J.P. Morgan Emerging Markets Credit Conference

Interpipe. Company Presentation

September 22-24, 2020

INTERPIPE

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INTERPIPE

Company Overview

INTERPIPE

Interpipe at a glance

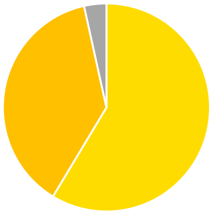
Brief overview

- Interpipe is a vertically-integrated company engaged in steel pipes and railway products manufacturing benefiting from own steel production
- The company operates a newly built Electric Arc Furnace (EAF) with an annual capacity of 1.32 mln tons
- Sales geography comprising more than 80 countries of the world

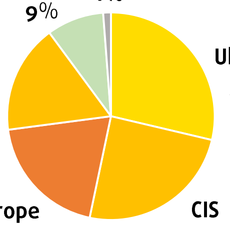
- #1 producer of seamless pipes and railway wheel products in Ukraine
- TOP-4 manufacturer and TOP-1 exporter of railway products in the world
- TOP-10 seamless pipe producer in the world

FY 2019 revenue structure by segment and geography

By segment



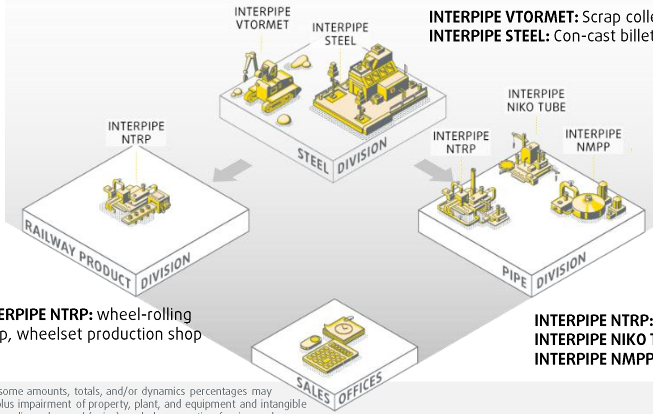
By geography



Key financial and operating highlights[1]

	2016	2017	2018	2019	y-o-y
Wheel production, kt	112	175	187	208	11%
Pipe production, kt	445	587	677	587	(13%)
Revenue, US$m	507	806	1 074	1122	4%
EBITDA[2], US$m	46	120	158	259	64%
EBITDA margin, %	9%	15%	15%	23%	8 pp
Capex[3], US$m	38	43	44	60	36%
FCF[4], US$m	8	41	66	133	102%

Vertically integrated business model



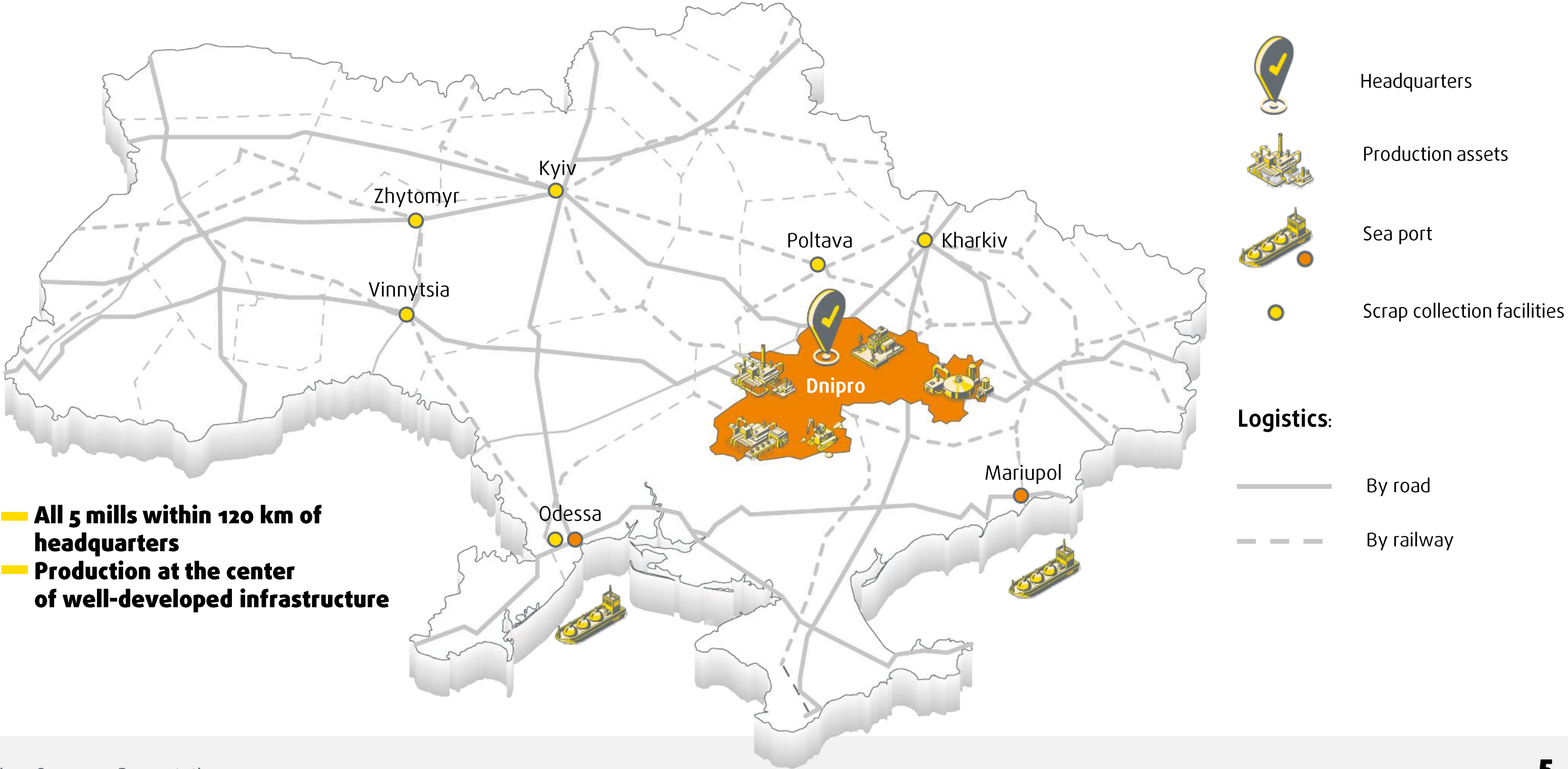
INTERPIPE VTORMET: Scrap collection
INTERPIPE STEEL: Con-cast billet production

INTERPIPE NTRP: wheel-rolling shop, wheelset production shop

INTERPIPE NTRP: Seamless pipe production
INTERPIPE NIKO TUBE: Seamless pipe production
INTERPIPE NMPP: Welded pipe production

1. Full year financial figures are presented based on the annual audited consolidated financial statements Please also note than 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

Compact and efficient layout of production assets



- **All 5 mills within 120 km of headquarters**
- **Production at the center of well-developed infrastructure**

Vertical integration secures cost control and competitive advantage

INTERPIPE

Interpipe Vtormet

Scrap

65% of supplies via own sources

Own electricity network

Electricity

Third party suppliers

HRC

Interpipe Steel

95% Internal consumption

Steel products

Seamless pipes

Interpipe NTRP & Niko Tube

OCTG | Machinery | Line pipes

Railway products

Interpipe NTRP

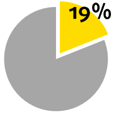
Wheels | Axles | Tyres

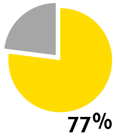
Welded pipes

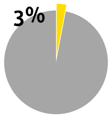
Interpipe NMPP

Circular | Non-circular | Coating

Share in EBITDA 2019

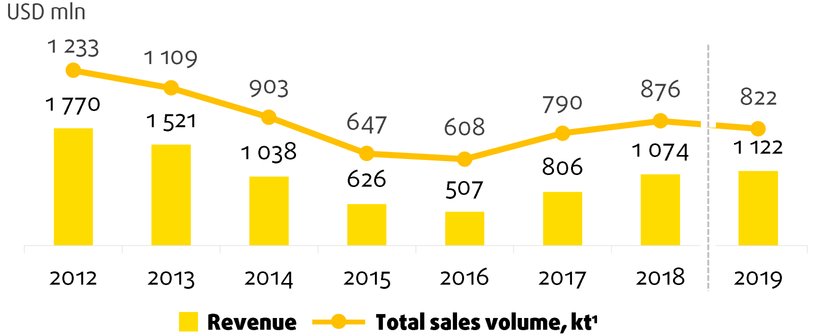




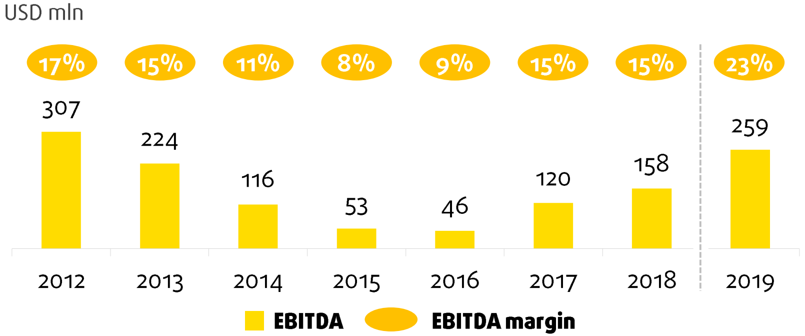


Overview of financial performance

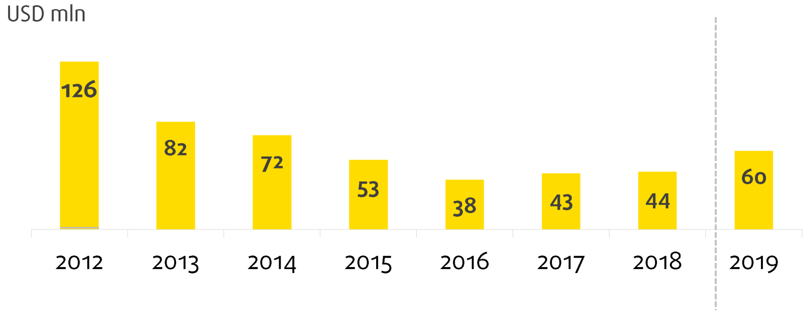
Revenue



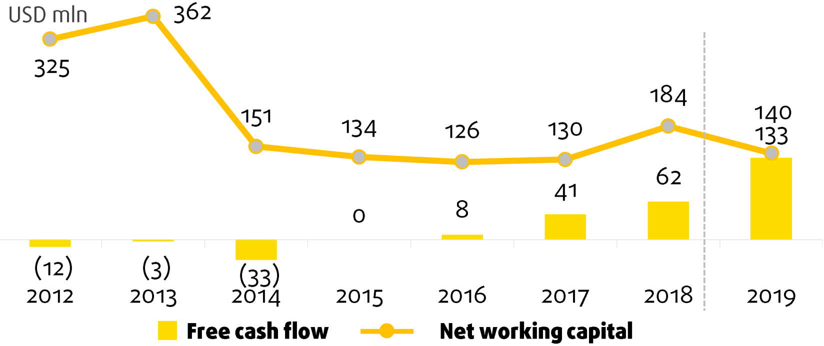
EBITDA[2]



Capex[3]



Free cash flow[4]



1. Includes sales of pipes, wheels and steel to third parties
2. EBITDA is calculated as operating profit or (loss) plus depreciation and amortization charge, plus impairment of property, plant, equipment and intangible asset, 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 .
4 Free cash flow is calculated as net cash flow from operating activities less net cash flow from investing activities..

Key pillars of Group transformation within 2014-2019

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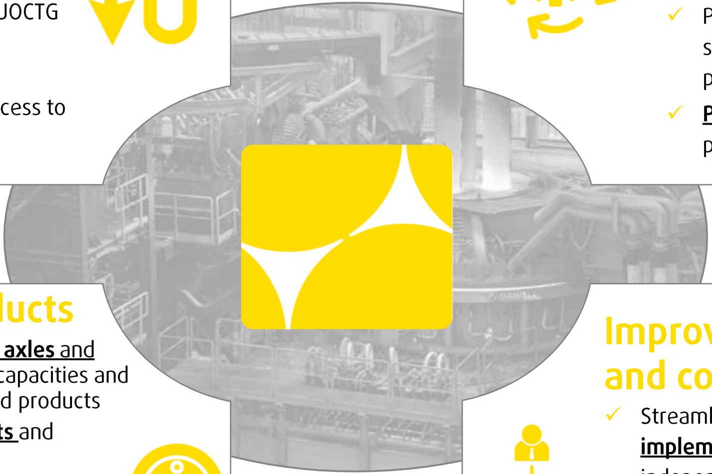
Sales transformation

- ✓ **Redirection of pipe sales** from Customs Union ("CU") to Americas, Middle East, Europe and other export markets. Lowering dependency on CUOCTG market
- ✓ New focus on sales of pipes in Europe
- ✓ **Wheel business expansion in Europe** and access to all main customers

Costs optimization

- ✓ Effective control of **scrap input cost and labor costs at very competitive level**
- ✓ Proved competence and track record in optimal scaling of fix costs for different levels of production
- ✓ **Production costs optimization** (improved production overheads and rejection rates)



Investments and new products

- ✓ **Investments in new wheel processing and axles** and wheelsets production allowing to increase capacities and expand product range for more value-added products
- ✓ Introduction of new **OCTG premium products** and investments in capacities for its production
- ✓ JV with Vallourec increased **technical competence** and enhanced **quality-centric production culture**
- ✓ **Capitalizing of EAF premium facility: in house developed new steel grades** in line with most demanding requirements of premium pipes and wheel consumers

Improved Management structure and corporate governance

- ✓ Streamlining of organizational structure – **implementation of new divisional structure** with three independent business units having their own KPIs and dedicated executive teams
- ✓ Introduction of new Independent Directors resulted in improved governance, accountability and oversight on the Board level

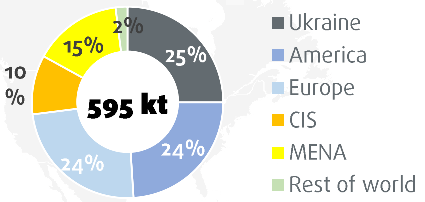
A more sustainable and diversified business focused on further international expansion and growth opportunities

Robust and well established geographical and product diversification

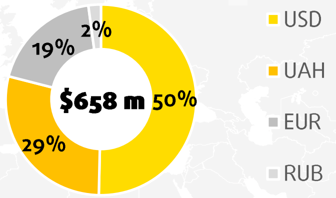
Diversified geographic sales split providing outstanding operational resilience

Pipes

Product sales by region[1]



Sales currency breakdown[2]

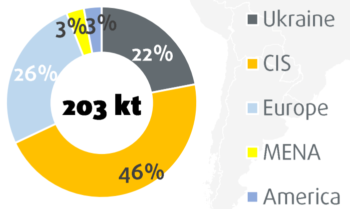


Top-10 countries off-takers[2]

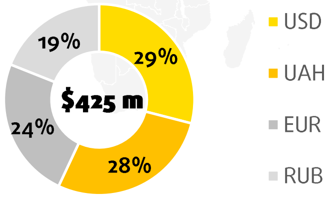
Country	Volume (kt)	Volume share
Ukraine	146.6	25%
US	132.9	22%
Poland	54.2	9%
Turkey	34.9	6%
Italy	22.2	4%
Azerbaijan	18.6	3%
Saudi Arabia	14.8	2%
Germany	16.4	3%
UAE	15.8	3%
Egypt	13.8	2%

Railway products

Product sales by region[1]



Sales currency breakdown[2]



Top-10 countries off-takers[2]

Country	Volume (kt)	Volume share
Russia	60.4	30%
Ukraine	45.3	22%
Bulgaria	21.0	10%
Belarus	22.6	11%
US	5.5	3%
Germany	6.1	3%
Slovenia	5.1	3%
Kazakhstan	7.8	4%
Slovakia	4.6	2%
Poland	3.1	2%

1. FY2019 data, in volume terms
2. FY2019 data is used

Sustainable capital structure

Financial profile

(USD mln, unless stated)	FY 2019	6m 2020
Debt and liquidity		
Total debt	338	215
Net debt	82	28
Cash and cash equivalents	256	187
Leverage ratios		
Total debt / EBITDA	1.3x	0.8x
Net debt / EBITDA	0.3x	0.1x
Pro-forma incl. carrying value of Performance Securities and Fees		
Performance Securities and Fees	84	88
Total debt / EBITDA	1.6x	1.1x
Net debt / EBITDA	0.6x	0.4x

Key pillars of financial and risk management policy

Debt management

- Reduction of interest costs is one of key objectives
- Extra liquidity cushion resulting from recent operational performance is to be allocated to any strategic initiatives only after and as long as Company's debt position is comfortably secure
- In the long-run, the Net Leverage ratio (incl. performance securities and fees) is to be preserved at a healthy and sustainable level

FX exposure

- Given over 70% of revenue is generated from exports (ca. eqv. USD 800 mln in annual terms) there is 7x coverage of the total debt
- Currency hedging strategy is under internal consideration and revision following completion of debt restructuring

Capex and working capital

- Maintenance capex is modest and relatively flat in the long-run due to persistent approach to fixed assets maintenance
- The Company recently invested substantially into working capital as part of its new market penetration strategy. Respectively, a substantial release of working capital is possible following market stabilization and/or more stringent and restrictive WC management approach

Debt restructuring and capital structure

- The debt restructuring became effective on **October 25, 2019**
- As a result, the total debt amounted to **USD 400 mln** and consisted of **USD 309 mln of the Notes and USD 91 mln of bank facilities**
- **As of today**, following debt repayments the remaining post-restructuring debt outstanding amounted to **USD 114 mln** and was entirely attributable to the Notes

Strategy outlook

Key Objectives:

- Achieve and preserve sustainable debt and capital structure
- Preserve and improve international competitive position of Interpipe, adjust Company's business and operational model to be able to react to any external developments and benefit from opportunities
- Pipes: expanding range of premium products with competitive cost position, increase share of premium OCTG products, further promote quality-centric production culture
- Railway products: further geographical expansion, vertical integration and launch of in-house wheelset production, entering 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 ■ Preserve competitive cost position ■ Consider strategic alliances and partnerships to unlock OCTG segment potential	■ Optimize and develop high value-added product and service portfolio with expansion of the full range of premium connections ■ Strengthen the leading position among tubular goods' suppliers globally. Access new customers
Railway products	■ Expand wheel-finishing capacities ■ Expand presence in European passenger and EMU/DMU wheels ■ segments ■ Boost in-house axle production and wheel-set assembling ■ Preserve competitive cost position	■ Continue expanding wheel-finishing capacities ■ Enter high-speed markets of the EU and Asia ■ Increase capacities for axle production and wheelset assembling
Steel	■ Develop new steel grades to support premium OCTG and high-speed wheel products' sales ■ Manage long-term relations with Ukrainian scrap suppliers ■ Increase share of own scrap collection	

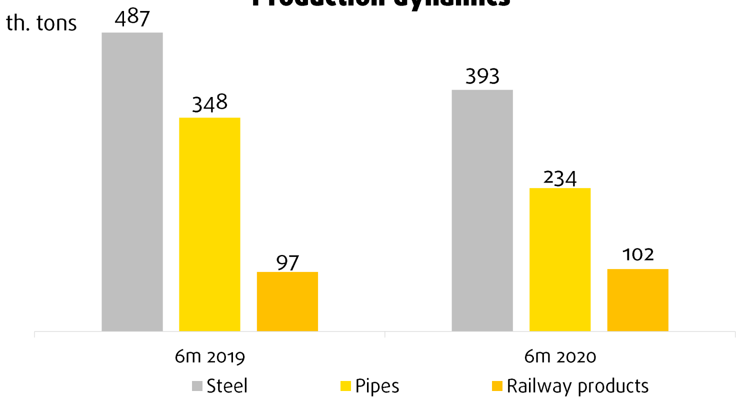
6 months 2020
Financial and Operational Overview

INTERPIPE

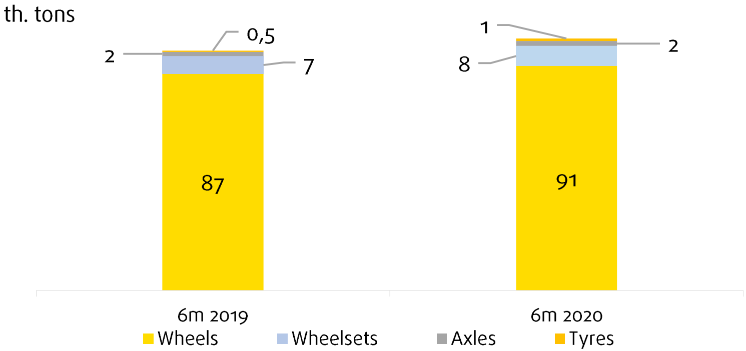
Operational Results

- Production dynamics for the first 6 months of 2020 replicates the sales pattern of the Company in this period. The latter was fully driven by a demand in the respective markets and regions
- For the first 6 months of 2020, overall pipe production slumped by 33% y-o-y on the back of the COVID-19 pandemic and oil & gas crunch – OCTG and welded pipes were affected the most: with declines by 67% and 36% y-o-y, respectively
- Linepipe production remained stable with a de-minimis decline of 1% y-o-y due to the sustainable demand from the MENA and European markets
- Railway products production figures in H1 2020 rose by 5% y-o-y amid a robust demand in the CU before the reinstatement of the anti-dumping duty and steady demand from European off-takers
- At the same time, in H1 2020, steel production dropped by 19% y-o-y due to a decline in the overall pipe production

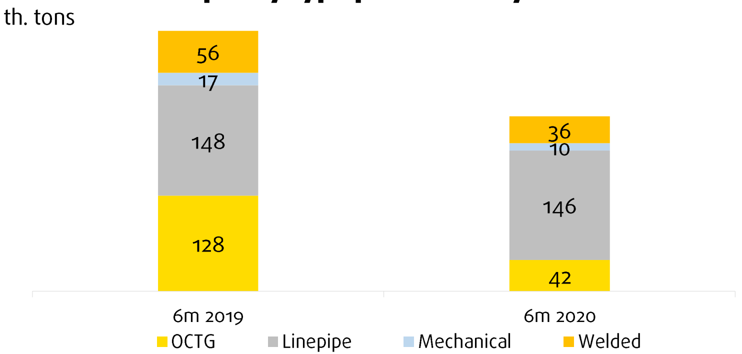
Production dynamics



Railway products by type production dynamics



Pipes by type production dynamics

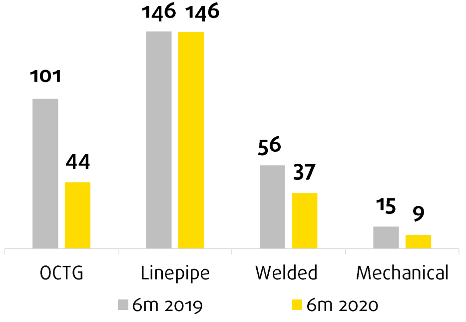


Pipe Segment: Sales portfolio

- In H1 2020, seamless pipe revenue declined by 35% y-o-y, and welded pipe revenue fell by 47% y-o-y:
  - OCTG: sales slumped by 56% y-o-y amid a slowdown in demand from the energy and oil & gas sectors. The revenue declined even more - by 64% y-o-y due to sliding pipe prices
  - Linepipe: sales volumes were literally flat, but revenue decreased by 16% y-o-y correlated to a slowdown in the construction and machinery sectors
  - Mechanical pipe: sales volumes dropped by 38% y-o-y with a commensurate decline in revenue
  - Welded pipe: sales volumes slumped by 33% y-o-y
- Domestic sales declined by 53% y-o-y affected by dampened drilling and gas production along with a decline in the construction sector
- Volumes sold to the American market fell by 2/3 y-o-y undermined by the low oil price environment and ongoing quarantine restrictions that had deepened the oil demand crisis
- Demand during this turbulent period was robust in European markets, the largest consumer market for the Company's pipe products and particularly linepipes, with sales to the region increased by 3% y-o-y
- Additionally, Interpipe expanded shipments to the MENA region by 36% y-o-y and increased the region's share to 1/4 of the total sales primarily thanks to OCTG tenders in Iraq and Nigeria and partially due to a sustainable growth in the UAE linepipe segment
- In H1 2020, the share of the pipe segment revenue coming from export sales grew up to 78 % (vs 66% in H1 2019)

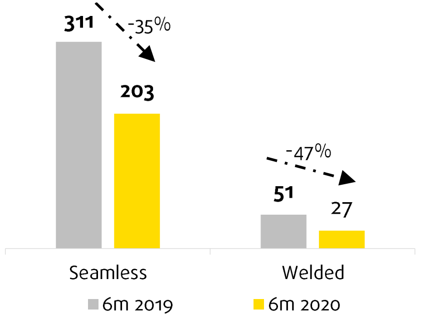
Pipe sales volumes by production type

th. tons

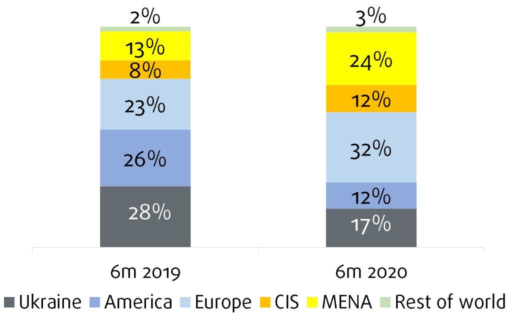


Pipe revenue by production type

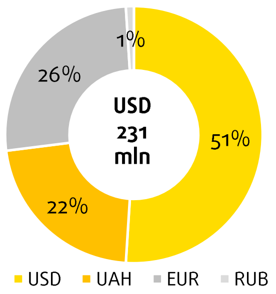
USD mln



Pipe sales volumes split by region[1]



Currency breakdown in 6m 2020

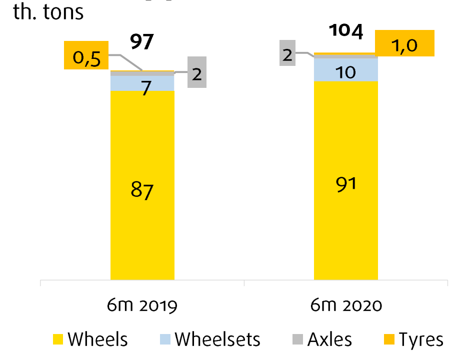


1. Physical volumes split (in tons sold)

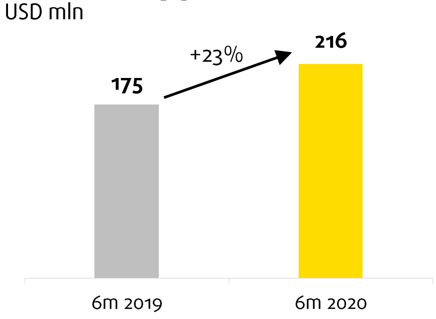
Railway product segment: Sales portfolio

- In H1 2020, railway product revenue increased by 23% y-o-y, while sales volumes grew by 8% y-o-y amid a robust demand and overall price appreciation within the CIS, MENA and Europe
- Sales to the CIS countries (incl. the CU) comprised a larger part of the total volumes sold in H1 2020 (ca. 43%) bolstered by a strong market demand from railcar manufactures and after-market within the 5 months of 2020. Despite a sharp decline by more than 7x m-o-m in volumes in June sold to the CIS market, revenue from the region represented 22% y-o-y growth in the first 6 months 2020
- Domestic sales volumes declined by 39% y-o-y on the back of the contraction of railcar production in Ukraine
- European markets continued showing a robust demand in the freight wheel segment from railcar operators, which have been a stable customer during this recession
- Since 2018, the share of the Company's sales to Europe has been progressively growing and peaked at 34% in H1 2020. Revenue surged by 42% y-o-y amid both higher volumes sold and improved pricing
- In H1 2020, 78% of the railway product revenue came from export sales (vs 73% in H1 2019)

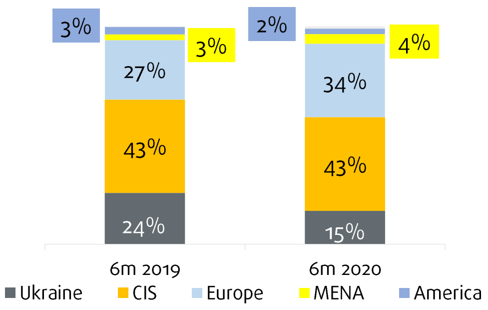
Railway product sales volumes



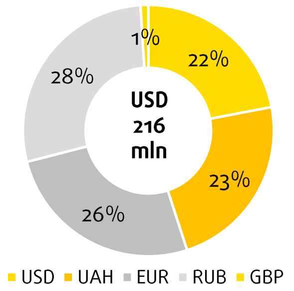
Railway product revenue



Railway product sales split by region[1]

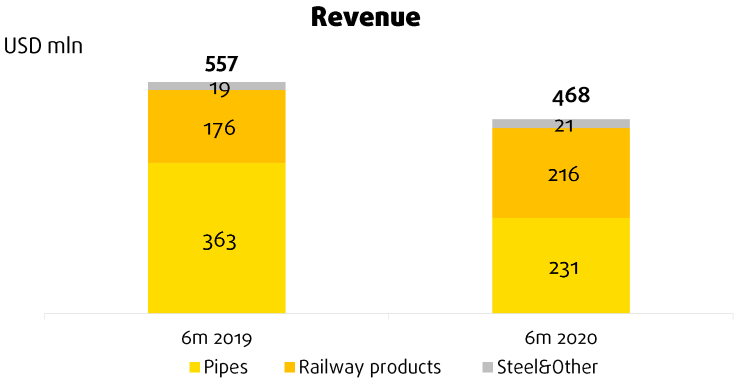


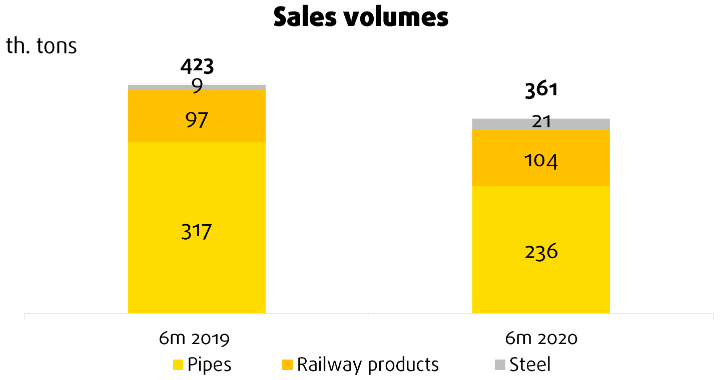
Currency breakdown in 6m 2020

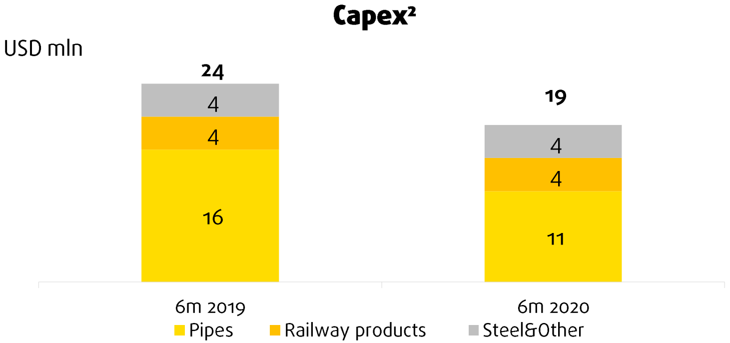


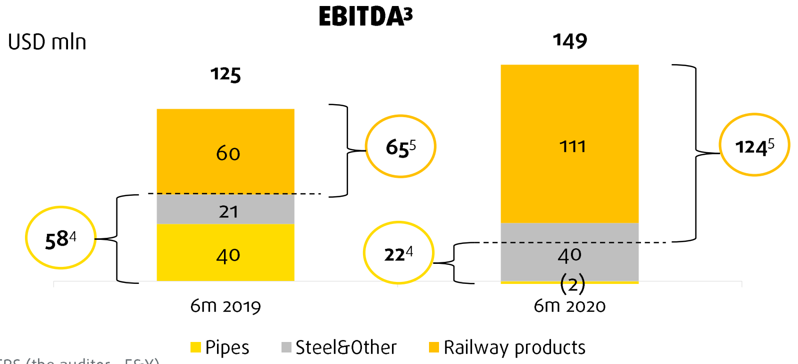
1. Physical volumes terms split (in tons sold)

Financial Highlights[1]









1. Financial figures are presented based on the audited consolidated financial statements for the FY 2019 prepared according to the IFRS (the auditor – E&Y)
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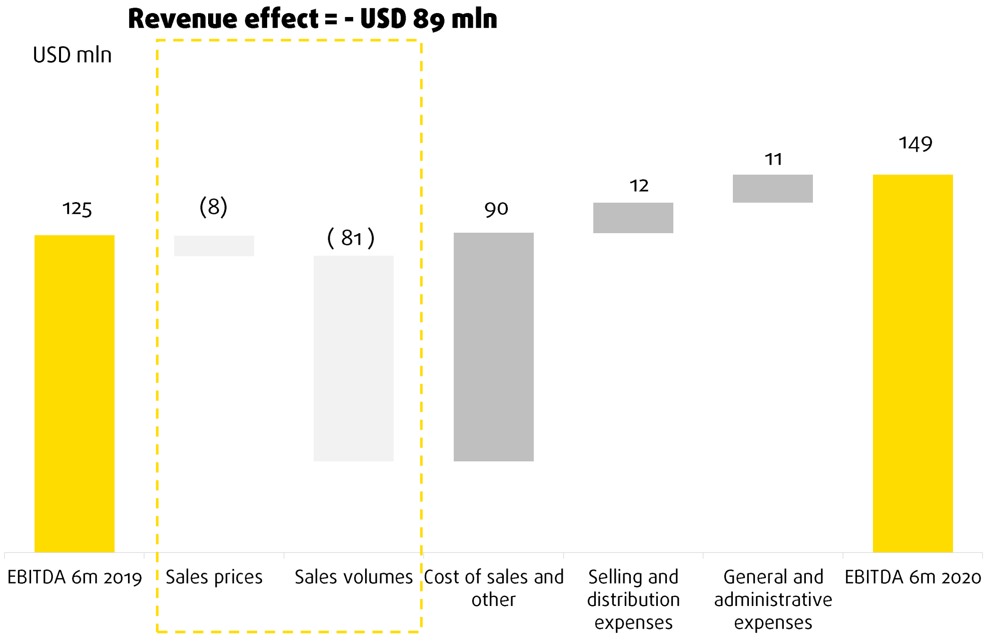
3. EBITDA is calculated as an operating profit (or loss) plus depreciation and amortization charges, plus impairment of property, plant, and equipment and intangible assets, plus loss / (gain) on disposal of property, plant, and equipment, plus foreign exchange cash flow hedges effect, plus extraordinary losses / (gains), and plus operating foreign exchange gain/(loss)
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 first 6 months of 2020 EBITDA[1] increased by 19% y-o-y and amounted to USD 149 mln
- In Q2 2020, the railway product segment EBITDA continued to be the main contributor to the overall EBITDA growth: however, both its standalone and pass through EBITDA declined by 41% and 38% q-o-q, respectively, following the COVID-19 outbreak in March and reinstatement of the anti-dumping duty in the CU in June
- At the same time, performance in the first 6 months of 2020 for the railway product segment pass though EBITDA comprised 83% of the overall EBITDA, amounting to USD 124 mln
- Standalone pipe segment EBITDA stayed depressed due to the oil & gas downturn and COVID-19 pandemic: although negative for first 6 months of 2020 (- USD 2 mln), it was marginally positive in Q2 2020 (+USD 3 mln) amid stable supplies of linepipes to the MENA and Europe
- The pipe segment pass through 6m 2020 EBITDA declined by 61% y-o-y, amounting to USD 22 mln (15% of total), given the steel segment's margin contribution
- Loss of pipe sale volumes and overall revenue loss were more than fully off-set by cash production-cost reductions driven by:
  - a decline in pipe and steel production volumes
  - lower average prices for key production inputs: scrap (less by 14% y-o-y) and natural gas (less by 39% y-o-y)
  - a reduction in SG&A costs, mainly due to savings in payroll and decrease of custom-services expenses (ca. USD 26 mln in aggregate)



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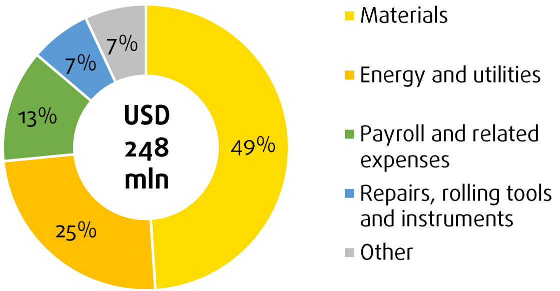
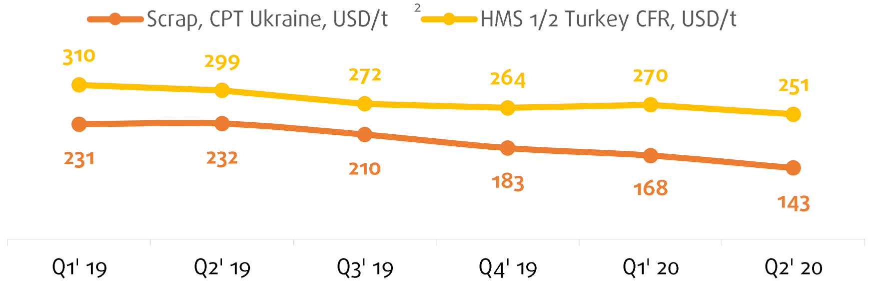
Cost structure

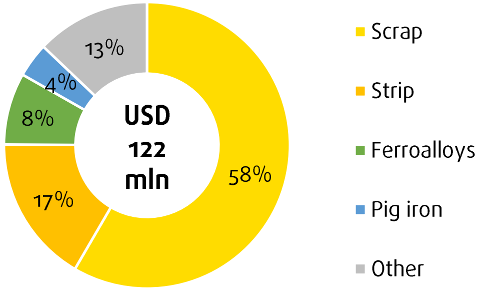
Cost of Sales breakdown[1]



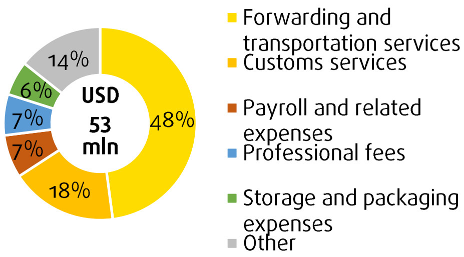
Evolution of local and imported scrap prices



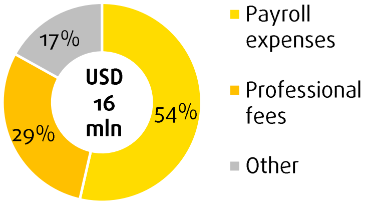
Materials breakdown



Selling & Distribution costs[1]



General & Administrative costs[1]

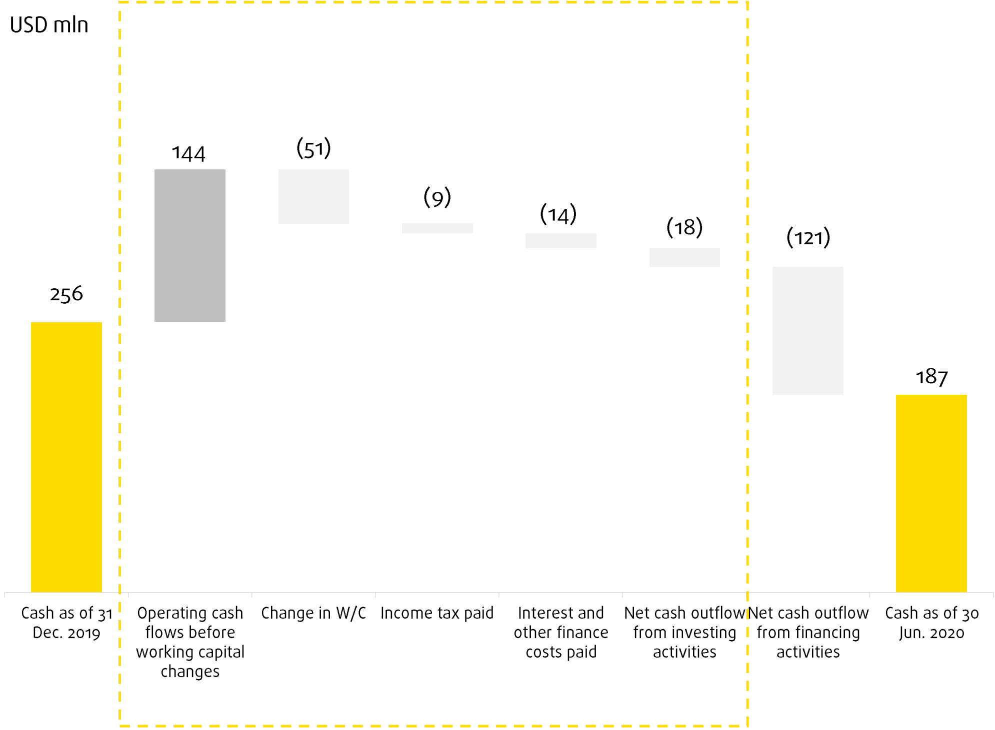


1. Net of Foreign exchange cash flow hedges and Deprecation & Amortization items
2. Prices converted from UAH into USD at average UADUAH rates for respective periods

Cash flow

- The first 6 months of 2020 free cash flow[1] amounted to USD 52 mln and was driven by:
  - Operating cash flow before working capital changes amounted to USD 144 mln (with 97% EBITDA conversion)
  - Increase in working capital (USD 51 mln)
  - Income tax payments (USD 9 mln)
  - Interest and other finance costs paid (USD 14 mln)
  - Moderate investment program (USD 19 mln)[2]
- Negative working capital change for the first 6 months 2020 was primarily attributable to a release (reverting) of advances received from CIS railway product off-takers in Q4 2019 (ca. eqv. USD 81 mln), which was partially off-set by a decrease in inventory stock driven by a decline in steel and pipe production volumes (ca. eqv. USD 37 mln)
- Net cash outflow from financing of USD 121 mln was attributable to the Notes redemption in amount of USD 98.5 mln and repayment of the Working Capital facilities in amount of USD 22.5 mln in Q1 2020

Free cash flow = USD 52 mln



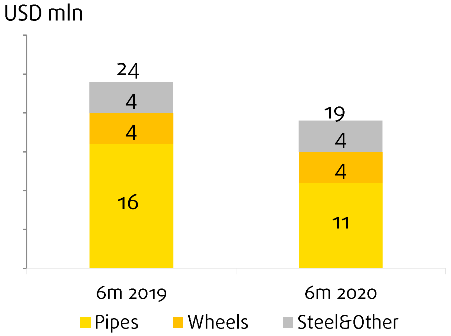
1. Free cash flow is calculated as the net cash flow from operating activities less the net cash flow from investing activities
2. Net cash outflow from investing activities consists of USD 19 mln of Capex net of USD 1 mln of interest received

Capex

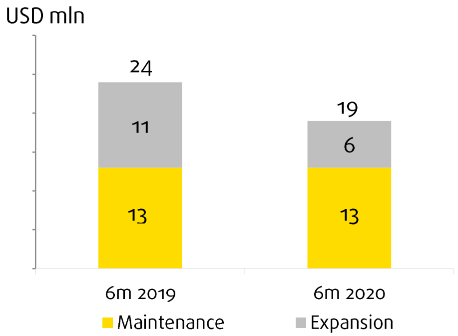
- Capex[1] for the first 6 months of 2020 amounted to USD 19 mln, which is lower by 23% y-o-y
- Expansion Capex for the period decreased by 41% y-o-y, amounting to USD 6 mln as new Capex projects were postponed due to the COVID-19 outbreak
- Maintenance Capex was flat and amounted to USD 13 mln. At the same time, its share in the overall 6m 2020 Capex went up by 10 pp to 66% of the total amount
- Main expansion Capex was mainly attributable to the pipe and railway product segments:
  - Pipes. The focus was on:
    - Expansion of premium seamless pipe capacity and installment of new ultrasonic pipe testing equipment at NTRP
    - Engineering of a piercing mill and energy saving Capex at Niko Tube
  - Railway products. Key investments were directed into the expansion of wheel processing and finishing capacities and installation of new wheelset assembling facilities at NTRP

1. Capex figure represents the line Purchases of property, plant, and equipment and intangible assets as part of the net cash flow from investing activities
2. Please also note than some amounts and/or totals may deviate due to rounding-off

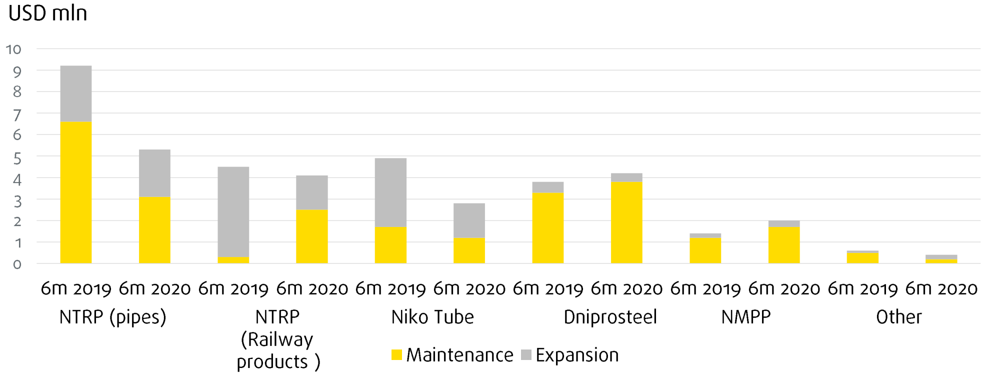
Capex[2] by segment



Capex[2] by type



Capex by production asset



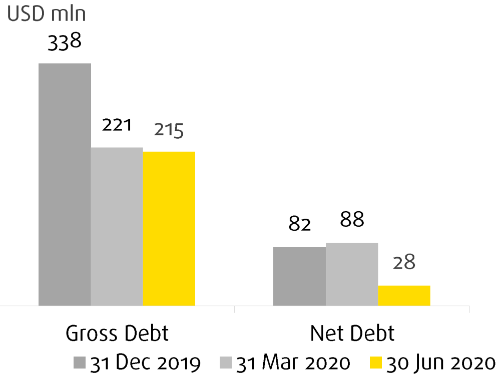
Debt profile

- As of 30 June 2020, given there were no debt repayments in Q2 2020, **Gross Debt remained fairly stable** (down just by USD 6 mln). At the same time, **Net Debt was materially lowered** by 60 mln due to an increase in Cash & Cash Equivalents by USD 53 mln for Q2 2020
- As of 30 June 2020, **Cash & Cash Equivalents** amounted to **USD 187 mln** of which **92%** were held **in hard currencies** (USD and EUR)
- **Consolidated Leverage ratio** (Debt to EBITDA) slightly decreased to **0.76x**, while **Consolidated Net Leverage ratio** (Net Debt to EBITDA) improved substantially to **0.10x**
- As of 30 June 2020, the carrying values of the Exit Fee and Performance Sharing Fees and Securities amounted to USD 25.8 mln and USD 62.6 mln, respectively (**USD 88.4 mln in total**)
- **In August 2020,** the Company partially **redeemed the Notes** in amount of **USD 97 mln** (as of 31 August 2020, the Notes outstanding stood at USD 113.7 mln)

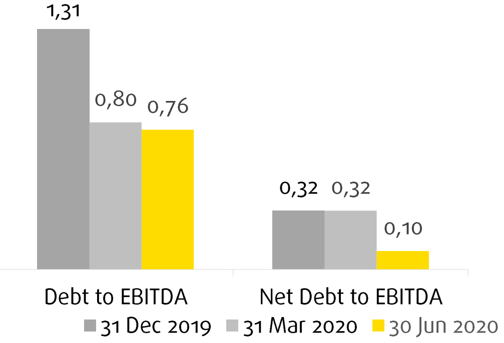
1. The Gross Debt is calculated subject to the terms of the credit documentation under the Notes (Trust Deed) and consists of the Notes outstanding and reimbursement obligations (guarantees) (ca. USD 5 mln) but excluding the carrying value of the Exit Fee and Performance Sharing Fees and Securities.

2. The current Gross Debt maturity profile is presented net of reimbursement obligations (guarantees)

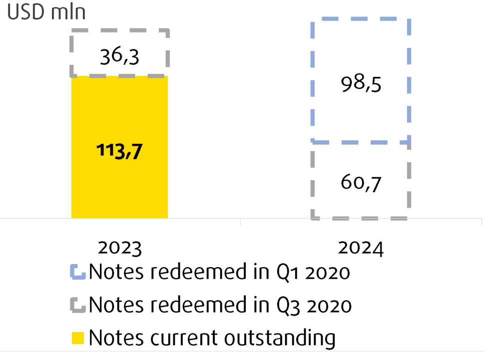
Debt[1]



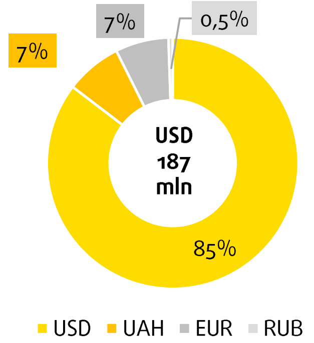
Consolidated Leverage ratios



Current Gross Debt maturity profile[2]



Cash & Cash Equivalents currency breakdown as of 30 June 2020



ESG update

E

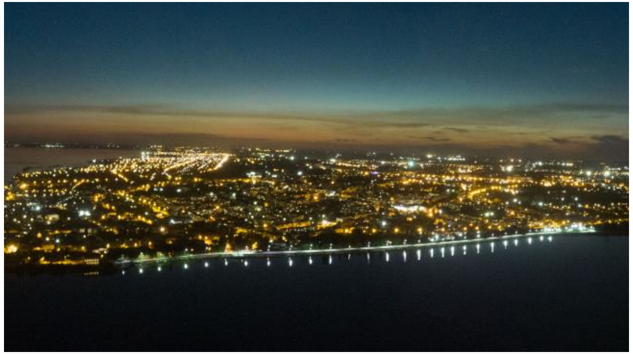
- In Q2 2020, the Company focused on several environmental and energy efficiency projects related to waste utilization and recovery, switching to energy-saving lighting in production facilities, as well as soil and air pollution monitoring

S

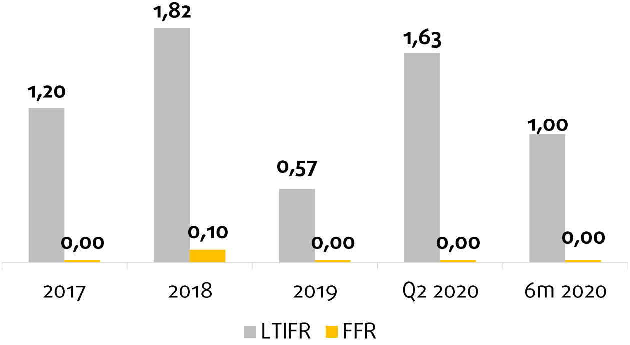
- In Q2 2020, the Company jointly with its shareholders donated **UAH 114 mln (over USD 4 mln)** to the virus prevention and healthcare support in the Ukraine
- The Company's charity fund "Revival of the Region" engaged 105 regional companies and 79 individuals, which raised UAH 10.6 mln to fight COVID-19
- Interpipe and the charity fund "Revival of the Region" made donations to 24 hospitals and medical facilities in the Dnipropetrovsk region
- In Q2 2020, Interpipe financed an installment of energy saving urban lighting at the Nikopol embankment, as part of its municipal development program, which the Company has been progressing for the past 4 years
- In H1 2020, Interpipe contributed **UAH 1.35 bln (over USD 50 mln)** in taxes (incl. CIT) and duties to state budgets of all levels and extra-budgetary funds (for the periods of 2019 and 2020)
- In Q2 2020, there were a total of 9 lost time injuries at Interpipe's production facilities
- Interpipe spent UAH 10 mln (ca. USD 0.4 mln) on heath & safety in Q2 2020

G

- Two-tier governance structure:
  - Balanced Board of Directors composition: highly professional Directors with local and international experience in all key areas of expertise
  - Diversified and distinguished management team
- Board of Directors with 3 committees and 3 independent directors
- The composition of the Board of Directors is available at the website following the link
- IFRS statements are audited on annual basis by the reputable international auditor; unaudited accounts are published quarterly
- Regular extensive disclosures for investors via the website



LTIFR[1] and FFR[2]



1. The lost time injury frequency rate (LTIFR) is a number of lost time injury cases per 1 mln man-hours
2. The fatality frequency rate (FFR) is a number of fatality cases per 1 mln man-hours

Investor Relations Contacts

Andrii Okolnych,
Head of Investor Relations

+380 44 233 68 21

IR@m.interpipe.biz

www.interpipe.biz