



TMK IR PRESENTATION



March 2020

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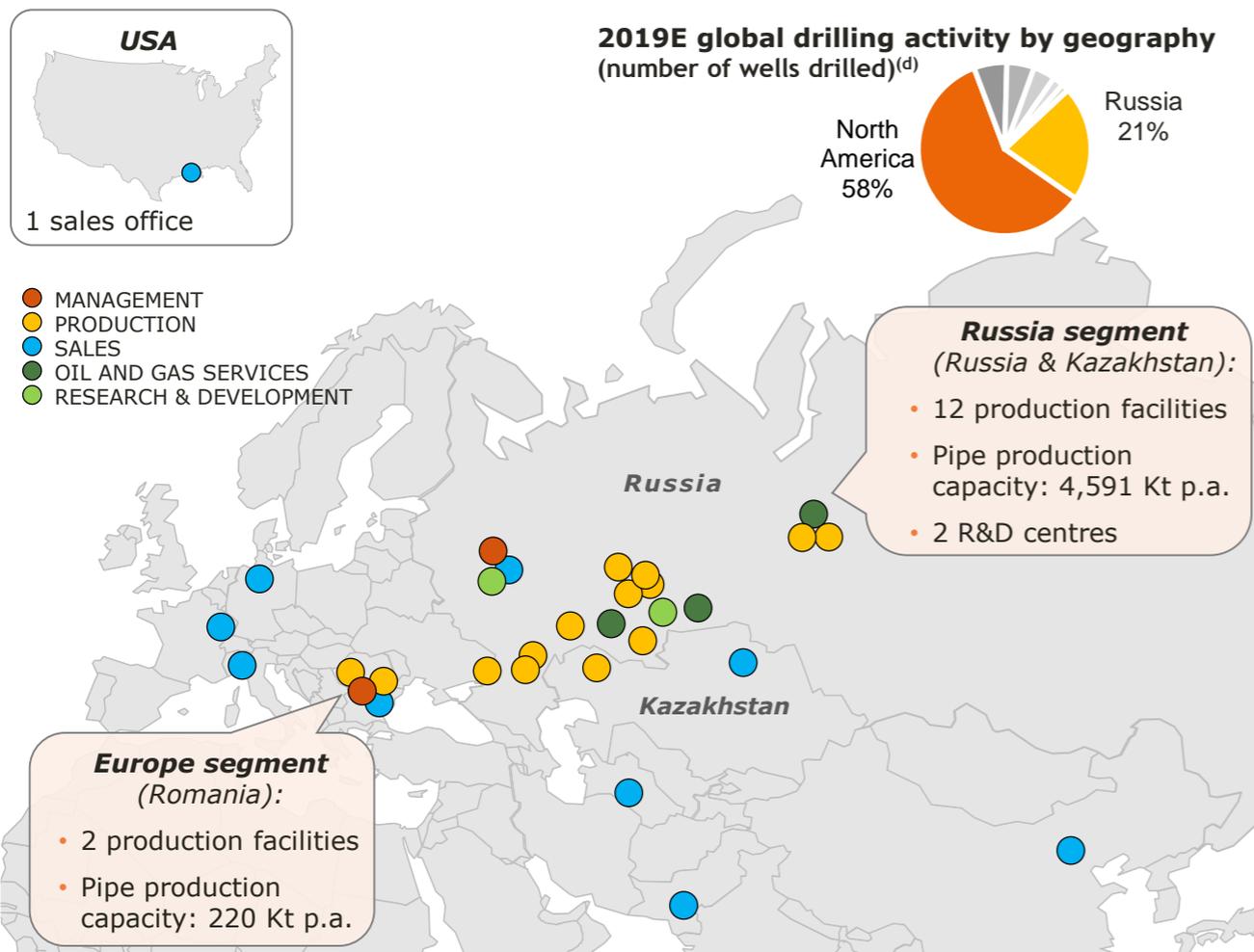


Company Overview

TMK – Global Supplier of Full Range of Pipes for Oil and Gas Industry

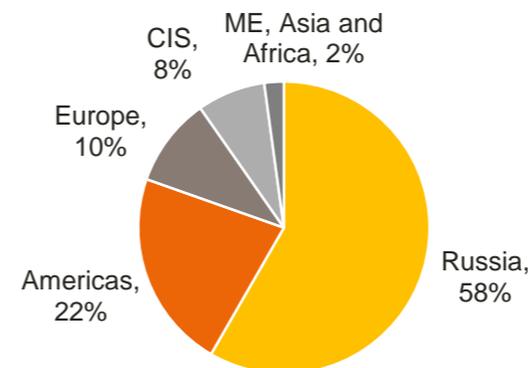


One of the largest steel pipe producers globally



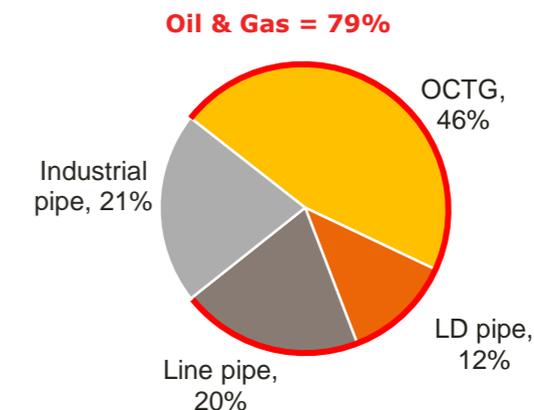
TMK sales by region^(a)

(12M 2019, revenue)



TMK sales by product^(a)

(12M 2019, in tonnes)



Key operating and financial indicators^(a)

(US\$m)	2015	2016	2017	2018	2019
Pipe sales (kt)	3,871	3,458	3,784	3,989	3,828
Revenue	4,127	3,338	4,394	5,099	4,767
Adj. EBITDA^(b)	651	530	605	700	688
<i>Margin (%)</i>	16%	16%	14%	14%	14%
<i>Operating FCF^(c)</i>	478	355	372	427	469
<i>Net Profit (Loss)</i>	(368)	166	30	(0)	66
<i>Net Debt</i>	2,496	2,539	2,688	2,437	2,503

Source: TMK data

Notes: (a) including IPSCO (discontinued operations). For detailed breakdown of key financial metrics for continued and discontinued operations please refer to Appendix and TMK financial statements for 12M 2019

(b) Adjusted EBITDA for PAO TMK represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortization, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual items

(c) Operating FCF calculated as Adjusted EBITDA less CAPEX

(d) Spears & Associates. Excluding China and Central Asia. Onshore and offshore drilling

IPSCO Sale



Key highlights of the Transaction

- 22 Mar 2019**

 - ✓ Stock Purchase Agreement signed with Tenaris
 - ✓ US\$1,209m agreed aggregate cash-free, debt-free price
- 18 Dec 2019**

 - ✓ The U.S. Department of justice approved Tenaris's acquisition of IPSCO from TMK
- 2 Jan 2020**

 - ✓ Transaction successfully closed

Transaction benefits for TMK

-  In line with the strategy of international assets' monetization
-  Allows to reduce leverage and focus on the key markets: Russia and Europe
-  Retaining TMK's position as one of the leading pipe producers globally even post-IPSCO sale
-  Contributes to higher stability of cash flows and margins due to reduced exposure to the U.S. market
-  Maintaining TMK's shipments to the North American market due to signing the master distribution agreement with Tenaris, allowing TMK to sell its OCTG and line pipe products to the USA and Canada market for the next 6 years

The Americas segment key operating and financial indicators^(a)

(US\$m)	2016	2017	2018	2019
Pipe sales (kt)	282	673	804	520
Revenue	368	989	1,349	889
Adj. EBITDA ^(b)	(72)	114	164	30
Margin (%)	neg.	11.5%	12.1%	3.3%

Transaction benefits for TMK

- The consideration received by TMK, following contractual adjustments, amounted to \$1,067 million (as estimates as of the closing date)
- The majority of the proceeds received by TMK from the sale of IPSCO were used to repay TMK's indebtedness within 60 days from the date when such proceeds were received
- TMK continues focusing on deleveraging, aiming to achieve a long-term target Net Debt to Adjusted EBITDA ratio of 2.5x or lower

Source: TMK data

Notes: (a) The Americas segment financial information disclosed in the IFRS statements mostly consisted of IPSCO's results

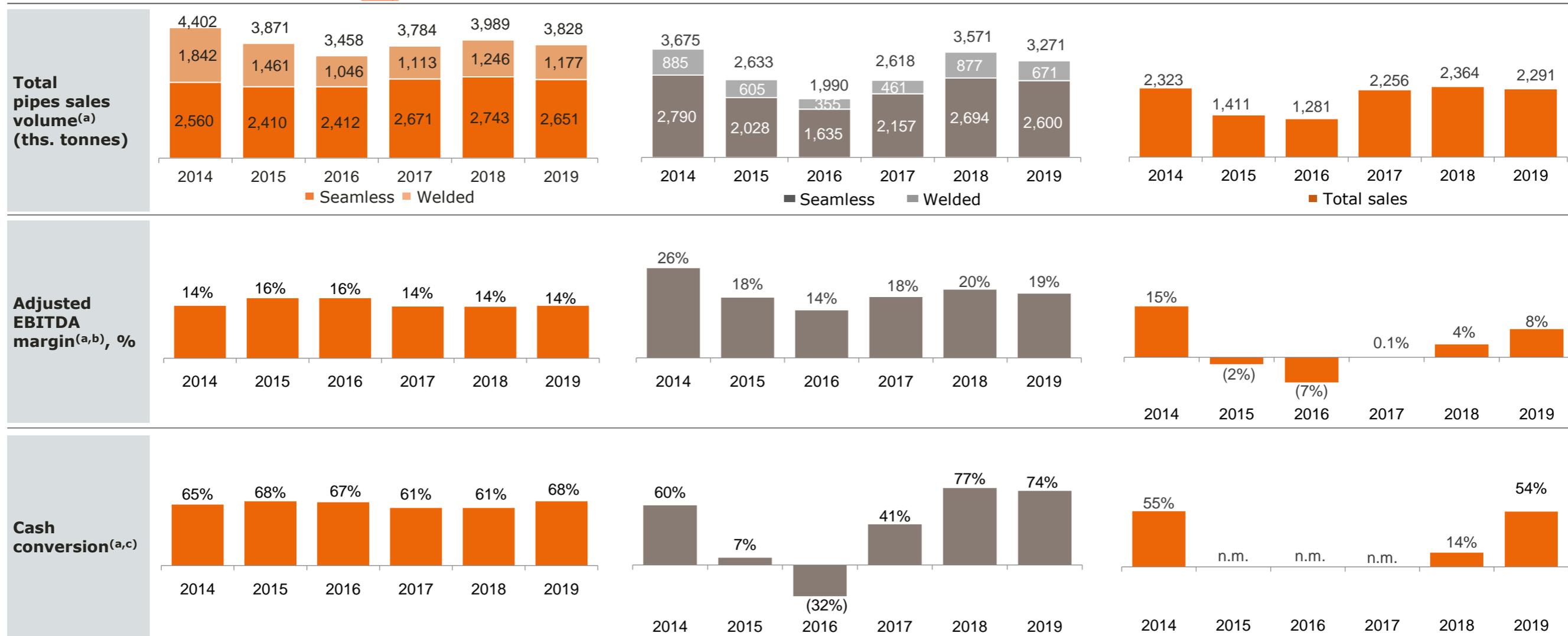
(b) Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortization, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual items

TMK Today – Key Investment Highlights



Source: Company data
Notes:(a) Company estimates for FY 2019

TMK – Superior Earnings Resilience Through the Cycle



Source: Companies' public reporting

Note: (a) TMK results include TMK-IPSCO

(b) Adjusted EBITDA for TMK represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual items

(c) Calculated as (Adjusted EBITDA - Capex) / Adjusted EBITDA

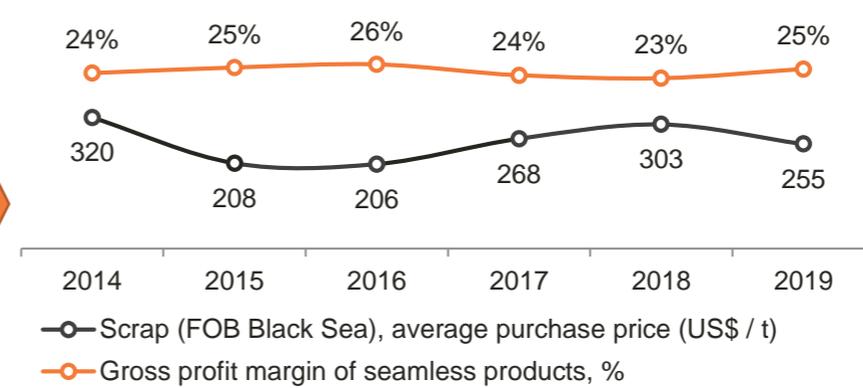
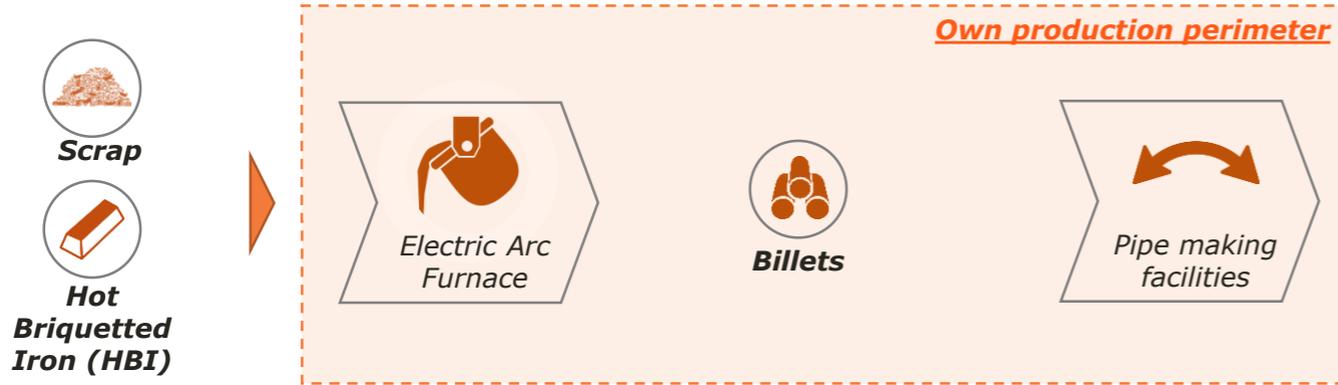
Vertically Integrated Model Ensuring Margin Resilience



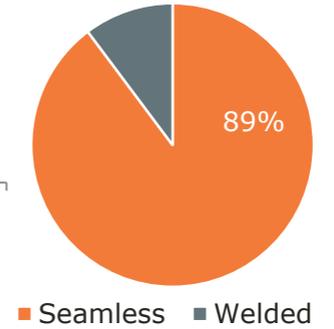
Production chain

Deeper integration provides better resilience in margins

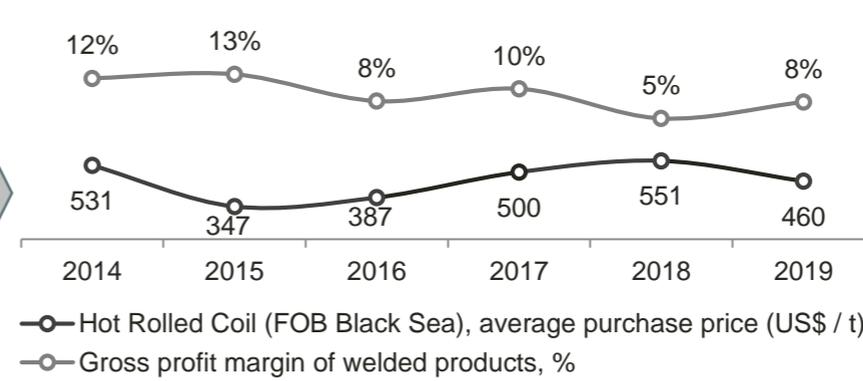
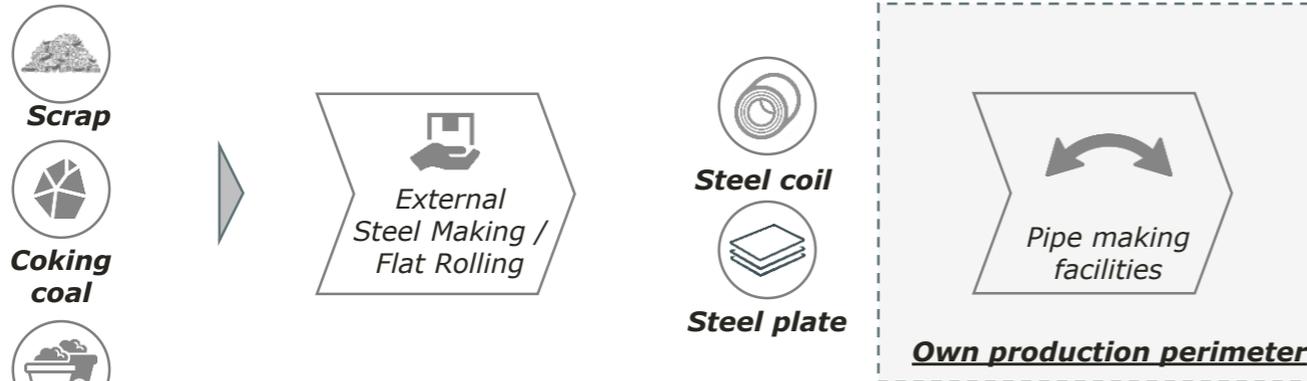
Seamless products



Share in 12M 2019 Gross profit



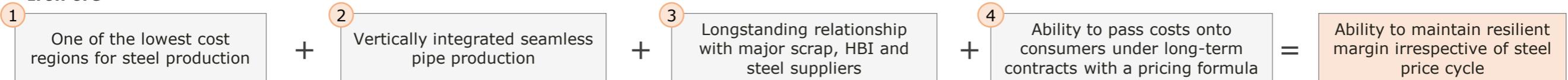
Welded products



Share in 12M 2019 Gross profit



Source: Metal Expert, Bloomberg



Strong Position in Multiple End-Markets for Pipes Beyond Oil & Gas



Automotive



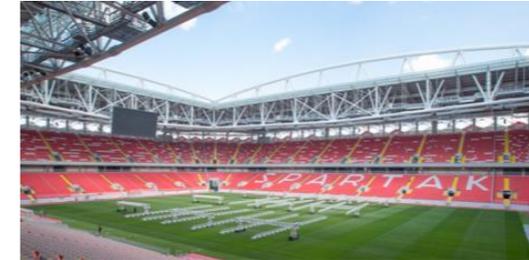
RENAULT



TOYOTA

- TMK-ARTROM is qualified as an authorised supplier for such companies as Dacia (a subsidiary of Renault)
- Supplier for Toyota

Civil Construction



- Galvanised pipe for the outer steel frame of the Otkritie Arena stadium in Moscow
- Impact resistant seamless pipe shipped for the construction of Zenit Arena stadium retractable roof in St Petersburg
- Structural steel pipe for the stadium roof in Samara

Energy and Chemicals



- Pipe shipments to energy and petrochemical businesses

Diversified Hi-Tech Solutions



- TMK-INOX stainless pipe of 8–114 mm diameter, used in nuclear, aircraft, automotive, aerospace and energy industries



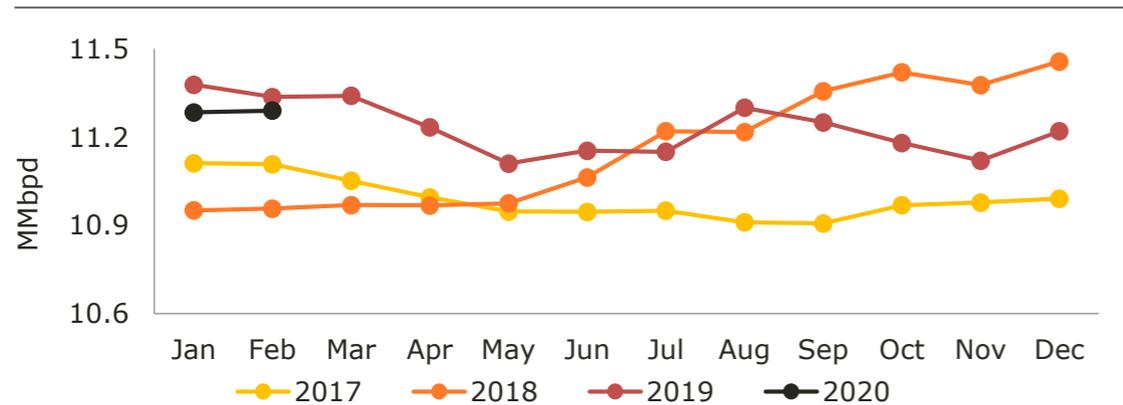
TMK Russian Division: Market Overview

Oil Production in Russia Remains Strong and This Creates Long-term Demand for High-End Oil & Field Services



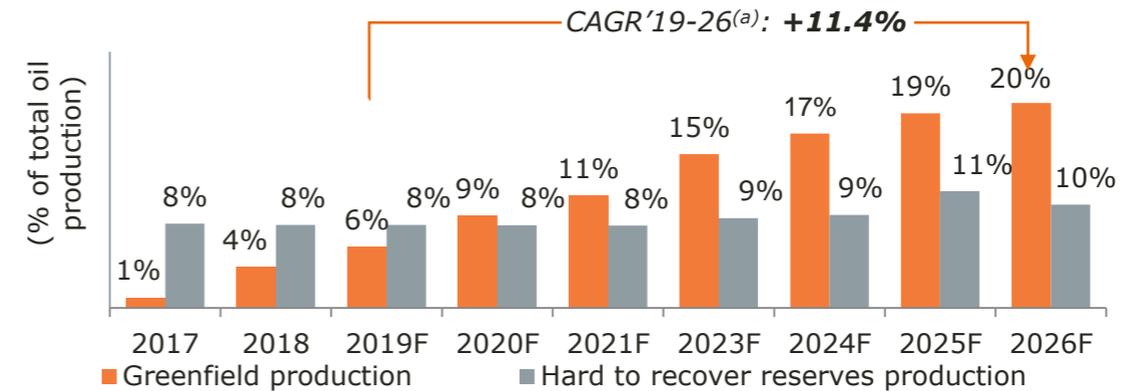
- Annual average oil production increased 0.8% YoY and came to 11.25 MMbpd in 2019
- Gradual stagnation of oil production from brownfields is accompanied by development of greenfield projects

Russian total oil output



Source: Interfax, Info TEK

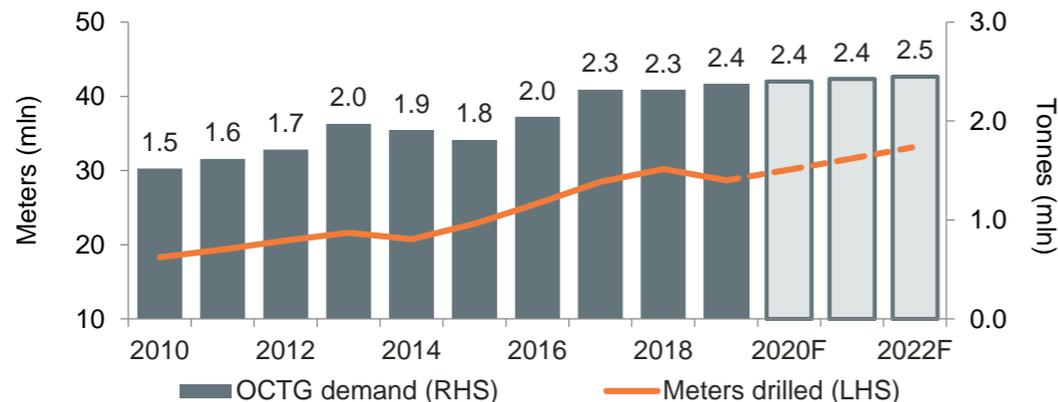
Supported by increasing development of greenfields and hard to recover reserves



Source: RPI

Note: (a) corresponds to greenfield production CAGR '19-26

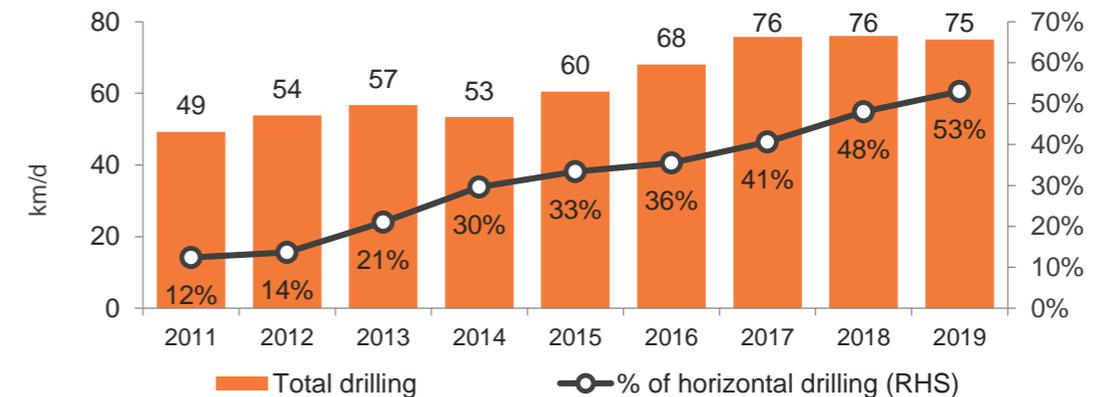
OCTG demand is strong supported by existing level of production and development of greenfields...



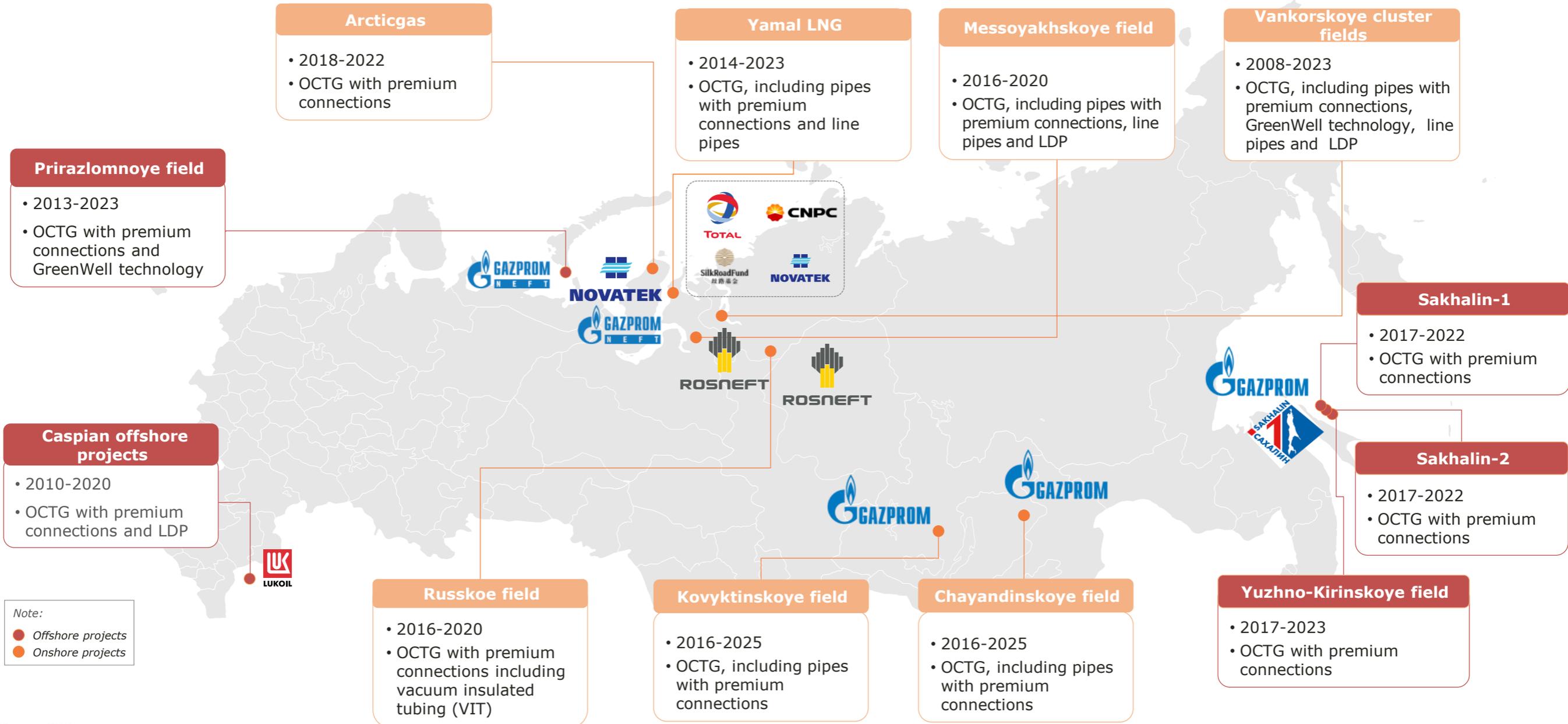
Source: Interfax, Info TEK, Spears & Associates, TMK estimates

OCTG premium products demand is supported by increasing share of horizontal drilling

Russian drilling, kmpd



Attractive Portfolio of Premium OCTG Projects

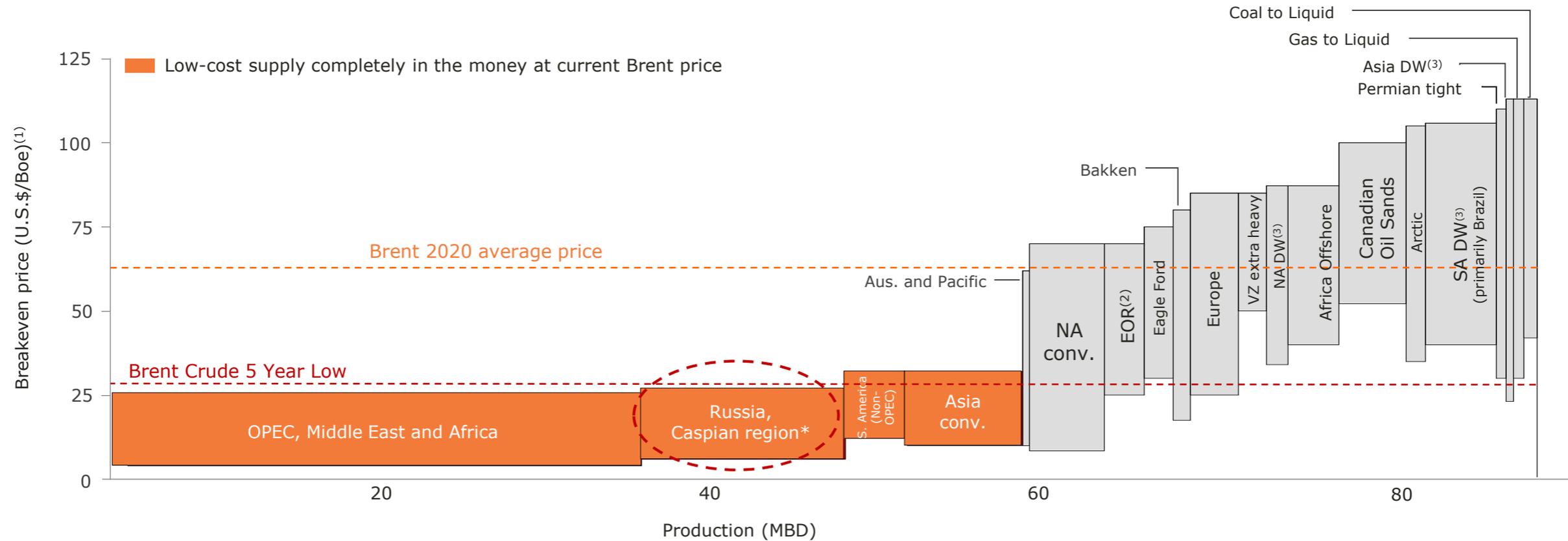


Source: TMK data

TMK's Home Market is One of the Lowest Cost Oil Producing Regions



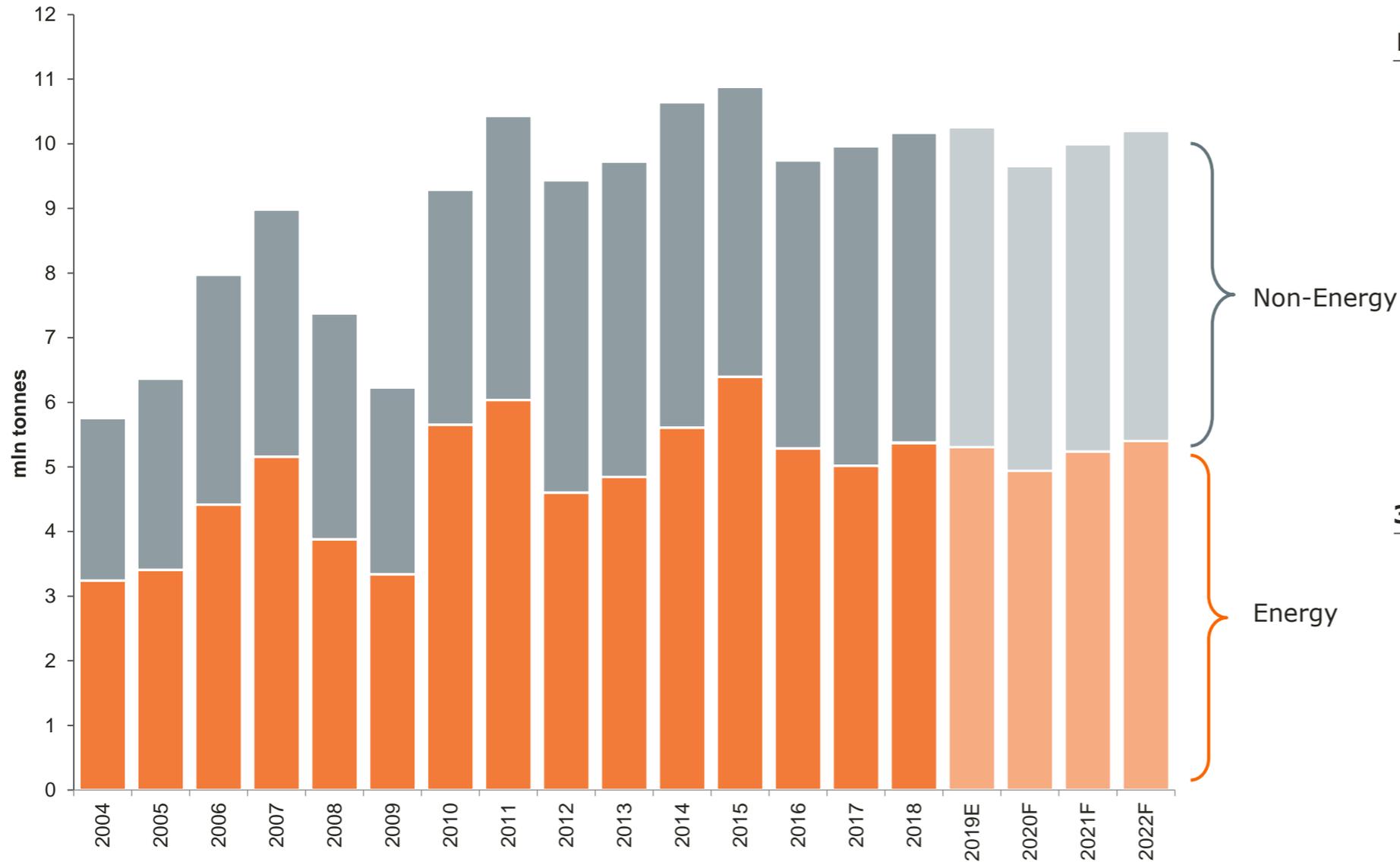
Global oil production supply curve



Even with oil at 5 year lows, the low cost Russian and Caspian region is able to remain profitable unlike the majority of its international counterparts. In 2015 and 2016, Russia was the only region globally to maintain healthy drilling activity and stable OCTG demand.

Source: IEA World Energy Outlook (2016); EIA International Energy Outlook (2016); EIA Annual Energy Outlook (2016); Morgan Stanley (2016), Bloomberg (as of 27 Jan 2020)
 Notes: (1) Breakeven price assumes a 10% return, and NPV of zero; *includes Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan; (2) Enhanced oil recovery; (3) Deep Water

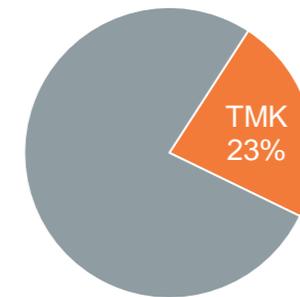
Russian Tube and Pipe Market



Source: TMK estimates

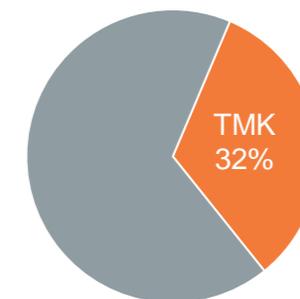
No.1 on the Russian tube and pipe market

12M 2019



32% market share of energy pipe demand

12M 2019



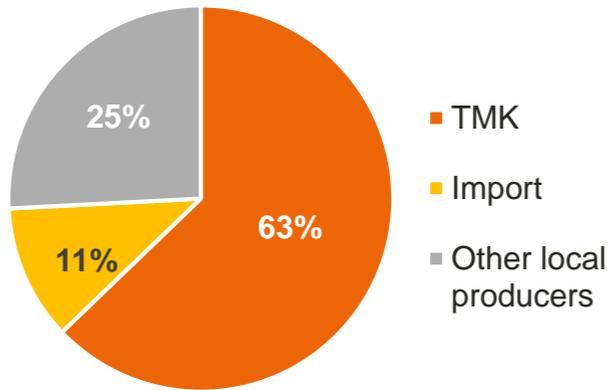
Source: TMK estimates, based on 12M 2019 numbers

Strong Position on the Domestic Market



TMK share of seamless OCTG

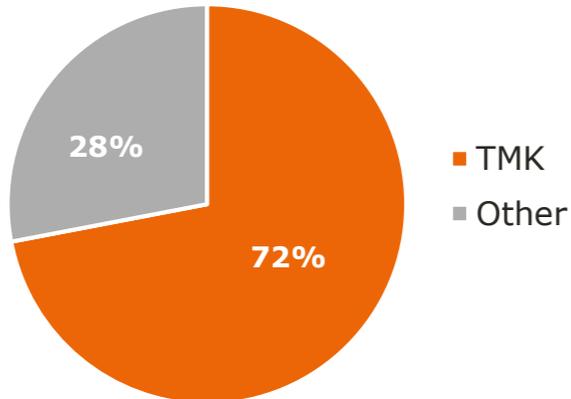
Seamless OCTG market share, %



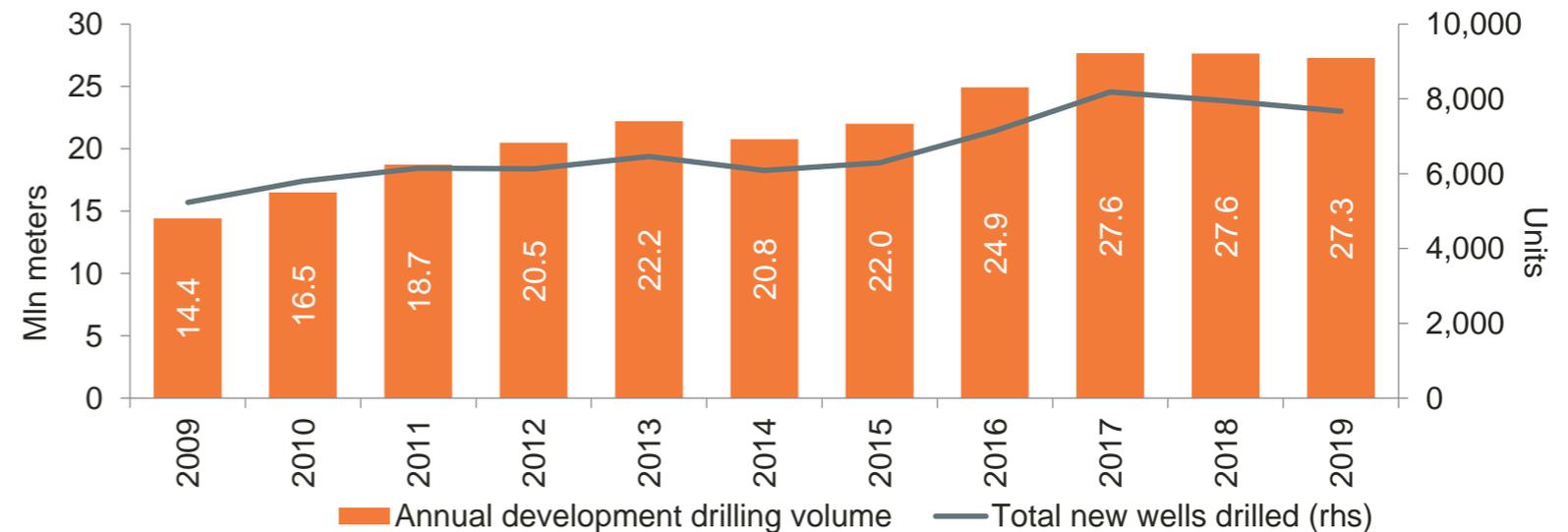
- Development of conventional and unconventional reserves will require the use of non-conventional drilling techniques and reliable OCTG products
- Russian seamless OCTG market is stable in 2019
- TMK is a leader in the seamless OCTG production on the Russian market with a more than 60% market share for 12M 2019
- Average depth of wells in Russia increased by 2.4% in 2019 YoY

TMK share of premium connections

Premium connections market share, %



Strong drilling market in Russia



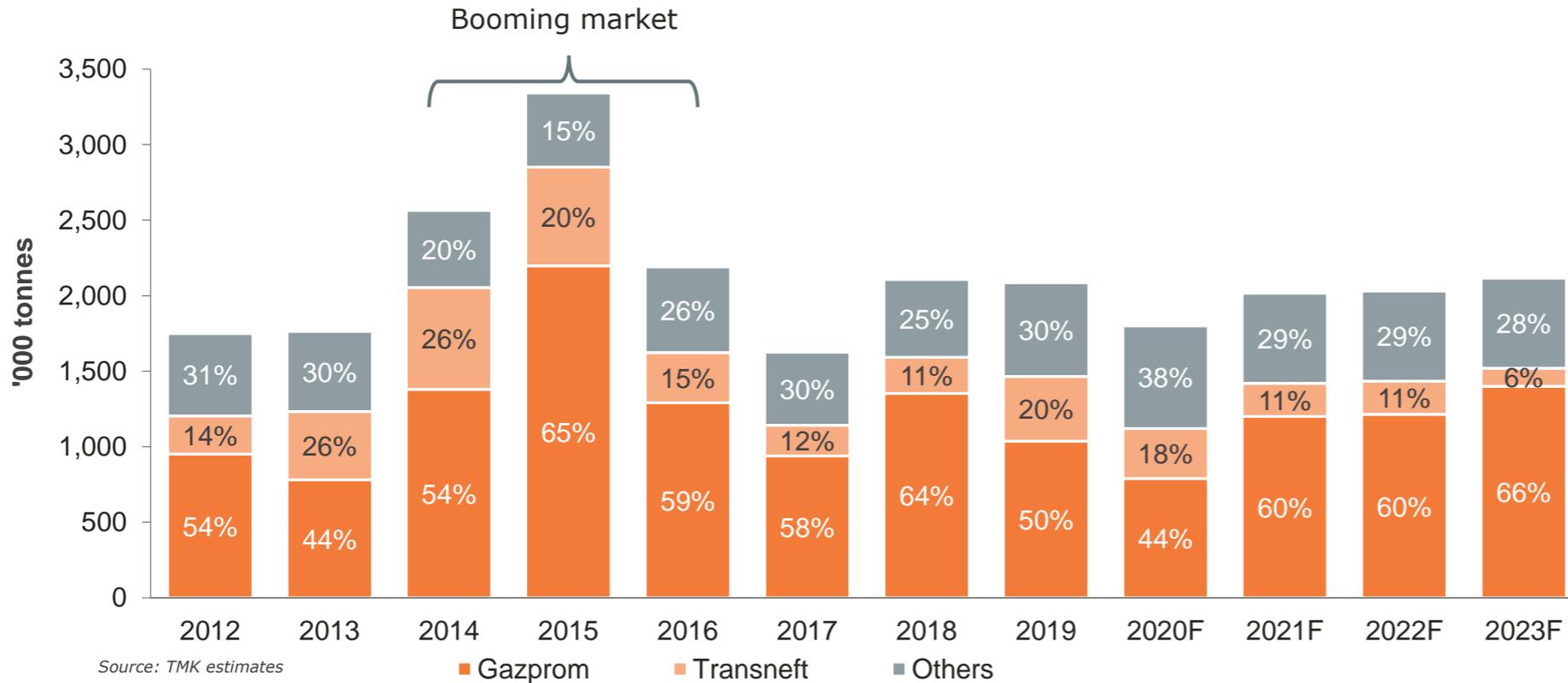
Source: TMK estimates, based on 12M 2019 numbers

Source: Spears & Associates

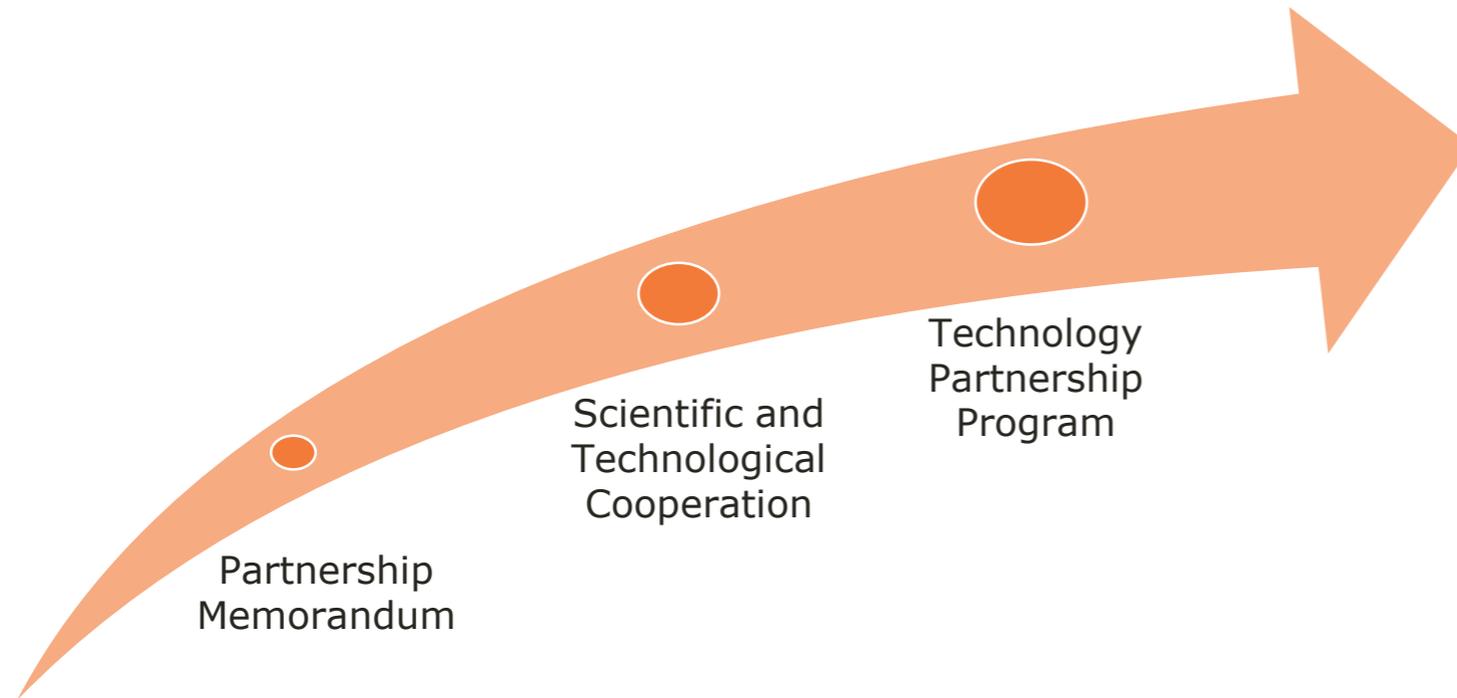
LDP Demand in Russia



LDP demand in Russia, 2012–2023E



- For the next four years we expect the LDP market to be at approximately 2 mln tonnes
- LDP demand in Russia is driven by nation-wide O&G projects and maintenance of the existing O&G infrastructure, with current total length of Gazprom and Transneft current pipeline network exceeding 225 thousand kilometers
- Going forward, LDP demand in Russia is expected to be strongly supported by growing needs of Gazprom on the back of potential new projects, such as: Power of Siberia-2, Bovanenkovo-Ukhta 3, Ukhta-Torzhok 3 etc.
- TMK is well-positioned to participate in these projects due to efficient production costs, high-quality product offering and well-established relationship with the major customers in the Russian LDP market



Strategic cooperation with key customers



- Long-term agreements with key customers to develop and supply innovative premium products with related services will strengthen TMK's position
- Import substitution programs guarantee purchase of tubular products and related services
- TMK's innovative products are able to considerably improve the energy efficiency of wells, as well as safety and environmental impact

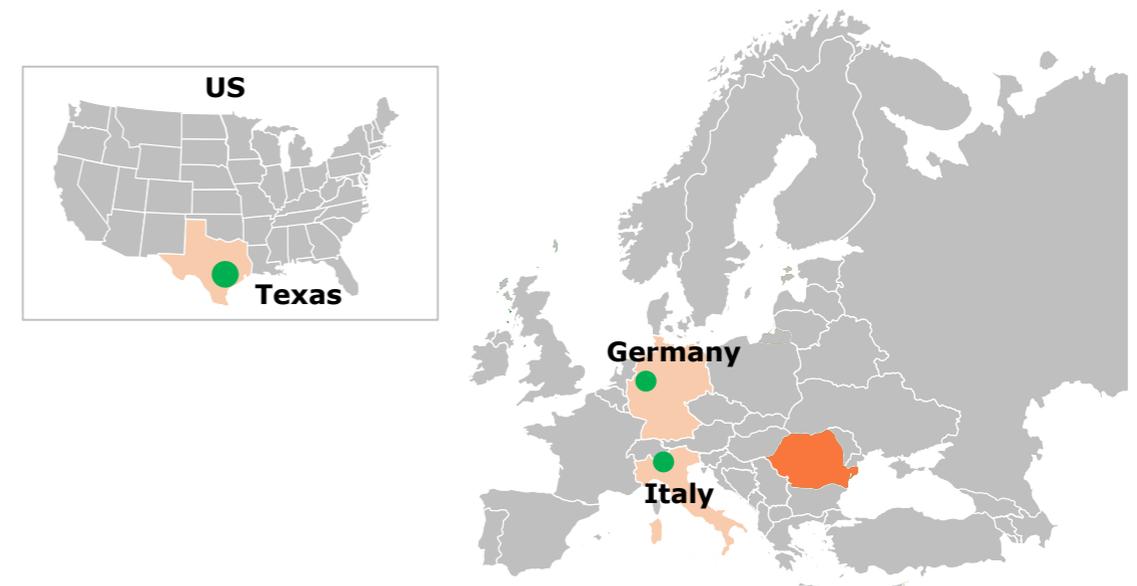
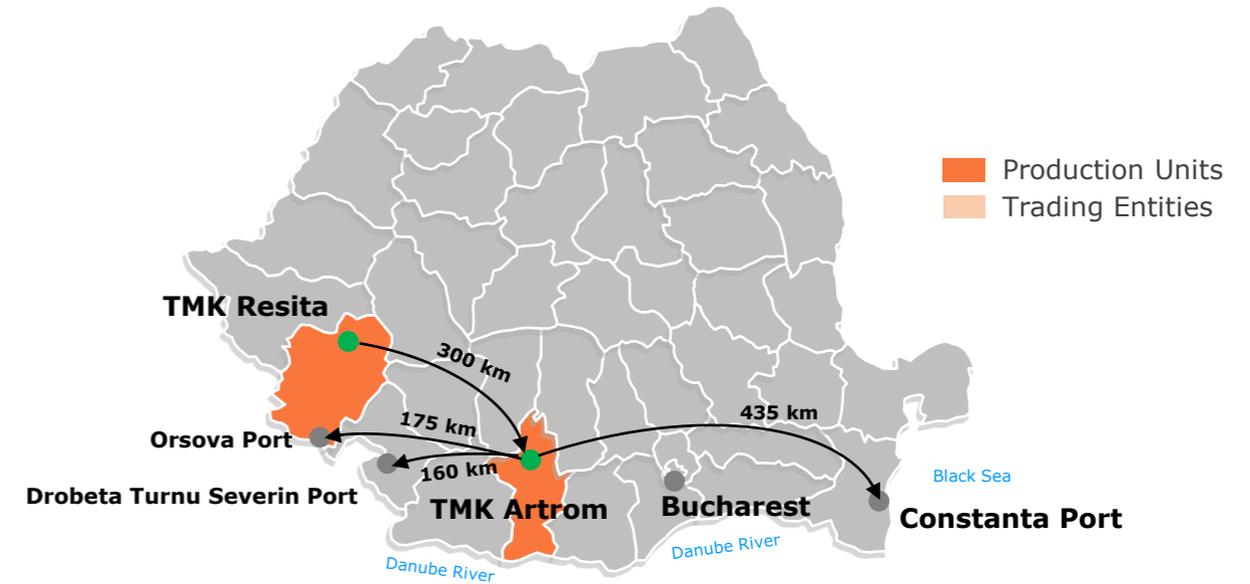


TMK European Division: Market Overview

Well Established European Steel Platform With a Strong and Resilient Business Model



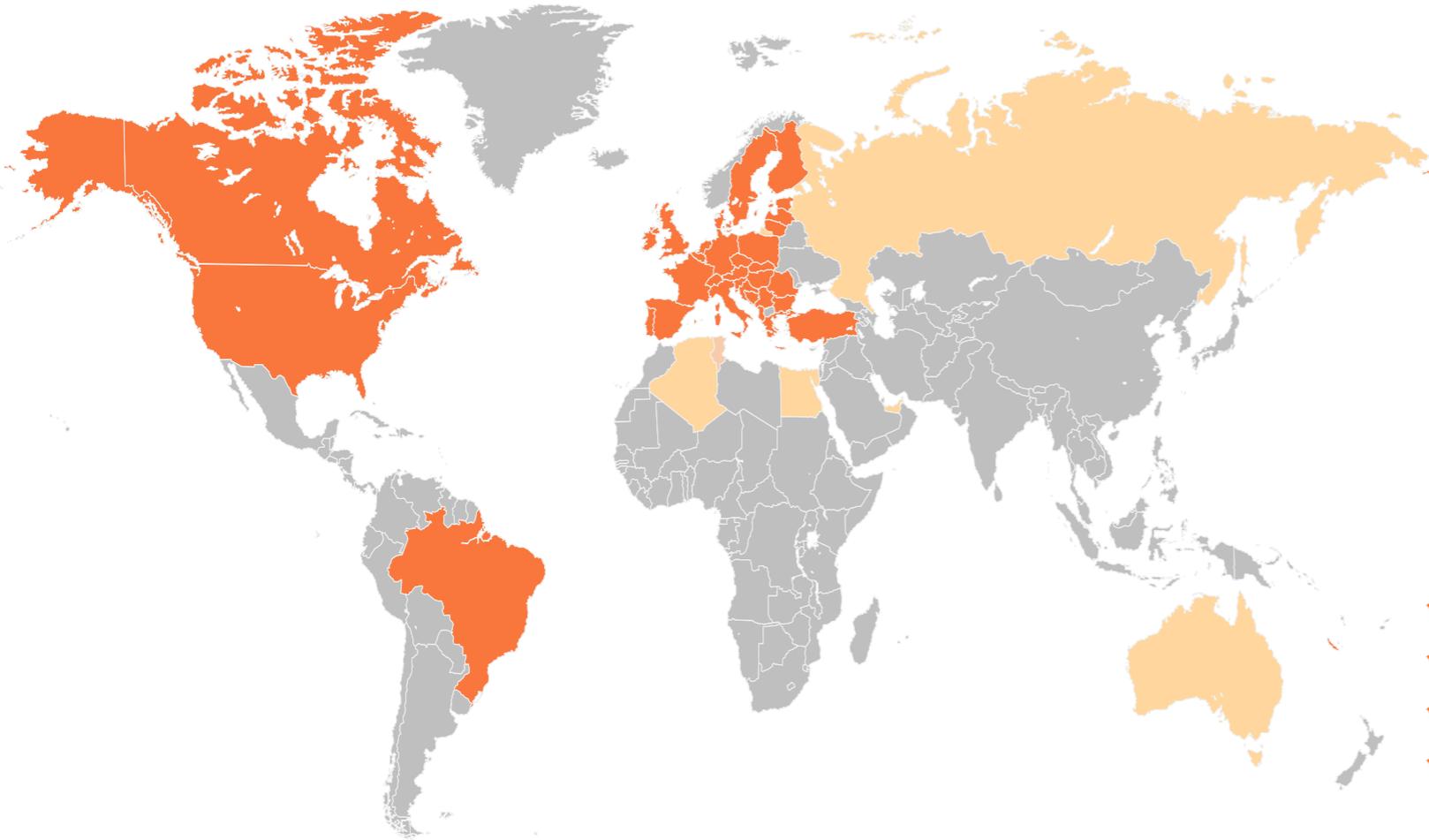
- **VERTICALLY INTEGRATED** → Steel and seamless steel pipes platform integrated upstream with a modern mini-mill and downstream with three trading entities well positioned to serve clients in two of the largest markets worldwide, Europe (including North Africa) and the Americas
- **WELL LOCATED** → Fair geographical location and efficient plant-to-plant and plant-to-port interconnections in Romania complemented by trade defense measures for EU producers
- **COST-COMPETITIVE** → A mix of advantages making TMK-Artrom S.A. a cost-competitive production platform
 - availability of scrap metal in the proximity of production facilities, a key raw material in production, and
 - lower than EU average salaries costs
- **DIFFERENT** → Focused on midmarket clients, with the whole operation designed to be highly flexible in order to address this client type: volumes per charge of steel of 100 tons and orders as small as 5 tons with just-in-time delivery, plus tailor-made products and prompt post-sale services, including site visits



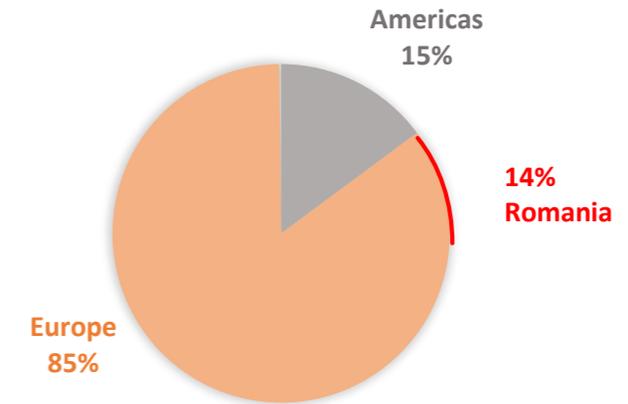
Diversified And Attractive Global Customer Base



- Core countries
- Others



TMK-ARTROM sales by region in 2019 (in terms of value)



(a) Americas includes also Canada, Brazil, US, Mexico
(b) Europe includes also Middle East, Turkey and North Africa

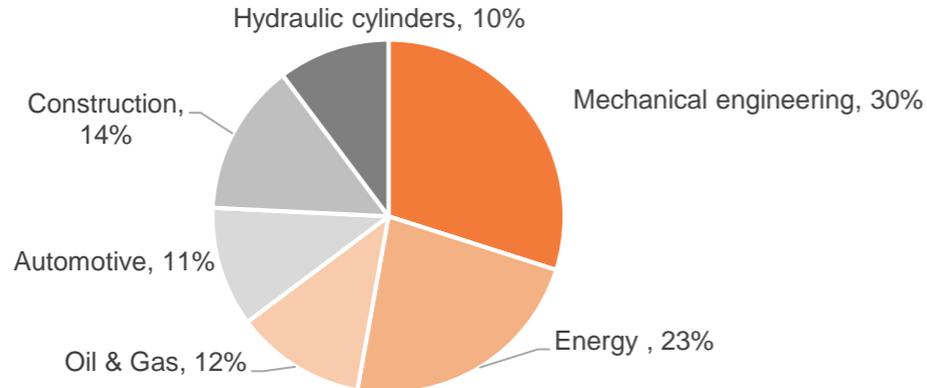
- ✓ 45 countries with a focus on Europe and the Americas
- ✓ Almost 400 permanently active clients
- ✓ Largest client <10% of sales (top 10 clients <25%)
- ✓ # of clients in the Americas doubled and the share of sales of own pipes increased to 15% in 2019 vs. 5% in 2016 due to the launch of a subsidiary (April 2016)

Distinctive Product and Client Portfolio Decoupling the Company from the Global Steel Market



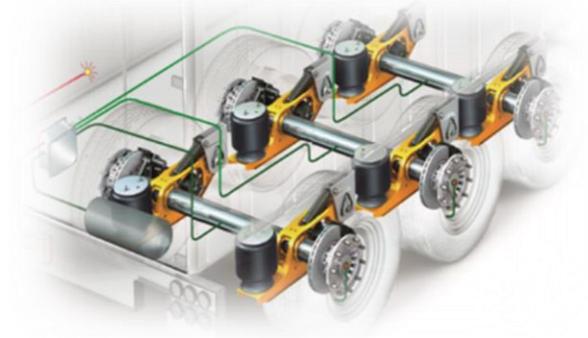
Strongly positioned in multiple end-markets for pipes, beyond oil & gas...

In volume terms, 2019

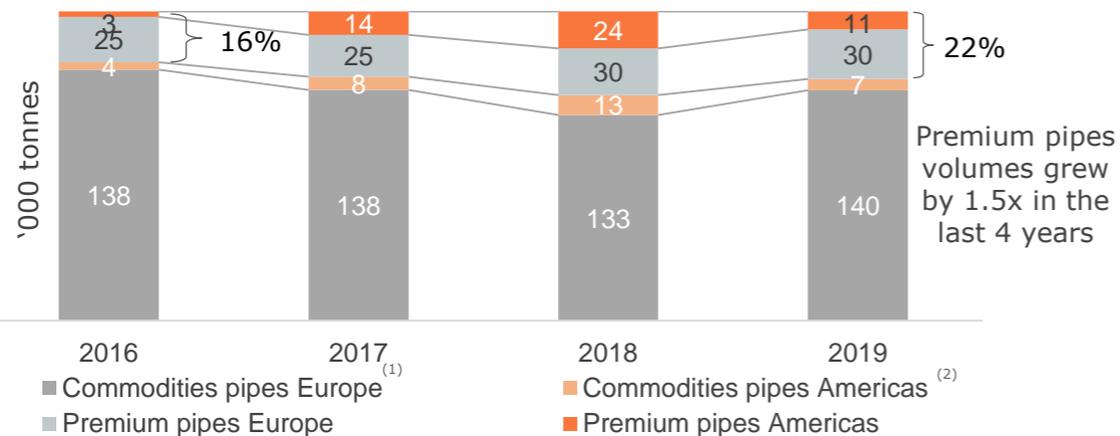


...quality oriented and certified for the automotive industry, differentiating the Company from most of its peers

- Up to 11% in the sales mix in 2019
- Able to satisfy one of the most demanding industries in terms of product quality
- Projects co-developed with and pipes supplied to major car manufacturers including some of the most prestigious luxury brands



Increasing focus on product premiumisation by expanding heat treatment, cold processing and machining...



...and by providing niche and tailor-made customer solutions to a market with growing sophistication

- Limited editions under tight deadlines: ability to supply small orders (ca. 1/100 compared to industrial commodity pipes) to car manufacturers under tight just-in-time delivery terms (even down to a minimum of 10 days)
- Rare products for the European market: customized heat treated tubes, including quenched and tempered long tubes with wall thickness up to 60mm
- Very high precision products for highly specialized uses: produced in microns tolerances, a dozen times higher level than industrial commodity pipes; these tubes are ready for use without other machining in hydraulic cylinders and accumulator manufacturing

Source: Company information, Management accounts
 (1) Europe also includes Middle East, Turkey and North Africa
 (2) Americas also includes Canada, Brazil, US, Mexico



Strategic Overview

Key Strategic Pillars



Enhance leadership in key segments and enter new product niches

- Dominate the Russian OCTG and line pipe markets
- Increase the share of high-tech products in the Russian division's revenue to 50% by 2022 and maintain a leading position in the Russian market for premium connections

Optimise vertical integration

- Increase capacity utilization of steelmaking facilities through higher production volumes of steel billets and other products, and maximize the financial impact
- Expand presence in further processing of tubular products (drill pipe, coating)
- Develop a service offering of ready-to use comprehensive engineering solutions for customers

Enhance the sales platform and leverage TMK's global scale

- Expand commercial footprint of TMK's products and services
- Develop strategic partnerships with major customers and global consumers
- Focus on offering products that have a global market and stable demand outlook, i.e. high-tech seamless pipes and premium connections

Focus on innovation and digitalisation

- Develop e-commerce across all divisions via eTrade, the first tubular goods Internet shop in Russia
- Use cutting-edge digital technology to improve product quality and cut costs

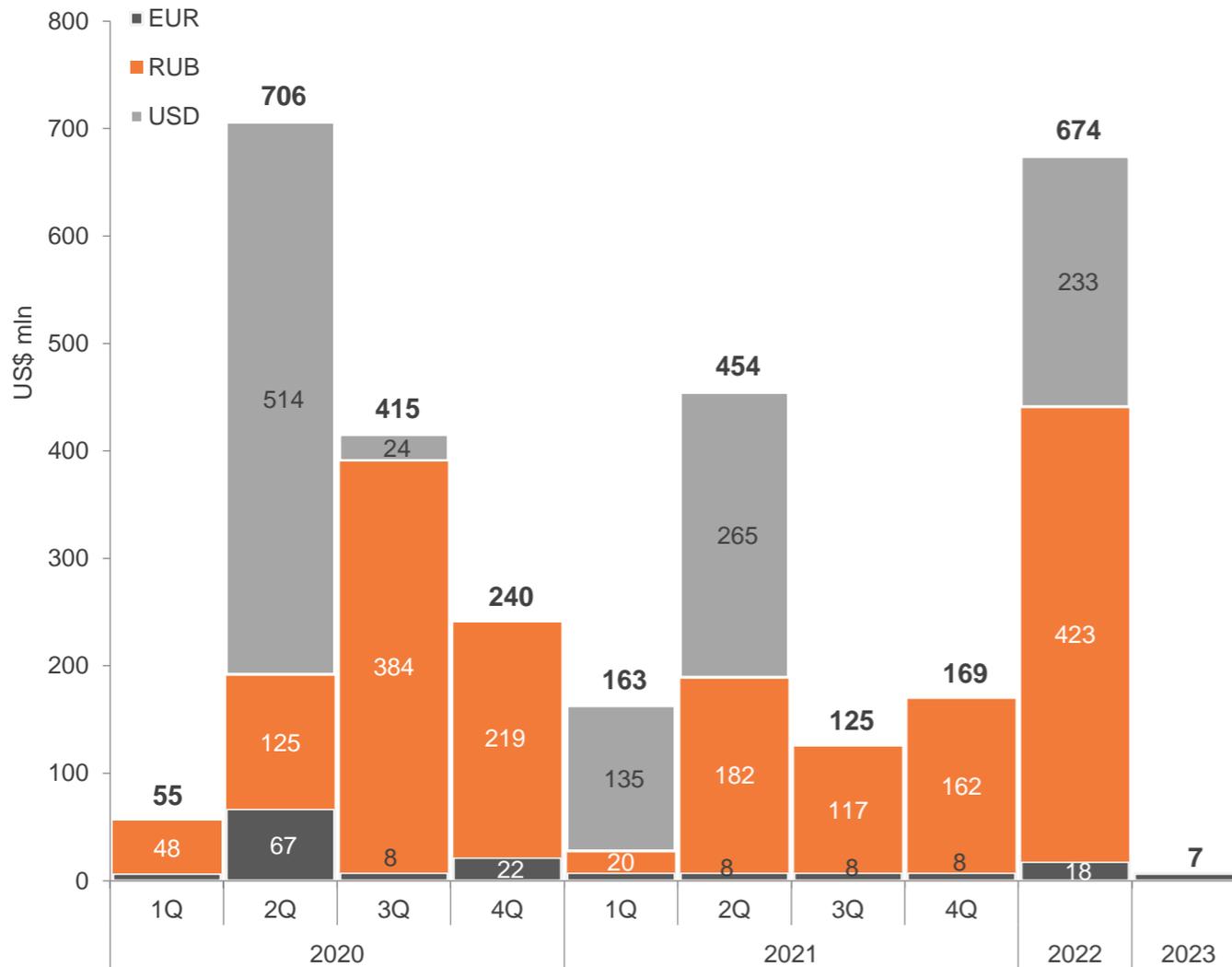
Enhance operational excellence

- Foster a culture of continuous operational improvements and production cost cutting
- Ensure consistent product quality through increasing the sustainability of technologies and personnel qualification

Strengthen financial performance and investment appeal

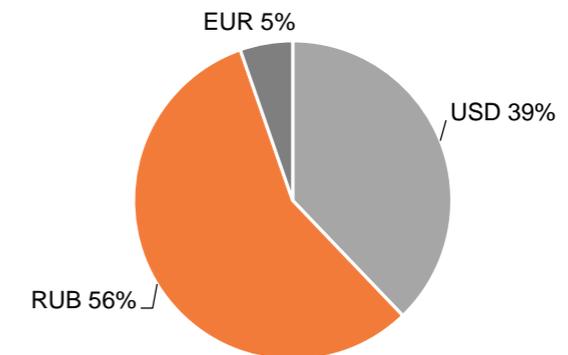
- Maximize operating cash flow
- Monetize international assets, strategic alliances and joint ventures in all regions of presence
- Further leverage reduction

Debt Maturity Profile as at December 31, 2019



- Net debt increased from \$2,437 million as at December 31, 2018 to \$2,503 million as at December 31, 2019 due to the Russian rouble appreciation against the US dollar. Net repayment amounted to \$50 million.
- The weighted average nominal interest rate reduced by 35 bps compared to the end of 2018 to 6.95% as at the end of 4Q 2019
- Credit Ratings:
 - ✓ S&P BB-, Stable
 - ✓ Moody's B1, Positive

Debt currency structure



Source: TMK management accounts (figures based on non-IFRS measures), TMK estimates

Note: Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums.

Environmental, Social & Governance



In 2019 TMK received an MSCI ESG Rating* of **BB**

Note: (*) disclaimer link: <https://www.msci.com/documents/1296102/15233886/How-to-Reference-an-MSCI-ESG-Rating-Final.pdf/c2ca92cb-1783-ae6e-d351-f9920c18b79b?t=1564729359833>



Governance.....**2** (as of January 1st, 2020)

Environmental...**4** (as of January 1st, 2020)

Social.....**6** (as of January 1st, 2020)

Lower governance risk = 1; Higher governance risk = 10

Higher E&S disclosure = 1; Lower E&S disclosure = 10

Corporate Governance



Composition of The Board of Directors

 <p>Dmitry Pumpyanskiy <i>Chairman</i> <i>Non-Executive Director</i></p> <ul style="list-style-type: none"> ▪ Founder of TMK ▪ Member of the Board of Directors since 2002 ▪ 25+ years of sector experience 	
 <p>Alexander Shiryayev <i>Executive Director</i></p> <ul style="list-style-type: none"> ▪ With TMK since 2003: various senior positions within the Group incl. CEO until 2019 	 <p>Sergey Kravchenko <i>Chairman of the Nomination and Remuneration Committee</i></p> <ul style="list-style-type: none"> ▪ President of Boeing Russia/CIS since 2002
 <p>Andrey Kaplunov <i>Executive Director</i></p> <ul style="list-style-type: none"> ▪ With TMK since 2000: Chairman of the Board of Directors of TMK Russian plants, TMK Trade House 	 <p>Natalia Chervonenko <i>Chairman of the Audit Committee</i></p> <ul style="list-style-type: none"> ▪ 20+ years of banking experience ▪ Board member of a number of industrial companies and banks
 <p>Alexander Pumpyanskiy <i>Non-Executive Director</i></p> <ul style="list-style-type: none"> ▪ Chairman of the Board of Directors of SKB-BANK and Sinara Group 	 <p>Aleksander Shokhin <i>Chairman of the Strategy Committee</i></p> <ul style="list-style-type: none"> ▪ President of Russian Union of Industrialists and Entrepreneurs
 <p>Mikhail Khodorovskiy <i>Non-Executive Director</i></p> <ul style="list-style-type: none"> ▪ Member of the Board of Directors of SKB-BANK, Sinara Transport Machines, Sinara Group 	 <p>Frank-Detlef Wende <i>Independent Director</i></p> <ul style="list-style-type: none"> ▪ Senior academic positions at MADI and Financial University ▪ Previously Counsel to President of AvtoVAZ
 <p>Anatoly Chubais <i>Non-Executive Director</i></p> <ul style="list-style-type: none"> ▪ Chairman of the Board of Rusnano (investment fund focused on nanotechnology) ▪ Previously held various senior political positions 	 <p>Yaroslav Kuzminov <i>Independent Director</i></p> <ul style="list-style-type: none"> ▪ Rector of National Research University "Higher School of Economics"

Directors
 Independent Directors
 Chairman of Board Committee

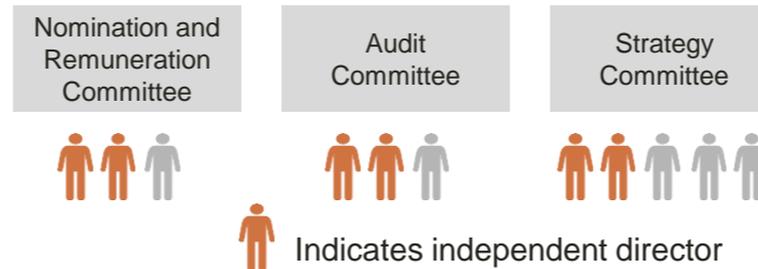
Source: TMK data

Structure of The Board of Directors



Board committees

The Board of Directors has three standing committees chaired by **independent directors**

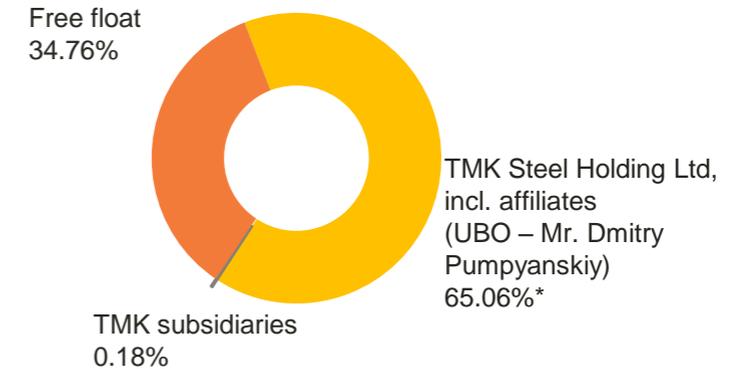


Corporate governance ratings



TMK ranks in the Top-20 companies in Russia with the best disclosure of corporate governance information, according to the annual survey "National Corporate Governance Index" in 2018

Capital structure, as of December 31, 2019



- TMK's securities are listed on the London Stock Exchange and the Moscow Exchange
- As of December 31, 2019, 34.76% of TMK ordinary shares were in free float
- Total shares outstanding amount to 1,033,135,366
- One GDR represents four ordinary shares

* The beneficiary is Dmitry Pumpyanskiy, Chairman of the Board of Directors of TMK. Includes shares owned by TMK Steel Holding Ltd and subsidiaries of TMK

Health, Safety and Environmental Protection as a Foundation for Business Stability



Environmental management

>20 CAPEX projects

Key areas: water basin protection, air protection and soil protection

Environmental CAPEX (US\$m)

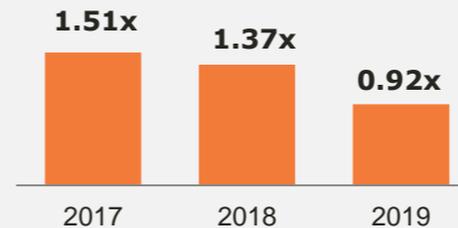


Health & Safety

Annual Steel Safety Day

Over 40k employees participated

Injury frequency rate^(b)



Emissions control and water/waste management

11.0kt

11% down during 2017-2018

Total pollutant emissions

95%

Of water supply recycled

55%

Of total waste reused at TMK facilities

9 TMK's plants^(a) in compliance with ISO 14001:2015

Ongoing environmental monitoring via accredited chemical-analytical laboratories

Severity rate^(c) 45% down

In 2018

Zero fatalities

In 2018 and 2019

US\$11m +14% YoY

Invested in safe working environment measures in 2018

Focus on best practices

- "Conscious safety" system
- Electronic system of pre-shift inspections
- Focus on digital technology in labour protection

Comprehensive charity program

- Supporting favourable social climate in the regions of operations

Source: TMK data

Notes: (a) Excluding IPSCO plants

(b) Number of people injured over a year for each 1 million hours worked

(c) Number of lost workdays divided by total number of recordable incidents, as compared to the year ended 31 December 2017

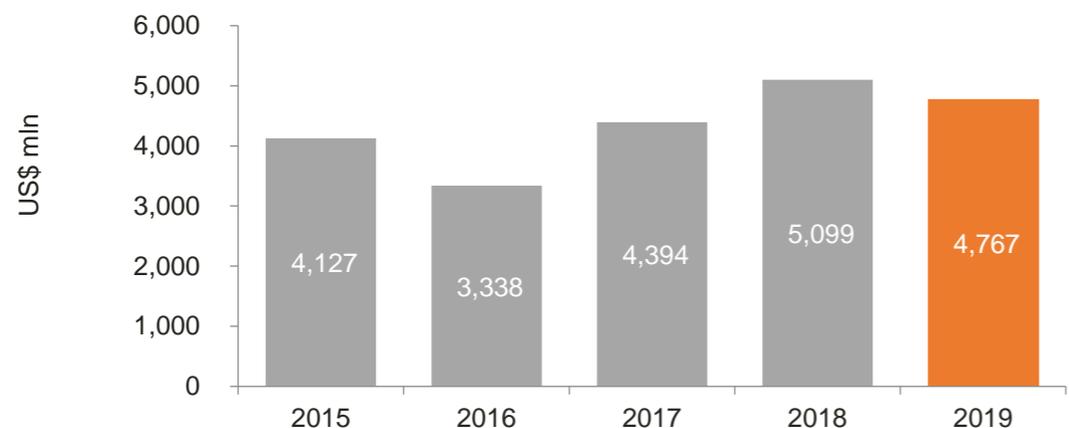


Summary Financial Results

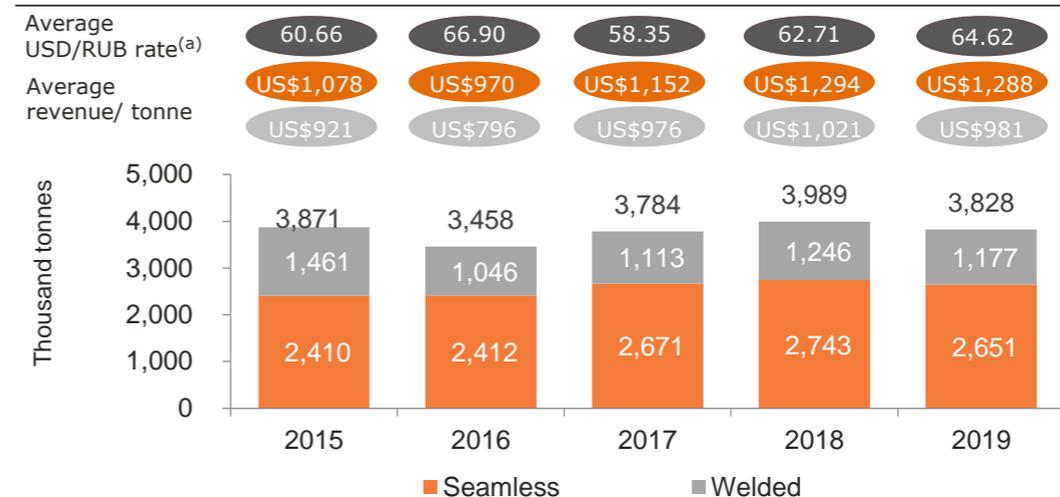
FY Consolidated Results Snapshot



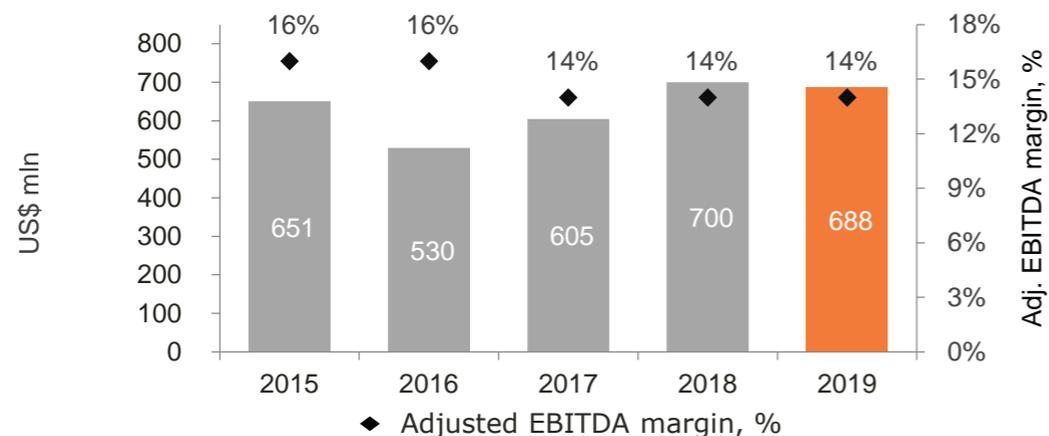
Revenue



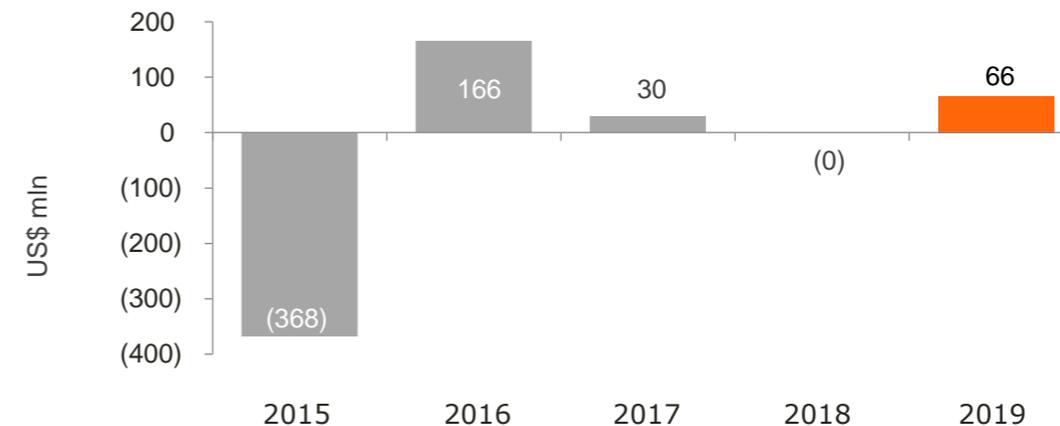
Volumes and realised prices



Adjusted EBITDA^(b)



Net profit



Source: TMK data including IPSCO results

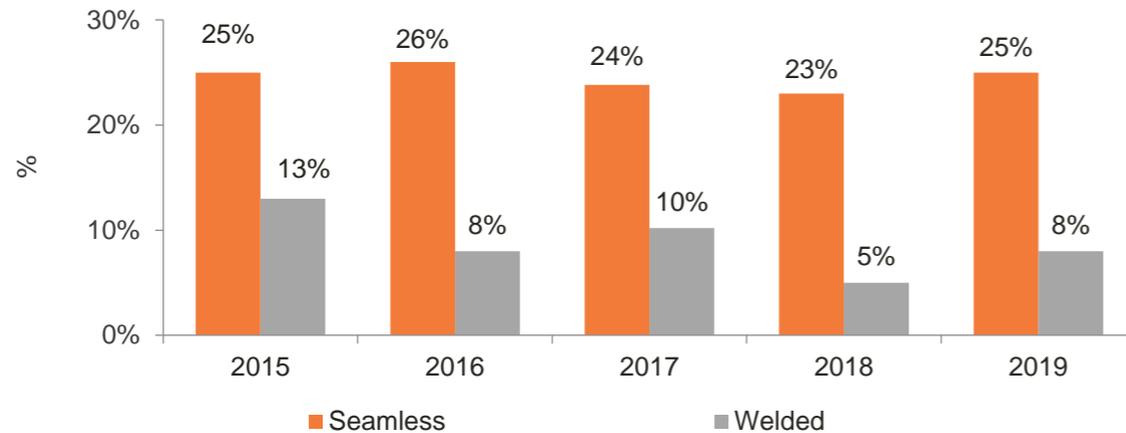
Note: (a) Average nominal USD/RUB exchange rate as published by the Central Bank of Russia.

(b) Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual items

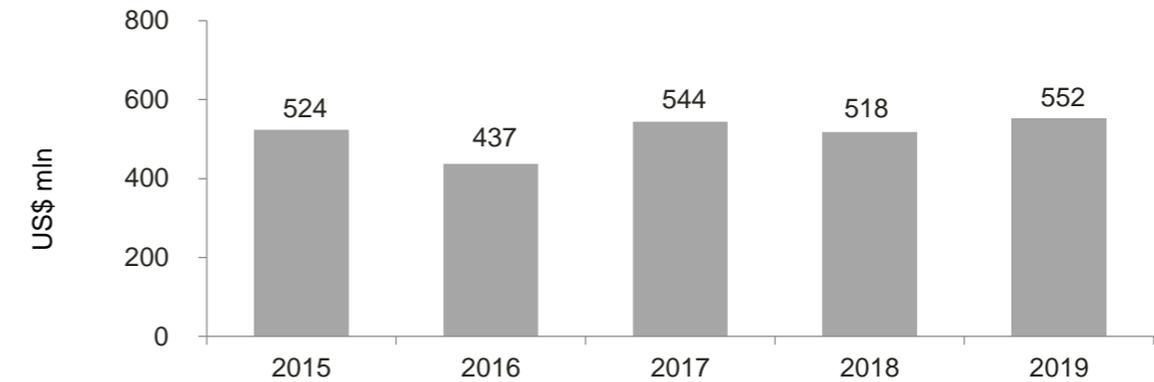
Gross Margin, SG&A and Cash Conversion



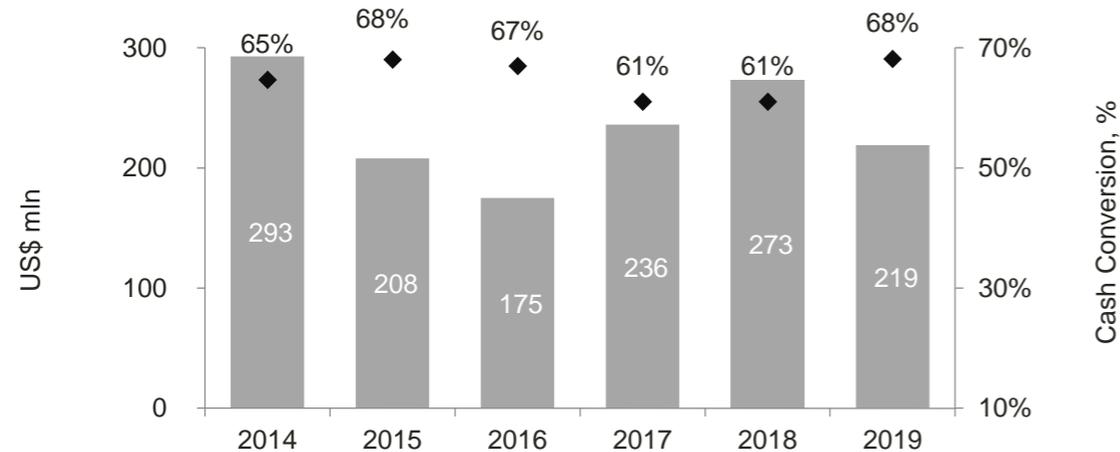
Gross margin



SG&A and corporate overheads^(a)



Capex and cash conversion^(b)



Key considerations

- Seamless segment accounting for 89% of consolidated gross profit and demonstrates consistently superior margins
- High level of vertical integration provides better control over costs and allows to maintain resilience in margins
- Significantly optimized lean cost structure due to stringent efficiency measures

Source: TMK data including IPSCO results

Note: (a) Based on IFRS financial statements. Calculated as Gross Profit less Operating profit

(b) Calculated as (Adjusted EBITDA - Capex) / Adjusted EBITDA. Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/(reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of profit/loss of associates and other non-cash, non-recurring and unusual items

Segmental Quarterly Performance Dynamics

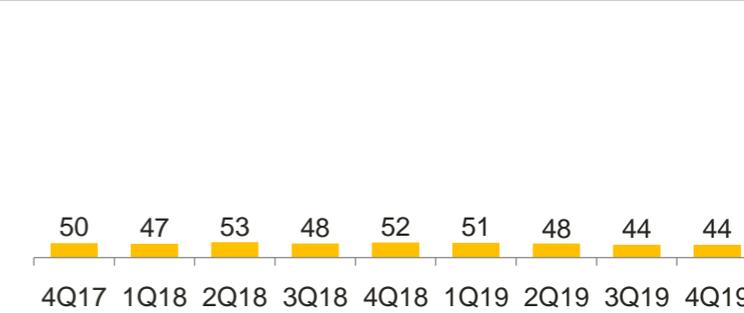
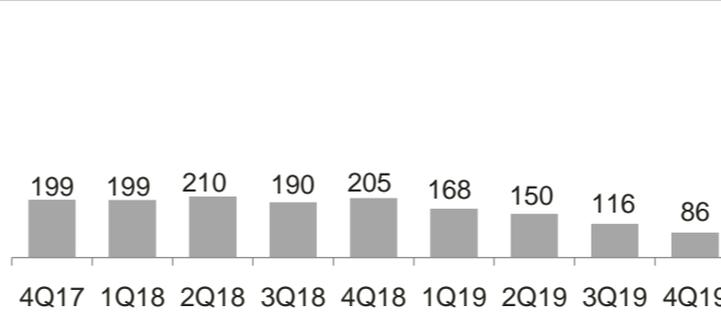
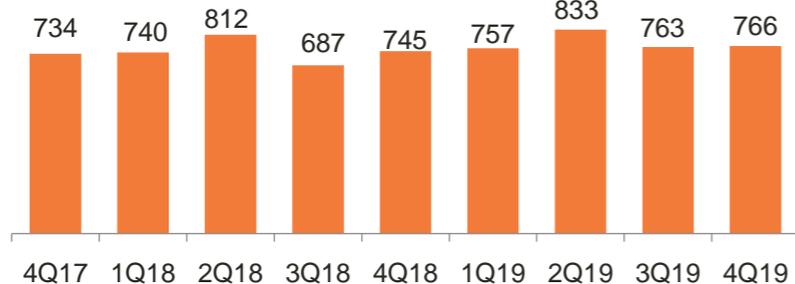


Russian division

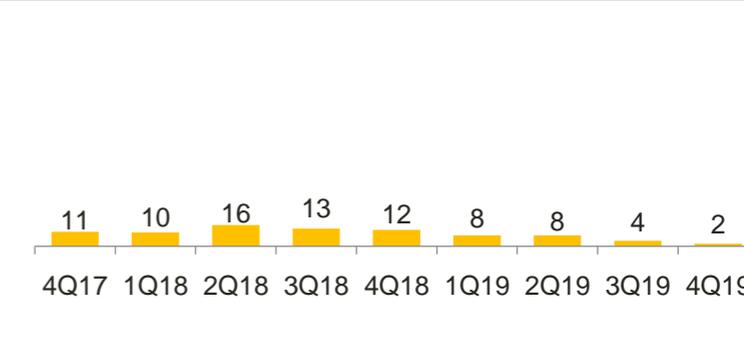
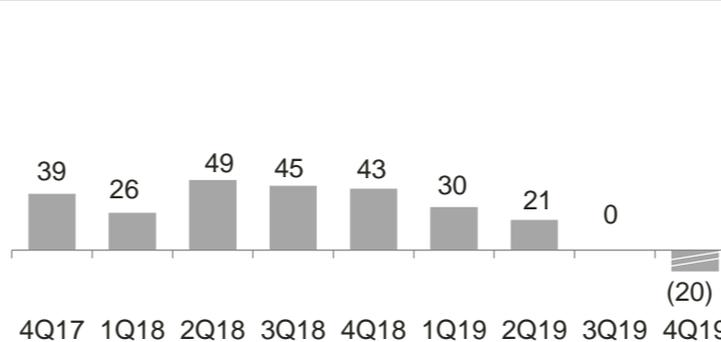
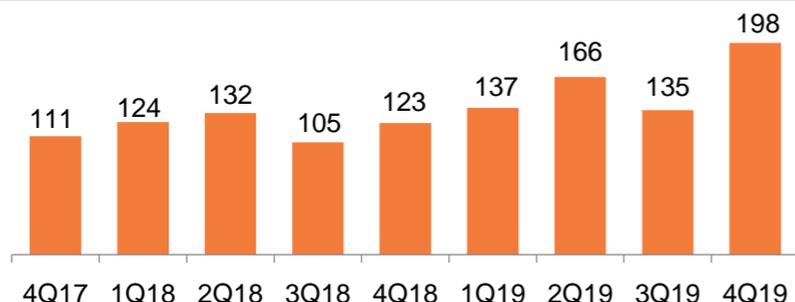
American division

European division

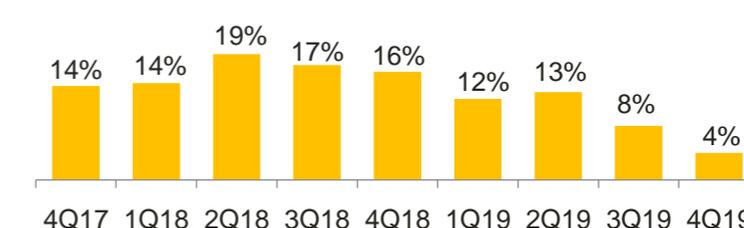
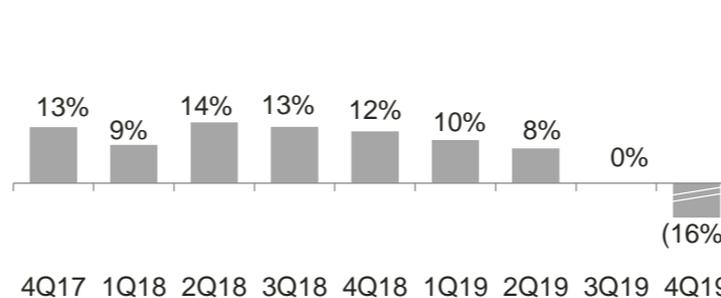
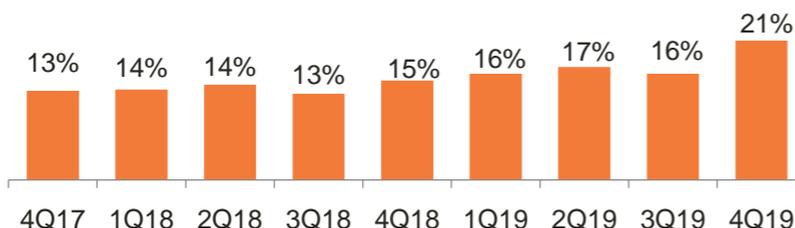
Sales volume (ths. tonnes)



Adjusted EBITDA^(a), US\$ mln



Adjusted EBITDA margin^(a), %



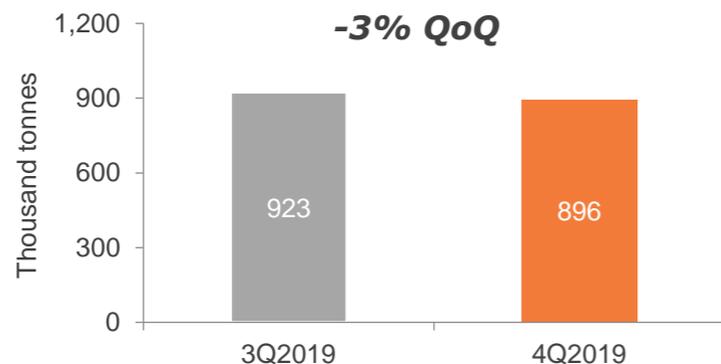
Source: TMK data

Note: (a) Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual item

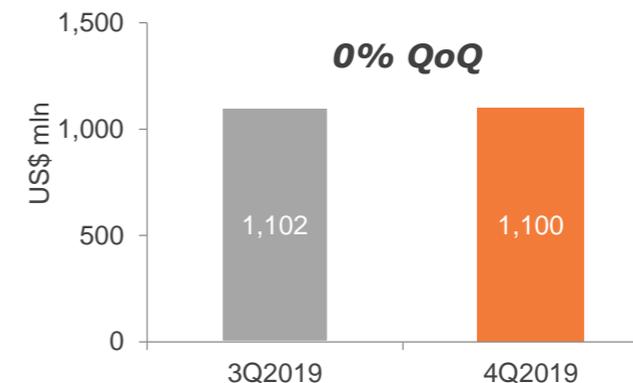
4Q 2019 vs.3Q 2019 Summary Financial Highlights



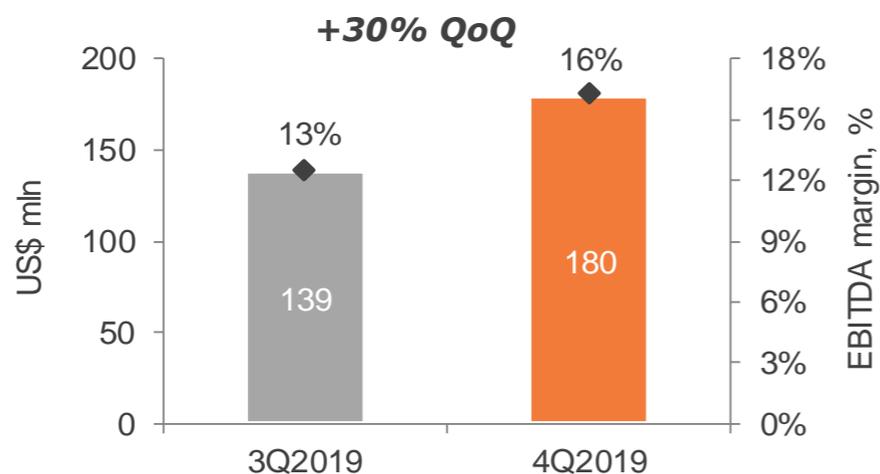
Sales declined QoQ due to a lower sales at the American division, reflecting an ongoing slowdown in drilling activity in North America and operators focusing on capital discipline



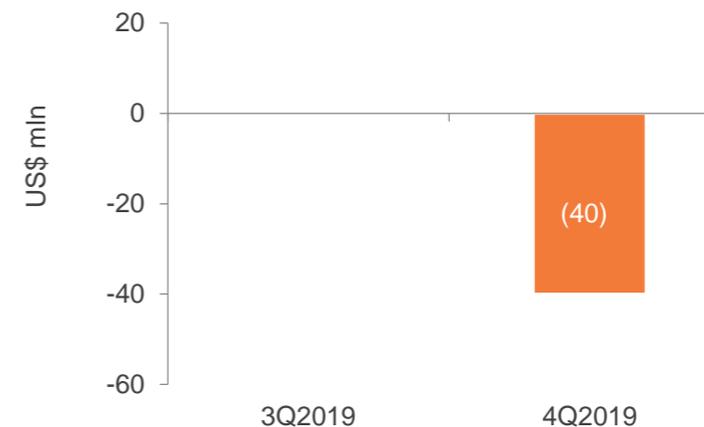
Revenue remained almost flat QoQ as the strong performance of the Russian division fully compensated for a weaker performance at the American and European divisions



Adjusted EBITDA increased QoQ, due to a stronger performance at the Russian division, which fully compensated for a weaker performance at the American and European divisions



Net profit decreased YoY, mainly due to the impairment of assets

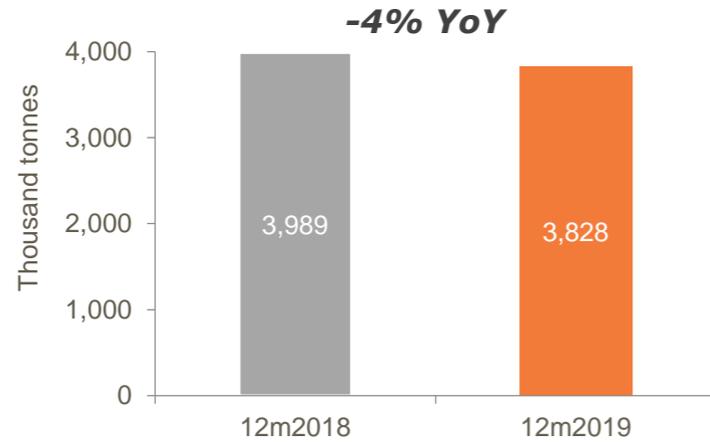


Source: TMK data including IPSCO results

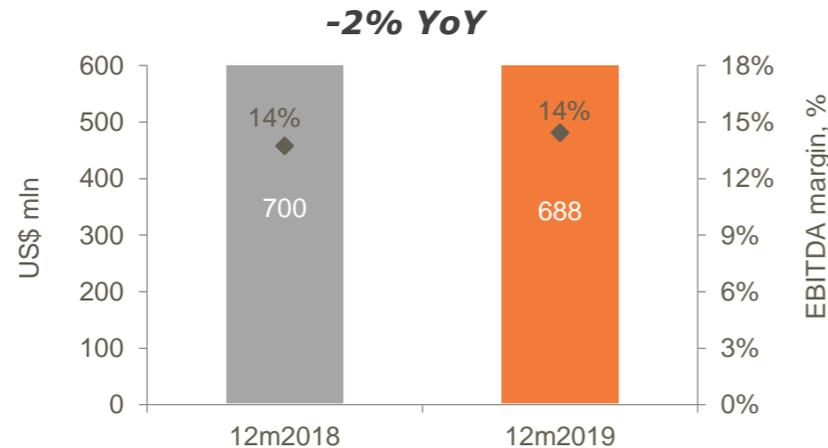
FY 2019 vs. FY 2018 Summary Financial Highlights



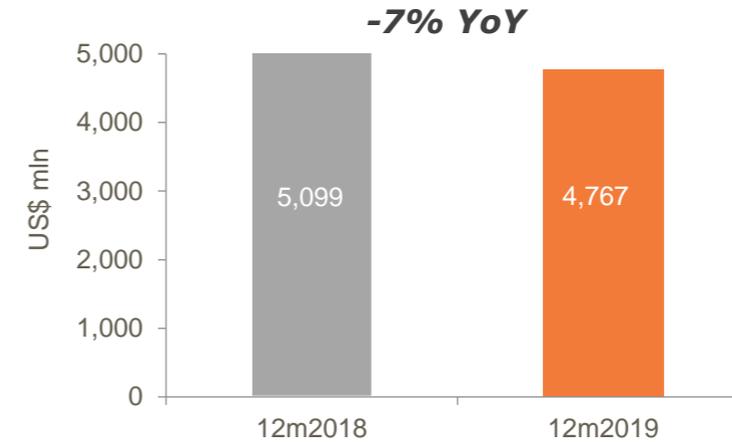
Sales declined YoY, mainly due to lower sales at the American and European divisions, which were partially offset by stronger sales at the Russian division



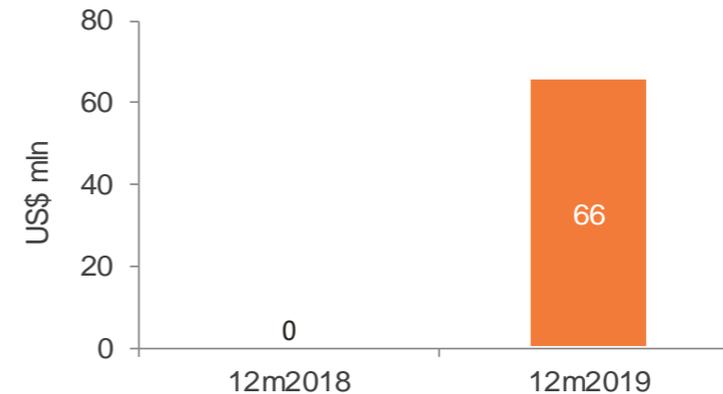
Adjusted EBITDA decreased YoY, due to lower EBITDA at the American and European divisions, which was almost fully offset by a stronger performance at the Russian division



Revenue declined YoY, mainly due to a decline at the American and European divisions. This was partially offset by higher revenue at the Russian division, despite the negative effect of currency translation



Net profit increased YoY, due to higher gross profit at the Russian division as well as FX gain, which fully offset the negative effect from impairment of assets



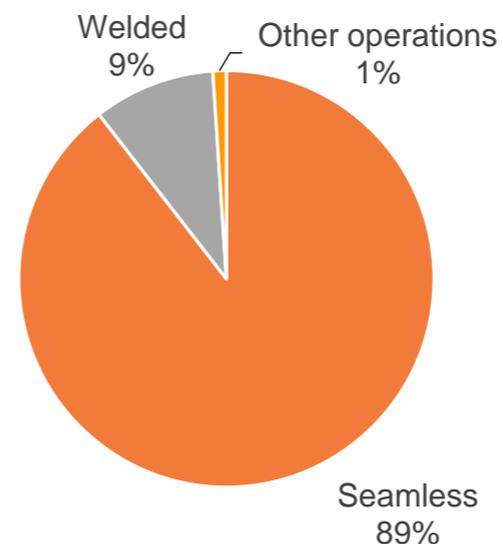
Source: TMK data including IPSCO results

Seamless – Core to Profitability



	US\$ mln <i>(unless stated otherwise)</i>	4Q2019	QoQ, %	12m2019	YoY, %
SEAMLESS	Sales - Pipes, kt	641	1%	2,651	-3%
	Revenue	807	1%	3,413	-4%
	Gross profit	227	12%	858	4%
	Margin, %	28%		25%	
	Avg revenue/tonne (US\$)	1,259	0%	1,288	-1%
	Avg gross profit/tonne (US\$)	353	11%	324	8%
WELDED	Sales - Pipes, kt	255	-12%	1,177	-6%
	Revenue	228	-15%	1,154	-9%
	Gross profit	19	7%	91	35%
	Margin, %	8%		8%	
	Avg revenue/tonne (US\$)	895	-4%	981	-4%
	Avg gross profit/tonne (US\$)	74	22%	77	43%

FY 2019 gross profit breakdown



- Sales of seamless pipe generated 72% of total revenues in FY 2019
- Gross profit from seamless pipe sales represented 89% of FY 2019 total gross profit
- Gross profit margin from seamless pipe sales amounted to 25% in FY 2019

Source: Consolidated IFRS financial statements, TMK data

Note: Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums.



Appendix – Summary Financial Accounts

Key Consolidated Financial Highlights



<i>(US\$mIn)^(a)</i>	2019	2018	2017	2016	2015	2014	2013
Revenue	4,767	5,099	4,394	3,338	4,127	6,009	6,432
Adjusted EBITDA^(b)	688	700	605	530	651	829	986
<i>Adjusted EBITDA Margin^(b)(%)</i>	<i>14%</i>	<i>14%</i>	<i>14%</i>	<i>16%</i>	<i>16%</i>	<i>14%</i>	<i>15%</i>
Profit (Loss)	66	0	30	166	-368	-217	215
<i>Net Profit Margin (%)</i>	<i>1%</i>	<i>0%</i>	<i>1%</i>	<i>5%</i>	<i>n/a</i>	<i>n/a</i>	<i>3%</i>
Pipe Sales ('000 tonnes)	3,828	3,989	3,784	3,458	3,871	4,402	4,287
Average Net Sales/tonne (US\$) ^(c)	1,245	1,278	1,162	965	1,066	1,365	1,500
Cash Cost per tonne (US\$) ^(d)	756	981	862	692	783	1,030	1,108
Cash Flow from Operating Activities	598	510	312	476	684	595	703
Capital Expenditure ^(e)	219	273	236	175	208	293	397
Total Debt ^(f)	3,006	2,867	3,239	2,836	2,801	3,223	3,694
Net Debt ^(f)	2,503	2,437	2,688	2,479	2,471	2,939	3,568
Short-term Debt/Total Debt	45%	31%	18%	9%	21%	24%	11%
Net Debt/Adjusted EBITDA	3.64x	3.48x	4.4x	4.7x	3.7x	3.5x	3.6x
Adjusted EBITDA/Finance Costs	2.9x	2.9x	2.3x	2.0x	2.3x	3.6x	3.9x

Source: TMK Consolidated Financial Statements for 2019, 2018, 2017, 2016, 2015, 2014 and 2013

(a) IFRS financials figures were rounded for the presentation's purposes. Minor differences with FS may arise due to rounding

(b) Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual items.

(c) Sales include other operations and is calculated as Revenue divided by sales volumes tonnes

(d) Cash Cost per Tonne is calculated as Cost of Sales less Depreciation & Amortisation divided by sales volumes

(e) Purchase of PP&E investing cash flows

(f) Total Debt represents loans and borrowings less interest payable; Net Debt represents Total debt less cash and cash equivalents and short-term financial investments

Income Statement



<i>(US\$ mln)</i>	2019	2018	2017	2016	2015	2014	2013
Revenue	4,767	5,099	4,394	3,338	4,127	6,009	6,432
Cost of sales	(3,807)	(4,183)	(3,521)	(2,634)	(3,282)	(4,839)	(5,074)
Gross Profit	959	916	872	704	845	1,169	1,358
Selling and Distribution Expenses	(237)	(231)	(261)	(220)	(260)	(350)	(379)
General and Administrative Expenses	(276)	(250)	(231)	(196)	(207)	(278)	(317)
Advertising and Promotion Expenses	(10)	(7)	(7)	(6)	(8)	(14)	(12)
Research and Development Expenses	(6)	(7)	(11)	(11)	(13)	(15)	(13)
Other Operating Expenses, Net	(23)	(22)	(34)	(4)	(35)	(35)	(34)
Foreign Exchange Gain / (Loss)	32	(72)	28	130	(141)	(301)	(49)
Finance Costs, Net	(218)	(232)	(268)	(263)	(269)	(226)	(245)
Other	(124)	(50)	(10)	35	(354)	(150)	5
Income / (Loss) before Tax	97	45	78	169	-443	-201	312
Income Tax (Expense) / Benefit	(32)	(45)	(48)	(4)	75	(15)	(98)
Net Income / (Loss)	66	(0)	30	165	(368)	(217)	215

Source: TMK Consolidated Financial Statements for 2019, 2018, 2017, 2016, 2015, 2014 and 2013

Note: Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums.
(a) Calculated as Finance income less Finance costs

Statement of Financial Position



<i>(US\$ mln)</i>	2019	2018	2017	2016	2015	2014	2013
ASSETS							
Cash and Cash Equivalents	354	392	491	277	305	253	93
Accounts Receivable	1,065	878	871	689	512	728	995
Inventories	909	1,066	1,121	769	785	1,047	1,324
Prepayments	159	101	139	107	113	113	148
Other Financial Assets	28	13	0	42	0	1	0
Total Current Assets	2,515	2,450	2,624	1,883	1,715	2,142	2,561
Total Non-current Assets	2,240	2,554	2,913	2,853	2,697	3,508	4,857
Total Assets	5,689	5,004	5,537	4,736	4,412	5,649	7,419
LIABILITIES AND EQUITY							
Accounts Payable	836	744	950	735	682	831	1,111
ST Debt	1,345	906	610	268	600	764	398
Other Liabilities	317	345	178	48	41	48	62
Total Current Liabilities	2,498	1,995	1,738	1,051	1,323	1,643	1,571
LT Debt	1,625	1,978	2,725	2,650	2,201	2,459	3,296
Deferred Tax Liability	68	92	82	90	110	206	298
Other Liabilities	448	121	59	47	64	71	125
Total Non-current Liabilities	2,141	2,191	2,866	2,786	2,374	2,735	3,718
Equity	866	818	933	899	715	1,271	2,130
Including Non-Controlling Interest	49	47	50	55	53	66	96
Total Liabilities and Equity	5,689	5,004	5,537	4,736	4,412	5,649	7,419
Net Debt	2,503	2,437	2,688	2,479	2,471	2,969	3,600

Source: TMK Consolidated Financial Statements for 2019, 2018, 2017, 2016, 2015, 2014 and 2013

Note: Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums.

Cash Flow



<i>(US\$ mln)</i>	2019	2018	2017	2016	2015	2014	2013
Profit / (Loss) before Income Tax	97	45	78	169	(443)	(201)	312
<i>Adjustments for:</i>							
Depreciation and Amortisation	205	268	263	242	251	304	326
Net Finance Cost	218	232	268	263	269	226	245
Others	145	137	(260)	(154)	552	479	61
Working Capital Changes	1	(145)	(253)	(13)	105	(159)	(159)
Cash Generated from Operations	666	537	349	506	734	648	786
Income Tax Paid	(69)	(27)	(38)	(31)	(51)	(53)	(82)
Net Cash from Operating Activities	598	510	312	476	684	595	703
Capex	(219)	(273)	(236)	(175)	(208)	(293)	(397)
Acquisitions	-	-	1	(11)	(2)	(60)	(38)
Others	(145)	18	-	106	25	10	12
Net Cash Used in Investing Activities	(364)	(255)	(235)	(81)	(185)	(343)	(423)
Net Change in Borrowings	(50)	(46)	318	(53)	(193)	154	(93)
Others	(217)	(305)	(197)	(365)	(187)	(206)	(313)
Net Cash Used in Financing Activities	(267)	(351)	121	(418)	(381)	(53)	(407)
Net Foreign Exchange Difference	(1)	(4)	17	(5)	(65)	(40)	(5)
Cash and Cash Equivalents at January 1	392	491	277	305	253	93	225
Cash and Cash Equivalents at YE	357	392	491	277	305	253	93

Note: Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums
(a) Calculated as Finance costs less Finance income

Source: TMK Consolidated Financial Statements for 2019, 2018, 2017, 2016, 2015, 2014 and 2013



Appendix – TMK Products

Wide Range of Products and Services



Seamless



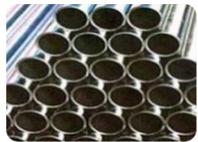
OCTG

Threaded pipes for the oil and gas industry including drill pipe, casing and tubing.



Line Pipe

The short-distance transportation of crude oil, oil products and natural gas.



Industrial

Automotive, machine building, and power generation sectors.

Welded



Line Pipe

The short-distance transportation of crude oil, oil products and natural gas.



Large-Diameter

Construction of trunk pipeline systems for the long distance transportation of natural gas, crude oil and petroleum products.



Industrial

Wide array of applications and industries, including utilities and agriculture.

Premium Threads



Premium Connections (TMK UP)

Premium connections are proprietary value-added products used to connect OCTG pipes and are used in sour, deep well, off-shore, low temperature and other high-pressure applications.

Oilfield Services

Well equipment precision manufacturing, tools' rental, supervising, inventory management, threading and coating services.





- Gas wells
- Higher pressure
- Steam-Assisted Gravity Drained (SAGD)
- Offshore
- When casing is rotated and pushed into place
- Oil wells with high gas-oil ratio

Solutions for complex projects

- Kirinskoye Gas and Condensate Field
- Prirazlomnoye Oil Field
- Yamal LNG, Sakhalin II
- Yuzhno-Kirinskoye Gas and Condensate Field
- Kovyktinskoye gas and condensate field
- Chayandinskoye oil, gas and condensate field
- Offshore projects of the Caspian Sea

Lite Series



Higher resistance to torque for casing while drilling and rotating.

Classic Series



Easy and reliable make-up.

Professional Series



Ability to withstand high tension, compression and bending loads at excessive internal and external pressure.

Special Series



For complex operations: deviated wells; conductor pipe; SAGD wells.

Pipes with premium connections are designed for O&G wells developed in challenging exploration and production conditions, including offshore, deep-sea and Far North locations, as well as for horizontal and directional wells

High-tech OCTG Pipe Decisions for Oil & Gas Industry



**TMK UP™
CWB**



**TMK UP™
Magna**



**TMK UP™
GF**



**TMK UP™
FMC**



**TMK UP™
FMT**



**TMK UP™
PF**

CAL IV



**TMK UP™
PF ET**

CAL IV



**TMK UP™
CENTUM**

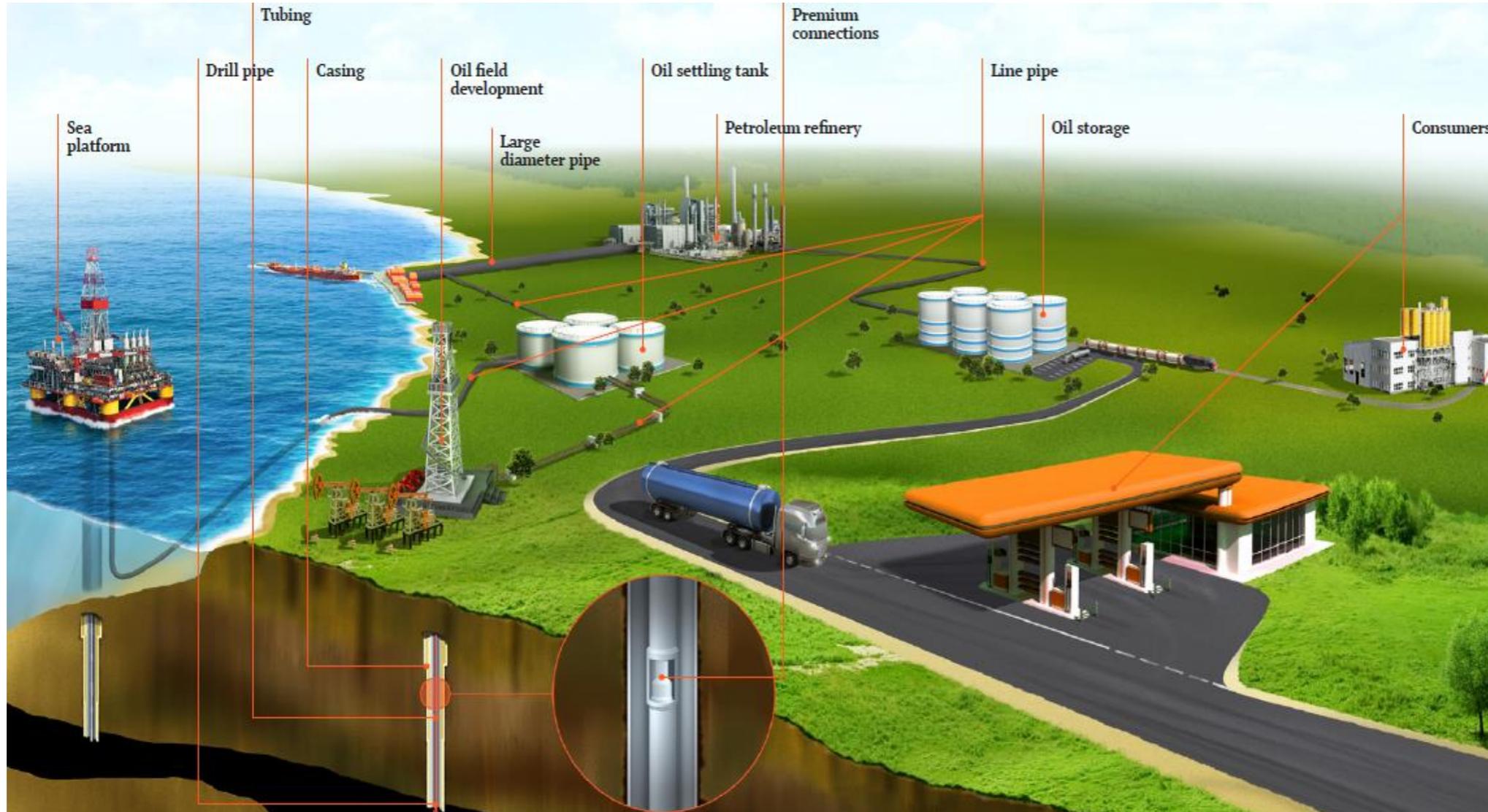
CAL IV



- Onshore and offshore fields
- High H₂S and CO₂ concentrations
- High temperatures
- Arctic environment

- Horizontal and directional drilling
- Drilling with casing
- Steam-Assisted Gravity Drainage (SAGD)
- GREENWELL lubricant-free connections 

Utilisation of TMK Pipe Products in Oil and Gas Industry



- **OCTG** – Oil Country Tubular Goods (drilling, casing, tubing) used for oil & gas exploration, well fixing and oil & gas production (46% of total sales in volume terms in 12M 2019)
- **Line pipe** – used for short distance transportation of crude oil, oil products and natural gas (20% of total sales in volume terms in 12M 2019)
- **LDP** - large diameter pipe used for construction of trunk pipeline systems for long distance transportation of natural gas, crude oil and petroleum products (12% of total sales in volume terms in 12M 2019)

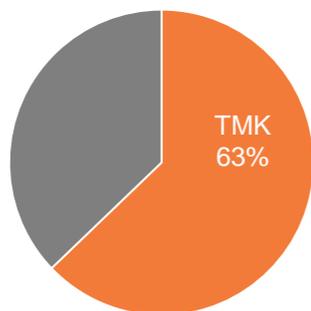


Appendix

TMK's Undisputed Market Leading Position in Russia

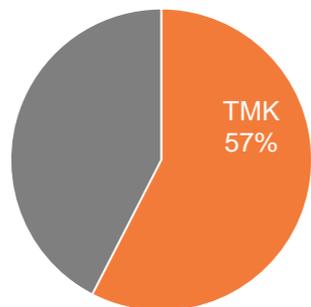


Seamless



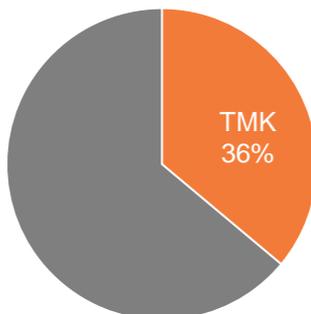
OCTG

Threaded pipes for O&G industry including drill pipe, casing and tubing



Line Pipe

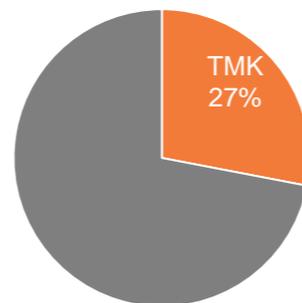
Short-distance transport of crude oil, oil products and natural gas



Industrial

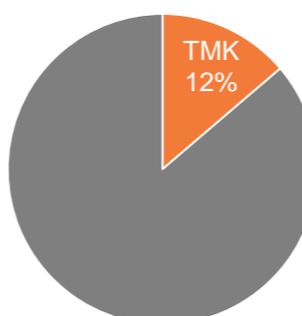
Automotive, machine building, and power generation sectors

Welded



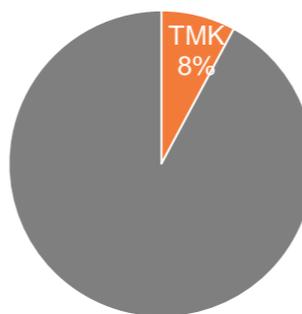
Line Pipe

Short-distance transportation of O&G and oil products



Large Diameter

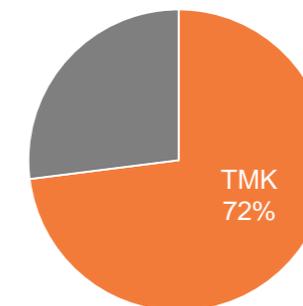
Construction of trunk pipeline systems for long distance transportation of O&G and petroleum products



Industrial

Wide array of applications and industries, including utilities and agriculture

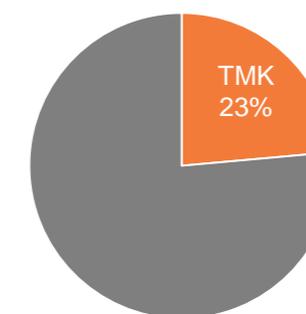
Premium



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Premium connections are proprietary value-added products used to connect OCTG pipes and are used in sour, deep well, off-shore, low temperature and other high-pressure applications

#1 in the Russian Tube and Pipe Market



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IR@tmk-group.com



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About TMK**

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