



## PRESS RELEASE

June 03, 2021

### **Interpipe announces financial results for the first 3 months 2021**

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 January 1 to March 31, 2021.

#### **3 months 2021 Financial Highlights:**

- Revenue decreased by 20% y-o-y to USD 201 million;
- EBITDA declined by 53% y-o-y to USD 40 million;
- CAPEX hiked by 58% y-o-y to USD 17 million;
- Total Net Debt stood at USD 53 million with Consolidated Net Leverage Ratio equal to 0.2x.

In Q1 2021, Interpipe continued operating in challenging market environment which impacted on its financial performance. The total revenue declined by 20% y-o-y to USD 201 million primarily due to a contraction in railway product segment following imposition of the embargo on import of Ukrainian railway products by the Russian Federation: revenue plunged by 53% y-o-y while sales volumes fell by 32% y-o-y.

As a result, the total EBITDA for 3 months 2021 slumped by 53% y-o-y to USD 40 million, additionally undermined with ongoing global price rally on commodities and steel products as sale prices for pipes and railway products were lagging the appreciation of production inputs.

At the same time, Interpipe ramped up its Capex having spent USD 17 million both for maintenance and expansion programs in Q1 2021.

As of 31 March 2021, the Company reduced Total Debt to USD 110 million after the full redemption of Notes 2024 on January 26, 2021, keeping Consolidated Net Leverage Ratio at the negligible level of 0.2x.

#### **Fadi Hraibi, CEO at Interpipe commented on the results:**

The strong price rally on raw materials and steel products in Q1 2021 caused a downward pressure on the Company’s production margins. Given a common 2-4 month sales cycle for pipe and railway products we were not able to pass over the ongoing cost appreciation promptly.



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At the same time, we have been now observing growing market confidence and increased demand for pipes which enables us to be more aggressive in pricing new orders.

Starting from February 9, 2021, Russia imposed an embargo on import of Ukrainian railway products which resulted in much weaker performance of our railway product segment in Q1 2021.

However, then in the first months of Q2 2021 Interpipe have been successful in redirecting of sales volumes of wheels lost due the Russian embargo to other destinations: the US, CIS, Europe and India, having almost reached the pre-embargo monthly production levels.

In addition, successful placement of the USD 300 million Eurobond in May has brought Interpipe an ample liquidity to secure the Capex program and fund Working Capital needs.

### **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.

### 3 months 2021 Operational and Financial Results

#	Item	3m 2021	3m 2020	Change	
		ths. tons	ths. tons	Δ	%, y-o-y
<b>Production</b>					
1.	<b>Steel</b>	193	217	-24	-11%
2.	<b>Pipes, o/w:</b>	107	114	-7	-6%
2.1.	<u>Seamless, o/w:</u>	93	97	-5	-5%
2.1.1.	OCTG	26	28	-2	-9%
2.1.2.	Linepipe	62	65	-3	-4%
2.1.3.	Mechanical	5	4	1	19%
2.2.	Welded	14	16	-2	-13%
3.	<b>Railway products, o/w:</b>	40	55	-14	-26%
3.1.	Wheels	33	50	-17	-34%
3.2.	Wheelsets	5,8	3,6	2,3	64%
3.3.	Axles	0,9	1,1	-0,1	-12%
3.4.	Tyres	0,4	0,4	0,1	24%
<b>Sales</b>					
1.	<b>Steel</b>	11	10	2	16%
2.	<b>Pipes, o/w:</b>	105	112	-7	-6%
2.1.	<u>Seamless, o/w:</u>	91	96	-5	-5%
2.1.1.	OCTG	27	30	-4	-12%
2.1.2.	Linepipe	60	62	-2	-3%
2.1.3.	Mechanical	4	4	0	8%
2.2.	Welded	14	15	-2	-10%
3.	<b>Railway products, o/w:</b>	39	58	-19	-32%
3.1.	Wheels	32	51	-20	-38%
3.2.	Wheelsets	5,9	5,5	0,5	9%
3.3.	Axles	0,9	0,9	0,1	6%
3.4.	Tyres	0,5	0,2	0,3	110%
<b>TOTAL</b>		<b>156</b>	<b>180</b>	<b>-24</b>	<b>-13%</b>



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#	Item <sup>1</sup>	3m 2021	3m 2020	Change	
		mln USD	mln USD	Δ	%, y-o-y
<b>1.</b>	<b>Revenue, o/w:</b>	<b>201</b>	<b>251</b>	<b>-50</b>	<b>-20%</b>
1.1.	Steel	15	8	7	91%
1.2.	Pipes	123	112	11	10%
1.3.	Railway products	60	128	-68	-53%
1.4.	Other	3,6	3,2	0,4	14%
<b>2.</b>	<b>Pass through EBITDA<sup>2</sup>, o/w:</b>	<b>40</b>	<b>86</b>	<b>-46</b>	<b>-53%</b>
2.1.	Steel	2	1	0,5	46%
2.2.	Pipes	15	8	7	91%
2.3.	Railway products	23	76	-54	-70%
2.4.	Other	0,8	0,4	0,4	116%
<b>3.</b>	<b>Capex<sup>3</sup></b>	<b>17</b>	<b>11</b>	<b>6</b>	<b>58%</b>
<b>4.</b>	<b>Free cash flow<sup>4</sup></b>	<b>4</b>	<b>-4</b>	<b>8</b>	<b>-</b>
#	Item <sup>5</sup>	As of	As of	Change	
		March 31, 2021	December 31, 2020	Δ	%, y-o-y
		mln USD	mln USD		
<b>1.</b>	<b>Total Debt</b>	<b>110</b>	<b>117</b>	<b>-7</b>	<b>-6%</b>
<b>2.</b>	<b>Total Net Debt</b>	<b>53</b>	<b>18</b>	<b>35</b>	<b>192%</b>
<b>3.</b>	<b>Consolidated Net Leverage Ratio</b>	<b>0,2</b>	<b>0,1</b>	<b>0,2</b>	<b>227%</b>

1. Financial figures are presented based on the unaudited consolidated financial statements for the first three months 2021 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 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 figures are calculated subject to the Terms and Conditions (Trust Deed) under Notes 2026