TMK CAPITAL MARKETS DAY

London
October 19, 2015

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Welcome
Dmitry Pumpyanskiy
Chairman of the Board of Directors

Presentation Team

Dmitry Pumpyanskiy
Chairman of the
Board of Directors

Sergey Alekseev
Director for Marketing

Piotr Galitzine
Chairman, TMK IPSCO

Vladimir Shmatovich
Vice President for Strategy
and Business Development

Agenda

- **Dmitry Pumpyanskiy,** Chairman of the Board of Directors
  “Welcome”

- **Sergey Alekseev**, Director for Marketing
  “Resilience of the Russian market”

- **Piotr Galitzine**, Chairman, TMK IPSCO
  “US market update”

- **Vladimir Shmatovich**, VP for Strategy and Business Development
  “Sustainable financial performance driven by the Russian division”

- **Dmitry Pumpyanskiy,** Chairman of the Board of Directors
  “Conclusion”

Q & A

Resilience of the Russian market

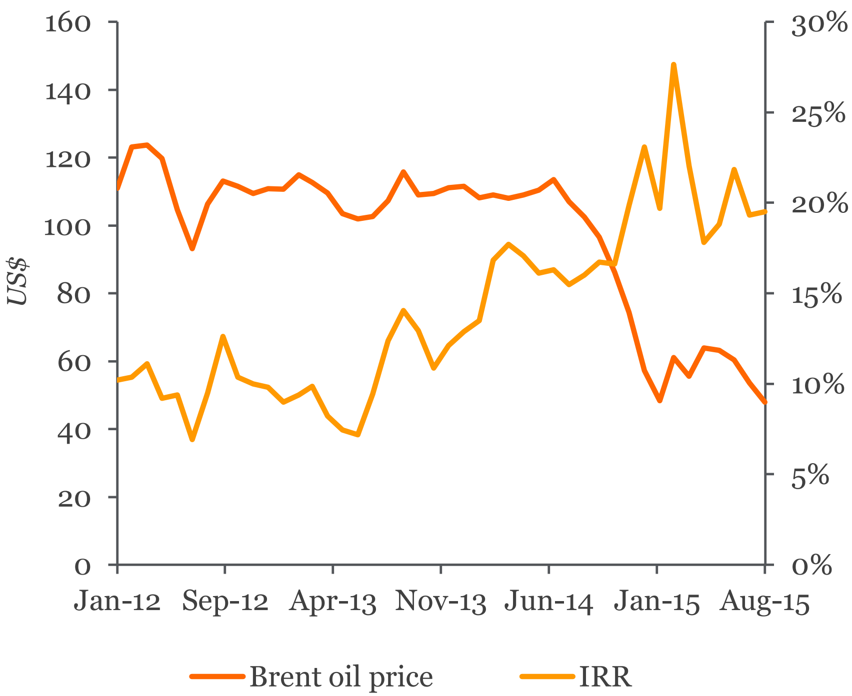
Sergey Alekseev
Director for Marketing

Executive Summary

- Russian oil production remains profitable, economic returns (IRRs) on drilling a marginal oil well in Russia are higher than 2014.
- Two main factors behind resilient upstream profitability in Russia:
  - Automatically-adjusting tax regime, which absorbs over 80% of oil price drop;
  - Freely floating RUB, which has cut OPEX by around 35%.
- Russian oil production is growing in spite of low oil prices, being up 1.4% YoY in Sep 2015. According to various brokers estimates production is likely to remain on a growth trajectory.
- Field-level activity is strong and growing. Drilling is up by 7% YoY in 1H15, led by Rosneft (+28% YoY). Russian total drilling may grow by 6% YoY in 2015E.
- Growth for 1H15 in horizontal drilling (+27% YoY) is outpacing growth in conventional drilling.
- Recent indications from Russia's oil companies suggest 2015E upstream CAPEX can grow by 20%+ YoY in RUB terms.

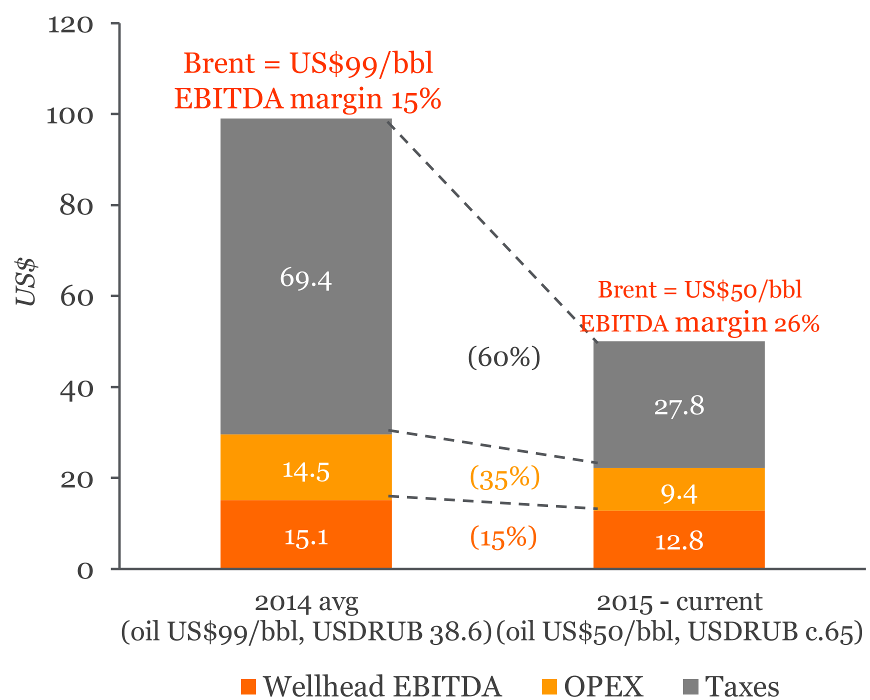
Russian Upstream Oil Sector is More Profitable than Last Year

Marginal oil well returns increased in 2015



Source: Citi Research

Russian upstream EBITDA resilience

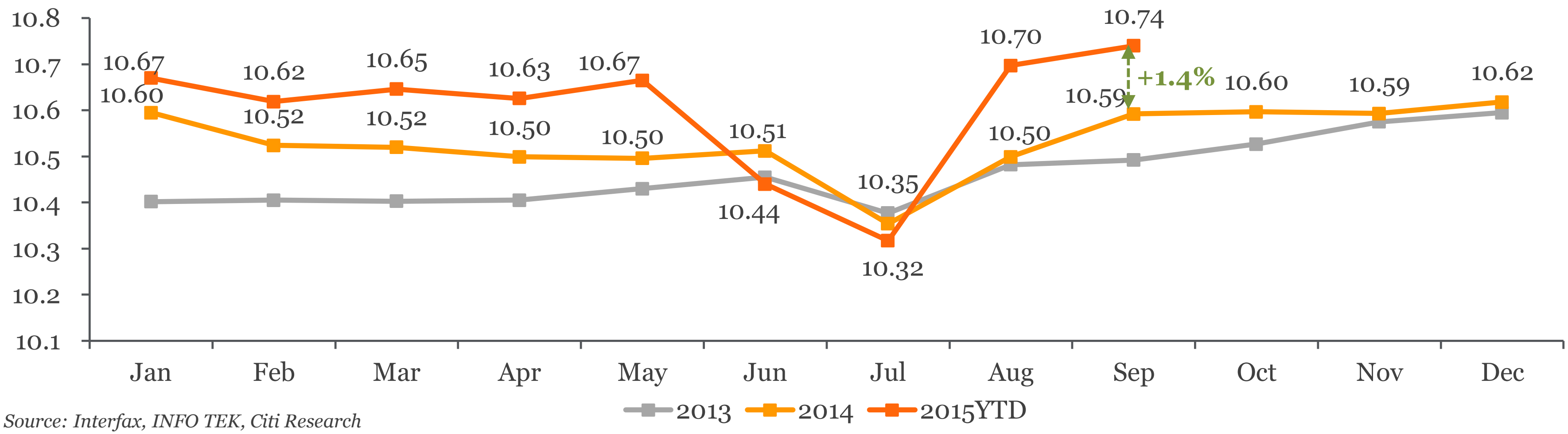


Source: Citi Research

- Russian oil production remains profitable, economic returns (IRRs) on drilling a marginal oil well in Russia are better than last year.
- There are two main factors behind the resilient upstream profitability in Russia:
  - An automatically-adjusting tax regime, which absorbs over 80% of the oil price fall;
  - Freely floating RUB, which cut OPEX by around 35%.

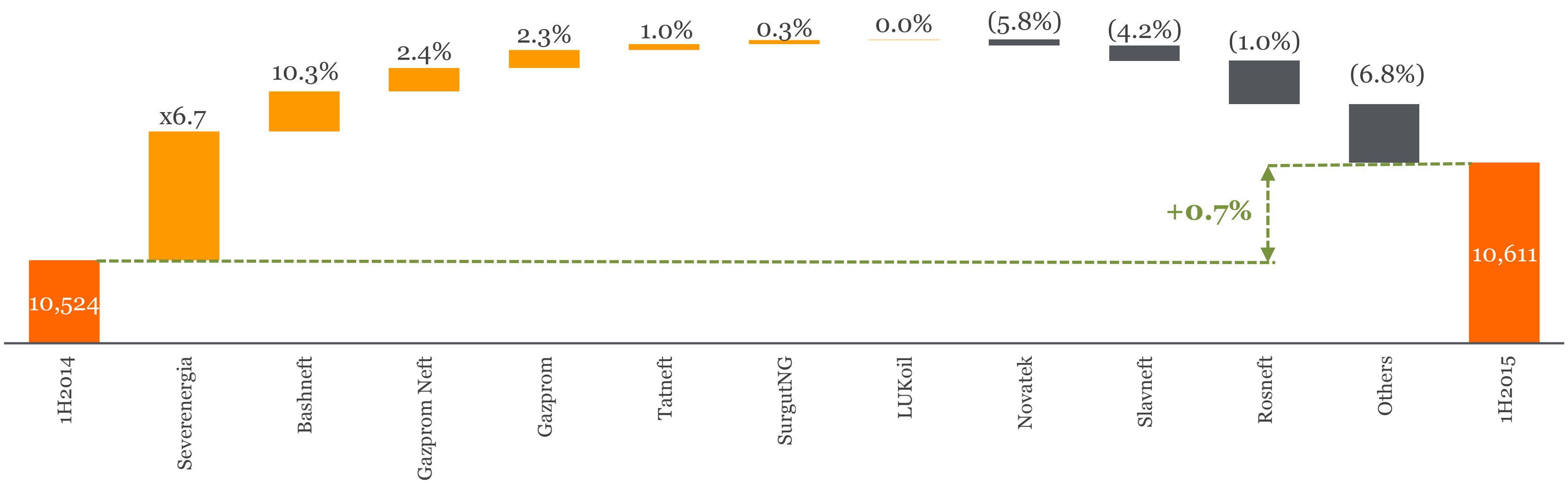
Russian Oil Production Keeps Growing, Up 1.4% YoY in Sep 2015

Russian total oil output, mmbpd



Source: Interfax, INFO TEK, Citi Research

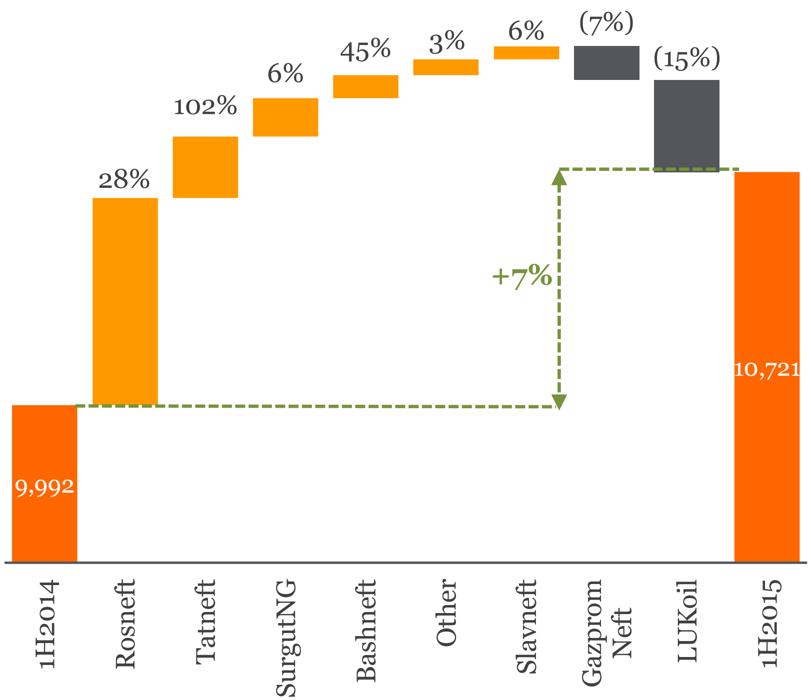
1H2015 Russian oil production growth broken down, kbpd



Source: Interfax, INFO TEK, Citi Research

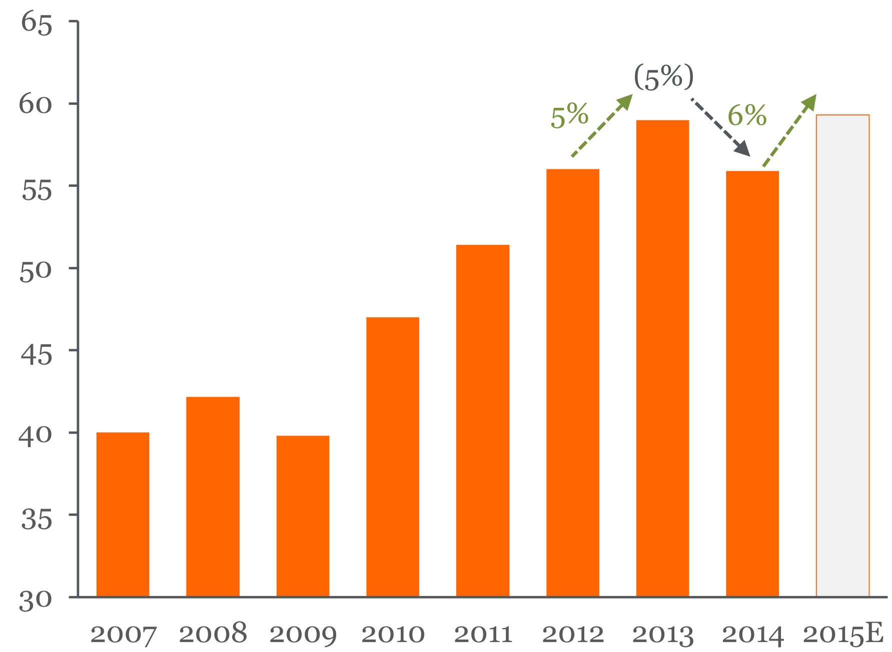
Russian Drilling Activity is Strong and Growing

Russian drilling growth broken down, km



Source: CDU TEK, Citi Research

Russian drilling activity, km/d

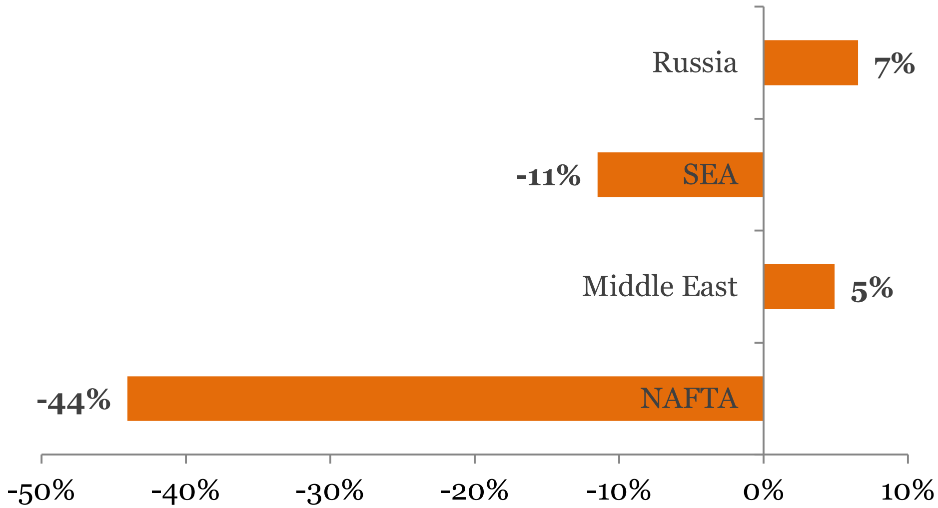


Source: CDU TEK, Citi Research

- Field-level activity is strong and growing. Drilling is up by 7% YoY in 1H15, led by Rosneft (+28% YoY).
- Russian total drilling may grow by 6% YoY in 2015E.

Russian Oil & Gas Market Overview

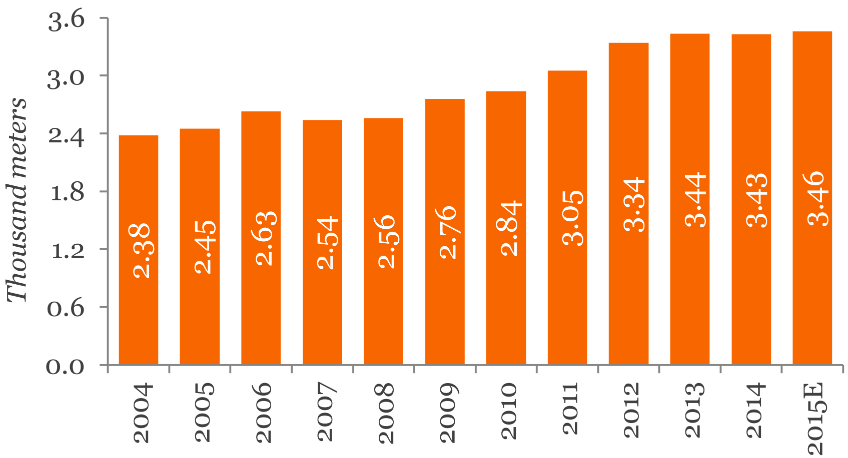
Growing drilling activity (footage) in selected regions 2015E/2014



Source: CDU TEK, Spears & Associates, TMK

- It's expected that Russia will be the only region with such growth in footage this year.
- Russian oil companies are amongst lowest cost producers with comparatively lower short term leverage.
- Enhanced oil recovery from conventional fields.
- Development of unconventional reserves will require the use of non-conventional drilling techniques.

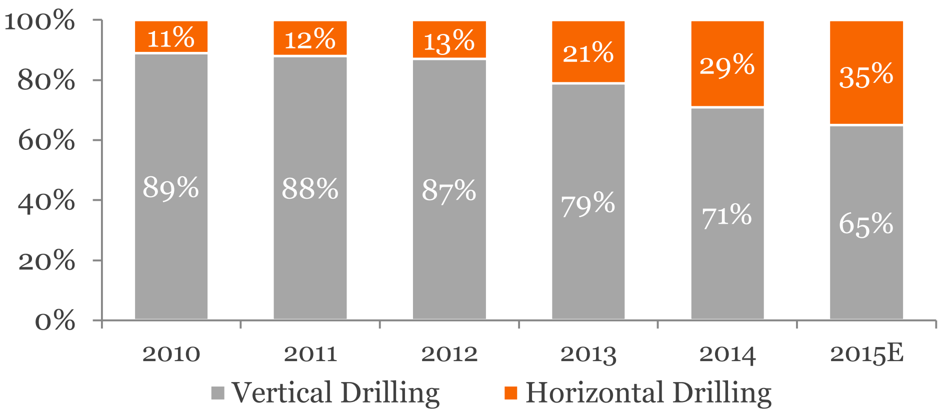
Increasing depth of Russian wells
(Average depth)



Source: CDU TEK

Shift to Horizontal Drilling

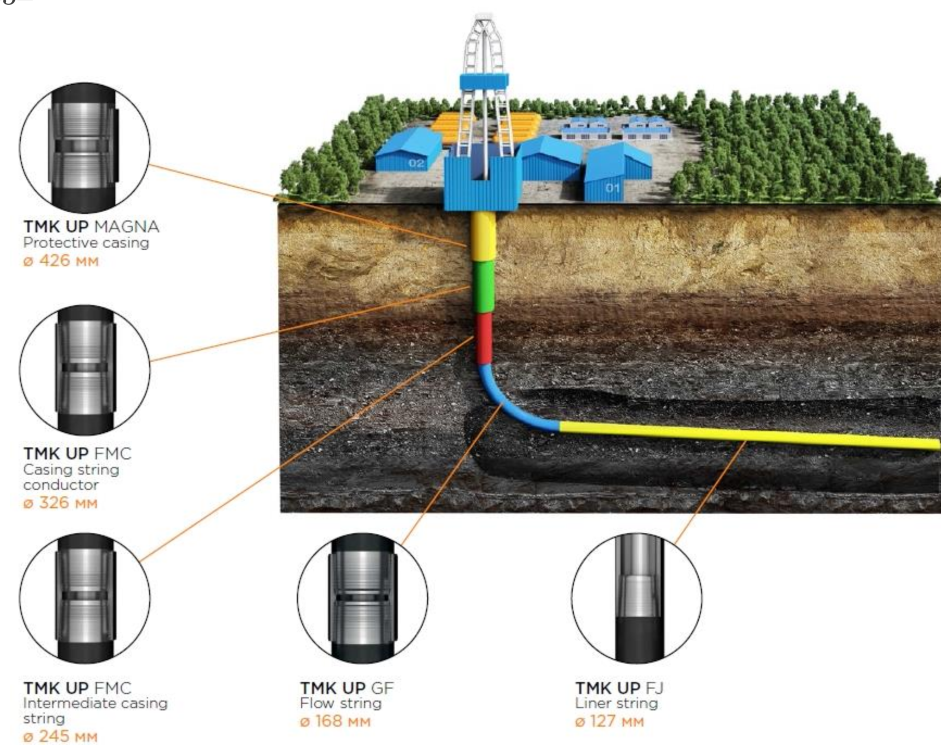
Horizontal drilling is increasing in Russia



Source: CDU TEK

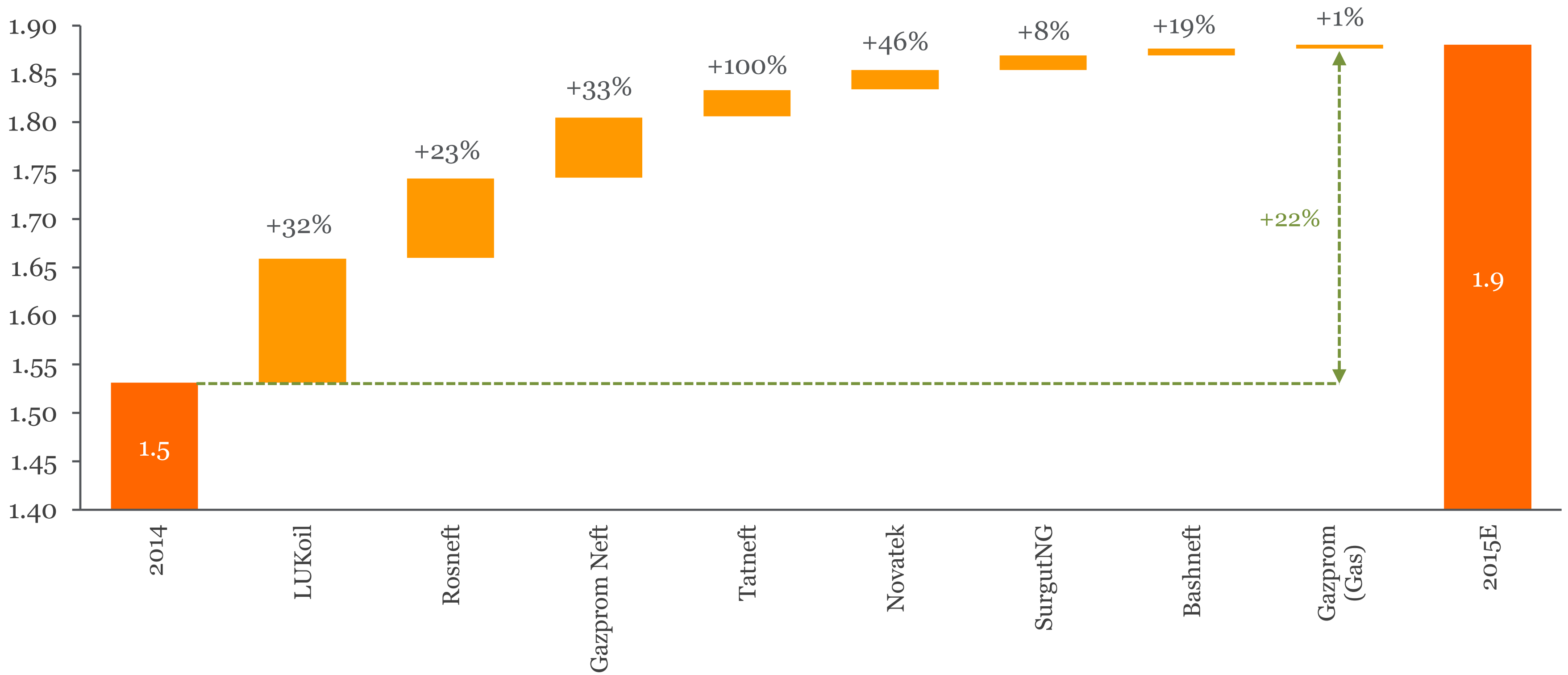
- Share of horizontal drilling is constantly growing for the last five years and it drives demand for higher value added tubular products such as premium connections.

- Horizontal drilling enables operators to target a larger area of oil/gas recovery and achieve a higher flow rate.
- Pad drilling for horizontal wells delivers greater efficiency and cost saving, small footprint.
- Safety regulations require use of gastight premium connections when the gas-oil ratio is high.
- Growth of directional and horizontal drilling increases well depth with a growing share of high-end OCTG used in the string.



Russian Oil Companies' Upstream CAPEX is Set to Grow in RUB Terms

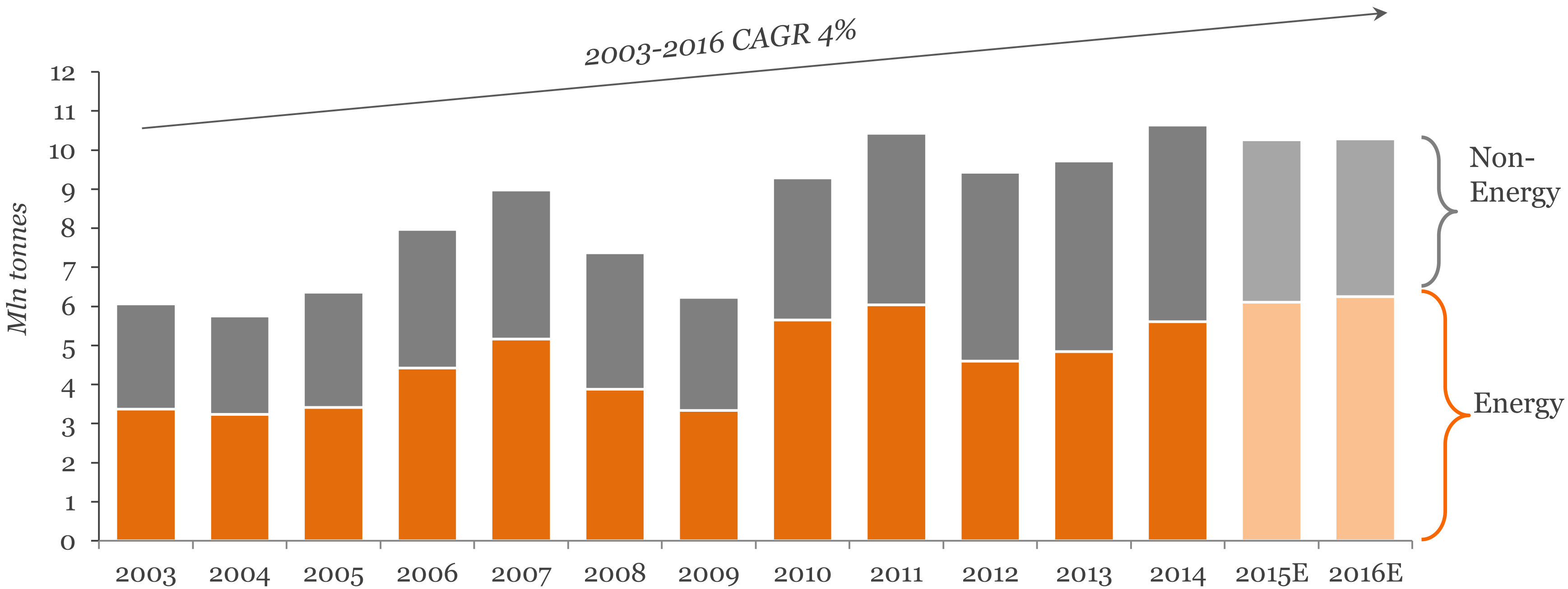
Cumulative upstream CAPEX budget growth decomposition, RUB trn



Source: Citi Research

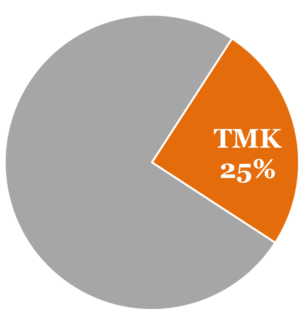
- Recent indications from Russia's oil companies suggest 2015E upstream CAPEX can grow by 20%+ YoY in RUB terms.
- Growing CAPEX in RUB terms should further support activity at the field level.

Russian Tube & Pipe Market



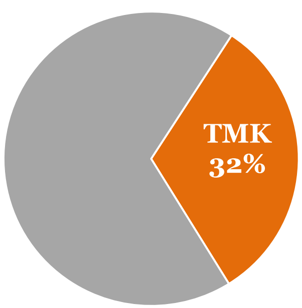
Source: TMK estimates

#1 on the Russian tube & pipe market



Source: TMK estimates, based on 1H2015 numbers

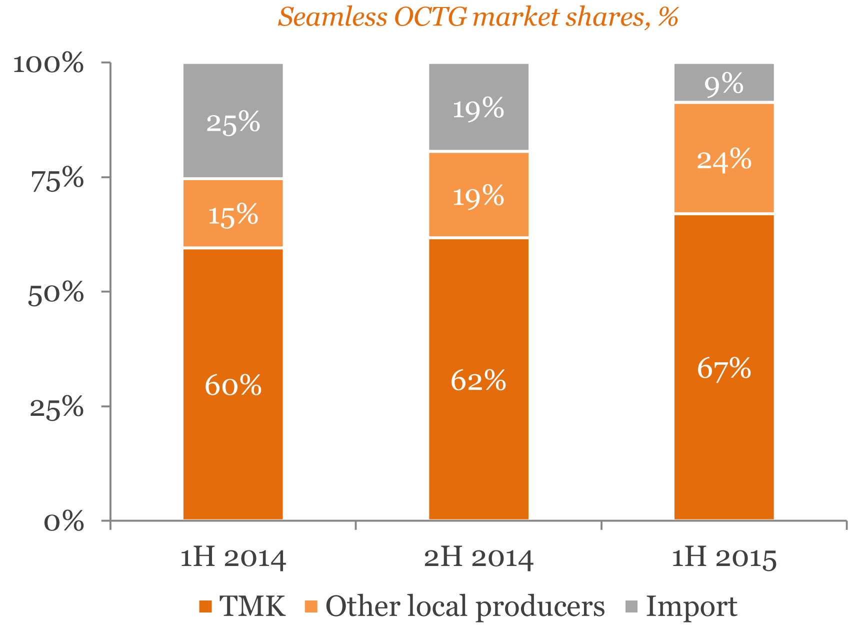
32% market share of energy demand



Source: TMK estimates, based on 1H2015 numbers

Strengthening Position on the Domestic Market

TMK share of seamless OCTG is growing



Source: TMK estimates

- Ruble depreciation gives the Russian division new opportunities in export and domestic markets.
- Russian tube & pipe imports decreased by more than 55% for the 1H2015.
- Imports of OCTG declined by more than 70%.
- Key premium supplier for the Russian independent and state owned oil&gas companies.

Russian Market Share Positions

SEAMLESS

OCTG 67%

+8% HoH

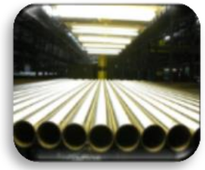
Seamless OCTG for oil and gas

Line pipe 64%

+10% HoH

Seamless line pipe for oil and gas

Industrial pipe 36%

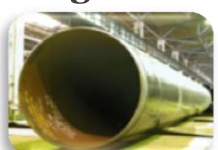


+5% HoH

High-margin products for industrial needs

WELDED

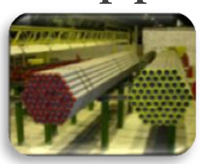
Large diameter pipe 17%



+1% HoH

Large diameter pipe for projects

Line pipe 24%



+1% HoH

Welded line pipe for oil and gas

Industrial pipe 9%

-2% HoH

Welded industrial products

Source: TMK estimates, based on 1H2015 numbers

Premium Solutions: TMK UP Series

Why do they choose premium in Russia?

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

Lite Series

Higher resistance to torque for casing while drilling and rotating.

Classic Series

Easy and reliable make-up.

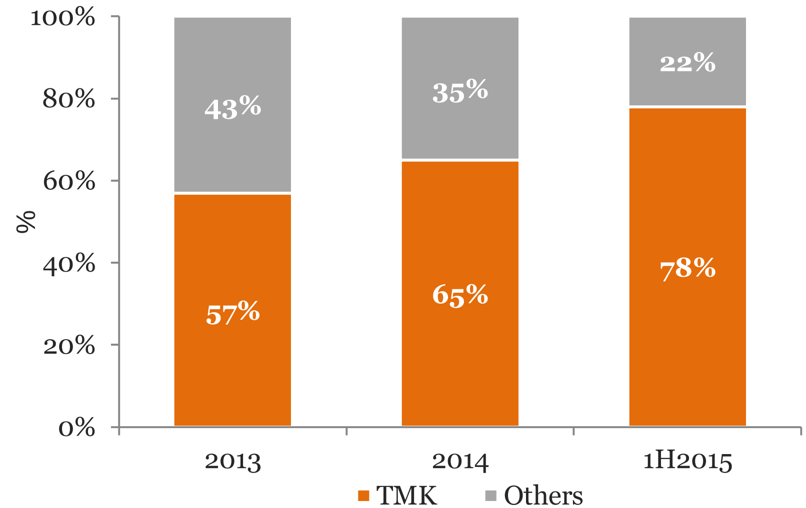
Professional Series

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.

TMK's share on the premium market



Source: TMK estimates

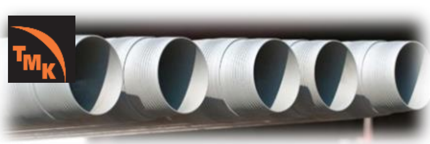
- TMK is a leader in production of premium tubular products on the Russian market with around 78% market share in 1H2015.
- New product 1: **TMK UP TORQ** - High Torque
- New product 2: **TMK UP CENTUM** – 100%

Unique Innovative Solutions for Import Substitution

TMK long-term agreement to supply premium products to Gazprom:

- Long-term agreement up to 2023
- Guaranteed purchase of Premium tubular products
- Packaged solution (development of innovative products, production, logistic and technical support)
- Import substitution program

Products will be designed and supplied in accordance with specific technical requirements of Gazprom



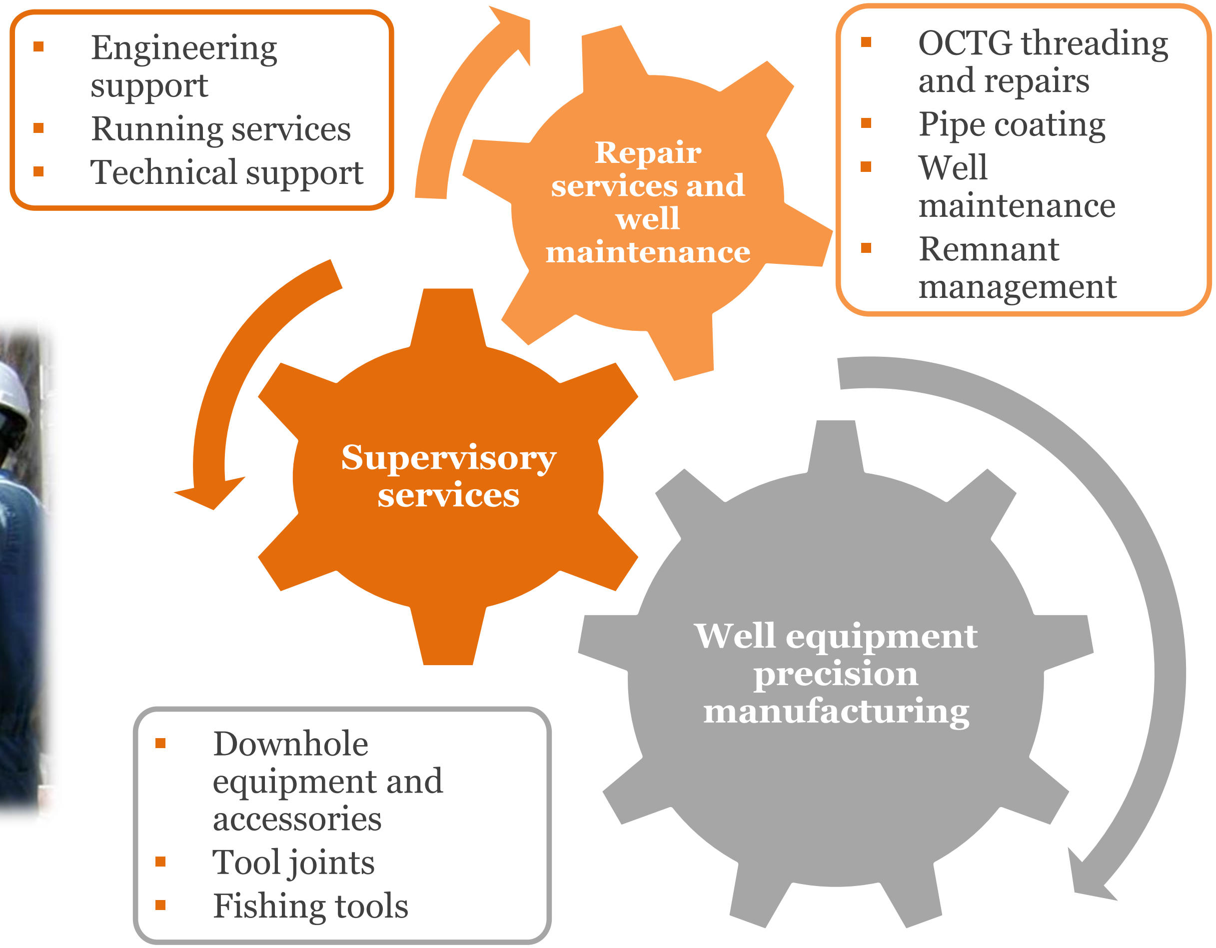
Gazprom is ready to pay in advance for the new products which are on the stage of development

GAZPROM

For the current and newly developed projects, including:

- Astrakhan field
- Urengoy field
- Chayandinskoye field
- Kovyktinskoye field
- Offshore projects

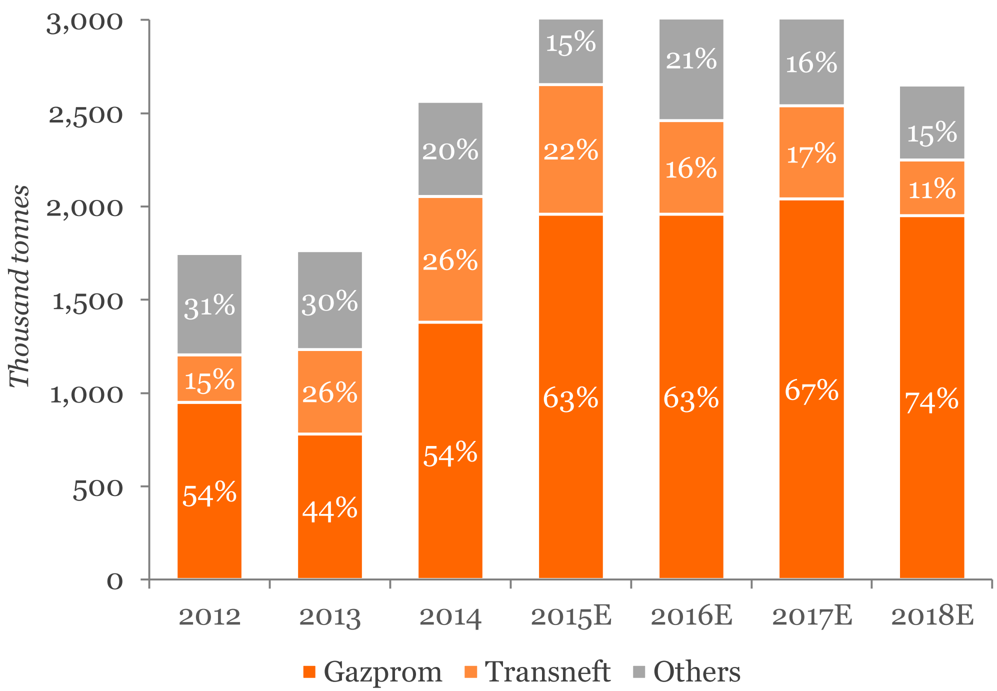
Oilfield Services – Going Beyond Pipe



- Individual service approach to each customer
- Continue to expand portfolio of key tubular services
- Long term strategic customer partnerships
- Experienced engineers to support customers
- Focus on innovation and efficiency in oilfield services

Gazprom's Eastern Program Creates Additional Demand

LDP demand in Russia, 2012-2018E

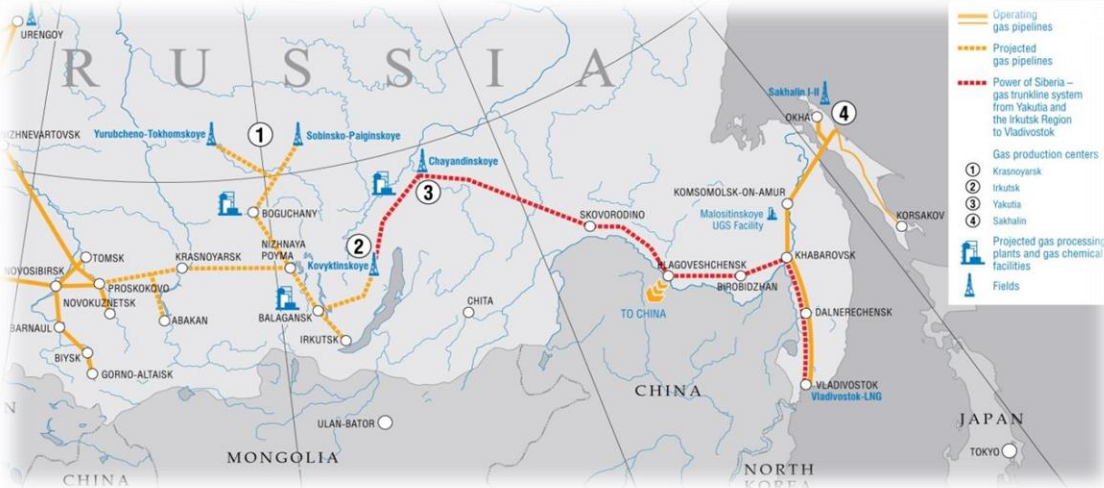


Source: TMK estimates

- Annual LDP demand for the nearest four years could amount to approximately 2.8-3 million tonnes.
- Major projects planned: Power of Siberia (GAZP), Power of Siberia-2 (GAZP), Turkish Stream (GAZP), Nord Stream-2, maintenance needs of Transneft and Gazprom.

Gazprom’s Approach to Access the New Markets

Power of Siberia



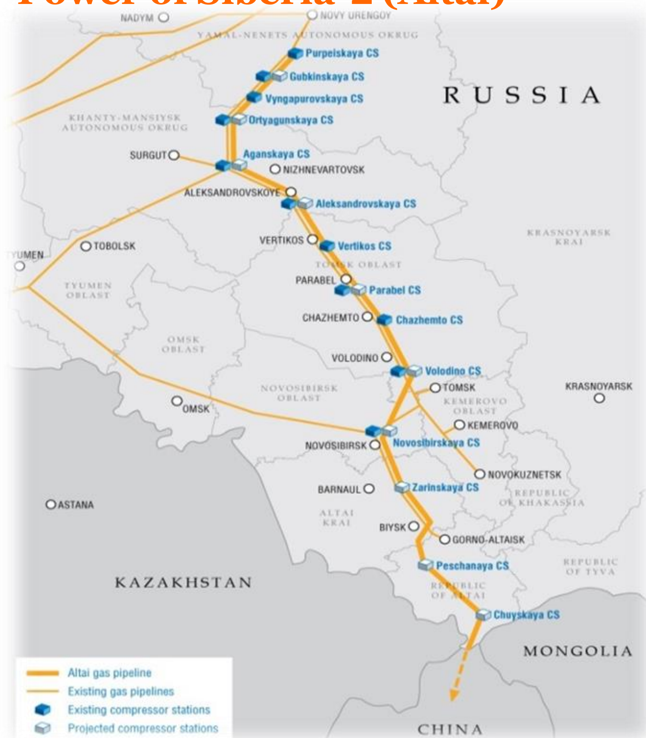
Source: Gazprom

- Strong demand for Russian gas in Asia-Pacific countries, primarily China.
- Gazprom seeks to grow its share of North-East Asia markets to 10–15% long-term.

- China demand for gas may reach 450-550 bcm by 2030, or 2.5–3 times the country’s current gas consumption.
- Power of Siberia is the first-rate project in the world.
- Demand for LDP from Power of Siberia project could amount to 2.7 mln tonnes until 2018.
- Demand for LDP from Power of Siberia-2 (Altai) project could amount to 2.1 mln tonnes until 2020.
- TMK is already delivering LDP to the project Power of Siberia and willing to supply LDP for the upcoming strategic project Power of Siberia-2 (Altai).

Source: Gazprom, TMK estimates

Power of Siberia-2 (Altai)



Source: Gazprom

Demand for Gas in EU is Growing

- Gazprom intends to maintain its share on the traditional European markets.
- Gas imports to the EU are anticipated to grow in the coming decade by nearly 200 billion cubic meters.

Nord Stream-2 onshore

Source: Gazprom

Nord Stream-2 offshore

Source: Gazprom

- Demand for LDP from Nord Stream 2-nd line onshore project could amount to 1.2 mln tonnes until 2018.
- Additional demand to Russian LDP market could amount to 2.2 mln tonnes until 2019 for the Nord Stream 2-nd line offshore project.

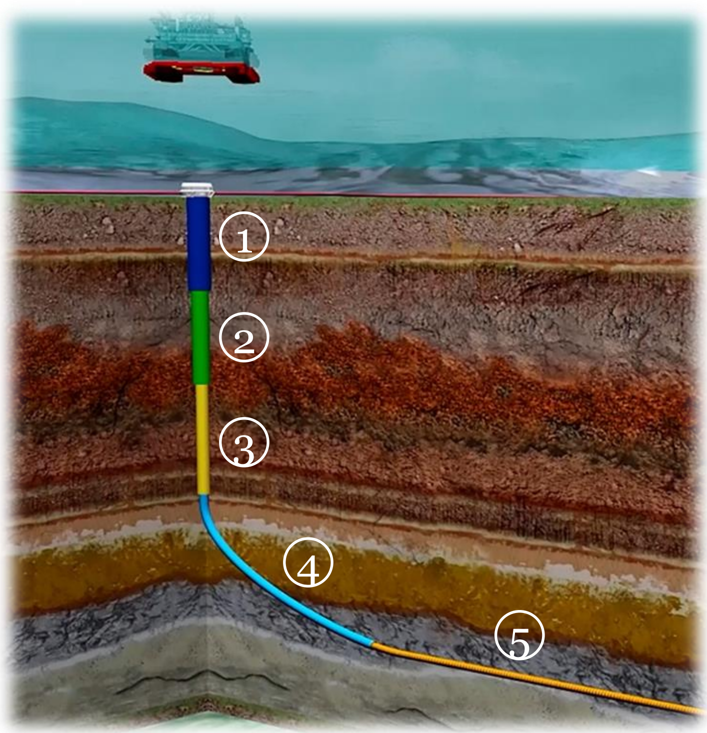
Playing in the Top League

Yuzhno - Kirinskoye gas & condensate field

- Discovered in 2010
- Located in the sea of Okhotsk
- Water depth: 210-320 meters
- Operator: Gazprom
- The field is planned to be commissioned in 2018

Source: Gazprom

TMK packaged solution for offshore well



Source: TMK

Well design

#	Pipe	OD, inch	Grade	Connection
1	Conductor	30	X52/X56	TMK UP Speed
2	Conductor	20	X52/X56	TMK UP Cuvalda
3	Casing	13 3/8	L80	TMK UP CWB
4	Casing	9 5/8	P110	TMK UP PF
5	Casing	7	R95/Coupling P110	TMK UP PF

Conclusion

- Russian oil production and drilling activity growing due to favorable tax regime and sharp ruble depreciation.
- Share of horizontal drilling more than tripled for the last five years.
- TMK is the leader in the OCTG and premium connections markets with growing market shares.
- Gazprom and Transnet pipeline projects are the main drivers of the Russian pipe market for the next three years. TMK is well positioned to participate in these projects.
- Premium solutions, oilfield services and high value added products being an integral part of the Company's Russian operations, allow TMK to improve profitability of the Russian division, particularly within its focus on import substitution program.

US market update

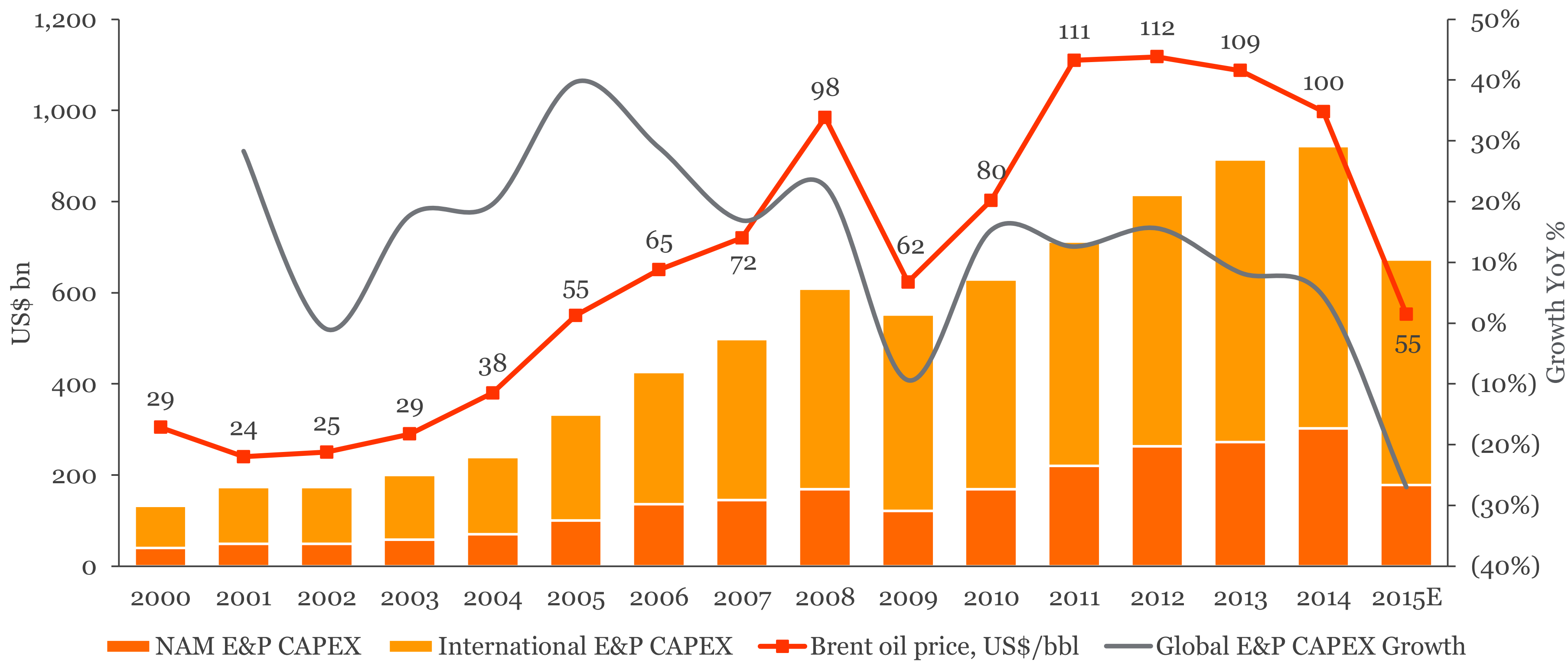
Piotr Galitzine
Chairman, TMK IPSCO

Executive Summary

- Having grown 15% CAGR 2000-2014, crude weakness drove global upstream CAPEX correction by 27% in 2015.
- The near-term outlook for upstream spending in North America appears challenging in case the oil price stays around US$55-60/bbl.
- However, brokers estimate oil price to recover to US$70-80/bbl levels in 2017-2020.
- Also production costs for US shale have quickly adjusted from pre crisis levels of US$70-80/bbl to below US$60/bbl on average now. A further drop to US$50/bbl is possible. Production cost flexibility supports resilience of US shale producers in the downturn.
- A number of brokers expect supply / demand balance to shift and the US shale growth engine to be restarted in 2017.
- 2017 and 2018 North American Exploration & Production CAPEX growth can be as high as 20% per annum.

Global Exploration & Production CAPEX Correction in 2015

Global E&P CAPEX

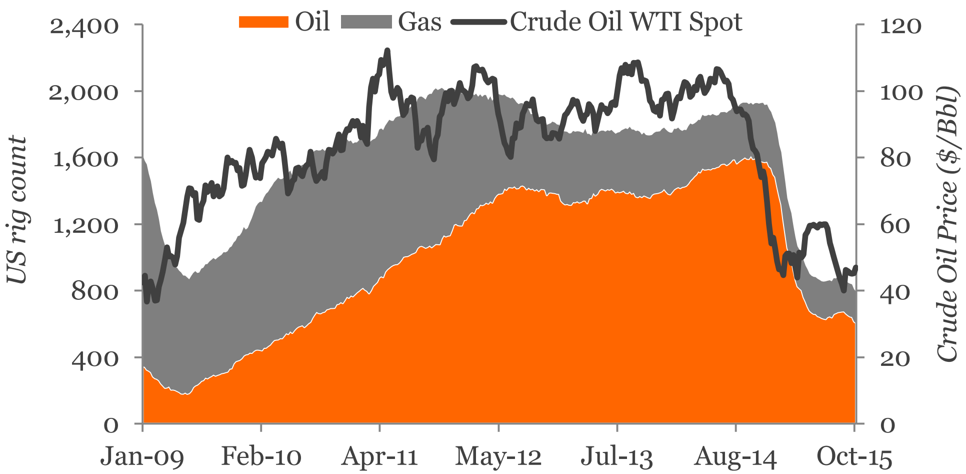


Source: Citi Research

- Having grown 15% CAGR 2000-2014, crude weakness drove global upstream CAPEX correction by 27% in 2015.
- The near-term outlook for upstream spending in North America appears challenging, and with oil expected around US$55-60/bbl.

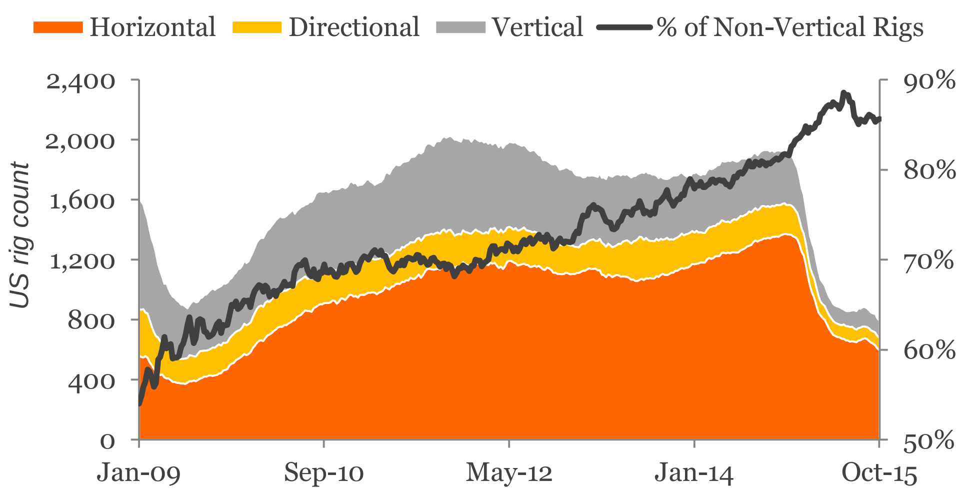
2015 Industry Performance Review: A Challenging Year

Drop in rig count followed drop in oil prices



Source: Baker Hughes, Bloomberg

Vertical drilling is more severely affected

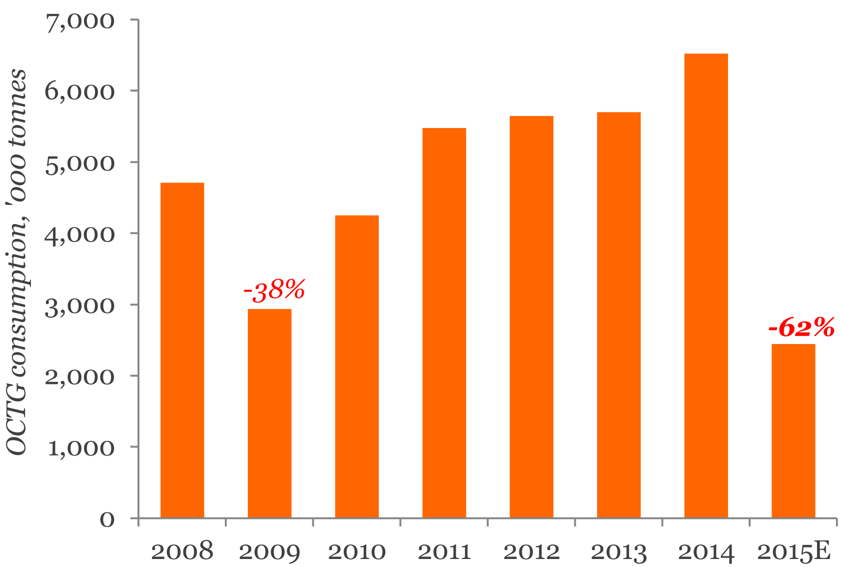


Source: Baker Hughes

- Average number of rigs in 3Q2015 decreased by 5% QoQ and dropped by 43% for 9M2015 over 9M2014 to 1,059.
- The current rig count is still pointing to US production declining sequentially between 2Q15 and 4Q15.
- During the 2009 market down-turn, rig count began to recover once oil prices reached $70/Bbl. Since then, improvements in technology brought this inflection price down.
- The decline in drilling has been more extreme in vertical rigs.
- Generally, vertical rigs consume more welded, lower value pipe.

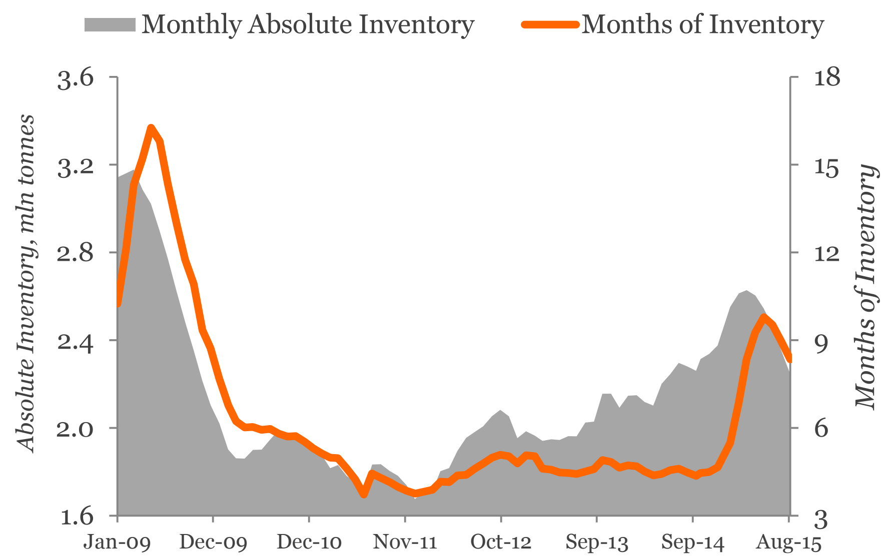
Impact on US OCTG Demand

FY2015 forecast remains unchanged, with OCTG consumption expected to drop sharply



Source: Preston Pipe & Tube Report

Lower consumption pushed inventory levels to 8.3 months in August 2015

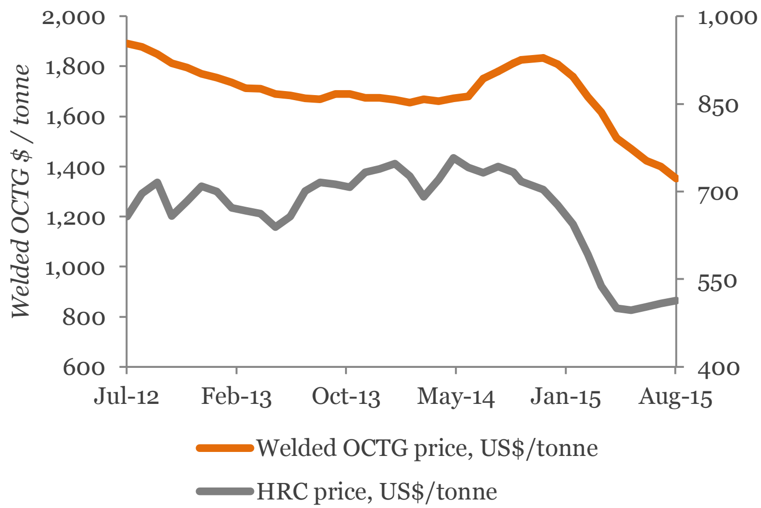


Source: Preston Pipe & Tube Report

- US demand for OCTG will remain low for the remainder of the year as drilling volumes continue to decline.
- OCTG pricing is expected to further decline in the fourth quarter of 2015 due to excess levels of inventory and foreign imports.
- A gradual recovery of the North American pipe market is not expected until 2016, subject to oil price stabilisation, growth of drilling volumes as well as reduction in inventory.

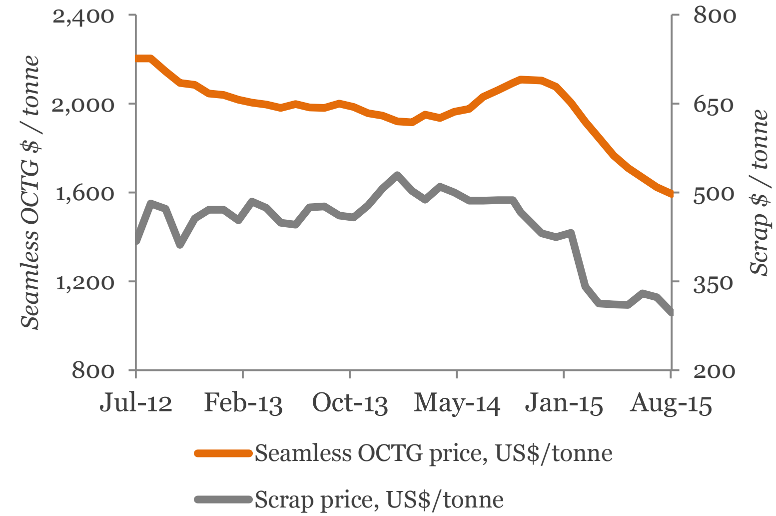
Price Decline Being Aided by Drop in Raw Material Costs

US distributor welded OCTG vs HRC prices
(Monthly Average)



Source: Pipe Logix, HRC Midwest CRU Prices

US distributor seamless OCTG vs. scrap prices
(Monthly Average)



Source: Pipel Logix, AMM

- For 8M2015, average seamless and welded OCTG prices declined by 10% each compared to 8M2014, while average scrap and HRC prices fell by 27% and 33% respectively compared to the same period of 2014.
- In August 2015, average price for seamless and welded OCTG pipe decreased by another 4% and 5% respectively since the end of 2Q2015.
- In August 2015, HRC prices slightly increased by 3% compared to average 2Q2015 price while scrap prices continued to decline – 6% lower than average 2Q2015 prices.

Producers' Response

Cost-cutting is the order of the day

- Cost of drilling came **down by 20-25%**.
- Well completion costs in the Bakken **declined by 30%** during 1Q2015, **up to 35%** elsewhere.
- Falling costs and better takeaway capacity from new pipelines allow producers to keep wells profitable in the face of low prices.
- "We've seen price reductions, but we've also seen improved efficiencies," Exxon Mobil Corp CEO Rex Tillerson said.

Source: The Bakken Magazine: "Halcon's Bakken Well Cost Decline as Production Increases.", Reuters

Reduced drill time

- Reduced the time it takes to drill a rig **down to a low of 4 days** through technological advancements and better planning.
- Apache's **fracking costs fell 30%**, while drilling costs have tumbled 20% in the shales.
- Statoil cut the average cost of drilling LTO from $4.5 million to $3.5 million (23%).

Source: NYT: "Drillers Answer Low Prices with Cost-Saving Innovations."

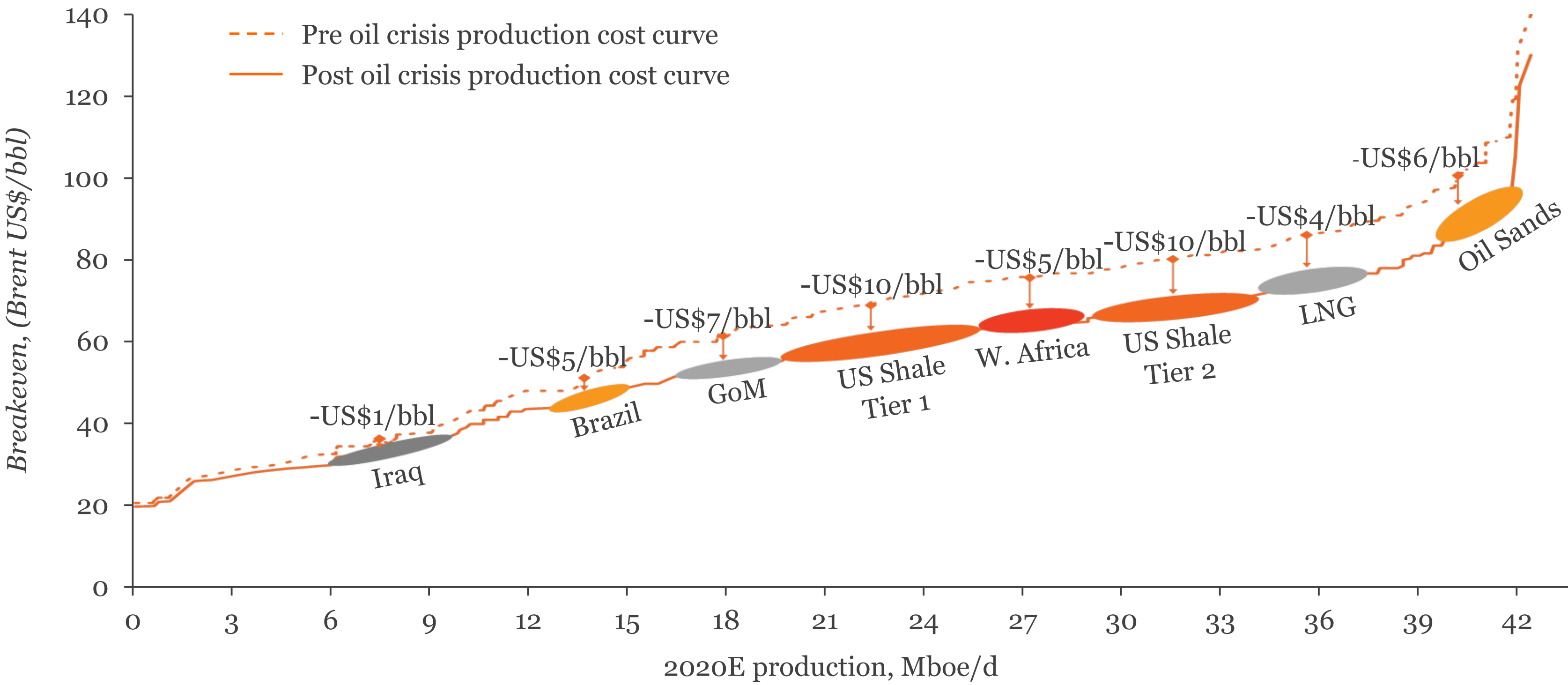
Water conservation and recycling

- Cut overall water use by 12%.
- Cut labor costs by 34%.
- Not hauling in fresh water cuts the cost per barrel of oil by $3.
- Restoring habitats helps reduce runoff, environmental footprint and recharges the groundwater.
- Anadarko is **reusing 100%** of the frack water that flows back from its wells.

Source: Reuters

US Shale Oil Production Costs Decreased Significantly from Pre-Crisis

Oil production cost curve pre and post oil crisis snapshot



Source: Citi Research

- Production costs for US shale have quickly adjusted from pre crisis levels of US$70-80/bbl to below US$60/bbl on average now. A further drop to US$50/bbl is possible.
- Production cost flexibility supports resilience of US shale producers in the downturn.

Strategy 2020

- Profitably growing market share in core seamless, Premium connections and import business, while retrenching welded business to the most efficient mills.
  - **Go-to-market model:**
    - Sales focus will be on providing broader technical solutions that will provide for lower cost of drilling, while at the same time returning greater market share for the American division.
    - Fully embrace the role of end users and distributor partners, while increasing technical sales efforts.
  - **Overall production philosophy:**
    - Modifying all of the production to a make-to-order approach, with most of planned tonnage backed by actual purchase orders.
    - Will manage operations on a regional basis and reduce the time and expense of shipping product between plants.
- Responded with a broad-based, structured approach over the last nine months. The efforts involved major reductions in spending and employment levels, while continuing cost-cutting programs.

Integrated Well Solutions: TMK IPSCO, OFSi and TMK Completions

Bundling pipe, distribution and services

- Provide customers with creative solutions by leveraging the strengths of TMK IPSCO, OFSi and TMK Completions.
- Develop proposals to meet the unique requirements of each customer by linking products and services with innovative technology to ensure customer satisfaction.

TMK OCTG Tubulars:
- Casing and tubing
- API & Proprietary
- Sizes 2-3/8” to 16”
- Seamless and welded

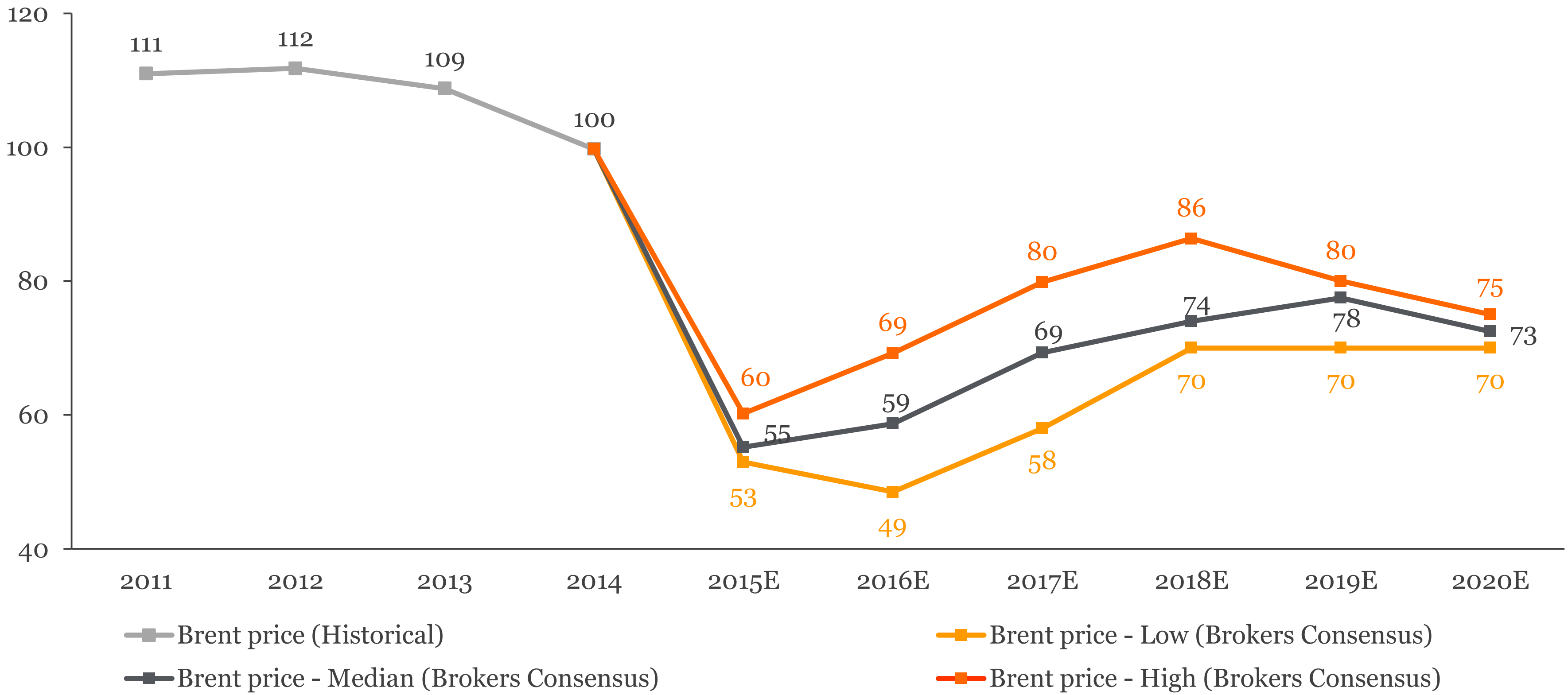
TMK UP ULTRA™
Some of the strongest and most efficient premium connections available on the market.

TMK Completions
Innovative multi-stage fracturing systems and tools for cemented and uncemented designs.

Oilfield Services:
- Running supervision
- Testing and inspection
- Pipe and thread repairs
- Inventory management

Brent Price is Expected to Recover to US$70-80/bbl levels in 2017-2020

Brent historical and forecasted prices, US$/bbl

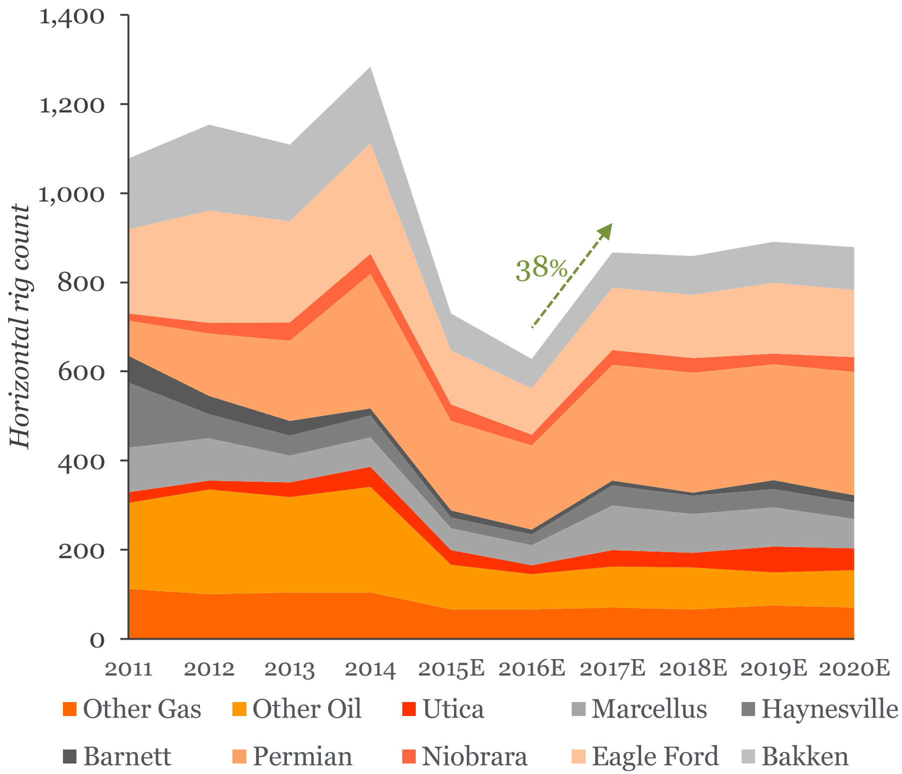


Source: Brokers consensus

- Brokers estimate oil price to recover to US$70-80/bbl levels in 2017-2020.

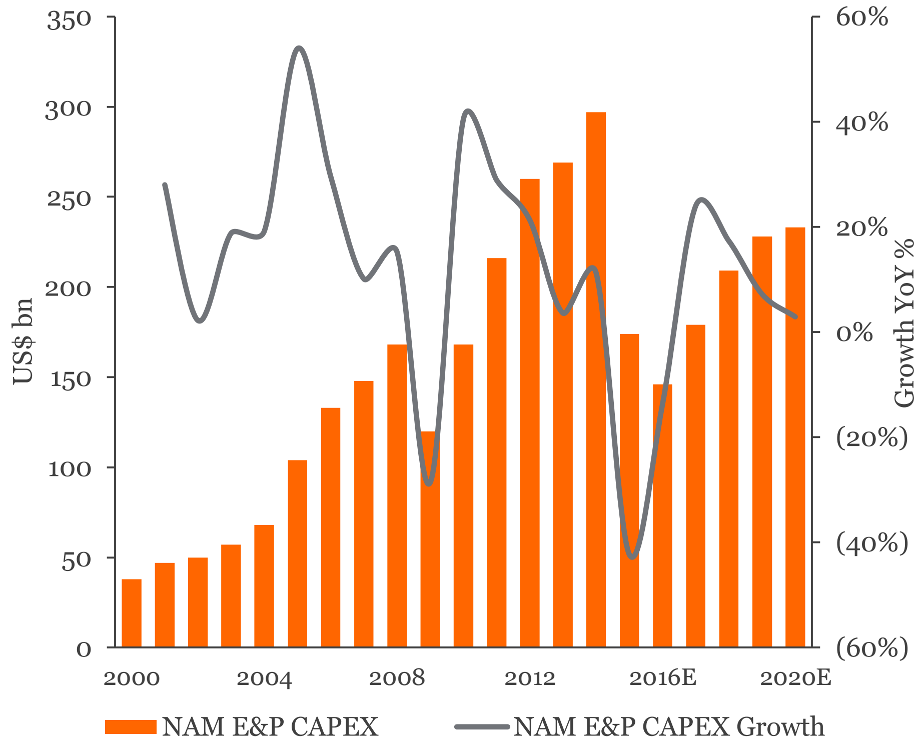
North American E&P CAPEX Double-Digit Growth Likely to Return in 2017

US horizontal rig: rebound in 2017



Source: Citi Research

North American E&P CAPEX



Source: Citi Research

- The near-term outlook for upstream spending in North America appears very challenging, and with oil expected around US$55-60/bbl.
- A number of brokers expect supply / demand balance to shift and the US shale growth engine to be restarted in 2017.
- 2017 and 2018 North American Exploration & Production CAPEX growth can be as high as 20% per annum.

Conclusion

- The US demand for OCTG will remain low for the remainder of the year as a result of on-going reduction of drilling volumes.
- Gradual recovery of the North American pipe market is not expected until 2016, subject to oil price stabilisation, drilling volumes and inventory reduction.
- Drilling and completion costs are coming down, making the production of lower priced oil more attractive.
- In response, TMK IPSCO implemented cost cutting program, shut down ¼ of its total welded capacities, developed 2020 strategy to repositione the Company in new conditions.
- Brokers expect oil price to recover to US$70-80/bbl levels in 2017-2020. It should lead to North American Exploration & Production CAPEX growth as high as 20% per annum following by OCTG market recovery.

Sustainable financial performance driven by the Russian division

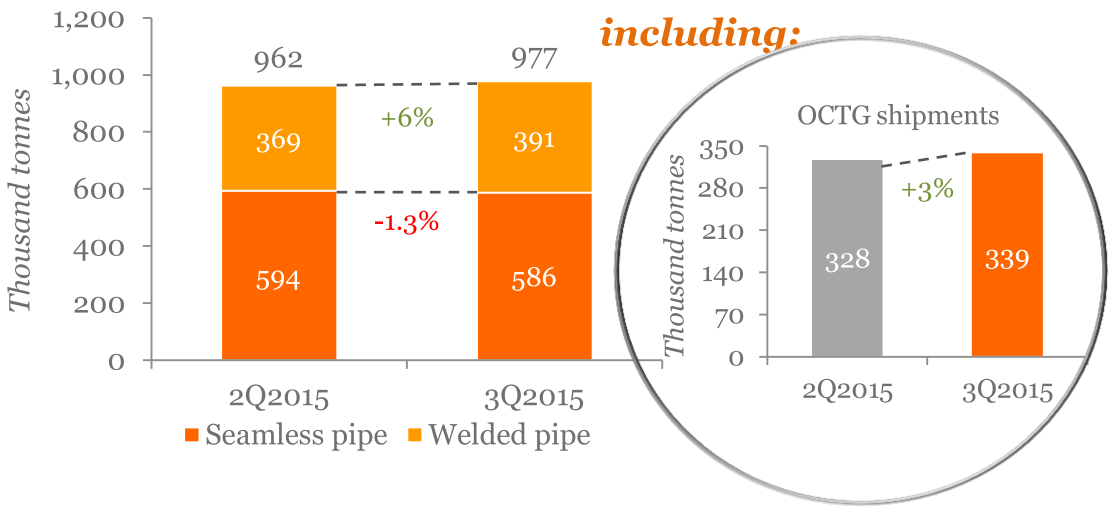
Vladimir Shmatovich
Vice President for Strategy and Business Development

Points to Cover

- Operational and financial overview
- Working capital improvement
- Spending discipline
- Revised CAPEX program
- Debt repayment as scheduled
- Key targets and achievements

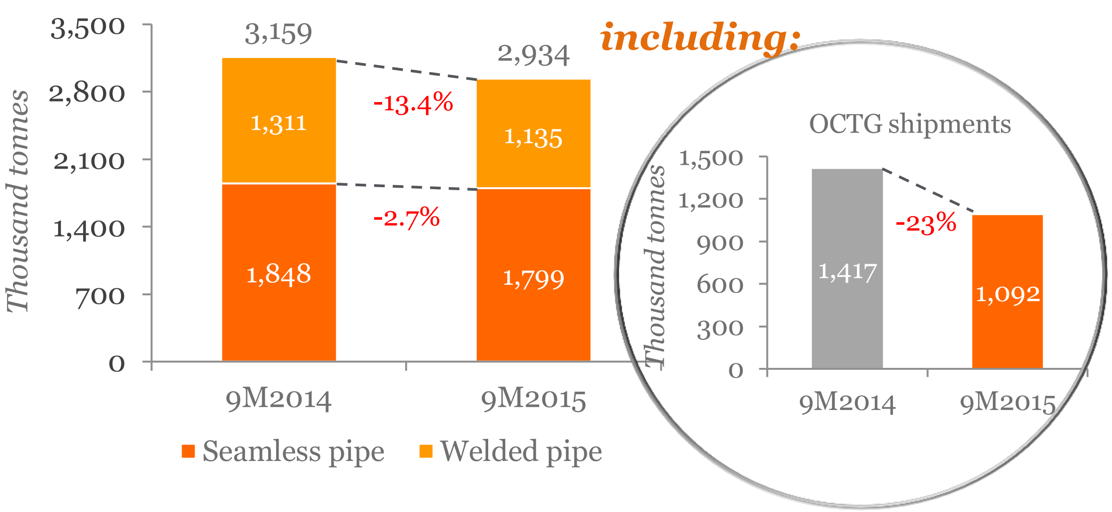
3Q2015 Operational Results

3Q2015 pipe shipments, QoQ



- In 3Q2015 TMK shipments increased by 1.5% QoQ to 977 k tonnes.
- In 3Q2015, seamless pipe shipments decreased by 1.3% QoQ to 586 k tonnes.
- In 3Q2015, welded pipe shipments rose 6% QoQ to 391 k tonnes due to higher welded industrial and line pipe shipments by the Russian division.

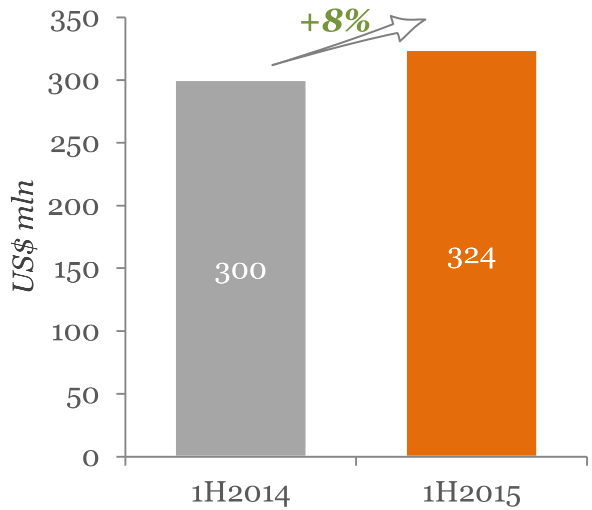
9M2015 pipe shipments, YoY



- In 9M2015, total pipe shipments decreased by 7.1% YoY, due to lower sales in the American division, which was partially offset by increased shipments at the Russian division.
- During 9M2015 seamless pipe shipments fell by 2.7% YoY to 1,799 k tonnes.
- In 9M2015, welded pipe shipments were down 13.4% YoY, mainly due to a decline in sales of welded OCTG and welded line pipe across the American division.

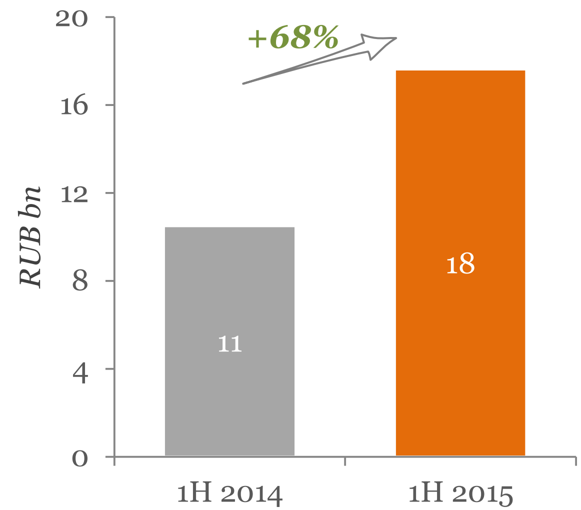
Outstanding Performance of the Russian Division

1H2015 Adj. EBITDA in *US Dollars*



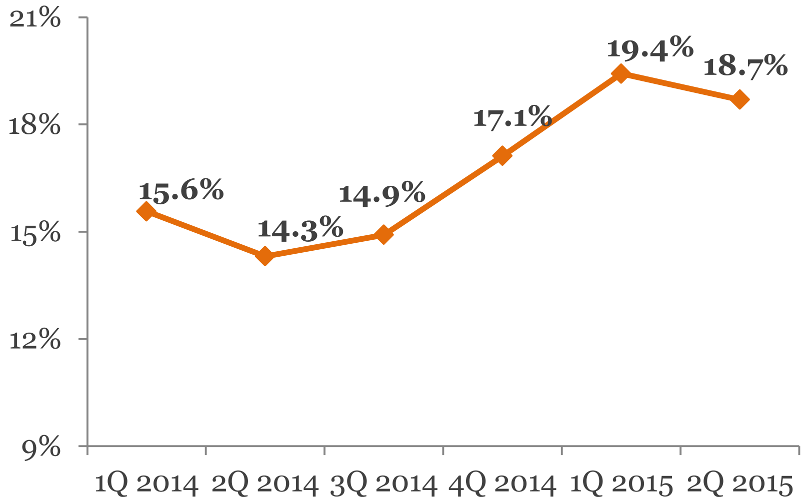
Source: Consolidated IFRS financial statements

1H2015 Adj. EBITDA in *Rubles*



Source: Consolidated IFRS financial statements

Steady improvement of Adj. EBITDA margin

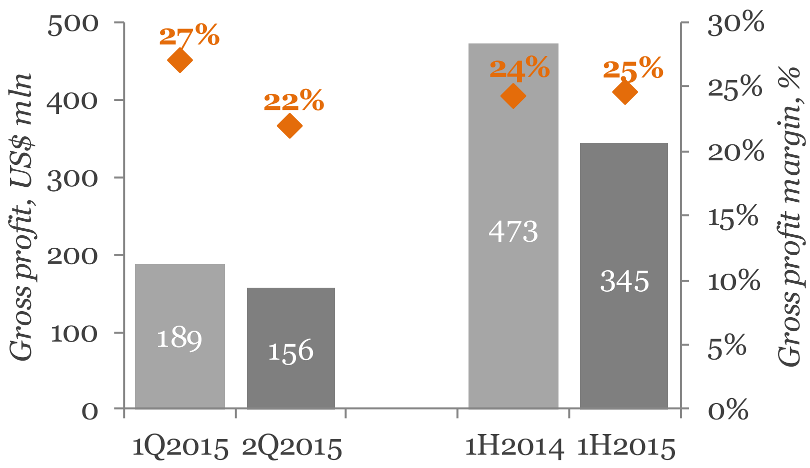


Source: TMK data

Seamless – Core to Profitability, While Welded Improve the Mix

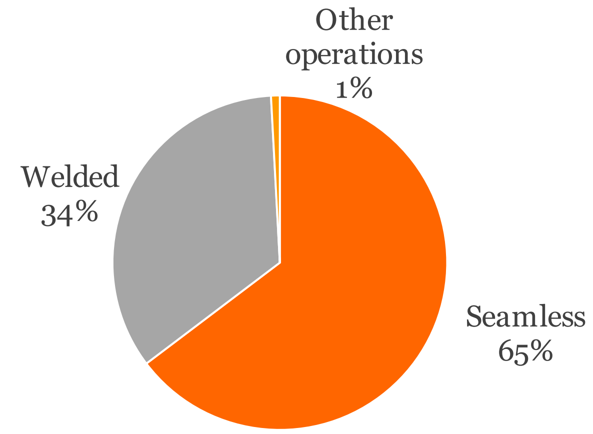
SEAMLESS PIPE

Sustainable margins



Source: TMK data

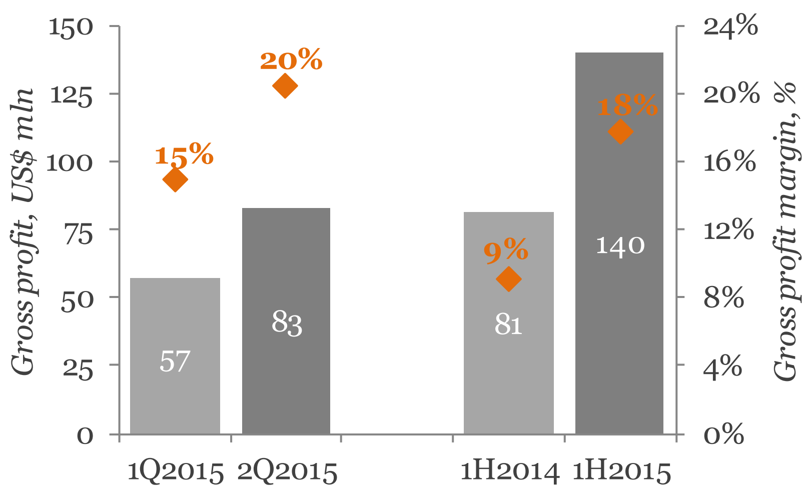
2Q2015 gross profit breakdown



Source: TMK data

WELDED PIPE

Margins increase following LDP volume growth



Source: TMK data

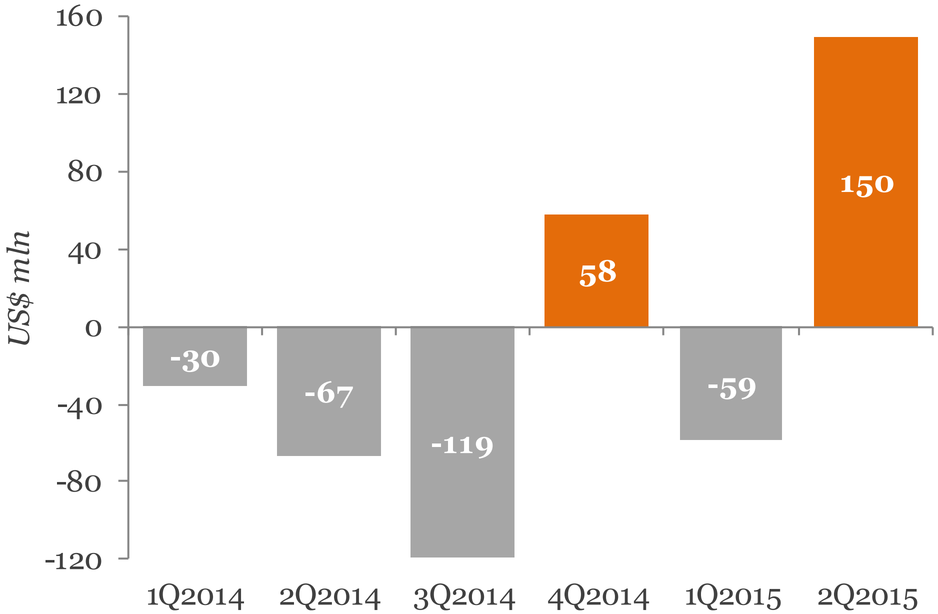
- Sales of seamless pipe generated **61%** of total Revenue both in 2Q2015 and in 1H2015.
- Gross Profit from seamless pipe sales represented **65%** of 2Q2015 total Gross Profit and **70%** of 1H2015 total Gross Profit.
- Gross Profit Margin from seamless pipe sales amounted to **22%** in 2Q2015 and **25%** in 1H2015.

Addressing the Challenges

Challenge	Description		Response
Oil prices	– Brent and WTI remained at a low level during 2015 and demonstrated a 13% decrease YTD.	⇨	▪ The negative effect is mitigated by Ruble depreciation. ▪ Most Russian oil companies are FCF positive and maintaining high margins. ▪ Drilling and oil production are rising.
Weak RUB	– 10% RUB depreciation in 1H2015 negatively affected our EBITDA by around 9%.	⇨	▪ For 1H2015 Russian division EBITDA in RUB increased by almost 70%. ▪ Lower pipe imports as a result of RUB depreciation. ▪ Debt decreased to less than US$3bn.
Higher interest rates	– Interest rate growth for both US$ and RUB loans.	⇨	▪ Commitment to deleverage through limiting CAPEX and working capital. ▪ Strategic relations with the Russian banks.
Challenging US market	– Challenging market conditions in the USA.	⇨	▪ Cost cutting program in place. ▪ Shut down welded pipe production site representing ¼ of total welded capacities of the US division. ▪ Neutral EBITDA level target for FY2015.

Optimization of Working Capital Position

Working capital position to be optimized



Source: TMK data

- In 1H2015, release of working capital in the amount of US$91 mln:
  - Improved payment discipline of the major clients;
  - Decrease in inventory levels both in the Russian and American divisions.
- Prepayments will enable incremental reduction in debt.
- In 2H2015, no significant changes are expected in the working capital position.

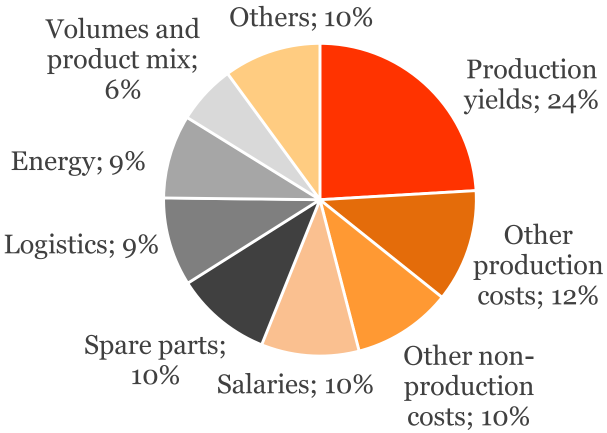
US$ mln	2014				2015		2014	2015
	1Q	2Q	3Q	4Q	1Q	2Q	12m	6m
(Increase)/decrease in inventories	-22	-25	-63	-21	6	92	-130	98
(Increase)/decrease in trade and other receivables	27	6	-91	-19	-6	121	-76	114
Decrease in prepayments	6	-3	0	-24	12	7	-21	19
Decrease in trade and other payables	-28	-44	44	69	-46	-77	41	-123
Decrease in advances from customers	-14	-2	-10	52	-24	6	26	-18
Working capital, US$ mln	**-30**	**-67**	**-119**	**58**	**-59**	**150**	**-159**	**91**

Source: TMK data

Ongoing Cost Cutting Program

2015 cost cutting program breakdown

Total effect of around US$80 mln*



Source: TMK estimates

**at RUB/USD 59.6029 used internally for FY2015 estimates*

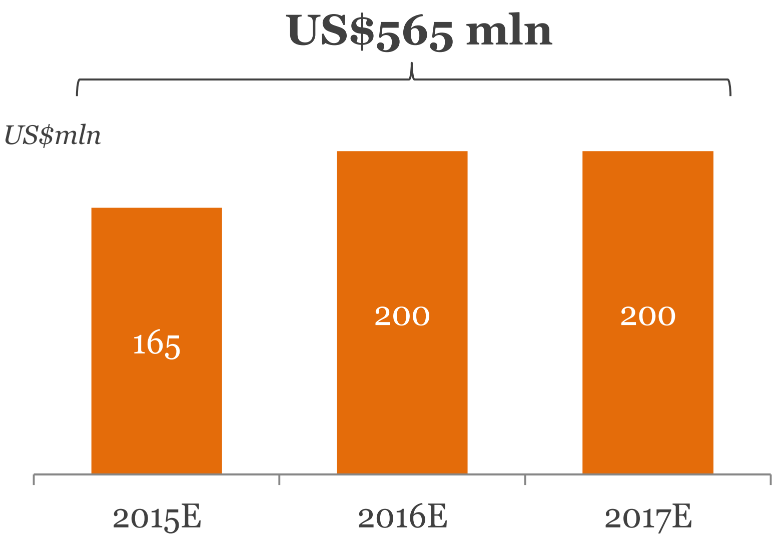
- 2015 cost cutting program as scheduled: around 75% of the program has already been realized.
- 2014 cost cutting program was realized by more than 100%.
- Estimated total effect on EBITDA is approximately US$80 mln.

Ongoing cost cutting measures

Selected Items	Estimated effect on EBITDA, kUS$	
	2014	2015E
Production yields	24,404	19,257
Salaries	21,733	13,568
Volumes and product mix	3,011	7,124
Energy	7,676	5,725
Logistics	9,102	5,495
…	…	…
RUB/USD	*38.42166*	*59.6029*

Source: TMK estimates

Revised Capex Program

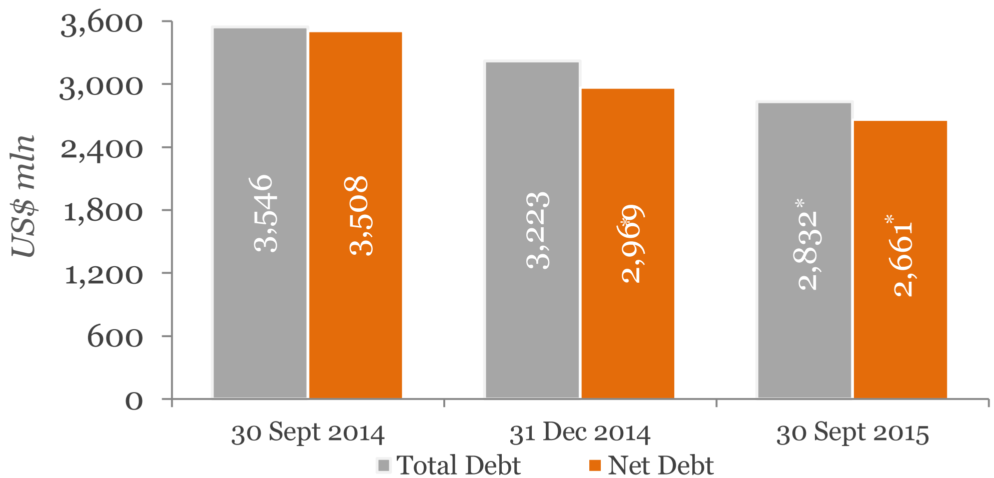


Source: TMK estimates

- Total US$565 mln capex program for three years, including approximately US$100-120 mln maintenance capex annually.
- Capex was cut by more than 30% to adjust to current macroeconomic conditions.
- Major strategic investment program completed in Autumn 2014.
- Majority of 2016-2017 capex will be spent on finishing capacities like heat treatment and threading lines.

Commitment to Deleverage

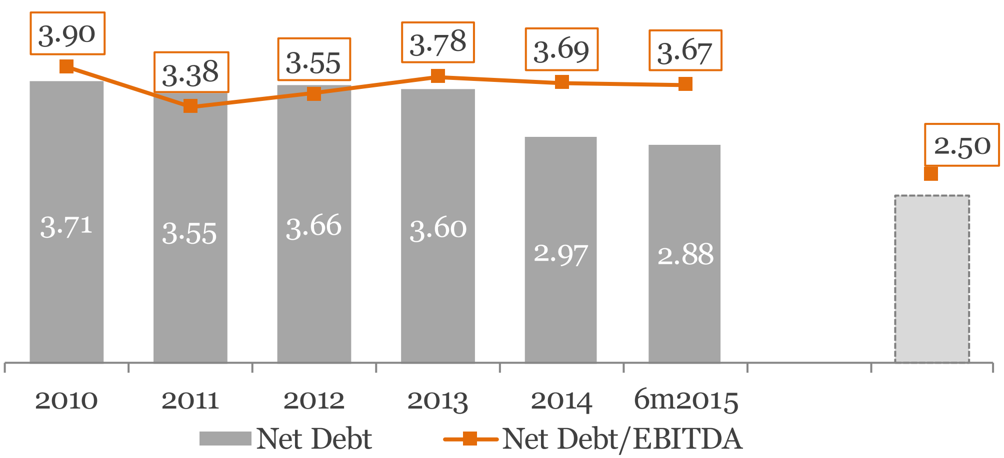
Continuous decrease of debt level



Source: Consolidated IFRS financial statements

**Preliminary data based on TMK management accounts*

Target to achieve 2.5x Net Debt/EBITDA

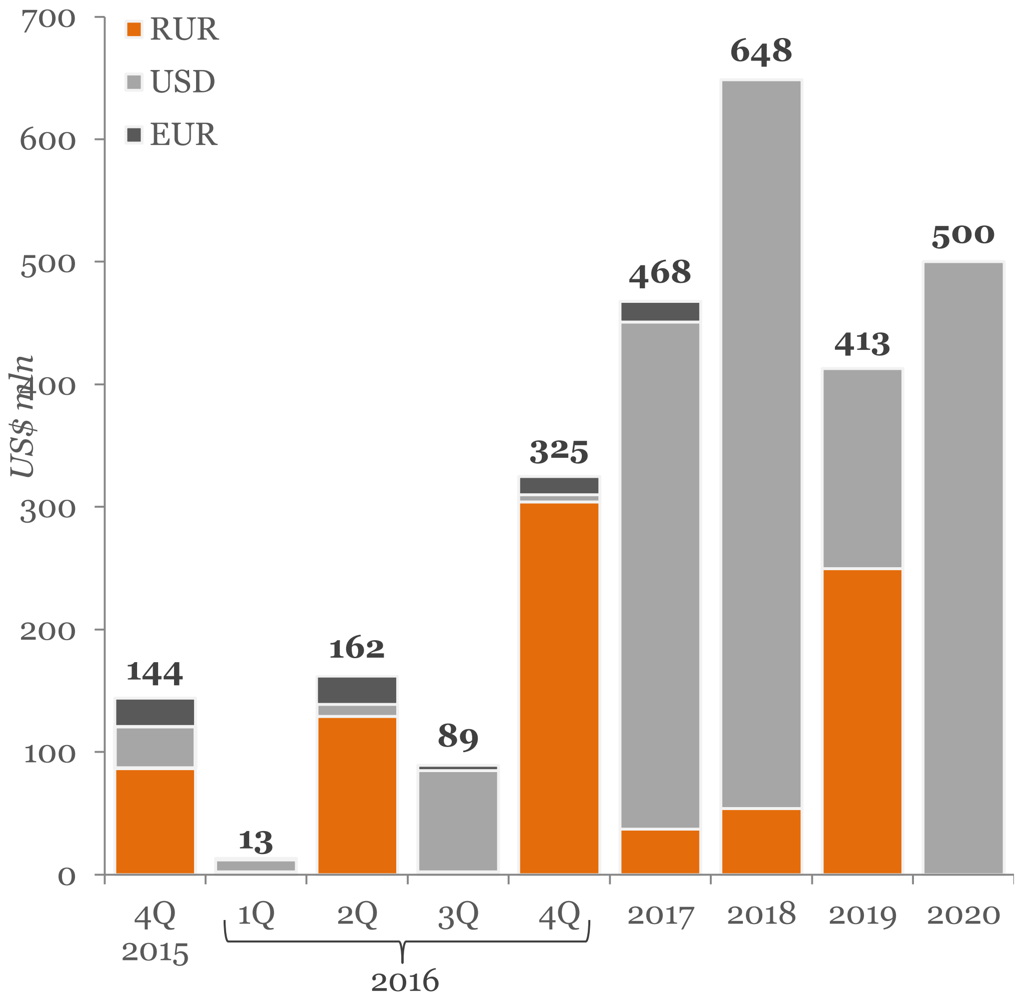


Source: TMK data, TMK estimates

- For 9M2015, net repayment of debt amounted to around US$284 mln.
- Target to achieve 2.5x Net Debt-to-EBITDA ratio after recovery followed by continuous stable performance of the American division.
- Deleveraging through paying down debt by up to US$200 mln annually as well as possible limited equity placement.
- Incurrence test for 2018 and 2020 Eurobonds starts at 3.5x Debt-to-EBITDA.
- Maintenance test on the majority of bank loans is 4.5x or 5.0x Net Debt or Total Debt-to-EBITDA.

Comfortable Debt Maturity Profile

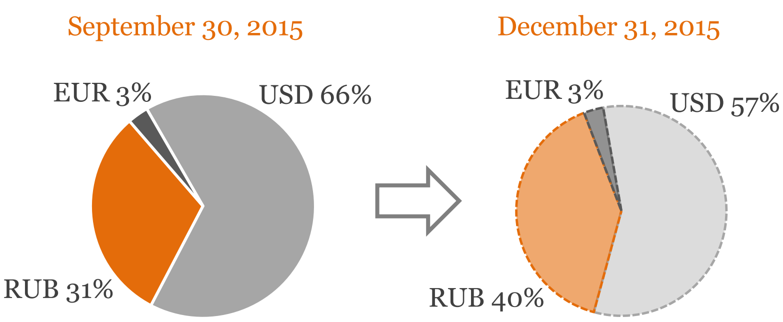
Debt maturity profile as of September 30, 2015



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

- As of September 30, 2015, total loan portfolio amounted to US$2,761 mln based on management accounts compared to US$3,148 mln as of December 31, 2014.
- More than 85% of total bank loans are with the major Russian banks.
- Weighted average interest rate 8.8% compared to 9.07% as of June 30, 2015.
- Credit Ratings:
  - S&P: B+, Negative;
  - Moody's: B1, Negative.

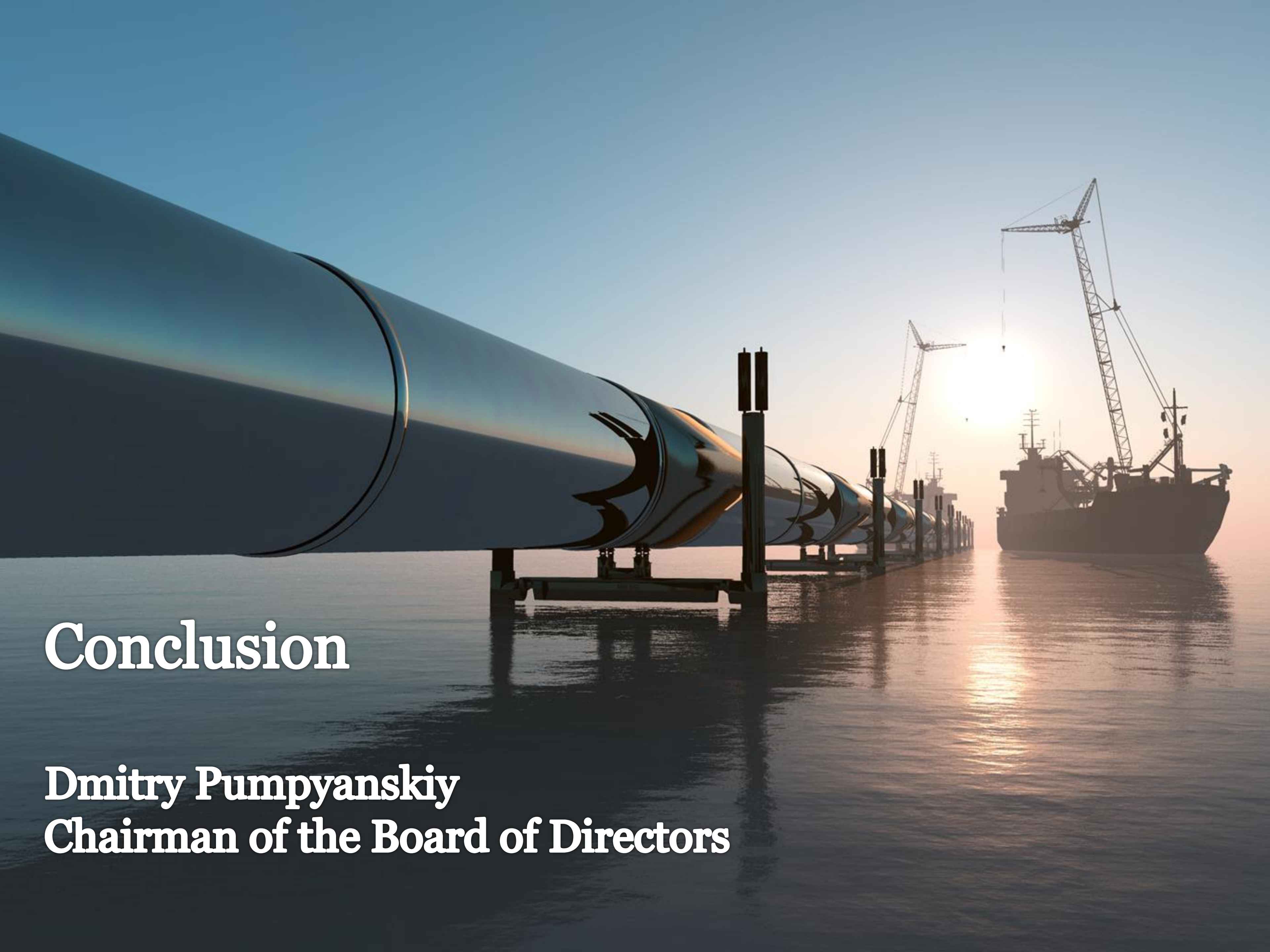
Debt currency structure



Source: TMK management accounts, TMK estimates

Key Targets and Achievements

CAPEX	▪ Strategic investment program completed. ▪ Capex program cut to around US$600 mln for 2015-2017, which translates to more than 30% decrease compared to initial capex budget.
Deleveraging	▪ For 9M2015 net repayment amounted to around US$284 mln. ▪ Working capital position improved: around US$90 mln release of working capital for 1H2015. ▪ Payment discipline of the major clients. ▪ Achieve 2.5x Net Debt/EBITDA ratio after one year of the American division stable performance.
OFS and premium products	▪ Further development of Oil Field Services to become a "one-stop-shop" to fulfil more customers' needs. ▪ Achieve more than 30% share of premium connections in total OCTG sales by 2018.
Strengthen positions on local markets	▪ Gained share on the Russian market as a result of import substitution program. ▪ Newly signed long-term agreement with Gazprom to supply premium products. ▪ Transfer cost increases to customers and retain pricing power.



Conclusion

Dmitry Pumpyanskiy
Chairman of the Board of Directors


Q&A