



Interpipe. Reload

December 2, 2019
Ukrainian Investment Roadshow, London

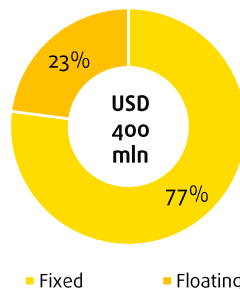


Restructured Debt Profile

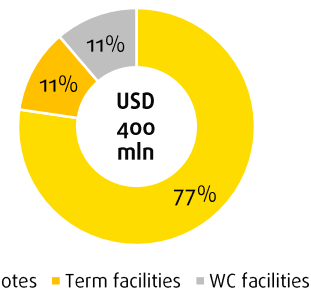


- The debt restructuring became effective on 25 October 2019
- The Restructured Debt: USD 400 mln, all USD denominated, comprising of:
 - USD 309 mln 10.25% Notes due in December 2024
 - USD 46 mln Term Facility (L+6.65% p.a.) due in December 2020
 - Two restructured Working Capital facilities USD 45 mln in aggregate (L+6.65% p.a.) due in December 2020
- Notes and Term Facility are secured by common collateral and are subject to Intercreditor Agreement
- Restructured working capital facilities are secured by certain assets of Ukrainian subsidiaries
- As of today USD 22.7 mln under the Term Facility and Working Capital facilities have been already repaid

Interest rate type breakdown



Restructured Debt breakdown



Restructured Debt Maturity Profile as of 25 October 2019



1. The Gross Debt is presented excluding any carrying value of Exit Fees and Performance Securities and Fees

Interpipe at a glance



Interpipe:

- Is a vertically integrated company aggregating own steel production with further manufacture of steel pipes and railway products
- Is the only company in Ukraine, Eastern Europe, and the CIS that operates a newly built Electric Arc Furnace (EAF) with the annual capacity of 1.2 mln tons
- Is the #1 producer of seamless pipes and railway wheel products in Ukraine
- Is a TOP-5 manufacturer and TOP-3 exporter of railway products in the world
- Is a TOP-10 pipe producer in the world
- Sells its products to more than 80 countries of the world
- Has a wide range of pipes and connections for the oil&gas, construction, and mechanical engineering industries
- Has over 200 types of railway wheel products covering multifarious railcar and locomotive needs worldwide
- Has USD 1 bln annual revenue, with over 2/3 of export sales

Key Financial and Operational highlights¹

	2016	2017	2018	2-year CAGR	H1 2018	H1 2019	y-o-y
Steel production , thousand tons	617	850	973	26%	491	487	-1%
Wheel production , thousand tons	112	175	187	29%	96	97	1%
Pipe production , thousand tons	445	587	677	23%	344	348	1%
Revenue , USD mln	507	806	1 074	46%	542	557	3%
EBITDA² , USD mln	46	120	158	84%	91	125	37%
EBITDA margin , %	9%	15%	15%	6 pp	17%	23%	6 pp
Capex³ , USD mln	38	43	44	7%	21	24	14%
Free cash flow⁴ , USD mln	8	41	66	187%	-1	61	-

1. Full year financial figures are presented based on the annual audited consolidated financial statements, while interim financials figures are presented based on the unaudited consolidated financial statements according to IFRS. Please also note that some amounts, totals, and/or dynamics percentages may deviate due to rounding-off

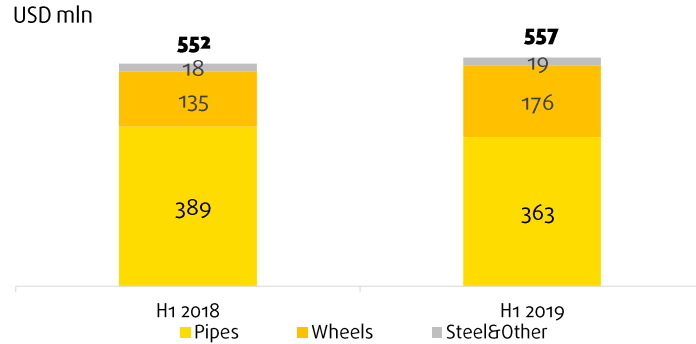
2. EBITDA is calculated as an operating profit (or loss) plus depreciation and amortization charges, plus impairment of property, plant, and equipment and intangible assets, plus loss / (gain) on disposal of property, plant, and equipment, plus foreign exchange cash flow hedges effect, plus extraordinary losses / (gains), and plus operating foreign exchange gain/(loss)

3. Capex figure represents the line Purchases of property, plant, and equipment and intangible assets as part of the net cash flow from investing activities

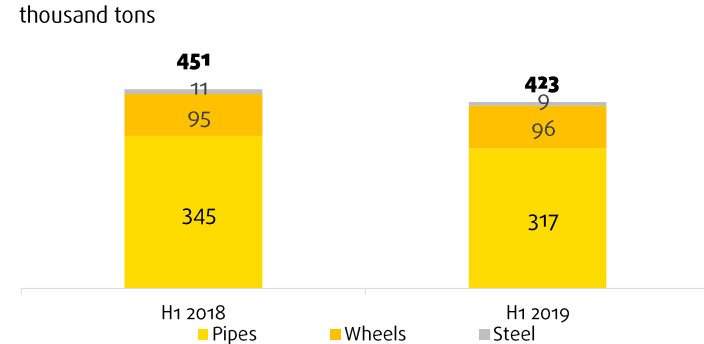
4. Free cash flow is calculated as the net cash flow from operating activities less the net cash flow from investing activities

H1 2019 Financial Highlights¹

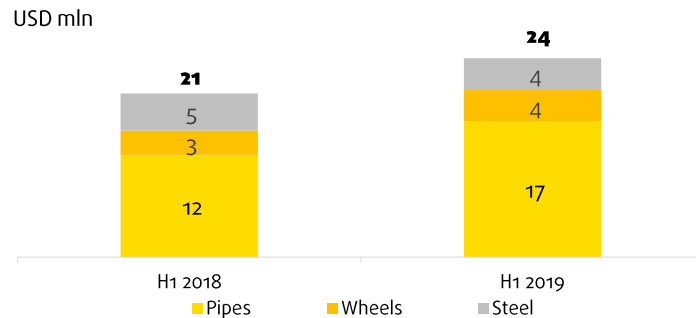
Revenue



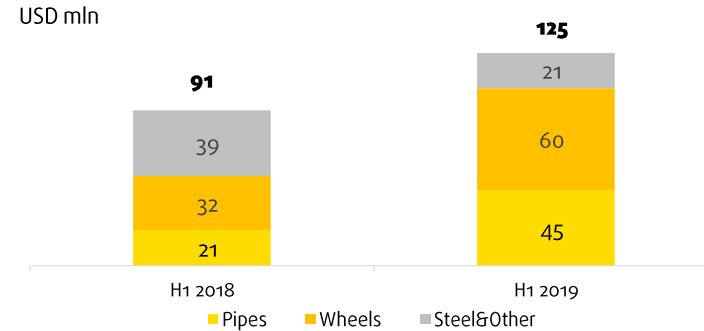
Sales volumes



Capex²



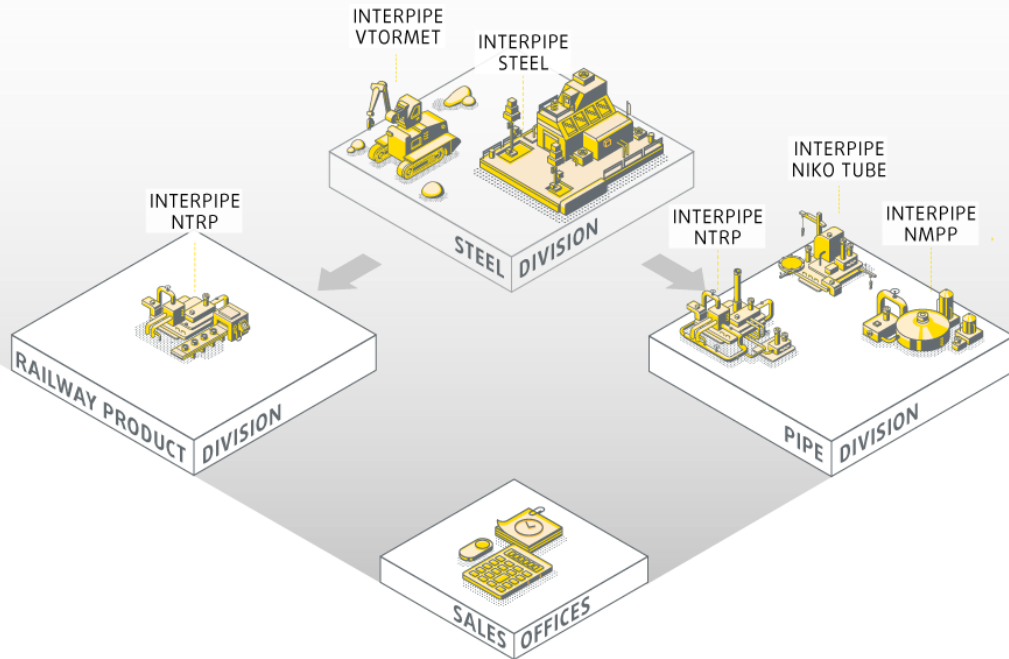
EBITDA



1. Financial figures are presented based on the unaudited consolidated financial statements for H1 2019 according to 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

Integrated business model



Steel Division

INTERPIPE VTORMET – Dnipro, Ukraine, Scrap collection

INTERPIPE STEEL – Dnipro, Ukraine, Con-cast billet production

Pipe Division

INTERPIPE NTRP – Dnipro, Ukraine, Seamless pipe production

INTERPIPE NIKO TUBE – Nikopol, Ukraine, Seamless pipe production

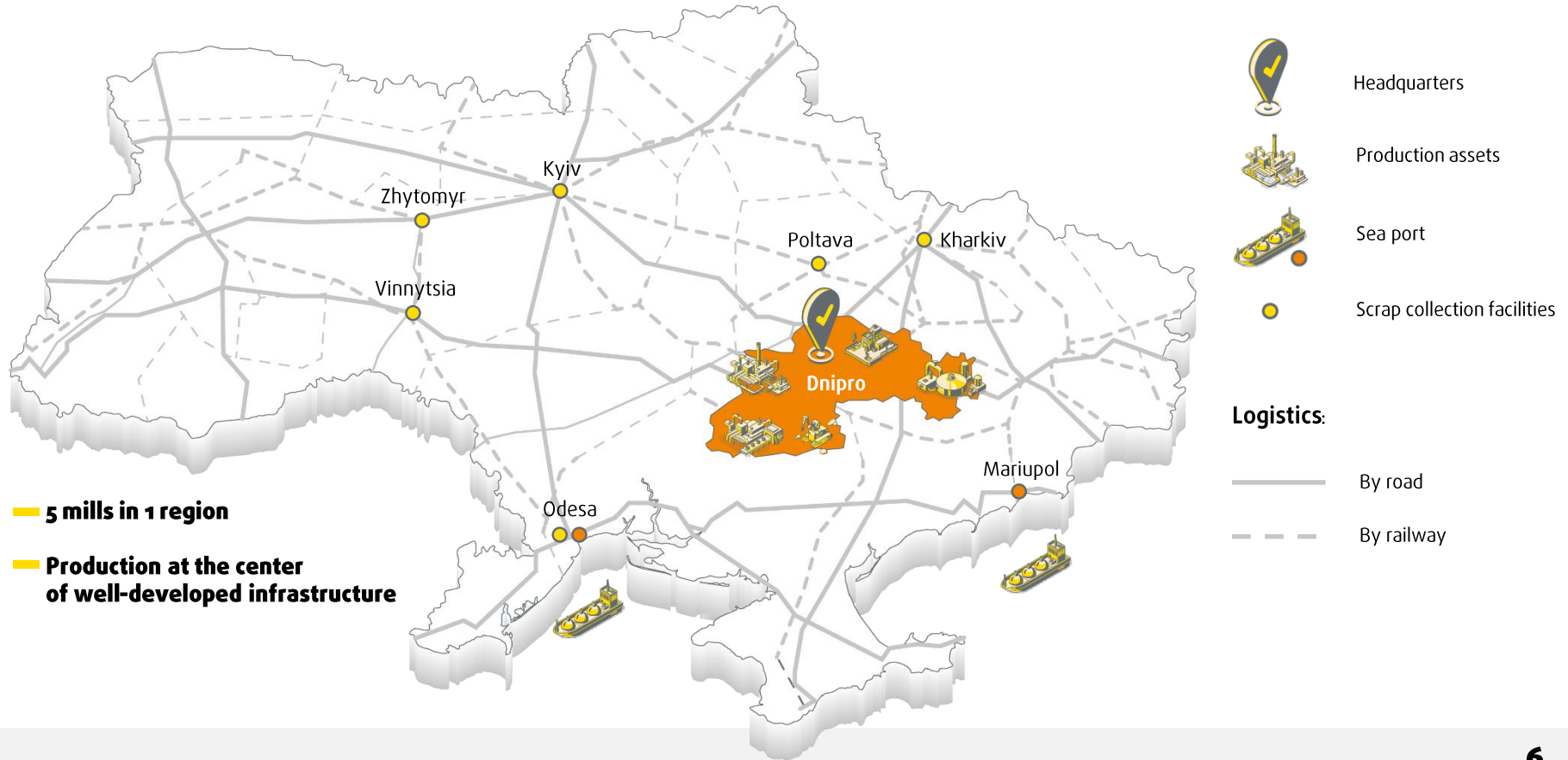
INTERPIPE NMPP – Novomoskovsk, Ukraine, Welded pipe production

Railway Products Division

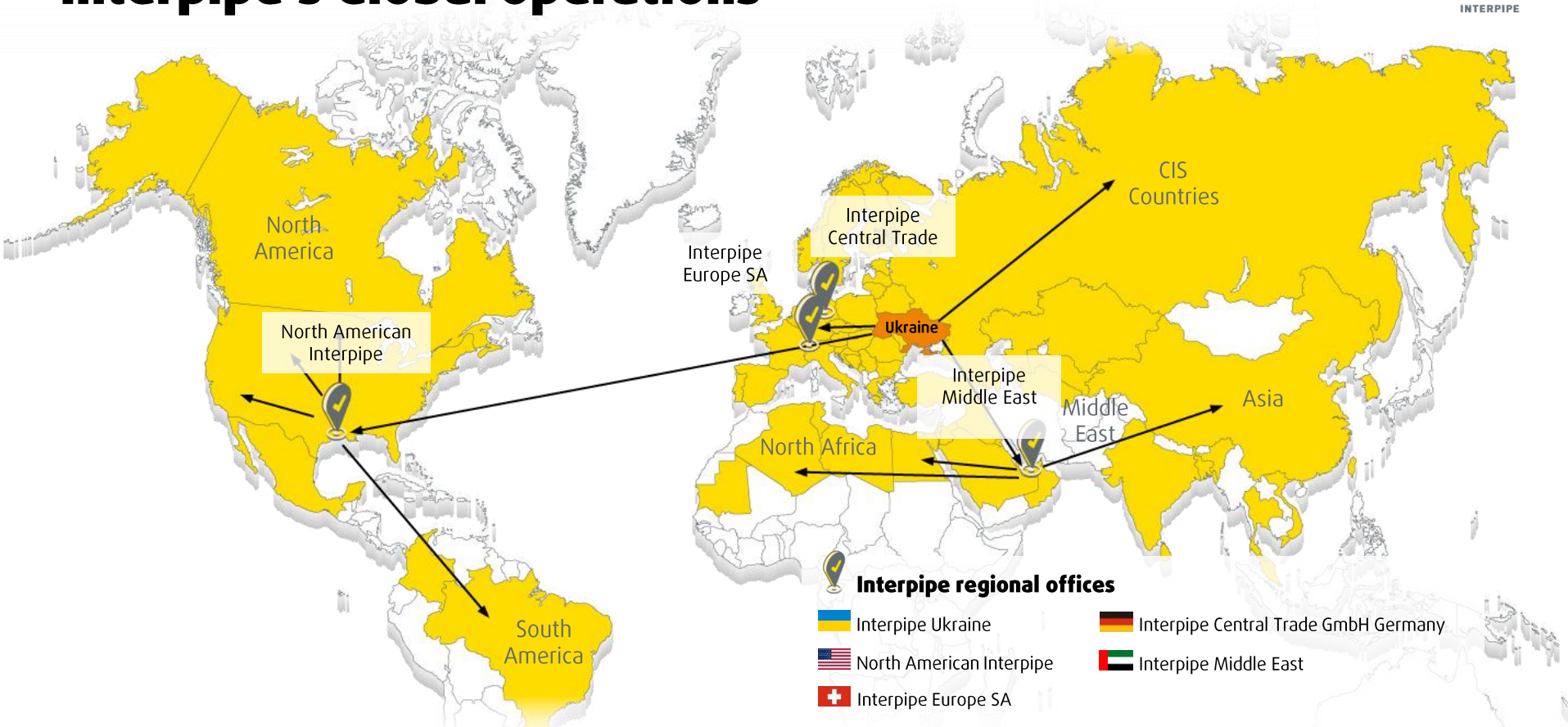
INTERPIPE NTRP, Wheel-rolling shop, Wheelset production shop – Dnipro, Ukraine, Railway products

Sales offices

Favorable location of production assets



Interpipe's Global operations



Our key products: Pipes

Oil & Gas customers:



Construction/Industry customers:



Machinery customers:



Comprehensive product certification:



Our key products: Wheels

Comprehensive product certification &
Approval of leading railway operators:



Customers:



Wheels for passenger coaches,
Deutsche Bahn, Germany



Wheels for London's metro,
the UK



Freight wheels for North American
market, USA, Canada, Mexico



Strategy of the Company

Key Objectives:

- Compliance with the covenants in the credit documentation and duly repayments of the bank debt facilities
- Pipes: expanding the range of premium products with competitive cost position
- Wheels: geographical expansion, vertical integration in the in-house wheelset production and entering the passenger and high-speed markets in the EU and Asia

Short-term

Long-term

Pipes

- Diversify and develop new markets with OCTG semi-premium and premium connections
- Strengthen the presence at the EU market in cooperation with Vallourec
- Support the competitive cost position

- Optimize and develop the high-margin product portfolio with expansion of the full range of premium connections
- Strengthen the leading position among tubular goods' suppliers

Wheels

- Expand wheel-finishing capacities
- New export markets' development
- Boost the in-house wheelset assembling
- Support the competitive cost position

- Boost the wheel-finishing capacities
- Enter the passenger and high-speed markets of the EU and Asia
- Beef up capacities for axle production and wheelset assembling

Steel

- Develop new steel grades to support premium OCTG and wheel products' sales
- Establish long-term relations with Ukrainian scrap suppliers

JV of Interpipe and Vallourec

Project scope

- Common production and sales of non-OCTG seamless pipes for the EU market
- Partners established the industrial JV with two lines in Ukraine which control and finish pipes
- Interpipe provides the JV with green pipes from Ukrainian facilities Interpipe Niko Tube and Interpipe NTRP
- Vallourec distributes and sells finished pipes under its brand at the EU market

Project rationales

Added value generation combining complementary capabilities:



Vallourec has the first-class brand and position at the market and internal technical expertise



Interpipe's cost-effective position due to vertical integration

Project status

JV legally established in 2018

Two production lines were fully installed

First sales started in 4Q 2018



Long term investment objectives

Objectives



- The Strategic Investment Plan (SIP) is designed to technologically enable Interpipe to focus on market segments with higher margins and stay competitive in existing and new segments of the tubular goods' market
- By improving quality and production capacity, Interpipe aims to keep pace with the growing technical requirements of oil companies and increase its share / coverage of the full production range in OCTG API premium market

Budget



- SIP total amount is USD 132 mln (the corresponding basket and its utilization have been agreed and embedded to the debt restructuring documentation)

Scope



- SIP includes the following projects:
 - **Interpipe Niko Tube workshops 2, 7** – Heat Treatment and Threading Lines, Sizing Mill, New Finishing Line, Modernization of the Pipe Finishing Line, and Installation of Equipment for wall thickness measurement
 - **Interpipe NTRP workshop 4** – Hydraulic Press and Nondestructive Testing Equipment.

Timeline



- SIP implementation is expected in H2 2019 - 2021. This period covers project design, equipment manufacturing and delivery, installation, ramp up period, and reaching the target capacity

Funding



- Interpipe is going to fund SIP fully from the equity injected and cash flows from operations (with no new debt raising) within H2 2019-2020

