


iPipe

Interpipe Customer Bulletin
#9, 2018

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- UPJ-M – PREMIUM SOLUTION FOR SEVERE DRILLING CONDITIONS
 - NEW LINE FOR ANTICORROSIVE COATING APPLICATION
 - IVAN MAZANKA: «OUR CORE PRINCIPLE IS COMPLIANCE WITH CONTRACTUAL COMMITMENTS»



INTERPIPE



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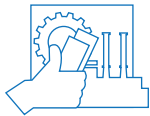
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CORPORATE NEWS

NEW FACES IN THE INTERPIPE TEAM



Andrey Lukyanov
Product and Resource Director

The list of his major tasks includes the coordination of sales dynamics and production planning, as well as pricing management and development of the company's product portfolio.

Prior to joining Interpipe, Andrey Lukyanov had worked at SAP for more than six years. Previously, he had been Director of Transformation at ArcelorMittal Kriviy Rih for two years. While working at the Boston Consulting Group, he participated in a number of strategic projects for a range of metallurgy companies, aimed at increasing operational and commercial activities and cooperated with Interpipe, Alcoa, Metinvest and others.

Andrey has a Master's Degree in Business Administration from the Cardiff Business School.



Igor Basay
Human Resources Director

Before joining Interpipe, Mr. Basay held the position of HR Director at the production segment of PepsiCo Russia and worked at British American Tobacco, Kellogg's, and the energy industry.

In 2002 Igor Basay graduated from Kyiv National Linguistic University with a degree in English Language Philology and Practical Psychology. In 2012, he got a degree in human resources management from Nottingham Trent University.



Andrey Bibik
Procurement and Logistics Director

Andrey is responsible for the company's procurements, ranging from raw materials to spare parts. He is also responsible for in-time product delivery to customers.

Mr. Bibik has been working for the company since 2003 and has extensive experience in commercial activities. His career path has spanned from a specialist in document support for shipments at the Sales Department, to the director of the Commercial Department. Before his appointment to the new office, he had held the position of Pipe Sales Director for the markets of Ukraine and the Customs Union.

Andrey Bibik got his master's degree at the Dnipropetrovsk Economics and Law University, majoring in Company Economics in 2004.



INTERPIPE INTRODUCED NEW DIVISIONAL MANAGEMENT STRUCTURE



STARTING FROM JANUARY 2018, INTERPIPE HAS NEW BUSINESS STRUCTURE CONSISTED OF STEEL, PIPE AND RAILWAY PRODUCTS DIVISIONS.

The Steel Division includes Interpipe Steel, Interpipe Vtormet and Lime Factory, as well as the departments for metal scrap procurement and steel billet sales. The division is headed by Andrey Korotkov, who currently holds the position of Director of Interpipe Steel mill.

The Pipe Division includes pipe-rolling shops of Interpipe NTRP, Interpipe Niko Tube and Interpipe NMPP, as well as pipe sales departments.

Interpipe CEO Fadi Hraibi combines his current position with the post of Director of the Pipe Division. Vera Smal has been appointed as Deputy Director for this division.

The Railway Products Division includes the wheel-rolling shop and the railway axle and wheelset production facility at Interpipe NTRP, as well as the corresponding sales department. Alexander Garkavij, currently Interpipe's CCO for Railway

Products, is in charge of the division.

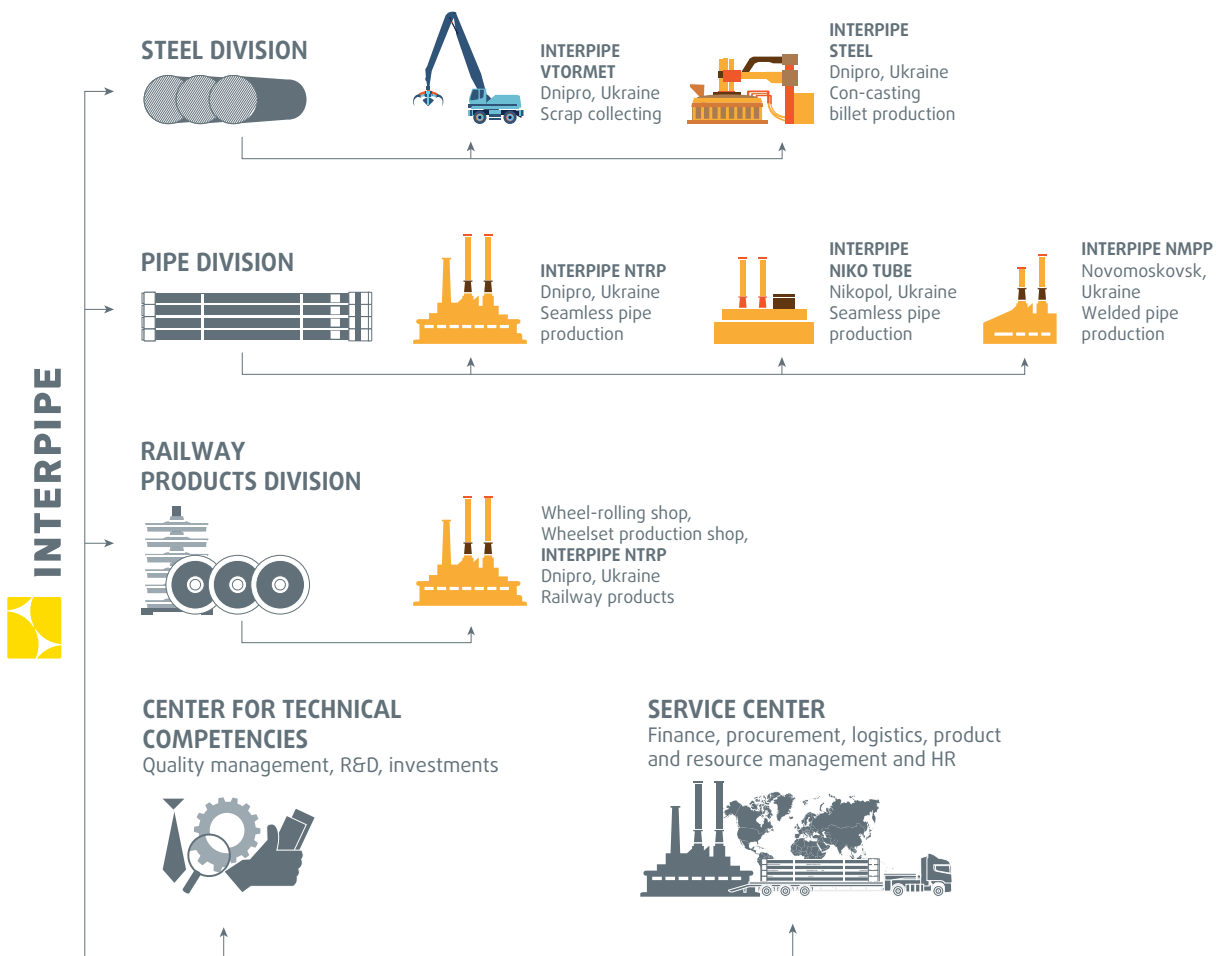
The Center for Technical Competencies, responsible for quality management, investments and R&D, has been created at the corporate level. Corporate functions such as finance, procurement and logistics, product and resource management, HR, legal support, economic security, corporate affairs, and administrative support have been structured in the Centralized Service Center.

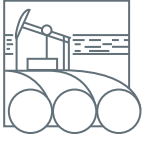


Fadi Hraibi, Interpipe CEO:

"The new structure is the next evolutionary step in the company's development. This operating model provides more possibilities for the strategic development of each division.

The divisions will have full operational responsibility – both production and sales will be subordinated to the Division Director. Cooperation within divisions will allow more effective execution of operational tasks and speed up the reaction to meet market changes. Strategic decisions such as investments and technical development will be made at the level of the corporate center."





THE MAIN TOPIC

UPJ-M – PREMIUM SOLUTION FOR SEVERE DRILLING CONDITIONS

THE CONSTRUCTION OF OIL AND GAS WELLS HAS BECOME MORE INTRICATE OVER THE COURSE OF THE LAST TEN YEARS. TODAY, DEVIATED OR HORIZONTAL WELLS ARE WIDESPREAD ACROSS THE WORLD. INTERPIPE UNDERSTANDS CUSTOMERS' NEEDS WELL AND IS READY TO COPE WITH RISING MARKET CHALLENGES. WITH THE UP-TO-DATE PREMIUM CONNECTION, OUR CUSTOMERS WILL BE ABLE TO DRILL DEEPER AND TO CHOOSE EXACTLY THOSE TRAJECTORIES THAT WILL ENSURE THE HIGHEST GAS AND OIL RECOVERY FACTORS, WITHOUT LIMITING THEMSELVES TO THREADING CAPABILITIES.



QUALIFIED WITH CAL IV REQUIREMENTS

In 2017, Interpipe launched the production of UPJ-M proprietary premium gas-tight connection.

UPJ-M premium connection has been designed by Interpipe's R&D team for operations in the most severe well conditions. This premium solution has successfully passed a qualification test in accordance with

ISO 136879 CAL IV that proves UPJ-M to be high-end technology.

DESIGNED FOR THE MOST SEVERE WELL CONDITIONS

Even in S-type or horizontal wells, the "metal-to-metal seal" leak-prevention system guarantees string sealability. Furthermore, the special thread profile prevents "jump-out" and ensures complete gas-tightness.

UPJ-M has stable performance characteristics while operating within high pressures and temperatures. The connection withstands up to 100% of tension, internal and external pressure, and compression.

Along with corrosion-resistant alloys and sour service material, UPJ-M can be used in hydrogen sulfide and carbon dioxide environments.



APPLICATIONS:

- S-type wells
- Horizontal wells
- Vertical wells
- Deviated wells

THREAD GEOMETRY:

- "Hooked" tread profile
- "Metal-to-metal" leak prevention system



Boris Lomakin,
Premium Connection & Technical Sales Director:

"Oil & gas companies can rely on UPJ-M Premium Connection even in HPHT/deep wells. The connection sealability assures leak-prevention, which makes it an environmentally friendly product. The successfully passed ISO 13679 CAL IV test proves

that UPJ-M meets the highest industry requirements for premium connections."



PRODUCT RANGE:

Product	mm	in
Casing	114.3 - 339.7	4 1/2" - 13 3/8"
Tubing	60.32 - 114.3	2 3/8" - 4 1/2"

RIGID QUALITY CONTROL DURING PRODUCTION

Various casing and tubing with UPJ-M premium connection is produced at Interpipe NTRP and Interpipe Niko

Tube, with rigid quality control at all stages of production. All pipes and couplings undergo the tight control of mechanical characteristics after heat-treatment, as well as non-

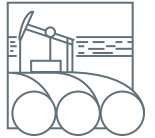
destructive testing with increased requirements. The control of thread parameters and make-up process is performed with maximum accuracy and the stringent tolerances. At the final stage, specially trained inner quality inspectors provide random control during the acceptance of finished goods.

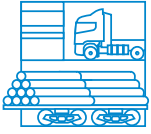
SUCCESSFULLY TESTED AND FIELD-PROVEN

UPJ-M premium connection has been successfully used in Ukrainian gas fields since 2017 as an intermediate and production casing.

The run-in-hole operations have been carried with the participation of Interpipe FISE (Field Service) engineers on a 24/7 basis helping to assure smooth and safe running.

The running history counts over 1 million meters of pipes with UPJ-M successfully loaded into the wells.





PARTNERSHIP

INTERPIPE IS AMONG THE KEY SUPPLIERS IN SHIPBUILDING INDUSTRY

THE COMPANY STRIVES TO BUILD LONG-TERM COOPERATION WITH ITS CUSTOMERS. COOPERATION WITH ITALIAN DISTRIBUTORS AND SHIPBUILDING COMPANY FINCANTIERI IS ONE SUCH EXAMPLE.



Fincantieri is the largest European and 4th biggest shipbuilding company in the world. The company builds and repairs merchant, passenger and naval vessels.

The trial lot was delivered in 2015 and during 2016-2017 Interpipe managed to become the key supplier of seamless pipes dedicated to water distribution and firefighting systems.



Massimo Marrama,
Senior Sales Manager for the European market:

"Currently, Interpipe is the leading supplier of general use seamless pipes for Fincantieri's shipyards in Italy. The company buys tubular products through frame contracts with major Italian distributors such as Commerciale Tubi Acciaio and

Eusider Group. We work with both of them. During our cooperation, we delivered more than 4,500 tons of pipes with the special requirement for fixed pipe length - 5.5 meters (-0/+100 mm). Such a limitation is mandatory due to special project conditions in the shipbuilding industry."

ADVANCED SOLUTIONS FOR MECHANICAL ENGINEERING

INTERPIPE IS EXPANDING COOPERATION IN THE GENERAL ENGINEERING SECTOR.

Tube-rolling shop #3 of Interpipe NTRP stakes out the mechanical engineering pipes manufactured with hot and cold rolling. The shop is constantly working on expanding its product range and the improvement of mechanical characteristics of finished goods.

Between 2016-2017, the shop mastered new mechanical engineering pipes for Austrian company Palfinger, a global leader in the production of cranes, hydro-manipulators, forklift loaders, marine cranes, elevating platforms for railroads, and other equipment. The peculiarity of pipes for Palfinger is the use of E460 steel grade, which include alloyed elements to ensure more stable mechanical properties. Hydraulic cylinders made of this steel grade are designed for increased loads.

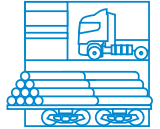


Marina Lugovskaya,
Sales Manager for the European market:

"To manufacture its lifting and hoisting equipment, Palfinger uses precision pipes - both cold-drawn and hot-rolled. We reached a good stable quality level thanks to our engineers' work on new heating modes for billets and heat treatment

modes for pipes between the tube drawing passes. During 2014-2015, Interpipe successfully passed the qualification process of the Austrian company. Since 2016, we have been regularly delivering materials for the customer and ramped up supplied volumes. I hope we will continue to broaden our cooperation."

PIPE PRODUCTS FOR THE ENI'S PROJECT



IN Q3, 2017, INTERPIPE SUPPLIED LINE PIPE WITH 3-LAYER POLYETHYLENE COATING IN ACCORDANCE WITH API SPEC 5L REQUIREMENTS FOR AN ENI PROJECT AT THE ZUBAIR FIELD. THIS WAS THE FIRST ORDER FOR THE IRAQI SUBDIVISION OF ENI.



Grigoriy Barchukov, Sales Manager for the MENA market:

"We supplied materials for ENI Iraq BV and Basra Oil Company, which develop the Zubair field. Zubair is one of the largest oil fields in the world, located in the south of Iraq. Starting from 2009, ENI has been involved in its development. In 2016, ENI started construction of three up-to-date oil and gas refineries with additional capacities on the water recovery. These facilities will enable an increase in the production of hydrocarbon and capacities for processing. Interpipe products are used at one of the new infrastructure's

facilities for the construction of the gas pipeline of a power plant, intended for pumping water into the reservoir and maintaining the required reservoir pressure."

GREEN CASING WITH ADDITIONAL REQUIREMENTS FOR DRILLING IN THE UNITED STATES

INTERPIPE NIKO TUBE HAS STARTED SUPPLYING PIPES WITH ADDITIONAL REQUIREMENTS FOR THE NORTH AMERICAN MARKET FOR DRILLING NEW OIL & GAS WELLS.

These casing have several specific characteristics. For instance, the pipe length should be 12.2-13 m. The previous length limit was 12.2 m straight.

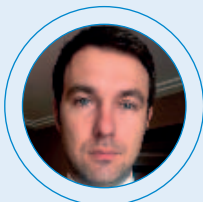


Mark Sheppard, Sales Manager for the North and South America:

"We supply such products to Atlas Tubular, which is one of the largest import traders in the United States. As per the specification agreed with Interpipe's technical department, we manufacture material that will be further finished in the US to P110, High Collapse, with premium and semi-premium ends. Thus our products should correspond to the rigid customer's requirements for chemical composition, pipe geometry and quality of the external surface. Another peculiarity is that the pipe length should be at least 40 ft. (12.2 m). To achieve the required length, piercing and plug mills were modernized at the rolling site."

INTERPIPE IS A RELIABLE PARTNER OF SOCAR

AS A TRUSTED PARTNER OF THE AZERBAIJAN NATIONAL OIL & GAS COMPANY, INTERPIPE SUPPLIES A WIDE RANGE OF PIPE PRODUCTS FOR SOCAR'S NEEDS.

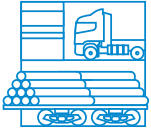


Sergey Lugovskoy, Sales Director for the CIS market:

"Among orders in 2017, we produced casing in accordance with API Spec 5CT

and GOST requirements under a critical order of SOCAR. That is why it was extremely important to fulfill all our obligations in time. These products were dedicated to use for well infrastructure development at the oil fields of Gunashli, Oil Rocks, Karadag and Pirallahi."





PIPES FOR FIREFIGHTING SYSTEMS OF THE METRO IN RIYADH

INTERPIPE IS ONE OF THE LEADING SUPPLIERS FOR THE CONSTRUCTION INDUSTRY IN THE MIDDLE EAST. THE SHIPMENT FOR THE CONSTRUCTION OF THE METRO IN SAUDI ARABIA IS ONE OF THE COMPANY'S KEY PROJECTS IN 2017.



Royden Lobo, Senior Sales Manager for the MENA market:

"Through our official distributor, Pan Gulf Piping Systems, we delivered our line pipes to BACS Consortium (Bechtel, Almagani & CCC, Siemens) for firefighting systems for the construction of the metro in Riyadh. BACS provides designing, construction and commissioning works of the transit system and the civil infrastructure of Lines 1 and 2. The Riyadh metro consists of 85 stations through a six line metro system that will run for a total length of 176 km across the city, with Line 1 and Line 2 covering 38 km and 25 km respectively."



EXPANDING MARKET PRESENCE IN SOUTHEAST ASIA

INTERPIPE EXPANDS ITS MARKET PRESENCE IN SOUTHEAST ASIA, SUPPLYING TO VIETNAM, SINGAPORE, TAIWAN AND OTHER COUNTRIES.



Artem Artemov, Deputy Commercial Director on Pipe Sales to the markets of MENA, Africa and Asia:

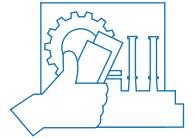
"The company has entered new markets in Southeast Asia in the last few years. Recently, we have supplied API Spec 5CT casing to the National Oil Company of Taiwan (CPC Corporation Taiwan).

Earlier, Interpipe delivered line pipes for the construction of a new oil refinery at Jurong Island, Singapore, by the Petrochemical Corporation of Singapore. Three types of high-quality products, including ones with 3-layer polyethylene coating, were used for interconnecting pipings. We also delivered line pipes for a fuel distribution network at Balikpapan Airport, Indonesia. This project was conducted by Pertamina, an Indonesian state-owned energy company.

Besides new markets, Interpipe regularly supplies OCTG for offshore oil production in Vietnam."



INVESTMENTS



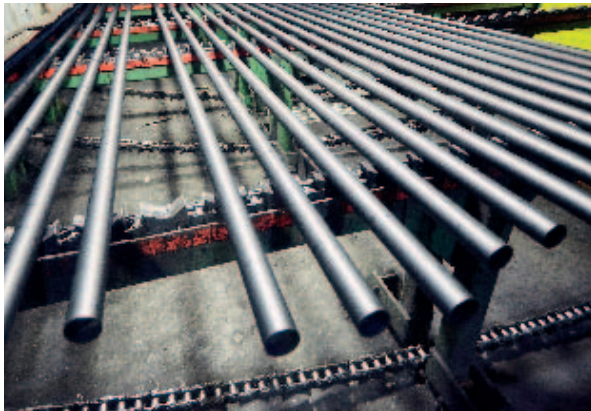
IN 2018 INTERPIPE INVESTS IN QUALITY AND THE MANUFACTURING OF NEW PRODUCTS

EVERY YEAR, THE COMPANY INVESTS CONSIDERABLE FUNDS IN THE DEVELOPMENT OF PRODUCTION FACILITIES. IN 2018, KEY INVESTMENT PROJECTS IN TUBULAR PRODUCTION ARE FOCUSED ON IMPROVING THE QUALITY OF GOODS AND EXPANDING PRODUCTION VOLUMES.

LINE FOR UV LACQUER APPLICATION AT THE TUBE-ROLLING SHOP # 7

Investments: \$ 2.5 million
Start of operation: Q2 2018
Result: Pipe's anticorrosive coating storage life will increase up to 12 months

To increase the productivity of equipment for anticorrosion coating application at Interpipe Niko Tube and to maximize the utilization of the finishing line, the company decided to build a new line with the use of ultraviolet lacquers. Previously, we used only water-based lacquers for pipe coating.



UPGRADE OF THE HEAT TREATMENT SITE AT THE TUBE-ROLLING SHOP # 4

Investment: \$ 3 million
Start of operation: Q3 2018
Result: New products of higher grade steel can be mastered

To advance the mechanical properties of pipe products, especially casing, the company will replace the water supply system for pipe quenching at the heat treatment site at the Tube-rolling shop # 4, Interpipe NTRP. In 2018, a cooling tower will be installed at the heat treatment site, as well as a new hydro-descaling unit and a new sprayer.



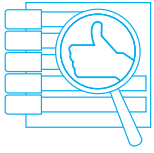
INTERPIPE STEEL ENLARGED ITS FLEET OF TRANSFORMERS

INTERPIPE STEEL INSTALLED TWO NEW TRANSFORMERS FOR THE ELECTRIC ARC FURNACE AND THE LADLE FURNACE UNIT. THE COST OF THIS EQUIPMENT IS 1.9 MILLION EUROS.

Procurement of these new units will allow the company to arrange an exchange fleet at the mill and to ensure a long-term uninterrupted operation of the steelmaking complex.

Both transformers were manufactured with a custom-tailored approach by the Italian TES. Their task is to convert the electrical energy for its delivery to the electric-arc furnace and the ladle furnace unit. The new transformers were installed as part of the capital repairs of the production facility in October, 2017.





QUALITY PRIORITY

INTERPIPE SUCCESSFULLY PASSED ENI PREQUALIFICATION

IN JULY 2017, INTERPIPE SIGNED A FRAMEWORK AGREEMENT WITH ENI FOR THE SUPPLY OF LINE PIPES.

Eni S.p.A assessed the production technology and quality management, working conditions, compliance with occupational safety standards and the company's influence on the ecology in the region. This prequalification enables Interpipe to directly participate in tenders of

the Italian company for line pipes throughout the world. Before that, our pipe products were supplied via distribution companies.

In August 2013, the company passed the continuing qualification of Eni S.p.A as a manufacturer and supplier of casing materials.



INTERPIPE'S MILLS RECEIVED LLOYD'S REGISTER APPROVAL

IN AUTUMN 2017, INTERPIPE NTRP AND INTERPIPE STEEL RECEIVED THE LLOYD'S REGISTER APPROVAL CERTIFICATES FOR PRODUCTS DEDICATED TO THE SHIPBUILDING INDUSTRY. THE UTMOST ATTENTION WAS CONCENTRATED ON TECHNOLOGICAL PROCESS AND QUALITY CONTROL AT THE FACILITIES.

Lloyd's Register is the world leader in technical supervision over the safety and quality of materials used

in the shipbuilding. The Lloyd's Register certificate is a guarantee of pipe products and steel billets

quality for customers involved in the construction of ships and port infrastructure.



Mikhail Lutsenko, Head of the Interpipe NTRP Technical Department:

"Our facility has undergone the certification of this company for the first time ever. Currently, Interpipe NTRP has certificates of approval of the British LR, Norwegian DNV, and German GL. On the short-term horizon, we expect to get the certificate of approval from the Italian maritime register RINA. Thus, in the near future, Interpipe NTRP will have approvals from the largest and most authoritative European shipping registers and will be able to supply products for the shipbuilding industry to all European countries."





INTERPIPE LAUNCHED THE ONLINE SERVICE FOR PIPE ORIGIN VERIFICATION

THIS SYSTEM IS ONE OF THE MEASURES TO PROTECT A COMPANY'S PRODUCTS AGAINST COUNTERFEITING IN THE MIDDLE EAST.



The online verification service of a pipe's origin provides the onsite check of the bundle origin for Interpipe's distributors and end-users. Going in line with the broad-scale

campaign to defend the Interpipe brand across the GCC, this measure is strengthening anti-counterfeit protection of the company's products.

Since 2017 any customer can check the authenticity of Interpipe pipe products using a smartphone and a standard QR-code reading program. Each bundle of pipes produced at Interpipe's mills has a special label with a QR-code, which contains all the necessary information about the order.

Each QR-code is linked to the company's database of shipped orders. To check the origin of the bundle, customers can scan the code via smartphone. If the pipes are genuine, the consignee will be redirected to the webpage with the volume of products, inspection certificate number, date of shipment, heat number, etc. Otherwise, the customer will be informed about the suspicious origin of goods and provided with the contact details for the regional sales office to check the supply.

ANALYSIS OF EQUIPMENT PERFORMANCE AND TRACKING OF DOWNTIME GOES DIGITAL

SINCE EARLY 2015, INTERPIPE HAS BEEN INTRODUCING A DIGITAL SYSTEM FOR EQUIPMENT MAINTENANCE. IN 2017, A MAJOR PART OF PRODUCTION EQUIPMENT WAS PLUGGED INTO THE CORPORATE DIGITAL SYSTEM FOR TRACKING DOWNTIME, SUPERVISION OF THE EQUIPMENT CONDITION, PLANNING ORDINARY MAINTENANCE AND ORDERING SPARE PARTS IN TIME.

This tool is built in the company's ERP-system. All downtime cases are recorded in two modes: manual and automatic. For every unit of equipment the IT-team developed their own algorithm for monitoring the operating parameters (e.g. temperature changes or movement of products along the line). This information is recorded in the corporate database. Based on this data, the system automatically detects downtime cases constituting the ground for further analysis in the ERP-system. The shift staff can see the data on the automatic downtime and can comment on a reason for it.

Such diagnostics allow analyzing the problems with the production workload and dealing with these issues. It



helps to plan equipment workload, maintenance and repair works, man-

age inventory holdings and pre-procurement of required spare parts.



FACE TO FACE

“OUR CORE PRINCIPLE IS COMPLIANCE WITH CONTRACTUAL COMMITMENTS”

SAYS IVAN MAZANKA, SALES DIRECTOR FOR THE EUROPEAN MARKET. THE EUROPEAN MARKET IS ONE OF THE TOP-PRIORITIES FOR INTERPIPE. IN 2017, THE COMPANY SUPPLIED 23% OF PRODUCED GOODS TO EUROPEAN CUSTOMERS.



What are the main trends in the European market today and what can be expected in the near future? Which products are in high demand?

– The previous year was a good one for all pipe manufacturers and for business in the European market in particular. Due to the recovery of demand in almost all industries, which uses pipes (maybe, excepting the power generation industry), producers started to return to the level of profitability which existed before the fall in oil prices a few years ago. Some European manufacturers had also significantly cut their capacities in the last few years. This resulted in the excess of demand over supply and the extension of delivery time. If previously “just-from-the-mill” pipes could be delivered in 2-4 weeks, now the standard delivery time has stretched to 1.5-3 months depending on the type of the product. Today the most in-demand product is the seamless pipes of diameter up to 168.3 mm, because the biggest shortage of production capacities in Europe has fallen in this range.

As per the nearest forecast, we expect the stabilization of demand and supply, and consequently strengthening of prices, very soon. There are two major reasons



for it. Firstly, the demand will be slightly adjusted, because distributors will increase their inventories to a level which allows managing the customers’ needs. Therefore, end-users will switch again from manufacturers to distributors, being able to get required products from the stock. Secondly, local manufacturers will restore their shortened production capacities. This process requires some time, so we can see the first effects only from the middle of 2018.

What basic principles of work does Interpipe follow in the European market?

– The core principle is compliance with contractual commitments. Sometimes, we choose not to take orders, if we foresee any risk of non- or mis-execution. It is unacceptable for us to return to a customer for any renegotiation of the terms agreed after signing a contract. The major part of our contracts with European counterparties is signed on open payment terms without financial guarantees such as prepayments, letters of credits or advance bank guarantees. It means that our relationship with customers is always a two-way street.

Has Interpipe managed to attract new customers over the past 1-2 years? How exactly?

– Yes, during the last two years, we managed to start cooperation with several partners thanks to the extension of the range of seamless pipes. In 2016, Interpipe mastered middle diameter seamless pipes





with nominal (thin) walls, namely 139.7 and 168.3 mm OD, and thereby we closed the last existing “gap” in our range of nominal walls. Now, we are the only pipe producer that covers the entire range of nominal walls from 33.7 to 406.4 mm OD. I believe this is our strategic competitive advantage in the European market, because our customers can easily order all required products for their stocking programs from a single supplier.

What improvements have our customers noticed?

– I have already elaborated upon the extension of the product range. However the quality and customer service are not lagging behind. European customers are the most demanding when it comes to product qual-

ity, so we are continuously improving the level of our quality. The percentage of in-time delivered orders is also growing. Now we supply more than 80% of orders to Europe without any delays. The company continues working to improve this rate at all levels – from shop workers and planning specialists to top managers. Our nearest goal is 95%.

What skills is a must-have for a successful manager today, in your opinion?

– Today, in a rapidly changing environment, I consider flexibility, sense of purpose and leadership to be of great importance. And last, but not the least, you should be passionate about your work and the company that you are a part of.





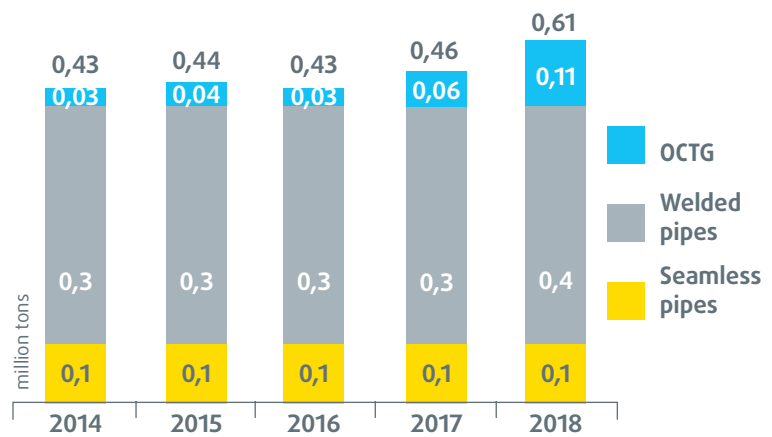
MARKETING OVERVIEW



UKRAINE

In 2017, the market of oil & gas production was intensified due to the Energy Strategy of Ukraine till 2035 and the «20/20» plan for development of the state company UkrGasVydobuvannya. As a result, consumption in the OCTG segment has grown more than twice in 2017. For the next 2-3 years, the further increase in volumes is forecasted to achieve the goals of the country's energy independence.

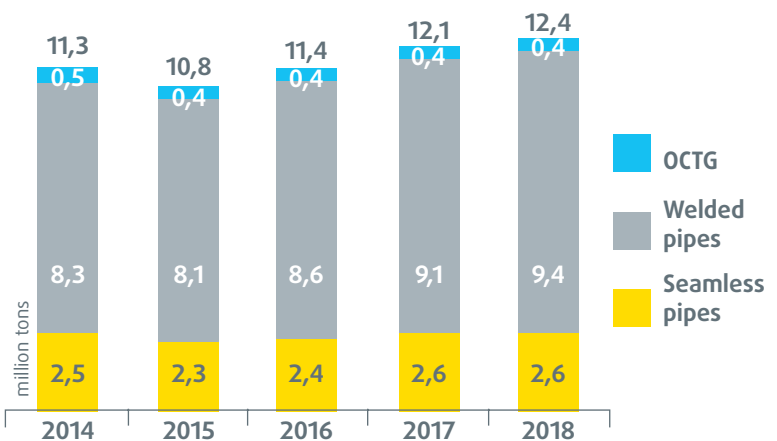
There is also a significant increase in the consumption of welded and seamless line pipes. The main growth factor is the revival of the construction market (+ 20.9% as compared with 2016) and increased financing of infrastructure projects.



EUROPE

After a slight economic slowdown in the countries of the EU in 2016, the construction and mechanical engineering industries showed positive dynamics in 2017. Optimistic macroeconomic forecasts for the European countries, especially Germany and France, provide a basis for further growth in pipe consumption by 2.4%.

The European pipe market is still among the most competitive ones, with the regulation of the "fair trade" issues under the anti-dumping legislation. Taking into consideration the plans for optimization by some manufacturers and implementation of projects for fossil fuels transportation, there is a possibility for certain reduction in the domestic production and consumption of large diameter welded pipes.

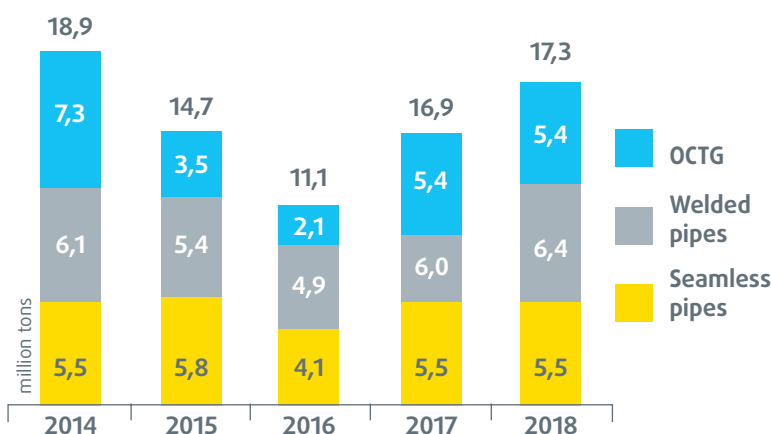




AMERICA

The oil & gas industry is the major consumption segment in the United States, which, in addition to the threaded pipes, has a significant impact on the consumption volume of line pipes. In 2015-2016, the market for steel pipes fell by 41% due to the oil market crisis and the downturn in barrel prices.

In 2017, the consumption of pipes was revived substantially as a consequence of the new level of oil prices and the current market conditions. As a result, the market grew by 52% as compared with the results of 2016.

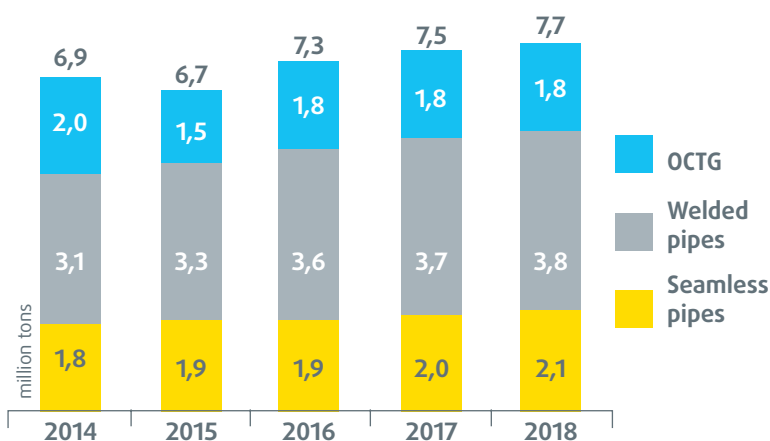


Implementation of infrastructure projects and high activity of the construction sector contribute to the increased demand for both welded and seamless line pipes.

In 2018, the introduction of restrictive measures under Section 232 investigation will become a major factor in changing market conditions.

MIDDLE EAST AND NORTHERN AFRICA

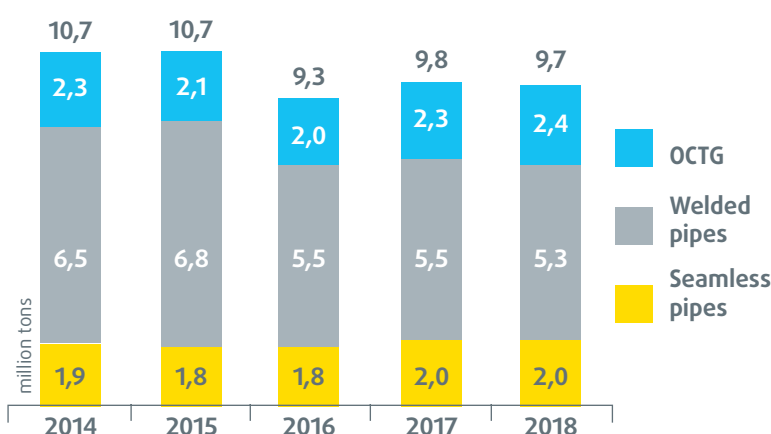
After the introduction of oil production limitations under an OPEC agreement, leading companies in the region had to revise their investment plans and drilling programs. The countries of the Gulf cut down the consumption of OCTG in 2017, but may increase their procurement volumes in 2018 due to long-term tenders by ADCO, ADNOC, Sinopec, and other companies.



The line pipe segment is expected to grow steadily by 2-3% across all countries in the region except Qatar, where more significant growth is expected due to the active preparations for the FIFA World Cup in 2022.

CIS AND CUSTOMS UNION

The Russian Federation is one of the largest consumers of pipe products in the world and, despite the commitments undertaken to reduce oil production, its OCTG consumption grew by 270,000 tons in 2017. 2018 is expected to show another increase by 4.3%. The main factor is the growth of gas production within the territory of this country.



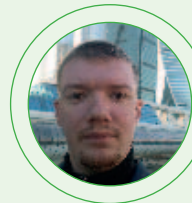
In other CIS countries, the market shrank significantly with the completion of infrastructure projects and the oil crisis of 2015-2016. In 2018, there are forecasts towards the intensification of drilling activities and OCTG consumption.



INTERPIPE TO CUSTOMERS

INTERPIPE PARTNERS FROM THE MIDDLE EAST VISITED THE COMPANY'S FACILITIES

IN NOVEMBER 2017, OUR PARTNERS FROM THE MIDDLE EAST MARKET VISITED INTERPIPE'S MILLS.



Yuriy Kuratsapov, Lead Manager at Interpipe Sales Technical Support Department:

"During the visit, representatives of leading traders from the Middle East market, including IMS, Offshore Engineering and Marketing, PanGulf Piping Systems and other companies, evaluated the production of the continuously cast billets at Interpipe Steel, of seamless pipes – at Interpipe NTRP and Interpipe Niko Tube, and of welded pipes and insulation coatings – at Interpipe NMPP. Our customers ensured the quality of the company's pipe products and the high production rate."

OVER THE LAST 10 YEARS INTERPIPE'S SUPPLIES TO THE MIDDLE EAST HAS REACHED A MILLION TONS

INTERPIPE HAS REACHED A KEY MILESTONE IN ITS MIDDLE EAST OPERATIONS, WITH OVER A MILLION TONS OF PIPE PRODUCTS DELIVERED TO ITS VARIOUS CUSTOMERS IN THE REGION OVER THE PAST DECADE. THE COMPANY'S MILESTONE COINCIDES WITH ITS DUBAI OFFICE'S 10th ANNIVERSARY CELEBRATION.

On December 15th, a reception with an awards ceremony was held to celebrate Interpipe's strong ties and successful cooperation with its strategic partners in the

region. The company also summed up the results of a ten-year development, and discussed further cooperation with its partners.



Nazih Al Sayed, General Director, Offshore Engineering and Marketing LTD:

"Interpipe has been our trusted partner for more than 15 years, providing high-level technical expertise and quality service. In cooperation with Interpipe, we supplied pipe products for a number of iconic projects in the Gulf and particularly in the UAE, including Etihad Towers, Jumeirah Beach Residence and various MEP projects in Dubai and Abu-Dhabi, Muscat-Sohar multi-product pipeline and OXY project in Oman, DNO ERBIL project, ADNOC group's various oil & gas projects, Dubai Petroleum's projects and many others. We continue developing together to offer turn-key solutions to end-users."



Andrey Burtsev, Commercial Director for the Middle East, Africa and Asia markets:

“Ten years ago, we opened our Middle East hub in Dubai in order to be closer to our customers, provide high-level service and expand our business in the market. Interpipe maintains a strong presence in the oil & gas industry, with 58.5% of its pipe supplies used in regional oil and gas projects over past ten years. 41% of Interpipe’s pipe exports in the region cater to the construction industry. Interpipe products have been used in a number of prominent construction projects including the Dubai Marina development in the UAE, King Fahad Medical City in the Kingdom of Saudi Arabia and Osman Gazi Bridge in Turkey.”

Interpipe maintains a strong presence in the oil & gas industry, with 58.5% of its pipe supplies used in regional oil and gas projects over past ten years. 41% of Interpipe’s pipe exports in the region cater to the construction industry. Interpipe products have been used in a number of prominent construction projects including the Dubai Marina development in the UAE, King Fahad Medical City in the Kingdom of Saudi Arabia and Osman Gazi Bridge in Turkey.”



INTERPIPE HOSTED THE FIRST CONFERENCE IN UKRAINE DEDICATED TO INDUSTRY 4.0

IN JUNE 2017, INTERPIPE, TOGETHER WITH THE ASSOCIATION OF INDUSTRIAL AUTOMATION OF UKRAINE, HOSTED THE CONFERENCE NAMED “TECHNOLOGY 4.0 IN THE PRODUCTION SECTOR”.

The conference was attended by industrial companies, developers and integrators of industrial-control systems, universities and R&D centers such as Indusoft-Ukraine,

Kaeser Kompressoren, Schneider Electric Ukraine, Siemens Ukraine, Festo, IT-Enterprise, Metinvest, Arcelor-Mittal Kryvij Rih and others.



Denis Morozov, Interpipe CFO:

“We are operating in the era of digital transformation, dynamic market changes and the rapid growth of data flow. Interpipe was among the pioneers of the implementation of the system of electronic tender procurements among Ukrainian industrial companies. We were among the first who launched an Enterprise Resource Planning system (ERP), which covers all the main business processes, including finance, accounting, HR, procurement, orders management, production and maintenance of the equipment. The second stage is the introduction of an automated system for products traceability, which enables the monitoring of orders at every stage – from steel production to the shipment of finished products to customers. In the shops of Interpipe, the first projects of digital transformation have already been implemented.”

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INTERPIPE TO COMMUNITIES

INTERPIPE'S VOLUNTEERS HELPED IN THE RESTORATION OF HOUSTON INFRASTRUCTURE

THE COMPANY'S EMPLOYEES FROM ALL UKRAINIAN FACILITIES TOOK PART IN THE RECONSTRUCTION WORKS AFTER HURRICANE HARVEY IN NORTHWEST HOUSTON ON A VOLUNTARY BASIS.



Houston hosts the North American office of Interpipe. While being a part of the United States and working there for many years, the company considered the help in such a situation to be its duty.

Ukrainian volunteers worked at "Samaritans Purse", an organization that has extensive experience in volunteering. With other volunteers from the United States and abroad, Interpipe's employees helped the elderly and people who did not have any insurance against natural disasters. Our colleagues sifted through the remains and debris, cleared the flooded houses, and carried out the gypsum-plasterboard and paint works to prepare houses for further repairs.

Later, on Thanksgiving Day, North American Interpipe co-hosted a holiday dinner for victims of the hurricane from Kingwood, Humble and Atascocita areas. The North American Interpipe team also participated at the event as volunteers.

INTERPIPE SUPPORTED THE UKRAINIAN DELEGATION AT AL-JENADRIYAH FESTIVAL

IN FEBRUARY 2018, INTERPIPE PARTICIPATED AS THE MAIN PARTNER OF THE UKRAINIAN EMBASSY IN THE KINGDOM OF SAUDI ARABIA IN AL-JENADRIYAH, THE LARGEST ANNUAL CULTURAL FESTIVAL HELD NEAR RIYADH.

2018 is the inaugural year of Ukraine's participation in the festival, and marks the strong ties between the two countries both on a cultural and business level.



Vadim Vakhrushev, Ambassador of Ukraine to the Kingdom of Saudi Arabia:

"Al-Jenadriyah is a must-see cultural event, and we are honored to represent Ukraine here. The Ukrainian national pavilion welcomes festival visitors for the first time, and aims to raise interest among them on the history and cultural heritage of Ukraine and increase the country's potential as a tourist destination. Ukraine and the Kingdom have strengthened the diplomatic and business relations between them during the past few years, as confirmed in the course of the recent visit of the President of Ukraine Petro

Poroshenko to the Kingdom of Saudi Arabia. Interpipe's growing operations in the region is one example of those positive dynamics."



Andrey Burtsev, Commercial Director for the Middle East, Africa and Asia markets:

“Saudi Arabia is one of the most stable and promising markets in the GCC, and makes for one of our top three largest partners in the MENA region. Only in 2017, Interpipe supplied 24,000 tons of finished steel goods to local companies. We are grateful for the opportunity to support the Ukrainian delegation in such a significant event for the cultural scene of the Kingdom of Saudi Arabia. Our goal is to introduce Ukraine as a reliable partner to Saudi Arabia in all aspects of our cooperation.”



THE SECOND INTERPIPE DNIPRO HALF MARATHON WAS CONDUCTED

IN MAY 2017, THE INTERPIPE DNIPRO HALF MARATHON WAS HELD FOR THE SECOND TIME.

This large-scale sports festival gathered more than 2,500 runners and 8,000 fans. Running brought together people of all ages – even the youngest ones took part in the family race.

On this day, the industrial Dnipro city, the home town for major Interpipe facilities, showed its sporting face to the representatives of 13 countries, including Ukraine, Belarus, Moldova, Great Britain, the United States, Morocco, Canada, Germany, Hungary and Poland.

In total the Interpipe Dnipro Half Marathon program included four adult races: 21.097, 10, 5, and 2 km, as well as three children’s ranges – 1,000, 500 and 100 meters.



Andrey Korotkov, Interpipe Steel Director:

“I ran 21 km and felt absolutely wonderful. In 2017, the Interpipe Dnipro Half Marathon has seen even more participation than before. This suggests that it is clearly resonating with the public. It is great! In 2018 I will run again for sure.”





INTERPIPE TECHFEST 2017 BECAME THE GREATEST TECHNICAL FUN EVENT IN UKRAINE

IN MID-SEPTEMBER 2017, INTERPIPE HELD THE SECOND INTERPIPE TECHFEST, THE GREATEST UKRAINIAN EVENT PROMOTING INTEREST IN SCIENCE, ENGINEERING AND STATE-OF-THE-ART TECHNOLOGIES.

At a single location, we gathered space science, robotics, modern industrial technologies, innovations and start-ups, engineering education and many other activities for adults and children.

– the longest Lego railway and the largest spinner. Besides these, the spinner was consisted of three railway wheels made by Interpipe NTRP.

At the festival, two Ukrainian records were registered

This year, Interpipe showcased its production facilities to visitors via a VR-tour.



- 15,000 visitors
- 110 partners
- 50 master classes on science and engineering
- 45 speakers of open air lectures
- 6 competitions
- 2 Ukrainian records



