



Full year 2023 Operational and Financial Overview

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Key highlights of 2023 and business outlook



-  Throughout 2023 the Company continued operating in challenging and fluid environment with capacity utilization rate not exceeding 70%
-  In 2023, on the back of the gradual cool down of the US OCTG market, Interpipe shifted its product mix towards linepipe and redirected its sales to Europe and Ukraine
-  In 2023, Interpipe solvently repaid over USD 75M as coupon payment under the Notes and second instalment under the Performance Sharing Fees and Securities
-  Interpipe and Ukraine steel industry continues enjoying favorable regulatory environment at international pipe markets:
 - In December 2023, following completion of the next sequential annual administrative review the US Department of Commerce (the DOC) also announced the final dumping rate for Ukrainian OCTG at 4.89%
 - In March 2024, the DOC announced the final dumping rate for Ukrainian linepipe at 4.99% (vs 23.75% formerly)
 - The EU has formally extended the duty-free regime for Ukrainian steel products import for a year until June 2025
 - We anticipate the US government will also extend the suspension of the 25% safeguard duty for Ukrainian steel products (Section 232) until June 2025
-  In 2024, the management expects to ramp up sales volumes and capital investments:
 - By 10% in railway product segment mainly amid European & RoW markets
 - By 20% in seamless pipe segments: (1) following putting into operation of the new thermal heating facility for pipes Q3 that will expand premium pipes and connections capacities; (2) targets to double sales in the MENA and some opportunities of growth in the US
 - The total amount of the Capex program is over USD 70M (including ca. USD 30M for maintenance) where apart of the new thermal heating facility for pipes at Niko Tube it is planned to invest over USD 15M in wheels thermal heating and processing, painting, controlling
-  However, the plans for 2024 are subject to sustainability of the energy system of Ukraine that remains exposed to new strikes and exposes to uncertainty and downside risks

Pipe market



USA:

- OCTG consumption in USA in Q4 declined by 5% q-o-q accompanied with decline in the US rig count of 27 rigs q-o-q
- At the same time, OCTG import volumes dropped by 24% q-o-q causing inventories to shrink, however, not nearly by as much
- Average OCTG prices in 2023 by 14% y-o-y

MENA:

- The regional rig count grew by 44 rigs y-o-y for the whole year. Despite a significant decline in oil prices y-o-y in 2023, the value of awarded projects surpassed the 2022 figure by over 30%
- Average seamless pipe prices for the full year 2023 declined by 12% y-o-y
- Chinese shipments continued to hold a dominant share in the region's seamless pipe imports, at above 60% at any given month

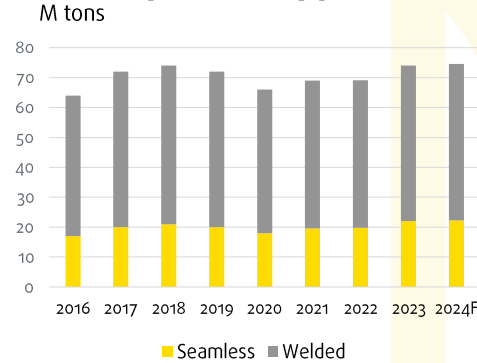
Europe

- Seamless pipe prices declined on average y 14% y-o-y in 2023 causing larger inflow of Chinese pipe to the market, even beyond the quotas established by the EU

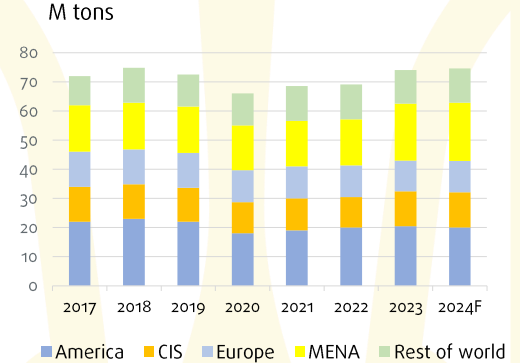
Ukraine

- They-o-y increase was primarily driven by the growth in construction sector output (+23% y-o-y) amid to the growth in restoration works of the destroyed infrastructure
- UGV (the subsidiary of Naftogaz Ukraine) ramped up its drilling footage by 50% y-o-y in 2023

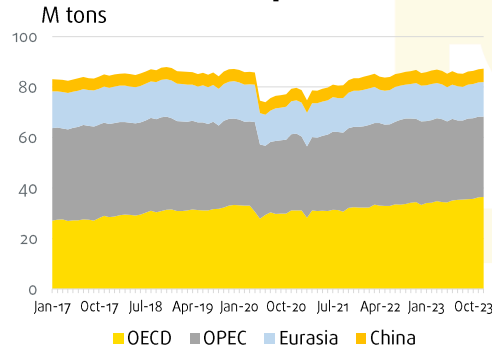
Pipe market by products¹



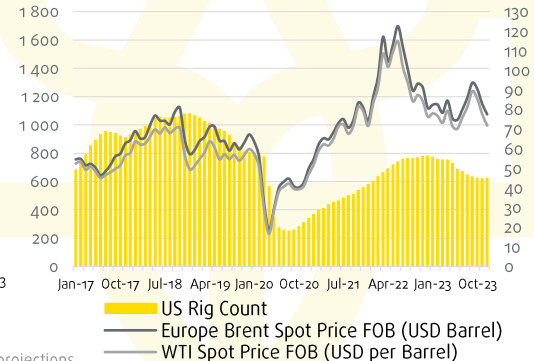
Pipe market by regions¹



Crude oil production



Crude oil price and rig count



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

Railway product market



Global railway products market recovery slowed down near the end of the year, but expectations towards the full year of 2023 are still bullish especially regarding OEM segment

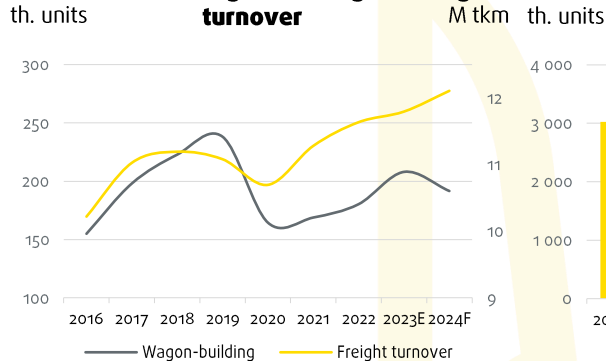
Europe:

- In Q4 2023, supplies of railway products to Europe showed a q-o-q decrease of 5% due to the decline in supplies from Ukraine and China. At the same time there was an insignificant q-o-q increase in supplies from Turkey and Russia
- Despite the continued decline in imports from China in Q3 and Q4, the overall imports from China surged twofold y-o-y during 2023
- Total imports to Europe in 2023 rose by 29% y-o-y

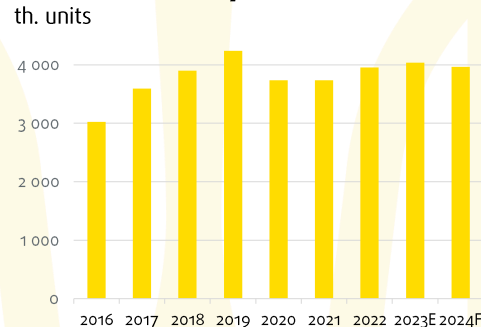
Ukraine:

- After a limited recovery in wagon building industry during H2 2022 – H1 2023, a recession was observed within Q3-Q4.
- Q4 2023 exhibited a decline of 7% on q-o-q basis. For the full year 2023 wagon building shrank by 11% y-o-y
- The number of total depot and capital wagon repairs decline by 12% y-o-y in 2023
- In 2023, the after-market segment continued representing the larger part of the total wheel market in Ukraine – around 60%

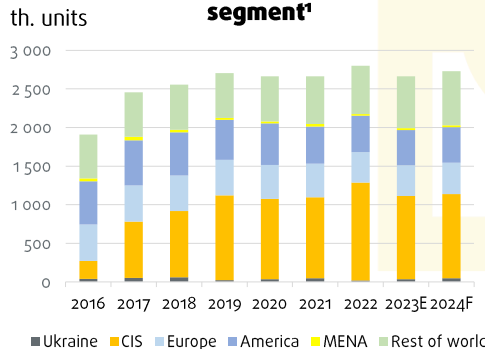
Global markets' wagon building and freight turnover



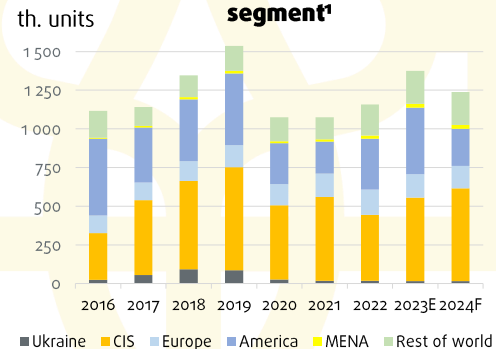
Railway wheel market¹



Railway wheels for after-market segment¹



Railway wheels for wagon-building segment¹

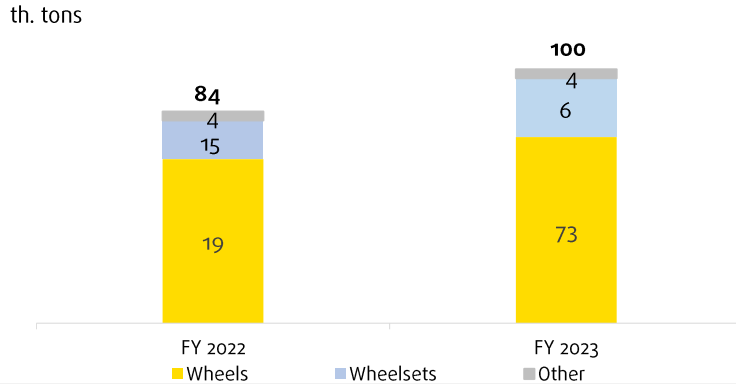


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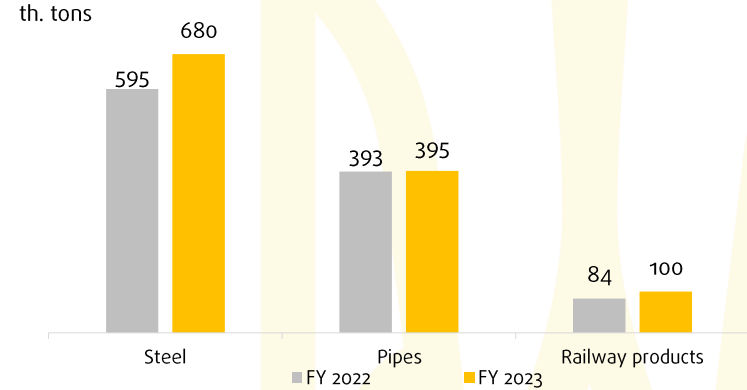
Operational results

- Y-o-y comparison 2023 vs 2022 provides a limited benefit given the downtime in H1 2022
- Railway product manufacturing increased by 20% y-o-y in 2023
- Pipe production remained stable y-o-y, but the mix changed:
 - OCTG production dropped by 30% y-o-y
 - Linepipe production grew by 34% y-o-y
- In the steelmaking segment steel billets production dropped by 14% y-o-y as a matter of reserve stock accumulation to pass through potential electricity disruptions in winter

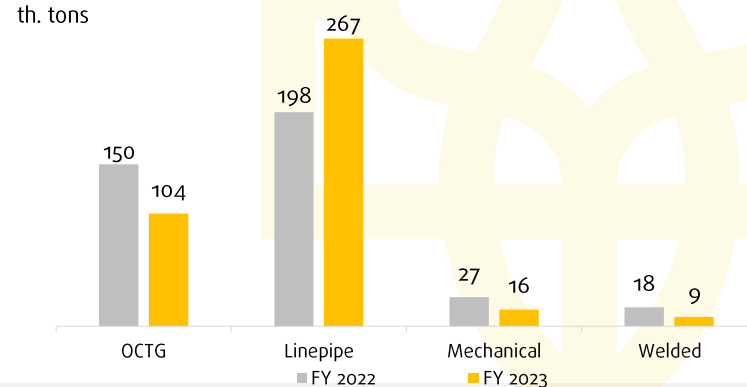
Railway products by type production dynamics



Production dynamics



Pipes by type production dynamics

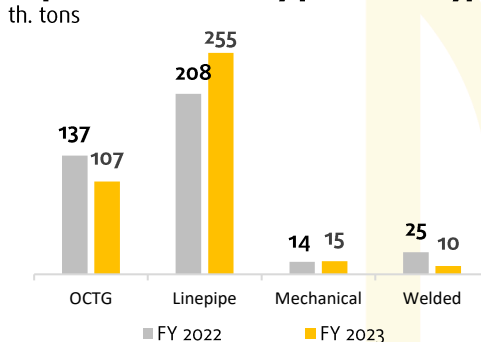


Pipe segment: Sales portfolio

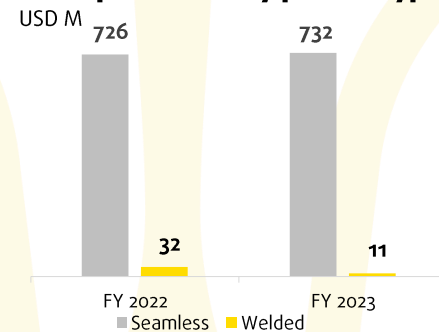


- In 2023, total pipe sales showed a 1% y-o-y growth in the full year 2023
- The product mixed changed driven by cool off in demand in America on the back of the high inventory levels that led to more linepipe production and redirecting sale to other regions – Ukraine and Europe
- Consequently, total OCTG sales volumes dropped by 22% y-o-y 2023, while linepipe volumes grew by 23% y-o-y over the same period
- North American** sales were down by 38% y-o-y. The US oil and gas industry showed a worse dynamics and year-to-year comparisons, given slow economic recovery and volatile oil prices. Seamless pipe prices declined throughout the 2023
- Sales to **Europe** rose by 10% y-o-y driven by increased sales of seamless linepipe.
- MENA** volumes declined by 24% y-o-y amid lower sales of linepipe on the back of unfavorable market pricing
- Domestic** sales surged by 55% y-o-y 2023, mainly due to growth in OCTG growth in consumption by state-owned companies.

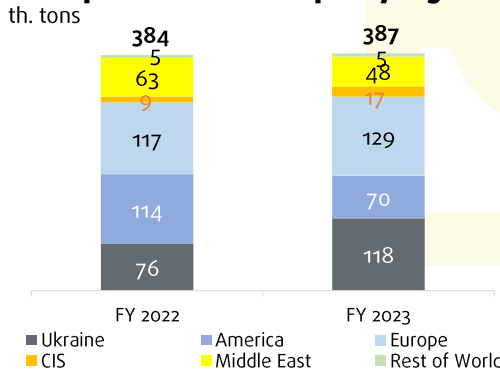
Pipe sales volumes by production type



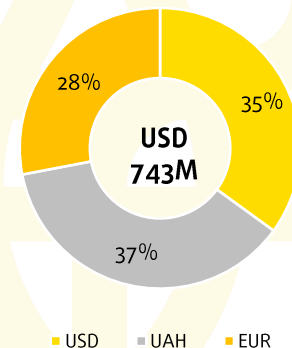
Pipe revenue by product type



Pipe sales volumes split by region



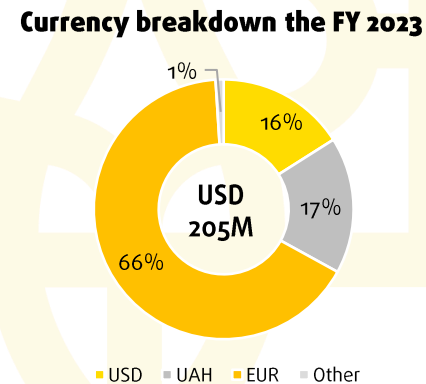
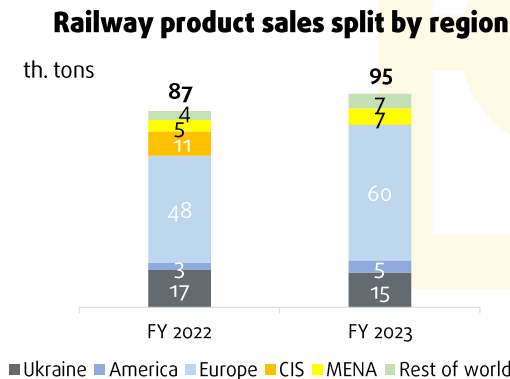
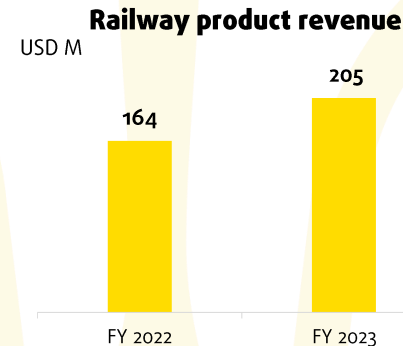
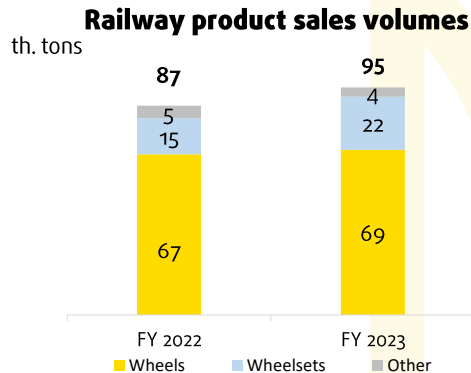
Currency breakdown for the FY 2023



Railway product segment: Sales portfolio

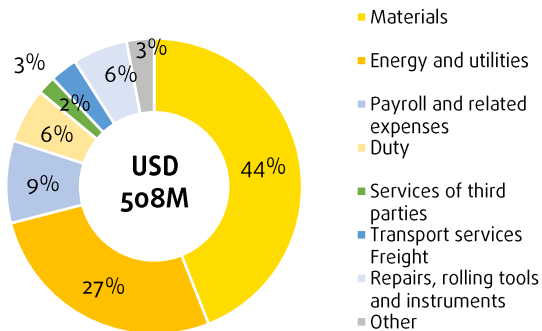


- After a decline in Q3 2023, railway products sales showed stable volumes q-o-q in Q4. The total sales in 2023 grew by 8% y-o-y
- Ukraine.** Domestic sales dropped by 7% y-o-y due to weak demand by Ukrzaliznytsia's and other repairing facilities that had been observing throughout 2023
- Europe** remained the key direction for Interpipe's railway product sales in 2023 and accounted to 2/3 in the sales portfolio 2023. Sales to Europe they grew by 26% y-o-y for the twelve months 2023
- MENA, America and ROW** sales continued ramping up by 47% y-o-y in total in 2023, having increased their aggregate share in the 2023 sales portfolio to 19%

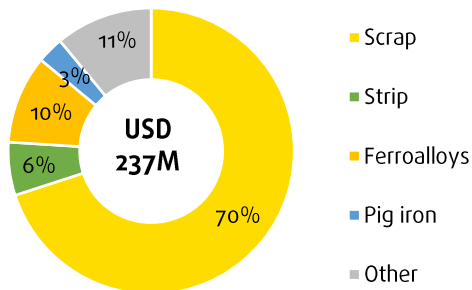


Cost structure for the full year 2023

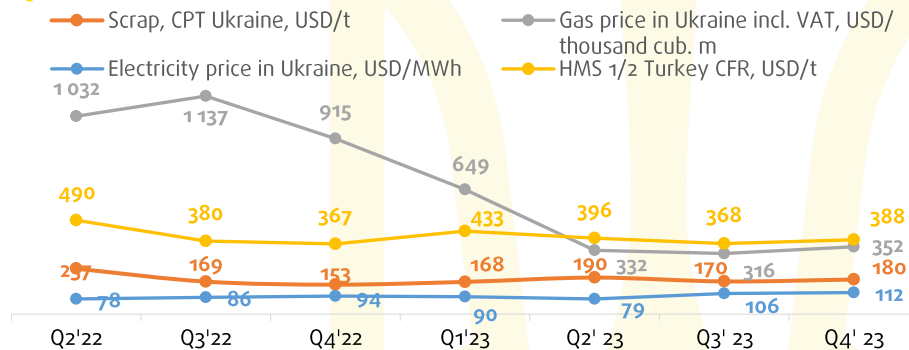
Cost of Sales breakdown¹



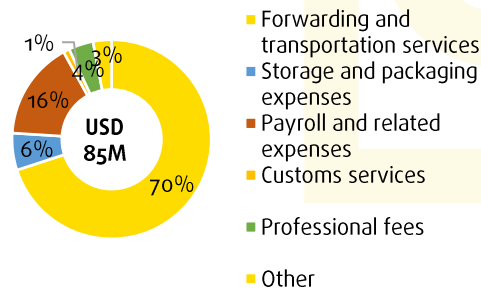
Materials breakdown



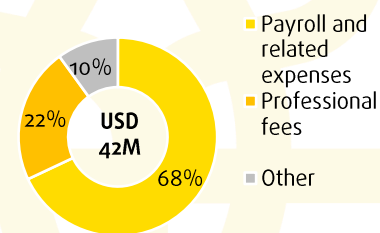
Evolution of market prices for key production inputs²



Selling & Distribution costs¹



General & Administrative costs¹

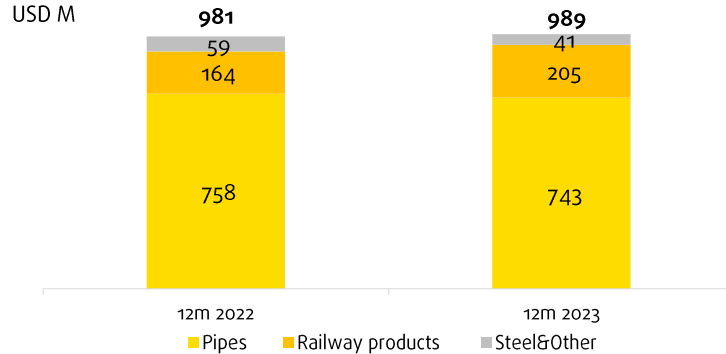


1. Net of Depreciation & Amortization item

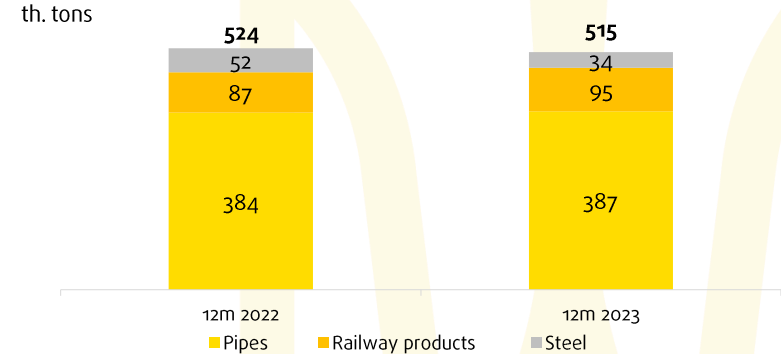
2. Prices converted from UAH into USD at average USD/UAH rates for respective periods

Financial Highlights¹ of the full year 2023

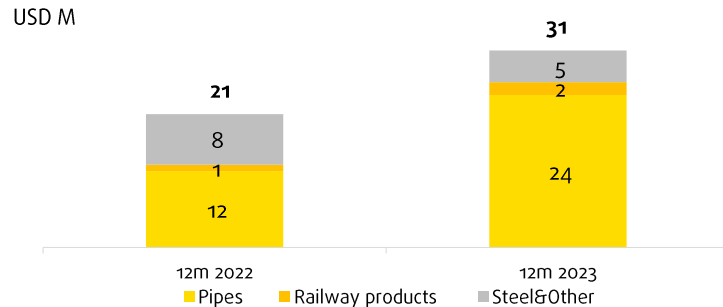
Revenue



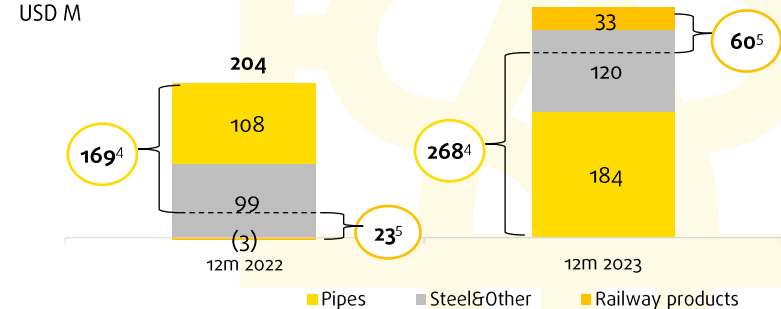
Sales volumes



Capex²



EBITDA³



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)

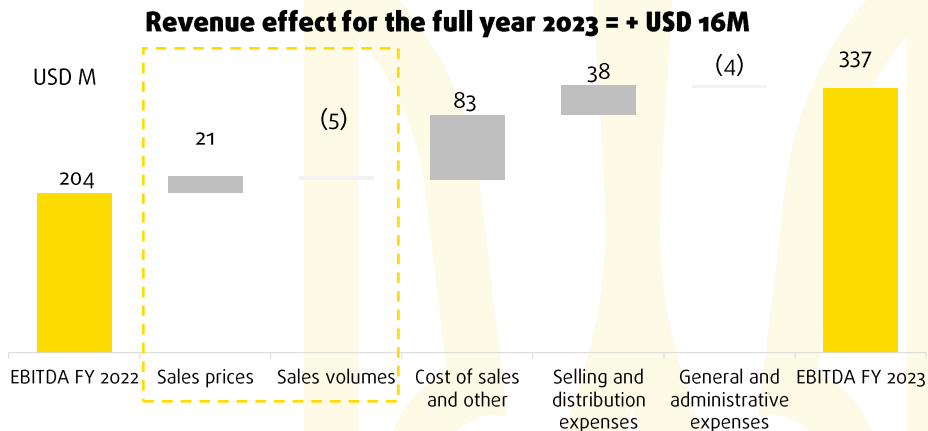
4. EBITDA of the pipe segment on a pass-through basis reallocating the relevant portion of EBITDA from the steel segment to the pipe segment

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

However, the total EBITDA for full year 2023 exhibited one of the best performances in the history of the Company and yielded to USD 377M. It surged by 85% y-o-y on the back of the following drivers:

- Sales prices were still higher on average vs 2022 – esp. for wheels (+11% y-o-y) and OCTG (+5% y-o-y)
- Positive effect in Cost of sales was achieved mainly at expense of a triple y-o-y decline in natural gas prices and 17% y-o-y depreciation for scrap
- Selling and distribution expenses declined materially following (on the back of the flat sales volumes) normalization of logistics pricing vs 2022 and shift in sales geography mix towards closer regions: Ukraine and Europe vs the US and MENA



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)

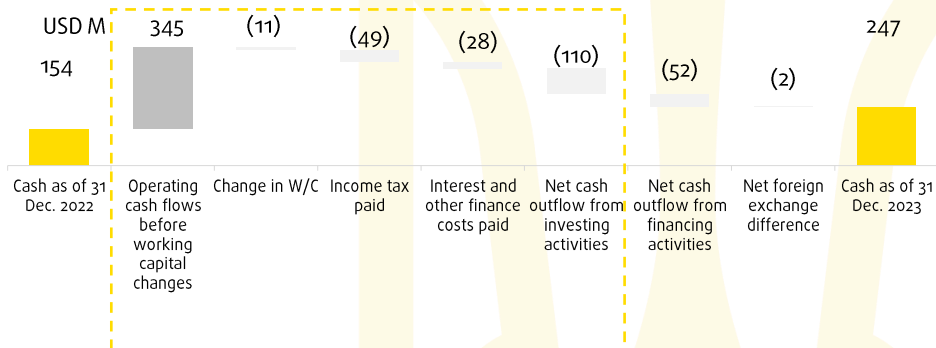
Cash flow

Free cash flow¹ for full year 2023 amounted to USD 147M supporting the Company's persistent and resilient cash generation through the cycle amid:

- a robust conversion of EBITDA into cash (over 100%)
- Insignificant investments in Working Capital in amount of USD 11M
- Expanded Income tax payments (USD 49M) on the back of the superior performance
- Interest expense amounted to USD 28M (thereof, USD 25M was the coupon under the Notes)
- Net cash outflow from investing activities mainly consisted of:
 - USD 85M granted to the Shareholder in the form of a loan
 - USD 31M of Capex that increased by a half following the decision of the Board of Directors of Interpipe to resume major development capex projects in summer 2023
 - USD 5M – interested received on cash balances held at bank accounts

Net cash outflow in 2023 amounted to USD 52M where the largest part was attributable to the second installment under the Performance Sharing Fees and Securities (USD 49M)

Free cash flow for the full year 2023 = + USD 147M



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 December 2023, **Consolidated Total Debt¹** amounted to **USD 377M** 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 37M**
- Carrying value of the **Performance Sharing Fees and Securities** revalued upward to **USD 41M**

Cash & Cash Equivalents¹ grew up to **USD 251 M** during Q3 that resulted in a decline of **Consolidated Total Net Debt¹** to **USD 127M**

However, **Consolidated Net Leverage Ratio¹** (Total Net Debt to EBITDA) as of December 31, 2023 remained robust at the sound level of **0.4x**

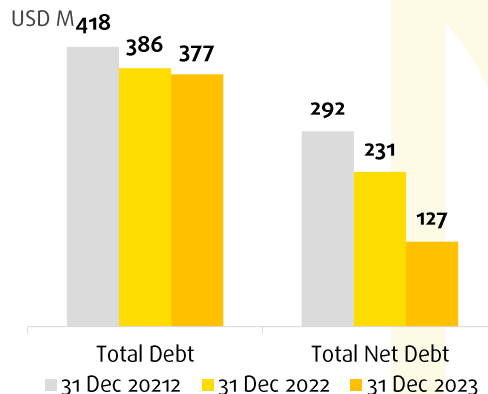
The second annual installment under the **Performance Sharing Fees and Securities** for the testing period (July 1, 2022 – June 30, 2023) in amount of **USD 49M** was duly **paid off** in October 2023

The semiannual **coupon payment** under the Notes 2026 was **executed** on November 13, 2023 (amounted to **USD 12.5M**)

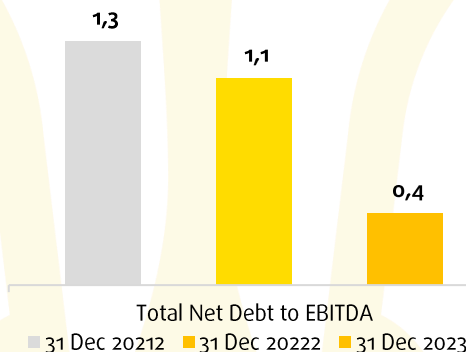
1. Total Debt, Cash & Cash Equivalents, Total Net Debt, Consolidated Net Leverage Ratio are calculated subject to the Terms and Conditions of the Notes 2026 set out in Schedule 1 to the Trust Deed

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=1,09

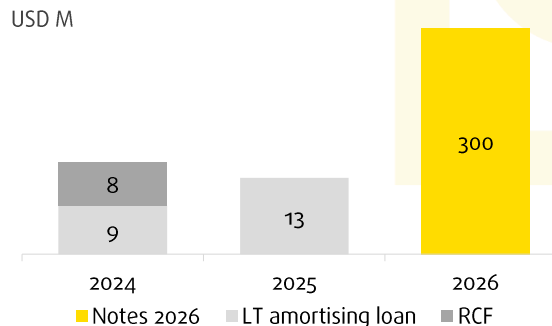
Debt Quantum¹



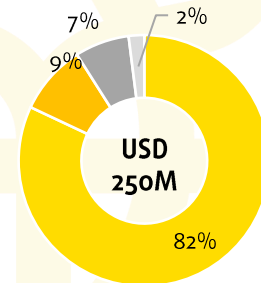
Consolidated Net Leverage ratio¹



Current Debt maturity profile²



Cash & Cash Equivalents¹ currency breakdown as of December 31, 2023





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