9 months 2019
Operational and Financial Overview

INTERPIPE

Disclaimer

This presentation ("Presentation") has been prepared by Interpipe Holdings Plc and its subsidiaries (jointly referred to as the "Company")

The Presentation shall not be considered as investment, legal, tax, or accounting advice by the Company or any employee or other representative thereof, nor does it form a part of any offer for purchase, sale, or subscription of, or solicitation, or invitation of any offer to buy, sell, or to subscribe for any securities

The Presentation may also contain forward-looking information and statements. These may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives, and expectations with respect to future operations, and statements regarding future performance. Such information and statements are subject to various risks and uncertainties, many of which are difficult to predict, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements

Each part of the Company, its employees and other representatives expressly disclaim any and all liability for the contents of, or for omissions from, this document or any written or oral communication transmitted or made to any person in connection with the Presentation

The Presentation is based on business, general economic, market, and other conditions that could be reasonably evaluated by the Company as of the Presentation date. The business and financial conditions of the Company are subject to change, which may not be reflected herein

In furnishing this Presentation, the Company does not undertake any obligation to provide the recipients with access to any additional information or to update the Presentation or any additional information or to correct any inaccuracies in any such information which may become apparent

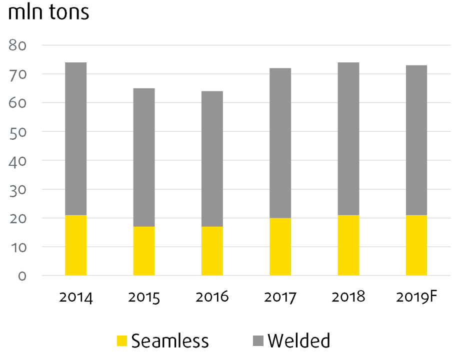
Key Operational Highlights of Q3 2019

- In the first nine months (9m) of 2019 the Company has benefited from a strong order book and client roster
- The railway product segment outperformed substantially the Company's earlier forecast mainly thanks to an increased demand in the CIS market due to a deficit in material of railway products. Our increased supply to this market has allowed to balance and reduce deficit. The Company has substantially benefited from this development despite political pressures and trade barriers. While we do welcome such unanticipated advancements that have a positive impact on our financial performance we focus on solid business opportunities
- Furthermore the railway product segment has been enjoying an additional benefit effective August 2019 from the suspension of the antidumping duty of 34.22% in the Customs Union
- At the same time, the pipe segment and OCTG business line particularly went under pressure and shrank significantly in Q3 2019 for the following reasons:
  - a slump of overall drilling activity in Ukraine - mainly by the state-owned company UGV (the subsidiary of Naftogaz)
  - the US government terminated an existing suspension agreement with Interpipe effective July 2019 in the OCTG pipe supply and made the Company again subject to the antidumping duty of 7.47% that has negatively affected profit margins in the US market
  - the pipe business in other regions faced significant price pressure due to a weakened demand
  - a negative price trend was partially offset by the decision the EU commission to reduce the antidumping duty on the seamless pipe supply for Interpipe from 13.8% to 8.1% starting from August 2019
- The Company keeps a fairly solid liquidity position following our 9m 2019 results which is largely driven so far by the strong performance of its railway product segment

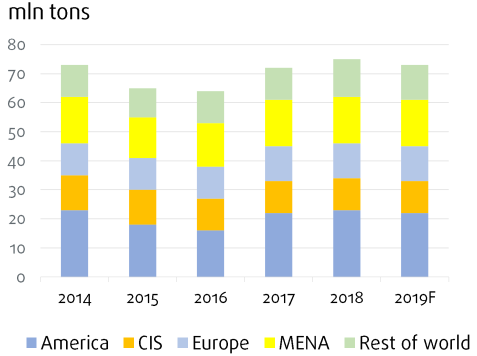
Pipe market

- Global trade tensions, economic slowdown and deteriorated drilling activity are major factors for 2019 industry's turnaround
- Key pipe demand markets North America, Europe and the MENA in 2019 are slowing down in pipe supply as markets see overstocking
- US rig count dropped by 20% y-o-y from the beginning of 2019, losing 214 units, and strongly impacted the demand for pipe products. Maximum levels of rig count observed in 2018 were still far from the pre-crisis period of 2015. Moreover, despite the launch of new pipeline projects, there is still a big number of transportation pipelines and infrastructure objects which require further capital investments
- In Europe, a challenging market environment with pricing pressure, most countries slowed down their economic development in the first 9m of 2019, which affected the pipe market in the engineering and construction sectors
- Trade safeguard measures initiated by the USA, China, and the EU had a tremendous impact on supply volumes – both locally and internationally as US mills increased production utilization and overseas suppliers had to find other export markets

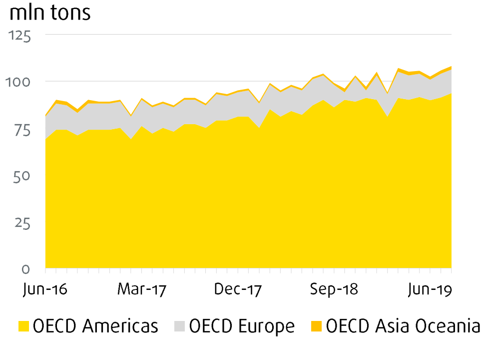
Pipe market by products[1]



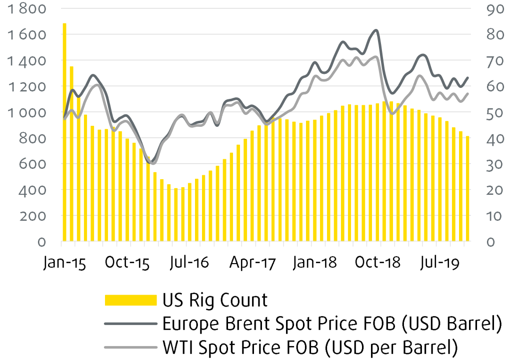
Pipe market by regions[1]



Crude Oil production



Crude Oil price and Rig Counts

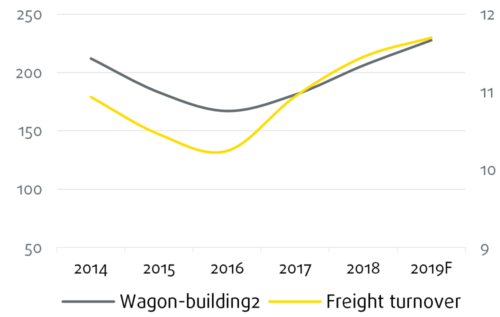


1. Excluding China. 2019 forecasts are as per the management's projections

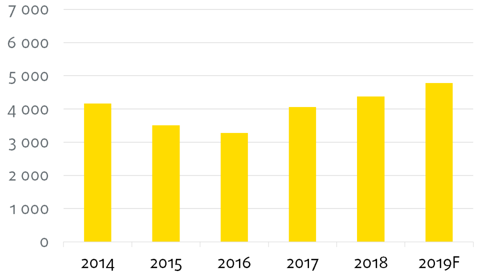
Railway product market

- In 2019, railcar manufacturing in the Customs Union is expected to increase by 10% y-o-y, while repairs' consumption is likely to surge by ~29% y-o-y. The railway product after-market segment was mainly driven by the peak of freight wagon maintenance in Russia during 2017-2019
- The Eurasian commission revised action of 34,22% duty on Interpipe's railway products, significantly changed pricing conditions in the market
- In Jan-Sep 2019, the Ukrainian railway product market was pushed up by strong railcar manufacturing, driven by the domestic deficit in freight railcars and export sales . Major demand volumes came from private customers
- In Europe - sustainable demand for railway products from both – wagon-building and after-market segment: positive production dynamics from the high-speed trains, electric multiple units segments. The trend is moving towards more efficient wagons with higher capacities and mileages
- The US region also expanded activity in railcar-building, after a deep decline during 2015-2016, supported with a strong demand of the after-market segment as a result of increased freight turnover

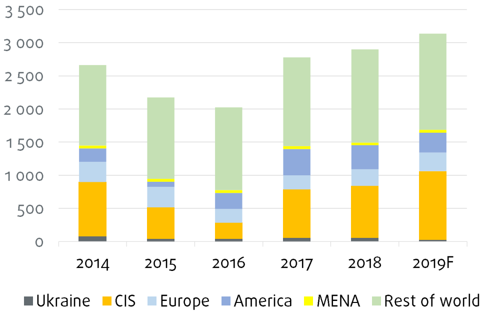
Global markets' wagon building and freight turnover



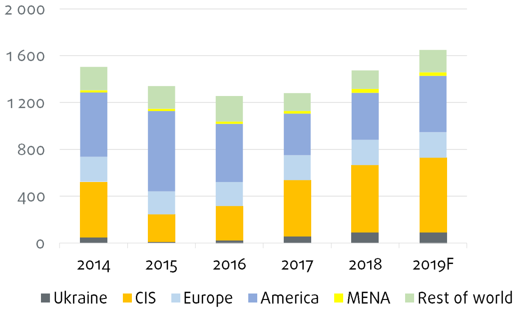
Railway product market[1]



Railway products for after-market segment[1]



Railway products for wagon-building segment[1]

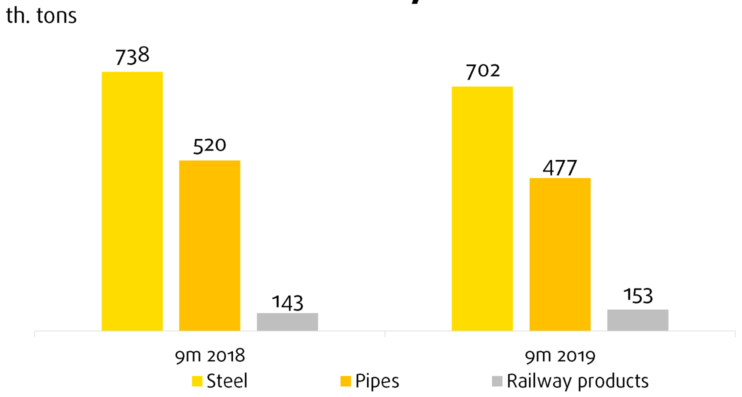


1. Excluding China. 2019 forecasts are as per the management's projections

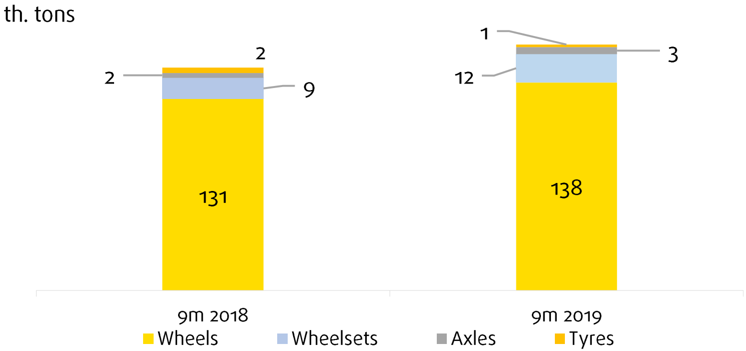
Operational Results

- Production dynamics fully correlates with the sales pattern of the Company in this period when sales were fully driven by a demand at the respective markets and regions
- In 9m 2019 pipe production reduced by 8% y-o-y due to trade barriers implemented in Russia and the EU market as well as a weak demand in the Ukrainian market which mostly affected the linepipe and OCTG products
- Railway product production figures in 2019 moderately rose by 5% y-o-y , as a result of increased demand in the CIS and European markets
- At the same time, steel production went down by 5% y-o-y due to some purchases of round steel billets from third parties (up to 25 thousand tons) and an overall reduction of pipe production

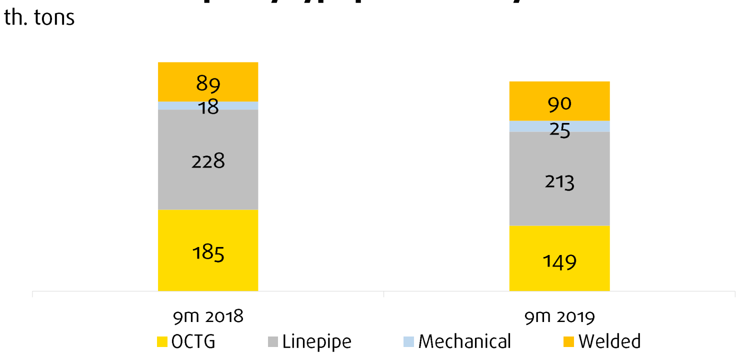
Production dynamics



Railway products by type production dynamics



Pipes by type production dynamics

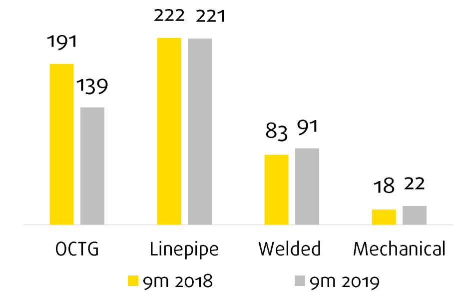


Pipe Segment: Sales portfolio

- Revenue from seamless pipes decreased by 11% y-o-y in 9m 2019, while welded pipe revenue improved by 21% y-o-y in the same time frame:
  - OCTG: volumes decreased by 27% y-o-y due to a change in drilling strategy by UGV in Ukraine
  - Linepipe: sales volumes were fairly flat y-o-y
  - Welded pipe: revenue increased 10% y-o-y, this is attributable to higher sales volumes in America and Europe regions
  - Mechanical pipe: shipments surged by 22% y-o-y thanks to more boiler pipes deliveries fulfilled
- Despite lower revenue in seamless pipes, the Company has significantly increased export sales with revenue gains in the US and Middle East, even though sales to CIS customers decreased
- Seamless pipe (mainly OCTG and Linepipe) volumes went down due to lower drilling activity in Ukraine and a ban on Ukrainian pipes in Russia, however this was partially compensated by sales in the US and MENA regions
- Europe sales volumes declined as a result of safeguard quotas introduced by the EU Commission
- The CIS markets' share reduced due to lower sales volumes in Russia and a weaker payment discipline in Uzbekistan and Azerbaijan
- Higher volumes were delivered to North America and LATAM regions due to a stronger cooperation with OCTG clients and increased welded line pipe sales
- In 9m 2019, over 70% of the pipe segment revenue came from export sales

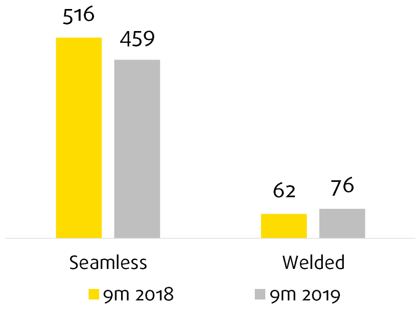
Pipe sales volumes by production type

th. tons

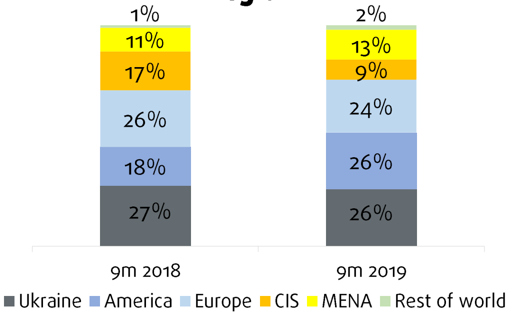


Pipe revenue by production type

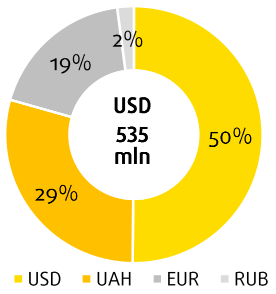
USD mln



Pipe sales volumes split by region[1]



Currency breakdown in 9m 2019



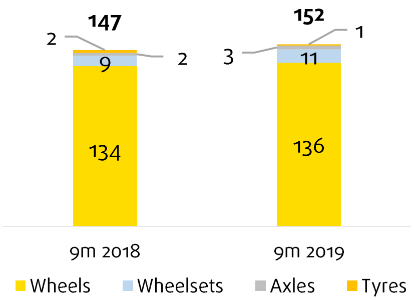
1. Physical volumes split (in tons sold)

Railway product segment: Sales portfolio

- In 9m 2019, the railway product revenue surged by 36% y-o-y and was positively impacted by overall price appreciation
- Between 9m 2018 – 9m 2019, sales volumes were primarily secured in Ukraine, Europe, and CIS countries, supporting significant improvement in revenue
- Sales to the CIS countries comprised a large part of the total volume (ca. 44%) due to strong demand and supply deficit in this market
- Domestic sales volumes in Ukraine were also supported by private railcar builders and operators who, in turn, supplied to the CIS market to cover the deficit
- The European region had strong demand in freight wheel segment from railcar operators and has been a steady customer during the recession time. During 9m 2018- 9m 2019, the share of sales in Europe has been growing sustainably and reached 26% in 9m 2019 due to high demand in the freight wheel segment
- In 9m 2019, 70% of the railway product revenue came from export sales

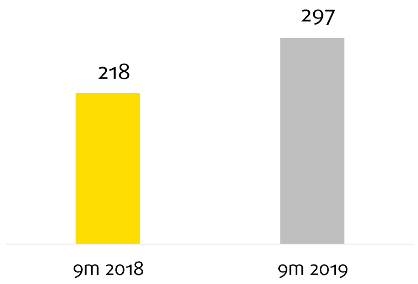
Railway product sales volumes

th. tons

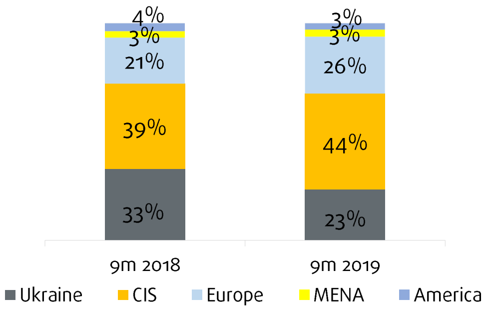


Railway product revenue

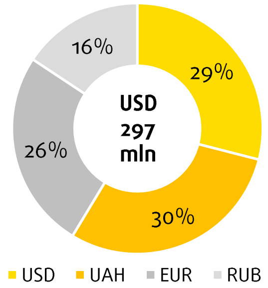
USD mln



Railway product sales split by region[1]



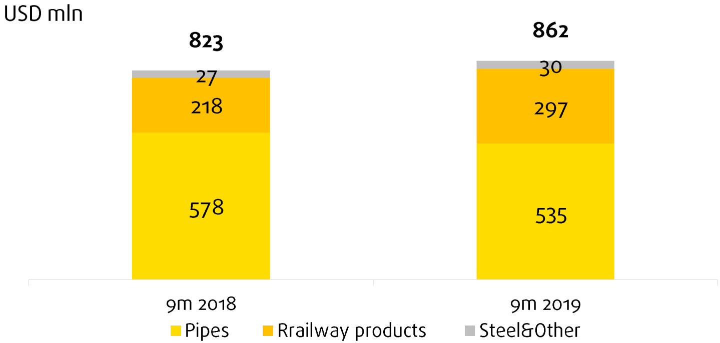
Currency breakdown in 9m 2019



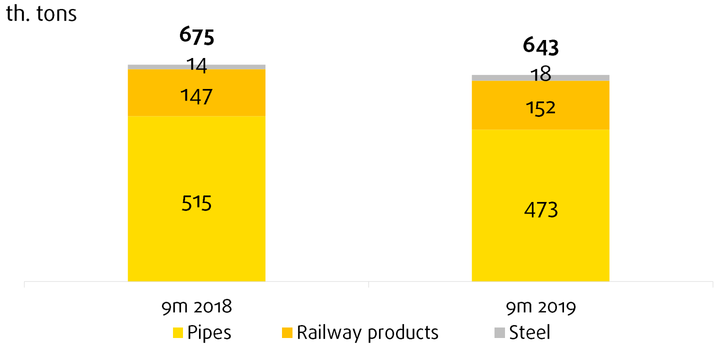
1. Physical volumes terms split (in tons sold)

Financial Highlights[1]

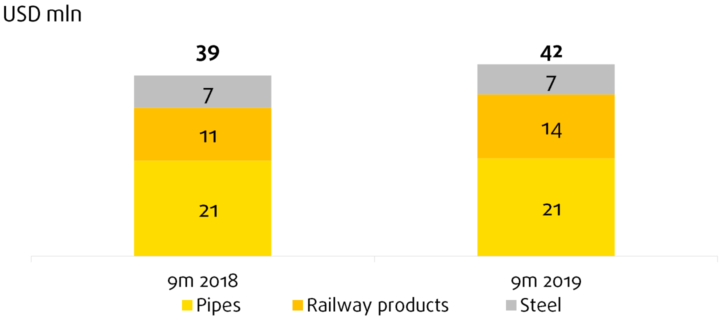
Revenue



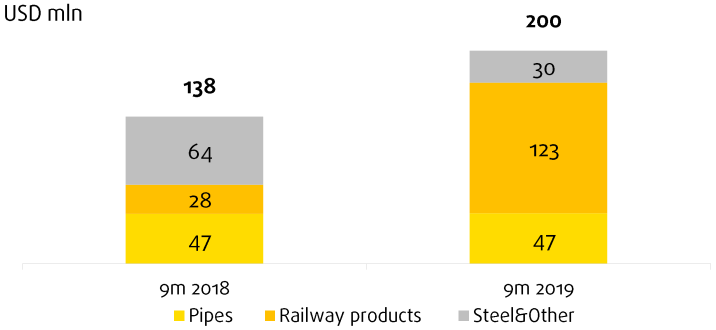
Sales volumes



Capex[2]



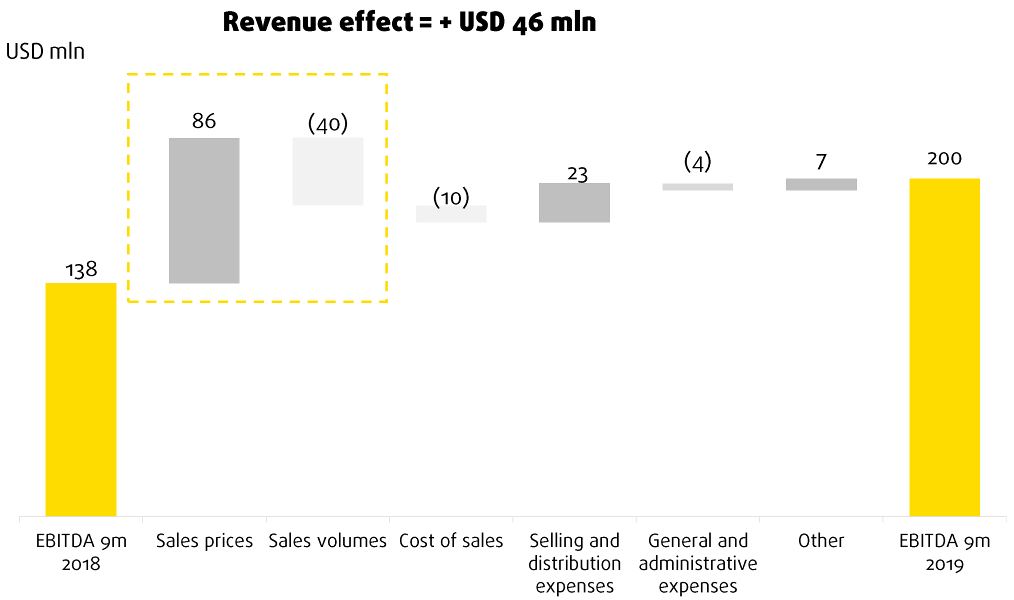
EBITDA[3]



1. Financial figures are presented based on the unaudited consolidated financial statements for the 9m 2019 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 foreign exchange cash flow hedges effect, plus extraordinary losses / (gains), and plus operating foreign exchange gain/(loss)

EBITDA

- The 9m 2019 EBITDA increased by 45% y-o-y and amounted to USD 200 mln
- The earnings were the product of a number of positive and negative drivers including but not limited to:
  - The main driver was an increase in railway product sales prices due to rising demand in the CIS and European markets
  - The railway product segment benefitted from a suspension of the antidumping duty of 34.22% in the Customs Union in August 2019 (the Q3 2019 EBITDA effect amounts to USD 15 mln)
  - Reduction of pipe sales in the CIS market due to the implementation of trade embargo and due to drop of drilling volumes in Ukraine
  - Labor costs (payroll and related expenses) moderate growth driven by an overall increase of salaries and wages following UAH appreciation
- Selling and distribution expenses went down by 19% y-o-y primarily driven by changes in the product mix and lower seamless pipe sales volumes
- General and administrative costs increased by 11% y-o-y mainly due to an increase in payroll and related expenses

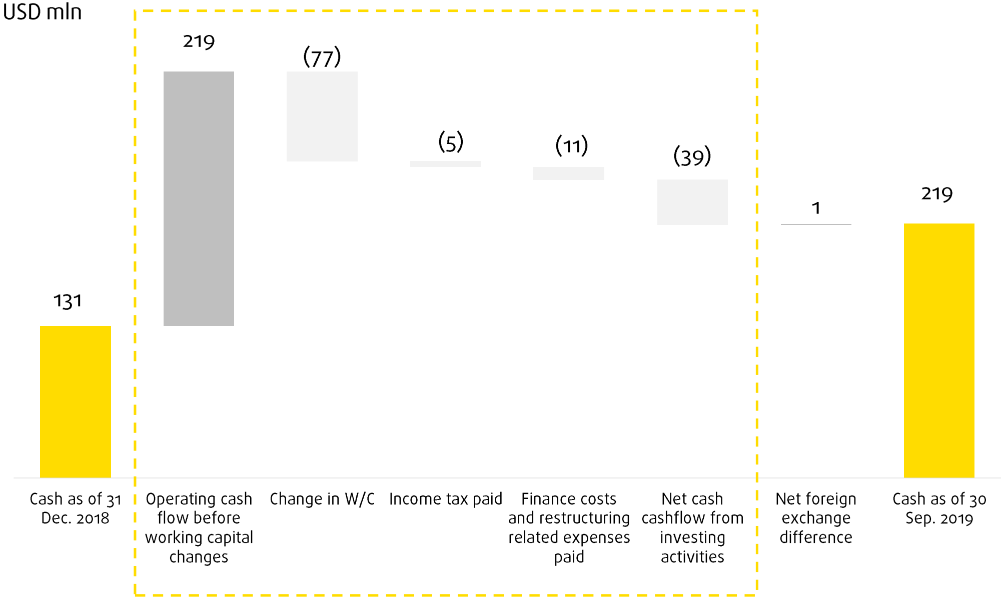


Cash flow

- The 9m 2019 free cash flow[1] amounted to USD 86 mln and was driven by:
  - Strong operating cash flow before working capital changes amounted to USD 219 mln (o/w USD 200 mln is attributable to the 9m 2019 EBITDA)
  - A growth in the working capital (USD 77 mln)
  - Continued investment program (USD 39 mln)[2]
  - USD 11 mln is attributable to finance costs related to the debt restructuring

- Increase in working capital was primarily attributable to:
  - Stock increase to support growth of sales in the US market
  - Accumulation of a significant volume of natural gas in storage for 2019-2020 winter season
  - Growth in accounts receivable for the CIS and Ukraine pipe segment which was partially balanced by an increase in advances received in the railway product segment

Free cash flow = USD 86 mln

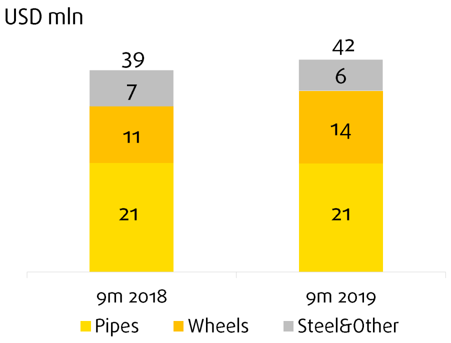


1. Free cash flow is calculated as the net cash flow from operating activities less the net cash flow from investing activities
2. Net cash outflow from investing activities consists of USD 42 mln of Capex net of USD 3 mln of interest received

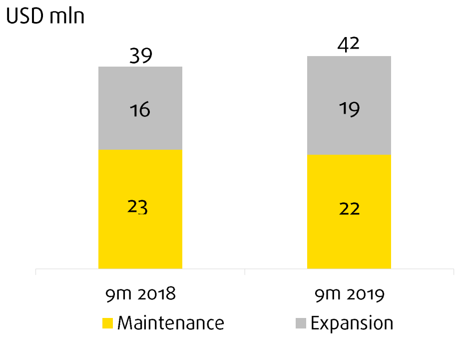
Capex

- The 9m 2019 Capex[1] amounted to USD 42 mln, an increase of 6% y-o-y
- Expansion Capex for the period increased by 19% y-o-y reaching USD 19 mln
- Maintenance Capex was fairly flat (-3% y-o-y) and amounted to USD 22 mln. At the same time, its share in the overall 9m 2019 Capex went down by 5 pp to 54% of the total amount
- Main expansion Capex was mainly attributable to the pipe and railway product segments:
  - Pipes. The main focus was on an enhancement of capacity and quality in finishing, threading and heat treatment of pipes at Interpipe NTRP and Interpipe Niko Tube
  - Railway products. The company invested in facilities for the new wheel types and axle machining with the aim to comply with EU quality standards and customer requirements for wheels and other railway products

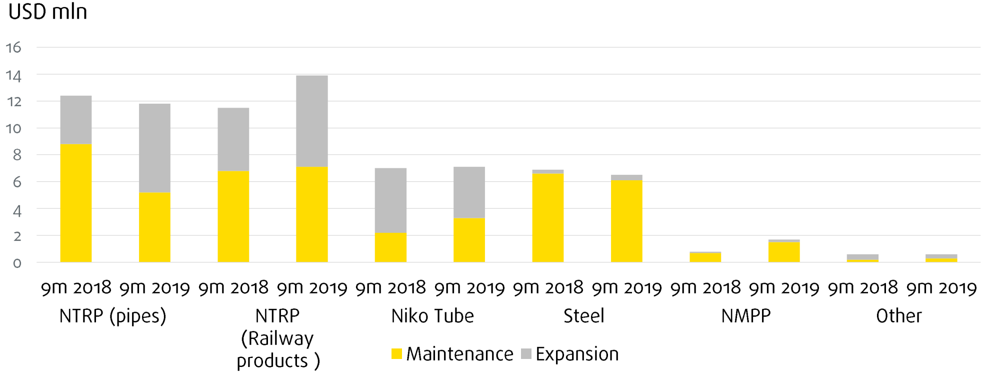
Capex[2] by segment



Capex[2] by type



Capex by production asset

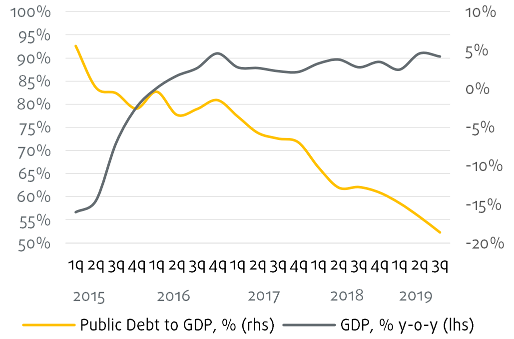


1. Capex figure represents the line Purchases of property, plant, and equipment and intangible assets as part of the net cash flow from investing activities
2. Please also note than some amounts and/or totals may deviate due to rounding-off

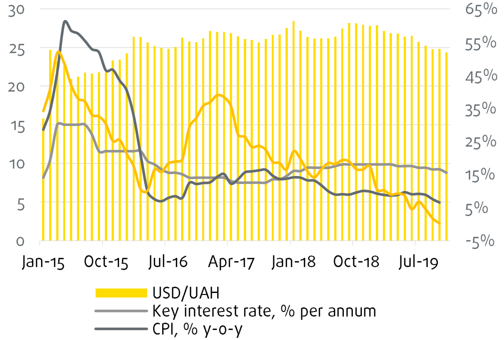
Macro and industry in Ukraine

- **The GDP growth of Ukraine in Q3 2019 was 4.2% y-o-y**
- The tight monetary policy of the National Bank of Ukraine was one of the reasons behind the strengthening of the hryvnia and improvement in inflation expectations in 2019:
  - CPI has slowed down to 7.5% in 9m 2019 and continues to decelerate to 6,5% in October 2019 towards the target of 5%
  - UAH has appreciated by 12% for 9 months in 2019 and stays amongst the world leading appreciating currencies in 2019 YTD
  - Key interest rate was reduced to 15.5% p.a. in Q3 2019
- In Q3 2019, the FX market continued to be dominated by an appreciation trend, which was driven by an increase in portfolio investments, an inflow of foreign currency and the restrained demand for foreign currency from importers
- Changes of energy resource prices and the currency devaluation effect had unfavorable effect on industrial prices. PPI dropped from 10.4% y-o-y in January to 1.7% y-o-y in October
- In Q3 2019, natural gas prices grew by 18% q-o-q amid forecasts of a cold snap in late November through early December
- Though a new electricity market was launched in July, electricity prices increased for industrial consumers. But after the import and diversification of new electricity suppliers, market prices dropped

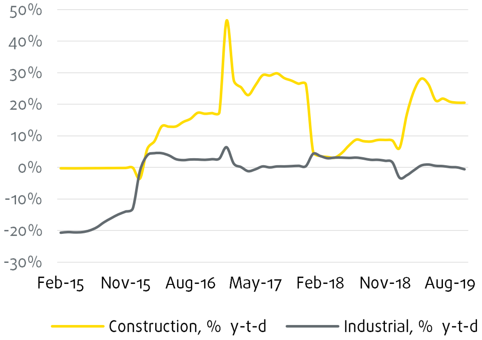
GDP and public debt



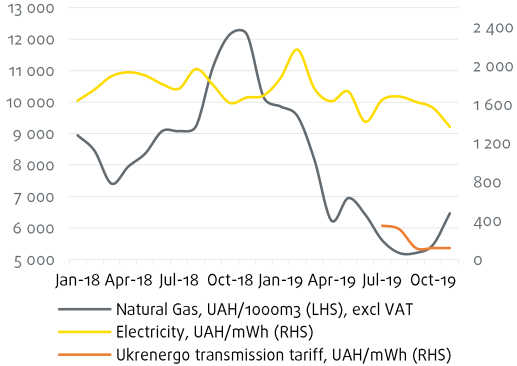
CPI vs monetary policy



Industrial growth



Natural gas and electricity price



Investor Relations Contacts

Andrii Okolnych,
Head of Investor Relations

+380 44 233 68 21

IR@m.interpipe.biz

www.interpipe.biz