



East Pipes Integrated Company for Industry

**Earnings Release for the Nine Month Period
Ending**

31 December 2023

East Pipes reports solid financial performance, with a marked improvement in both the top and bottom line in 3Q-FY24

Dammam, Saudi Arabia, 31 January 2024: 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 third quarter and nine-month period ending 31 December 2023 (“3Q and 9M-FY24”), recording a significant quarter-on-quarter “QoQ” and year-on-year “YoY” increase in profitability in 3Q.

Financial highlights for 3Q and 9M-FY24

- **Revenues** amounted to SAR 552 million in 3Q-FY24, thus increasing 140% from last quarter, due to the impact of a rise in average sales prices which increased 13% YoY (2Q-FY24: SAR 230 million; 3Q-FY23: SAR 487 million). For 9M-FY24, revenues amounted to SAR 821 million, decreasing 18% YoY, primarily due to an increase in average sales price despite a decline in volumes, in line with the delivery schedules of projects in the current period.
- **EBITDA** amounted to SAR 112 million in 3Q-FY24 (2Q-FY24: SAR 34 million; 3Q-FY23: SAR 67 million), driven by an improvement in the top line, due to a rise in average sales prices. For 9M-FY24, EBITDA increased 35% to reach SAR 141 million. **EBITDA margin** was 20% in 3Q-FY24 (2Q-FY24: 15%; 3Q-FY23: 14%), and 17% for 9M-FY24, compared to 10% for 9M-FY23.
- **Net profit after zakat and income tax** jumped to SAR 86 million in 3Q-FY24, thus increasing 80% YoY (2Q-FY24: SAR 21 million; 3Q-FY23: SAR 48 million), as a result of a sustained rise in average sales prices as well as enhanced margins. For 9M-FY24, net profit amounted to SAR 88 million, compared to SAR 63 million in 9M-FY23.
- **Cash and cash equivalents** decreased to SAR 2 million at the end of December 2023 (31 March 2023: SAR 53 million), while **total borrowings** nearly tripled from SAR 245 million to SAR 726 million, to finance the company’s expanding backlog.

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

“East Pipes’ solid performance, both operationally and financially during this quarter, is testament to the dedication and hard work by the team, as we continued to direct our business and invest in our capabilities effectively, whilst ensuring the highest levels of quality and efficiency.

Our substantial production capacity is enabling us to effectively execute our growing pipeline of projects, and we also strengthened our partnerships with key players in the market, which is a reflection of the trust and confidence that they have continued to place in us. As a leading company within a pivotal and expanding sector, we are targeting to reinforce our

position further and leverage our manufacturing capabilities, which will enable us to evolve our portfolio to cater to the changing needs of our customers.”

Mohamed Darweesh, Chief Financial Officer at East Pipes said:

“East Pipes reported healthy financial indicators during the third quarter of FY24, as we witnessed an improvement in revenues, driven by an increase in average sales prices. Our profitability also remained strong during the period, as we continued to strategically optimize our operations, to enhance efficiencies across the organization.

With our sustained pursuit of this progressive trajectory, we remain focused on strengthening our financial positioning, whilst boosting the resilience of our business, to ultimately deliver tangible long-term value to our shareholders and various stakeholder groups.”

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

“The notable improvement in our performance was essentially supported by a robust sales momentum, thanks to our well-established track record in the market and strong brand name. Our wide-ranging endeavours in this regard, in addition to our solid competitive advantages, have resulted in the signing of a number of new contracts, and we are especially delighted by the significant SAR 1 billion contract award by SWCC, thus further expanding our business into the thriving water sector.

We take pride in being an important part of Saudi Arabia’s substantial mega-projects and are strongly placed to capitalize on a multitude of opportunities that are continuing to emerge. We remain committed to supporting the fundamental objectives of the Kingdom’s Vision 2030 agenda, with a continued dedication to the best standards of operational excellence, innovation, and sustainability.”

Summary of Financial Statements

Balance sheet (SAR million)		
	As of 31 December 2023	As of 31 March 2023
Total assets	1,740	987
Total equity	673	615
Total liabilities	1,067	372

Income statement (SAR million)						
	3Q-FY24	3Q-FY23	% Change	9M-FY24	9M-FY23	% Change
Revenue	552	487	13%	821	996	-18%
EBITDA	112	67	67%	141	104	35%
Net profit	86	48	80%	88	63	40%

Cash flow statement (SAR million)			
	9M-FY24	9M-FY23	% Change
Net cash flow from operating activities	-488	-155	214%
Net cash flow from investing activities	-6	-3	102%
Net cash flow from financing activities	443	161	175%
Net change in cash and cash equivalents	-51	3	-1,885%

- 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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