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This presentation contains statistics and other data on OAO TMK's industry, including market share information, that have been derived from both third party sources and from internal sources. Market statistics and industry data are subject to uncertainty and are not necessarily reflective of market conditions. Market statistics and industry data that are derived from third party sources have not been independently verified by OAO TMK. Market statistics and industry data that have been derived in whole or in part from internal sources have not been verified by third party sources and OAO TMK cannot guarantee that a third party would obtain or generate the same results.
Presentation Outline

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- Appendix – Summary Financial Accounts  32
- Appendix – TMK Global Assets and Products  36
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Company Overview and Investment Highlights
Investment Highlights

Global Market Leader
- One of the largest tubular capacity
- High exposure to the oil & gas industry: approximately 75% of 2012 shipments went to the oil & gas sector
- Leading producer of value-added steel pipes for the oil & gas industry
- 10% global seamless OCTG\(^{(1)}\)

Leading Position in Russia and the U.S.
- Russia: 52% seamless pipe market, 62% seamless OCTG market, 16% LD pipe market in 2012
- Strategic partnerships and long-term contracts with Russian oil & gas majors
- One of the leading supplier to shale oil & gas in the U.S.

Favorable Industry Fundamentals
- Strong industry fundamentals driven by robust demand for oil & gas
- Stable demand from Russian oil industry little affected by fluctuations in oil prices
- Consolidated industry with significant barriers to entry
- Demand for seamless OCTG expected to experience significant growth driven by increasing complexity of drilling
- Oil & gas plays are to be more resilient to possible economic recession due to limited supply from traditional deposits and geopolitical risks

Vertically Integrated Low Cost Producer
- Structural cost advantages over major international competitors
- Fully vertically integrated seamless pipe production (upstream and downstream operations) in all 3 divisions
- Long-term proven ability to pass cost increase to customers

Growth Potential and Deleveraging
- Strategic Investment Programme (2004-14) aimed at 48% capacity increase is nearly completed
- Ability to efficiently integrate acquired businesses and realise synergies
- The effect from the recent investment projects to be realized in 2012-2015 which will facilitate deleveraging

Key Performance Figures

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue, U.S.$ mln</th>
<th>EBITDA, U.S.$ mln</th>
<th>ROE, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>4,179</td>
<td>920</td>
<td>28.9%</td>
</tr>
<tr>
<td>2008</td>
<td>5,690</td>
<td>1,047</td>
<td>9.4%</td>
</tr>
<tr>
<td>2009</td>
<td>3,461</td>
<td>328</td>
<td>neg</td>
</tr>
<tr>
<td>2010</td>
<td>5,578</td>
<td>942</td>
<td>6.9%</td>
</tr>
<tr>
<td>2011</td>
<td>6,754</td>
<td>1,050</td>
<td>22.4%</td>
</tr>
<tr>
<td>2012</td>
<td>6,688</td>
<td>1,040</td>
<td>14.4%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) OCTG - Oil Country Tubular Goods
TMK—Global Supplier of Full Range of Pipes for Oil and Gas Industry

Steel Tubular Industry Leader

TMK’s strategic positioning made it the steel tubular industry leader, with over 4 million tonnes sold in 2012.

<table>
<thead>
<tr>
<th></th>
<th>North America</th>
<th>Europe</th>
<th>Russia and CIS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steelmaking</td>
<td>450,000</td>
<td>450,000</td>
<td>2,450,000</td>
<td>3,350,000</td>
</tr>
<tr>
<td>Seamless Pipes</td>
<td>300,000</td>
<td>220,000</td>
<td>2,486,000</td>
<td>3,006,000</td>
</tr>
<tr>
<td>Welded Pipes</td>
<td>1,000,000</td>
<td>2,120,000</td>
<td>3,120,000</td>
<td></td>
</tr>
<tr>
<td>Heat Treat</td>
<td>441,000</td>
<td>1,500,000</td>
<td>1,941,000</td>
<td></td>
</tr>
<tr>
<td>Threading</td>
<td>980,000*</td>
<td>1,560,000</td>
<td>2,540,000</td>
<td></td>
</tr>
</tbody>
</table>

Note: *Including ULTRA Premium connections of 240,000 tons
Source: TMK data
Leading Global Supplier of Pipes for Oil and Gas Industry

Key Considerations

- A world leading tube producer by sales volumes in 2012.

- High exposure to the oil and gas industry: approximately 75% of sales volumes went to the oil and gas sector in 2012.

- The leading producer of value-added seamless pipes for the oil and gas industry in Russia and one of the three largest seamless pipe producers globally.

- According to the Company’s estimates, TMK has a 25% market share for steel pipes, 52% market share for seamless pipes and 62% market share for seamless OCTG in Russia by sales volume in 2012.

Leading Global Supplier of Seamless OCTG

2012 World OCTG Market Share by Sales Volumes (%)

Source: TMK estimates

World Leading Tubular Producer

Source: TMK data, annual reports for other companies

Focus on Oil & Gas Industry

2012 Sales Volumes by Industry (%)

Source: TMK data
**Strong Pipe Industry Fundamentals**

### Key Considerations

- Strong industry fundamentals driven by robust demand for oil and gas.
- Significant expected capital expenditure by oil and gas industry driven by strong outlook for oil prices.
- Increasing drilling complexity (horizontal drilling and deeper wells) drives demand for high value added pipes and, as a result, potential for margin expansion.
- Global drilling activity dominated by geographical markets where TMK is a local producer:
  - Russian wells drilled expected CAGR of 7% (2012-2018);

*Source: Spears & Associates*

### Significant Capex Spend by Oil and Gas Industry

#### Drilling Capex (US$bn) and Wells Drilled

*Note: Excluding China and Central Asia. Onshore and offshore drilling*

*Source: Spears & Associates*

### Oil Prices Remain High

#### Historical and forward Brent Oil price (US$/barrel)

*Source: Bloomberg, brokers*

### US and Russia Leading Global Demand

#### 2012 Global Drilling Activity by Geography (Number of Wells Drilled)

*Note: Excluding China and Central Asia. Onshore and offshore drilling*

*Source: Spears & Associates*
Diversified Business Model

Key Considerations

- High degree of diversification enabling earnings resilience.
- Geographical diversification seeking to mitigate swings in geographical demand (Russian division 55% and American division 30% of 2012 revenues).
- Diversified product portfolio, including full range of seamless and welded pipes.
- Focus on higher value added products, including seamless pipes and OCTG.
- Diversified customer base covering end users in oil and gas and industrial sectors (top 5 customers represented 26% of sales volumes in 2012).
- Long-term relationships with Russian oil and gas majors (Rosneft, Surgutneftgas, Lukoil, TNK-BP and Gazprom).

Diversified Geographical Reach

**TMK Revenues by Country (2012)**
- Russia: 55%
- Americas: 30%
- Europe: 7%
- Central Asia & Caspian Region: 5%
- Middle East & Gulf Region: 3%
- Other: 1%

**Source:** TMK data

Diversified Product Portfolio and Customer Base

**Sales Volumes by Product (2012)**
- Seamless OCTG: 32%
- Welded OCTG: 10%
- Seamless Line Pipe: 14%
- Welded Line Pipe: 10%
- Seamless Industrial: 13%
- Welded Industrial: 13%
- Welded LD: 10%
- Welded OCTG: 9%
- Seamless Line: 9%

**Source:** TMK data

Significant Exposure to Less Cyclical Russian Drilling Industry

**Adjusted EBITDA**

- **(a)** Adjusted EBITDA is calculated as profit before tax plus finance costs minus finance income plus depreciation and amortization adjusted for non-operating non-recurrent items.
- **Source:** TMK IFRS accounts

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*Note: The diagrams and figures are not included in this text. They would typically provide visual representations of the data and statistics mentioned.*
Focus on High Value Added Products

Key Considerations

- 62% of revenues was higher margin seamless pipes in 2012.
- 26% gross margin for seamless pipe vs. 15% for welded pipes in 2012.
- Full range of connections to address different drilling environments.
- R&D facilities in Russia and US working closely with customers to address their needs.

Strong Growth in Premium Products

Premium Products Sales Volumes (thousand tonnes)

<table>
<thead>
<tr>
<th>Year</th>
<th>Russia (thousand tonnes)</th>
<th>US (thousand tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>41</td>
<td>97</td>
</tr>
<tr>
<td>2011</td>
<td>108</td>
<td>108</td>
</tr>
<tr>
<td>2012</td>
<td>140</td>
<td>140</td>
</tr>
</tbody>
</table>

Increasing Focus on Higher Margin Seamless Products

<table>
<thead>
<tr>
<th>Year</th>
<th>Seamless tubes revenues (%)</th>
<th>Welded tubes gross margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>53</td>
<td>10</td>
</tr>
<tr>
<td>2011</td>
<td>58</td>
<td>14</td>
</tr>
<tr>
<td>2012</td>
<td>62</td>
<td>20</td>
</tr>
</tbody>
</table>

Connections to Address Different Drilling Environment

Premium Connections

Source: TMK data
Low Cost Vertically Integrated Producer

Key Considerations

- Structural cost advantages over major international competitors: Russia is one of the lowest cost regions for steel production.
- Fully vertically integrated seamless pipe production (upstream and downstream operations) in all divisions.
- Almost self-sufficient in steel billets.
- Both Russia and North American businesses have benefitted from significant synergies and complementarily during the past three years since the acquisition of IPSCO.
- Ability to generally pass cost of steel increase to customers albeit with some time lag.

Vertical Integration

- Preparation of raw material, materials and consumables
- Charging of steel making furnaces
- Billet heating in circle furnaces
- Grooving piercing
- Hydropressing
- Hugging
- Billet reducing mill
- Cooling
- Batch sawing
- Heat treatment
- Quality control
- Threading, thread inspection
- Coupling, smooth end and drilling
- Hydrostatic testing
- Protection cover-on and coating application
- Storage

![Diagram of production process]

Raw Materials Costs can Generally be Passed Through to Customers

Cost of Sales Structure (2012)

- Raw materials and consumables: 68%
- Staff costs: 14%
- Energy and utilities: 8%
- Repairs and maintenance: 3%
- Other: 7%

Note: Excluding depreciation and amortisation

Source: TMK IFRS accounts

Industry Leading Cost Position

<table>
<thead>
<tr>
<th>Company</th>
<th>2012 Cost per Tonne (US$/t)(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMK</td>
<td>1,228</td>
</tr>
<tr>
<td>Competitor 1</td>
<td>1,718</td>
</tr>
<tr>
<td>Competitor 2</td>
<td>2,614</td>
</tr>
</tbody>
</table>

Source: TMK data, annual reports for other companies

(a) Cost per Tonne is calculated as Cost of Sales divided by sales volumes
Proven Track Record of Sustainable Growth

Key Considerations

- Resilient pipe sales throughout the crisis.
- Strategic Investment Programme (2004-14) aimed at substantial capacity increase is nearly completed.
- The effect of the recent investment projects expected to be realised in 2013-2015 and should facilitate deleveraging.
- Ability to efficiently integrate acquired businesses and realise synergies.
- CAPEX for 2013 is US$387m includes approximately US$100m of maintenance capex.

Decreasing TMK Capex

<table>
<thead>
<tr>
<th>Year</th>
<th>Capex (US$ mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>840</td>
</tr>
<tr>
<td>2009</td>
<td>395</td>
</tr>
<tr>
<td>2010</td>
<td>314</td>
</tr>
<tr>
<td>2011</td>
<td>402</td>
</tr>
<tr>
<td>2012</td>
<td>445</td>
</tr>
<tr>
<td>2013E</td>
<td>387</td>
</tr>
</tbody>
</table>

Source: TMK
(a) Purchase of PP&E investing cash flows

Sales Volumes Evolution

Sales Volumes (thousand tonnes)

<table>
<thead>
<tr>
<th>Year</th>
<th>Seamless pipes</th>
<th>Welded pipes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>3,227</td>
<td>1,979</td>
</tr>
<tr>
<td>2009</td>
<td>2,769</td>
<td>1,649</td>
</tr>
<tr>
<td>2010</td>
<td>3,962</td>
<td>2,119</td>
</tr>
<tr>
<td>2011</td>
<td>4,185</td>
<td>2,342</td>
</tr>
<tr>
<td>2012</td>
<td>4,238</td>
<td>2,494</td>
</tr>
</tbody>
</table>

Source: TMK data

Main Investment Projects

**Russia**

- **Construction of EAF at Tagmet**
  - Project Launch: 2013
  - Total capacity: 1,000 thousand tonnes
  - Capacity Increase: 600 thousand tonnes

- **Construction of FQM Mill at Seversky Pipe Plant**
  - Project Launch: 2014
  - Total capacity: 600 thousand tonnes
  - Capacity increase: 250 thousand tonnes

**USA**

- **Threading**
  - Period: 2012-2017
  - Additional Capacity: 230kt

- **Heat Treatment**
  - Period: 2012-2017
  - Additional Capacity: 280kt

Source: TMK data
# Strategy Focused on Profitable Growth

- TMK is committed to maintaining its global leadership position in the main product segments and core markets, improving production efficiencies and seeking to enhance its margins in line with industry peers.

- Strategic Investment Programme (2004-14) aimed at substantial capacity increase is nearly completed. No major investments expected.

<table>
<thead>
<tr>
<th>Russia and Europe</th>
<th>Americas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capacity Expansion</strong></td>
<td><strong>Roll out ULTRA threading facilities throughout the US and globally</strong></td>
</tr>
<tr>
<td>▪ Increase seamless pipe capacity to 600,000 tonnes, incremental 250,000 tonnes (FQM mill at Seversky expected to be commissioned in 2014)</td>
<td>▪ Increase threading capacity</td>
</tr>
<tr>
<td>▪ Increase steelmaking capacity to 1,000,000 tonnes, incremental 600,000 tonnes (EAF facility to be launched at Tagmet in 2013)</td>
<td>▪ Enhance R&amp;D activity in Houston, Texas</td>
</tr>
<tr>
<td><strong>Target Markets</strong></td>
<td>▪ Increase heat treatment capacity by 50%</td>
</tr>
<tr>
<td>▪ Sustain position of primary supplier to unconventional Russian oilfields (the Caspian, Eastern Siberia, Arctic offshore)</td>
<td>▪ Enhance export program of seamless pipes between Russian and American divisions</td>
</tr>
<tr>
<td>▪ Enhance TMK presence the Middle East markets (leveraging acquisition in Oman) and sells of premium connections</td>
<td></td>
</tr>
<tr>
<td>▪ Expand in Sub-Saharan Africa and South-East Asia</td>
<td><strong>Product Offering Development</strong></td>
</tr>
<tr>
<td><strong>Product Offering Development</strong></td>
<td><strong>Globalise ULTRA premium connections</strong></td>
</tr>
<tr>
<td>▪ Focus on higher value-added pipe products (premium connectors, proprietary grades, specialised tubes)</td>
<td>▪ Develop new generations of premium threads, special grades, alloyed tubulars etc</td>
</tr>
<tr>
<td>▪ Expand offshore certification for its tubular products</td>
<td>▪ Grow and expand well engineering support and related field services</td>
</tr>
<tr>
<td>▪ Create value through developing services and new tubular solutions</td>
<td><strong>Market Positioning</strong></td>
</tr>
<tr>
<td><strong>Market Positioning</strong></td>
<td><strong>Maintain a leading position on the US shale gas and shale oil market</strong></td>
</tr>
<tr>
<td>▪ Continue to be the supplier of choice for Russian O&amp;G companies</td>
<td>▪ Sustain our position in Top-3 global suppliers of premium connections</td>
</tr>
<tr>
<td>▪ Provide high quality products at a low cost</td>
<td>▪ Exploit synergies between well established US operations and strong Russian production base</td>
</tr>
<tr>
<td>▪ Grow recognition among international O&amp;G majors</td>
<td>▪ Develop direct supply relationships with customers</td>
</tr>
</tbody>
</table>
Industry Overview
Seamless OCTG is the Most Attractive Segment

Key Considerations

- Seamless OCTG sector constitutes approximately 9% of total global tube market.
- Seamless OCTG is highly complex value added product compared to other tube types and has higher margins.
- OCTG segment has significant value and growth potential and is highly concentrated and has high barriers for new entrants.
- TMK had a 12% market share worldwide by value in the OCTG market in 2012 and has grown its market share by value by 6.6% p.a. since 2005 (vs. 5.3% market growth).

... but is Highly Value Added Compared to Other Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Market Share 2012</th>
<th>CAGR 2005-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCTG</td>
<td>9%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Industrial Welded</td>
<td>51%</td>
<td>87.5%</td>
</tr>
<tr>
<td>Line Pipe</td>
<td>2%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Welded OCTG</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Welded LD</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Welded Line Pipe</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Industrial</td>
<td>19%</td>
<td></td>
</tr>
</tbody>
</table>

OCTG is a Relatively Small Segment of Global Tube Industry...

Highly Concentrated Segment

Source: TMK estimates, industry sources, WSA, World steel in figures

Source: Spears & Associates
Increasing Complexity of Russian Drilling

Key Considerations

- Demand driven by production shift to unconventional regions (Eastern Siberia, Sakhalin and Arctic offshore) and development of greenfield projects
- Increasing complexity of oil and gas production in Russia driven by shift to horizontal drilling and deeper wells expected to increase demand for higher value-added products
- Potential fiscal incentives for exploring unconventional fields

Increasing Greenfield Oil Production in Eastern Regions

- **Horizontal Drilling is Expected to Increase**
- **Increasing Depth of Russian Wells**

Source: REnergyCO 2012
Increasing complexity of oil and gas production in Russia is expected to increase demand for higher value-added products.

**Unconventional Tax Stimulus**

<table>
<thead>
<tr>
<th>Greenfields</th>
<th>Unconventional Oil</th>
<th>Offshore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved</td>
<td>Approved</td>
<td></td>
</tr>
</tbody>
</table>

**Reduced export duty**

- 45% \* (Urals - U.S.$365/tonne) until project reaches 16.3% IRR

**Under Duma consideration**

- Extension of MET tax holidays for Eastern Siberia for production volumes up to 25 mln tonnes

**Draft Bill**

- Reduced export duty for high viscous oil (over 10,000 mPas), full exemption from MET
- 20-24% of MET for fields with permeability up to 2 md depending on reservoir thickness (<10m, >10m)
- Zero MET for Bazhenov, Khadumov, Abalak and Domanikov suites

**Proposal**

- Royalty of 5-30% depending on project complexity
- Exemption from export duty, property tax and VAT

Source: VTB Capital
Strong Russian LDP Demand

Key Considerations

- Russian LDP demand is expected to be driven by new CIS pipeline projects
- TMK is currently a supplier for major pipeline projects
  - South Stream
  - Zapolyarye-Purpe
  - Sibur Tyumen Gas
  - Central Asia - China, Kazakhstan

Russian Pipeline Projects

Forecast LDP Demand by Project

Source: VTB Capital

Source: TMK, Industry sources
Increasing Unconventional Drilling Activity in the United States

Key Considerations

- Demand for high-value added products driven by continued shift to unconventional drilling
- Horizontal drilling now accounts for almost a 3/4 of the U.S. rig count mix owing to shale developments
- The rapid growth of shale gas and oil is a key driver of the US pipe and tube demand
- Between 2012 and 2020, tight and shale gas production expected to grow by 2.9% p.a. and tight oil expected to grow by 4.4% p.a.

Source: Baker Hughes

US Shale Production Forecasts

US Tight Oil Production

2012-20E CAGR: +2.9%

US Tight and Shale Gas Production

2012-20E CAGR: +4.4%

Source: Baker Hughes

US Rigs Expected to Increase by 2% p.a.

Source: Woodmac

Premium Tubular Content Increasing with Unconventional Drilling Activity

Source: Baker Hughes
Shift to Unconventional Drilling Drives Demand for Seamless and Premium Products

### Conventional (Vertical) Drilling

- **Length, km**
  - Vertical Shale: Up to 5
  - Horizontal Shale: Up to 10

- **% Seamless**
  - Vertical Shale: 35%
  - Horizontal Shale: 60%

- **% Premium Connections**
  - Vertical Shale: <5%
  - Horizontal Shale: 30%

- **OCTG Tons per Well**
  - Vertical Shale: 45
  - Horizontal Shale: 190

- **% Small OD <7"**
  - Vertical Shale: 25%
  - Horizontal Shale: 65%

Source: J.P. Morgan, Industry Sources

### Unconventional (Horizontal) Drilling (Hydraulic Fracturing)

- **Seamless / Welded Tubing**
- **Seamless / Welded Casing**
- **Premium Connections**
- **Drilling**

Drilling with casing TMK CWB
From Gas Shale to Oil Shale

Shift from gas to oil is changing product demands and sales mix

- Move to shallower wells, with less pressure utilizing API alloy pipe with **SEMI PREMIUM connections** rather **PREMIUM CONNECTIONS**
Shale Gas Revolution Led to an Increase in Natural Gas Consumption

Key Considerations

- The shale gas revolution led to a 48% surge in natural gas output in the US in the seven years to late 2012.
- Natural gas prices started falling significantly and now stand at only a quarter of the prevailing level back then.
- Drop in natural gas prices led to an increase in gas consumption in the US, especially by power generation industry.
- As gas prices fall significantly power plants switched to using natural gas for base load generation rather than coal and as a result significantly more gas-fueled power capacity was added in the US.

*Source: Sberbank CIB*

Drop in Gas Prices Led to an Increase in Gas Consumption

**US Gas Consumption Breakdown (bcm)**

- US gas consumption, 2007: 647 bcm
- Decline in residential and commercial consumption: 64 bcm
- Growth in industrial and other consumption: 713 bcm

With Gas Prices Falling Gas-Fueled Power Capacity Extended


- US power generation fuel costs, $/MWh

*Parity for gas is achieved at $3/mmBtu (about $24/MWh).*

*Source: US Department of Energy, Sberbank CIB*
Canadian Oil Sands

Three Major Oil Sands Deposits

- Peace River Deposit
- Athabasca Deposit
- Cold Lake Deposit

Canadian Oil Sands – Fast Facts

- Around 170 billion of Oil Sands reserves
- Potential for over 100 years of production
- Mining – less than 200 feet deep: 20% of reserves
- Drilling – more than 200 feet deep: 80% of reserves
- Canada: 21% of U.S. oil imports in 2009, 37% in 2035F. About half of the Canadian Crude Oil imports come from Oil Sands.
- By 2025, production from Canadian Oil Sands is expected to rise from about 1.4 million barrels per day to about 3.5 million barrels per day

Source: Canadian Association of Petroleum Producers, EIA, CERA

Drilling – Steam Assisted Gravity Drainage (SAGD)

Most new oil sands projects are thought to be profitable at oil prices U.S.$65 – U.S.$75 per barrel

Source: Canadian Association of Petroleum Producers, World Energy Outlook 2010

Source: Canadian Centre for Energy Information
Financial Overview
## Key Consolidated Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> (US$m)</td>
<td>5,690</td>
<td>3,461</td>
<td>5,579</td>
<td>6,754</td>
<td>6,688</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>1,047</td>
<td>328</td>
<td>942</td>
<td>1,050</td>
<td>1,040</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin (%)</strong></td>
<td>18%</td>
<td>9%</td>
<td>17%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Profit (Loss)</strong></td>
<td>198</td>
<td>(324)</td>
<td>104</td>
<td>385</td>
<td>282</td>
</tr>
<tr>
<td><strong>Net Profit Margin (%)</strong></td>
<td>3%</td>
<td>NM</td>
<td>2%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Pipe Sales ('000 tonnes)</strong></td>
<td>3,227</td>
<td>2,769</td>
<td>3,962</td>
<td>4,185</td>
<td>4,238</td>
</tr>
<tr>
<td><strong>Average Net Sales/tonne (US$)</strong></td>
<td>1,763</td>
<td>1,250</td>
<td>1,408</td>
<td>1,614</td>
<td>1,578</td>
</tr>
<tr>
<td><strong>Cash Cost per tonne (US$)</strong></td>
<td>1,263</td>
<td>979</td>
<td>1,027</td>
<td>1,207</td>
<td>1,168</td>
</tr>
<tr>
<td><strong>Cash Flow from Operating Activities</strong></td>
<td>740</td>
<td>852</td>
<td>386</td>
<td>787</td>
<td>929</td>
</tr>
<tr>
<td><strong>Capital Expenditure</strong></td>
<td>840</td>
<td>395</td>
<td>314</td>
<td>402</td>
<td>445</td>
</tr>
<tr>
<td><strong>Total Debt</strong> (US$m)</td>
<td>3,211</td>
<td>3,752</td>
<td>3,872</td>
<td>3,787</td>
<td>3,885</td>
</tr>
<tr>
<td><strong>Net Debt</strong> (US$m)</td>
<td>3,063</td>
<td>3,504</td>
<td>3,711</td>
<td>3,552</td>
<td>3,656</td>
</tr>
<tr>
<td><strong>Short-term Debt/Total Debt</strong></td>
<td>70%</td>
<td>41%</td>
<td>18%</td>
<td>16%</td>
<td>27%</td>
</tr>
<tr>
<td><strong>Net Debt/Adjusted EBITDA</strong></td>
<td>2.9x</td>
<td>10.7x</td>
<td>3.9x</td>
<td>3.4x</td>
<td>3.5x</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA/Finance Costs</strong></td>
<td>3.8x</td>
<td>0.7x</td>
<td>2.2x</td>
<td>3.5x</td>
<td>3.5x</td>
</tr>
</tbody>
</table>

(a) IFRS financials figures were rounded for the presentation’s purposes. Minor differences with FS may arise due to rounding
(b) Adjusted EBITDA is calculated as profit before tax plus finance costs minus finance income plus depreciation and amortisation adjusted for non-operating and non-recurrent 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 interest bearing loans and borrowings plus liability under finance lease; Net debt represents Total debt less cash and cash equivalents and short-term financial investments

Source: TMK Consolidated IFRS Financial Statements
4Q 2012 and FY 2012 Summary Financial Highlights

**Revenue**

- **4Q 2012**: +1% QoQ
- **FY 2012**: -1% YoY

- **4Q 2012** revenue was relatively flat QoQ, with unfavorable changes in seamless pipe pricing in the American division being offset by higher LDP volumes in the Russian division and the favorable currency translation effect.
- **FY 2012** revenue decreased YoY mainly due to the negative impact of currency translation, excluding currency impact revenue would grow by $252 million.

**Adjusted EBITDA**

- **4Q 2012**: -5% QoQ
- **FY 2012**: -1% YoY

- **4Q 2012** Adjusted EBITDA decreased QoQ due to lower sales and weaker pricing in the American division. Adjusted EBITDA Margin was 14%.
- **FY 2012** Adjusted EBITDA decreased YoY due to impact of unfavorable currency translation, higher operating expenses and negative sales mix in the American division, partially offset by higher volumes of OCTG and better profitability of the welded business in Russia. Adjusted EBITDA Margin was 16%.

**Net Income**

- **4Q 2012**: -54% QoQ
- **FY 2012**: -27% YoY

- **4Q 2012** net income decreased QoQ primarily due to lower gross profit.
- **FY 2012** net income declined YoY primarily as a result of higher operating expenses, impairment of assets and loss on changes in fair value of derivative financial instrument.

\[(1)\text{ Adjusted EBITDA is calculated as profit/loss before tax plus finance costs minus finance income plus depreciation and amortization adjusted for non-cash items}\]

\[\text{Note: Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100%}\]
FY 2012 Sales by Division and Group of Product

FY 2012 Sales by Division

- Russian division sales increased YoY mainly due to higher demand for seamless OCTG and line pipe as well as welded line pipe that was significantly offset by the decrease in sales of LDP.
- American division sales increased YoY due to higher welded pipe volumes that were offset by lower demand for seamless pipe.
- European division sales decrease YoY reflecting the current weak demand in the European Union and growing competition.

FY 2012 Sales by Group of Product

- Seamless volumes increased YoY mainly due to higher seamless sales in the Russian division supported by robust drilling activity and sustained high oil prices.
- Welded volumes decreased YoY mostly due to lower sales of welded pipe in Russia as a result of a decline in LD pipe sales as some major pipeline projects were completed or postponed.
- Total OCTG sales increased by 12% YoY supported by the robust drilling activity of Russian oil companies on the back of sustained high oil prices.

Source: TMK data
**FY 2012 Revenue by Division**

<table>
<thead>
<tr>
<th>Division</th>
<th>FY 2011</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>4,788</td>
<td>4,714</td>
</tr>
<tr>
<td>Americas</td>
<td>1,590</td>
<td>1,650</td>
</tr>
<tr>
<td>Europe</td>
<td>375</td>
<td>324</td>
</tr>
</tbody>
</table>

- Russian division decreased due to the negative impact of currency translation, lower volumes and unfavorable sales mix of welded pipe as a result of a decrease in LDP sales.

- American division increased due to higher volumes of primarily welded OCTG and line pipe, changes in pricing and sales mix of seamless pipe, largely offset by a drop in sales of both seamless industrial and line pipe.

- European division decreased due to the negative impact of currency translation, while sales of seamless industrial pipe increased year-on-year.

Source: Consolidated IFRS Financial Statements, TMK data

**FY 2012 Revenue per Tonne**

<table>
<thead>
<tr>
<th>Division</th>
<th>FY 2011</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>1,537</td>
<td>1,492</td>
</tr>
<tr>
<td>Americas</td>
<td>1,783</td>
<td>1,827</td>
</tr>
<tr>
<td>Europe</td>
<td>2,107</td>
<td>1,840</td>
</tr>
</tbody>
</table>

- Russian division revenue per tonne decreased mainly due to the negative impact of currency translation and lower share of LD pipe in the Company’s sales.

- American division revenue per tonne increased primarily due to better pricing partially offset by negative product mix.

- European division revenue per tonne decreased due to the negative impact of currency translation and weaker pricing.

* Revenue per tonne for all three divisions include other revenue

Note: Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100%.
FY 2012 Adjusted EBITDA by Division vs. Prior Year

---

**FY 2012 Adjusted EBITDA**

- **Russia:**
  - FY 2011: 721 U.S.$ mln
  - FY 2012: 766 U.S.$ mln
  - Increase: +6%

- **Americas:**
  - FY 2011: 265 U.S.$ mln
  - FY 2012: 222 U.S.$ mln
  - Decrease: -16%

- **Europe:**
  - FY 2011: 64 U.S.$ mln
  - FY 2012: 52 U.S.$ mln
  - Decrease: -19%

**FY 2012 Adjusted EBITDA Margin**

- **Russia:**
  - FY 2011: 15%
  - FY 2012: 16%
  - Increase: +1%

- **Americas:**
  - FY 2011: 17%
  - FY 2012: 13%
  - Decrease: -4%

- **Europe:**
  - FY 2011: 17%
  - FY 2012: 16%
  - Increase: +1%

---

**Note:**

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---

- **Russian division Adjusted EBITDA** increased on the back of higher seamless OCTG volumes and improved profitability in the welded segment due to a significant drop in the average purchase price for steel coil.

- **American division Adjusted EBITDA** declined largely due to negative sales mix, in particular higher share of welded pipe, and decreased profitability of seamless pipe due to higher fixed costs absorption.

- **European division Adjusted EBITDA** decrease due to the lower revenues resulted mostly from the unfavorable currency translation effect and weaker pricing.

---

Source: TMK Consolidated IFRS Financial Statements, TMK data
# Seamless – Core to Profitability

Sales of seamless pipes generated **61%** of total Revenue in 4Q 2012 and **62%** of total Revenue for FY 2012.

Gross Profit from seamless pipe sales represented **74%** of 4Q 2012 total Gross Profit and **73%** of FY 2012 total Gross Profit.

**25% Gross Profit Margin** from seamless pipes sales in 4Q 2012 and **26% Gross Profit Margin** for FY 2012.

Even with QoQ declining volumes in seamless pipe, and increasing volumes in welded pipe, seamless pipe continues to be core of the Company’s profitability.

<table>
<thead>
<tr>
<th>U.S.$ mln (unless stated otherwise)</th>
<th>4Q 2012</th>
<th>QoQ, %</th>
<th>FY 2012</th>
<th>YoY, %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEAMLESS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volumes- Pipes, kt</td>
<td>619</td>
<td>+2%</td>
<td>2,495</td>
<td>+7%</td>
</tr>
<tr>
<td>Net Sales</td>
<td>999</td>
<td>1%</td>
<td>4,134</td>
<td>+6%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>246</td>
<td>3%</td>
<td>1,088</td>
<td>+1%</td>
</tr>
<tr>
<td>Margin, %</td>
<td>25%</td>
<td></td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>Avg Net Sales / Tonne (U.S.$)</td>
<td>1,613</td>
<td>-2%</td>
<td>1,657</td>
<td>-1%</td>
</tr>
<tr>
<td>Avg Gross Profit / Tonne (U.S.$)</td>
<td>398</td>
<td>0%</td>
<td>436</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>WELDED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volumes- Pipes, kt</td>
<td>463</td>
<td>+4%</td>
<td>1,743</td>
<td>-5%</td>
</tr>
<tr>
<td>Net Sales</td>
<td>568</td>
<td>+4%</td>
<td>2,257</td>
<td>-11%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>72</td>
<td>-29%</td>
<td>343</td>
<td>0%</td>
</tr>
<tr>
<td>Margin, %</td>
<td>13%</td>
<td></td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Avg Net Sales / Tonne (U.S.$)</td>
<td>1,228</td>
<td>0%</td>
<td>1,295</td>
<td>-6%</td>
</tr>
<tr>
<td>Avg Gross Profit / Tonne (U.S.$)</td>
<td>155</td>
<td>-32%</td>
<td>197</td>
<td>+5%</td>
</tr>
</tbody>
</table>

Source: Consolidated IFRS Financial Statements, TMK data

Note:
- Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Occasionally, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100%.
Working Capital Position

Inventories (Days)

Accounts Receivable (Days)

Accounts Payable (Days)

TMK Cash Conversion Cycle (days)

Working Capital as Days of Sales

Source: TMK data

Source: TMK data, annual reports for other companies
Debt Profile

TMK Continues to Optimize its Capital Structure and Develop a Flexible, Cost-effective Debt Portfolio

- As of December 31, 2012, total financial debt accounted for U.S.$3,885 mln
- 73% of total financial debt is long-term
- 28% of Total Debt is represented by Eurobonds, convertible bonds and rouble bonds, 72% - bank loans
- Weighted average nominal interest rate totalled 6.99%, up by 7 bps from December 31, 2011
- As of December 31, 2012, borrowings with a floating interest rate represented U.S.$667 million, or 17%, borrowings with a fixed interest rate – U.S.$3,165 million, or 83%
- As of December 31, 2012, unutilized borrowing facilities amounted to U.S.$1,542 million
- Credit Ratings: S&P – B+, Stable; Moody’s – B1, Stable

Debt Structure by Currency as of December 31, 2012

- USD; 48%
- RUB; 46%
- EUR; 5%

Maturity Profile as of December 31, 2012

Note: TMK management accounts. Figures above are based on non-IFRS measures, estimates from TMK management

Note: Numbers represent TMK management accounts and differ from IFRS figures for the amounts of accrued interest, debt issue cost and liabilities under finance lease, and other items not related to the principal amount of debt
Appendix – Summary Financial Accounts
# Income Statement

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>6,688</td>
<td>6,754</td>
<td>5,579</td>
<td>3,461</td>
<td>5,690</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(5,204)</td>
<td>(5,307)</td>
<td>(4,285)</td>
<td>(2,905)</td>
<td>(4,252)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>1,483</td>
<td>1,446</td>
<td>1,293</td>
<td>556</td>
<td>1,438</td>
</tr>
</tbody>
</table>

- Selling and Distribution Expenses: (433) / (411) / (403) / (313) / (344)
- General and Administrative Expenses: (293) / (283) / (232) / (204) / (268)
- Advertising and Promotion Expenses: (11) / (9) / (11) / (5) / (10)
- Research and Development Expenses: (17) / (19) / (13) / (10) / (15)
- Other Operating Expenses, Net: (57) / (40) / (34) / (17) / (45)
- Foreign Exchange Gain / (Loss), Net: 23 / (1) / 10 / 14 / (100)
- Finance Costs, Net: (275) / (271) / (412) / (404) / (263)
- Other: (16) / 132 / (12) / (46) / (85)

**Income / (Loss) before Tax**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income / (Loss) before Tax</td>
<td>405</td>
<td>544</td>
<td>185</td>
<td>(427)</td>
<td>308</td>
</tr>
</tbody>
</table>

**Income Tax (Expense) / Benefit**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Tax (Expense) / Benefit</td>
<td>(123)</td>
<td>(159)</td>
<td>(81)</td>
<td>103</td>
<td>(110)</td>
</tr>
</tbody>
</table>

**Net Income / (Loss)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income / (Loss)</td>
<td>282</td>
<td>385</td>
<td>104</td>
<td>(324)</td>
<td>198</td>
</tr>
</tbody>
</table>

*Source: Consolidated IFRS Financial Statements*

*Note: Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion, therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100%.*
### Statement of Financial Position

<table>
<thead>
<tr>
<th>U.S.$ mln</th>
<th>31-Dec-12</th>
<th>31-Dec-11</th>
<th>31-Dec-10</th>
<th>31-Dec-09</th>
<th>31-Dec-08</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Bank Deposits</td>
<td>225</td>
<td>231</td>
<td>158</td>
<td>244</td>
<td>143</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>914</td>
<td>772</td>
<td>720</td>
<td>580</td>
<td>758</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,346</td>
<td>1,418</td>
<td>1,208</td>
<td>926</td>
<td>1,176</td>
</tr>
<tr>
<td>Prepayments</td>
<td>180</td>
<td>200</td>
<td>172</td>
<td>223</td>
<td>213</td>
</tr>
<tr>
<td>Other Financial Assets</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>2,670</td>
<td>2,625</td>
<td>2,262</td>
<td>1,977</td>
<td>2,294</td>
</tr>
<tr>
<td>Assets Classified as Held for Sale</td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Non-current Assets</strong></td>
<td>4,930</td>
<td>4,507</td>
<td>4,592</td>
<td>4,704</td>
<td>4,774</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>7,600</td>
<td>7,132</td>
<td>6,862</td>
<td>6,681</td>
<td>7,068</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>1,132</td>
<td>1,053</td>
<td>878</td>
<td>1,057</td>
<td>808</td>
</tr>
<tr>
<td>ST Debt</td>
<td>1,068</td>
<td>599</td>
<td>702</td>
<td>1,537</td>
<td>2,216</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>74</td>
<td>53</td>
<td>94</td>
<td>28</td>
<td>716</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>2,275</td>
<td>1,705</td>
<td>1,674</td>
<td>2,622</td>
<td>3,740</td>
</tr>
<tr>
<td>LT Debt</td>
<td>2,817</td>
<td>3,188</td>
<td>3,170</td>
<td>2,214</td>
<td>994</td>
</tr>
<tr>
<td>Deffered Tax Liability</td>
<td>302</td>
<td>305</td>
<td>300</td>
<td>272</td>
<td>371</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>124</td>
<td>110</td>
<td>110</td>
<td>83</td>
<td>52</td>
</tr>
<tr>
<td><strong>Total Non-current Liabilities</strong></td>
<td>3,243</td>
<td>3,602</td>
<td>3,580</td>
<td>2,569</td>
<td>1,417</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>2,082</td>
<td>1,825</td>
<td>1,607</td>
<td>1,490</td>
<td>1,910</td>
</tr>
<tr>
<td>Including Non-Controlling Interest</td>
<td>96</td>
<td>92</td>
<td>95</td>
<td>74</td>
<td>97</td>
</tr>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td>7,600</td>
<td>7,132</td>
<td>6,862</td>
<td>6,681</td>
<td>7,068</td>
</tr>
<tr>
<td>Net Debt</td>
<td>3,656</td>
<td>3,552</td>
<td>3,710</td>
<td>3,503</td>
<td>3,063</td>
</tr>
</tbody>
</table>

*Source: Consolidated IFRS Financial Statements*

*Note: Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion, therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100%.*
# Cash Flow

---|---|---|---|---|---
**Profit / (Loss) before Income Tax** | 405 | 544 | 185 | (427) | 308

*Adjustments for:*

- **Depreciation and Amortisation**
  - 326
  - 336
  - 301
  - 313
  - 248

- **Net Interest Expense**
  - 275
  - 271
  - 412
  - 406
  - 263

- **Others**
  - 34
  - (101)
  - 44
  - 36
  - 228

- **Working Capital Changes**
  - (34)
  - (156)
  - (527)
  - 558
  - (81)

- **Cash Generated from Operations**
  - 1,006
  - 894
  - 415
  - 886
  - 966

- **Income Tax Paid**
  - (77)
  - (107)
  - (29)
  - (33)
  - (227)

- **Net Cash from Operating Activities**
  - 929
  - 787
  - 386
  - 852
  - 740

- **Capex**
  - (445)
  - (402)
  - (314)
  - (395)
  - (840)

- **Acquisitions**
  - (33)
  - -
  - -
  - (510)
  - (1,185)

- **Others**
  - 23
  - 25
  - 43
  - 14
  - 1

- **Net Cash Used in Investing Activities**
  - (455)
  - (377)
  - (271)
  - (891)
  - (2,024)

- **Net Change in Borrowings**
  - (148)
  - 4
  - 103
  - 582
  - 1,780

- **Others**
  - (341)
  - (339)
  - (289)
  - (447)
  - (443)

- **Net Cash Used in Financing Activities**
  - (489)
  - (335)
  - (186)
  - 135
  - 1,337

- **Net Foreign Exchange Difference**
  - 10
  - (2)
  - (15)
  - 4
  - 2

- **Cash and Cash Equivalents at January 1**
  - 231
  - 158
  - 244
  - 143

- **Cash and Cash Equivalents at YE**
  - 225
  - 231
  - 158
  - 244
  - 143

**Source:** Consolidated IFRS Financial Statements

**Note:** Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion, therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100%.
Appendix – TMK Products
Utilisation of TMK Pipe Products in Oil and Gas Industry
## TMK Product Portfolio

<table>
<thead>
<tr>
<th>Seamless</th>
<th>Welded</th>
<th>Threading</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OCTG</strong></td>
<td><strong>OCTG</strong></td>
<td><strong>Premium Connections</strong></td>
</tr>
<tr>
<td>Threaded pipes for the oil and gas industry including drill pipe, casing and tubing</td>
<td>Threaded pipes for the oil and gas industry including drill pipe, casing and tubing</td>
<td>Premium connections are gas tight, proprietary value-added products used to connect OCTG pipes and are used in sour, deep well, low temperature, and high-pressure applications.</td>
</tr>
<tr>
<td><strong>Line Pipe</strong></td>
<td><strong>Line Pipe</strong></td>
<td></td>
</tr>
<tr>
<td>Line pipe is used for the short-distance transportation of crude oil, oil products and natural gas</td>
<td>Line pipe is used for the short-distance transportation of crude oil, oil products and natural gas</td>
<td></td>
</tr>
<tr>
<td><strong>Industrial</strong></td>
<td><strong>Large-Diameter</strong></td>
<td></td>
</tr>
<tr>
<td>These pipes are used in the automotive, machine building, and power generation sectors</td>
<td>Large-diameter pipe is used in the construction of trunk pipeline systems for the long distance transportation of natural gas, crude oil and petroleum products</td>
<td></td>
</tr>
<tr>
<td><strong>Industrial</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>These pipes are used in a wide array of applications and industries, including utilities and agriculture</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Russian and North American Synergies

Both Russia and North America have benefitted during the past three years since the acquisition of IPSCO

Benefits for Russia

- Best business practices – Russia is implementing practices such as Six Sigma; first Russian-American Black Belt class graduated in late October
- Leverage premium product – Made TMK Premium a TMK Group initiative; cross-licensing and cross-selling Premium connections

Benefits for North America

- Technology – Building relationships between U.S. plants and Russian research community and technical universities to create innovative solutions to address current and future challenges
- Complementary product mix – Broader product offering of seamless pipe, and to a lesser extent welded pipe, to service the North American market and drive incremental sales

The Acquisition Has Combined Two Strong Regional Companies into an Even More Capable Global Organization

- Cooperation – A combined commitment to develop advanced products that support our customers rapidly changing drilling technologies: as evidenced by our new research center and global portfolio of premium connections
- Global Scope – Functioning as a worldwide organization has increased global focus and is accelerating development outside of our dominant regions
Thank You

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