



East Pipes Integrated Company for Industry
Earnings Release for the 1st Half Ending
30 September 2023

East Pipes achieves sequential pick up in the top line and a turnaround in profitability in 2Q-FY24, with enhanced margins.

Dammam, Saudi Arabia, 30 October 2023: East Pipes Integrated Company for Industry (“East Pipes” or “the Company,” 1321 on the Saudi Exchange), Saudi Arabia’s leading manufacturer of Helical Submerged Arc Welded (HSAW) pipes, today announced its financial results for the second quarter and first half period ending 30 September 2023 (“2Q and 1H-FY24”), reporting a significant quarter-on-quarter “QoQ” increase in both revenues and net profit in 2Q.

Financial highlights for 2Q and 1H-FY24

- **Revenues** amounted to SAR 230 million in 2Q-FY24, thus increasing nearly 5-fold from last quarter, due to the combined effect of a rise in sales volumes and average sales prices but decreased 24% YoY (1Q-FY24: SAR 39 million; 2Q-FY23: SAR 303 million). For 1H-FY24, revenues amounted to SAR 269 million, decreasing 47% YoY due to subdued sales volumes in 1Q-FY24.
- **EBITDA** amounted to SAR 34 million in 2Q-FY24 (1Q-FY24: EBITDA loss of SAR 5 million; 2Q-FY23: SAR 20 million), essentially due to improved profitability amid enhanced sales volumes and average sales prices. For 1H-FY24, EBITDA declined 23% to reach SAR 29 million. **EBITDA margin** was 15% in 2Q-FY24 (1Q-FY24: -14%; 2Q-FY23: 7%), and 11% for 1H-FY24, compared to 7% for 1H-FY23.
- **Net profit after zakat and income tax** jumped to SAR 21 million in 2Q-FY24, thus increasing 125% YoY (1Q-FY24: net loss of SAR 19 million; 2Q-FY23: net profit of SAR 9 million), driven by a marked improvement in sales volumes when compared to last year, in addition to enhanced margins. For 1H-FY24, net profit amounted to SAR 2 million, compared to SAR 15 million in 1H-FY23.
- **Cash and cash equivalents** decreased 6% YTD to SAR 50 million (31 March 2023: SAR 53 million), while **total borrowings** increased 32% YTD from SAR 245 million to SAR 324 million.

Mohammed Al Shaheen, Chief Executive Officer at **East Pipes** said:

“We are proud to have achieved a remarkable improvement in both our top and bottom-line performance in 2Q-FY24, compared to the previous quarter, as we continue to strategically focus our efforts on reinforcing our market positioning as a leading HSAW pipes manufacturer in the Kingdom.

We will continue to capitalize on our numerous competitive advantages, which are fundamental pillars guiding the company towards a solid trajectory of future growth. Looking ahead, East Pipes remains focused on enhancing innovation and operational excellence in

everything we do, with the ultimate goal being to deliver sustainable value and long-term returns to our shareholders.”

Mohamed Darweesh, Chief Financial Officer at East Pipes, said:

“East Pipes has demonstrated its capabilities in achieving solid profitability in 2Q-FY24, a testament to our well-established track record in the market, complemented with the continued successful execution of our expanding backlog.

The fundamental strength and agility of our integrated business model and our solid financial positioning are key drivers that are enabling us to capture emerging opportunities for growth, and with the landmark SAR 1.8 billion contract with Aramco beginning to materialize, we anticipate a further improvement in financial performance during the upcoming period.”

Ali Al Makrami, Vice President – Commercials at East Pipes commented:

“We continued to reinforce our long-standing and strategic relationships with key business partners during the period, which resulted in the consolidation of our position in both the local and regional markets and is considered an integral component of East Pipes’ growth and development.

The substantial pipeline of large-scale projects in the oil and gas and water sectors in the Kingdom presents remarkable prospects for East Pipes’ operations to flourish. As a state-of-the-art manufacturer in this rapidly evolving market, we remain firmly placed to expand our backlog further, secure additional market share, and continue pioneering in supporting KSA’s strategic objectives under the Vision 2030 umbrella.”

Summary of Financial Statements

| Balance sheet (SAR million) | | |
|-----------------------------|-------------------------|---------------------|
| | As of 30 September 2023 | As of 31 March 2023 |
| Total assets | 1,223 | 987 |
| Total equity | 587 | 615 |
| Total liabilities | 636 | 372 |

| Income statement (SAR million) | | | | | | |
|--------------------------------|---------|---------|----------|---------|---------|----------|
| | 2Q-FY24 | 2Q-FY23 | % Change | 1H-FY24 | 1H-FY23 | % Change |
| Revenue | 230 | 303 | -24% | 269 | 509 | -47% |
| EBITDA | 34 | 20 | 74% | 29 | 37 | -23% |
| Net profit | 21 | 9 | 125% | 2 | 15 | -86% |

| Cash flow statement (SAR million) | | | |
|---|---------|---------|----------|
| | 1H-FY24 | 1H-FY23 | % Change |
| Net cash flow from operating activities | -46 | -53 | -13% |
| Net cash flow from investing activities | -2 | -1 | 121% |
| Net cash flow from financing activities | 45 | 51 | -12% |
| Net change in cash and cash equivalents | -3 | -2 | 19% |

- Ends -

About East Pipes:

Established in 2010, East Pipes Integrated Company for Industry (East Pipes) is one of the leading manufacturers of Helical Spiral Arc Welded (HSAW) pipes in Saudi Arabia, which are used in critical infrastructure sectors, predominantly water and oil & gas applications. Thanks to its state-of-the-art manufacturing capabilities and fully integrated business model, which includes a double joining plant and coating mill, the Company is capable of producing more than 500,000 metric tons of spiral pipes per annum, making it one of the largest integrated manufacturers of spiral pipes in the region.

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Disclaimer:

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Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. East Pipes undertakes no obligation to revise any such forward-looking statements to reflect any changes to its expectations or any change in circumstances, events, strategy, or plans. Because actual results could differ materially from East Pipes' current intentions, plans, expectations, assumptions, and beliefs about the future, you are urged to view all forward-looking statements contained in this presentation with due care and caution and seek independent advice when evaluating investment decisions concerning East Pipes.