



## PRESS RELEASE

April 23, 2020

### Interpipe releases IFRS consolidated financial results for FY2019

Interpipe (referred to as “Interpipe” or the “Company”), a global producer of steel pipes and railway products based in Ukraine, has released (via Interpipe Holdings Plc) its audited IFRS consolidated financial statements for the full year period ended December 31, 2019.

#### **FY2019 Financial Highlights:**

- Revenue grew by 4% y-o-y to USD 1,122 million
- EBITDA surged by 64% y-o-y to USD 259 million
- CAPEX hiked by 37% y-o-y to USD 60 million
- Net Debt plunged to USD 82 million with Net Leverage ratio (Net Debt to EBITDA) of 0.3x

H1 2019 was generally favorable for the Company in both pipe and railway product segments. However, H2 2019 saw mixed performance across segments: while the pipe segment has underperformed on the back of weakened demand in key markets, the railway product segment has seen a significant boost to its performance.

In FY2019, Interpipe’s revenue increased by 4% y-o-y to USD 1,122 million amid the growth of railway product sales. Railway product revenue surged by 49% y-o-y to USD 425 million mainly driven by strong demand in the CIS and EU markets. Revenue from pipes decreased by 13% y-o-y to USD 658 million affected by the decline of Oil Country Tubular Goods (OCTG) sales volumes by 28% y-o-y.

The FY2019 EBITDA amounted to USD 259 million, up by 64% y-o-y. The railway product segment was the main pillar of the EBITDA growth in 2019 as its pass-through EBITDA hiked by 4x almost and comprised 77% of the total FY2019 EBITDA. At the same time, the pipe segment pass through EBITDA shrank by 47% y-o-y and represented only 21% of the total FY2019 EBITDA (vs 66% in FY2018 EBITDA).

Following the finalization of the debt restructuring in October 2019 and debt repayments in Q4 2019 the Company had reduced its Gross Debt to USD 338 million and Net Debt to USD 82 million, accordingly, having reached a fairly strong and healthy Net Leverage ratio of 0.3x as of December 31, 2019



**INTERPIPE**

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

In 2019, Interpipe showed the best results for recent years, having surged its EBITDA by 64% y-o-y up to USD 259 million and entered 2020 with the solid cash cushion.

The completion of the debt restructuring has enabled us to implement the strategic investment plan focused on development of premium products for the oil & gas and railway industries.

On the top of the debt repayments in Q4 2019 the Company repaid additionally USD 121 mln in Q1 2020 having achieved an unprecedentedly low level of Net Debt and Net Leverage for a Ukrainian company.

All this makes us confident about the business sustainability and resilience entering the tumultuous times of the COVID-19 pandemic and the oil & gas crunch environment.

The Company has introduced all safety measures related to COVID 19 to procure the sustainable production activity on its facilities with the priority focus on protection of health and wellbeing of employees. Interpipe continues to produce and deliver products worldwide.

Besides, negative consequences of COVID-19 outbreak had yet not factored in operations and sales of the Company in Q1 2020, however we have already started observing a continuous slowdown of major pipe markets related to the dramatic drop of oil price. Railway wheel sales might be also adversely affected by shutdown and quarantine measures introduced worldwide.

Anticipating an effect of global challenges Interpipe has already introduced cost optimization programs having postponed new expansion projects, frozen variable part of the remuneration of the management and get prepared to downsize operational personnel in case of the worst scenario comes true.

**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 has 11 thousand people working at the company's facilities.



**INTERPIPE**

## FY 2019 Operational and Financial Results

#	Item	FY2019	FY2018	Change	
		ths. tons	ths. tons	Δ	%, y-o-y
<b>Production</b>					
1.	<b>Steel</b>	855	973	-119	-12%
2.	<b>Pipes, o/w:</b>	587	677	-90	-13%
2.1.	<u>Seamless, o/w:</u>	480	566	-85	-15%
2.1.1.	OCTG	178	238	-60	-25%
2.1.2.	Linepipe	273	305	-31	-10%
2.1.3.	Mechanical	29	23	6	25%
2.2.	Welded	107	111	-5	-4%
3.	<b>Railway products, o/w:</b>	208	187	21	11%
3.1.	Wheels	185	170	14	9%
3.2.	Wheelsets	17	11	6	58%
3.3.	Axles	4	3	0	6%
3.4.	Tyres	3	3	0	-9%
<b>Sales</b>					
1.	<b>Steel</b>	24	19	4	23%
2.	<b>Pipes, o/w:</b>	595	668	-73	-11%
2.1.	<u>Seamless, o/w:</u>	484	562	-78	-14%
2.1.1.	OCTG	174	240	-66	-28%
2.1.2.	Linepipe	281	299	-18	-6%
2.1.3.	Mechanical	29	23	6	26%
2.2.	Welded	111	106	5	5%
3.	<b>Railway products, o/w:</b>	203	189	14	8%
3.1.	Wheels	182	172	10	6%
3.2.	Wheelsets	15	11	3	30%
3.3.	Axles	4	3	1	31%
3.4.	Tyres	3	3	0	-8%
<b>TOTAL</b>		<b>822</b>	<b>876</b>	<b>-54</b>	<b>-6%</b>



**INTERPIPE**

#	Item <sup>1</sup>	FY2019	FY2018	Change	
		min USD	min USD	Δ	%, y-o-y
<b>1.</b>	<b>Revenue, o/w:</b>	<b>1 122</b>	<b>1 074</b>	<b>48</b>	<b>4%</b>
1.1.	Steel	25	19	5	28%
1.2.	Pipes	658	754	-96	-13%
1.3.	Railway products	425	285	141	49%
1.4.	Other	15	17	-2	-11%
<b>2.</b>	<b>EBITDA<sup>2</sup>, o/w:</b>	<b>259</b>	<b>158</b>	<b>101</b>	<b>64%</b>
2.1.	Steel	32	73	-41	-56%
2.2.	Pipes	35	51	-16	-32%
2.3.	Railway products	190	33	157	475%
2.4.	Other	1	0	1	257%
<b>3.</b>	<b>Capex<sup>3</sup></b>	<b>60</b>	<b>44</b>	<b>16</b>	<b>37%</b>

1. Financial figures are presented based on the unaudited consolidated financial statements for the FY 2019 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