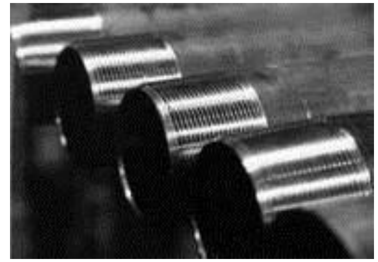


# TMK

## Financial Presentation

**4Q and FY 2012 IFRS Results**

# Disclaimer

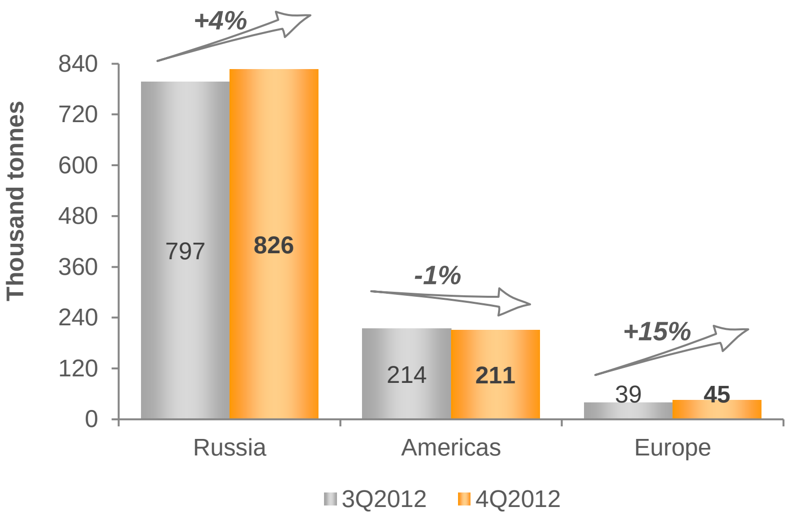
No representation or warranty (express or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein and, accordingly, none of the Company, or any of its shareholders or subsidiaries or any of such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this presentation.

This presentation contains certain forward-looking statements that involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. OAO TMK does not undertake any responsibility to update these forward-looking statements, whether as a result of new information, future events or otherwise.

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

# 4Q 2012 Sales by Division and Group of Product

### 4Q 2012 Sales by Division




- Russian division sales increased QoQ mainly due to higher seamless OCTG volumes due to robust drilling activity in Russia, and large diameter pipe (LDP) sales as a result of TMK's participation, among other projects, in construction of the Russian onshore section of the South Stream pipeline.
- American division sales declined QoQ as a result of customers' increasingly depleting their inventory and declining rig count, partially offset by improvement in seamless pipe business utilization.
- European division sales increased QoQ as a result of the higher sales of seamless industrial pipe.

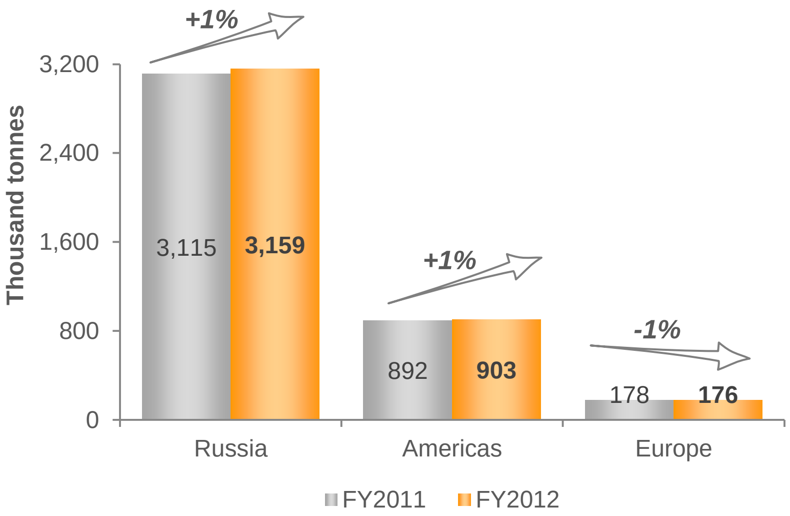
### 4Q 2012 Sales by Group of Product


- Seamless volumes increased QoQ mainly due to higher sales of seamless OCTG and line pipe in the Russian and American division as well as seamless industrial pipe in the European division.
- Welded volumes increased QoQ due to stronger sales of LDP in the Russian division.
- Total OCTG sales increased by 11% QoQ but were offset by lower line pipe volumes in the American division and industrial pipe sales in the Russian division.

*Source: TMK data*

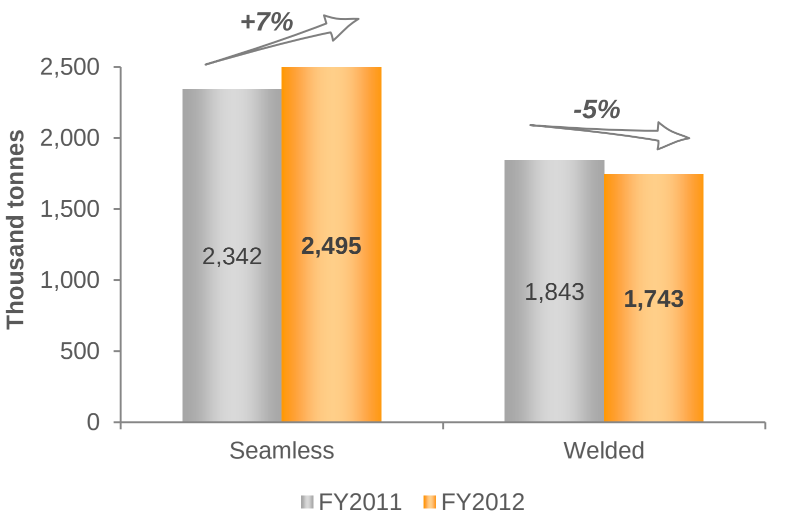
# FY 2012 Sales by Division and Group of Product

### FY 2012 Sales by Division




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

### FY 2012 Sales by Group of Product

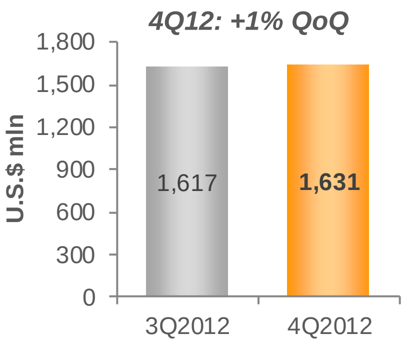


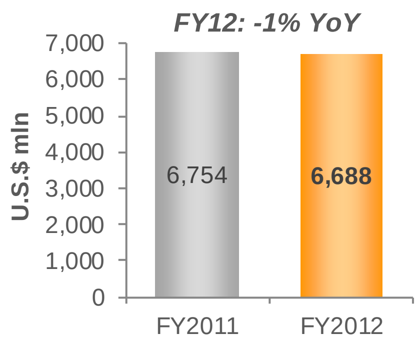

- Seamless volumes increased YoY mainly due to higher seamless sales in the Russian division supported by robust drilling activity and sustained high oil prices.
- Welded volumes decreased YoY mostly due to lower sales of welded pipe in Russia as a result of a decline in LD pipe sales as some major pipeline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

*Source: TMK data*

# 4Q 2012 and FY 2012 Summary Financial Highlights

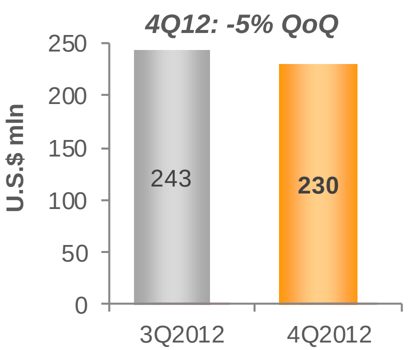
## Revenue

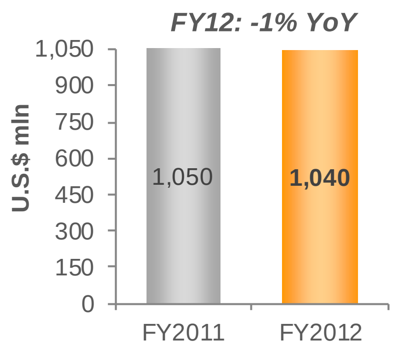



- 4Q 2012 revenue was relatively flat QoQ, with unfavorable changes in seamless pipe pricing in the American division being offset by higher LDP volumes in the Russian division and the favorable currency translation effect.
- FY 2012 revenue decreased YoY mainly due to the negative impact of currency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

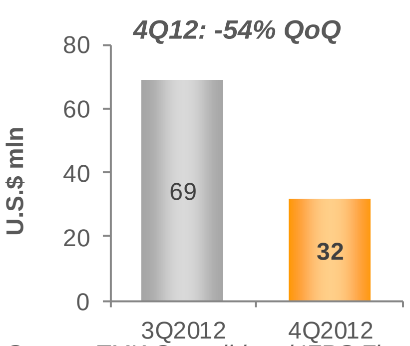
## Adjusted EBITDA[(1)]

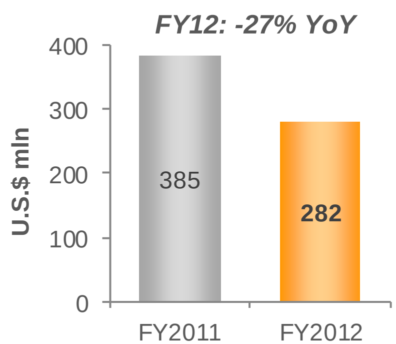



- 4Q 2012 Adjusted EBITDA decreased QoQ due to lower sales and weaker pricing in the American division. Adjusted EBITDA Margin was 14%.
- FY 2012 Adjusted EBITDA decreased YoY due to impact of unfavorable currency translation, higher operating expenses and negative sales mix in the American division,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

## Net Income




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

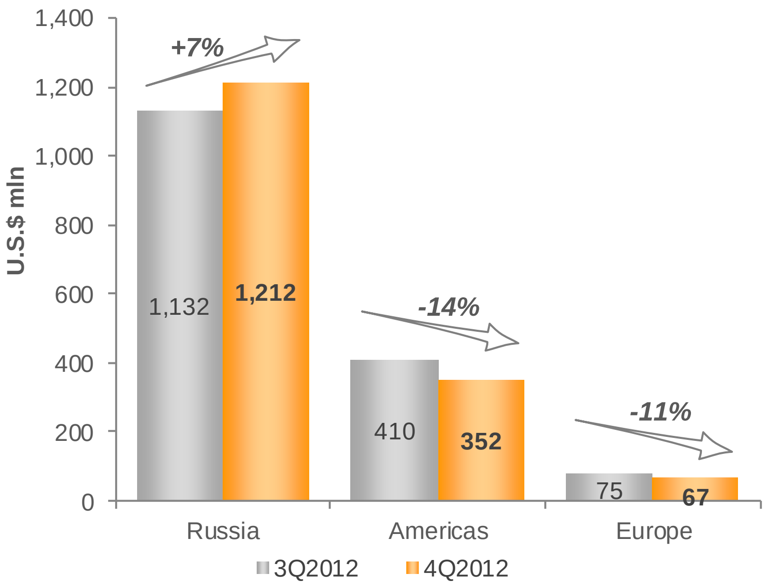
*(1) Adjusted EBITDA is calculated as profit/loss before tax plus finance costs minus finance income plus depreciation and amortization adjusted for non-cash items*

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

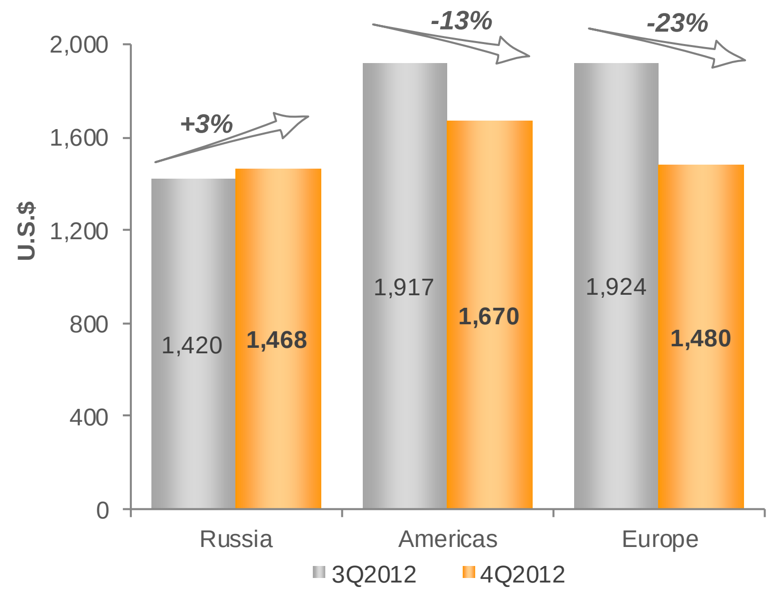
*Source: TMK Consolidated IFRS Financial Statements, TMK data*

# 4Q 2012 Revenue by Division

## 4Q 2012 Revenue




## 4Q 2012 Revenue per Tonne*




** Revenue per tonne for all three divisions include other revenue*

- Russian division increased mainly due to the positive effect of currency translation and higher volumes of welded pipe, primarily driven by TMK's sales of LDP.
- American division decreased primarily due to weaker pricing across all product lines of seamless and welded pipe following customer's year-end inventory adjustments and declining rig count.
- European revenue declined mainly due to a significant drop in steel billets sales and a weaker pricing for all product lines.

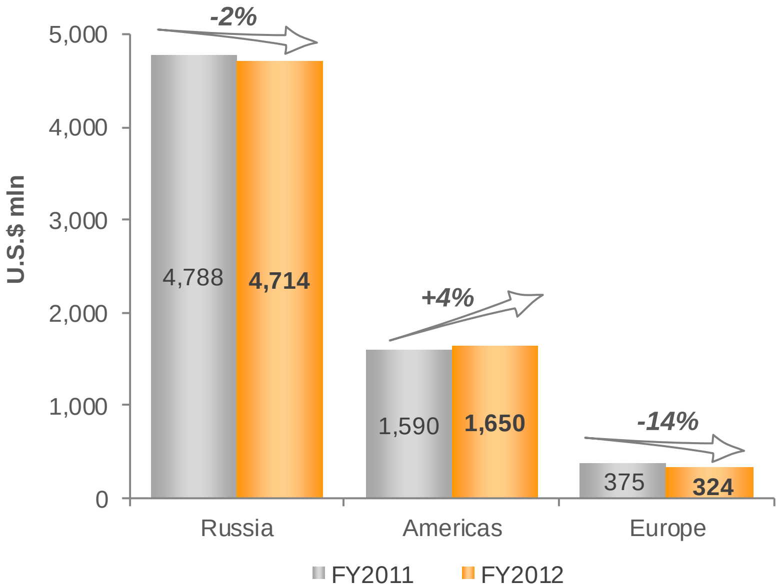
- Russian division revenue per tonne increased due the favorable impact of currency and improved sales mix.
- American division revenue per tonne decreased primarily based on a reduction of prices, with seamless OCTG pricing having the most significant impact.
- European division revenue per tonne decreased primarily based on a reduction of prices across all product lines.

*Source: Consolidated IFRS Financial Statements, TMK data*

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

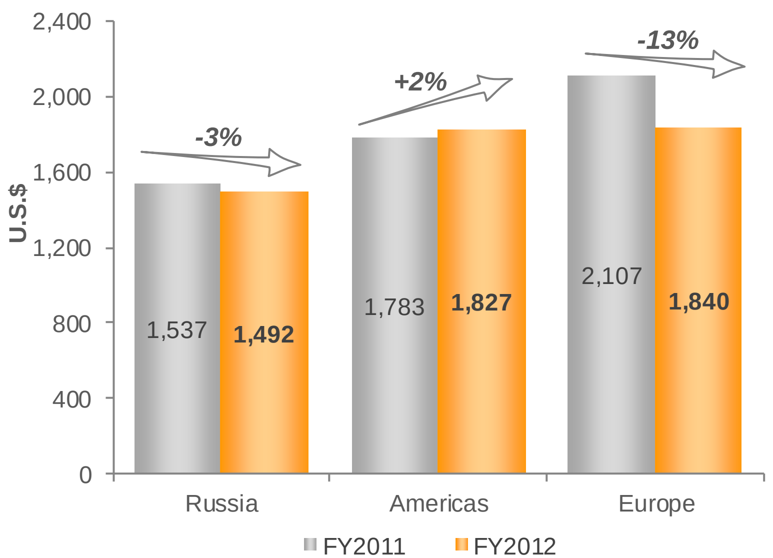
# FY 2012 Revenue by Division

## FY 2012 Revenue




- Russian division decreased due to the negative impact of currency translation, lower volumes and unfavorable sales mix of welded pipe as a result of a decrease in LDP sales.
- American division increased due to higher volumes of primarily welded OCTG and line pipe, changes in pricing and sales mix of seamless pipe, largely offset by a drop in sales of both seamless industrial and line pipe.
- European division decreased due to the negative impact of currency translation, while sales of seamless industrial pipe increased year-on-year.

## FY 2012 Revenue per Tonne*




** Revenue per tonne for all three divisions include other revenue*

- Russian division revenue per tonne decreased mainly due to the negative impact of currency translation and lower share of LD pipe in the Company's sales.
- American division revenue per tonne increased primarily due to better pricing partially offset by negative product mix.
- European division revenue per tonne decreased due to the negative impact of currency translation and weaker pricing.

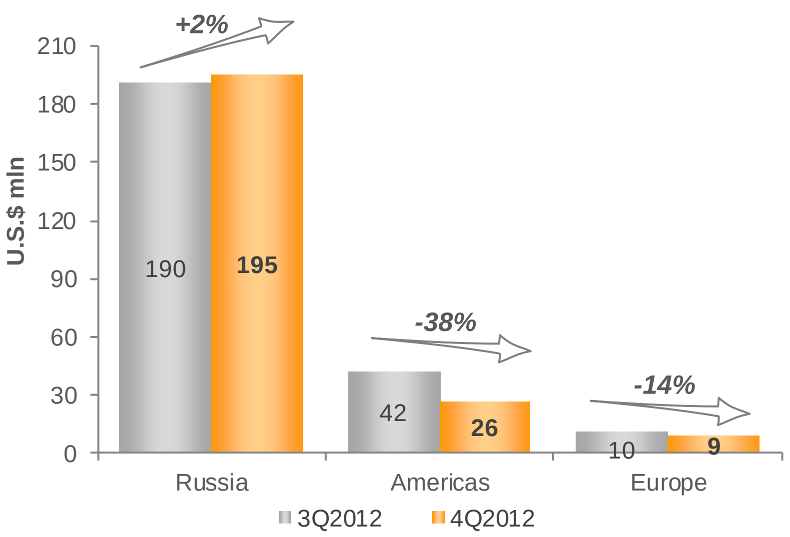
*Source: Consolidated IFRS Financial Statements, TMK data*

*Note:*

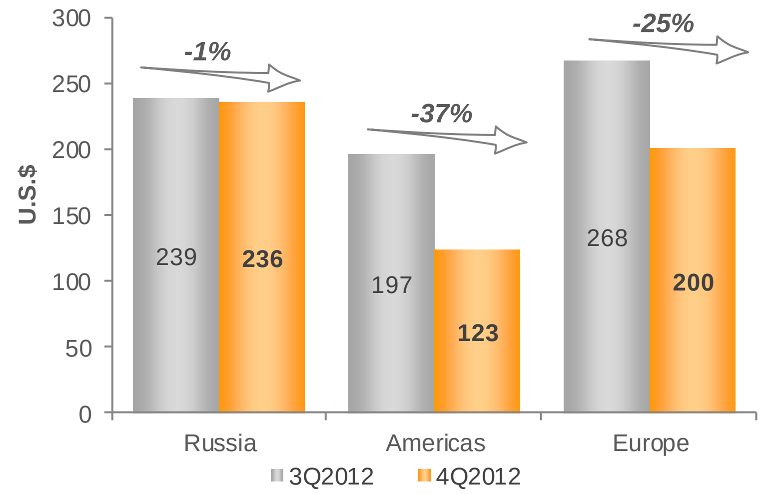
*Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text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

# 4Q 2012 Adjusted EBITDA by Division vs. Prior Quarter

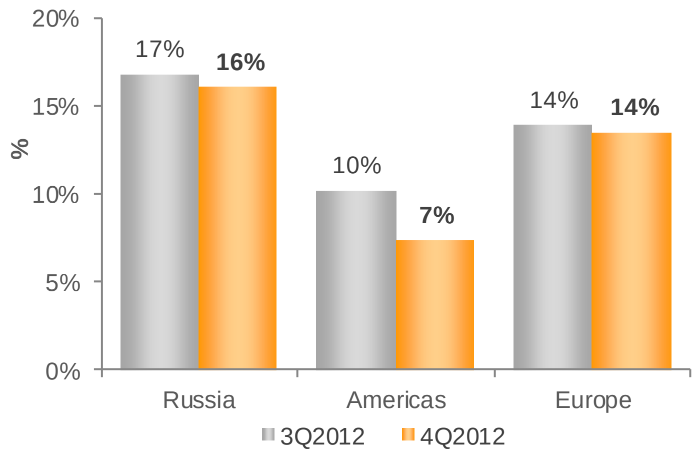
## 4Q 2012 Adjusted EBITDA




## 4Q 2012 Adjusted EBITDA per Tonne




## 4Q 2012 Adjusted EBITDA Margin



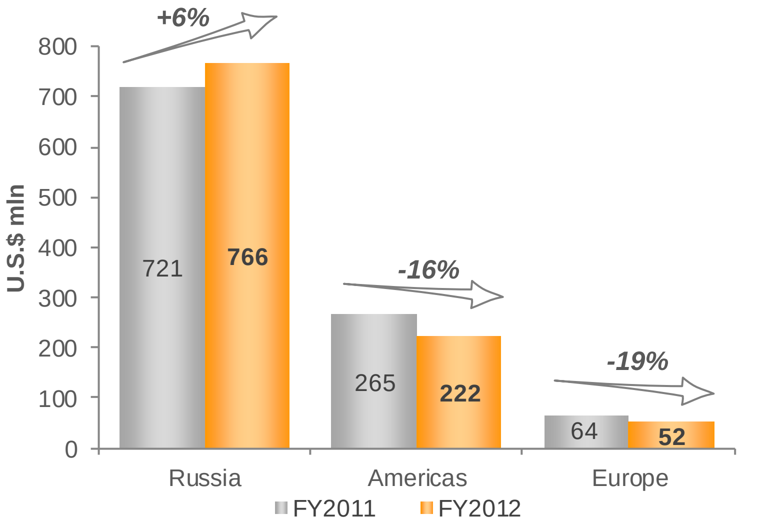

*Source: TMK Consolidated IFRS Financial Statements, TMK data*

- Russian division Adjusted EBITDA increased mainly a result of lower selling, general and administrative expenses.
- American division Adjusted EBITDA decreased primarily due to lower volumes and unfavorable pricing attributed to welded tubular products as well as weaker pricing across all product lines of seamless pipe.
- European division Adjusted EBITDA decreased as a result of weak sales and pricing  due to challenging macroeconomic conditions that persist in the European Union.

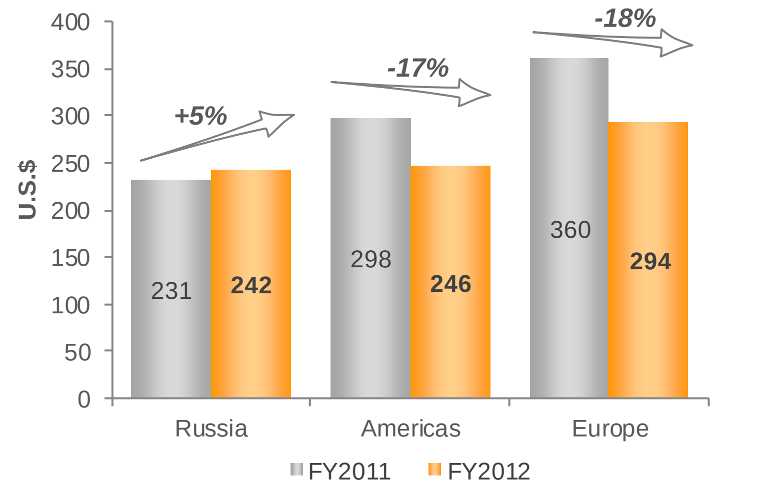
*Note:*
*Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in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

# FY 2012 Adjusted EBITDA by Division vs. Prior Year

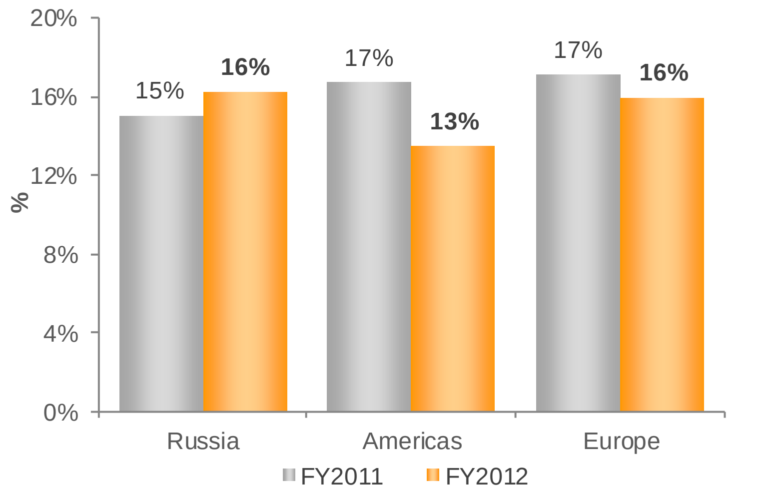
## FY 2012 Adjusted EBITDA




## FY 2012 Adjusted EBITDA per Tonne




## FY 2012 Adjusted EBITDA Margin




*Source: TMK Consolidated IFRS Financial Statements, TMK data*

- Russian division Adjusted EBITDA increased on the back of higher seamless OCTG volumes and improved profitability in the welded segment due to a significant drop in the average purchase price for steel coil.
- American division Adjusted EBITDA declined largely due to negative sales mix, in particular higher share of welded pipe, and decreased profitability of seamless pipe due to higher fixed costs absorption.
- European division Adjusted EBITDA decrease due to the lower revenues resulted mostly from the unfavorable currency translation effect and weaker pricing

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

# Seamless – Core to Profitability

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

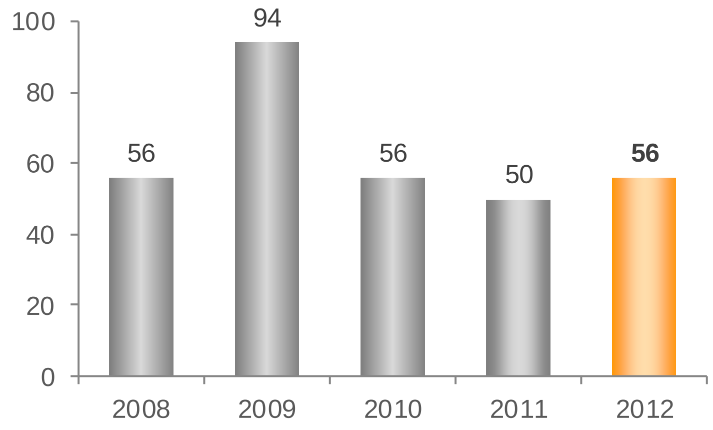
- Sales of seamless pipes generated **61%** of total Revenue in 4Q 2012 and **62%** of total Revenue for FY 2012.
- Gross Profit from seamless pipe sales represented **74%** of 4Q 2012 total Gross Profit and **73%** of FY 2012 total Gross Profit.
- **25% Gross Profit Margin** from seamless pipes sales in 4Q 2012 and **26% Gross Profit Margin** for FY 2012.
- Even with QoQ declining volumes in seamless pipe, and increasing volumes in welded pipe, seamless pipe continues to be core of the Company’s profitability.

*Source: Consolidated IFRS Financial Statements, TMK data*

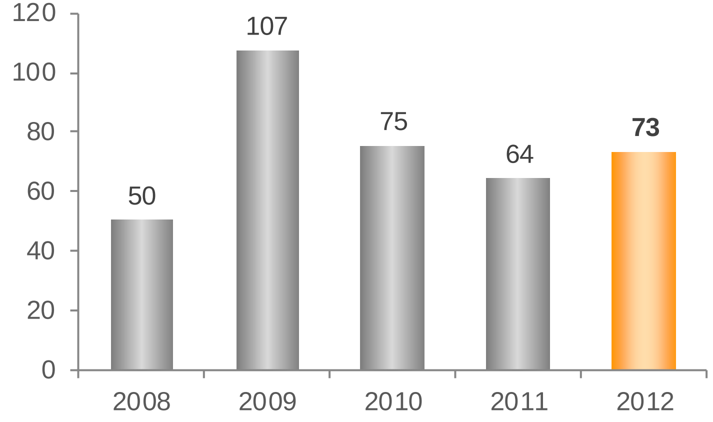
*Note:*
*Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in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

# Working Capital Position

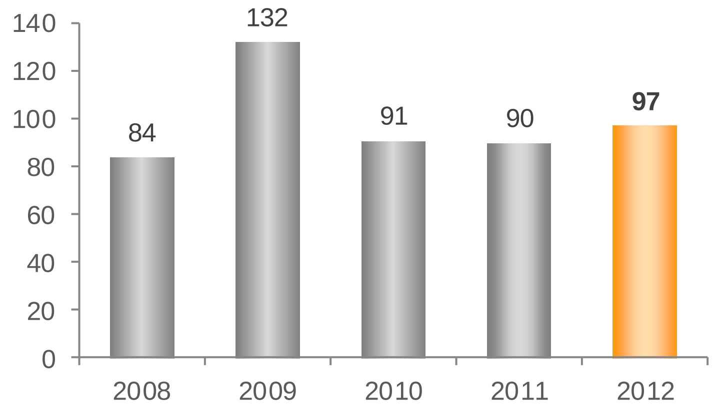
**Accounts Receivable (days)**



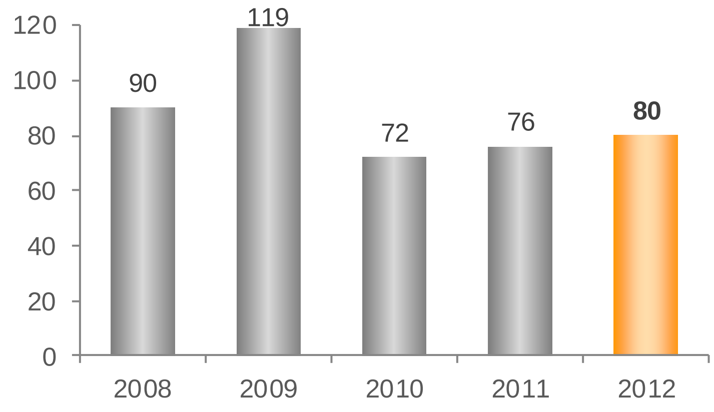

**Accounts Payable (days)**




**Inventories (days)**




**Cash Conversion Cycle (days)**



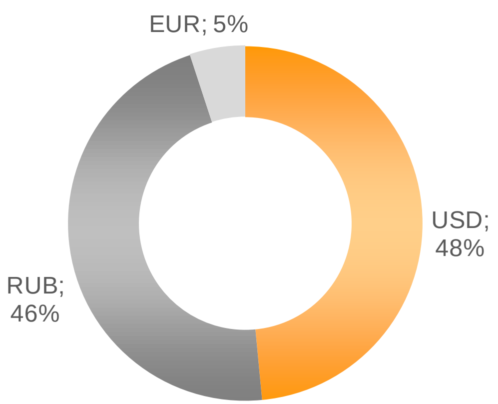

*Source: TMK data*

# Debt Profile

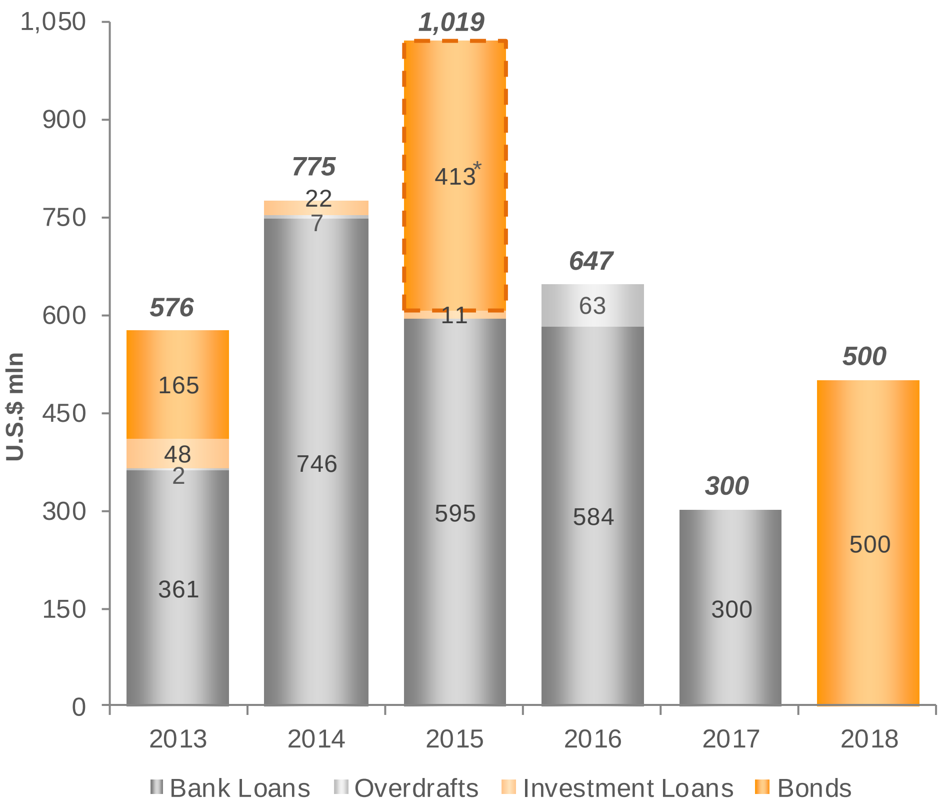
## TMK Continues to Optimize its Capital Structure and Develop a Flexible, Cost-effective Debt Portfolio

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

## Debt Structure by Currency as of December 31, 2012




## Maturity Profile as of December 31, 2012




* Convertible bond with a conversion price of $22.308/GDR and a put option due on 11 February 2013. In IFRS accounts convertible bond liability was included in short-term loans and borrowings as of December 31, 2012. However at the time of the issuance of this presentation, TMK is aware that no bondholders have executed or will execute their rights to request redemption of the bonds, and at the closest reporting date the convertible bonds will be classified as the long-term liability.

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

*Note: Numbers represent TMK management accounts and differ from IFRS figures for the amounts of accrued interest, debt issue cost and liabilities under finance lease, and other items not related to the principal amount of debt*

# Investment Projects

## Russia

### Construction of EAF at Tagmet

Total Investment: **U.S.$ 260 mln**
Remaining Investment: **U.S.$ 91 mln**
Project Launch: **2013**
Total Capacity: **950 k tonnes**
*Incremental Capacity Increase:* ***+600 k tonnes***

### Construction of FQM Mill at Seversky Pipe Plant

Total Investment: **U.S.$ 437 mln**
Remaining Investment: **U.S.$ 198 mln**
Project Launch : **2014**
Total Capacity: **600 k tonnes**
*Incremental Capacity Increase:* ***+250 k tonnes***

## USA

### R&D Center in Houston

Investment: **U.S.$26 mln**
Timing: **Building Completed in 2011**
**Final test equipment installed in July 2012**

The in-house R&D Center will allow for significant strengthening of the Company's research potential, further improvement of the product mix and quality as well as performing much of the connections testing and metallurgical inspection to ensure TMK pipes meet the highest quality standards

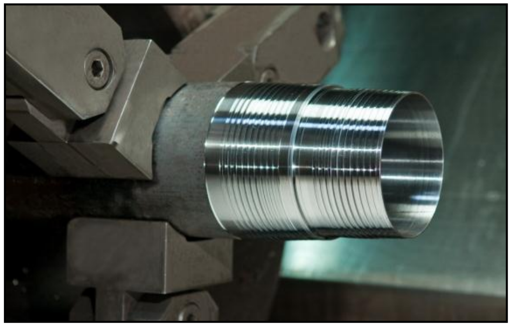
### Threading and Heat Treatment

**Threading**

Investment: **U.S.$45 mln**
Period: **2012-2017**
Additional Capacity:
**230 thousand tons**

**Heat Treatment**

Investment: **U.S.$160 mln**
Period: **2012-2017**
Additional Capacity:
**280 thousand tons**



# Appendix – Summary Financial Accounts

# Income Statement

| U.S.$ mln | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| **Revenue** | **6,688** | **6,754** | **5,579** | **3,461** | **5,690** |
| Cost of Sales | (5,204) | (5,307) | (4,285) | (2,905) | (4,252) |
| **Gross Profit** | **1,483** | **1,446** | **1,293** | **556** | **1,438** |
| Selling and Distribution Expenses | (433) | (411) | (403) | (313) | (344) |
| General and Administrative Expenses | (293) | (283) | (232) | (204) | (268) |
| Advertising and Promotion Expenses | (11) | (9) | (11) | (5) | (10) |
| Research and Development Expenses | (17) | (19) | (13) | (10) | (15) |
| Other Operating Expenses, Net | (57) | (40) | (34) | (17) | (45) |
| Foreign Exchange Gain / (Loss), Net | 23 | (1) | 10 | 14 | (100) |
| Finance Costs, Net | (275) | (271) | (412) | (404) | (263) |
| Other | (16) | 132 | (12) | (46) | (85) |
| **Income / (Loss) before Tax** | **405** | **544** | **185** | **(427)** | **308** |
| Income Tax (Expense) / Benefit | (123) | (159) | (81) | 103 | (110) |
| **Net Income / (Loss)** | **282** | **385** | **104** | **(324)** | **198** |

*Source: Consolidated IFRS Financial Statements*

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

# Statement of Financial Position

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

*Source: Consolidated IFRS Financial Statements*

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

# Cash Flow

| *U.S.$ mln* | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| **Profit / (Loss) before Income Tax** | **405** | **544** | **185** | **(427)** | **308** |
| *Adjustments for:* | | | | | |
| Depreciation and Amortisation | 326 | 336 | 301 | 313 | 248 |
| Net Interest Expense | 275 | 271 | 412 | 406 | 263 |
| Others | 34 | (101) | 44 | 36 | 228 |
| Working Capital Changes | (34) | (156) | (527) | 558 | (81) |
| **Cash Generated from Operations** | **1,006** | **894** | **415** | **886** | **966** |
| Income Tax Paid | (77) | (107) | (29) | (33) | (227) |
| **Net Cash from Operating Activities** | **929** | **787** | **386** | **852** | **740** |
| Capex | (445) | (402) | (314) | (395) | (840) |
| Acquisitions | (33) | - | - | (510) | (1,185) |
| Others | 23 | 25 | 43 | 14 | 1 |
| **Net Cash Used in Investing Activities** | **(455)** | **(377)** | **(271)** | **(891)** | **(2,024)** |
| Net Change in Borrowings | (148) | 4 | 103 | 582 | 1,780 |
| Others | (341) | (339) | (289) | (447) | (443) |
| **Net Cash Used in Financing Activities** | **(489)** | **(335)** | **(186)** | **135** | **1,337** |
| Net Foreign Exchange Difference | 10 | (2) | (15) | 4 | 2 |
| Cash and Cash Equivalents at January 1 | 231 | 158 | 244 | 143 | 89 |
| **Cash and Cash Equivalents at YE** | **225** | **231** | **158** | **244** | **143** |

*Source: Consolidated IFRS Financial Statements*

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

# Thank You

**TMK Investor Relations**

40/2a, Pokrovka Street, Moscow, 105062, Russia

+7 (495) 775-7600

IR@tmk-group.com