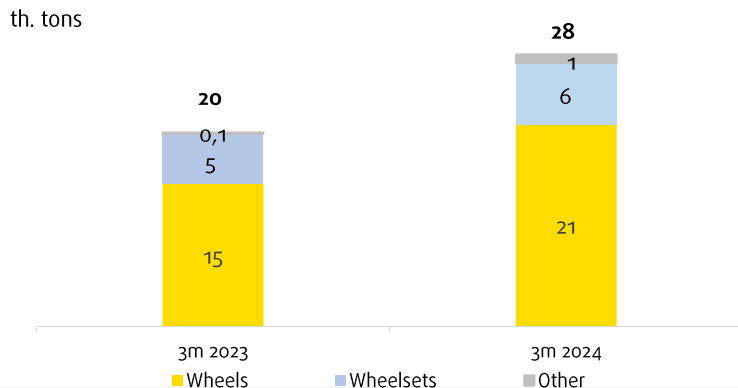
1. Excluding China. 2022 forecasts are as per the management's projections

Operational results

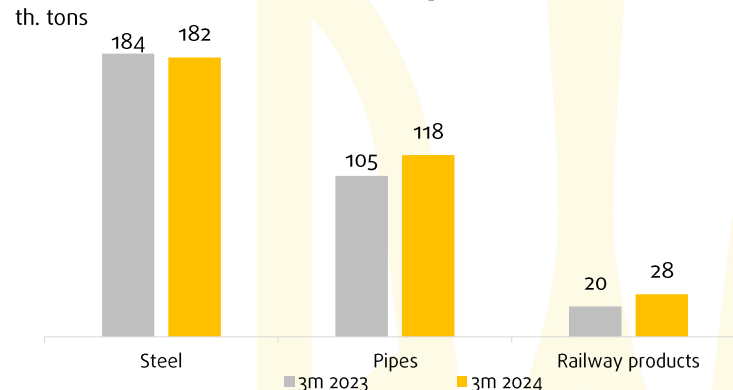


- In Q1 2024 steel billet production was effectively flat y-o-y
- Overall pipe production rose by 13% y-o-y, but the mix changed reflecting the market conjuncture change:
 - OCTG production dropped by 13% y-o-y
 - Linepipe production grew by 32% y-o-y
- Railway products manufacturing hiked by 40% y-o-y

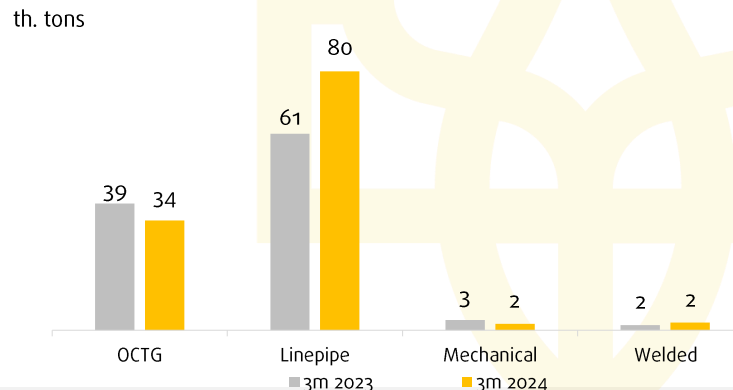
Railway products by type production dynamics



Production dynamics



Pipes by type production dynamics

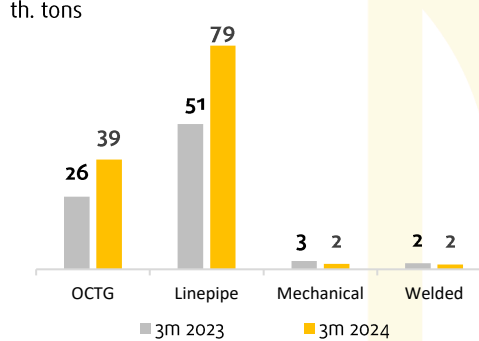


Pipe segment: Sales portfolio

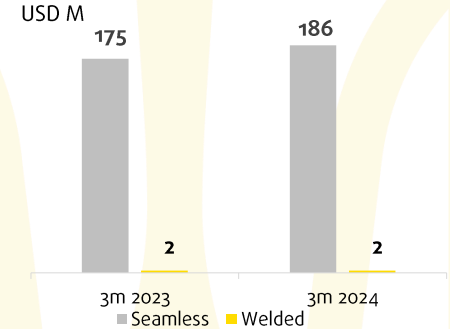


- In Q1 2024, total pipe sales rose by 48% y-o-y and 41% q-o-q
- This growth was mainly driven by domestic OCTG sales delayed from Q4 2023 and Europe's reduced reliance on Chinese supplies as well as partial idling of the local capacities. The company's successful tender participation in the Middle East contributed additionally
- Consequently, in Q1 total OCTG sales volumes grew by 51% y-o-y, while linepipe volumes surged by 54% y-o-y over the same period
- North American** sales hiked by 31% y-o-y in Q1 2024 with a two-fold increase in the seamless linepipe sales. In the meantime, OCTG sales declined by 12% over the same period because of a softened demand for OCTG and an even bigger drop in total OCTG supplies to the market
- Sales to **Europe** surged by 69% y-o-y following the increased sales of seamless linepipe
- MENA** sales volumes rose by 2.4 times y-o-y amid a significant increase in both OCTG and linepipe sales primarily to Iraq, UAE and Turkey
- Domestic** sales in Q1 grew by 1/3 q-o-q, however declined by 6% y-o-y with changes in the product mix: OCTG sales grew by 10% while seamless linepipe sales contracted by 28%

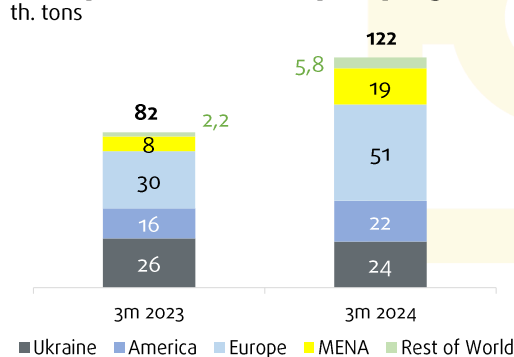
Pipe sales volumes by production type



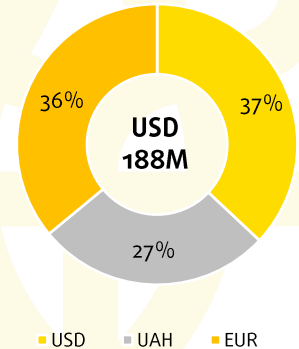
Pipe revenue by product type



Pipe sales volumes split by region



Currency breakdown for the first three months 2024

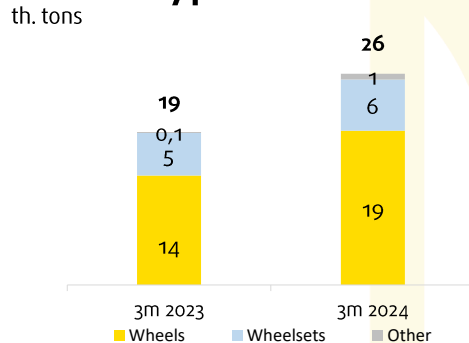


Railway product segment: Sales portfolio

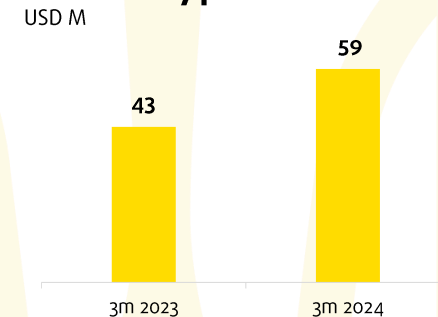


- In Q1 2024, railway products sales hiked by 38% y-o-y
- Ukraine.** Domestic sales surged by 91% q-o-q due to increase in demand by wagonbuilding facilities and Ukrzaliznytsia. On y-o-y basis domestic sales rose by 10% in Q1 2024
- Europe** showed a continued growth in Q1 by 25% q-o-q and 52% y-o-y. European sales accounted up to 70% in the sales portfolio of Q1 2024
- MENA, America and ROW** sales dropped by 60% q-o-q in Q1 2024 mostly due to a decline in sales to India and Mexico after huge surge in Q4 2023

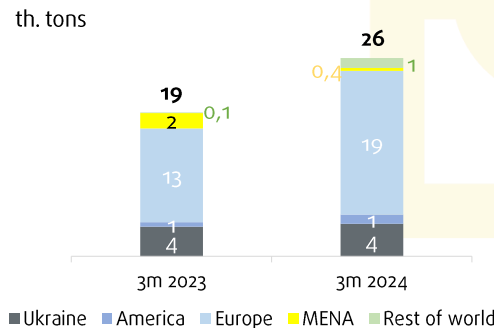
Railway product sales volumes



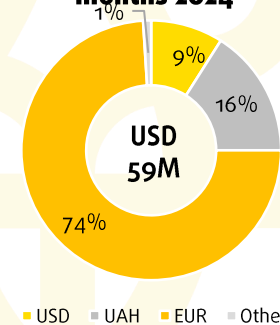
Railway product revenue



Railway product sales split by region

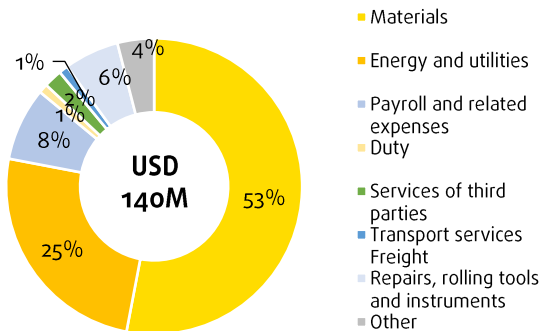


Currency breakdown the first three months 2024

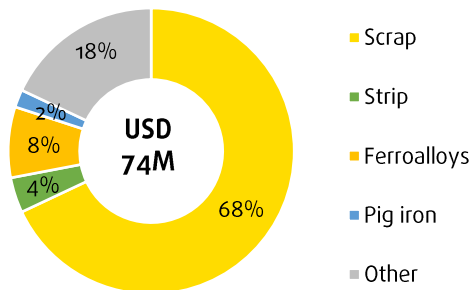


Cost structure for the first three months 2024

Cost of Sales breakdown¹



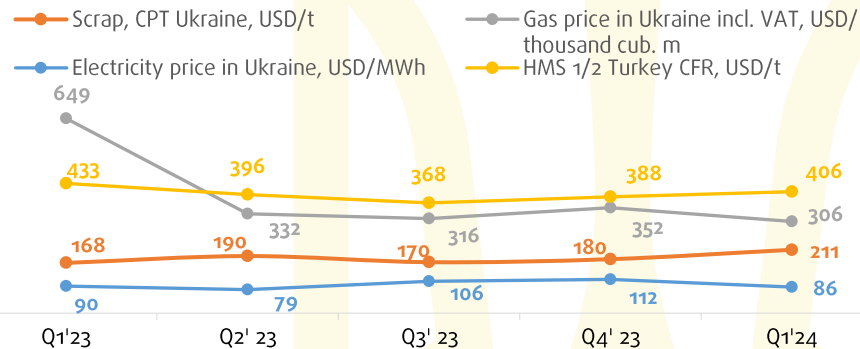
Materials breakdown



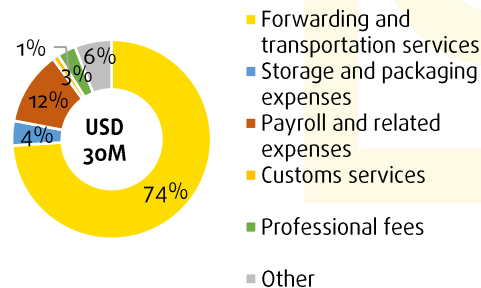
1. Net of Depreciation & Amortization item

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

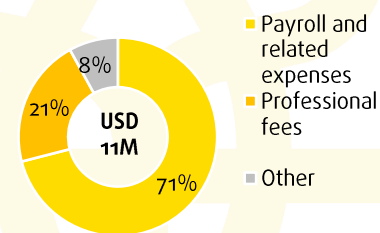
Evolution of market prices for key production inputs²



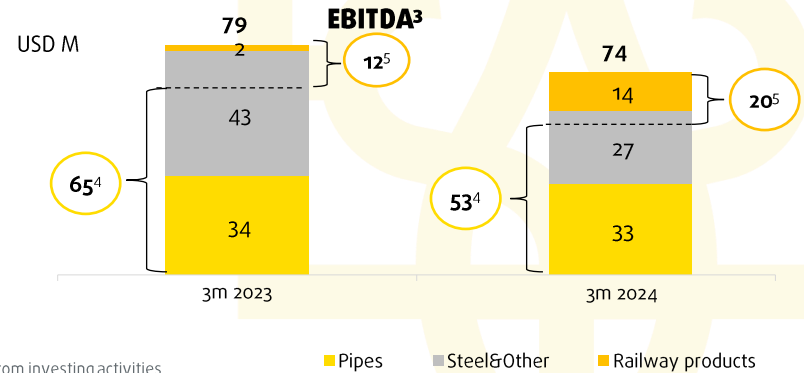
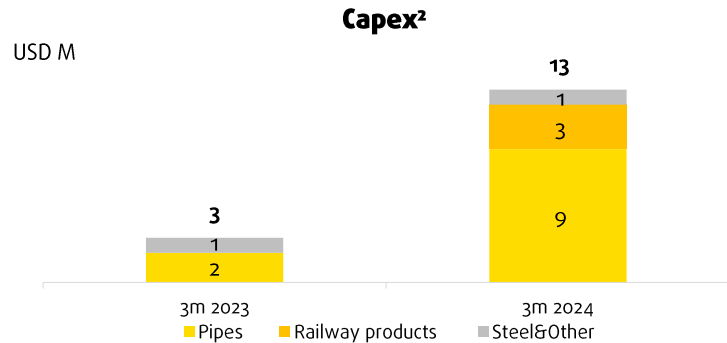
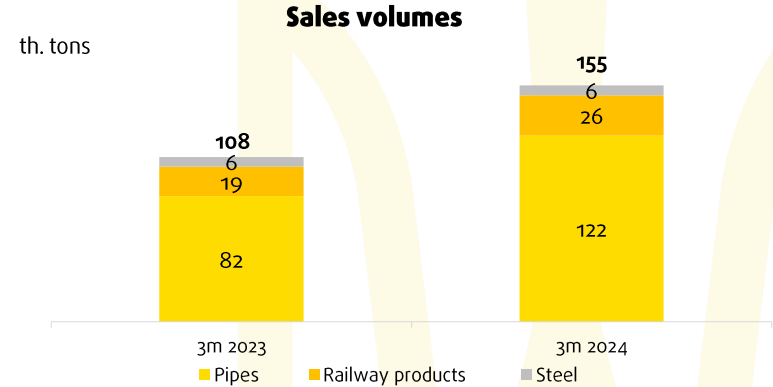
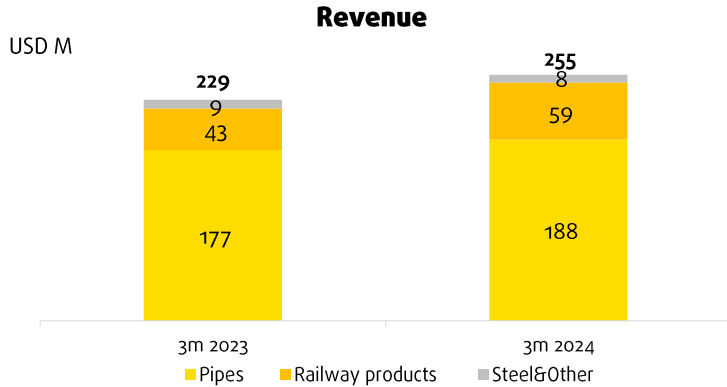
Selling & Distribution costs¹



General & Administrative costs¹



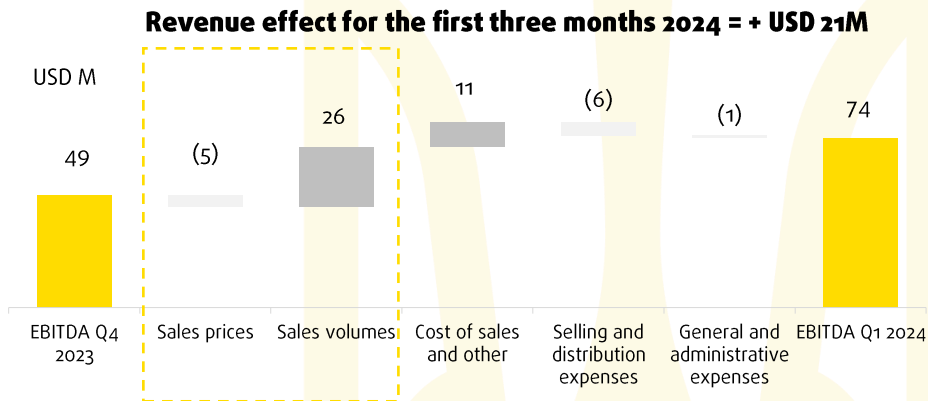
Financial Highlights¹ for the first three months 2024



1. Financial figures are presented based on the audited consolidated full year 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

EBITDA

- Total EBITDA for the first three months 2024 amounted to USD 74M that was 6% y-o-y lower, but 51% q-o-q higher
- The sound performance Q1 2024 was backed by the mixture of the following drivers:
 - Gradual depreciation of sales prices for seamless pipes. Especially, this trend is visible in a y-o-q comparison: in Q1 2024 market prices for OCTG contracted by 35% y-o-y and for linepipe – by 24% y-o-y
 - Growth in total sales volumes (mainly in the seamless pipe segment) by 44% y-o-y and 29% q-o-y
 - Depreciation of market prices for key raw materials and especially for natural gas (more than by twice y-o-y) that in conjunction with the overall sales growth fully off-set the factor of declined sales prices
 - Normalization of export routes resulted in decline of Selling and distribution expenses



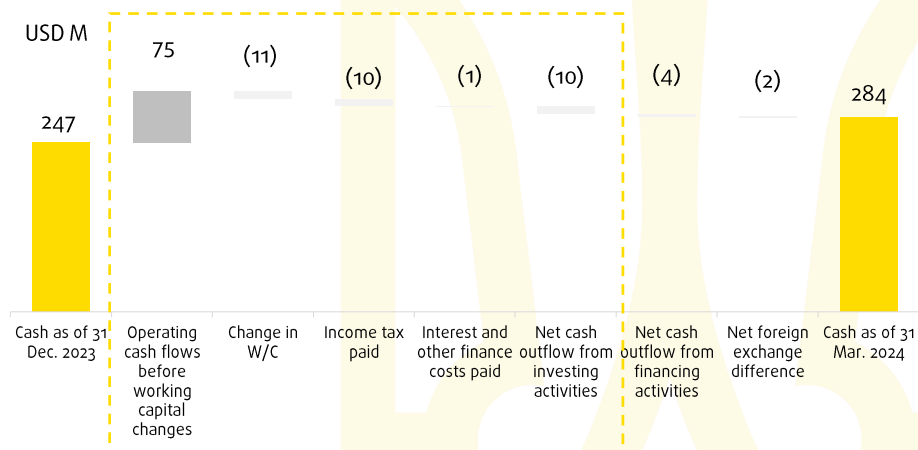
1. EBITDA is calculated as an operating profit (or loss) plus depreciation and amortization charges, plus impairment of property, plant, and equipment and intangible assets, plus loss / (gain) on disposal of property, plant, and equipment, plus extraordinary losses / (gains)

Cash flow

Free cash flow¹ for the first three months 2024 amounted to USD 43M supporting the Company's persistent and resilient cash generation through the cycle that was mainly driven by:

- a robust conversion of EBITDA into cash (over 100%)
- modest investments in Working Capital due to the growth in sales volumes (USD 11M)
- income tax payments (USD 49M) on the back of the robust performance
- expanded capex (USD 13M) buffered with USD 3M interest received on the cash balance

Free cash flow for the first three months 2024 = + USD 43M



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 March 31, 2024, **Consolidated Total Debt¹** amounted to **USD 374M** 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 32M**
- Carrying value of the **Performance Sharing Fees and Securities** revalued upward to **USD 43M**

Cash & Cash Equivalents¹ grew up to **USD 286 M** during Q1 2024 that resulted in a continuous decline of **Consolidated Total Net Debt¹** to **USD 88M**

Consolidated Net Leverage Ratio¹ (Total Net Debt to EBITDA) as of March 31, 2024, improved to **0.3x**

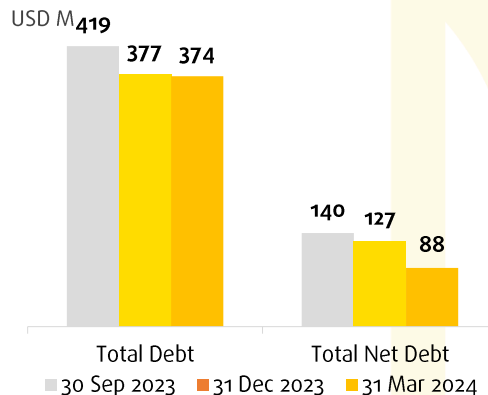
The Company continues repaying the LT amortizing loan on a monthly basis

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

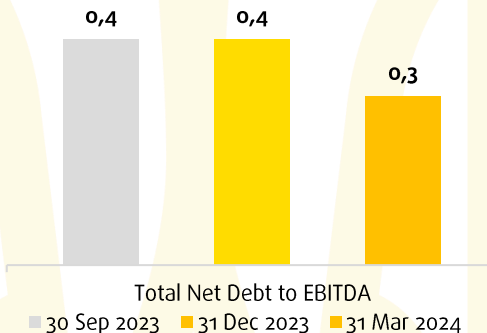
1. Total Debt, Cash & Cash Equivalents, Total Net Debt, Consolidated Net Leverage Ratio are calculated subject to the Terms and Conditions of the Notes 2026 set out in Schedule 1 to the Trust Deed

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 US/EUR rate=1,07

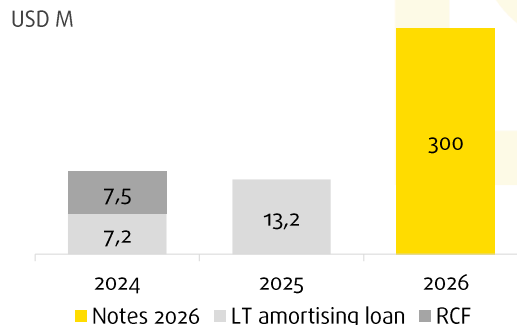
Debt Quantum¹



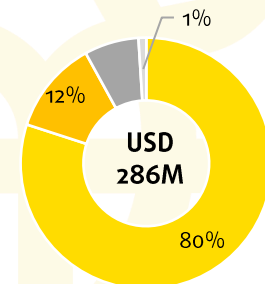
Consolidated Net Leverage ratio¹



Current Debt maturity profile²



Cash & Cash Equivalents¹ currency breakdown as of March 31, 2024



■ USD ■ EUR ■ UAH ■ Other



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