



## PRESS RELEASE

December 17, 2021

### **Interpipe announces Q3 and the first nine months 2021 Operational and 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 January 1 to September 30, 2021.

#### **Q3 2021 Financial Highlights:**

- Revenue surged by 14% q-o-q to USD 296 million;
- EBITDA declined by 44% q-o-q to USD 40 million;
- CAPEX increased by 4% q-o-q to USD 14 million.

#### **The first nine months 2021 Financial Highlights:**

- Revenue hiked by 15% y-o-y to USD 757 million;
- EBITDA decreased by 30% y-o-y to USD 151 million;
- CAPEX surged by 65% y-o-y to USD 45 million;
- Total Net Debt was equal to USD 301 million with Consolidated Net Leverage Ratio of 1.4x.

In Q3 2021, there was a bullish sentiment across all key markets and regions Interpipe operated partially offset the negative impact of the global appreciation of production inputs and raw materials (including ferrous scrap metal and natural gas)

Total revenue increased by 15% y-o-y in the first nine months 2021. The 54% y-o-y growth in revenue in the pipe segment compensated the 28% y-o-y drop in railway product segment revenue triggered by the embargo on imports of Ukrainian railway products imposed by the Russian Federation in February 2021.

EBITDA in the first nine months 2021 subdued by 30% y-o-y (down to USD 151 million) affected by continuously increasing scrap and natural gas prices as sales prices both for pipes and wheels were lagging their rapid appreciation. Like revenue, the pipe and railway product segments exhibited the same dynamics in the first nine months. The pass-through EBITDA of the pipe segment hiked by 54% y-o-y but the pass-through EBITDA of the railway product segment shrank by 60% y-o-y.



**INTERPIPE**

In the first nine months 2021 Interpipe ramped up its Capex by 65% having spent USD 45 million in total. Capex in new projects more than tripled y-o-y amounting to USD 25 million.

As of 30 September 2021, Interpipe's Total Net Debt increased to USD 301 million driven by the negative Free cash flow of USD 29 million in Q3 2021. Consolidated Net Leverage Ratio stood at the level of 1.4x.

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

In Q3 2021, Interpipe was suffering the appreciating input costs. Scrap and natural gas prices rose by 20% q-o-q and 65% q-o-q, respectively, creating additional pressure on the Company's performance and working capital.

Moreover, in Q4 the negative pressure on the cost base even grew up driven by skyrocketing appreciation of natural gas in Europe, as we have to prepay monthly consumption volumes one month ahead at ongoing heightened market prices.

On a positive note, we have been enjoying a continuous growth of OCTG demand worldwide, and especially in the US, Ukraine and CIS, which has enabled the Company gradually to offset the negative effects of appreciation of production inputs and new trade barriers.

OCTG sales volumes almost doubled y-o-y fueled by a robust demand worldwide and amid ramping up of Interpipe's own R&D premium and semi-premium pipe connections.

A modest growth in the railway product sales in Q3 clearly signaled that the Company successfully overcame the negative consequences of the embargo having expanded sales to the CIS and European markets.

In Q3 2021, domestic sales of railway products 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.

The ample liquidity cushion after the successful settlement of the USD 300 million Eurobond in May secured our investments Interpipe in key expansion projects like the new pipe heat treatment at Niko Tube and inhouse railway wheelset assembling at NTRP, which we plan to put into industrial operation in coming weeks

### **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.



**INTERPIPE**

### Q3 and the first nine months 2021 Operational and Financial Results

#	Item	9m 2021	9m 2020	Change		Q3 2021	Q2 2021	Change	
		ths. tons	ths. tons	Δ	%, y-o-y	ths. tons	ths. tons	Δ	%, q-o-q
<b>Production</b>									
1.	<b>Steel</b>	<b>727</b>	<b>578</b>	<b>149</b>	<b>26%</b>	<b>269</b>	<b>264</b>	<b>5</b>	<b>2%</b>
2.	<b>Pipes, o/w:</b>	<b>443</b>	<b>350</b>	<b>94</b>	<b>27%</b>	<b>181</b>	<b>155</b>	<b>26</b>	<b>17%</b>
2.1.	<u>Seamless, o/w:</u>	<u>402</u>	<u>289</u>	<u>113</u>	<u>39%</u>	<u>167</u>	<u>143</u>	<u>24</u>	<u>17%</u>
2.1.1.	OCTG	143	56	88	157%	70	47	23	48%
2.1.2.	Linepipe	240	220	21	9%	89	89	0	0%
2.1.3.	Mechanical	18	14	5	34%	8	6	1	24%
2.2.	Welded	41	61	-19	-32%	14	13	2	14%
3.	<b>Railway products, o/w:</b>	<b>127</b>	<b>146</b>	<b>-18</b>	<b>-13%</b>	<b>45</b>	<b>42</b>	<b>4</b>	<b>9%</b>
3.1.	Wheels	106	128	-22	-17%	38	35	3	8%
3.2.	Wheelsets	17	13	4	31%	6,0	5,4	0,6	11%
3.3.	Axles	2,9	3,1	-0,2	-6%	1,0	1,0	0,0	4%
3.4.	Tyres	1,2	1,8	-0,6	-32%	0,6	0,2	0,4	233%
<b>Sales</b>									
1.	<b>Steel</b>	<b>47</b>	<b>26</b>	<b>21</b>	<b>80%</b>	<b>17</b>	<b>18</b>	<b>-1</b>	<b>-6%</b>
2.	<b>Pipes, o/w:</b>	<b>419</b>	<b>359</b>	<b>60</b>	<b>17%</b>	<b>162</b>	<b>153</b>	<b>10</b>	<b>6%</b>
2.1.	<u>Seamless, o/w:</u>	<u>401</u>	<u>346</u>	<u>55</u>	<u>16%</u>	<u>155</u>	<u>147</u>	<u>9</u>	<u>6%</u>
2.1.1.	OCTG	127	64	63	98%	57	44	13	29%
2.1.2.	Linepipe	235	221	14	6%	85	90	-5	-6%
2.1.3.	Mechanical	39	61	-22	17%	13	12	1	35%
2.2.	Welded	18	13	5	38%	7	6	1	17%
3.	<b>Railway products, o/w:</b>	<b>128</b>	<b>147</b>	<b>-19</b>	<b>-13%</b>	<b>45</b>	<b>44</b>	<b>1</b>	<b>3%</b>
3.1.	Wheels	106	128	-22	-17%	38	36	1	4%
3.2.	Wheelsets	18	15	4	26%	6	6	0	-8%
3.3.	Axles	2,9	2,9	0,0	0%	1,0	1,0	0,0	0%
3.4.	Tyres	1,4	1,8	-0,4	-22%	0,7	0,2	0,5	299%
<b>TOTAL</b>		<b>595</b>	<b>533</b>	<b>62</b>	<b>12%</b>	<b>226</b>	<b>215</b>	<b>11</b>	<b>5%</b>



**INTERPIPE**

#	Item <sup>1</sup>	9m 2021	9m 2020	Change		Q3 2021	Q2 2021	Change	
		ths. tons	ths. tons	Δ	%, y-o-y	ths. tons	ths. tons	Δ	%, q-o-q
<b>1.</b>	<b>Revenue, o/w:</b>	<b>757</b>	<b>660</b>	<b>96</b>	<b>15%</b>	<b>296</b>	<b>260</b>	<b>37</b>	<b>14%</b>
1.1.	Steel	37	22	15	66%	16	7	9	125%
1.2.	Pipes	507	349	159	45%	205	179	26	15%
1.3.	Railway products	201	280	-80	-28%	71	70	2	2%
1.4.	Other	12	9	3	29%	4	4	0	2%
<b>2.</b>	<b>EBITDA<sup>2</sup>, o/w:</b>	<b>151</b>	<b>216</b>	<b>-66</b>	<b>-30%</b>	<b>40</b>	<b>71</b>	<b>-31</b>	<b>-44%</b>
2.1.	Steel	169	65	104	160%	62	72	-10	-13%
2.2.	Pipes	-36	10	-46	-453%	-26	-4	-22	615%
2.3.	Railway products	15	140	-124	-89%	3	1	1	84%
2.4.	Other	2	2	0,6	37%	0	1	-0,8	-76%
<b>3.</b>	<b>Capex<sup>3</sup></b>	<b>45</b>	<b>27</b>	<b>18</b>	<b>65%</b>	<b>14</b>	<b>14</b>	<b>0</b>	<b>4%</b>
<b>4.</b>	<b>Free cash flow<sup>4</sup></b>	<b>-24</b>	<b>94</b>	<b>-118</b>	<b>-125%</b>	<b>-29</b>	<b>1</b>	<b>-30</b>	<b>-</b>

#	Item <sup>5</sup>	30 Sep 2021	30 Jun 2021	Change	
		USD M	USD M	Δ	%, q-o-q
<b>1.</b>	<b>Total Debt</b>	<b>411</b>	<b>410</b>	<b>1</b>	<b>0%</b>
<b>2.</b>	<b>Total Net Debt</b>	<b>301</b>	<b>199</b>	<b>102</b>	<b>51%</b>
<b>3.</b>	<b>Consolidated Net Leverage Ratio</b>	<b>1,4</b>	<b>0,9</b>	<b>0,5</b>	<b>63%</b>

1. Financial figures are presented based on the unaudited consolidated financial statements for the first nine 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)
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