



Q3 and the first nine months 2021 Operational and Financial Overview

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Key highlights of Q3 2021



-  As communicated previously, in Q3 2021 due to a common 2.5-3-month sales cycle Interpipe's margin was affected by the global appreciation of production inputs and raw materials, i.e.:
 - Domestic scrap prices rose by 20% q-o-q and 79% y-o-y in the first nine months 2021
 - Natural gas prices increased by 65% q-o-q and 127% y-o-y in the first nine months 2021
-  Increase in prices for raw materials, coupled with concurrent growth in OCTG production and sales also resulted in additional Working Capital outlays of USD 44M in Q3 2021, which converted the Q3 free cash flow to negative after being marginally positive through H1 2021
-  In addition, in August Interpipe was required to pay the new 23.75% anti-dumping duty for linepipe introduced by the U.S. Department of Commerce
-  At the same time, on a positive note in Q3 2021:
 - Following the successful settlement of the USD 300 million Eurobond, Interpipe has been operating an ample liquidity cushion to buffer the challenges stated above
 - Scrap price stabilized in the range around USD 300 per ton in September 2021 after peaking at USD 360 per ton in summer
 - In a turning point, the Company stabilized monthly railway products sales at 15,000 tons
 - In September standalone, Interpipe was able to reconcile the cost-base appreciation curve and give it over to customers increasing output prices

Q4 2021 business environment update



-  In Q4 2021, Interpipe's performance has been significantly impacted by skyrocketing appreciation of natural gas in Europe, as it had to prepay monthly consumption volumes one month ahead at ongoing heightened market prices
-  The Company has been enjoying a continuous growth of OCTG demand worldwide, and especially in the US, Ukraine and CIS, which has enabled the Company to offset the negative effects of appreciation of production inputs and trade barriers
-  Interpipe wound up JV with Vallourec that shall bring a favorable effect on profitability of the Company's linepipe sales to the European market
-  On the business development side, the Company is progressing in expanding the share of high-value-added products both in pipe and railway product segment:
 - Interpipe made a debut supply of CAL IV level premium UPJ-M connections for gas production to the Emirate of Abu Dhabi to the Indian oil company Urja Bharat Pte. Limited (UBPL)
 - Following the successful completion of a new project to enhance production of a new range of large-diameter mechanical pipes, the Company delivered the first batch to the Polish company BOMI, one of the main distributors of mechanical pipes in Europe
 - After successfully qualifying Siemens' technical audit, Interpipe now is a supplier of record for Siemens' wheels, and manufacturing and maintenance of a wide range of Siemens rail transportation vehicles around the world, including high-speed passenger trains, electric commuter trains, subway railcars, and locomotives
 - Aiming to diversify its customer base and strengthen its presence in the passenger wheels segment, Interpipe delivered a pilot batch of passenger railway wheels to the Dutch Gemeente Vervoerbedrijf Amsterdam (GVB) in October
 - Interpipe received 48 points from Ecovadis (ESG rating agency focused on sustainable procurement chains), which is in the top 50% of companies according to the Ecovadis rating scale. This successful qualification has unlocked further cooperation with Alstom and other large EU customers
-  In addition, within the budgeting process for 2022, the Parliament of Ukraine passed a bill to increase the export duty on scrap up to EUR 180 per ton that will be enforced for the next 5 years (starting from December 9, 2021 to September 15, 2026). This is to contribute to manageability of scrap procurement for domestic steel producers and protect the domestic price from external shocks

Pipe market



USA:

- OCTG demand continued growing on the back of rising oil and gas prices and associated drilling activity – the U.S. rig count grew by 47 rigs q-o-q in Q3 2021 and by 254 y-o-y
- On the fear of flooding of imported OCTG products, domestic companies filed a petition against Argentina, Mexico, Russia and South Korea
- New antidumping measurements could suppress supplies and provide additional upward pressure prices for pipes. Seamless pipe and tube prices exhibited another jump during the quarter driven by high raw materials cost and strength of demand

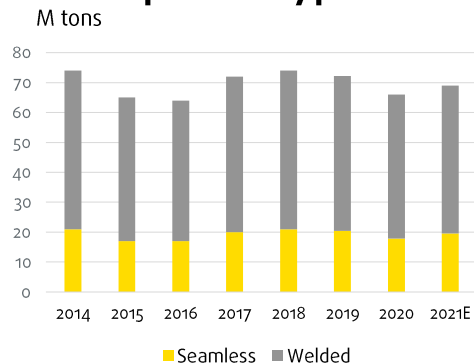
MENA:

- Across the MENA region, particularly in the Gulf states and Egypt, financing of new projects increased, but actual cash outlays in oil & gas, infrastructure and construction remained yet lower by 4% y-o-y for the first nine months 2021
- Drilling activity grew modestly, adding only 24 rigs from the start of the year
- Linepipe and OCTG market was tight in Q3 2021 due to decline of tube supply from China

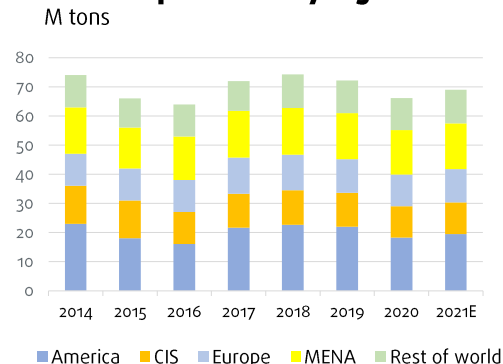
Europe: Economic growth has slowed down to 3.9% y-o-y Q3 2021. Demand from the construction and industrial sectors recovered as well: the former ended a quarter with a 1.8% y-o-y increase and the latter – by 5% increase y-o-y

Ukraine: Robust demand for OCTG has been supported with: (a) continuous growth of monthly drilling rate by UGV (for the first nine months 2021 it has outperformed the figure for the full year 2020); (b) production ramp-up by private gas companies

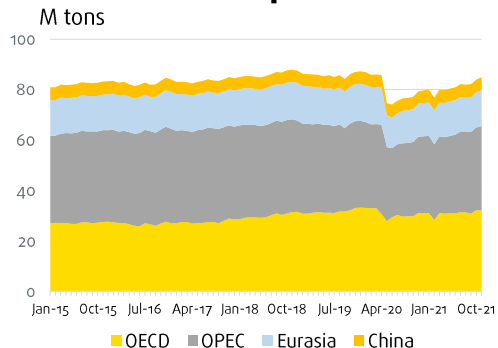
Pipe market by products¹



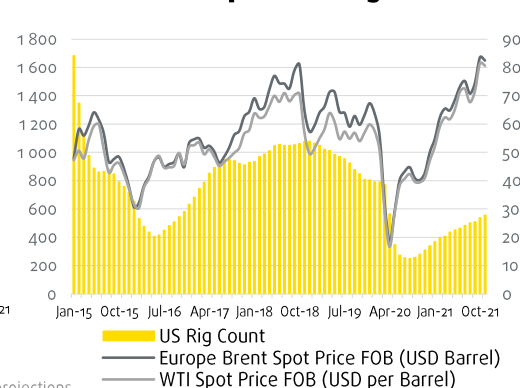
Pipe market by regions¹



Crude oil production



Crude oil price and rig count



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

Railway product market



Europe:

- The wagon building industry is expected to demonstrate a 3% y-o-y decrease in 2021 after a more severe 14% y-o-y drop previous year
- Rail transport performance figures also estimated to show healthy gains in 2021 y-o-y but are still affected by COVID-19 restrictions
- Freight turnover across European countries is expected to rise 5% y-o-y this year, which will still be 1% lower the pre-pandemic 2019 level
- Passenger turnover is estimated to grow 25% y-o-y in 2021, which would make it 35% below 2019's performance

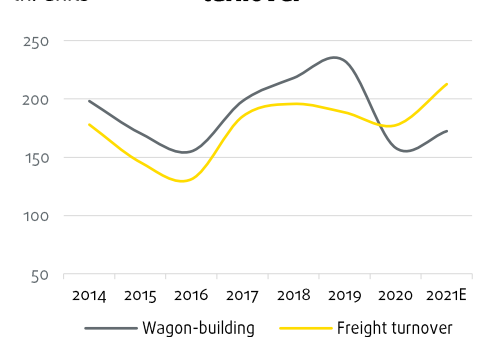
Ukraine:

- The wagon building industry was down during Q3 2021 (-18.8% q-o-q) to 453 freight cars, after a strong recovery in Q2 by 44.9% q-o-q to 550 freight cars. In the first nine months 2021, output was 42.4% lower y-o-y
- In Q3 2021, Ukrzaliznytsya (UA Rail) delayed all investments in new rolling stock; however, the recent public announcement of new rolling renewal program provides a positive outlook for the domestic market starting in 2022

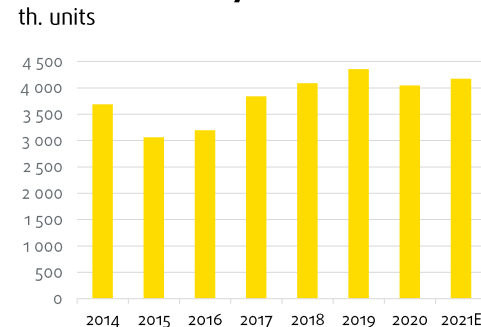
CIS: Freight wagons sales across the CIS region grew to 17.2 thousand units in Q3 2021 (+1.7% q-o-q)

ROW: Indian Railways registered record freight loading performance during Q1-Q3 2021 – 1023 million tons compared to 852 million tons during the same period of 2020, a 20% growth y-o-y

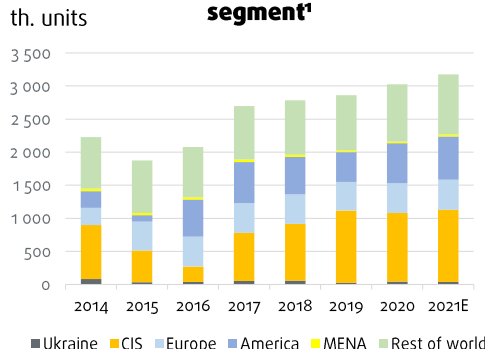
Global markets' wagon building and freight turnover



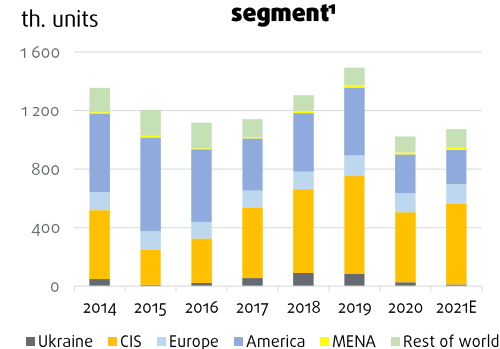
Railway wheel market'



Railway wheels for after-market segment'



Railway wheels for wagon-building segment'

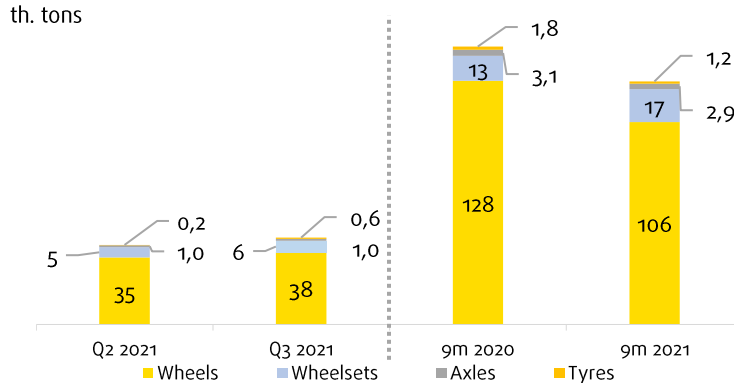


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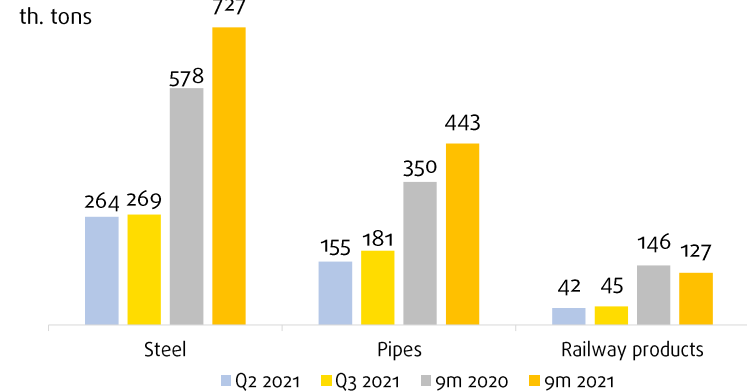
Operational results

- Q3 2021 overall pipe production increased by 17% q-o-q that resulted in growth of production in the first nine months 2021 by 27% y-o-y
- OCTG production matched bullish sentiments of the oil & gas market hiking by 48% q-o-q that yielded at more than 2.5x growth in the first nine months 2021
- Welded pipe production increased by 14% q-o-q in Q3 after the pushback and stabilization of market prices for HRC; however, weak H1 2021 sales figures resulted in a decline of 32% y-o-y in the first nine months 2021 in total
- Railway product manufacturing effectivity mirrored the sales dynamics: +9% q-o-q in Q3 2021 and -13% y-o-y in the first nine months 2021
- At the same time, Q3 2021 steel production inched by 2% q-o-q following shortages in scrap procurement in July 2021. However, the y-o-y pattern supported the corresponding growth in production of pipes – i.e. + 26% y-o-y

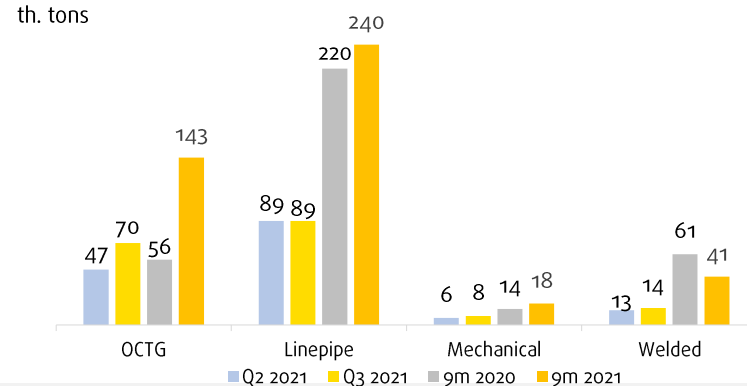
Railway products by type production dynamics



Production dynamics



Pipes by type production dynamics

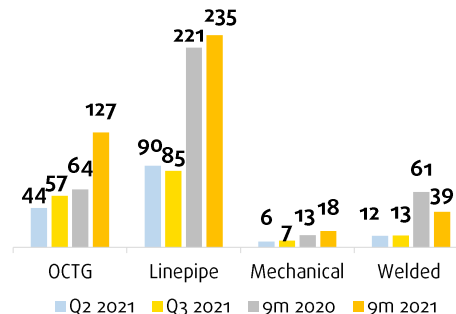


Pipe segment: Sales portfolio

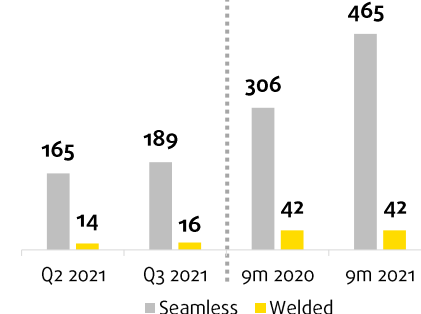


- In Q3 2021, sales volumes grew by 6% q-o-q mainly amid a growth of deliveries of OCTG, especially to the US market. Sales of other pipe products exhibited relatively flat performance
- At the same time, in the first nine months 2021, overall pipe and tube sales increased 17% y-o-y. Factors included:
 - OCTG:** sales volumes almost doubled y-o-y driven by strong figures in Q3 (+29% q-o-q) and in Q2 2021 (+63% q-o-q) fueled by a robust demand worldwide
 - Linepipe:** sales volumes dropped by 6% q-o-q – naturally pushed off by continuous growth in OCTG production and sales, but still gained 6% y-o-y in the first nine months 2021 on the back of generally strong demand from the CIS, MENA and Ukraine
 - Mechanical pipe:** sales volumes hiked by 38% y-o-y, as sales to the main markets, the EU and CIS, grew significantly
- Domestic sales increased by 7% y-o-y in the first nine months 2021 supported by a 18% q-o-q hike in Q3 2021 on the back of confident consumption oil and gas and construction sectors
- Sales to the European market were flat in the first nine months 2021, driven by lower volumes of linepipe sold in Q3 2021, while other products outperformed last years sales figures
- Sales to the MENA region increased by 10% y-o-y in Q1-Q3 2021 amid strong demand from Turkey, the UAE and Egypt, although a bit subdued in Q3 by 22% q-o-q impacted by more diluted delivery schedules to certain key customers in the region
- Sales to America surged by 55% q-o-q in Q3 2021, gaining the largest share in the total sales volumes (25%) that resulted in over 2x y-o-y sales hike in the first nine months 2021

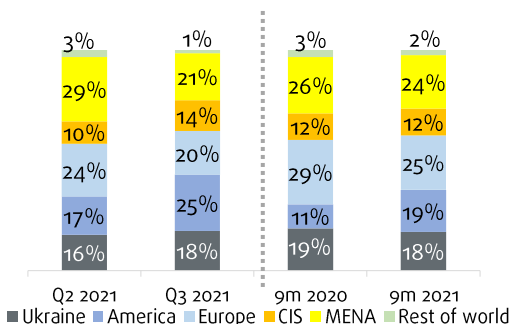
Pipe sales volumes by production type
th. tons



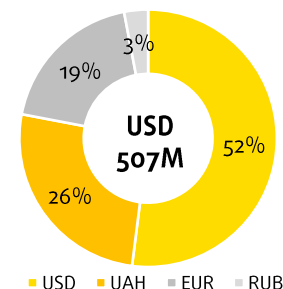
Pipe revenue by product type
USD M



Pipe sales volumes split by region¹



Currency breakdown the first nine months 2021

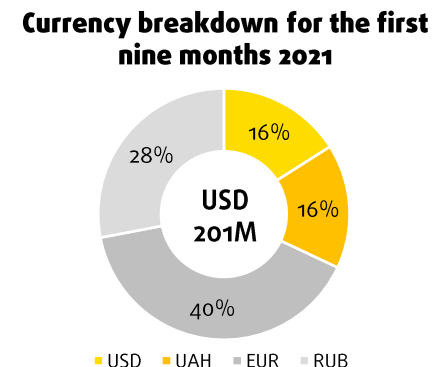
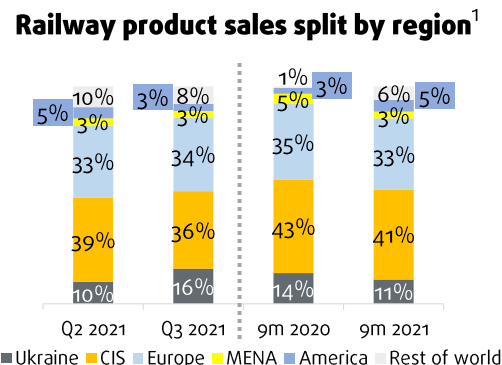
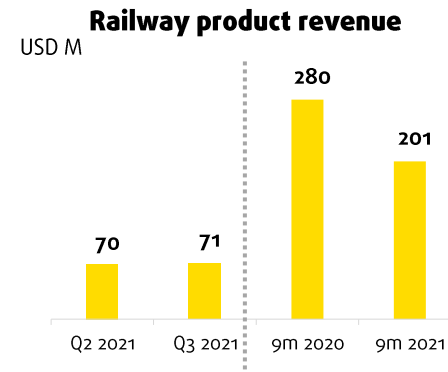
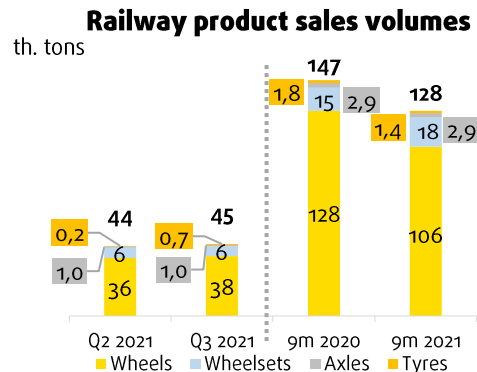


1. Physical volumes split (in tons sold)

Railway product segment: Sales portfolio

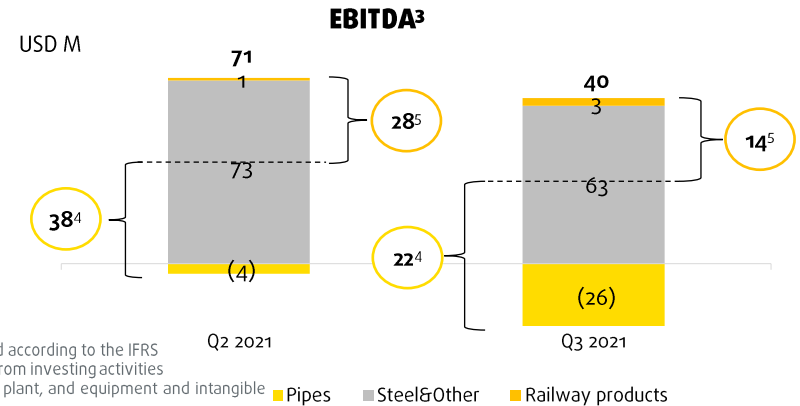
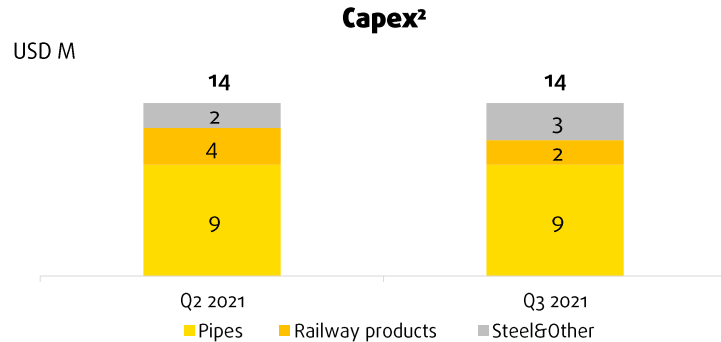
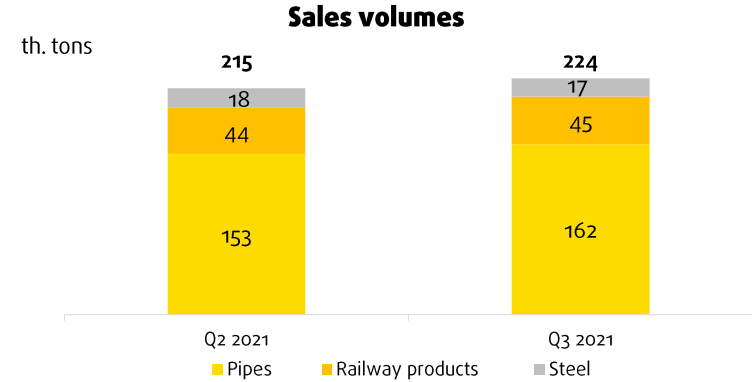
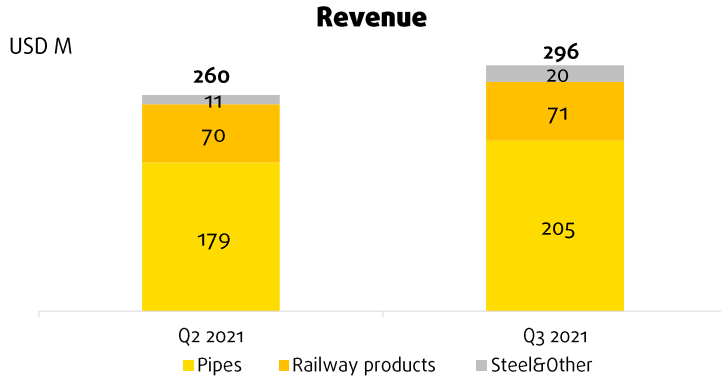


- In Q3 2021, railway products sales exhibited a modest growth of 3% q-o-q, gradually recouping the 20% y-o-y slump in sales in H1 2021 triggered by the embargo on imports of Ukrainian railway products in the Russian Federation in February 2021. Sales in the first nine months of 2021 decreased by 13% y-o-y
- Sales to the CIS countries declined by 5% q-o-q that resulted in a 16% y-o-y overall drop in the first nine months 2021. The CIS countries' share continued falling (36% in Q3 2021) but remained the largest among other regions
- Q3 2021 domestic sales improved substantially compared to Q2 (up by 66% q-o-q). However, total sales in the first nine months 2021 stayed depressed at 30% y-o-y lower due to a soft wagon building in Ukraine
- COVID-19 restrictions caused sales volumes in Europe to decrease by 18% y-o-y for the first nine months 2021. In Q3 2021, sales improved by 5% q-o-q following incremental intensification of freight and passenger turnover in Europe
- The successful partnership with Indian Railways, Indian's national railway system, became one of key drivers of q-o-q growth in railway products sales in Q3 2021 and drove the rest of the world region's share to 6% for the first nine months 2021 as compared to 1% for the same period of 2020
- On the back of strengthened demand for railway products in Ukraine, the share of FX proceeds in total railway product revenue slid to 84% in the first nine months 2021



1. Physical volumes terms split (in tons sold)

Financial Highlights¹ of Q3 2021



1. Financial figures are presented based on the unaudited consolidated financial statements for the first nine months 2021 prepared according to the IFRS

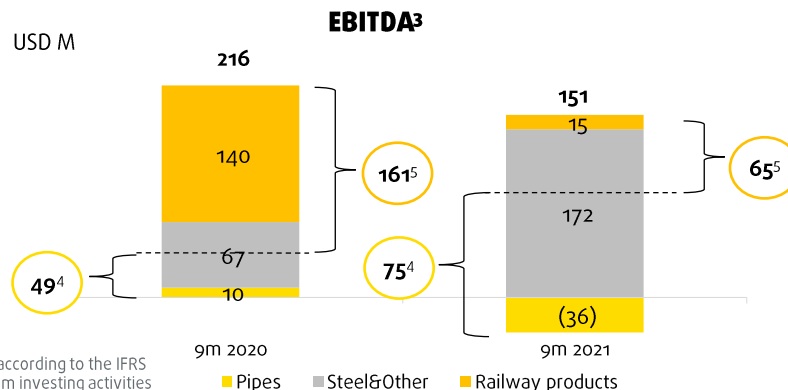
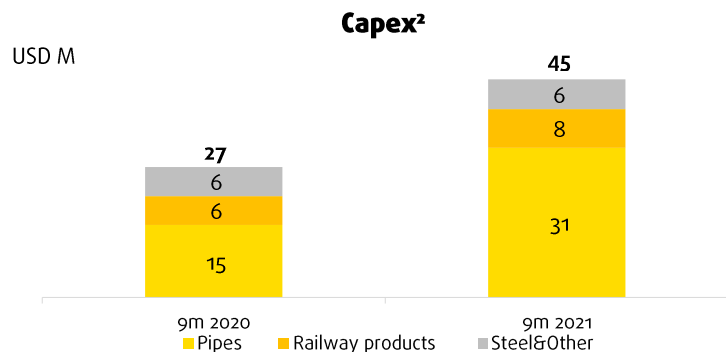
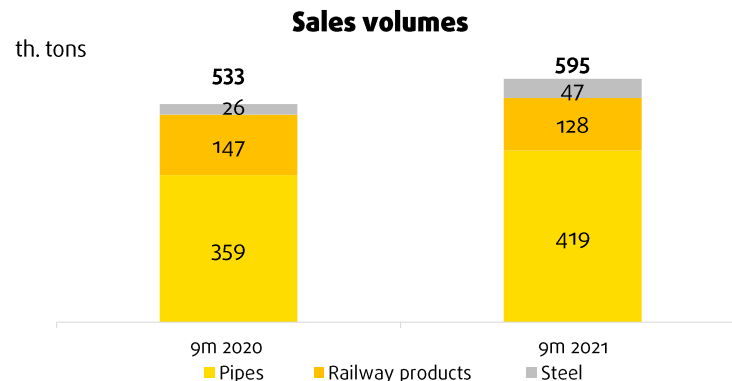
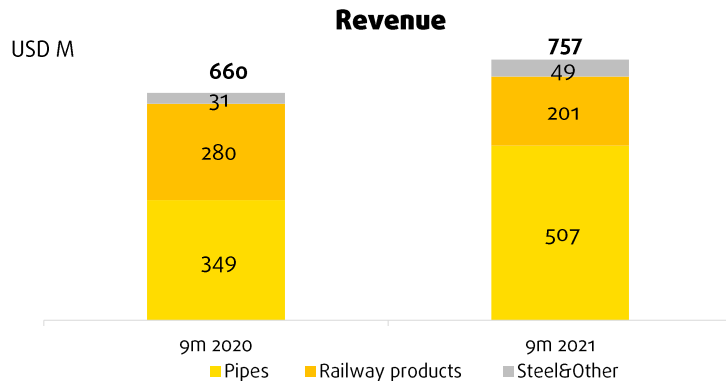
2. Capex figure represents the line Purchases of property, plant and equipment and intangible assets as part of the net cash flow from investing activities

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 Highlights¹ of the first nine months 2021



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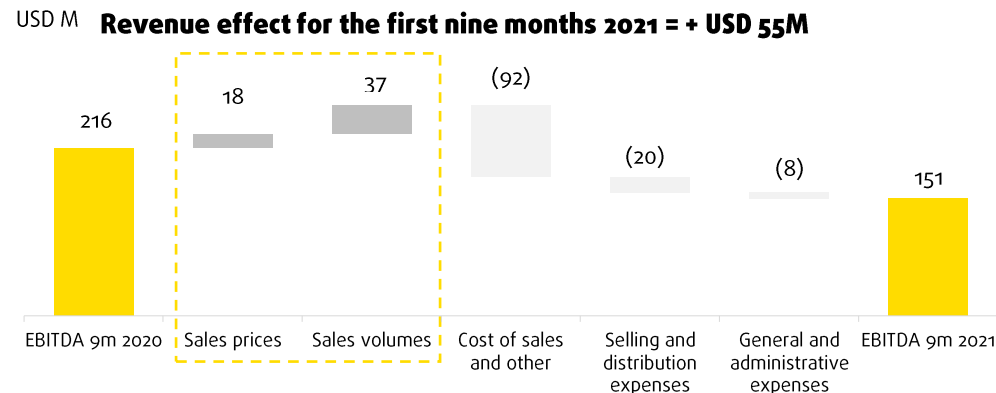
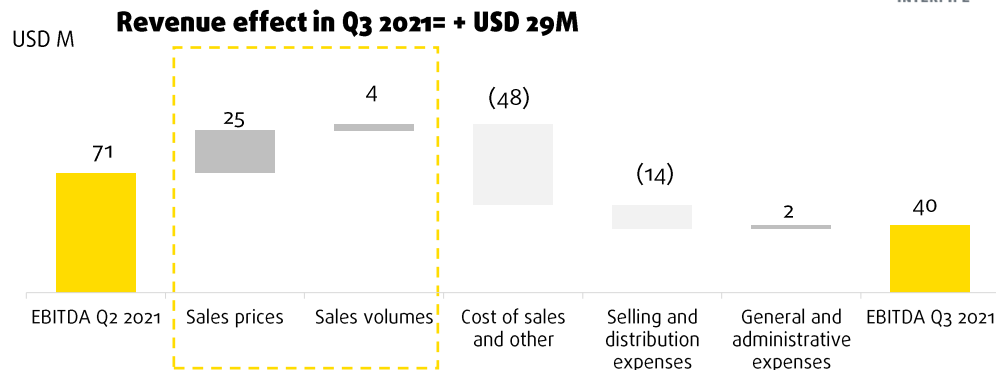
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EBITDA



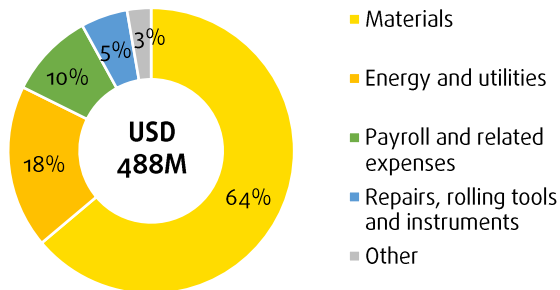
- Q3 2021 EBITDA¹ declined by 4% q-o-q, totaling USD 151M in the first nine months 2021 – representing a decline of 30% y-o-y
- In Q3 2021, the lagging growth in sales prices and appreciation curve of scrap (20% q-o-q) and natural gas (65% q-o-q) resulted in declines in both the Q3 2021 passthrough EBITDA of pipe and railway product segment - by 43% q-o-q and 49% q-o-q, respectively
- However, the intrinsic driver of the negative dynamics in the Q3 2021 EBITDA of pipe segment was the USD 15M provision release conducted in Q2 2021
- Should the Q2 EBITDA be adjusted on the provision release, the Q3 2021 passthrough pipe segment EBITDA should have slid only by 8% q-o-q
- No further material provision release was done in Q3 and expected in Q4 2021
- The steel-making segment (vertical integration in scrap collection and its steel billet production) remained the main contributor to the overall EBITDA, which resulted in USD 172M in the first nine months 2021, having fully offset the negative price environment in the pipe segment
- Growth in revenue and sales volumes also drove an increase of selling and distribution expenses in Q3 2021 by USD 14M, driven mainly by the hike in Forwarding and transportation services (USD 6M) and Customs services (USD 3M)



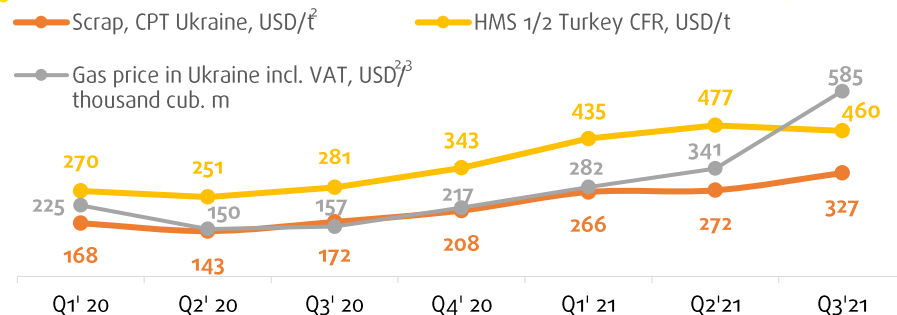
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Cost structure for the first nine months 2021

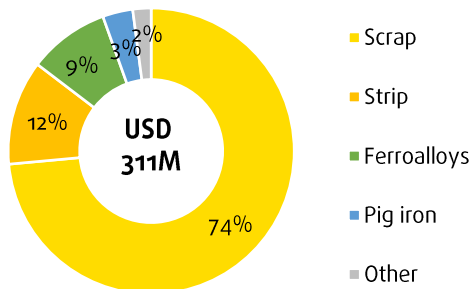
Cost of Sales breakdown¹



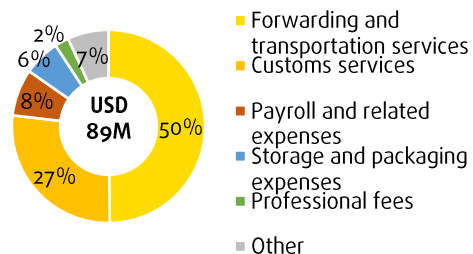
Evolution of prices for scrap and natural gas



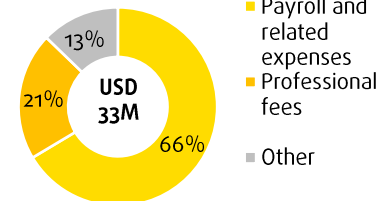
Materials breakdown



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

Cash flow

In Q3 2021, the Company had a string conversion of EBITDA into Operating Cash flow before Working Capital changes of 91%

However, the Q3 2021 Free cash flow¹ turned to negative (minus USD 29M). The main drivers were:

- Extra needs to invest in Working Capital (USD 44M);
- Scheduled payments of Income Tax (USD 12M);
- Capex program underway (USD 14M)

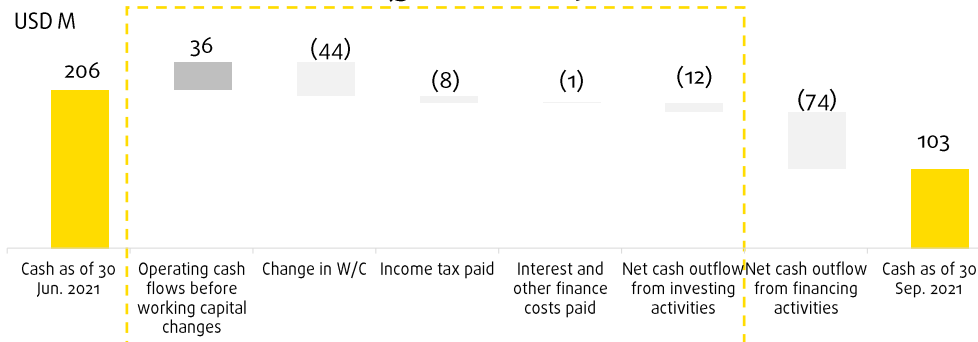
As said, increase in Working Capital in Q3 2021 (USD 44M) actually followed the pattern of Q2 being driven by growth of seamless pipe sales volumes and appreciation of raw materials:

- Increase in trade accounts receivable (USD 29M);
- Increase in inventories (USD 20M)

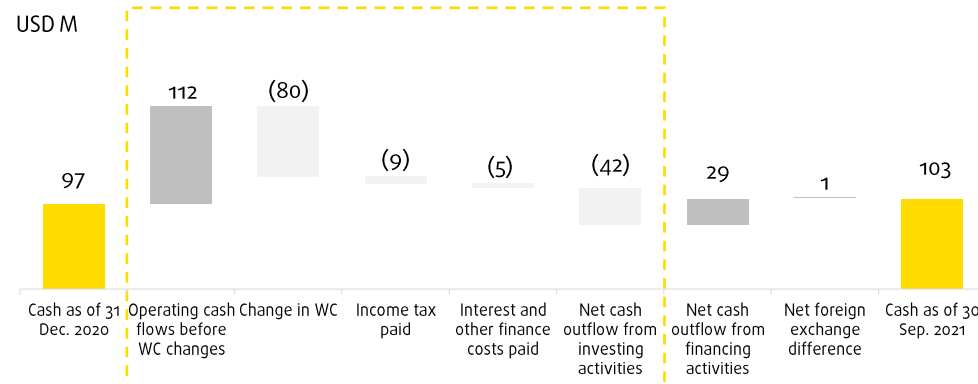
In Q3 2021, USD 74M of cash obtained from proceeds of new Notes 2026 was deployed as Net cash outflow from financing:

- **Distribution of dividends (USD 40M)**, making to the total dividends distributed this year to amount to USD 230M (no more dividends to be distributed in 2021);
- **Investments in Financial assets (USD 34M)**. Given the ample liquidity after Notes 2026 issuance, compliance with the USD 80M target cash balance according to the Financial Policy of the Company and no major Capex needs and other spending scheduled for H2 2021, it was decided to invest the extra cushion in a portfolio of low-risk marketable securities under the discretionary management of a reputable international investment bank aiming to maximally off-set interest cost under Notes 2026. The portfolio can be disposed any time to replenish the Company's liquidity should it be required under the Financial Policy

Free cash flow for Q3 2021= - USD 29M



Free cash flow for the first nine months 2021 = - USD 24M



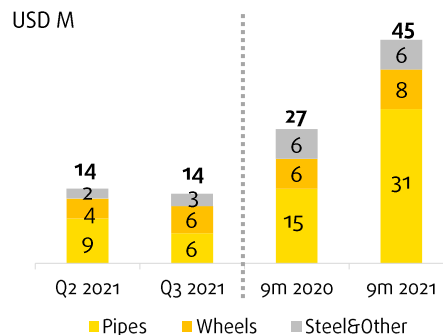
Capex



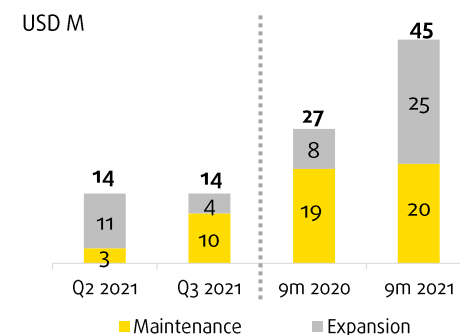
- Capex¹ in Q3 2021 amounted to USD 14M that is effectively flat on q-o-q basis and resulted USD 45M in total for the first nine months of 2021 (up by 2/3 y-o-y)
- Maintenance Capex for the first nine months 2021 slightly increased by 4% y-o-y amounting to USD 20M
- Expansion Capex in Q3 2021 declined by 64% q-o-q due to payment schedules of key projects but more than tripled y-o-y amounting to USD 25M for the first nine months 2021
- Total investments in the new pipe heat treatment project at Niko Tube for the first nine months 2021 amounted to USD 15M
- Other noticeable outlays in Q3 2021 related to: inhouse railway wheel-set assembling project at NTRP (USD 0.8M) and installation of calipering and hydraulic press line for pipes at Niko Tube (USD 1.3M)
- The railway wheel-set assembling equipment is expected to be fully put into industrial operation shortly in December 2021

1. Capex figure represents the line Purchases of property, plant, and equipment and intangible assets as part of the net cash flow from investing activities
 2. Please also note that some amounts and/or totals may deviate due to rounding-off
 3. Guarantors under the new Notes 2026
 4. In Q2 2021 all pipe production assets that belonged to NTRP were transferred (sold) to Niko Tube to consolidate all pipe production assets within a single legal entity

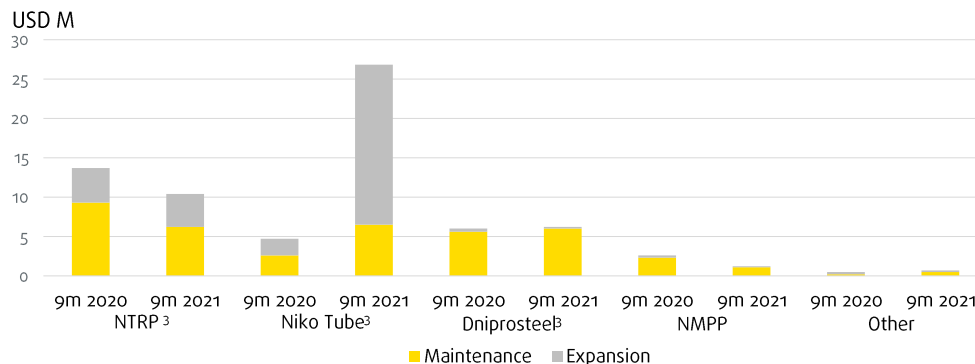
Capex² by segment



Capex² by type



Capex by production asset⁴



Debt profile

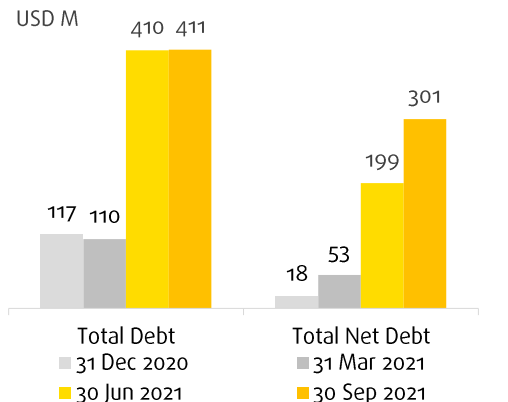


- As of September 30, 2021, **Consolidated Total Debt¹** amounted to **USD 411M** and comprised of:
 - Notes 2026** recognized at amortized cost according to the IFRS in amount of **USD 298M**
 - Bank Facilities** (EUR-denominated) in amount of **USD 43M**
 - Carrying value of the **Performance Sharing Fees and Securities** amounted to **USD 70M**
- Cash & Cash Equivalents¹** amounted to **USD 110M**, of over 80% were held in hard currencies (USD and EUR)
- Total Net Debt¹** was equal **USD 301M**
- As of September 30, 2021, **Consolidated Net Leverage Ratio¹** (Total Net Debt to EBITDA) stood at a level of **1.4x**
- The EUR-denominated **revolving credit line** (USD 8M) was rolled over and its **maturity** was extended until **December 2022**
- The only **debt redemption** remaining in 2021 in a tiny amount of **USD 0.1M** is the first scheduled instalment under the long-term amortizing bank loan
- The first annual Testing (accrual) period under the **Performance Sharing Fees and Securities** started on **July 1, 2021**

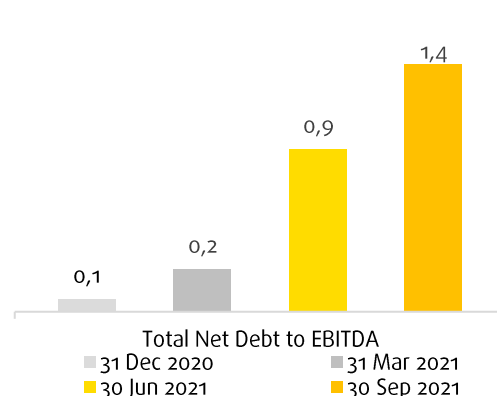
1. Total Debt, Cash & Cash Equivalents, Total Net Debt, Consolidated Net Leverage Ratio are calculated subject to the Terns and Conditions (Trust Deed) of the new Notes 2026

2. Debt maturity profile is presented at nominal value of the debt instruments and net of carrying value of the Performance Sharing Fees and Securities

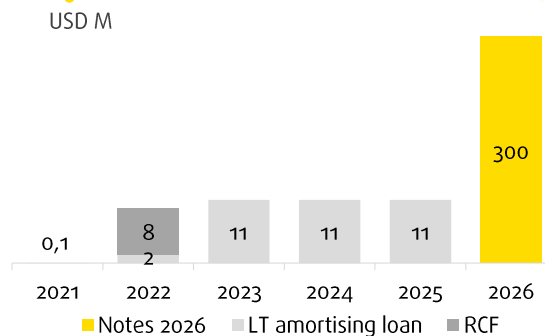
Debt Quantum¹



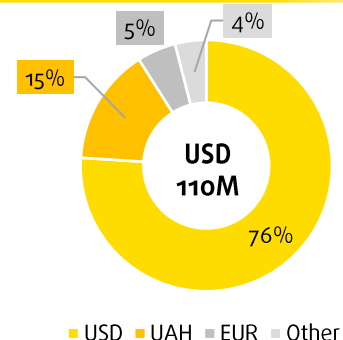
Consolidated Net Leverage ratio¹



Current Debt maturity profile²



Cash & Cash Equivalents¹ currency breakdown as of September 30, 2021



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