



Q3 2020

IR Fact Sheet

CHELPIPE
GROUP

COMPANY OVERVIEW

ChelPipe Group is among top-5 pipe manufacturers globally and second largest pipe producer in Russia with a diversified client base. The key segments of ChelPipe Group are seamless industrial pipes, seamless Oil&Gas pipes, LDP and another welded pipes, trunk pipeline systems and oilfield services. ChelPipe Group is best-in-class producer of steel pipes with strong positions in the Russian market and leadership in growing industrial seamless pipe segments.

- #1 Seamless industrial pipes producer (47% market share)¹
- #2 Seamless O&G pipes producer (17% market share)¹
- #2 LDP producer²
- #5 Steel pipe producer globally³
- #2 Trunk Pipeline systems producer³

(1) In Russian market including import in 1H 2020

(2) Based on production of Russian pipe producers including export

(3) Based on the 1H 2020 data

KEY STATISTICS

| | |
|---|--------------|
| Market capitalization ¹ , RUB bn | 63.1 |
| MOEX listing level | 3 |
| MOEX Ticker | CHEP |
| Bloomberg | CHEP.RM |
| Reuters | CHEP.MM |
| Free float | 2.8% |
| Industry | Iron & Steel |

(1) Source: MOEX data as of 28.09.2020

CREDIT RATINGS

| | | | |
|--------------|------|----------------|-------------|
| MOODY'S | Ba3 | Outlook Stable | 18 Sep 2020 |
| FitchRatings | BB- | Outlook Stable | 29 May 2020 |
| Expert | ruA+ | Outlook Stable | 17 Feb 2020 |

KEY EVENTS

1H 2020

- ChelPipe Group approved its development strategy until the end of 2024. The new strategy is aimed at ensuring consistent and sustainable business growth by transforming ChelPipe Group into a customer-centric company and at developing the customer offer in high-value-added segments, gradually increasing its presence in related markets and expanding the geography of shipments, as well as improving operational efficiency. [See more information in our Annual Report 2019](#)
- In Q1 2020, the Company approved its new dividend policy which aims for a dividend payout frequency of at least two times a year. The dividend amount will depend on ChelPipe Group's debt burden, free cash flow and net profit. In the reporting period, ChelPipe Group paid out dividends for Q3 2019 for a total amount of RUB 1.7 bn and for past years for a total amount of RUB 1.3 bn. The Company also announced dividends of RUB 2.5 bn for 2019.
- The Company implemented comprehensive digital solution for billets production at Iron Ozon 32 on the site of Pervouralsk Pipe Plant (PNTZ, part of ChelPipe Group).
- ChelPipe Group completed modernization of OCTG production aimed to increase volumes and improve quality of HVA products.

Q3 2020

July

- ChelPipe Group successfully issued a five-year exchange-traded bonds for a total amount of RUB 10 bn. [View details](#)

August

- Results for 1H 2020 under IFRS were disclosed. The Company's revenue amounted to RUB 71,844 mln, down by 16.3% YoY as a result of decreased shipment volumes, mostly of large-diameter pipes (LDP). The net profit increased by 7.2% YoY to RUB 4,480 mln. The EBITDA margin increased by 3.2 p. p. YoY to 21.6%. The Group's EBITDA decreased by 1.7% to RUB 15,541 mln. Capital investments increased by 18.6% YoY to RUB 3,112 mln driven by operational efficiency projects, the Company's environmental programme, and the oilfield services division's rental scheme.

September

- On the site of Pervouralsk Pipe Plant (PNTZ, part of ChelPipe Group), AQA Genesis, a modern water refining system, has been launched to provide a "green" water supply circuit for pipe production processes and to significantly reduce the plant's environmental footprint. RUB 520 mln was invested in the facility commissioned as part of AQA, a multi-phase programme to upgrade water systems of ChelPipe Group's assets.

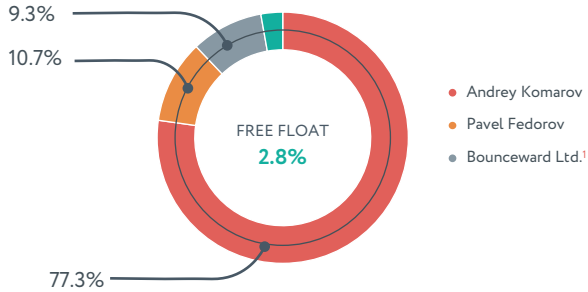
KEY FINANCIALS 2019 & 1H 2020

| | | 2019 | 1H'19 | 1H'20 | 1H'20/1H'19 |
|------------------------------|--------|-------|-------|-------|-------------|
| Revenue | RUB bn | 192.3 | 85.8 | 71.8 | -16.3% |
| Adjusted EBITDA ¹ | RUB bn | 31.8 | 15.8 | 15.5 | -1.9% |
| EBITDA margin | % | 16.5 | 18.4 | 21.6 | + 3.2 p. p. |
| Net Debt | RUB bn | 67.1 | 73.7 | 73.9 | +0.3% |
| Net Debt/EBITDA LTM | Ratio | 2.1x | 2.7x | 2.3x | - |

Source: 1H 2020 IFRS Consolidated Financial Statements

(1) Adjusted EBITDA is determined as profit/loss adjusted by finance income and costs, income tax, depreciation and amortization, foreign exchange gain/loss, change in fair value of derivatives, gain/loss on disposal of subsidiaries, gain/loss on disposal of property plant and equipment and intangible assets, impairment of loans and interest receivable, impairment of assets (property plant and equipment, intangible assets, advances for capital construction and intangible assets), impairment of goodwill, social and charity expenses not related to operating activities

SHARE CAPITAL STRUCTURE



Source: Company data as of 31 December 2019
(1) The company is controlled by Andrey Komarov

COMPETITIVE ADVANTAGES OF OUR BUSINESS MODEL



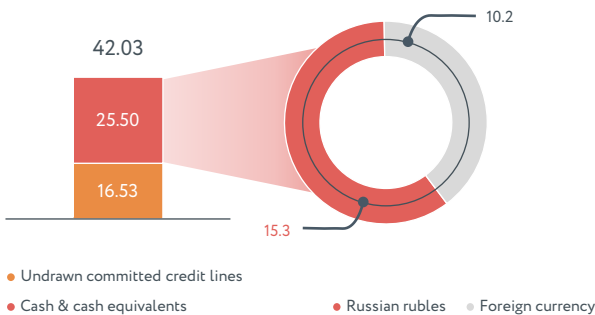
- Clearly defined strategy until 2024
- Advantageous location of ChelPipe near steel plate suppliers
- Vertical integration and suppliers base
- Attractive dividend policy
- Operating efficiency improvements – OE program with target to cut 2.5% of costs¹

(1) Cost reduction every year in 2020–2024

CREDIT PROFILE

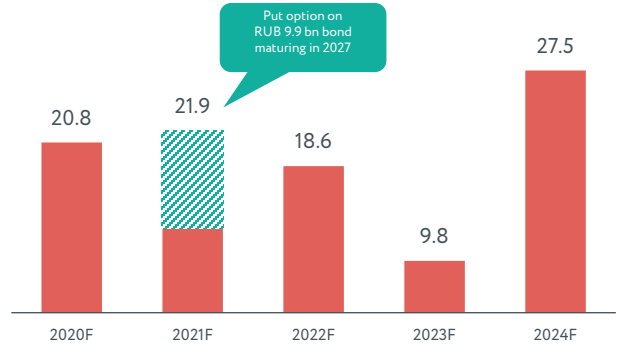
(RUB bn, as of 30 June 2020)

Liquidity position

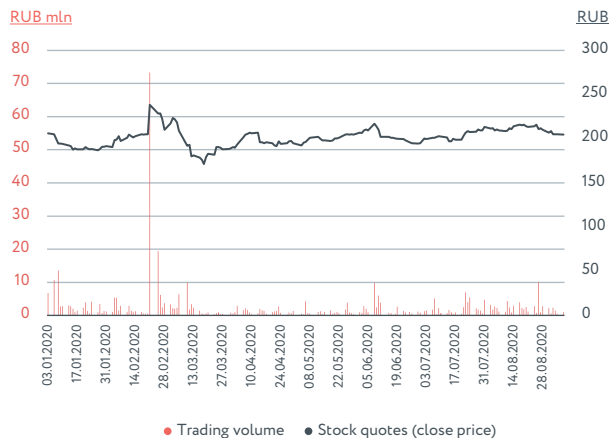


Source: Company data

Debt repayment schedule



STOCK QUOTES & TRADING VOLUME



Source: MOEX data as of 01.09.2020

ESG: INTERNATIONAL RATINGS

