



**Q3 and the first nine months
2023 Operational and
Financial Overview**

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Key highlights of Q3 2023 and business outlook



-  Interpipe continues utilizing its production capacities on average at 60-70% of the pre-war levels and expects to maintain the same rate in the near term subject to regular electricity supply to its production assets
-  As announced before, US OCTG market has been continuing to cool off that resulted in the domestic and European markets turned to be the main bread winners for the Company
-  On the recent regulatory developments applicable to Interpipe's pipe segment trade operations:
 - In September 2023, the US Department of Commerce (the DOC) announced the preliminary dumping rate for Ukrainian linepipes at 4.99% (vs 23.75% formerly). The decision on the final rate is expected in March 2024
 - In December 2023, following completion of the next sequential annual administrative review the DOC also announced the final dumping rate for Ukrainian OCTG pipes at 4.89%



Pipe market



USA:

- Throughout Q3, there was a gradual decline in both demand and consumption of OCTG accompanied with reduction in imports and presence of elevated inventory levels.
- The US rig count saw a q-o-q decrease of 71 rigs in Q3. However, it remained relatively stable over the first nine months 2023 compared to the same period in the previous year
- Average OCTG prices in Q3 declined by 15% q-o-q while in the first nine months 2023 were 5% y-o-y

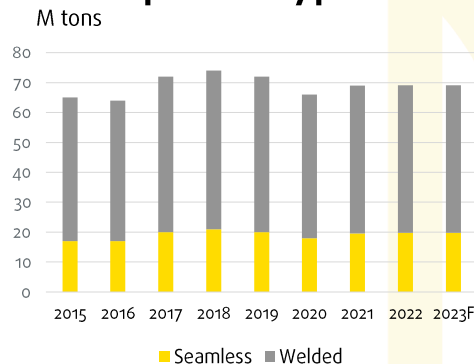
MENA:

- The regional rig count added 4 rigs in Q3 q-o-q and 48 rigs y-o-y within the first nine months 2023 supporting demand for seamless pipes. In the meantime, the investment activity dropped by 12% in Q3 while remained almost 60% higher y-o-y
- Prices grew modestly in Q3 q-o-q led by Chinese mills that continued enjoying substantial price advantage and retained their dominant position among suppliers of seamless pipes

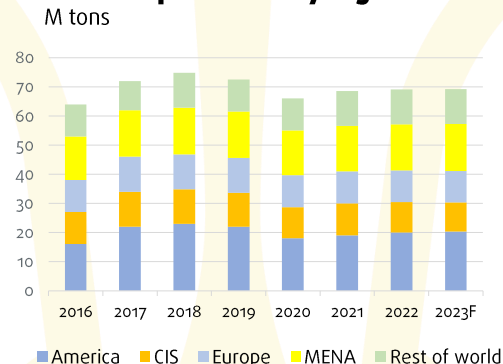
Europe: Given a softening activity in the EU construction and manufacturing sectors, demand for seamless linepipe in Q3 remained stagnant. Recovery in demand is not expected earlier than in Q1 2024. Seamless pipe prices declined on average by 7% q-o-q in Q3

Ukrainian demand for seamless steel pipe was led by the oil & gas companies who kept elevated levels of drilling in Q3, although lower by 5% as compared to Q2. Construction sector was stable in Q3 with a positive outlook driven by normalization of construction material production, state financing, and seasonal factors

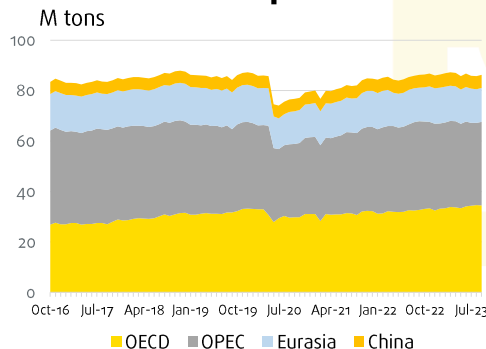
Pipe market by products¹



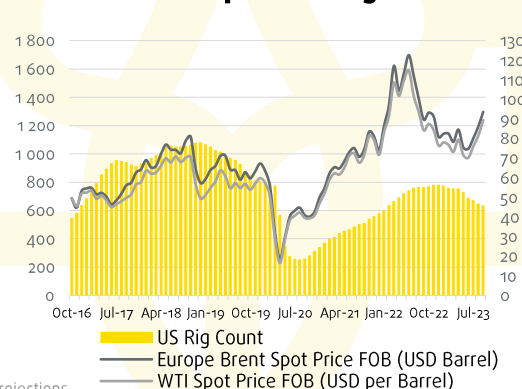
Pipe market by regions¹



Crude oil production



Crude oil price and rig count



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

Railway product market



Global railway products market continued showing limited recovery in the first 3 quarters 2023. The rate of recovery slowed down in Q3, but our expectations towards the full year of 2023 are still bullish

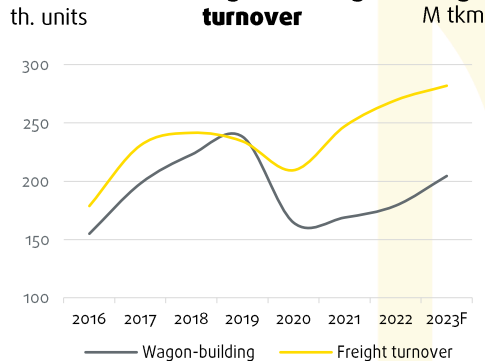
Europe:

- In Q3 2023, supplies of railway products to Europe showed a q-o-q decrease of 12% due to a decline in supplies from Ukraine and China as well as a significant drop in supplies from Russia
- Despite the continued decline in imports from China in Q3, the overall imports from China surged by 2.5x y-o-y in the first nine months 2023
- Total imports to Europe in the first nine months 2023 rose by 32% y-o-y

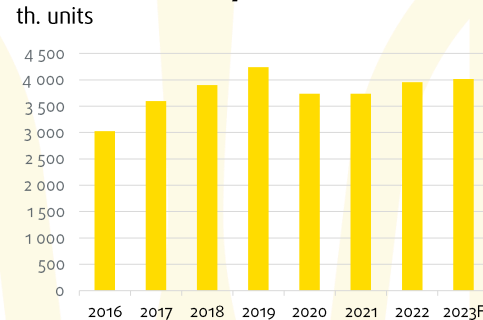
Ukraine:

- After a significant drop in H1 2022, wagon building industry had been showing a limited recovery during H2 2022 – H1 2023. But Q3 2023 exhibited a decrease by 11% on q-o-q basis. For the first nine months 2023 wagon building went down by 6% y-o-y
- After-market segment represented around 58% of the total wheel market in Ukraine in first nine months 2023
- Number of depot and capital wagon repairs by private companies remained stable y-o-y during the first nine months 2023

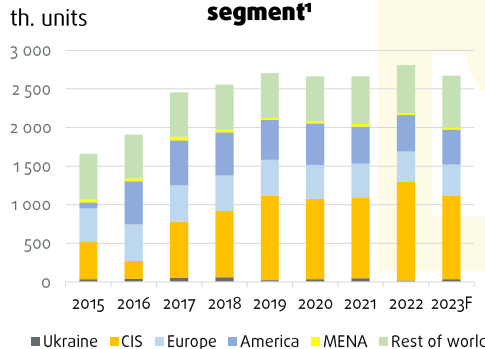
Global markets' wagon building and freight turnover



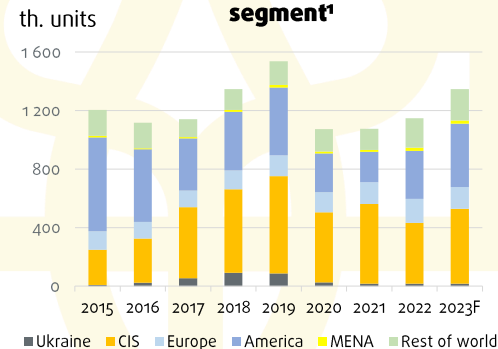
Railway wheel market'



Railway wheels for after-market segment'



Railway wheels for wagon-building segment'

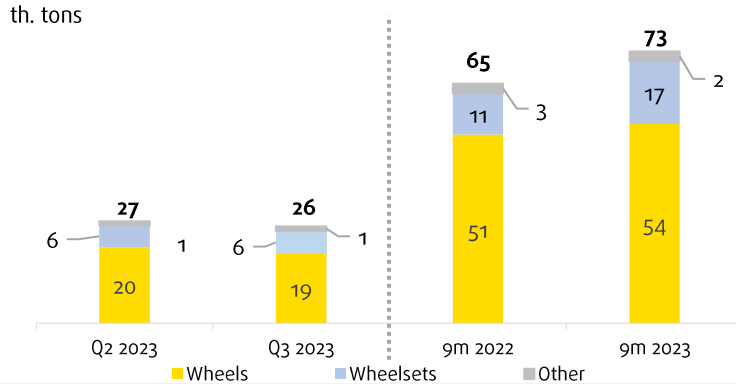


1. Excluding China. 2022 forecasts are as per the management's projections

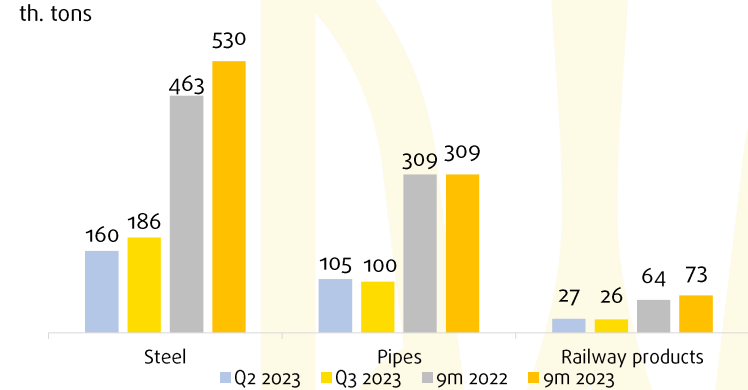
Operational results

- Basically, production figures across segments were relatively stable reflecting the pattern of demand for products at global markets
- Pipe production remained stable y-o-y but slid by 5% q-o-q in Q3 2023
- In Q3, pipe production mix reverted in comparison with the previous quarter:
 - OCTG production grew by 12% q-o-q (vs the 39% q-o-q drop in Q2)
 - Linepipe production dropped by 10% q-o-q (vs the 21 % q-o-q growth in Q2)
- The only more noticeable change was reported in the steelmaking segment where steel billets production rose by 17% q-o-q as a matter of building up stock as a preemptive measure to secure sufficiency in semi finished products in case of electricity shortages during the cold season

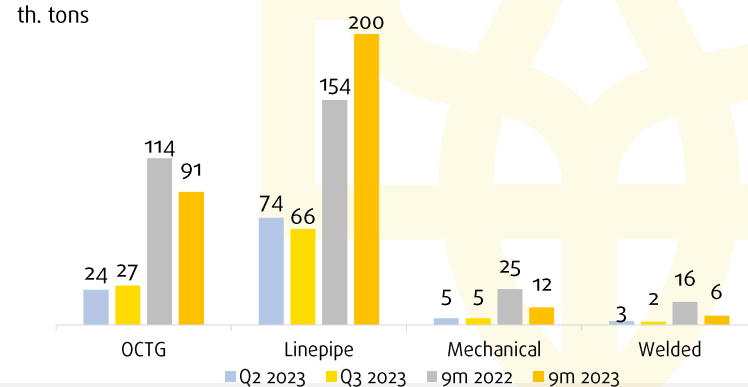
Railway products by type production dynamics



Production dynamics



Pipes by type production dynamics

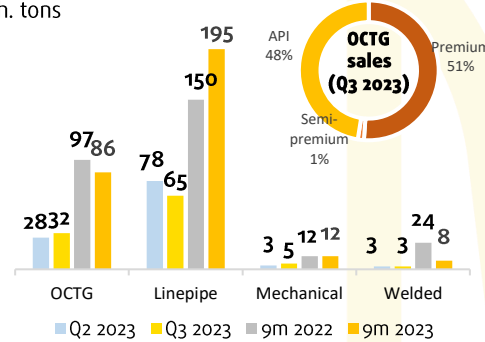


Pipe segment: Sales portfolio

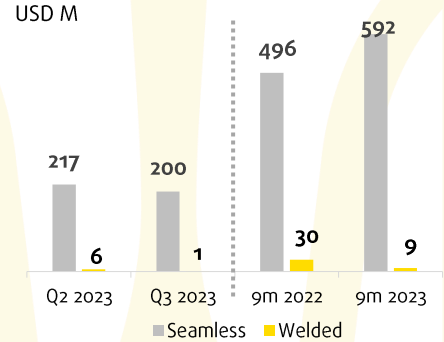


- In Q3 2023, sales volumes declined by 6% q-o-q, however showed a 6% y-o-y growth in the first nine months 2023
- The quarterly decline was driven by the drop in sales across key export markets on the back of the tense economic situation in Europe and America with a forecasted drop in both steel consumption and construction output in 2023. China continues to supply significant volumes of pipe products to the Middle East and Europe
- Total OCTG sales volumes increased by 15% q-o-q in Q3 2023, while linepipe volumes dropped by 17% q-o-q over the same period
- North American** sales were in Q3 were 8% lower q-o-q amid lower OCTG sales. The situation in the U.S. oil and gas industry in Q3 remained gloomy given the declining pipe consumption, elevated inventories, and thus, softening OCTG prices
- Europe** sales saw the biggest q-o-q drop in Q3 of 41%, particularly in the linepipe sub segment. The weak performance in construction and manufacturing sectors served as key factor in hindering the demand in Q3.
- MENA** volumes declined by 25% primarily amid lower sales of Linepipe. At the same time, sales of OCTG to the region grew by over 6.5x q-o-q in Q3. Prices level for seamless pipes remained undermined by Chinese supplies to the region
- Domestic** sales surged by 32% q-o-q in Q3 2023 driven by a significant increase in linepipe sales to multiple clients. Total sales in Ukraine in the first nine months 2023 hiked by 65% y-o-y

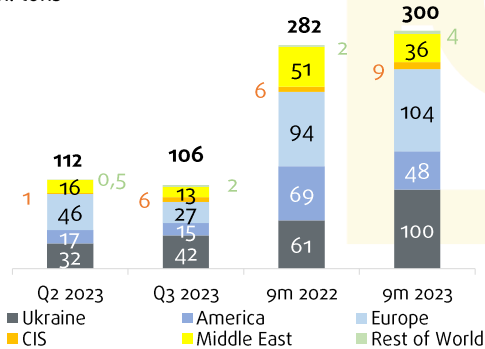
Pipe sales volumes by production type
th. tons



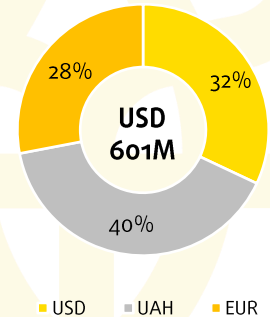
Pipe revenue by product type
USD M



Pipe sales volumes split by region
th. tons



Currency breakdown the first nine months 2023

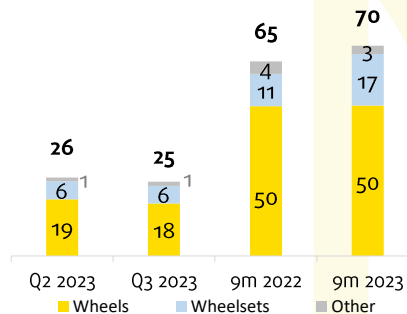


Railway product segment: Sales portfolio

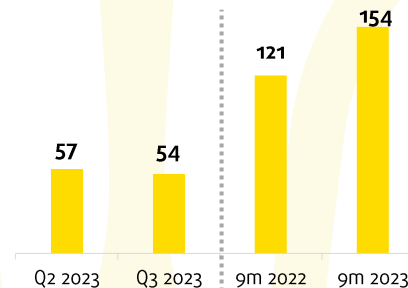


- After the noticeable growth in Q2 2023 railway products sales showed a minor decline of 5% q-o-q in Q3. At the same time, the total sales for the first nine months 2023 grew by 8% y-o-y
- Ukraine.** Domestic sales dropped by 43% q-o-q in Q3 2023 due to soft consumption of main Ukrainian wagonbuilding plants
- Europe** continued to be the key direction for Interpipe's railway product sales in 2023 and comprised a 63% share in the sales portfolio in Q3 2023. Sales to Europe in Q3 decreased by 7% q-o-q but for the first nine months they stayed higher by 31%y-o-y
- MENA, America and ROW** sales increased by 66% q-o-q in Q3 having ramped up their aggregate share to 18% in the sales portfolio for the first nine months 2023

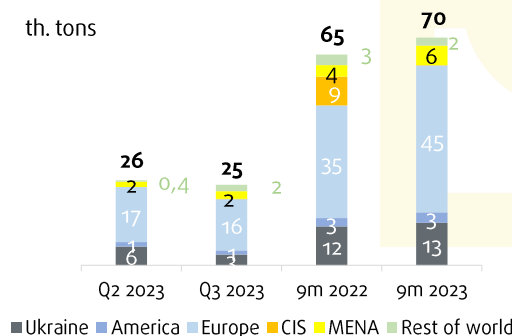
Railway product sales volumes
th. tons



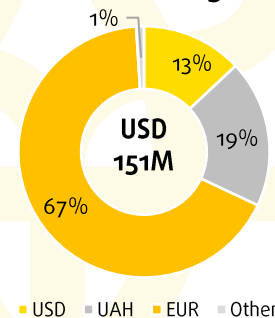
Railway product revenue
USD M



Railway product sales split by region
th. tons

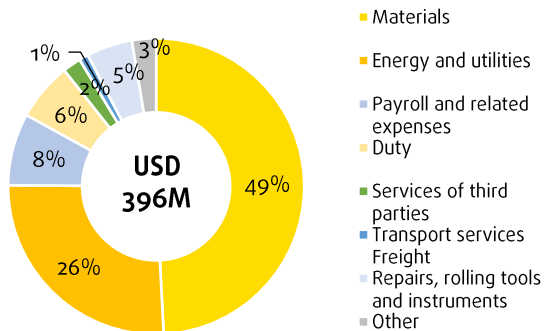


Currency breakdown the first nine months 2023

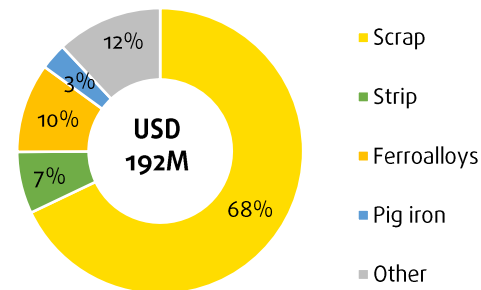


Cost structure for the first nine months 2023

Cost of Sales breakdown¹

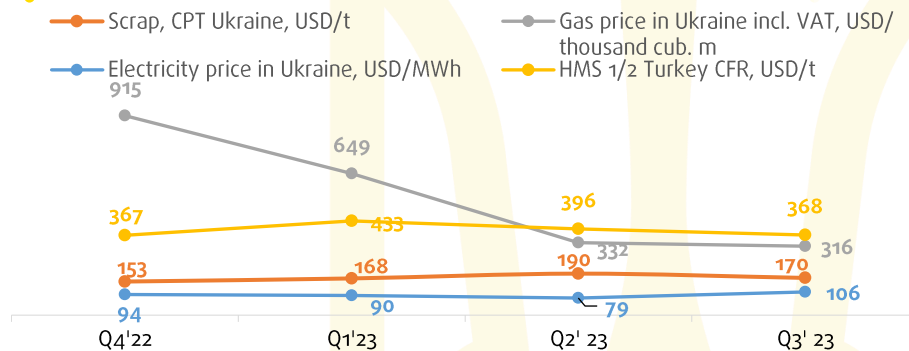


Materials breakdown

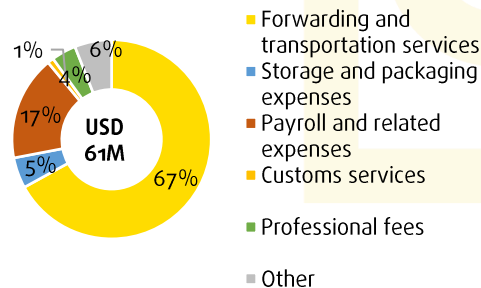


1. Net of Depreciation & Amortization item
2. Prices converted from UAH into USD at average USD/UAH rates for respective periods

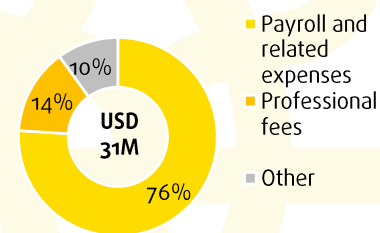
Evolution of market prices for key production inputs²



Selling & Distribution costs¹



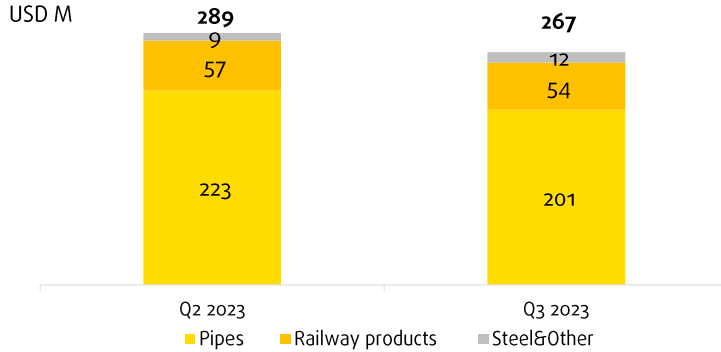
General & Administrative costs¹



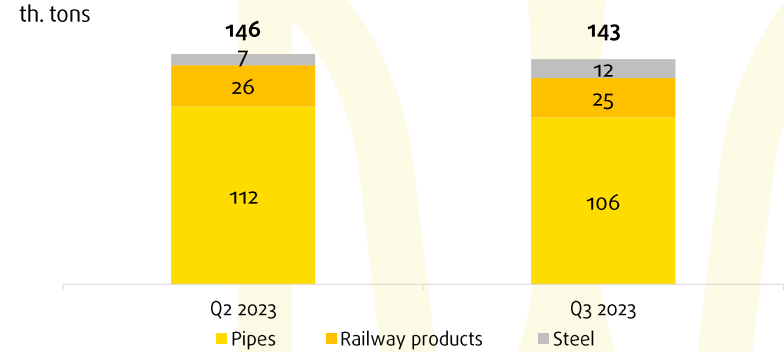
Financial Highlights¹ of Q3 2023



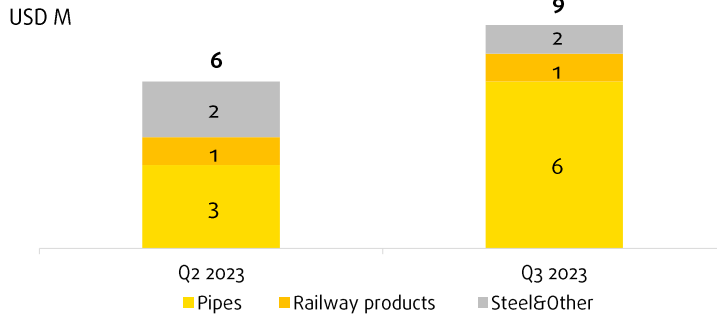
Revenue



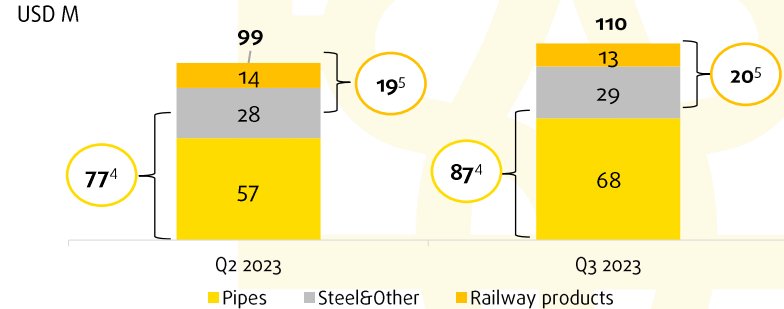
Sales volumes



Capex²



EBITDA³



1. Financial figures are presented based on the unaudited interim consolidated financial statements 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)

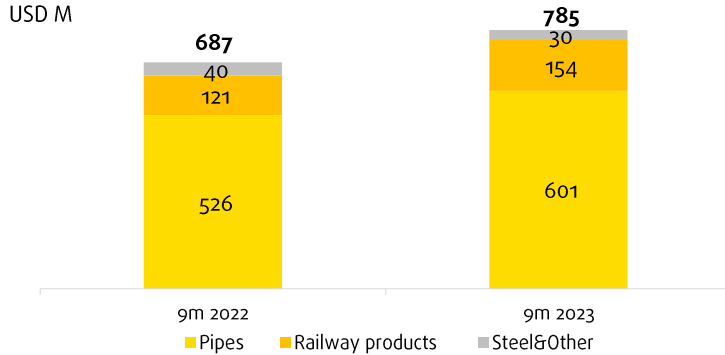
4. EBITDA of the pipe segment on a pass-through basis reallocating the relevant portion of EBITDA from the steel segment to the pipe segment

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

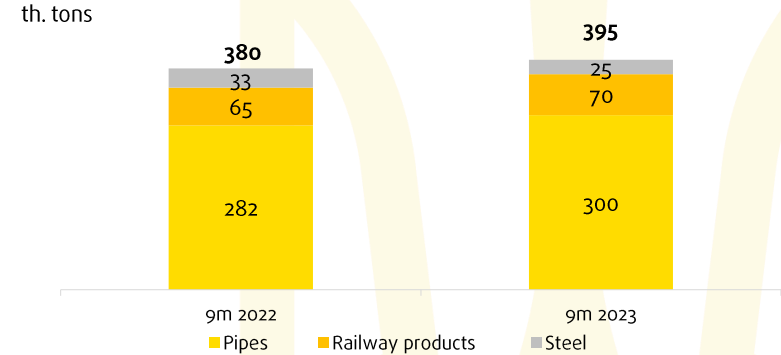
Financial Highlights¹ for the first nine months 2023



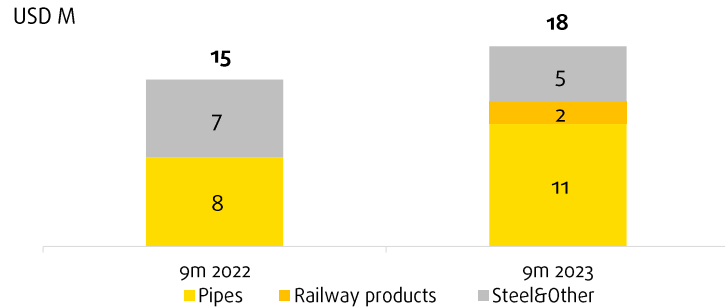
Revenue



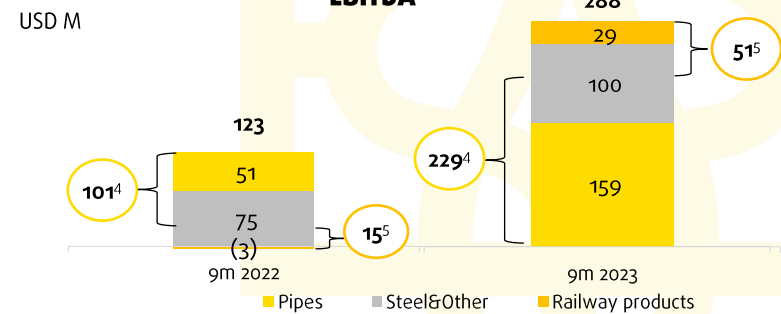
Sales volumes



Capex²



EBITDA³



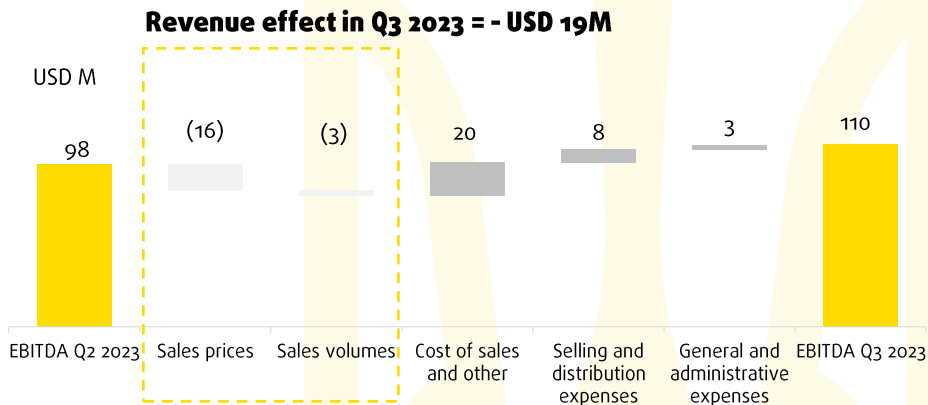
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 4. EBITDA of the pipe segment on a pass-through basis reallocating the relevant portion of EBITDA from the steel segment to the pipe segment
 5. EBITDA of the railway product segment on a pass-through basis reallocating the relevant portion of EBITDA from the steel segment to the railway product segment

EBITDA

The Q3 2023 EBITDA¹ hit a record for a quarterly figure and amounted to USD 110 M. It rose by 11% q-o-q on the back of mix of the following drivers:

- Positive effect in Cost of sales was sufficient to recoup the decline in sales volumes and further softening of market prices for pipes (esp. for OCTG in the US)
- Cost of Sales: on the back of lower sales volumes cheaper average market prices for scrap (-11% q-o-q) and natural gas (-5% q-o-q) buffered a hike in electricity prices by 35% q-o-q
- Selling and distribution expenses declined following the drop in total sales volumes across the segments as well as due to a growth in domestic sales of seamless pipes in Q3 on the back of a drop in sales to distant export markets (e.g. in the US, MENA, etc)

Total EBITDA for the first nine months 2023 hit USD 288M

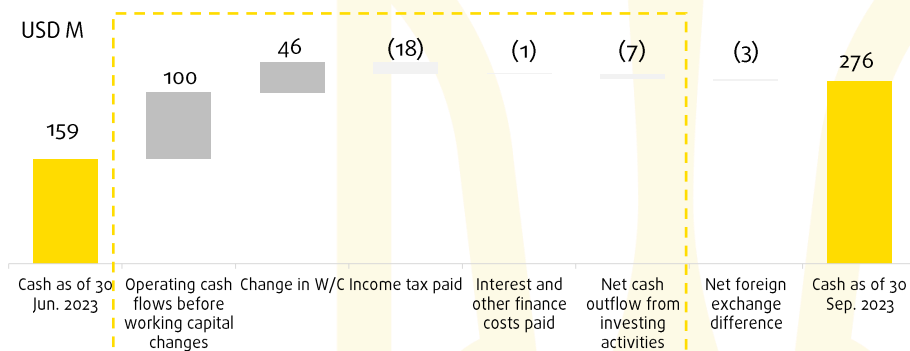


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Cash flow

- Free cash flow¹ for Q3 2023 amounted to USD 120M supporting the Company's persistent and resilient cash generation through the cycle amid:
 - a robust conversion of EBITDA into cash of 91% in Q3
 - Release of Working Capital in amount of USD 46M mainly due to a shift of sales to closer regions in Q3 (including the domestic market) as well as optimization of logistics routes
- In Q3, Capex slightly increased to USD 9M after the Board of Directors of Interpipe had taken the decision on resuming major development capex projects

Free cash flow for Q3 2023 = + USD 120M



1. Free cash flow is calculated as the net cash flow from operating activities less the net cash flow from investing activities

Debt profile



As of September 30, 2023, **Consolidated Total Debt¹** amounted to **USD 419M** and comprised of:

- Notes 2026 recognized at amortized cost according to the IFRS in amount of **USD 299M**
- 2 **Bank Facilities** (EUR-denominated) in amount of **USD 36M**
- Carrying value of the **Performance Sharing Fees and Securities** revalued upward to **USD 84M**

Cash & Cash Equivalents¹ grew up to **USD 279 M** during Q3 that resulted in a decline of **Consolidated Total Net Debt¹** to **USD 279M**

However, following the robust business performance in Q3 2023 **Consolidated Net Leverage Ratio¹** (Total Net Debt to EBITDA) as of September 30, 2023 improved to the sound level of **0.4x**

The first annual installment under the **Performance Sharing Fees and Securities** for the testing period (July 1, 2022 – June 30, 2023) in amount of **USD 49M** was duly **paid off** in October 2023

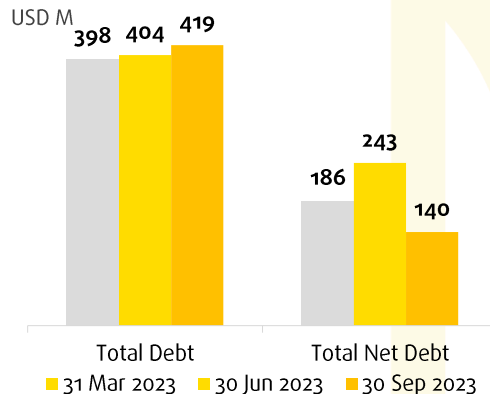
The semiannual **coupon payment** under the Notes 2026 was **executed** on November 13, 2023 (amounted to **USD 12.5M**)

In December 2023, a **one-year extension (until December 2024)** of the short-term bank facility (RCF) in amount of EUR 7M was contractually concluded

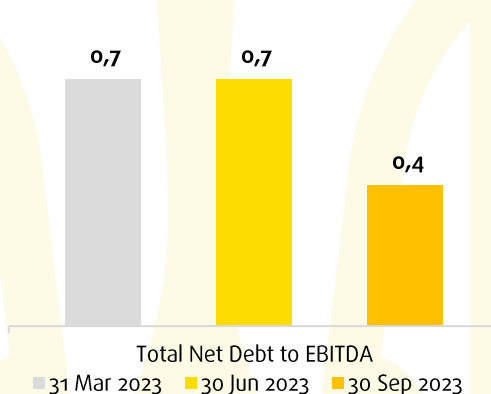
1. Total Debt, Cash & Cash Equivalents, Total Net Debt, Consolidated Net Leverage Ratio are calculated subject to the Terms and Conditions of the Notes 2026 set out in Schedule 1 to the Trust Deed

2. Debt maturity profile is presented (as of the date of this Presentation) at nominal value of the debt instruments and net of carrying value of the Performance Sharing Fees and Securities. Current USDEUR rate=1,10

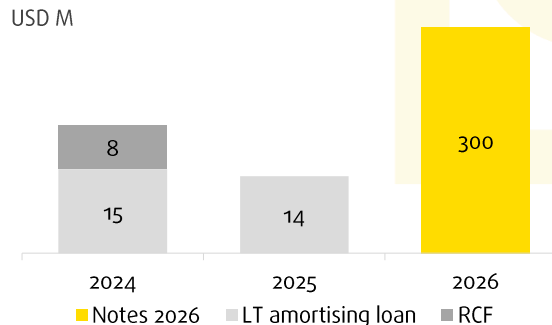
Debt Quantum¹



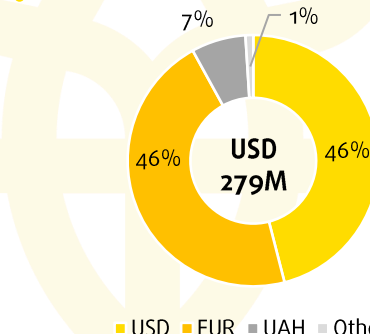
Consolidated Net Leverage ratio¹



Current Debt maturity profile²



Cash & Cash Equivalents¹ currency breakdown as of September 30, 2023



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