# TMK IR PRESENTATION

February 2017

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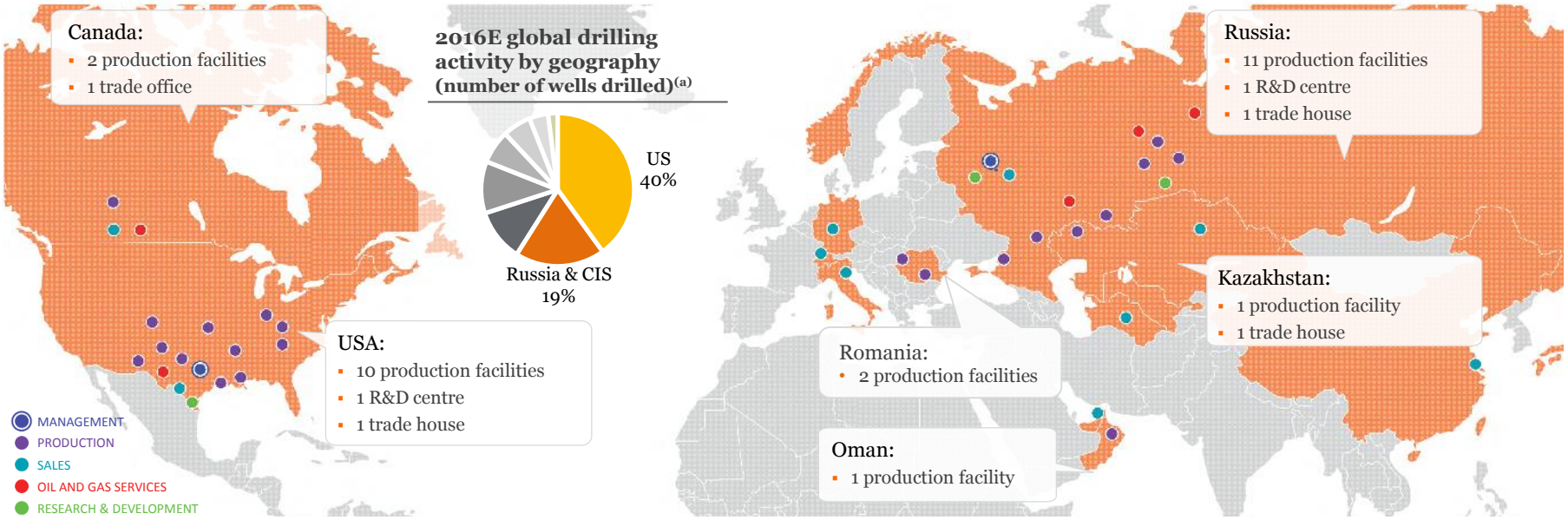
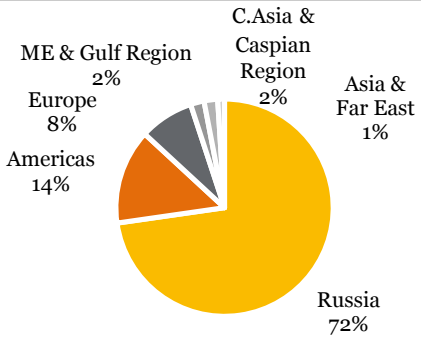
# TMK– Global Supplier of Full Range of Pipes for Oil and Gas Industry

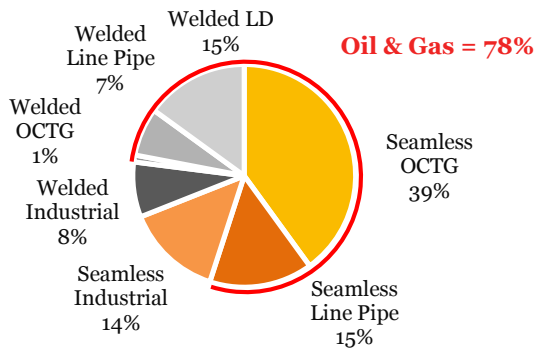
**27 production sites in Russia, the USA, Canada, Oman, Romania and Kazakhstan, with trade offices in 10 countries**




## TMK sales by region (9M 2016)




## TMK sales by product (9M 2016)




## Key financials

| *(US$mln)* | 2013 | 2014 | 2015 | 9M 2016 |
|---|---|---|---|---|
| **Revenue** | **6,432** | **6,009** | **4,127** | **2,436** |
| **Adj. EBITDA** | **986** | **829** | **651** | **390** |
| *Adj. EBITDA Margin (%)* | *15%* | *14%* | *16%* | *16%* |
| FCF[b] | 280 | 252 | 498 | 187 |
| Net Profit (Loss) | 215 | (217) | (368) | 81 |
| Net Debt | 3,600 | 2,969 | 2,496 | 2,598 |

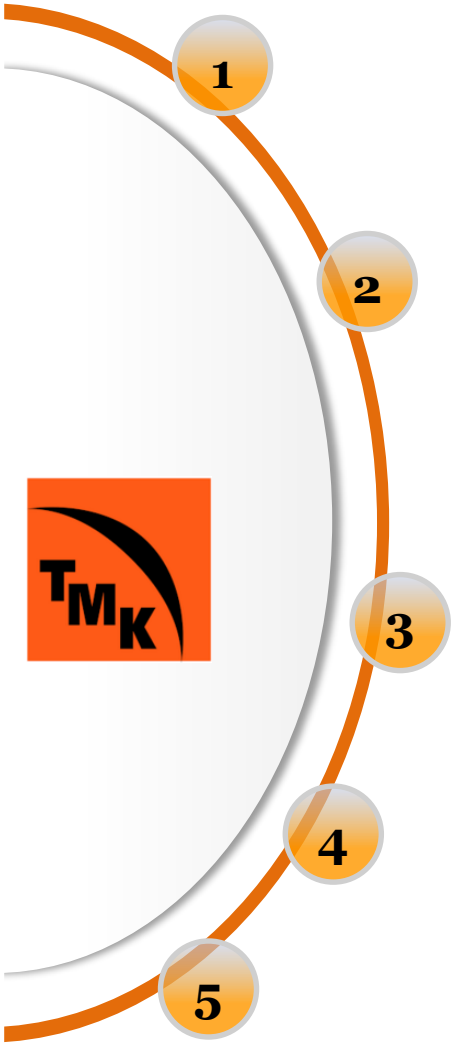
*Source: Company data*

*Note: 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) Spears & Associates. Excluding China and Central Asia. Onshore and offshore drilling*

*(b) Calculated as Net cash flows from operating activities plus Net cash flows used in financing activities*

# TMK Today – Key Investment Highlights




**Industry-leading market position and large modern asset base**

- Top-3 player in seamless OCTG industry with c. 15.5% [a] market share - dominant N1 in Russia and Top-3 in the US
- State-of-the-art underutilised production base with major investments completed over 10 years in 2004-14
- Established longstanding relationships with major oil & gas upstream and midstream players

**Combined exposure to some of the most attractive and dynamic regional oil & gas markets**

- Russia – large low-cost oil producing region; a major market with increased drilling activity in 2016
- TMK - dominant player in Russian oil & gas with 40%[a] market share for pipes used in the oil and gas industry, 68%[a] market share in seamless OCTG
- US OCTG market at inflection point poised for recovery following a c. 75% demand contraction in 2014-16 – with shale industry supported by OPEC agreement and conducive political environment under new administration
- TMK – Top-3 US OCTG producer increasing its market share from 11% in 2014 to 15% in 2016

**Low-cost position and stability of margins underpinned by significant vertical integration**

- High degree of vertical integration in the seamless business due to in-house steel production
- Ability to pass through costs of steel products – demonstrated by stable margins throughout the cycle
- Substantial improvement in the global competitive positioning on the back of Ruble devaluation in 2014-16

**Cost-cutting discipline and consistent focus on de-leveraging**

- Cost-cutting programs with Adjusted EBITDA[b] effect of US$100m+ in the each of the past 3 years; disciplined capex
- Continuous reduction in net debt (US$1bn+ reduction in net debt since 2013)

**Superior governance practices and uniquely stable and experienced management team**

- Core management team unchanged since IPO in 2006
- 5 Independent Directors on the Board with vast diversified international and domestic experience

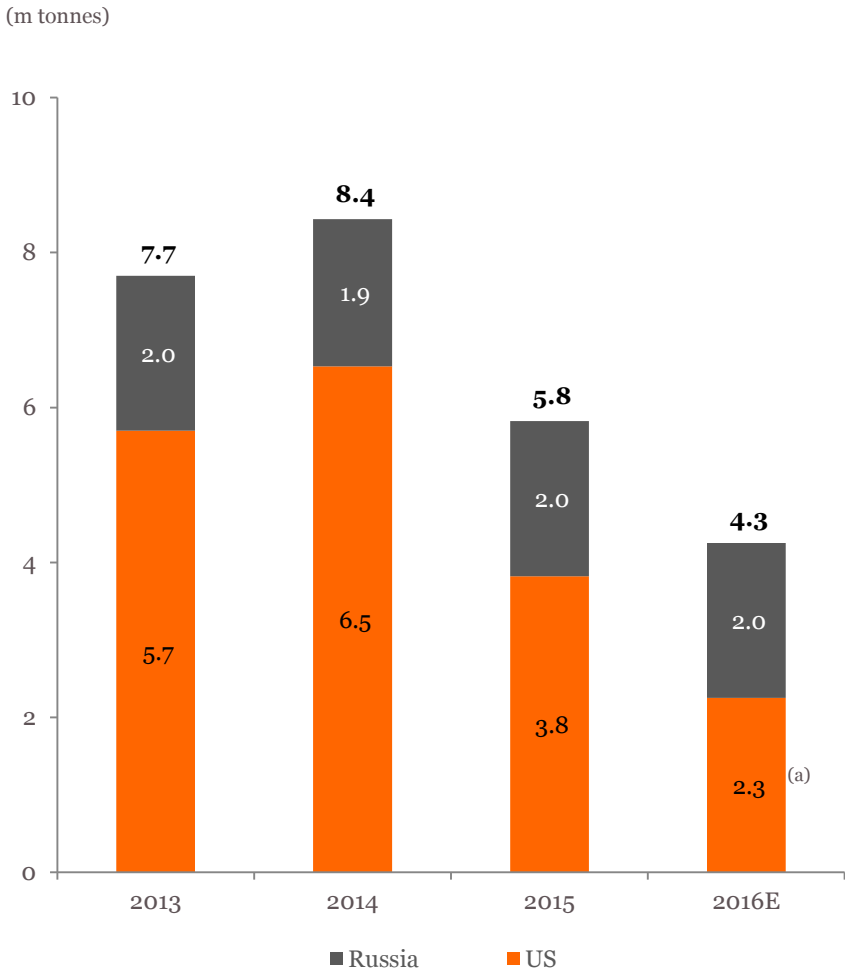
*Source: Company data*

*Notes: (a) Company estimates for the nine months ended 30 September 2016*

*(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*

# TMK Market Exposure = Highly Resilient Russian Market + US Shale Passing the Inflection Point

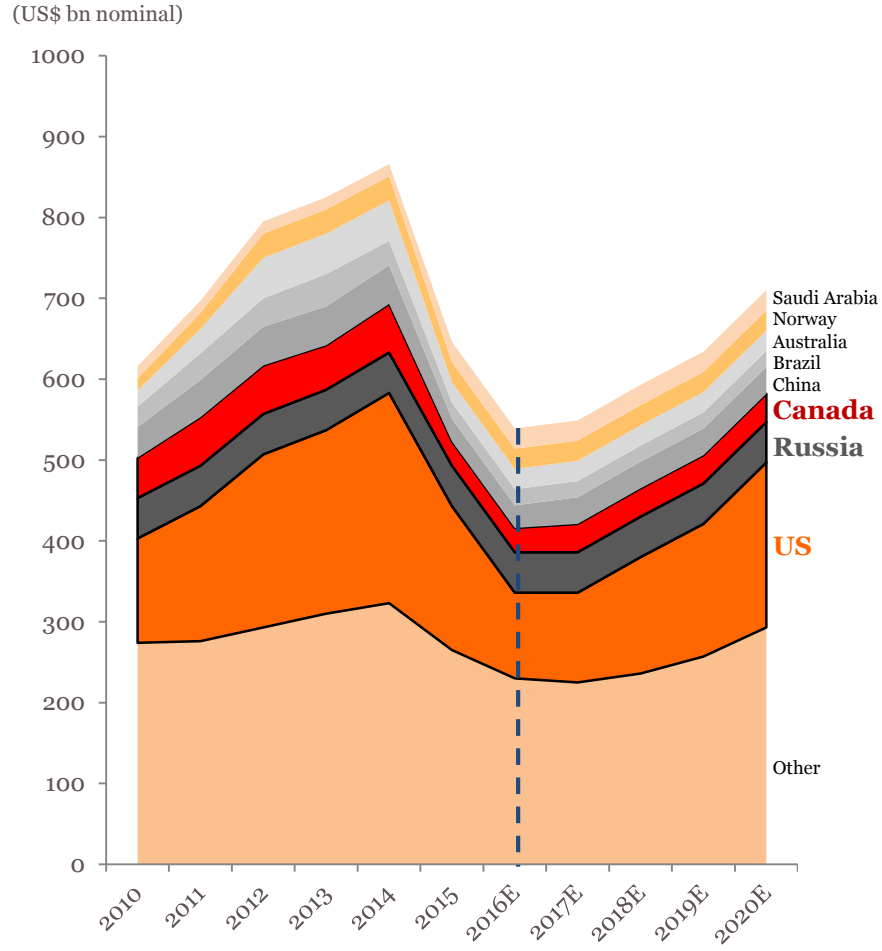
## OCTG consumption in Russia and the US




*Source: Metal Expert for Russian OCTG consumption, Preston Pipe & Tube Report for US statistics*

*Notes: (a) Actual annualized consumption. Based on data for Jan-Nov-16 as per Preston Pipe & Tube Report (2.07 m tonnes)*

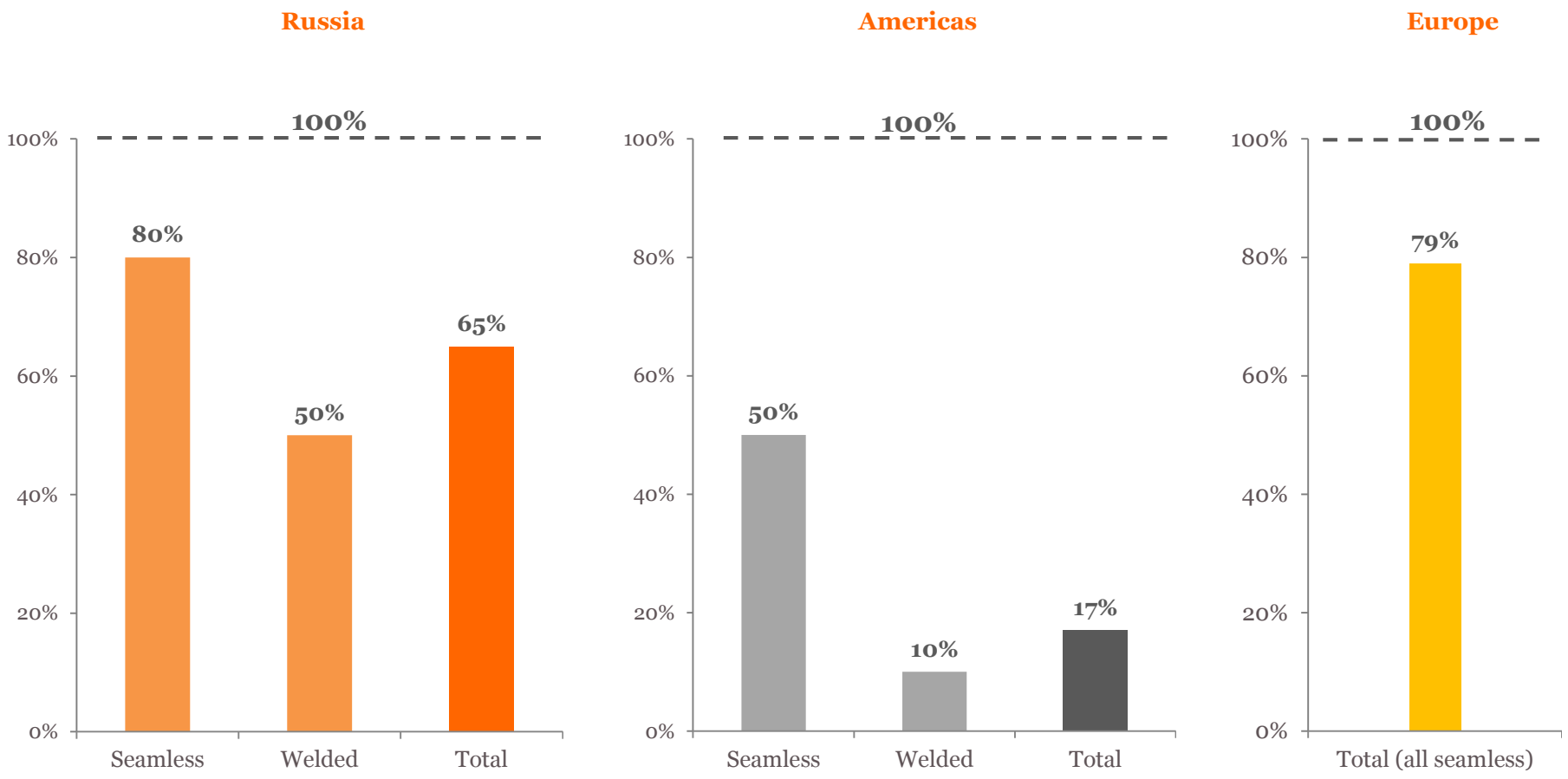
## Global E&P investments




*Source: Rystad Energy*

# Significant Underutilised Production Capacity

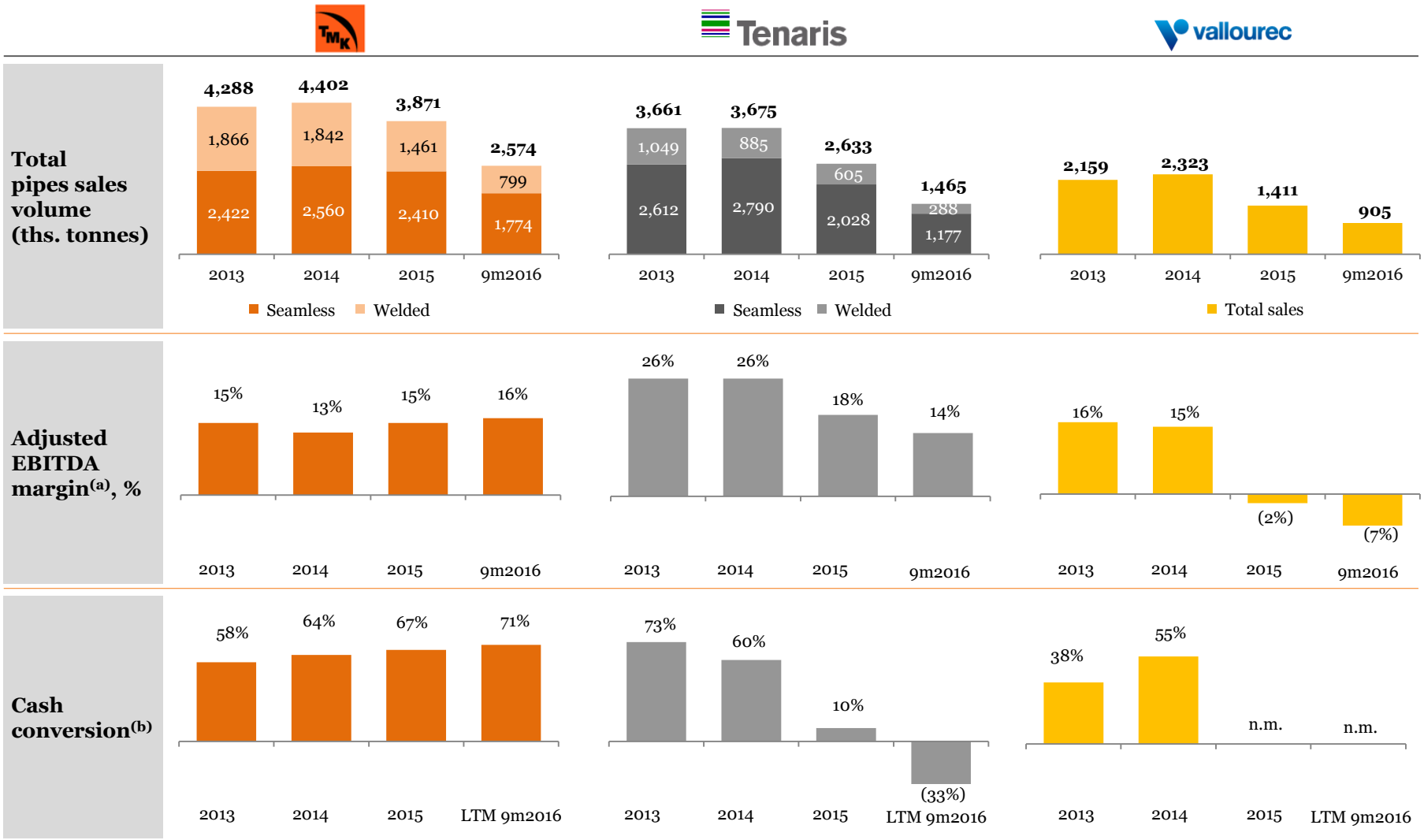
**TMK capacity utilisation ratios in 2016**




**Spare capacity to capture anticipated market recovery, in particular in the US market**

*Source: Company data*

# TMK – Superior Earnings Resilience Through the Cycle




*Source: Companies' public reporting*

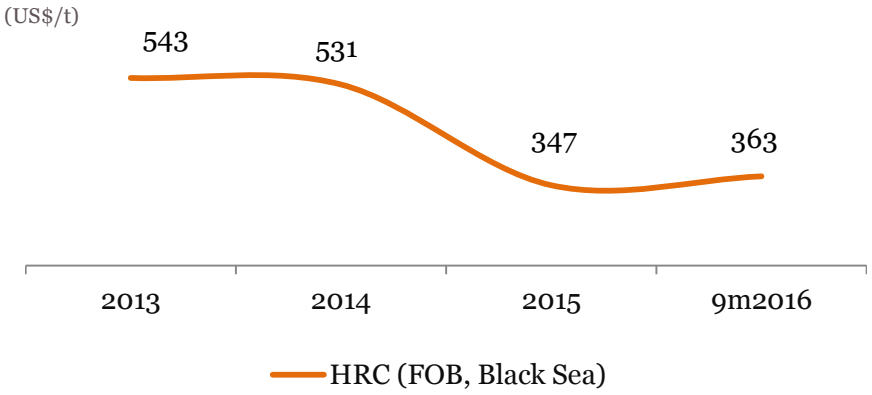
*Note: (a) Adjusted EBITDA for TMK represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (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*

*(b) Calculated as (Adjusted EBITDA – Capex) / Adjusted EBITDA*

# Vertically Integrated Model Ensuring Margin Stability

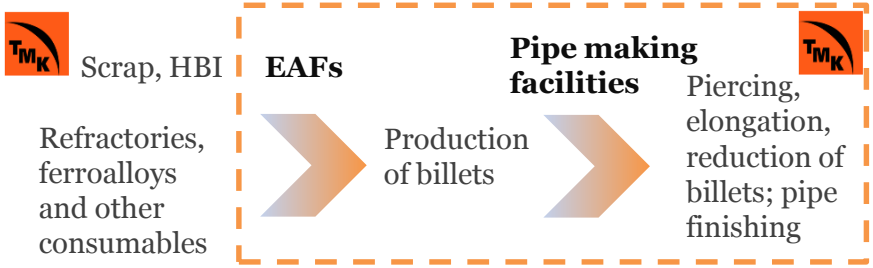
- Operating in one of the lowest cost regions for steel production globally
- Fully vertically integrated seamless pipe production (upstream and downstream) across all regional divisions
- Ability to pass through increases in the cost of steel products to end-customers
- Resilient margin throughout the cycle of high and low steel prices
- In 2016, an agreement with Metalloinvest for supply of hot-briquetted iron ("HBI") was signed

## Steel products price volatility




*Source: Metal Expert*

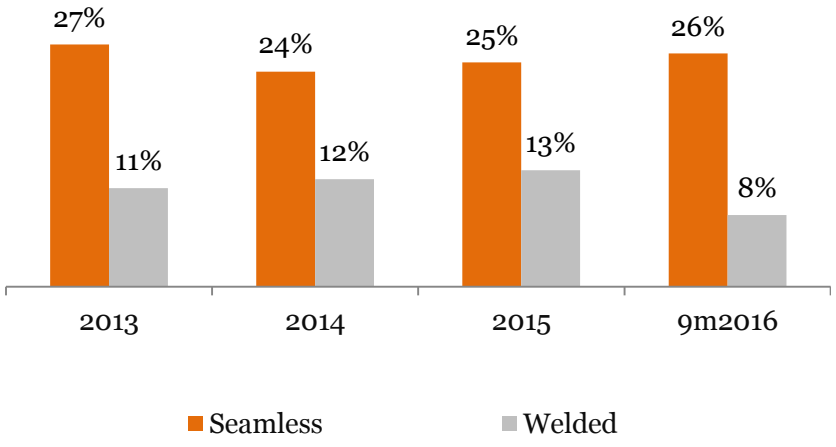
## Seamless pipe – simplified value chain




## Welded pipe – simplified value chain


Perimeter of TMK operations in the value chain

## TMK gross margin by product segments



# 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)
  - No. 1 supplier for Dacia in 2015
- Qualified as Tier 2 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

- In 2015, TMK won a number of tenders for pipe shipments to energy and petrochemical businesses, including boiler long-length pipe for Taman TPP's equipment

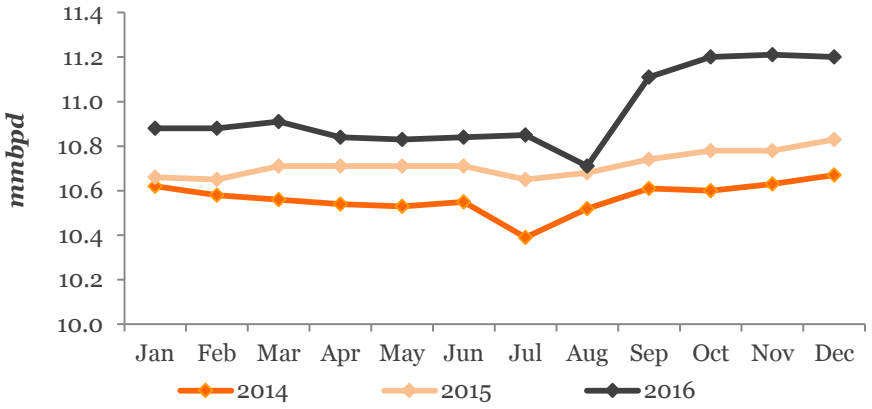
## Diversified Hi-Tech Solutions

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

# TMK Russian Division: Market Overview

# Robust Oil Production Growth and Well Flow Dynamics

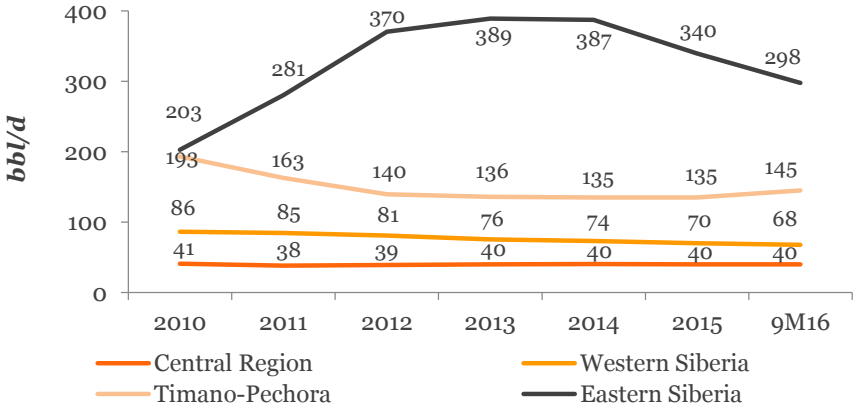
## Russian Oil Production Hits Record High…




*Source: Reuters*

- Russian oil production set new historic record in November 2016, reaching 11.2 mmbpd
- As part of its deal with OPEC, Russia has agreed to cut production by 300,000 bpd in the first 6 months of 2017
- Production cuts, if they materialize, are unlikely to be reached through decrease in drilling activity given deteriorating well flow dynamics across Russia(2)

## …On the Back of Declining Well Flow Dynamics(1)



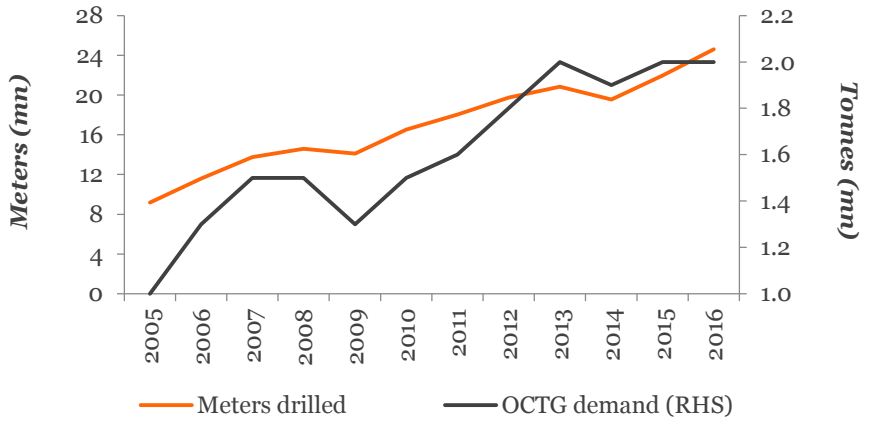

- Steadily declining production rates at old wells in Eastern and Western Siberia (c. 70% of Russian crude production) have been forcing oil producers to increase drilling activity
- Further expected decline in average well flows, at both old and new wells, over the near term likely to support continued growth in drilling activity in Russia

*Source: CDU TEK*

*Note: (1) Converted from tonnes to barrels using conversion factor for Urals (0.1373 barrels per tonne); (2) Please refer to slide 51 of the Appendix for an overview of the oil output adjustment commonly used in different oil production methods*

# Growing Drilling Activity and OCTG Market Demand

## OCTG Market Demand Fundamentals Supportive of Continuing Growth[1]

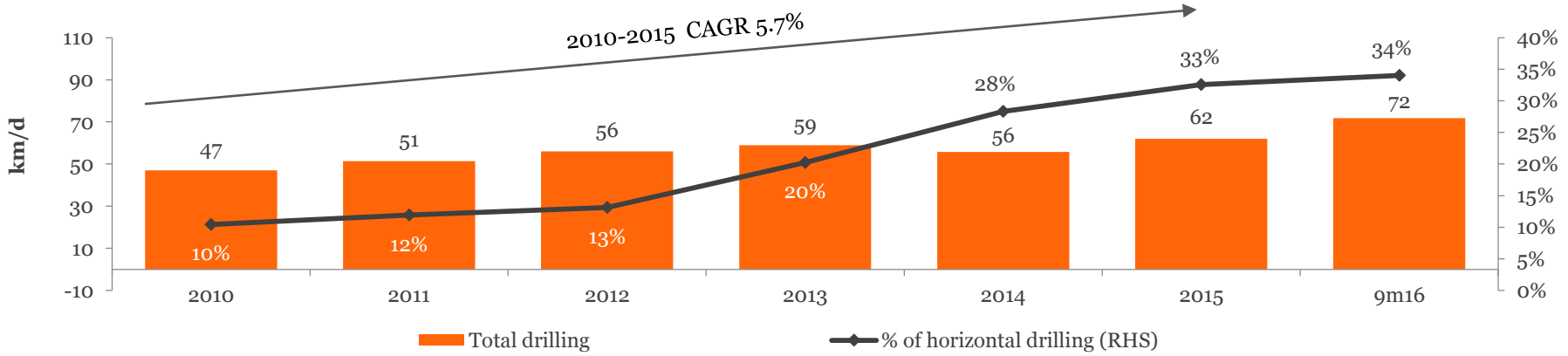



*Source: CDU TEK, Metal Expert*

## Commentary

- Drilling in Russia has demonstrated a strong 5.7% CAGR between 2010 and 2015, with OCTG demand having increased at 5.9% CAGR over the same period[1]
- OCTG pipe demand is expected to continue to increase in line with drilling volumes, based on strong historical correlation
- Application of sophisticated technologies to stem the decline in production has resulted in an increase in the share of horizontal drilling from 10% to 33% between 2010-15[1]
- Russia's footage growth is expected to increase by 12% YoY in 2016, according to the Ministry of Energy of the Russian Federation

## Russian Development Drilling Activity is Strong and Growing

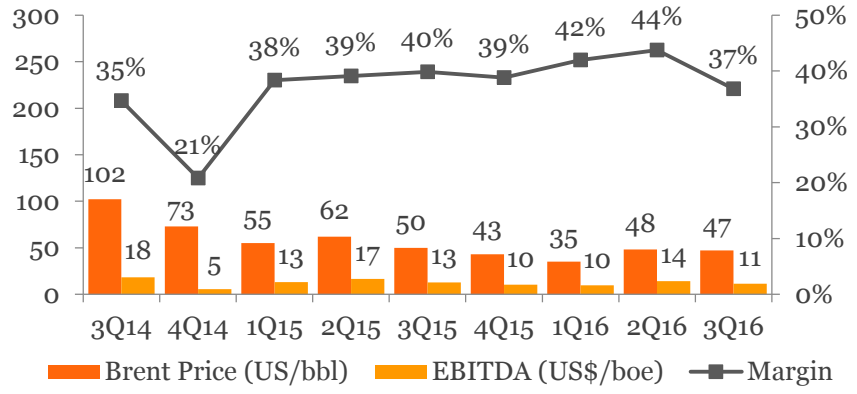



*Source: CDU TEK*

*(1) According to CDU TEK*

# Favourable Tax Regime and Stable Upstream Economics

## Strong Upstream EBITDA[(1)] Margin Despite Oil Price Collapse

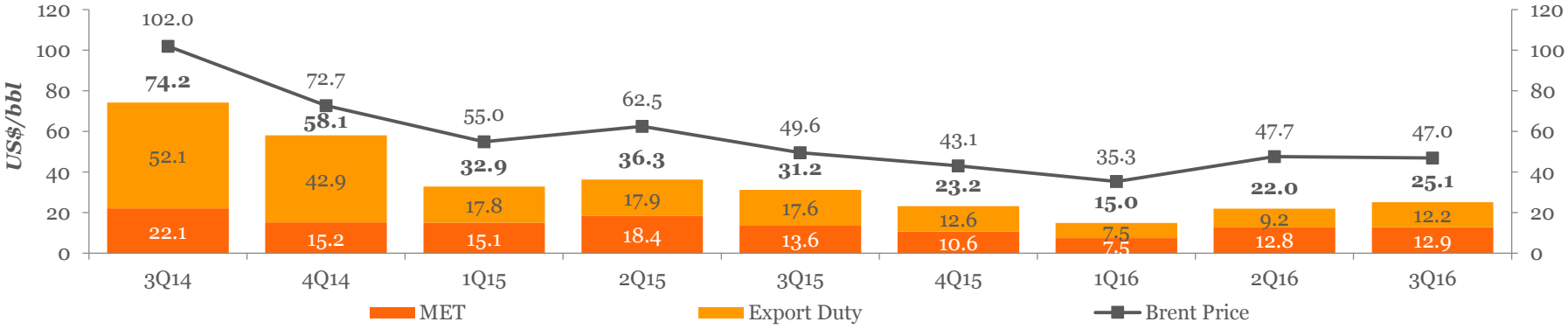



*Source: Public information, companies' data*

## Commentary

- Despite a c.50% decline in oil price since 3Q14, Russian Upstream sector remains profitable with stable EBITDA margins (in the 35%-40% range)[(2)]
- Currency devaluation has contributed to the relative decrease in cost base for Russian companies, increasing their margins and competitiveness versus international peers
- One of the main factors supporting upstream margins is the flexible tax regime which absorbs a significant part of any drop in oil price
- The two major upstream taxes in Russia – Mineral Extraction Tax (MET) and Export Duty – are directly linked to oil price and provide an amortizing effect when crude price goes down

## Historically Favorable MET and Export Duty Legislation in Russia

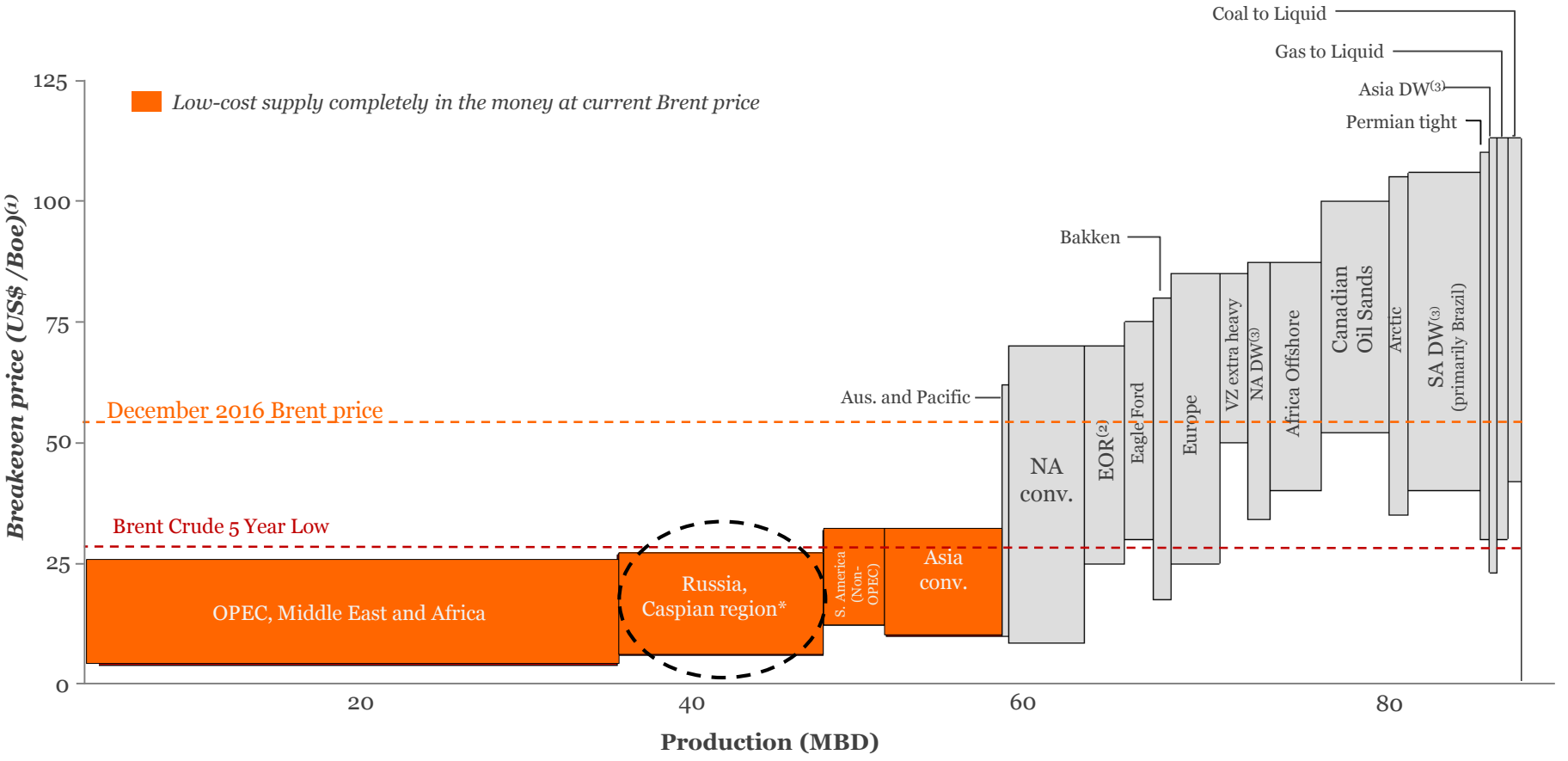



*Source: Public information*

*Notes: (1) EBITDA was calculated based on Rosneft, Lukoil, Gazprom Neft and Bashneft figures weighted by their hydrocarbon production; (2) According to quarterly financial reports published by major oil and gas producers (Rosneft, Lukoil, Gazprom Neft and Bashneft)*

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

## Global Oil Production Supply Curve



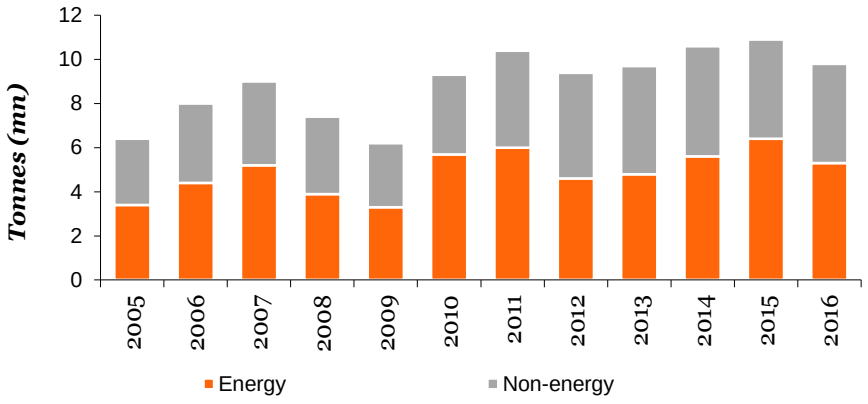

**Even at 5 year lows, the low cost Russian and Caspian region is able to remain profitable unlike the majority of its international counterparts. In 2015 and 2016, Russia was the only region globally to maintain healthy drilling activity and stable OCTG demand**

*Source: IEA World Energy Outlook; EIA International Energy Outlook; EIA Annual Energy Outlook; Morgan Stanley; Bain & Co.*

*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*

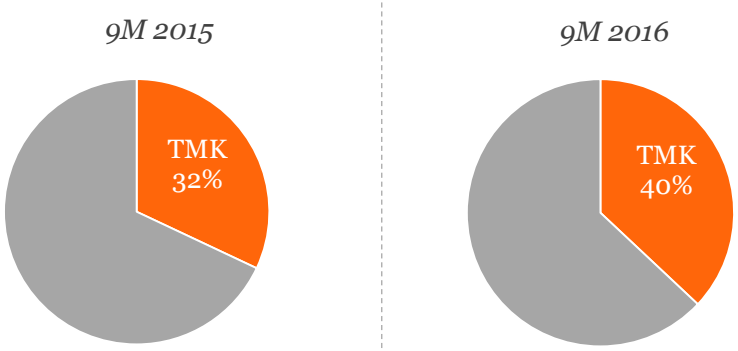
# Russian Tube and Pipe Market Demand Outlook

## Historic Russian Pipe Demand(1)




*Source: TMK estimates*

## TMK Market Share of Energy Pipe Demand




*Source: TMK estimates, based on 9M2015-2016 numbers*

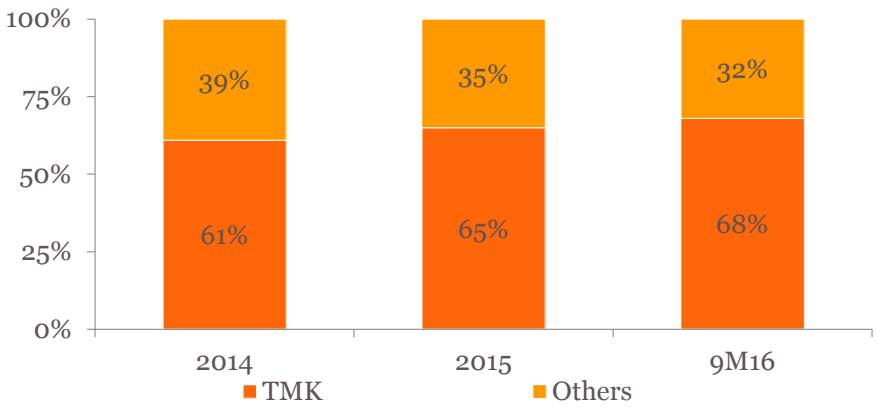
## Commentary

- According to TMK estimates, in 2015, Russian consumption of pipes and tubular products reached 10.9mt p.a. (+12% vs. 2013 and +3% vs. 2014), mainly driven by Gazprom's extensive infrastructure projects
- Consumption of OCTG pipes is expected to grow in line with drilling volumes, given strong historical correlation
- Whilst a slight contraction in the LDP segment is forecast in the near term, large pipeline projects and maintenance needs of the major oil and gas producers are expected to stabilise demand
- Line pipe consumption is expected to return to its historical levels, supported by the gradual completion of greenfield projects at Rosneft, Gazprom Neft and Lukoil
- Industrial pipe consumption expected to rebound on the back of a general improvement in the Russian economy

*Notes: (1) TMK estimates based on aggregate pipe consumption in Russia for each of the years indicated, calculated as the sum of local pipe production (as reported by production companies) and imports less exports (as reported by the Russian Ministry of Industry and Trade)*
*Energy Pipes are comprised of OCTG, LDP and Line pipes, while Non-energy refers to Industrial pipes*

# Strengthening Position on the Domestic Market

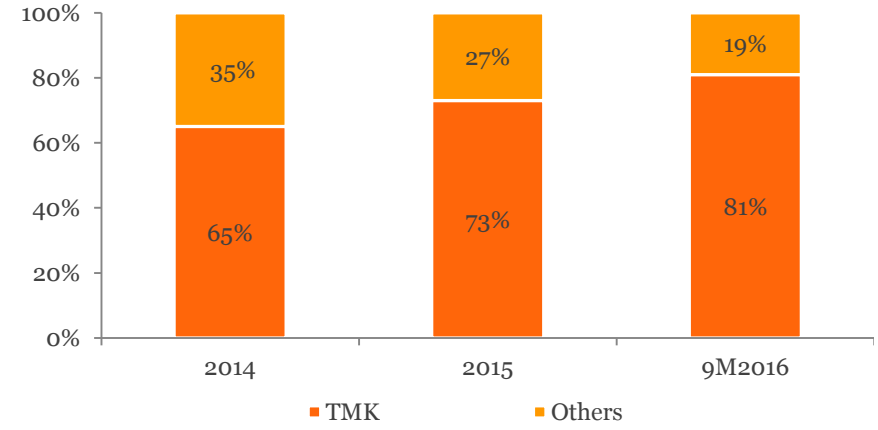
## TMK Share of Seamless OCTG Market is Growing…




*Source: TMK estimates*

- Russian seamless OCTG market is up by 3% YoY in 9M2016(1)
- Development of conventional and unconventional reserves will require the use of non-conventional drilling techniques and reliable OCTG products
- TMK is a leader in production of seamless OCTG on the Russian market with around 68% market share in 9M2016(1)

## …With Growing Premium Market Share Complementing TMK's Leading OCTG Offering




*Source: TMK estimates*

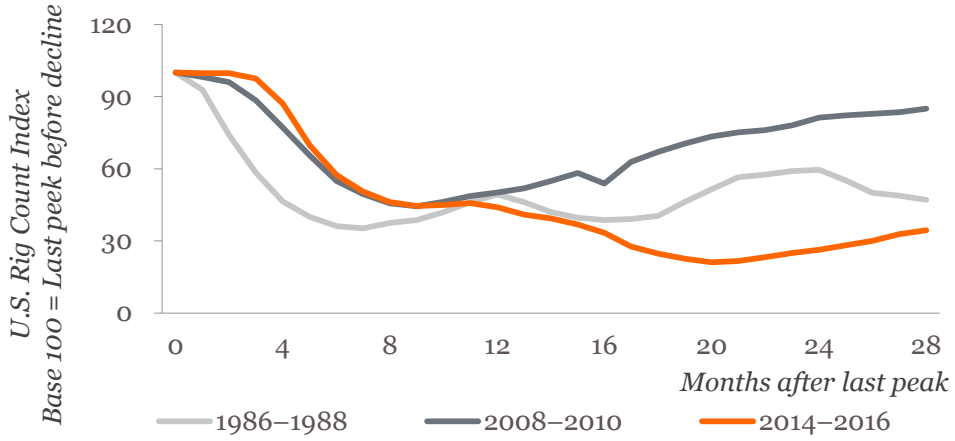
*Notes: (1) According to TMK estimates*

- TMK is a key premium supplier to the major Russian O&G companies
- TMK is a leader in the production of premium tubular products on the Russian market with around 81% market share in in 9M2016
- The premium market is expected to grow as more greenfield projects come on stream and more sophisticated techniques are applied at brownfields
- TMK's premium market share has increased by 6% YoY in 9M2016(1)

# TMK North American Division: Market Overview

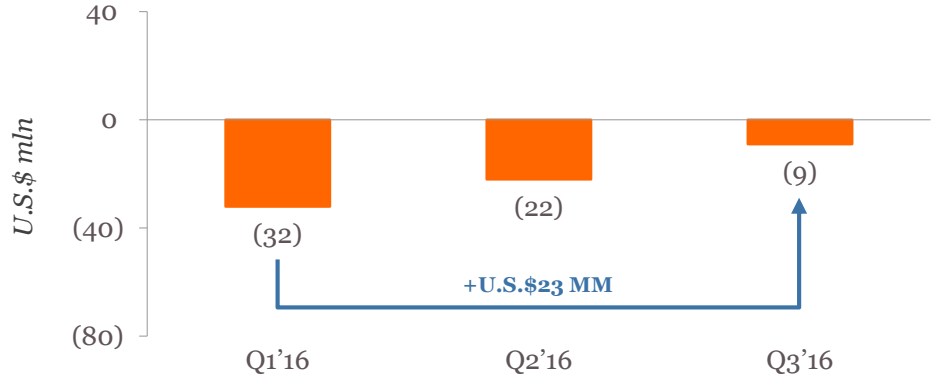
# 2016 Industry Performance Review: a Challenging Year, but Outlook Improving

## This downturn has been longer and tougher…




*Source: Baker Hughes*

## …Adjusted EBITDA [(a)] of the American division has troughed and is rebounding




*Source: Company data*

- Rig count reached bottom in May at 404 units, but has grown by over 260 rigs since then
- Average number of rigs in 4Q 2016 increased by 23% QoQ, following the recovery in oil prices
- Low-breakeven Permian basin has concentrated c.50% of the rigs added since the trough
- U.S. domestic crude production stopped declining and averaged 8.8 mb/d in November, up 0.3 mb/d from the trough reached in July 2016
- Henry Hub Natural Gas prices experienced a strong rally in 2016 rising from a 17-year low of U.S.$1.64/MMBtu in early March to a high of U.S.$3.93 in late December
- Adjusted EBITDA [(a)] of the American division troughed in 1Q 2016, then recovered in 2Q-3Q 2016 and is expected to further improve in the near term
- Recovery of U.S. financial performance to pre-2015 levels would be an important catalyst for TMK growth

*Source: Baker Hughes, U.S. Energy Information Administration, Bloomberg, Company 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 items*

# Political Backdrop Supportive of the U.S. Energy Sector Recovery

**Donald Trump's presidency will potentially provide a number of policies favourable for the OCTG fundamentals**

**1 Energy sector-friendly administration**

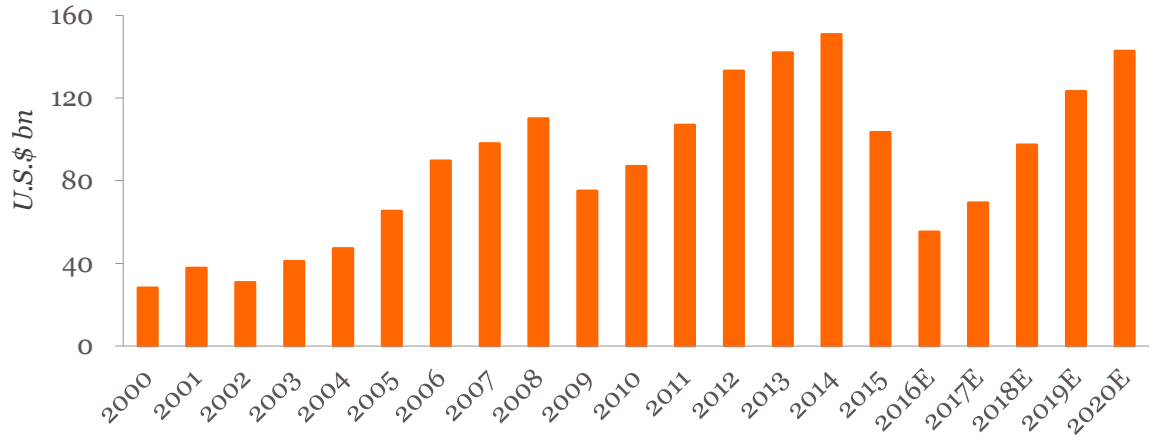
- Scott Pruitt, previously Oklahoma attorney general, to be appointed as new EPA head. In the past he has criticized the EPA for unnecessary regulations putting significant pressure on American businesses
- Rick Perry, ex-Governor of Texas, to be appointed as Energy Secretary. In his previous position Mr. Perry implemented a number of pro-energy policies supporting strong energy production and a constructive business environment
- Rex Tillerson, ex-CEO of ExxonMobil, to be appointed as the U.S. Secretary of State

**2 Potential infrastructure spending increase**

- Steel prices are one of key drivers for OCTG pricing
- During presidential campaign Mr. Trump proposed a 10-year U.S.$1 tn infrastructure spending plan
- Implementation of the plan, should it occur, would increase steel demand by 20% annually over the next 5 years
- Mr. Trump supports construction of the Keystone and Dakota oil pipelines and signed executive orders to advance the projects
- Policy to encourage the use of domestic products in U.S. pipeline projects has been announced by Mr. Trump
- Mr. Trump has also announced a policy to streamline federal environmental reviews for major infrastructure projects

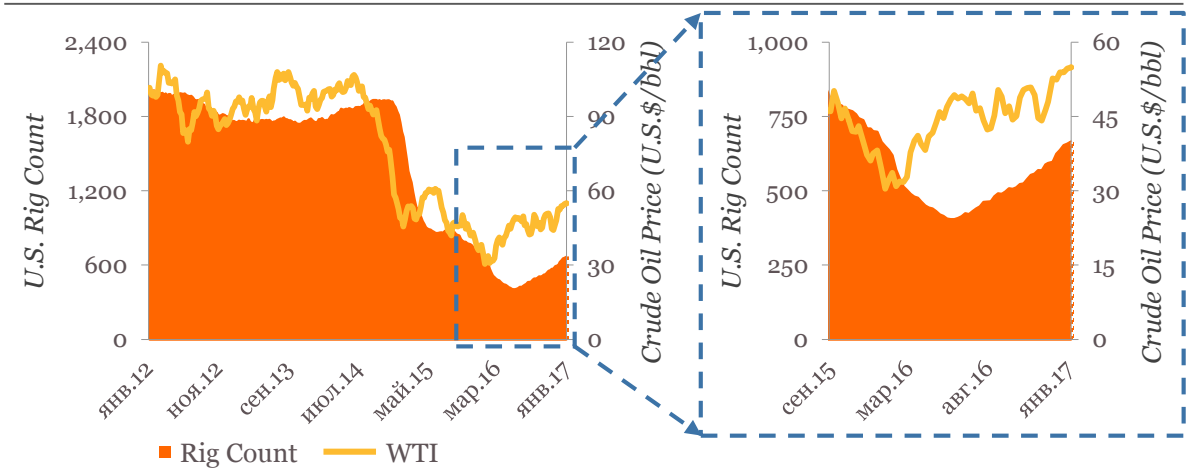
# U.S. Exploration & Production Capex Recovery in 2017

## U.S. E&P capex




*Source: EMIS Energy*

## U.S. rig count



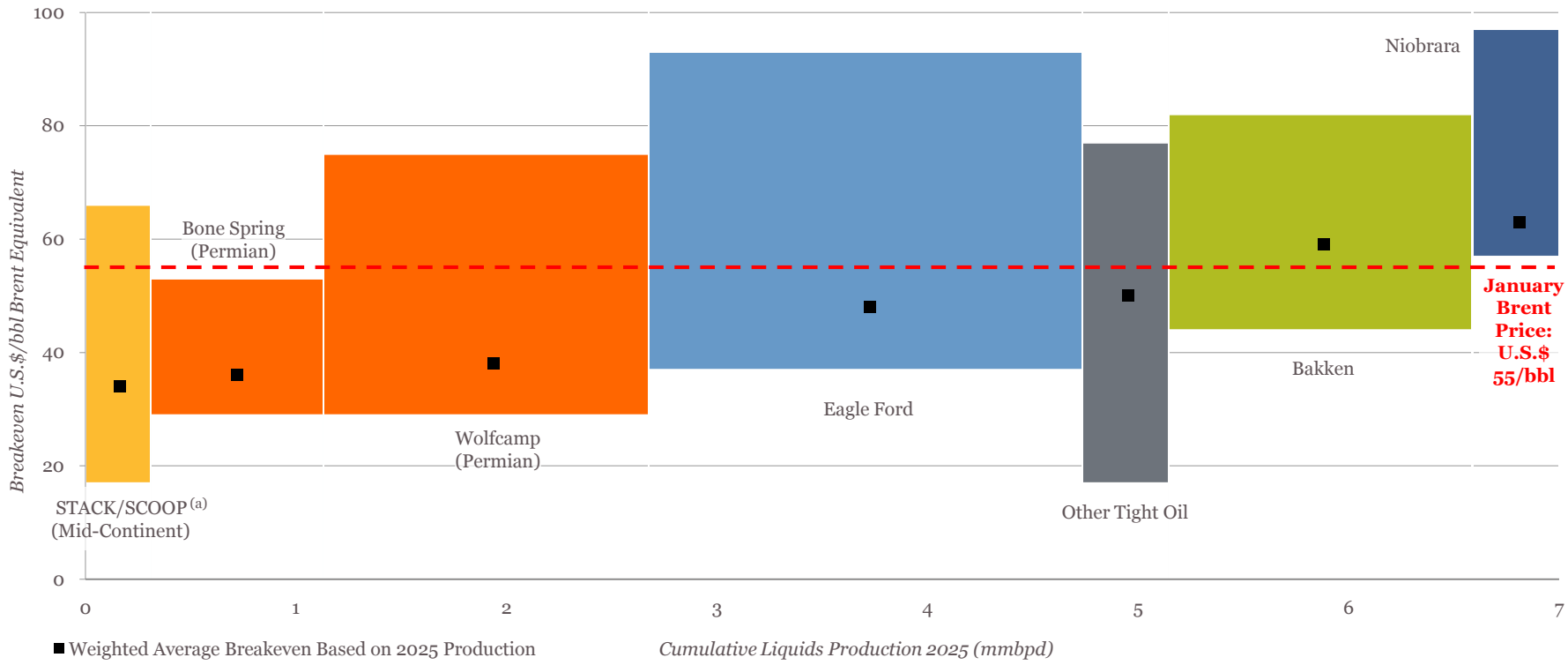

*Source: Baker Hughes, Bloomberg*

- Driven by higher crude oil and gas prices, U.S. E&P capex is expected to increase by 26% in 2017
- This is expected to result in growing counts of active rigs
- While growth in the rig count may be moderate in 1H 2017 due to a high level of drilled, but uncompleted (DUC) wells, rig additions may potentially accelerate in 2H 2017 as DUC inventory contracts
- A key driver in the expected drilling activity recovery is that the breakeven oil price for shale producers has been substantially reduced since 2014

*Source: EMIS Energy, Wood Mackenzie*

# Key New Projects on Cost Curve

## Continental U.S. tight oil cost curve 2025



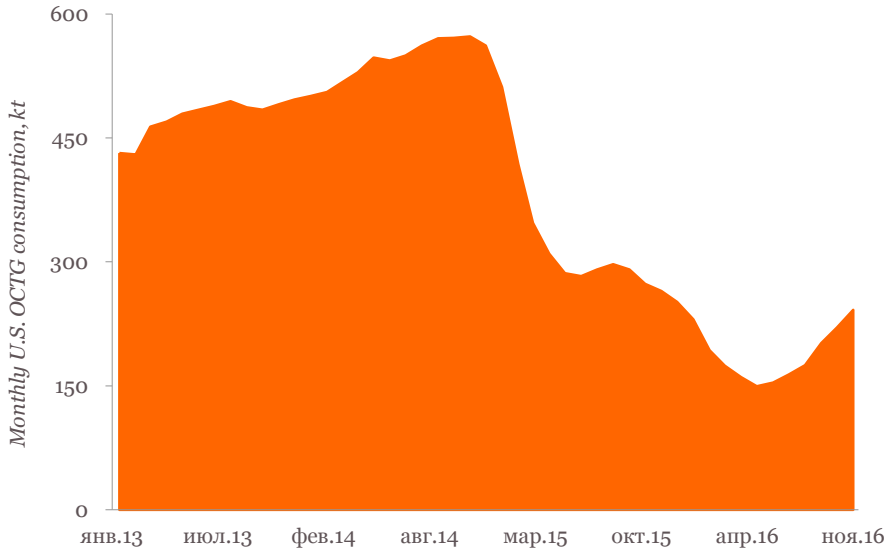

*Source: Wood Mackenzie*

- During the past 18 months, U.S. shale players managed to decrease production costs. Drilling technology evolved, driven by efficiency requirements. Key changes included higher intensity of drilling, longer laterals, significantly higher usage of proppants and equipment and well string standardization
- Despite a wide variation between plays, many U.S. shale producers are profitable at oil prices in the U.S.$50-60/bbl range in the long term. A number of shale plays in the Permian basin as well as STACK (a) and SCOOP (a) plays in the Mid-continent region of the U.S. are profitable at around U.S.$40/bbl

*Note: (a) STACK: Sooner Trend Anadarko Basin Canadian and Kingfisher Counties; SCOOP: South Central Oklahoma Oil Province*

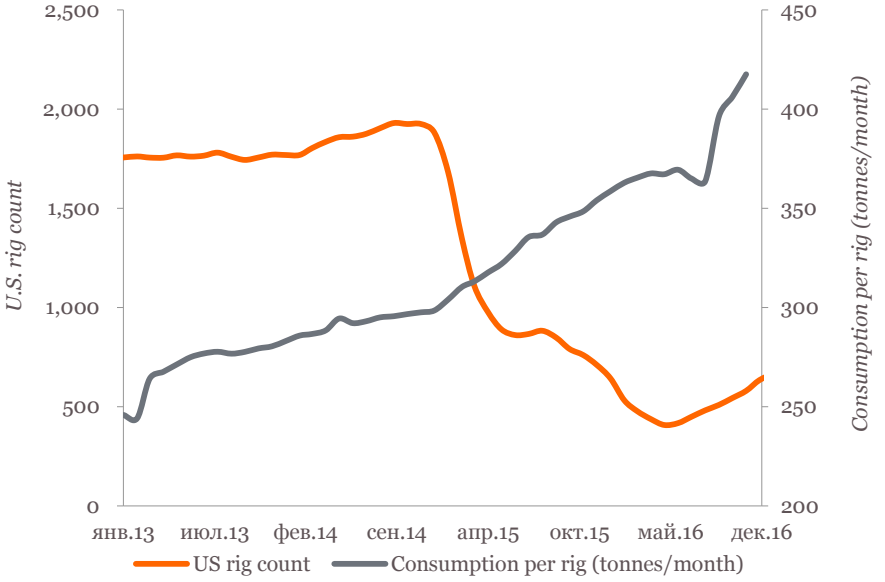
# OCTG Consumption Expected to Recover to Previous Levels with Substantially Fewer Rigs

**OCTG consumption dropped sharply but has already reached bottom and started recovering**




*Source: Preston Pipe & Tube Report*

**OCTG consumption per rig increased significantly**



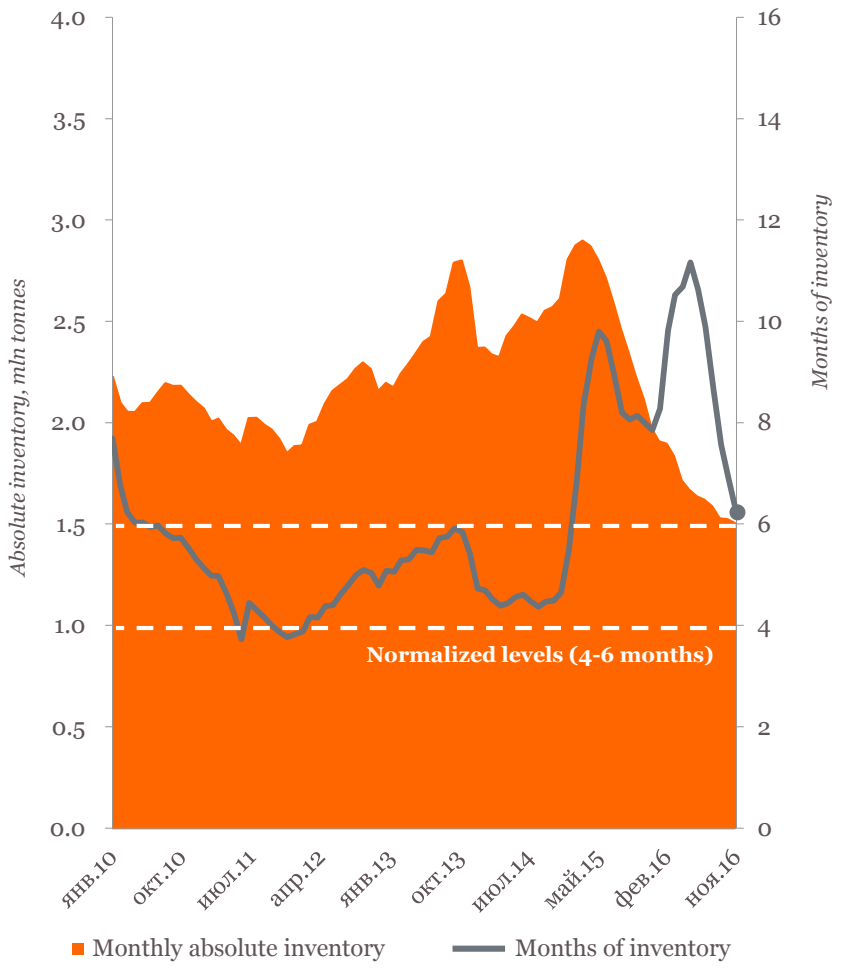

*Source: Preston Pipe & Tube Report, Baker Hughes*

- Following the rig count evolution, a gradual recovery of the U.S. OCTG market started in 2Q 2016 and may be expected to continue, subject to oil and gas price stabilization
- OCTG consumption per rig has grown by 43% compared to 2014 levels. Overall OCTG consumption is expected to outpace growth in rigs driven by (1) increased drilling intensity and (2) longer laterals with thicker pipe walls and higher steel grades
- At the current level of OCTG consumption per rig (418 tonnes), 2014 level of total OCTG consumption would be reached with c.1,300 rigs vs. an average of c.1,850 rigs in 2014

*Source: OCTG Situation Report, Preston Pipe & Tube Report, Baker Hughes*

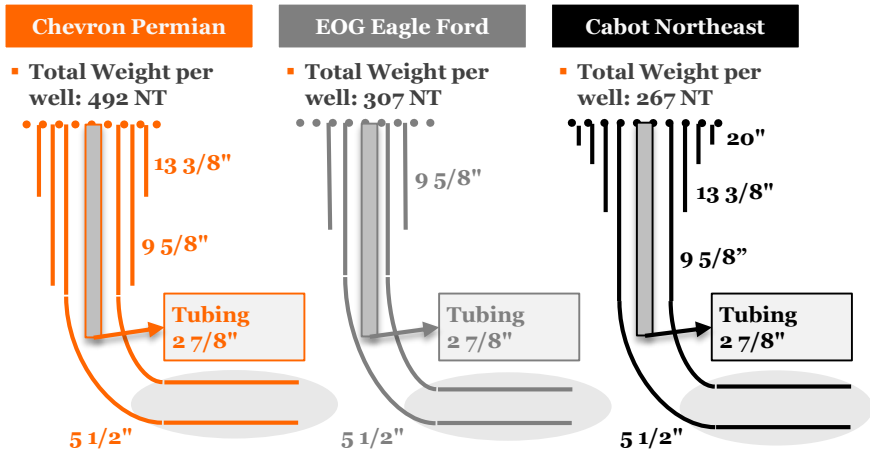
# Inventory at Healthy Levels When Adjusted for Obsolescence

## Inventory level normalization




*Source: Preston Pipe & Tube Report*

## Standardized diameters of OCTG piping




*Source: companies data*

- U.S. OCTG inventories are moving towards normalized levels from c.11.2 months in May 2016 to c.6.2 months in November 2016
- A significant part of current inventories may potentially be obsolete due to drilling technologies changing in the past 18 months
  - Demand structure changed in terms of the diameters used. Currently there are 6-8 key diameters in demand due to efficiency-driven standardization of equipment
  - Steel grade requirements also changed due to higher consumption of OCTG per rig. Currently there are only 4-5 different steel grades used

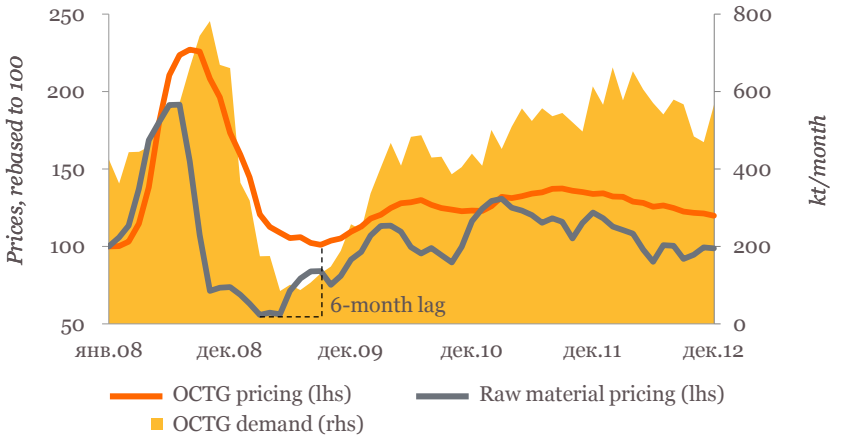
*Source: Preston Pipe & Tube Report, PipeLogix and OCTG Situation Report*

# OCTG Prices also Reached Bottom During 2Q and Stabilized

- Historically, OCTG pricing demonstrated a c.6-month lag to raw materials prices, e.g. in 2009, raw materials reached the bottom in April, while OCTG troughed in October
- In the current cycle, HRC and scrap prices reached the bottom at the end of 2015 and then rebounded considerably
- Welded and seamless OCTG prices showed negative dynamics over the same period and may be expected to follow the raw material input pricing pattern, particularly in light of the overall OCTG demand recovery and inventory levels normalization

*Source: OCTG Situation Report, AMM, CRU, Pipe Logix*

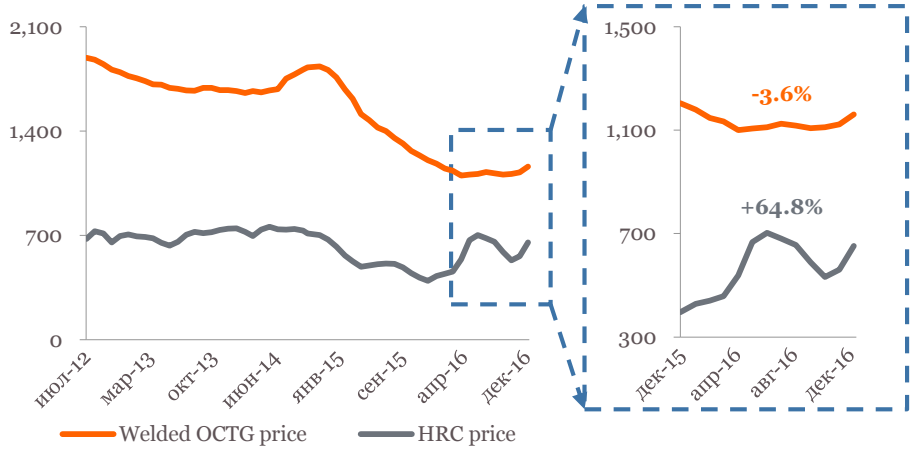
## Indexed costs vs. prices (in 2009 example)




*Source: OCTG Situation Report, AMM, CRU*

## U.S. distributor welded OCTG vs. HRC prices

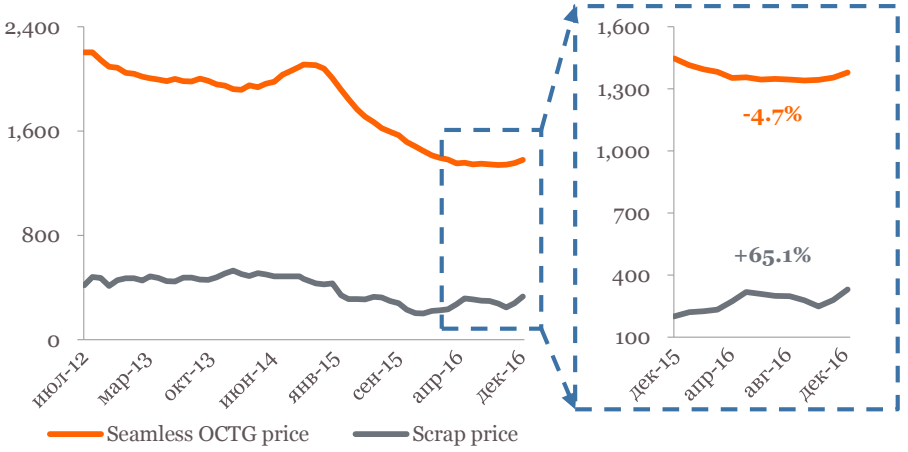
*(monthly average, U.S.$/tonne)*




*Source: Pipe Logix, AMM*

## U.S. distributor seamless OCTG vs. scrap prices

*(monthly average, U.S.$/tonne)*




*Source: Pipe Logix, AMM*

# New Go-to-Market Model in 2016

## Model Overview

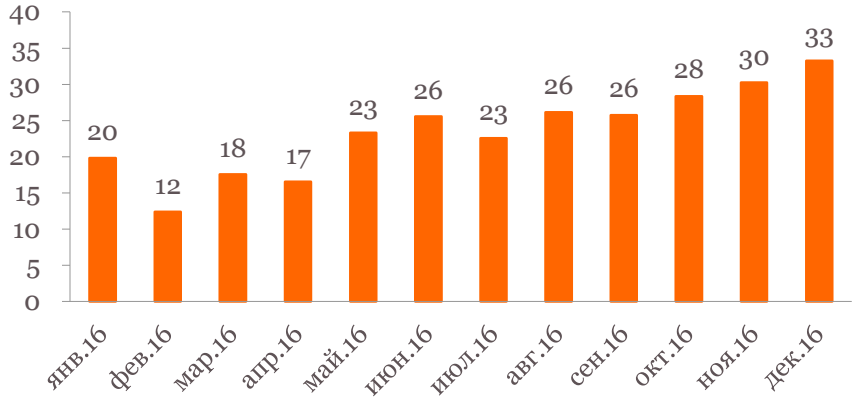
- TMK is implementing a new distribution model, focused on providing broader technical solutions to reduce E&P's costs
- The Company works closely with end users and distribution partners to synchronize production, logistics and inventories with demand in the fields
- All customers working under this arrangement have the ability to reserve production capacity and place orders with minimum supply lead times and for the quantity and type of product required based on the latest drilling programs
- Make-to-order ensues

## Results

- TMK IPSCO managed to increase the amount of business tied to the new model from approximately 35% in January 2016 to over 70% in December 2016 and thus increase the level of predictability in sales
- The higher level of sales predictability allowed the Company, customers and distributors to establish a streamlined and cost-efficient supply chain
- Customers and distributors have been very supportive of the new approach, allowing the Company to double its customer base and grow sales throughout 2016 on a broadly falling market: approximately 28% of OCTG volumes in 9M 2016 came from the new customers

## New go-to-market model is driving growth…

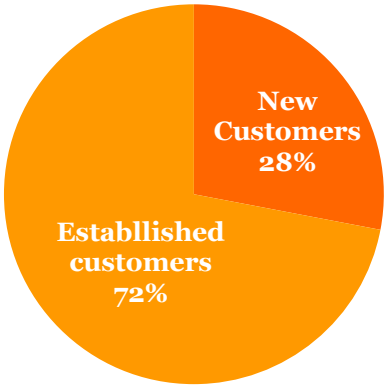
*American division seamless products sales, '000 tonnes*




*Source: Company data*

## …and increasing customer base

**OCTG Sales in 9M 2016 (tonnes)**




*Source: Company data*

# Integrated Well Solutions: TMK IPSCO and TMK Completions

**Bundling pipe, Premium Connections and Completions**

- Provide customers with creative solutions by leveraging the strengths of TMK IPSCO 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 and 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

# Cost Reduction in Operations

- One of the welded mills is still idled, awaiting repositioning / upturn
- Downward trend of conversion cost per tonne produced with approximately 34% decrease during 9M 2016
- Contributing factors: matching labor, aggressive performance targets, lean manufacturing techniques, campus mentality (production consolidation) and “make to order” approach
  - Matching labor to the utilization of operating facilities allows to control labor costs in both low and recovering scenarios – total personnel costs reduced by c.46% in 9M 2016
  - Variable cost is improving: c.26% reduction in 9M 2016
  - Fixed cost downward trend: c.16% decrease in 9M 2016
  - Process Engineering function installed at each operating facility to ensure implementation of Lean Manufacturing. Lean manufacturing techniques support variable cost and capacity improvements
  - Campus mentality: consolidation of the South Production Campus. Moving Houston Ultra lines to Baytown

# Strategic Overview

# Key Strategic Pillars

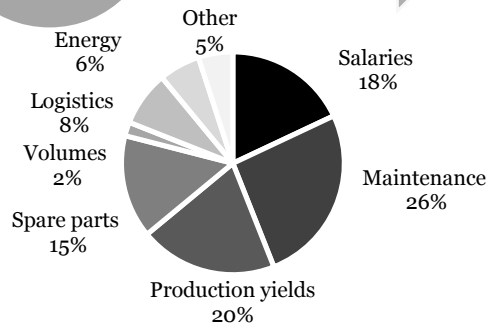
| | |
|---|---|
| **FOCUS ON CUSTOMER-DRIVEN INNOVATION** | ▪ Expand product range and remain at the forefront of technology catering to evolving customer needs<br>▪ Significant additional revenue from newly developed products annually |
| **CEMENT LEADERSHIP IN THE RUSSIAN MARKET** | ▪ Continue dominating the Russian market with primary focus on seamless OCTG and premium connections<br>▪ Maintain our share in Russian premium connections segment |
| **CAPTURE NORTH AMERICA RECOVERY OPPORTUNITY** | ▪ Remain among Top-3 US OCTG producers<br>▪ Build on the achieved market share gains |
| **FOCUS ON CASH GENERATION** | ▪ Continue optimizing working capital<br>▪ Ongoing cost cutting<br>▪ Limited CAPEX<br>▪ Disposal of non-key assets |
| **DELEVERAGING** | ▪ 2.5x Net Debt[a] / Adjusted EBITDA[b] as a long-term objective |

*Note: (a) Net Debt represents interest bearing loans and borrowings plus liability under finance lease less cash and cash equivalents and short-term financial investments*
*(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*

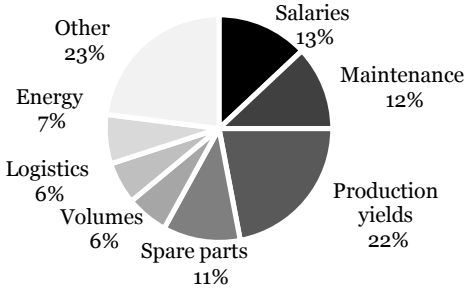
# Strict Control over Costs and CAPEX

## Ongoing cost-cutting programmes

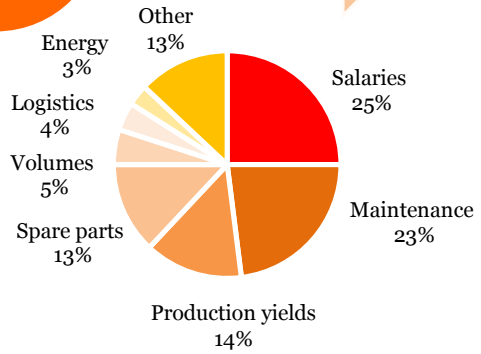
**2014** — EBITDA effect c. US$121 mln



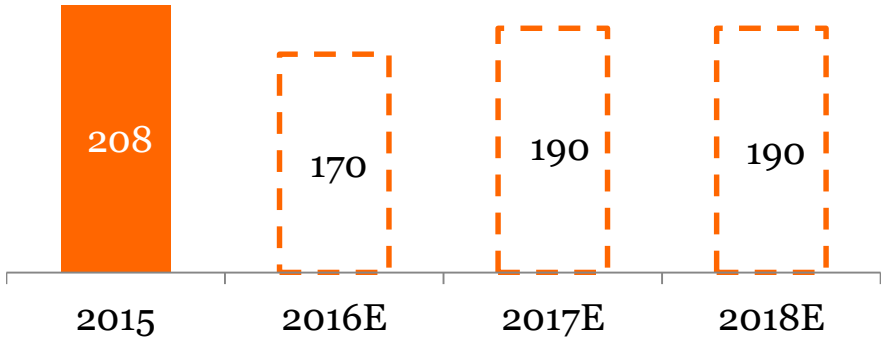

**2015** — EBITDA effect c. US$115 mln




**2016E** — EBITDA effect c. US$140 mln




## Limited CAPEX for 2016E-2018E

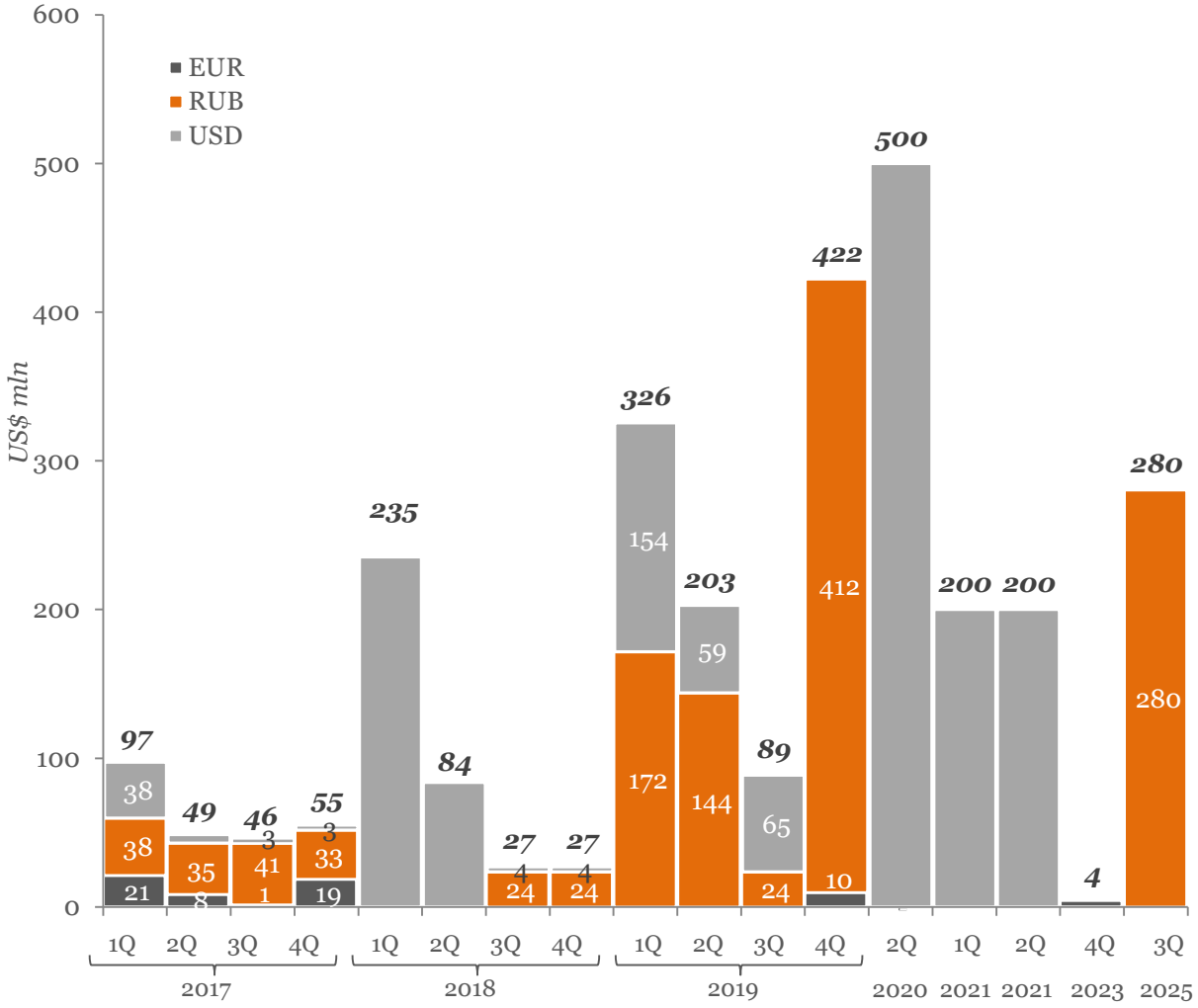



- Upper limit of US$200 mln annual CAPEX (growth & maintenance) for 2016E-2018E reconfirmed
- Strategic investment program completed in Autumn 2014
- Strict control over maintenance costs
- No M&A's planned

*Source: TMK estimates*

# Comfortable Maturity Profile with Ongoing Refinancing

## Debt maturity profile as at December 31, 2016

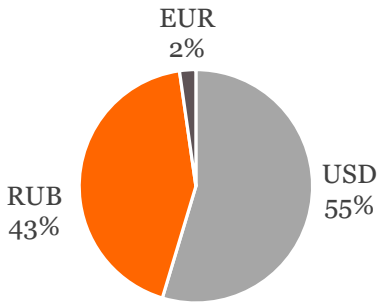



*Source: TMK management accounts (figures based on non-IFRS measures), TMK estimates*

- As at December 31, 2016, Net Debt amounted to approximately US$2,555* mln
- Over US$1bn reduction in Net Debt over the past 3 years
- The terms of several loan facilities renegotiated in September 2016 and December 2016:
  - With Sberbank, all short-term loans in an aggregate amount of approximately U.S.$270 m refinanced with new facilities maturing in 2019
  - With Gazprombank, the maturity of U.S.$400m term loan facilities extended from June 2017 to December 2021
- Credit Ratings:
  - S&P: B+
  - Moody's: B1

**TMK estimate*

## Debt currency structure

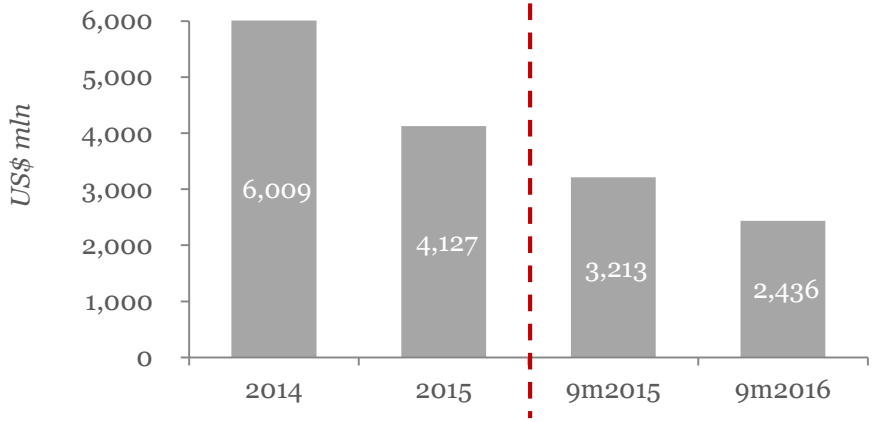



*Source: TMK management accounts*

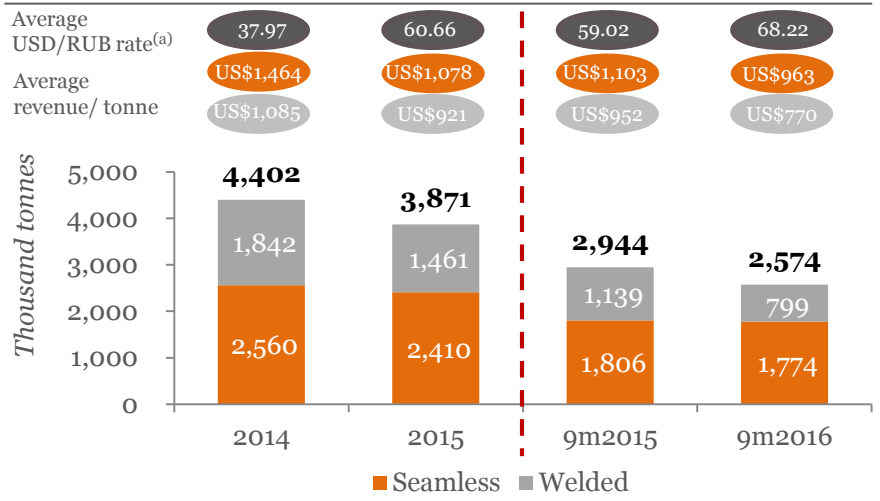
# Summary Financial Results

# Consolidated Results Snapshot

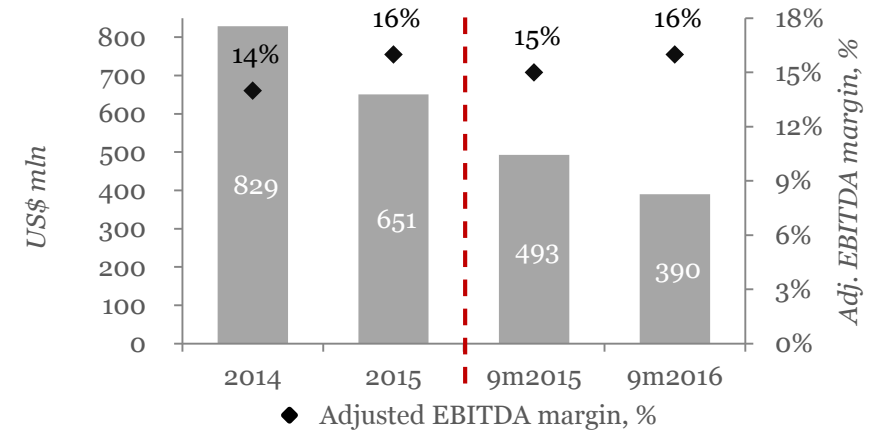
## Revenue



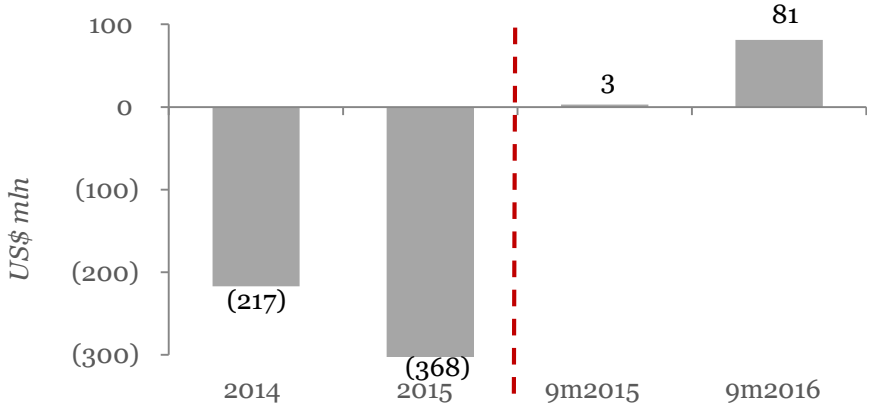

## Sales Volumes and Realised Prices




## Adjusted EBITDA(b)




## Net profit



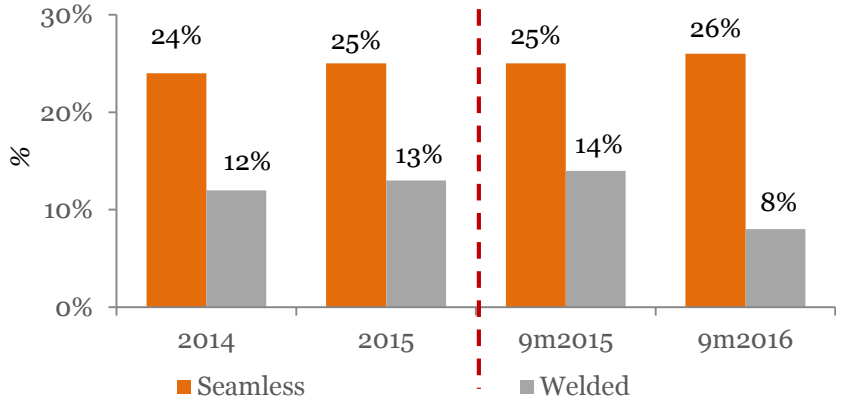

*Source: TMK data*

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

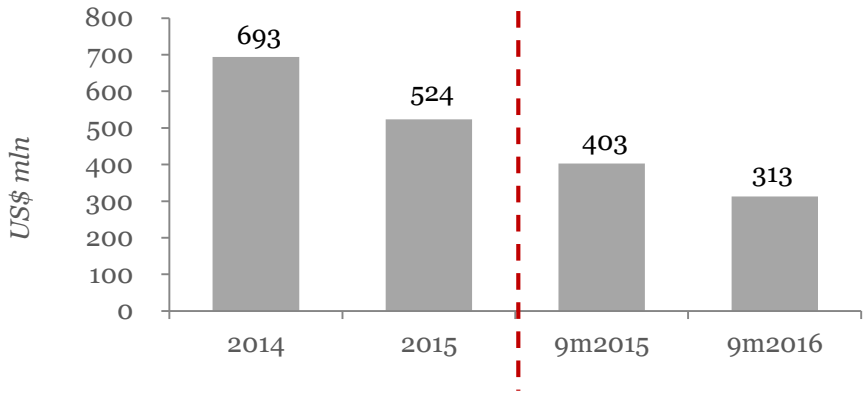
*(b) Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except 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

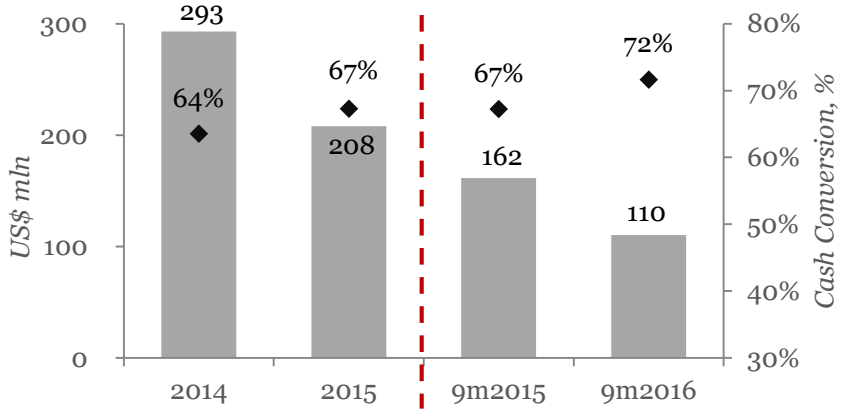
## Gross margin




## SG&A and Corporate Overheads[(a)]




## Capex and Cash Conversion[(b)]




## Comments

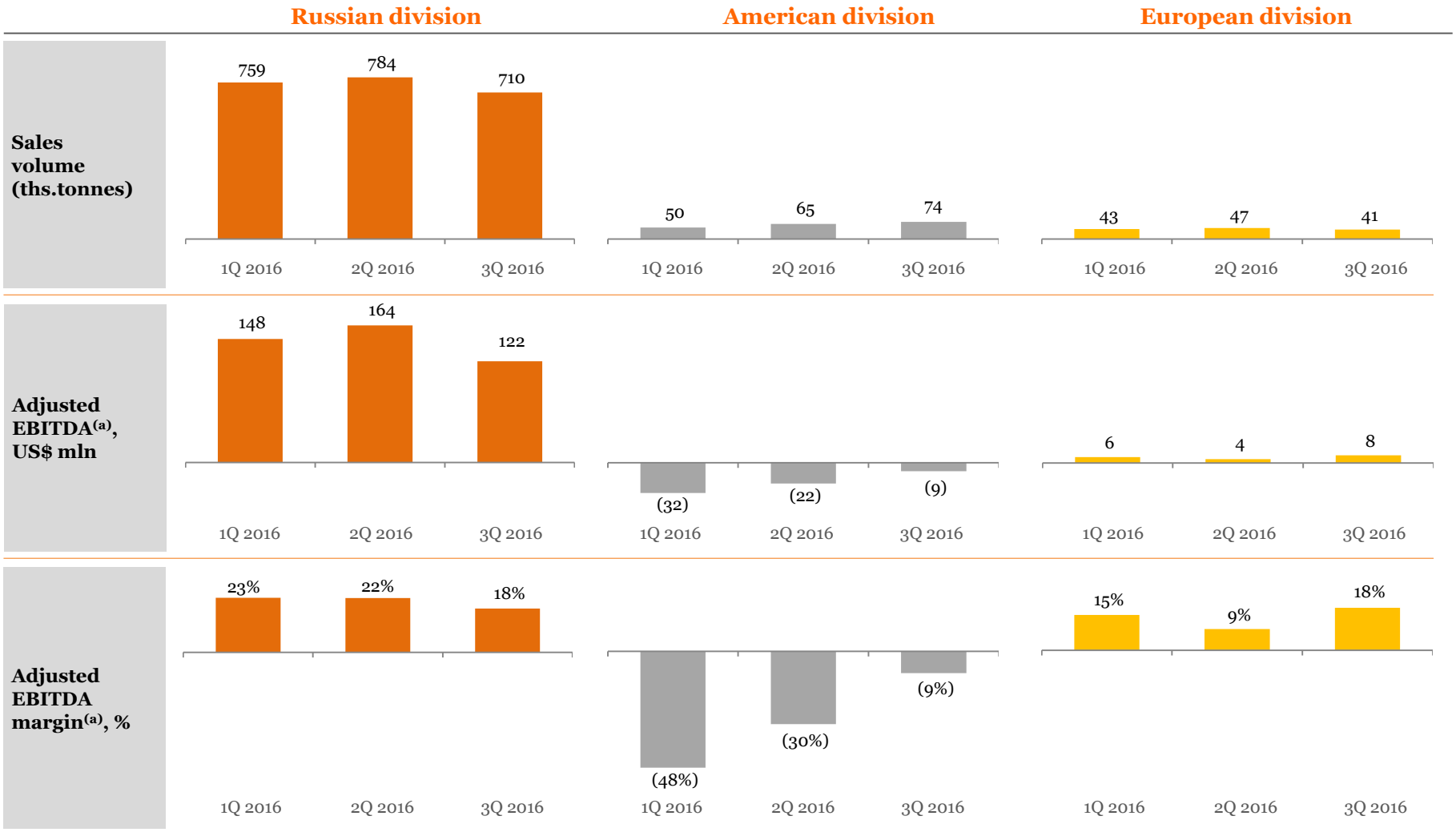
- Gross margin resilient through the cycle across both product lines
- Seamless segment accounting for approximately 90% of consolidated gross profit and demonstrates consistently superior margins
- Major reduction in SG&A in response to the revenue decline in 2015-16
- Relatively high share of fixed costs in seamless segment provides strong leverage to volume growth
- Significantly optimized lean cost structure due to stringent efficiency measures
- Growing cash conversion

*Source: TMK data*

*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




*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 items*

# Appendix – Summary Financial Accounts

# Key Consolidated Financial Highlights

| *(US$ mln)* [a] | 9m2016 | 9m2015 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **Revenue** | **2,436** | **3,213** | **4,127** | **6,009** | **6,432** |
| **Adjusted EBITDA** [b] | **390** | **493** | **651** | **829** | **986** |
| *Adjusted EBITDA Margin* [b] *(%)* | *16%* | *15%* | *16%* | *14%* | *15%* |
| Profit (Loss) | **81** | **3** | **(368)** | **(217)** | **215** |
| *Net Profit Margin (%)* | *3%* | *0%* | *n/a* | *n/a* | *3%* |
| **Pipe Sales ('000 tonnes)** | **2,574** | **2,944** | **3,871** | **4,402** | **4,287** |
| **Average Net Sales / tonne (US$)** [c] | **947** | **1,091** | **1,066** | **1,365** | **1,500** |
| **Cash Cost per tonne (US$)** [d] | **681** | **799** | **783** | **1,030** | **1,108** |
| **Cash Flow from Operating Activities** | **284** | **601** | **684** | **595** | **703** |
| **Capital Expenditure** [e] | **110** | **162** | **208** | **293** | **397** |
| **Total Debt** [f] | **2,889** | **2,829** | **2,801** | **3,223** | **3,694** |
| **Net Debt** [f] | **2,598** | **2,646** | **2,496** | **2,969** | **3,600** |
| **Short-term Debt / Total Debt** [f] | **18%** | **15%** | **21%** | **24%** | **11%** |
| **Net Debt** [f] **/ LTM Adjusted EBITDA** [b] | **4.7x** | **3.6x** | **3.8x** | **3.6x** | **3.7x** |
| **LTM Adjusted EBITDA** [b] **/ Finance Costs** | **2.0x** | **2.8x** | **2.3x** | **3.6x** | **3.9x** |

*Source: TMK Unaudited Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2016 and TMK Consolidated Financial Statements for 2015 and 2014*

*(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. LTM as of 30 September 2016 and 30 September 2015.*

*(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*

# Income Statement

| *(US$ mln)* | 9m 2016 | 9m 2015 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **Revenue** | **2,436** | **3,213** | **4,127** | **6,009** | **6,432** |
| Cost of sales | (1,927) | (2,542) | (3,282) | (4,839) | (5,074) |
| **Gross Profit** | **509** | **671** | **845** | **1,169** | **1,358** |
| Selling and Distribution Expenses | (159) | (202) | (260) | (350) | (379) |
| General and Administrative Expenses | (144) | (161) | (207) | (278) | (317) |
| Adverstising and Promotion Expenses | (4) | (7) | (8) | (14) | (12) |
| Research and Development Expenses | (8) | (10) | (13) | (15) | (13) |
| Other Operating Expenses, Net | 3 | (23) | (35) | (35) | (34) |
| Foreign Exchange Gain / (Loss) before Tax | 101 | (87) | (141) | (301) | (49) |
| Finance Costs, Net [(a)] | (198) | (198) | (269) | (226) | (245) |
| Other | (26) | 0 | (354) | (150) | 5 |
| **Income / (Loss) before Tax** | **73** | **(17)** | **(443)** | **(201)** | **312** |
| Income Tax (Expense) / Benefit | 8 | 20 | 75 | (15) | (98) |
| **Net Income / (Loss)** | **81** | **3** | **(368)** | **(217)** | **215** |

*Source: TMK Unaudited Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2016 and TMK Consolidated Financial Statements for 2015 and 2014*
*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

| *(US$ mln)* | 30-Sep-16 | 2015 | 2014 | 2013 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Cash Equivalents | 203 | 305 | 253 | 93 |
| Accounts Receivable | 715 | 512 | 728 | 995 |
| Inventories | 787 | 785 | 1,047 | 1,324 |
| Prepayments | 113 | 113 | 113 | 148 |
| Other Financial Assets | 40 | 0 | 1 | 0 |
| **Total Current Assets** | **1,858** | **1,715** | **2,142** | **2,561** |
| **Total Non-current Assets** | **2,866** | **2,697** | **3,508** | **4,857** |
| **Total Assets** | **4,725** | **4,412** | **5,649** | **7,419** |
| **LIABILITIES AND EQUITY** | | | | |
| Accounts Payable | 817 | 682 | 831 | 1,111 |
| ST Debt | 527 | 600 | 764 | 398 |
| Other Liabilities | 36 | 41 | 48 | 62 |
| **Total Current Liabilities** | **1,380** | **1,323** | **1,643** | **1,571** |
| LT Debt | 2,361 | 2,201 | 2,459 | 3,296 |
| Deferred Tax Liability | 93 | 110 | 206 | 298 |
| Other Liabilities | 74 | 64 | 71 | 125 |
| **Total Non-current Liabilities** | **2,528** | **2,374** | **2,735** | **3,718** |
| **Equity** | **816** | **715** | **1,271** | **2,130** |
| Including Non-Controlling Interest | 51 | 53 | 66 | 96 |
| **Total Liabilities and Equity** | **4,725** | **4,412** | **5,649** | **7,419** |
| Net Debt | 2,598 | 2,496 | 2,969 | 3,600 |

*Source: TMK Unaudited Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2016 and TMK Consolidated Financial Statements for 2015 and 2014*

*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

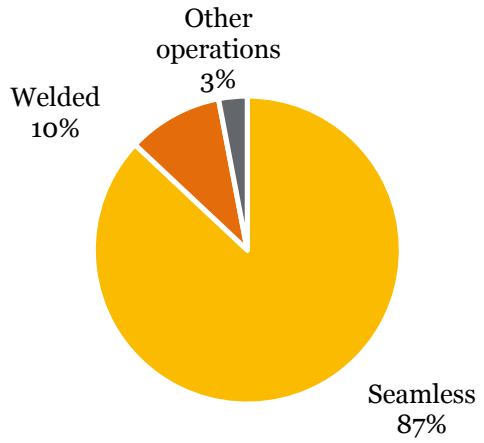
| *(US$ mln)* | 9m 2016 | 9m 2015 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Profit / (Loss) before Income Tax | 73 | (17) | (443) | (201) | 312 |
| *Adjustments for:* | | | | | |
| Depreciation and Amortisation | 175 | 190 | 251 | 304 | 326 |
| Net Finance Cost [(a)] | 198 | 198 | 269 | 226 | 245 |
| Others | (68) | 103 | 552 | 479 | 61 |
| Working Capital Changes | (69) | 173 | 105 | (159) | (159) |
| **Cash Generated from Operations** | **309** | **646** | **734** | **648** | **786** |
| Income Tax Paid | (26) | (45) | (51) | (53) | (82) |
| **Net Cash from Operating Activities** | **284** | **601** | **684** | **595** | **703** |
| Capex | (110) | (162) | (208) | (293) | (397) |
| Acquisitions | (11) | (2) | (2) | (60) | (38) |
| Others | 25 | 6 | 25 | 10 | 12 |
| **Net Cash Used in Investing Activities** | **(97)** | **(158)** | **(185)** | **(343)** | **(423)** |
| Net Change in Borrowings | (65) | (265) | (193) | 154 | (93) |
| Others | (225) | (222) | (187) | (206) | (313) |
| **Net Cash Used in Financing Activities** | **(291)** | **(487)** | **(381)** | **(53)** | **(407)** |
| Net Foreign Exchange Difference | 1 | (44) | (65) | (40) | (5) |
| Cash and Cash Equivalents at January 1 | 305 | 253 | 253 | 93 | 225 |
| **Cash and Cash Equivalents at YE** | **203** | **165** | **305** | **253** | **93** |

*Source: TMK Unaudited Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2016 and TMK Consolidated Financial Statements for 2015 and 2014*
*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*

# Seamless – Core to Profitability

| | *(US$ mln)* | 3Q2016 | QoQ, % | 9M2016 | YoY, % |
|---|---|---|---|---|---|
| Seamless | Sales-Pipes, kt | **608** | 2% | **1,774** | (2%) |
| | **Revenue** | **608** | 5% | **1,709** | (14%) |
| | Gross profit | **146** | (7%) | **444** | (10%) |
| | Margin,% | 24% | | 26% | |
| | Avg revenue / tonne (US$) | 1,001 | 4% | 963 | (13%) |
| | Avg gross profit / tonne (US$) | 240 | (8%) | 250 | (9%) |
| Welded | Sales - Pipes, kt | **218** | (27%) | **799** | (30%) |
| | **Revenue** | **177** | (24%) | **615** | (43%) |
| | Gross profit | **12** | (58%) | **49** | (69%) |
| | *Margin %* | *7%* | | *8%* | |
| | Avg revenue / tonne (US$) | 812 | 4% | 770 | (19%) |
| | Avg gross profit / tonne (US$) | 55 | (42%) | 61 | (56%) |

**9M 2016 gross profit breakdown**




- Sales of seamless pipe generated 74% of total Revenue in 3Q 2016 and 70% in 9M 2016.
- Gross Profit from seamless pipe sales represented 89% of 3Q 2016 total GP and 87% of 9M 2016 GP.
- Gross Profit Margin from seamless pipe sales amounted to 24% in 3Q 2016 and 26% for 9M 2016.

*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 – Capital Structure and Corporate Governance

# Capital Structure

## Capital structure


*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

**Including Rusnano (5.26%)

## Key considerations

- TMK's securities are listed on the London Stock Exchange, the OTCQX International Premier trading platform in the U.S. and on Russia's major stock exchange – MICEX-RTS.
- Total shares outstanding amount to 1,033,135,366.
- One GDR represents four ordinary shares.
- On Feb 3, 2017, TMK completed SPO of 138,888,888 existing ordinary shares of the Company. The offer price was set at RUB 75 per ordinary share. Gross proceeds from the Offering are approximately RUB 10,416.7 million.
- Vast majority of net proceeds from the Offering will be used to purchase 138,888,888 ordinary shares of the Company from VTB Bank. The rest will be used for the Company's debt repayment.

*Source: TMK*

# TMK Corporate Governance

## Key considerations

- The Board of Directors is comprised of 11 members, including 5 independent directors, 4 non-executive directors and 2 executive directors.
- The Board of Directors has 3 standing committees, chairman of each committee is an independent director:
  - Audit Committee;
  - Nomination and Remuneration Committee;
  - Strategy Committee.
- TMK's day-to-day operations are managed by the CEO and the Management Board which consists of eight members.
- The Company has an integrated system of internal controls which provides assurance as to the efficiency and management of risks of operations.

**DMITRY PUMPYANSKIY, Chairman of the Board of Directors, non-executive director**
Born in 1964. Graduated from the Sergey Kirov Urals Polytechnic Institute in 1986. PhD in Technical Sciences, Doctor of Economics. Founder and beneficial majority shareholder of TMK
**Relevant experience**: Chairman of the Supervisory Board of Russian Agricultural Bank, Member of the Board of Directors at Rosagroleasing and SKB-Bank, President and Chairman of the Board of Directors of Sinara Group, member of the Management Board of the Russian Union of Industrialists and Entrepreneurs, CEO at TMK, CEO and a member of the Board of Directors of Sinara Group, Board member at various industrial and financial companies

**MIKHAIL ALEKSEEV, Independent director, Chairman of the Nomination and Remuneration Committee.**
Born in 1964. Graduated from the Moscow Finance Institute in 1986. Doctor of Economics.
**Relevant experience**: Chairman of the Management Board of UniCredit Bank, Chairman of the Supervisory Board of LLC UniCredit Leasing, Chairman of the Board and President of "Rossiysky Promyishlenny Bank" (Rosprombank), Senior Vice President and Deputy Chairman of the Management Board of Rosbank, Deputy Chairman of the Management Board of ONEXIM Bank, Deputy Head of the General Directorate of the Ministry of Finance of the USSR.

**PETER O'BRIEN, Independent director, Chairman of the Audit Committee**
Born in 1969. Graduated from Duke University (USA) in 1991 and obtained an MBA from Columbia University Business School in 2000 and completed the AMP at Harvard Business School in 2011.
**Relevant experience**: Member of the Management Board, Vice President, Head of the Group of Financial Advisors to the President of Rosneft, Co-Head of Investment Banking, Executive Director of Morgan Stanley in Russia, Vice President at Troika Dialog Investment Company, Press Officer at the US Treasury, Chairman of the Board of Directors of PAO TransFin-M and member of the Board of Directors of PAO T Plus.

**ALEKSANDER SHOKHIN, Independent director, Chairman of the Strategy Committee**
Born in 1951. Graduated from the Lomonosov Moscow State University in 1974. PhD, Doctor of Economics, Professor.
**Relevant experience**: President of the Russian Union of Industrialists and Entrepreneurs, President of the Higher School of Economics State University, member of the Board of Directors of AO Russian Small and Medium Business Corporation, Board member at Lukoil, Russian Railways, member of the Public Chamber of the Russian Federation, member of the State Duma, Minister of Labour and Employment and Minister of Economic Affairs, Head of the Russian Agency for International Cooperation and Development, twice appointed as Deputy Head of the Russian Government, Russia's representative to IMF and World Bank.

**SERGEY KRAVCHENKO, Independent director, member of the Board of Directors**
Born in 1960. Graduated from the Moscow State University of Mechanical Engineering in 1982. Professor, Doctor of Technical Science.
**Relevant experience**: President of Boeing Russia and CIS since 2002, responsible for the company's business development in Russia and CIS. Prior to joining Boeing in 1992 was a lead member of the Russian Academy of Sciences.

**ROBERT MARK FORESMAN, Independent director, member of the Board of Directors**
Born in 1968. Graduated from Bucknell University (USA) in 1990 and Harvard University Graduate School of Arts & Sciences in 1993.
**Relevant experience**: Head of Barclays Capital in Russia, Deputy Chairman of the Management Board at Renaissance Capital, Chairman of the Management Committee for Russia and CIS at Dresdner Kleinwort Wasserstein, Head of Investment Banking for Russia and CIS at ING Barings, Vice Chairman at UBS Investment Bank.

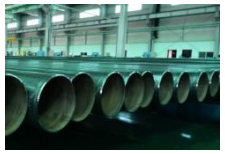
# Appendix – TMK Products

# Wide Range of Products, Focus on Oil and Gas

## Seamless

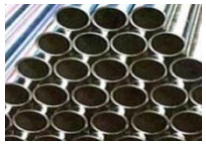
Threaded pipes for the oil and gas industry including drill pipe, casing and tubing.

**OCTG**



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

**Line Pipe**



Automotive, machine building, and power generation sectors.

**Industrial**

## Welded

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

**OCTG**

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

**Line Pipe**

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

**Large-Diameter**

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

**Industrial**

## Premium

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.

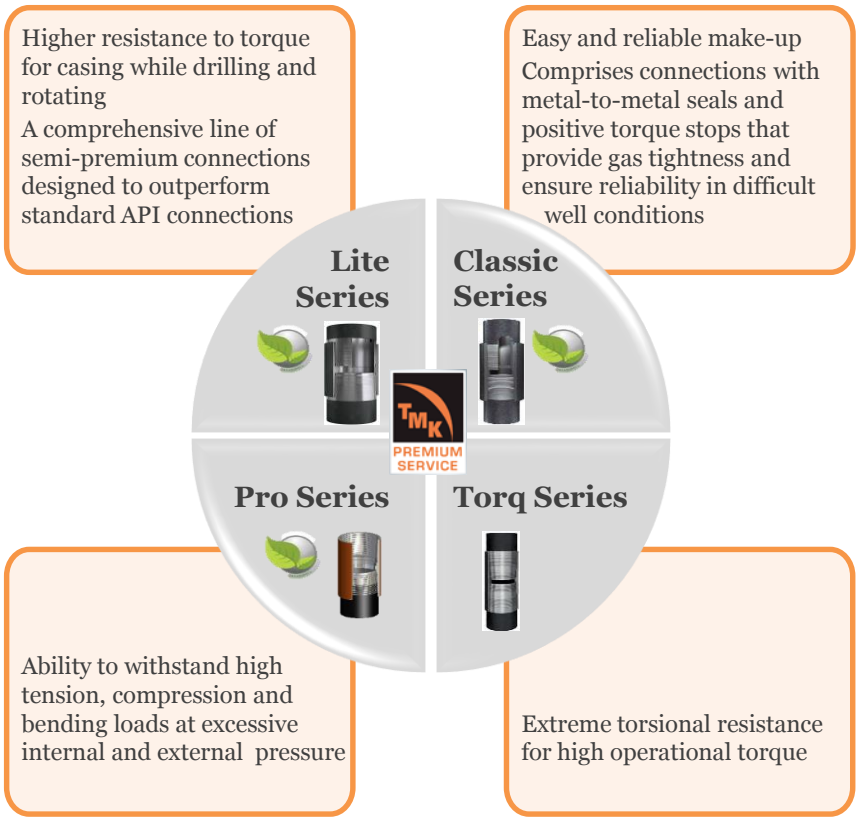
**Premium Connections (TMK UP)**

## Oilfield Services

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

# TMK Premium Product Offering

## TMK Connections Series




## Premium Products and Services

- TMK to maintain its share of premium connections market with greater focus on sales of 2nd and 3rd generation premium connections to improve sales efficiency and enhance competitive advantage
- TMK is actively developing HI-TECH products for unconventional reserves, including offshore deposits:
  - OCTG: with Premium threading, Cr13, GreenWell technology, alloy OCTG (L80, C90, T95, P110) mostly with Premium threading
  - Stainless steel pipe
  - Pipe with increased corrosion resistance
  - Vacuum insulated tubing
  - LDP

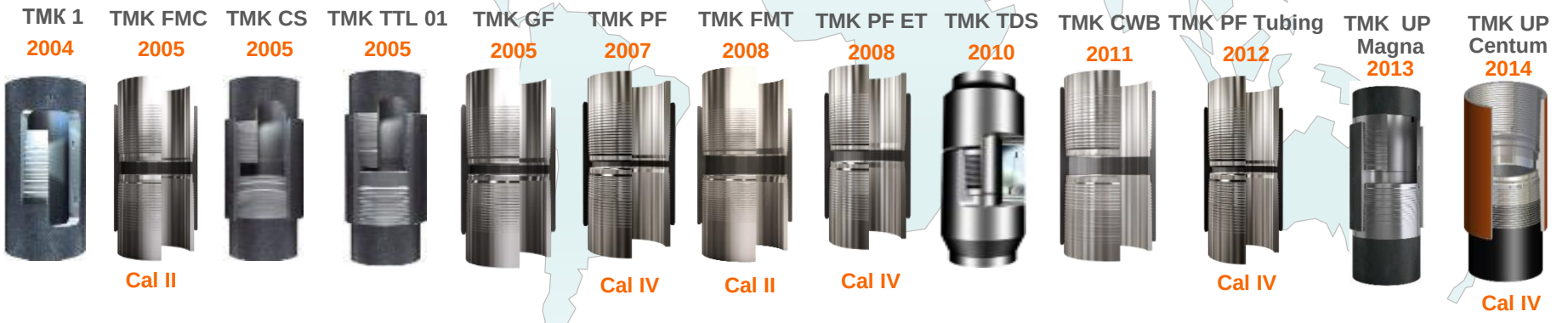
**Pipes with premium connections are designed for O&G wells developed in challenging exploration and production conditions, including offshore, deep-sea and Far North locations, as well as for horizontal and directional wells**

*Source: TMK data*

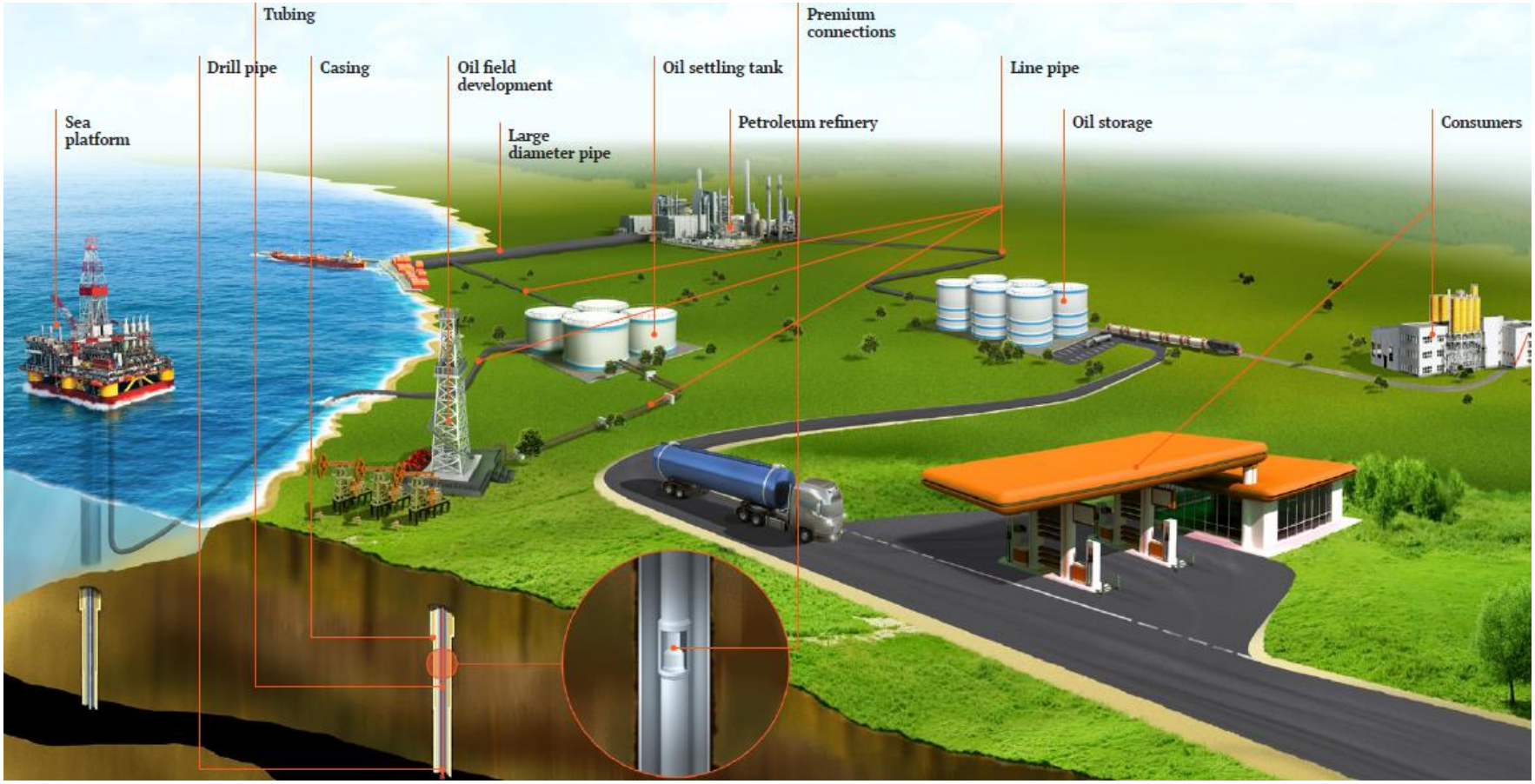
# Premium Solutions: TMK UP


## Unique range of Premium products

- Onshore/offshore
- Sour gas
- Thermal
- Arctic
- Horizontal and extended reach
- Drilling with casing
- Steam-Assisted Gravity Drainage (SAGD)
- Connections are available with GreenWell environment friendly technology



# 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 (40% of total sales in 9M 2016);
- **Line pipe** – used for short distance transportation of crude oil, oil products and natural gas (23% of total sales in 9M 2016);
- **LDP** - large diameter pipe used for construction of trunk pipeline systems for long distance transportation of natural gas, crude oil and petroleum products (15% in total sales in 9M 2016).

# Appendix – Oil & Gas Market outlook

# Adjustment of Oil Output

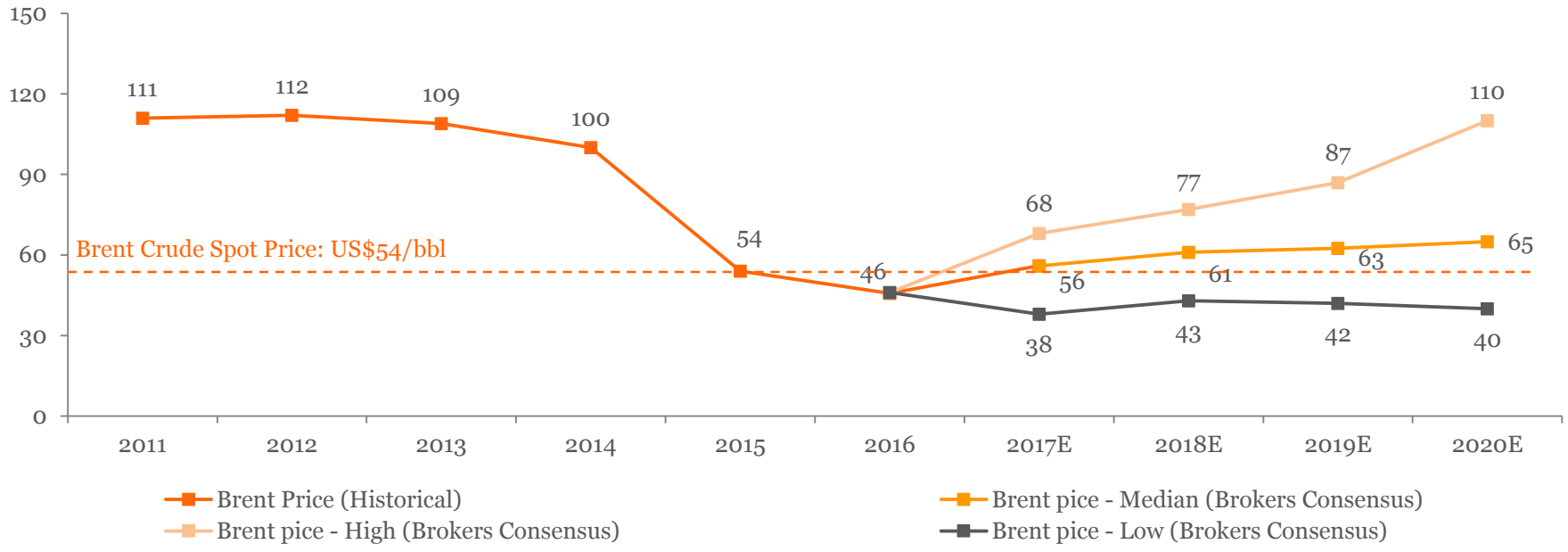
| Oil Production Methods | | Brief Description | Regulation of Oil Output |
|---|---|---|---|
| **Natural Lift (Flush Production)** |  | ▪ Flush production is the initial high yield oil that flows under high pressure from a well, without mechanical aid<br>▪ Initially, the oil flows across the reservoir to the wellbore, before flowing against gravity to the surface<br>▪ Generally, water, natural gas, solid rock and/or gravity are the driving forces behind natural lift systems which can facilitate the movement of the liquid oil towards the wellbore and up the production tubing<br>▪ Once flush production ends, specialised recovery equipment is required to enhance the lift of hydrocarbons from the reservoir using mechanical equipment | ▪ Operating mode of the well is regulated by changing the wellhead pressure with the use of surface and subsurface fittings and by altering the diameter of the flow valve<br>▪ There are several pre-defined diameters for each flow valve<br>▪ Changing the diameter of the flow valve is a simple procedure, which does not require the replacement of any pipes |
| **Artificial lift (Pump Production)** |  | ▪ Oil lifting is exercised by the use of pumping gear (e.g. a “pump jack”)<br>▪ Pump jacks operate by creating artificial lift by increasing pressure and fluid suction within the production tubing<br>▪ Pumps can extract oil from the well before complete exhaustion is reached and are typically used when the pressure in the well is too low to force the oil to the surface | ▪ Adjustment of oil output can be achieved by changing the pressure applied by the pump to the well |

**Reduction in oil output is commonly implemented though adjustment of the flow valve diameter / pressure and is unlikely to have an impact on the pipe consumption**

*Source: Public information*

# Broker Consensus Predicts Brent Price Recovery to US$70+/bbl

## Brent Historical and Forecasted Prices



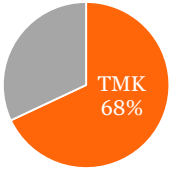

- Oil price started to rebound in January 2016 and has since stabilised within the US$45-US$55/bbl range with decline in production in US, China, Colombia and Mexico being compensated by growth in production in Russia, Brazil and Kazakhstan
- Brokers estimate oil price to recover to US$70+/bbl levels in 2018-2019

*Source: Bloomberg, as at January 17*

# Appendix – Other Materials

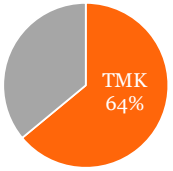
# TMK's Undisputed Market Leading Position in Russia

## Seamless



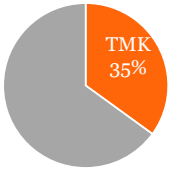

### OCTG

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




### Line Pipe

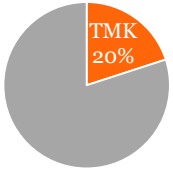
Short-distance transport of crude oil, oil products and natural gas




### Industrial

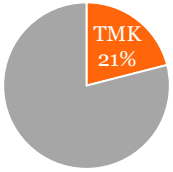
Automotive, machine building, and power generation sectors

## Welded



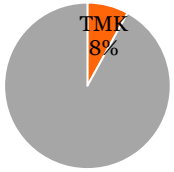

### Line Pipe

Short-distance transportation of O&G and oil products




### Large Diameter

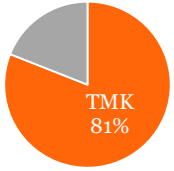
Construction of trunk pipeline systems for long distance transportation of O&G and petroleum products




### Industrial

Wide array of applications and industries, including utilities and agriculture

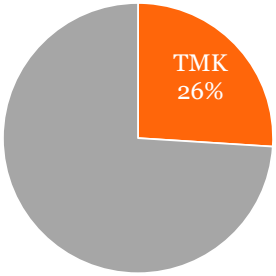
## Premium




### 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

**#1 in the Russian Tube and Pipe Market**




*Source: TMK estimates, based on 9M2016 numbers*

**TMK will continue to grow its market share due to expected increased competitiveness of domestically produced pipes vs. imported ones (due to RUB depreciation)**

# Thank You

**TMK Investor Relations**

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