TMK IR PRESENTATION

May 2017
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 (2016)

- Russia: 72%
- Americas: 15%
- Europe: 7%
- ME & Gulf Region: 3%

TMK sales by product (2016)

- Oil & Gas = 78%
- Seamless OCTG 41%
- Seamless Line Pipe 15%
- Welded OCTG 1%
- Welded Industrial 7%
- Welded Line Pipe 7%
- Welded LD 15%
- Seamless Industrial 14%

Key financials

<table>
<thead>
<tr>
<th>(US$mln)</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>6,432</td>
<td>6,009</td>
<td>4,127</td>
<td>3,338</td>
</tr>
<tr>
<td>Adj. EBITDA</td>
<td>986</td>
<td>829</td>
<td>651</td>
<td>530</td>
</tr>
<tr>
<td>Adj. EBITDA Margin (%)</td>
<td>15%</td>
<td>14%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>FCF(b)</td>
<td>280</td>
<td>252</td>
<td>498</td>
<td>395</td>
</tr>
<tr>
<td>Net Profit (Loss)</td>
<td>215</td>
<td>(217)</td>
<td>(368)</td>
<td>166</td>
</tr>
<tr>
<td>Net Debt</td>
<td>3,600</td>
<td>2,969</td>
<td>2,496</td>
<td>2,539</td>
</tr>
</tbody>
</table>

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 investing activities
TMK Today – Key Investment Highlights

Industry-leading market position and large modern asset base
- Top-3 player in seamless OCTG industry with c. 16% (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 38%(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 14.4% 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

(m tonnes)

<table>
<thead>
<tr>
<th>Year</th>
<th>Russia</th>
<th>US</th>
<th>OCTG Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>5.7</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1.9</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2.0</td>
<td>3.8</td>
<td></td>
</tr>
<tr>
<td>2016E</td>
<td>4.3</td>
<td>2.3</td>
<td></td>
</tr>
</tbody>
</table>

Global E&P investments

(US$ bn nominal)

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)
TMK – Superior Earnings Resilience Through the Cycle

**Total pipes sales volume (ths. tonnes)**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMK</td>
<td>4,288</td>
<td>4,402</td>
<td>3,871</td>
<td>3,458</td>
</tr>
<tr>
<td>Tenaris</td>
<td>3,661</td>
<td>3,675</td>
<td>2,633</td>
<td>1,990</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMK</td>
<td>2,848</td>
<td>663</td>
</tr>
<tr>
<td>Tenaris</td>
<td>2,790</td>
<td>886</td>
</tr>
</tbody>
</table>

**Adjusted EBITDA margin(a), %**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMK</td>
<td>15%</td>
<td>14%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>Tenaris</td>
<td>26%</td>
<td>26%</td>
<td>18%</td>
<td>14%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMK</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>Tenaris</td>
<td>16%</td>
<td>17%</td>
</tr>
</tbody>
</table>

**Cash conversion(b)**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMK</td>
<td>60%</td>
<td>65%</td>
<td>68%</td>
<td>67%</td>
</tr>
<tr>
<td>Tenaris</td>
<td>73%</td>
<td>60%</td>
<td>7%</td>
<td>30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMK</td>
<td>38%</td>
<td>n.m.</td>
</tr>
<tr>
<td>Tenaris</td>
<td>55%</td>
<td>n.m.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>HRC (FOB, Black Sea)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>543</td>
</tr>
<tr>
<td>2014</td>
<td>531</td>
</tr>
<tr>
<td>2015</td>
<td>347</td>
</tr>
<tr>
<td>2016</td>
<td>387</td>
</tr>
</tbody>
</table>

Source: Metal Expert

Seamless pipe – simplified value chain

- Scrap, HBI
- Refractories, ferroalloys and other consumables

Pipe making facilities:
- Production of billets
- Piercing, elongation, reduction of billets; pipe finishing

Welded pipe – simplified value chain

- Steel coil/plate

Pipe making facilities:
- Bending of steel coil or plate followed by welding the seam at the wedges

Perimeter of TMK operations in the value chain

TMK gross margin by product segments

<table>
<thead>
<tr>
<th>Year</th>
<th>Seamless</th>
<th>Welded</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>27%</td>
<td>11%</td>
</tr>
<tr>
<td>2014</td>
<td>24%</td>
<td>12%</td>
</tr>
<tr>
<td>2015</td>
<td>25%</td>
<td>13%</td>
</tr>
<tr>
<td>2016</td>
<td>26%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Metal Expert
Strong Position in Multiple End-Markets for Pipes Beyond Oil & Gas

**Automotive**

- 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...

- 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\(^{(2)}\)
- OPEC has been cut 115 mmbbl/d monthly average in 1Q2017 vs. October 2016 level (−210 mmbbl/d by April’17 compared to October 16)

...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, is likely to support continued growth in drilling activity in Russia

Source: Reuters

Note: (1) Converted from tonnes to barrels using conversion factor for Urals (0.1373 barrels per tonne); (2) Please refer to slide 50 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)

Key considerations
- Drilling in Russia has demonstrated a strong 6.3% CAGR between 2010 and 2016, with OCTG demand having increased at 2.0% 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 36% between 2010-16(1)
- Russia’s footage growth increased by 13% YoY in 2016, according to the Ministry of Energy of the Russian Federation

Source: CDUTEK, Metal Expert

Russian development drilling activity is strong and growing

Source: CDUTEK
(1) According to CDUTEK
Favourable Tax Regime and Stable Upstream Economics

Key considerations

- 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

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); (3) Excludes Lukoil (1Q17 results to be released on May 23-31, 2017) and Gazpromneft (1Q17 results to be released on May 18, 2017)
TMK’s Home Market is One of the Lowest Cost Oil Producing Regions

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**

![Historic Russian pipe demand chart]

Source: TMK estimates

**Key considerations**

- According to TMK estimates, in 2016, Russian consumption of pipes and tubular products reached 9.7mt p.a. (-10% vs. 2015 and -8% vs. 2014), mainly affected by weaker LDP consumption.

- Consumption of OCTG pipes is expected to grow in line with drilling volumes, given strong historical correlation.

- TMK forecasts a contraction in the LDP segment due to the completion or rescheduling of a number of major pipeline construction projects.

- 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.

**TMK market share of energy pipe demand**

![TMK market share chart]

Source: TMK estimates, based on 2015-2016 numbers

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...

- Russian seamless OCTG market was flat YoY in 2016\(^{(1)}\)
- 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 2016\(^{(1)}\)

...with growing premium market share complementing TMK’s leading OCTG offering

- 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 75% market share in 2016
- 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 3% YoY in 2016\(^{(1)}\)

Notes: (1) According to TMK estimates
TMK North American Division: Market Overview
This downturn has been longer and tougher...

- Rig count reached bottom in May at 404 units, but has grown by over 470 rigs since then
- Average number of rigs in 1Q 2016 increased by 26% QoQ, following the recovery in oil prices
- Low-breakeven Permian basin has concentrated c.45% of the rigs added since the trough
- U.S. domestic crude production averaged 9.3 mb/d in May 2017, up 0.8 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 and has traded in U.S.$2.60-3.40 range since then
- Adjusted EBITDA (a) of the American division troughed in 1Q 2016, then recovered in 2Q-4Q 2016 & 1Q 2017
- Recovery of U.S. financial performance to pre-2015 levels would be an important catalyst for TMK growth

...Adjusted EBITDA (a) of the American division has troughed and is rebounding

Source: Baker Hughes

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
Driven by higher crude oil and gas prices, U.S. E&P capex is expected to increase by 18% and 39% in 2017 and 2018, respectively.

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.
During the past 2 years, 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**

**OCTG consumption per rig increased significantly**

- 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 over 60% 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 (471 tonnes), 2014 level of total OCTG consumption would be reached with c.1,150 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

- Monthly absolute inventory
- Months of inventory

Standardized diameters of OCTG piping

- Chevron Permian
  - Total Weight per well: 492 NT

- EOG Eagle Ford
  - Total Weight per well: 307 NT

- Cabot Northeast
  - Total Weight per well: 267 NT

- 13 3/8”
- 9 5/8”
- 5 1/2”
- Tubing 2 7/8”

Source: companies data

- U.S. OCTG inventories are moving towards normalized levels from c.11 months in May 2016 to c.4 months in January 2017
- 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 Reached Bottom in 2Q 2016 and Then Rebounded

- 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 reached the bottom in 2Q 2016 and then followed 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

U.S. distributor welded OCTG vs. HRC prices (monthly average, U.S.$/tonne)

Source: Pipe Logix, AMM

Indexed costs vs. prices (in 2009 example)

U.S. distributor seamless OCTG vs. scrap prices (monthly average, U.S.$/tonne)

Source: Pipe Logix, AMM
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
- 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
- Maintain our share in Russian premium connections segment

**CAPTURE NORTH AMERICA RECOVERY OPPORTUNITY**
- Remain among Top-3 US OCTG producers
- Build on the achieved market share gains

**FOCUS ON CASH GENERATION**
- Continue optimizing working capital
- Ongoing cost cutting
- Limited CAPEX
- Disposal of non-key assets

**DELEVERAGING**
- 3.0x Net Debt\(^{(a)}\) / Adjusted EBITDA\(^{(b)}\) as a three year target
- 2.5x Net Debt / Adjusted EBITDA as a long-term objective

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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
- Energy 6%
- Logistics 8%
- Volumes 2%
- Spare parts 15%
- Production yields 20%
- Other 5%
- Salaries 18%
- Maintenance 26%

2015 EBITDA effect c. US$115 mln
- Energy 7%
- Logistics 6%
- Volumes 6%
- Spare parts 11%
- Production yields 22%
- Other 23%
- Salaries 13%
- Maintenance 12%

2016 EBITDA effect c. US$124 mln (a)
- Energy 4%
- Logistics 5%
- Volumes 5%
- Spare parts 13%
- Production yields 18%
- Other 16%
- Salaries 29%
- Maintenance 12%

Limited CAPEX for 2017E-2018E

- Upper limit of US$200 mln annual CAPEX (growth & maintenance) for 2017E-2018E reconfirmed
- Strategic investment program completed in Autumn 2014
- Strict control over maintenance costs
- No M&A’s planned

Source: TMK estimates
Note: (a) Converted to USD at USD/RUB average rate for 2016 of 66.90
Comfortable Maturity Profile with Ongoing Refinancing

As at March 31, 2017, Net Debt amounted to US$2,640 mln
Over US$1bn reduction in Net Debt over the past 3 years
In April 2017, TMK placed a 5 billion rouble 10-year bond with 9.75% coupon rate
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

Debt currency structure

Source: TMK management accounts (figures based on non-IFRS measures), TMK estimates
Summary Financial Results
FY Consolidated Results Snapshot

Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>US$ mln</th>
</tr>
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<tbody>
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<td>6,009</td>
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<td>4,127</td>
</tr>
<tr>
<td>2016</td>
<td>3,338</td>
</tr>
</tbody>
</table>

Volumes and realised prices

<table>
<thead>
<tr>
<th>Year</th>
<th>Thousand tonnes</th>
<th>Average revenue/ tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4,402</td>
<td>US$1,464</td>
</tr>
<tr>
<td>2015</td>
<td>3,871</td>
<td>US$1,078</td>
</tr>
<tr>
<td>2016</td>
<td>3,458</td>
<td>US$970</td>
</tr>
</tbody>
</table>

Adjusted EBITDA(b)

<table>
<thead>
<tr>
<th>Year</th>
<th>US$ mln</th>
<th>Adj. EBITDA margin, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>829</td>
<td>14%</td>
</tr>
<tr>
<td>2015</td>
<td>651</td>
<td>16%</td>
</tr>
<tr>
<td>2016</td>
<td>530</td>
<td>16%</td>
</tr>
</tbody>
</table>

Net profit

<table>
<thead>
<tr>
<th>Year</th>
<th>US$ mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>(217)</td>
</tr>
<tr>
<td>2015</td>
<td>(368)</td>
</tr>
<tr>
<td>2016</td>
<td>166</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Year</th>
<th>Seamless (%)</th>
<th>Welded (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>24%</td>
<td>12%</td>
</tr>
<tr>
<td>2015</td>
<td>25%</td>
<td>13%</td>
</tr>
<tr>
<td>2016</td>
<td>26%</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Key considerations**

- 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

**SG&A and Corporate Overheads**

<table>
<thead>
<tr>
<th>Year</th>
<th>US$ mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>693</td>
</tr>
<tr>
<td>2015</td>
<td>524</td>
</tr>
<tr>
<td>2016</td>
<td>437</td>
</tr>
</tbody>
</table>

**Key considerations**

- 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

<table>
<thead>
<tr>
<th>Sales volume (ths. tonnes)</th>
<th>Russian division</th>
<th>American division</th>
<th>European division</th>
</tr>
</thead>
<tbody>
<tr>
<td>759</td>
<td>784</td>
<td>710</td>
<td>747</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjusted EBITDA((a)), US$ mln</th>
<th>Russian division</th>
<th>American division</th>
<th>European division</th>
</tr>
</thead>
<tbody>
<tr>
<td>148</td>
<td>164</td>
<td>127(b)</td>
<td>144</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjusted EBITDA margin((a)), %</th>
<th>Russian division</th>
<th>American division</th>
<th>European division</th>
</tr>
</thead>
<tbody>
<tr>
<td>23%</td>
<td>22%</td>
<td>19%(b)</td>
<td>19%</td>
</tr>
</tbody>
</table>

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

(b) Restated

1Q 2017 vs 4Q 2016 Summary Financial Highlights

**Sales** were down QoQ, mainly due to lower LDP volumes at the Russian division.

Adjusted **EBITDA** remained nearly flat, as favourable market conditions enabled the American division to offset the Russian division’s weaker performance.

**Revenue** increased QoQ, due to a significant revenue growth at the American division.

**Net profit** was $42 million compared to $84 million in 4Q2016. Higher net profit for 4Q 2016 was attributed to the disposal of some of the Company’s subsidiaries.

*Source: TMK data*
Sales remained nearly flat YoY

Adjusted EBITDA growth was attributable to the overall stronger performance of the American division

Revenue increased YoY, positively impacted by rouble appreciation against the US dollar and higher volumes at the American division

Net profit increased 3 times to $42 million

Source: TMK data
Appendix – Summary Financial Accounts
## Key Consolidated Financial Highlights

<table>
<thead>
<tr>
<th>(US$mln) (a)</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3,338</td>
<td>4,127</td>
<td>6,009</td>
<td>6,432</td>
</tr>
<tr>
<td>Adjusted EBITDA (b)</td>
<td>530</td>
<td>651</td>
<td>829</td>
<td>986</td>
</tr>
<tr>
<td>Adjusted EBITDA Margin (b) (%)</td>
<td>16%</td>
<td>16%</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td>Profit (Loss)</td>
<td>166</td>
<td>(368)</td>
<td>(217)</td>
<td>215</td>
</tr>
<tr>
<td>Net Profit Margin (%)</td>
<td>5%</td>
<td>n/a</td>
<td>n/a</td>
<td>3%</td>
</tr>
<tr>
<td>Pipe Sales ('000 tonnes)</td>
<td>3,458</td>
<td>3,871</td>
<td>4,402</td>
<td>4,287</td>
</tr>
<tr>
<td>Average Net Sales/tonne (US$)(c)</td>
<td>965</td>
<td>1,066</td>
<td>1,365</td>
<td>1,500</td>
</tr>
<tr>
<td>Cash Cost per tonne (US$)(d)</td>
<td>692</td>
<td>783</td>
<td>1,030</td>
<td>1,108</td>
</tr>
<tr>
<td>Cash Flow from Operating Activities</td>
<td>476</td>
<td>684</td>
<td>595</td>
<td>703</td>
</tr>
<tr>
<td>Capital Expenditure(e)</td>
<td>175</td>
<td>208</td>
<td>293</td>
<td>397</td>
</tr>
<tr>
<td>Total Debt(f)</td>
<td>2,918</td>
<td>2,801</td>
<td>3,223</td>
<td>3,694</td>
</tr>
<tr>
<td>Net Debt(f)</td>
<td>2,539</td>
<td>2,471</td>
<td>2,939</td>
<td>3,568</td>
</tr>
<tr>
<td>Short-term Debt/Total Debt</td>
<td>9%</td>
<td>21%</td>
<td>24%</td>
<td>11%</td>
</tr>
<tr>
<td>Net Debt/Adjusted EBITDA</td>
<td>4.8x</td>
<td>3.8x</td>
<td>3.5x</td>
<td>3.6x</td>
</tr>
<tr>
<td>Adjusted EBITDA/Finance Costs</td>
<td>1.9x</td>
<td>2.3x</td>
<td>3.6x</td>
<td>3.9x</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>3,338</td>
<td>4,127</td>
<td>6,009</td>
<td>6,432</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(2,634)</td>
<td>(3,282)</td>
<td>(4,839)</td>
<td>(5,074)</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>704</td>
<td>845</td>
<td>1,169</td>
<td>1,358</td>
</tr>
<tr>
<td><strong>Selling and Distribution Expenses</strong></td>
<td>(220)</td>
<td>(260)</td>
<td>(350)</td>
<td>(379)</td>
</tr>
<tr>
<td><strong>General and Administrative Expenses</strong></td>
<td>(196)</td>
<td>(207)</td>
<td>(278)</td>
<td>(317)</td>
</tr>
<tr>
<td><strong>Advertising and Promotion Expenses</strong></td>
<td>(6)</td>
<td>(8)</td>
<td>(14)</td>
<td>(12)</td>
</tr>
<tr>
<td><strong>Research and Development Expenses</strong></td>
<td>(11)</td>
<td>(13)</td>
<td>(15)</td>
<td>(13)</td>
</tr>
<tr>
<td><strong>Other Operating Expenses, Net</strong></td>
<td>(4)</td>
<td>(35)</td>
<td>(35)</td>
<td>(34)</td>
</tr>
<tr>
<td><strong>Foreign Exchange Gain / (Loss) before Tax</strong></td>
<td>130</td>
<td>(141)</td>
<td>(301)</td>
<td>(49)</td>
</tr>
<tr>
<td><strong>Finance Costs, Net</strong></td>
<td>(263)</td>
<td>(269)</td>
<td>(226)</td>
<td>(245)</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>35</td>
<td>(354)</td>
<td>(150)</td>
<td>5</td>
</tr>
<tr>
<td><strong>Income / (Loss) before Tax</strong></td>
<td>169</td>
<td>(443)</td>
<td>(201)</td>
<td>312</td>
</tr>
<tr>
<td><strong>Income Tax (Expense) / Benefit</strong></td>
<td>(4)</td>
<td>75</td>
<td>(15)</td>
<td>(98)</td>
</tr>
<tr>
<td><strong>Net Income / (Loss)</strong></td>
<td>166</td>
<td>(368)</td>
<td>(217)</td>
<td>215</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>277</td>
<td>305</td>
<td>253</td>
<td>93</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>689</td>
<td>512</td>
<td>728</td>
<td>995</td>
</tr>
<tr>
<td>Inventories</td>
<td>769</td>
<td>785</td>
<td>1,047</td>
<td>1,324</td>
</tr>
<tr>
<td>Prepayments</td>
<td>107</td>
<td>113</td>
<td>113</td>
<td>148</td>
</tr>
<tr>
<td>Other Financial Assets</td>
<td>42</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>1,883</td>
<td>1,715</td>
<td>2,142</td>
<td>2,561</td>
</tr>
<tr>
<td><strong>Total Non-current Assets</strong></td>
<td>2,853</td>
<td>2,697</td>
<td>3,508</td>
<td>4,857</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>4,736</td>
<td>4,412</td>
<td>5,649</td>
<td>7,419</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>735</td>
<td>682</td>
<td>831</td>
<td>1,111</td>
</tr>
<tr>
<td>ST Debt</td>
<td>268</td>
<td>600</td>
<td>764</td>
<td>398</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>48</td>
<td>41</td>
<td>48</td>
<td>62</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>1,051</td>
<td>1,323</td>
<td>1,643</td>
<td>1,571</td>
</tr>
<tr>
<td>LT Debt</td>
<td>2,650</td>
<td>2,201</td>
<td>2,459</td>
<td>3,296</td>
</tr>
<tr>
<td>Deferred Tax Liability</td>
<td>90</td>
<td>110</td>
<td>206</td>
<td>298</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>47</td>
<td>64</td>
<td>71</td>
<td>125</td>
</tr>
<tr>
<td><strong>Total Non-current Liabilities</strong></td>
<td>2,786</td>
<td>2,374</td>
<td>2,735</td>
<td>3,718</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>899</td>
<td>715</td>
<td>1,271</td>
<td>2,130</td>
</tr>
<tr>
<td>Including Non-Controlling Interest</td>
<td>55</td>
<td>53</td>
<td>66</td>
<td>96</td>
</tr>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td>4,736</td>
<td>4,412</td>
<td>5,649</td>
<td>7,419</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>(US$ mln)</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit / (Loss) before Income Tax</td>
<td>169</td>
<td>(443)</td>
<td>(201)</td>
<td>312</td>
</tr>
<tr>
<td><strong>Adjustments for:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and Amortisation</td>
<td>242</td>
<td>251</td>
<td>304</td>
<td>326</td>
</tr>
<tr>
<td>Net Finance Cost</td>
<td>263</td>
<td>269</td>
<td>226</td>
<td>245</td>
</tr>
<tr>
<td>Others</td>
<td>(154)</td>
<td>552</td>
<td>479</td>
<td>61</td>
</tr>
<tr>
<td>Working Capital Changes</td>
<td>(13)</td>
<td>105</td>
<td>(159)</td>
<td>(159)</td>
</tr>
<tr>
<td><strong>Cash Generated from Operations</strong></td>
<td>506</td>
<td>734</td>
<td>648</td>
<td>786</td>
</tr>
<tr>
<td>Income Tax Paid</td>
<td>(31)</td>
<td>(51)</td>
<td>(53)</td>
<td>(82)</td>
</tr>
<tr>
<td><strong>Net Cash from Operating Activities</strong></td>
<td>476</td>
<td>684</td>
<td>595</td>
<td>703</td>
</tr>
<tr>
<td>Capex</td>
<td>(175)</td>
<td>(208)</td>
<td>(293)</td>
<td>(397)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>(11)</td>
<td>(2)</td>
<td>(60)</td>
<td>(38)</td>
</tr>
<tr>
<td>Others</td>
<td>106</td>
<td>25</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td><strong>Net Cash Used in Investing Activities</strong></td>
<td>(81)</td>
<td>(185)</td>
<td>(343)</td>
<td>(423)</td>
</tr>
<tr>
<td>Net Change in Borrowings</td>
<td>(53)</td>
<td>(193)</td>
<td>154</td>
<td>(93)</td>
</tr>
<tr>
<td>Others</td>
<td>(365)</td>
<td>(187)</td>
<td>(206)</td>
<td>(313)</td>
</tr>
<tr>
<td><strong>Net Cash Used in Financing Activities</strong></td>
<td>(418)</td>
<td>(381)</td>
<td>(53)</td>
<td>(407)</td>
</tr>
<tr>
<td>Net Foreign Exchange Difference</td>
<td>(5)</td>
<td>(65)</td>
<td>(40)</td>
<td>(5.0)</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at January 1</td>
<td>305</td>
<td>253</td>
<td>93</td>
<td>225</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents at YE</strong></td>
<td>277</td>
<td>305</td>
<td>253</td>
<td>93</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>U.S.$ mln (unless stated otherwise)</th>
<th>1Q2017</th>
<th>QoQ, %</th>
<th>1Q2017</th>
<th>YoY, %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEAMLESS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales - Pipes, kt</td>
<td>663</td>
<td>4%</td>
<td>663</td>
<td>17%</td>
</tr>
<tr>
<td>Revenue</td>
<td>714</td>
<td>13%</td>
<td>714</td>
<td>37%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>169</td>
<td>5%</td>
<td>169</td>
<td>20%</td>
</tr>
<tr>
<td>Margin, %</td>
<td>24%</td>
<td>26%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avg revenue/tonne (US$)</td>
<td>1,078</td>
<td>9%</td>
<td>1,078</td>
<td>17%</td>
</tr>
<tr>
<td>Avg gross profit/tonne (US$)</td>
<td>255</td>
<td>1%</td>
<td>255</td>
<td>3%</td>
</tr>
<tr>
<td><strong>WELDED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales - Pipes, kt</td>
<td>186</td>
<td>-25%</td>
<td>186</td>
<td>-34%</td>
</tr>
<tr>
<td>Revenue</td>
<td>177</td>
<td>-19%</td>
<td>177</td>
<td>-14%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>26</td>
<td>32%</td>
<td>26</td>
<td>195%</td>
</tr>
<tr>
<td>Margin, %</td>
<td>15%</td>
<td>15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avg revenue/tonne (US$)</td>
<td>953</td>
<td>8%</td>
<td>953</td>
<td>32%</td>
</tr>
<tr>
<td>Avg gross profit/tonne (US$)</td>
<td>139</td>
<td>75%</td>
<td>139</td>
<td>350%</td>
</tr>
</tbody>
</table>

**1Q 2017 gross profit breakdown**

- Sales of seamless pipe generated 76% of total Revenue in 1Q 2017.
- Gross Profit from seamless pipe sales represented 84% of 1Q 2017 total gross profit.
- Gross Profit Margin from seamless pipe sales amounted to 24% in 1Q 2017.

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

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.

- As of March 3, 2017 34.89% of TMK ordinary shares were in free float.

- Total shares outstanding amount to 1,033,135,366.

- One GDR represents four ordinary shares.

Change in liquidity post SPO in Feb-17(a)

<table>
<thead>
<tr>
<th></th>
<th>ORDs ADTV in USD</th>
<th>GDRs ADTV in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>before SPO</td>
<td>1.1</td>
<td>0.6</td>
</tr>
<tr>
<td>after SPO</td>
<td>3.0</td>
<td>1.9</td>
</tr>
</tbody>
</table>

*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%)

Source: TMK
Note: (a) Assuming USD/RUB rate of 59. Based on average daily trading volume for 2 periods: 3 months before 1-Feb-17 (SPO announcement) and since SPO till 12-Mar-17
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**

**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

**MIKHAILE ALEKSEEV, Independent director, Chairman of the Nomination and Remuneration Committee.**

**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 “Rossiyski 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**

**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**

**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**

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

**Welded**
- **OCTG**
  - Threaded pipes for the oil and gas industry including drill pipe, casing and tubing.

**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.

**Oilfield Services**
- Well equipment precision manufacturing, tools’ rental, supervising, inventory management, threading and coating services.

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

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

**Industrial**
- Automotive, machine building, and power generation sectors.

**Industrial**
- Wide array of applications and industries, including utilities and agriculture.
TMK Premium Product Offering

**TMK connections series**

- **Lite Series**
  - Higher resistance to torque for casing while drilling and rotating
  - A comprehensive line of semi-premium connections designed to outperform standard API connections

- **Classic Series**
  - Easy and reliable make-up
  - Comprises connections with metal-to-metal seals and positive torque stops that provide gas tightness and ensure reliability in difficult well conditions

- **Pro Series**
  - Ability to withstand high tension, compression and bending loads at excessive internal and external pressure

- **Torq Series**
  - Extreme torsional resistance for high operational torque

**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

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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

TMK 1  
2004

TMK FMC  
2005

TMK CS  
2005

TMK TTL 01  
2005

TMK GF  
2005

TMK PF  
2007

TMK FMT  
2008

TMK PF ET  
2008

TMK TDS  
2010

TMK CWB  
2011

TMK PF Tubing  
2012

TMK UP Magna  
2013

TMK UP Centum  
2014

ULTRA SF  
2003

ULTRA SFII  
2013

ULTRA FJ  
2003

ULTRA FX  
2003

ULTRA CX  
2008

ULTRA QX  
2009

SXC  
2009

ULTRA DQX  
2011

ULTRA DQXHT  
2013

TMK BPN  
2013

TMK-2S  
ULTRA GX  
2016

TWCCEP  
2016

Cal IV

Cal IV

Cal IV

Cal II

Cal IV

Cal IV

Cal II

Cal II

Cal II

Cal IV

TMK BPN

TMK GF

TMK PF ET
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 (41% of total sales for FY 2016);
- **Line pipe** – used for short distance transportation of crude oil, oil products and natural gas (22% of total sales for FY 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 for FY 2016).
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

**Welded**
- **Line Pipe**
  - Short-distance transportation of O&G and oil products

**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

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**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

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