



**The first three months 2023
Operational and
Financial Overview**

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Pipe market



USA:

- OCTG demand remained elevated in Q1 2023 largely due to the inventory build up, however, consumption had started showing signs of weakening. The U.S. rig count dropped by 15 rigs q-o-q in Q1 and but stayed by 128 rigs above Q1 2022
- Average OCTG prices in Q1 declined by 7% q-o-q but were still near 30% y-o-y higher. Uncertainty prevailed in the market with buyers hesitating to place orders on the back of decreasing drilling activity

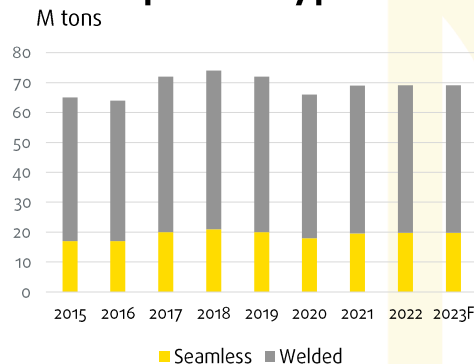
MENA:

- The region added 39 rigs in Q1 y-o-y and 2 rigs q-o-q supporting continued solid demand for seamless pipes. In addition, the total regional project activity in Q1 was up by near 40% y-o-y
- Despite strong demand, seamless linepipe prices dropped by over 20% in Q1 compared to their peak in Q1 2022. Such decline was mainly attributable to a continuously increasing share of Chinese products sold at significantly lower prices given the lack of domestic demand in China

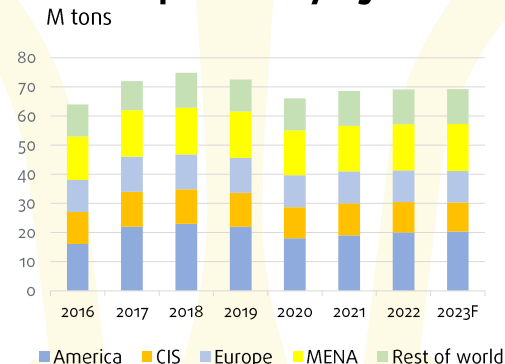
Europe: While energy prices returned to their pre-war levels, the region's economic activity still slowed during Q1 along with rising interest rates which adversely affected construction and industrial demand. Seamless pipe prices declined on average by 6% q-o-q in Q1

Ukrainian construction-driven demand for seamless pipes was quite soft in Q1 predominantly driven by buildings reconstruction with low investments in new construction. On the other hand, the oil & gas sector was relatively strong with UGV that had overperformed its pre-war levels of drilling activity

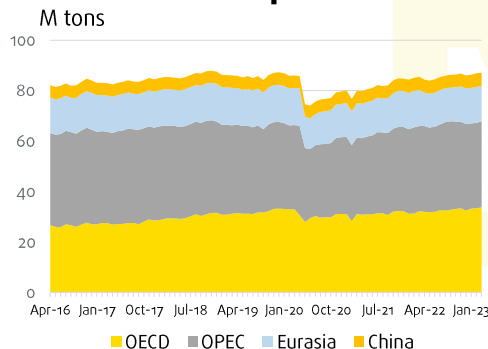
Pipe market by products¹



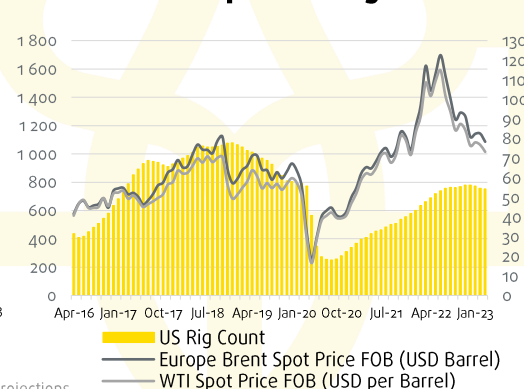
Pipe market by regions¹



Crude oil production



Crude oil price and rig count



1. Excluding China. 2021 forecasts are as per the management's projections

Railway product market



Despite complex economic upheavals, primarily related to Russia's military aggression against Ukraine and such consequences as the energy crisis, the destruction of supply chains and rising inflation, the wheel market showed some partial recovery in the second half 2022, with bullish expectation for 2023

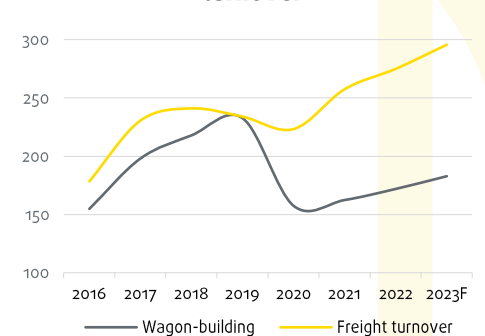
Europe:

- In Q1 2023, supplies of railway products to Europe showed a q-o-q increase of 5% due to improved situation with Interpipe's production and shipments, as well as Chinese import growth of 29% q-o-q
- Total imports to Europe rose in Q1 2023 by 30% y-o-y

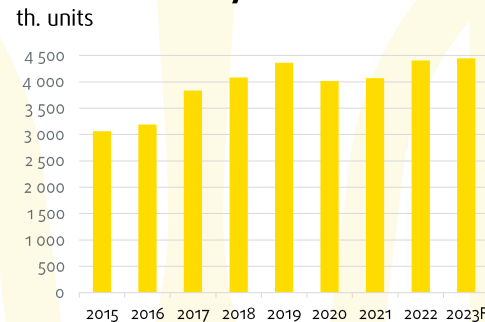
Ukraine:

- After a significant drop in the first half of 2022, wagon building industry in Q1 2023 showed continued recovery and rose by 22% q-o-q
- After-market segment represented around 51% of the total wheel market in Ukraine in Q1 2023.
- Number of wagon repairs by private companies remained flat in Q1 2023

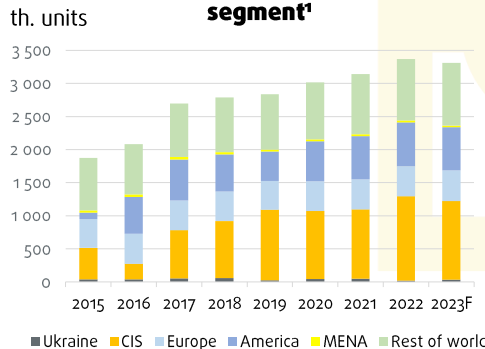
Global markets' wagon building and freight turnover



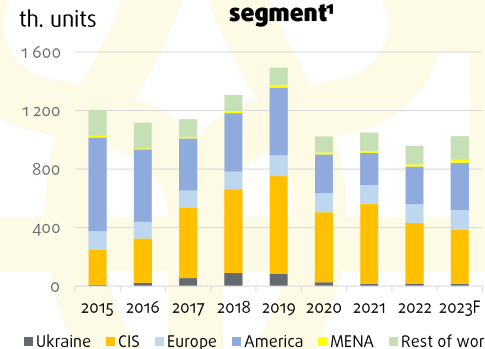
Railway wheel market'



Railway wheels for after-market segment'



Railway wheels for wagon-building segment'

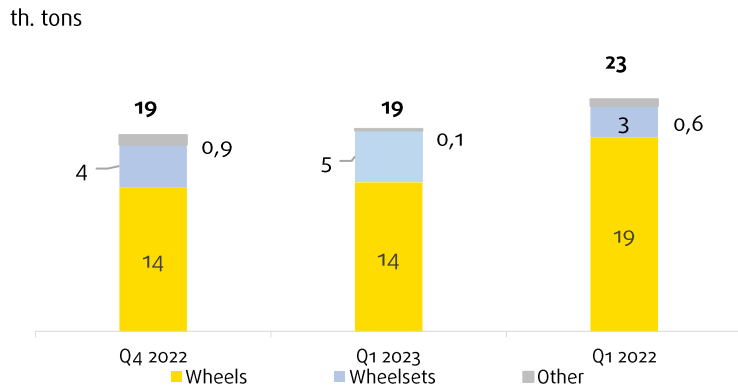


1. Excluding China. 2022 forecasts are as per the management's projections

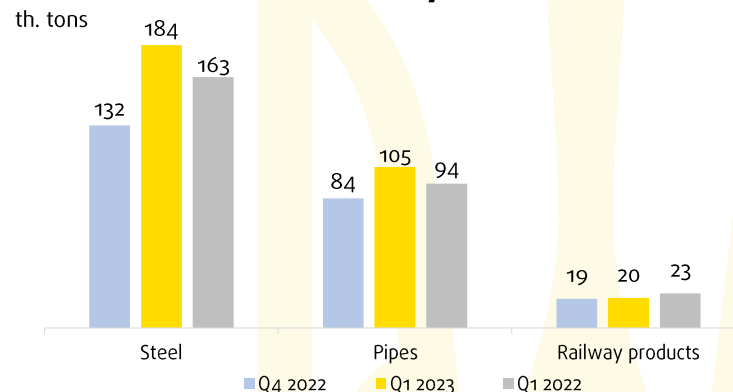
Operational results

- Starting from the beginning of March the Company has not been experiencing material shortages in electricity supply that allowed to outperform the Q4 2022 figures and some of Q1 2022
- Q1 2023 steel production increased by 40% q-o-q and 3% y-o-y
- Overall pipe production increased by 24% q-o-q and 11% y-o-y
- In Q1 2023, OCTG production grew by 9% q-o-q having increased by 35% on a y-o-y
- Linepipe production substantially rose by 38% q-o-q, increased by 49% y-o-y in Q1 2023 on the back reprofiling seamless pipe production capacities in favor Linepipe sales (mainly to Europe)
- Railway products manufacturing remained relatively flat q-o-q (+ 3% q-o-q) but slumped by 13% y-o-y being constrained with the new geography of sales

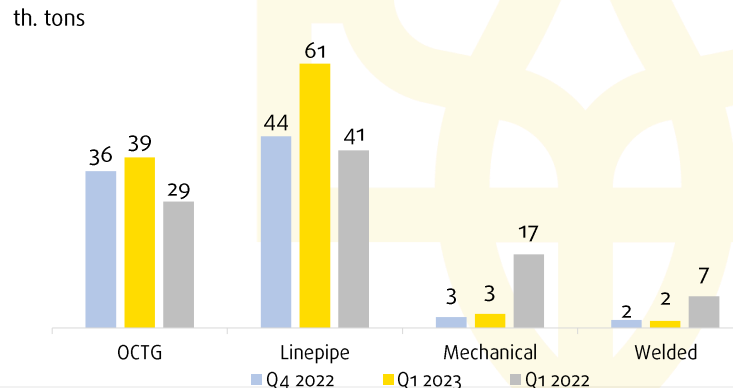
Railway products by type production dynamics



Production dynamics



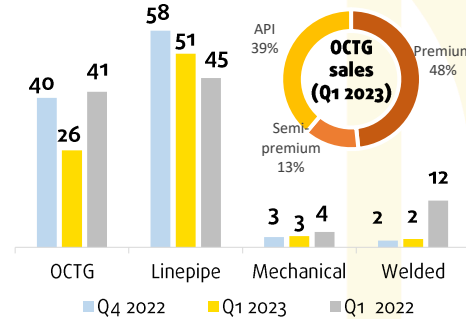
Pipes by type production dynamics



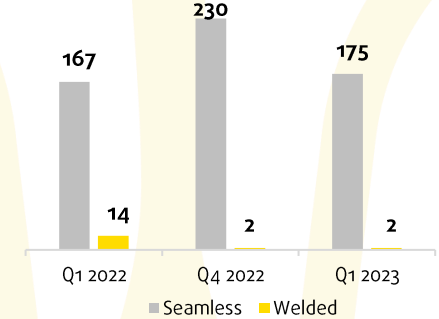
Pipe segment: Sales portfolio

- In Q1 2023, sales volumes contracted by 19% q-o-q with a corresponding drop y-o-y largely due to a decline in shipments to North America where significant volumes of OCTG and Linepipe arrived and were sold in Q4 2022
- Total OCTG sales volumes declined by 35% q-o-q in Q1 2023, with Linepipe volumes also having fallen by 12% q-o-q
- North American** sales shrank by three times primarily due to the market US overstocking on the back of growth in shipments by domestic and foreign producers
- On the back of the drop in seamless pipe sales to North America, the Company focused on sales to **Europe** that increased by 35% q-o-q and by 20% y-o-y in Q1 2023
- MENA** sales continued declining: 49% q-o-q and 62% q-o-q driven by low Linepipe shipments and almost zero OCTG sales on the back elevated logistics costs and low market prices environment. However, on the back of the currently saturated US market, the Company's management now plans to ramp up sales in this region, but the results will be likely visible yet in H2 2023 given long-term tender procedures
- Domestic** sales surged by 71% q-o-q in Q1 2023. Both OCTG and Linepipe shipments hiked on a q-o-q basis: +93% and 75%, respectively. The lion share of extra OCTG volumes went to UGV

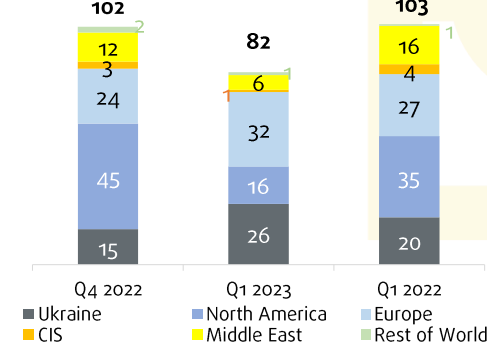
Pipe sales volumes by production type
th. tons



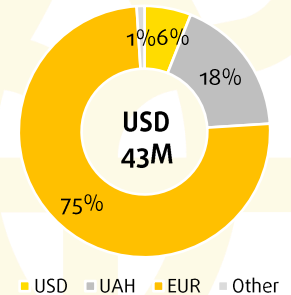
Pipe revenue by product type
USD M



Pipe sales volumes split by region
th. tons



Currency breakdown the first three months 2023

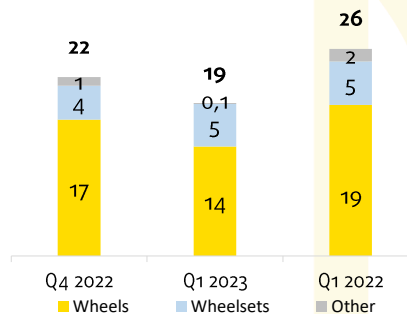


Railway product segment: Sales portfolio

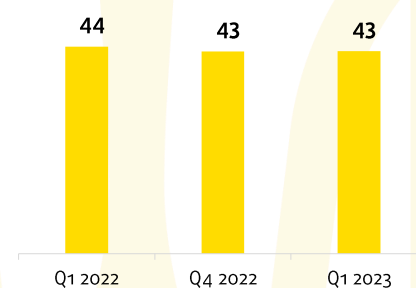


- Upon the recovery in Q3-Q4 2022, railway products sales decreased in Q1 2023 by 14% q-o-q. The sales level was still far below the pre-war one. Interpipe continues reprofiling railway products largely to the European market
- Ukraine.** Domestic sales declined by 14% q-o-q in Q1 2023 especially on the back of production constraints in Ukraine caused by electricity shortages
- Europe** continued to be the key direction for Interpipe's railway product sales in 2023 and comprised a 67% share in Q1 2023
- MENA, America and ROW** regions are considered as alternative destinations to replace the foregone volumes, but due to lengthy transportation shoulders and high related costs few new opportunities have been found so far

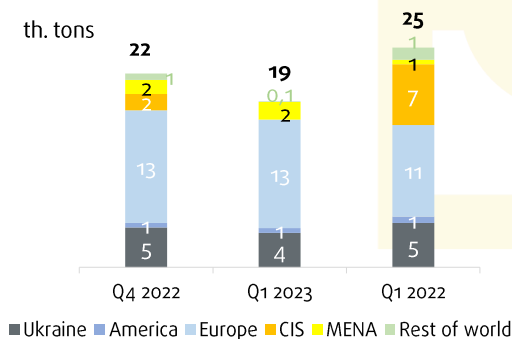
Railway product sales volumes
th. tons



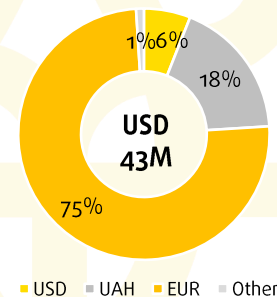
Railway product revenue
USD M



Railway product sales split by region
th. tons

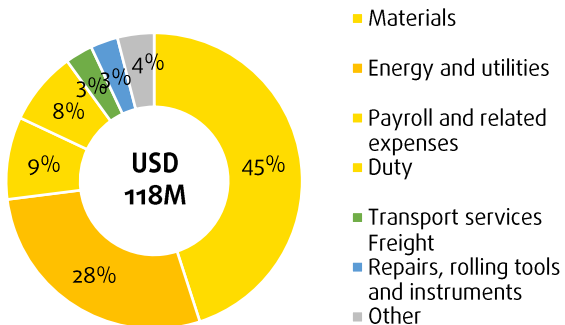


Currency breakdown the first three months 2023

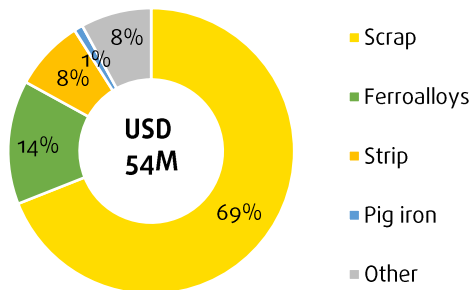


Cost structure for the first three months 2023

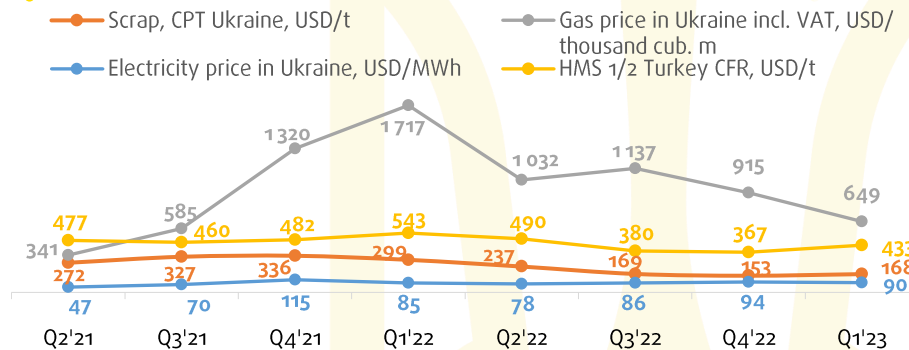
Cost of Sales breakdown¹



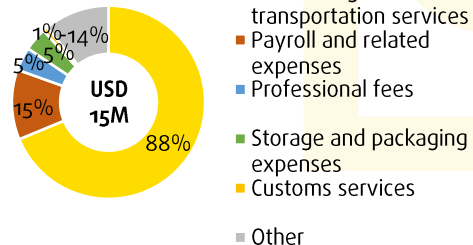
Materials breakdown



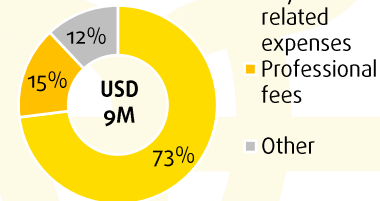
Evolution of prices for scrap and natural gas



Selling & Distribution costs¹



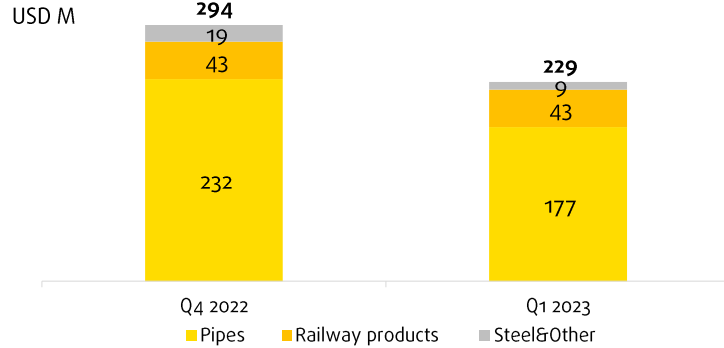
General & Administrative costs¹



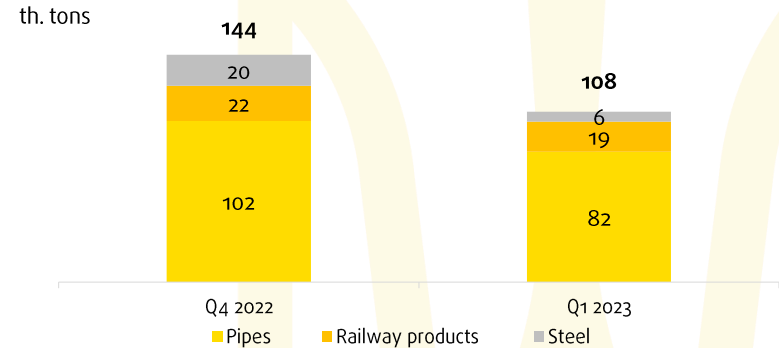
1. Net of Depreciation & Amortization item
 2. Prices converted from UAH into USD at average USD/UAH rates for respective periods
 3. UEX weighted average prices on all payment terms

Financial Highlights¹ of Q1 2023

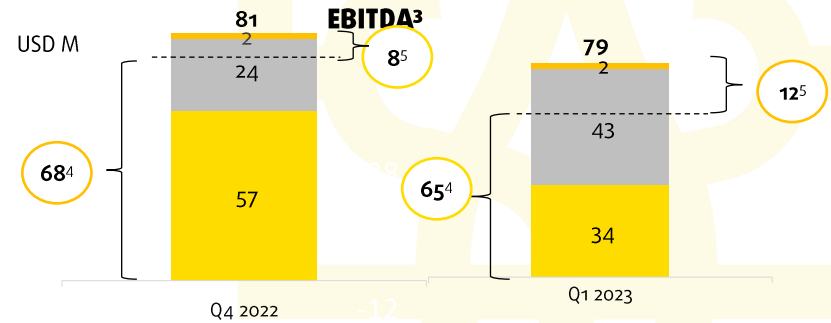
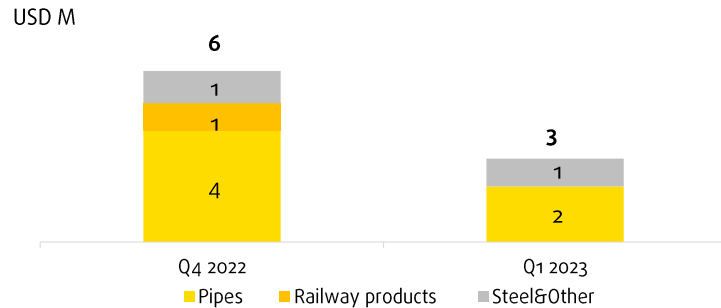
Revenue



Sales volumes



Capex²



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

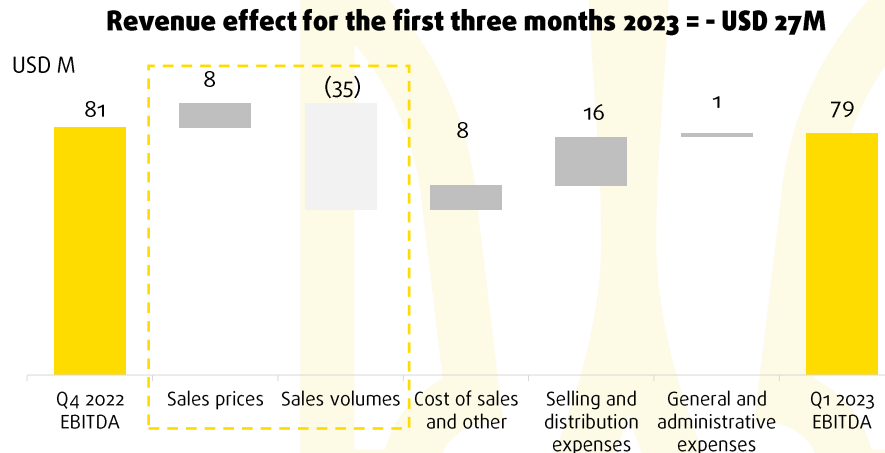
3. EBITDA is calculated as an operating profit (or loss) plus depreciation and amortization charges, plus impairment of property, plant, and equipment and intangible assets, plus loss / (gain) on disposal of property, plant, and equipment, plus extraordinary losses / (gains)

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

EBITDA

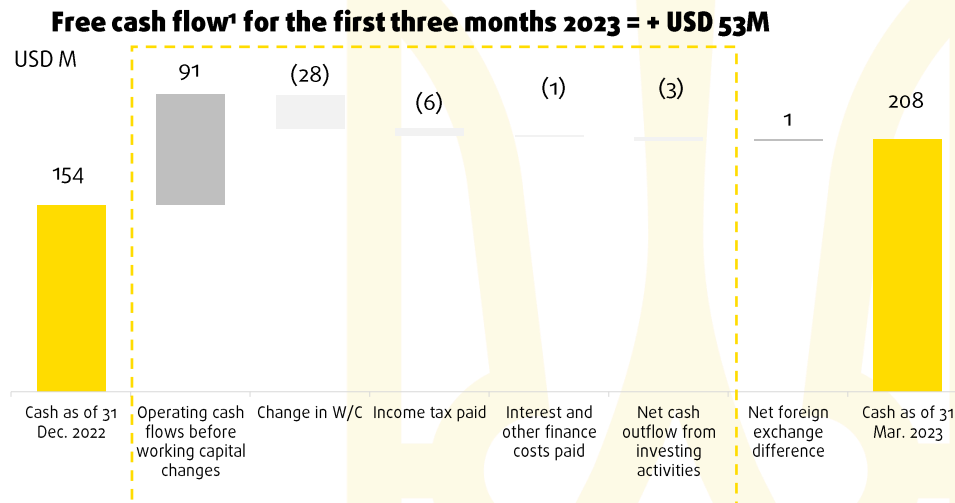
- The first three months 2023 EBITDA¹ amounted to USD 79 M
- In Q1 2023, EBITDA slid by 2% q-o-q on the back of the mix of following drivers:
 - Drop in sales volumes (both in the pipe and railway product segments) inter alia caused by electricity shortages in January- February 2023
 - But cheaper average market prices for electricity (4% q-o-q) and natural gas (-29% q-o-q) that buffered decline in revenue
 - Economy in Selling and Distribution expenses mainly amid the overall decline in pipe sales volumes and change in a regional product sales mix that contributed to cheaper logistics costs



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 flow for the first three months amounted to USD 53M
- The Company's cash generation has been resilient and consecutively exhibited a robust conversion of EBITDA into cash
- In Q1 2023, investments in Working Capital increased by USD 28M (mainly in inventories) on the back of the resumption of a 'regular' production in March after the electricity shortages
- USD 10M in total was sent for income tax, interest payments and maintenance Capex (USD 3M)



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 31, 2022, **Consolidated Total Debt¹** amounted to **USD 398M** and comprised of:

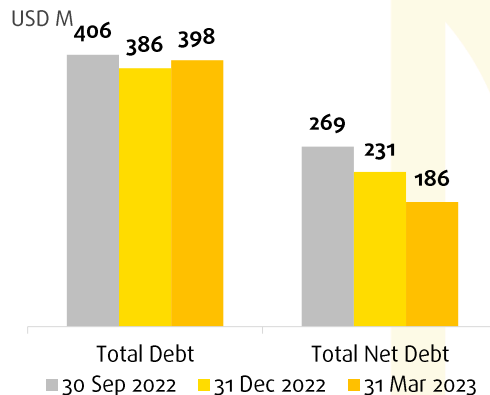
- Notes 2026 recognized at amortized cost according to the IFRS in amount of **USD 298M**
- 2 Bank Facilities (EUR-denominated) in amount of **USD 38M**
- Carrying value of the **Performance Sharing Fees and Securities** was revalued upward to **USD 61M**

Cash & Cash Equivalents¹ amounted to **USD 211M** that resulted in a decline of **Consolidated Total Net Debt¹** to **USD 186M**

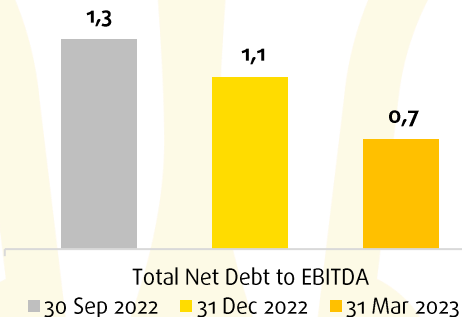
As of December 31, 2022, **Consolidated Net Leverage Ratio¹** (Total Net Debt to EBITDA) consecutively and substantially improved to **0.7x** following the robust earnings and cash generation in Q1 2023

The semiannual **coupon payment** under the Notes 2026 was **executed in full** on May 13, 2022 (amounted to **USD 12.5M**)

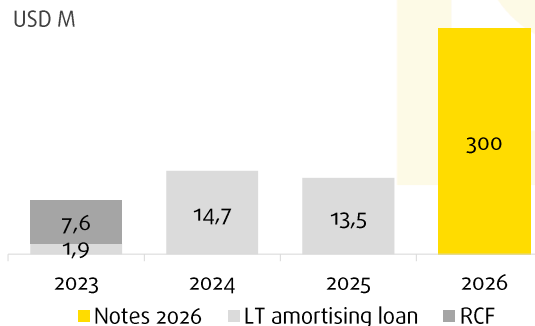
Debt Quantum¹



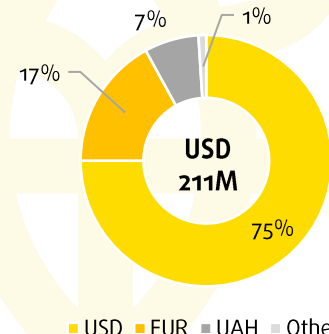
Consolidated Net Leverage ratio¹



Current Debt maturity profile²



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



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 as 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



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