INTERPIPE

PRESS RELEASE

September 22, 2020

Interpipe announces the 6 months 2020 financial results

Interpipe (referred to as “Interpipe” or the “Company”), a global producer of steel pipes and railway products based in Ukraine, released (via Interpipe Holdings Plc) its unaudited IFRS consolidated financial statements for the period from 1 January to 30 June 2020.

6 months 2020 Financial Highlights:

- Revenue decreased by 16% y-o-y to USD 468 million;
- EBITDA surged by 19% y-o-y to USD 149 million;
- CAPEX dropped by 23% y-o-y to USD 19 million;
- Net Debt went materially down to USD 28 million while Net Leverage ratio (Net Debt to EBITDA) improved substantially to 0.10x.

In H1 2020 Interpipe has shown satisfactory financial results despite extremely challenging environment in all markets. The Company had to adapt its operations to a “new reality” affected by the COVID-19 pandemic and low oil price environment.

In the first 6 months 2020, Interpipe’s overall revenue declined by 16% y-o-y to USD 468 million mainly due to a decline of pipe sales volumes and prices of pipes. Revenue from pipes shrunk by 36% y-o-y to USD 231 million.

Railway product revenue hiked by 23% y-o-y to USD 216 million amid a robust demand and overall price appreciation within the CIS, MENA and Europe.

The 6 months 2020 EBITDA amounted to USD 149 million, up by 19% y-o-y. The railway product segment was the main contributor to the EBITDA growth: its passthrough EBITDA comprised 83% of the overall EBITDA amounting to USD 124 million. At the same time, the standalone pipe segment EBITDA stayed depressed due to the oil & gas downturn and inception of COVID-19 pandemic, ending H1 2020 in a loss of USD 2 million.

As of 30 June 2020, given there were no debt repayments in Q2 2020 Gross Debt remained fairly stable. At the same time, Net Debt went down by 54 million to USD 28 million having substantially improved Net Leverage ratio (Net Debt to EBITDA) to 0.10x.

Fadi Hraibi, CEO at Interpipe commented on the results:

The first half of the year as well as Q2 2020 were not easy both for the pipe and wheel business. Nevertheless, the Company has shown positive financial results and put the grounds for further development in second half of the year. Interpipe has succeed to increase sales to the EU market. Supplies for major oil&gas companies in the UAE, Turkey and Qatar have become key milestones of the Company's sales growth in the Middle East. The Company has also expanded geography of sales of new premium connections for oil&gas industry.

Our railway product segment continued to demonstrate a strong performance in Q2 2020 bolstered by a sound demand from Europe and the Customs Union until end of May. But the reinstation of the 34.22% antidumping duty on Ukrainian wheels in the Custom Union resulted in plunge of volumes sold to the market. Domestic sales volumes of railway products in H1 2020 slumped on the back of a contraction of railcar production in Ukraine.

As of now Interpipe has a low and healthy Net Leverage ratio unprecedented for any of its Ukraine corporate and industry peer.

After crossing the challenging period of strict quarantine measures and lockdowns the Company is proceeding forward with further investments to expand its premium seamless pipe and wheelsets assembling capacities.

About the company:

Interpipe is a global producer of steel pipes and railway wheels products, based in Ukraine. The company's products are shipped to more than 80 countries all around the world via a network of sales offices located in the key markets of Ukraine, Europe, North America and the Middle East. In 2019 Interpipe supplied 822 thousand tons of finished goods, including 203 thousand tons of railway products.

INTERPIPE HOLDINGS PLC
Mykinon, 8, 1065, Nicosia, Cyprus
A Public Company Limited by Shares registered in Cyprus № 396228

INTERPIPE

6 months 2020 Operational and Financial Results

#	Item	6m 2020	6m 2019	Change	
		ths. tons	ths. tons	Δ	%, y-o-y
			Production		
1.	**Steel**	**393**	**487**	**-94**	**-19%**
2.	**Pipes, o/w:**	**234**	**348**	**-114**	**-33%**
2.1.	Seamless, o/w:	198	292	-94	-32%
2.1.1.	OCTG	42	128	-86	-67%
2.1.2.	Linepipe	146	148	-2	-1%
2.1.3.	Mechanical	10	17	-7	-43%
2.2.	Welded	36	56	-20	-36%
3.	**Railway products, o/w:**	**102**	**97**	**5**	**5%**
3.1.	Wheels	91	87	3	4%
3.2.	Wheelsets	8	7	1	11%
3.3.	Axles	2,0	1,7	0,4	22%
3.4.	Tyres	1,0	0,5	0,5	112%
			Sales		
1.	**Steel**	**21**	**9**	**12**	**133%**
2.	**Pipes, o/w:**	**236**	**317**	**-81**	**-26%**
2.1.	Seamless, o/w:	199	261	-62	-24%
2.1.1.	OCTG	44	101	-56	-56%
2.1.2.	Linepipe	146	146	0	0%
2.1.3.	Mechanical	9	15	-6	-38%
2.2.	Welded	37	56	-19	-33%
3.	**Railway products, o/w:**	**104**	**97**	**8**	**8%**
3.1.	Wheels	91	87	4	5%
3.2.	Wheelsets	10	7	3	43%
3.3.	Axles	2,0	2,0	0,0	0%
3.4.	Tyres	1,0	0,5	0,5	100%
	TOTAL	**361**	**423**	**-61**	**-15%**

INTERPIPE HOLDINGS PLC
Mykinon, 8, 1065, Nicosia, Cyprus
A Public Company Limited by Shares registered in Cyprus № 396228

#	Item[1]	6m 2020 mln USD	6m 2019 mln USD	Change Δ	 %, y-o-y
1.	**Revenue, o/w:**	**468**	**557**	**-89**	**-16%**
1.1.	Steel	15	12	4	32%
1.2.	Pipes	231	363	-132	-36%
1.3.	Railway products	216	176	40	23%
1.4.	Other	5	7	-2	-22%
2.	**EBITDA[2], o/w:**	**149**	**125**	**24**	**19%**
2.1.	Steel	40	20	20	98%
2.2.	Pipes	-2	45	-47	-105%
2.3.	Railway products	111	60	51	84%
2.4.	Other	0,6	0,7	-0,1	-15%
3.	**Capex[3]**	**19**	**24**	**-6**	**-23%**
4.	**Free cash flow[4]**	**52**	**68**	**-16**	**-24%**
#	**Item[5]**	**As of 30 June 2020 mln USD**	**As of 31 December 2019 mln USD**	**Change Δ**	** %, y-o-y**
1.	**Gross Debt**	**215**	**338**	**-123**	**-36%**
2.	**Net Debt**	**28**	**82**	**-54**	**-65%**
3.	**Consolidated Leverage Ratio (Debt to EBITDA)**	**0,76**	**1,31**	**-0,55**	**-42%**
4.	**Consolidated Net Leverage Ratio (Net Debt to EBITDA)**	**0,10**	**0,32**	**-0,22**	**-69%**

1. Financial figures are presented based on the unaudited consolidated financial statements for the 6 months 2020 prepared according to the IFRS
2. 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)
3. Capex figure represents line Purchases of property, plant and equipment and intangible assets as part of net cash flow from investing activities
4. Free cash flow is calculated as the net cash flow from operating activities less the net cash flow from investing activities
5. The indicators are calculated subject to the terms of the credit documentation under the Notes (Trust Deed)

INTERPIPE HOLDINGS PLC
Mykinon, 8, 1065, Nicosia, Cyprus
A Public Company Limited by Shares registered in Cyprus № 396228