

TMK

Financial Presentation

3Q and 9m 2013 IFRS Results

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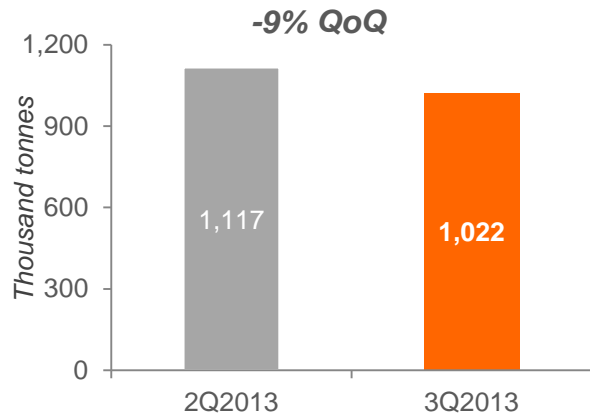
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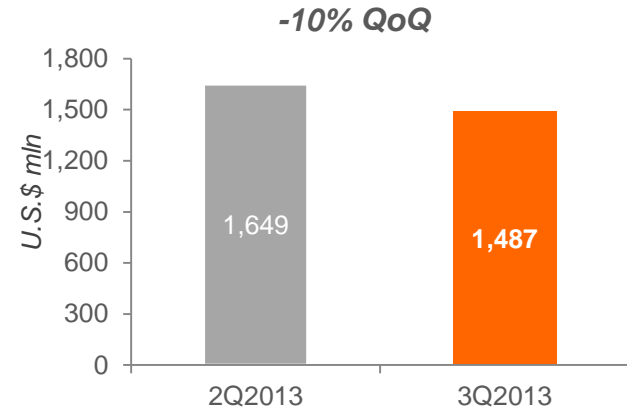
3Q Summary Financial Highlights



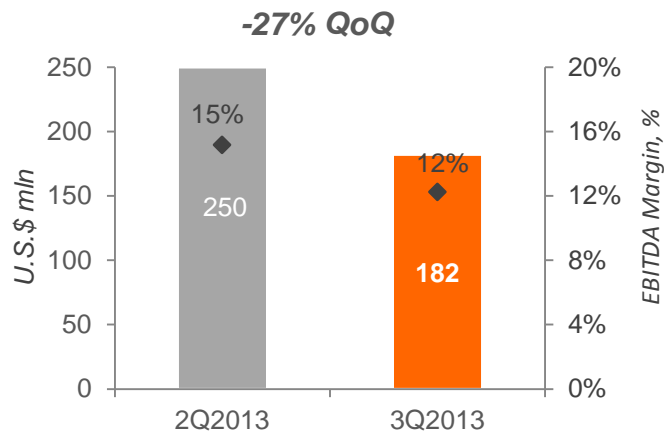
Sales were down QoQ due to lower OCTG and line pipe volumes in Russia



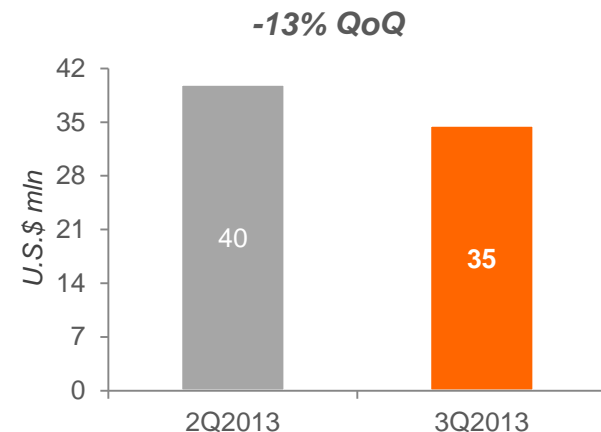
Revenue was down QoQ on lower seamless pipe sales and a negative effect of currency translation



Adjusted EBITDA decreased QoQ due to a reduction of seamless pipe volumes in the Russian division



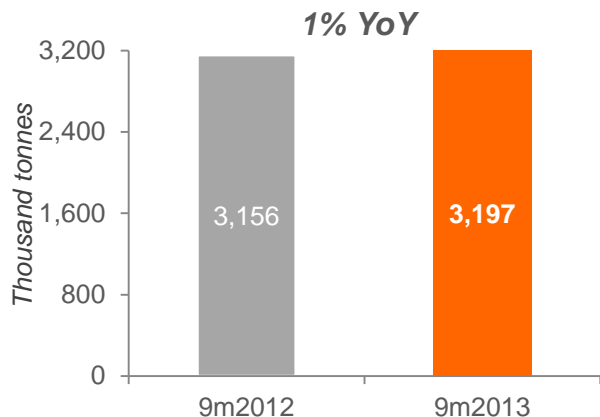
Net income decreased by \$5 million QoQ



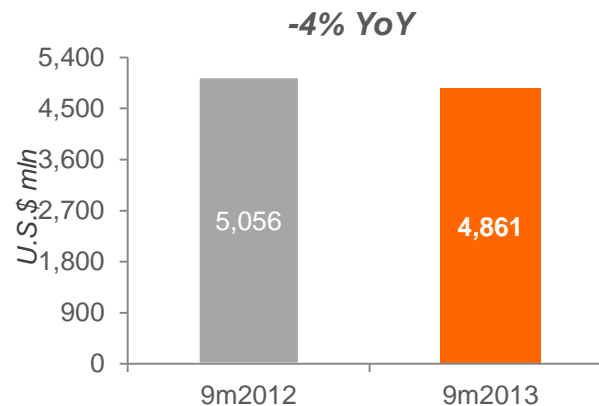
Source: TMK data

9M Summary Financial Highlights

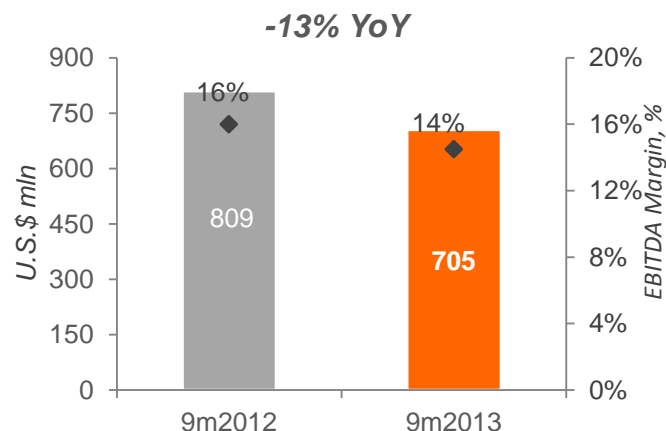
Sales increased YoY mainly due to higher consumption of LDP in Russia and welded OCTG pipe in the American division



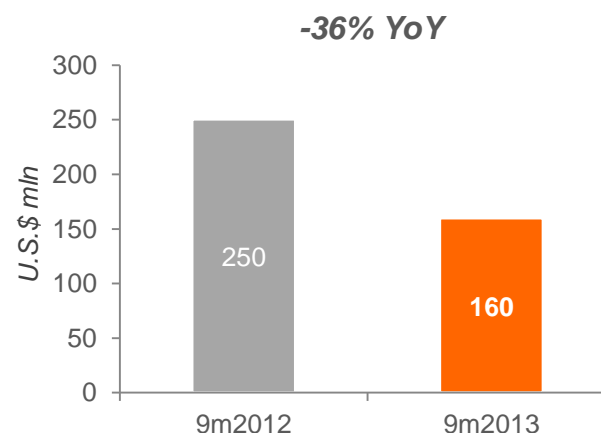
Revenue declined YoY due to weaker results of the American and European divisions and a negative effect of currency translation



Adjusted EBITDA declined YoY due to weaker pricing and an unfavorable sales mix mostly in the American and European divisions



Net income declined YoY as a result of a decrease in gross profit partially offset by lower operating expenses and finance costs



Source: TMK data

Product Approval

- In August 2013, TMK received an official notice of product approval from Abu Dhabi Company for Offshore Oil Operations (ADCO). Volzhsky Pipe Plant (VTZ), a TMK subsidiary, was acknowledged by ADCO as an approved vendor of threaded pipes with TMK PF premium connections.

Launching New Equipment

- In August 2013, TMK launched its new state-of-the-art electric arc furnace at Tagmet. In November 2013, the Company shut down its last open-hearth furnace.

Completed Shipments

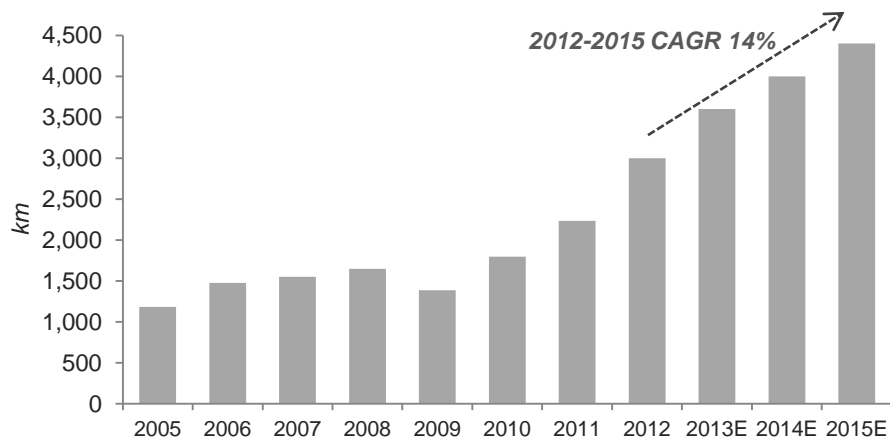
- In October 2013, TMK completed shipments of tubular products for the construction of deep water pipelines at the Lukoil's Filanovsky oil and gas condensate field in the North Caspian Sea.
- In October 2013, TMK completed its contract shipments of LD pipe for the international pipeline Central Asia – China in the amount of more than 100 thousand tonnes of longitudinal LD pipe with external and inner coating.

Dividends

- In November 2013, the Extraordinary General Meeting of Shareholders voted to approve interim dividends for the first six months of 2013 in the amount of RUR1.04 per share (approximately USD 0.13 per GDR). A total of RUR 975,089,537.76 (approximately USD 30.0 mln) will be paid out as dividend by January 10, 2014.

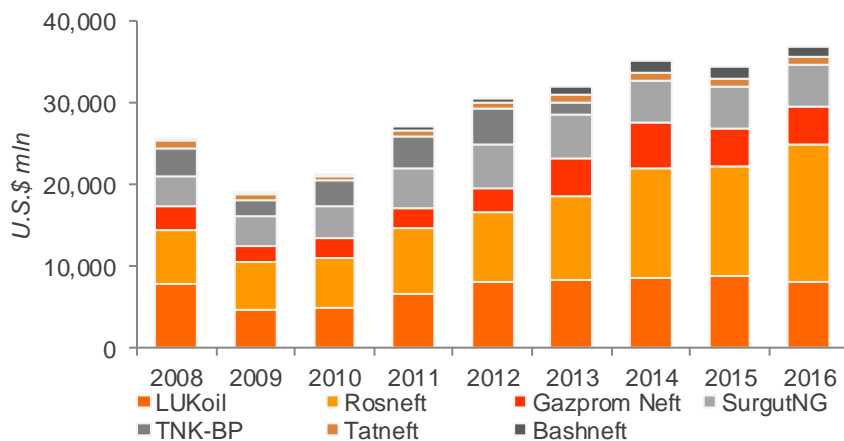


Forecast Horizontal Drilling in Russia



Source: RenergyCO 2012

Oil Companies' Upstream Capex is Expected to Increase

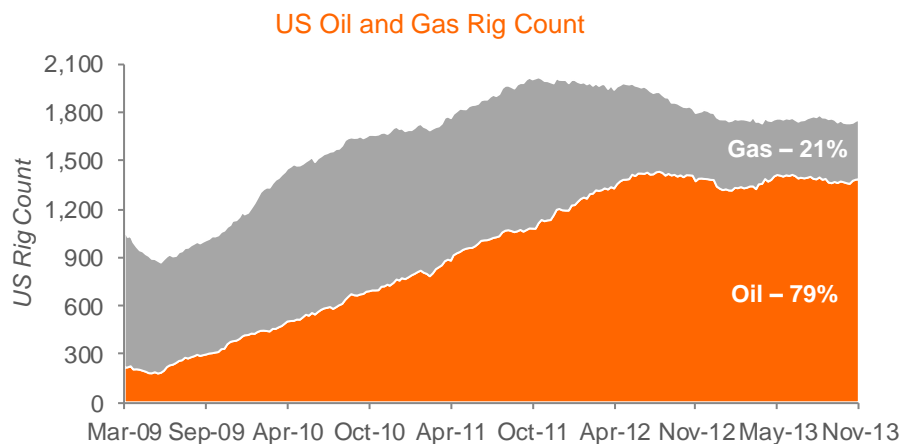


Source: Companies data, Citi equity research

Key Considerations

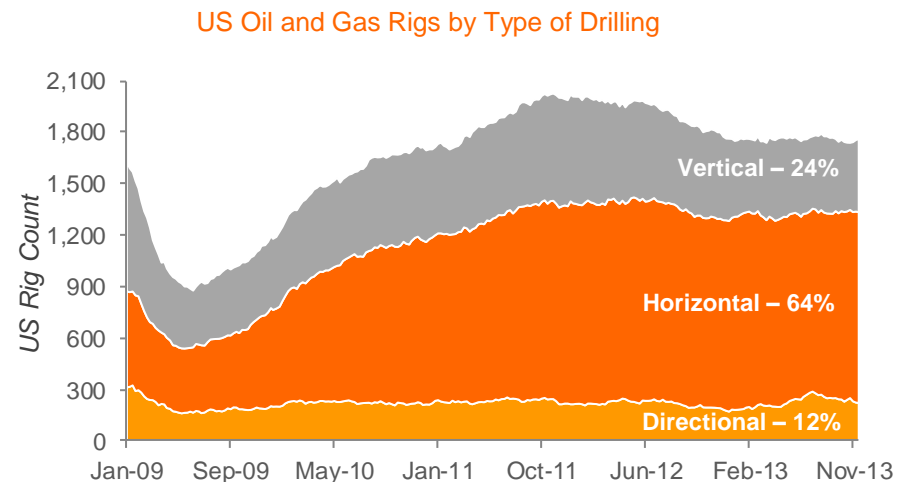
- In 3Q2013, the Russian pipe market slightly increased by 1% QoQ mainly as a result of higher welded pipe consumption still being negatively affected by decreased demand for seamless pipe due to seasonality.
- For 9m2013, the Russian pipe market increased by 5% YoY largely due to higher consumption of O&G pipe grades supported by a high level of drilling activity, e.g. amount of meters drilled increased by 5% year-on-year.
- Demand for seamless OCTG and line pipe declined in 3Q2013 2013 over the prior quarter by 21% and 14% respectively in majority due to seasonally lower consumption of O&G grades.
- For 9m2013, consumption of seamless OCTG and line pipe increased significantly YoY by 22% and 4% respectively, supported by growth of drilling activity in Russia, including steady development of unconventional drilling.
- The LD pipe market in Russia in 3Q2013 decreased by 9% QoQ. For 9m2013 LD pipe market in Russia declined by 5% YoY. Both periods were negatively affected by completion of some major pipeline projects and postponement of construction of the new ones.

Growing Oil Drilling Activity Supported by High Crude Oil Prices



Source: Baker Hughes

Premium Tubular Content Increasing with Unconventional Drilling Activity



Source: Baker Hughes

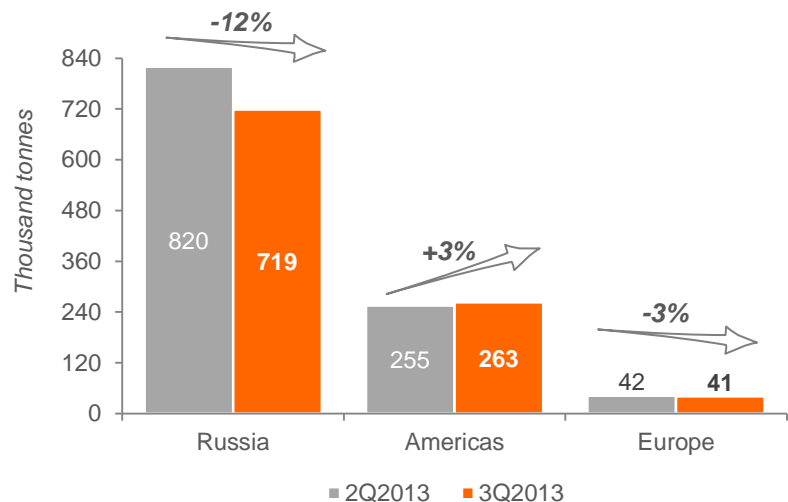
Key Considerations

- The U.S. rig count averaged 1,770 compared to 1,761 in the second quarter of 2013, but on a 9 month comparison was lower at 1,763 in 2013 versus 1,955 in 2012.
- Natural gas rig count gained 21 rigs or 6% in the third quarter 2013.
- Through continued improvement in drilling efficiencies, the number of onshore wells per rig increased 6% to average 5.21 wells per rig from 4.92 wells per rig in 2012.
- Though the rig count declined, more pipe per rig was used as operators trend toward more horizontal and directional drilling.
- The third quarter inventory level averaged 5.7 months, a level that was last reached in the third quarter of 2010, according to Preston Pipe and Tube.
- Year-on-year the average composite market price for OCTG seamless and welded products were down 9% and 10% respectively (Pipe Logix).
- Prices stabilized in the third quarter as OCTG price composites for both seamless and welded products were flat following the filing of unfair trade cases against nine countries.
- Pending a favorable outcome of the OCTG anti-dumping investigation, prices for this product would likely improve as domestic mills will have a level market.

Source: Baker Hughes, OCTG Situation Report, www.usitc.gov

3Q 2013 Sales by Division and Group of Product

3Q 2013 Sales by Division



- Russian division sales decreased QoQ mainly due to lower seamless pipe sales as a result of seasonally weaker demand and prolonged general overhauls at the Russian plants.
- American division sales increased QoQ due to higher seamless and welded OCTG pipe volumes.
- European division sales decreased QoQ due to lower seamless pipe volumes.

3Q 2013 Sales by Group of Product



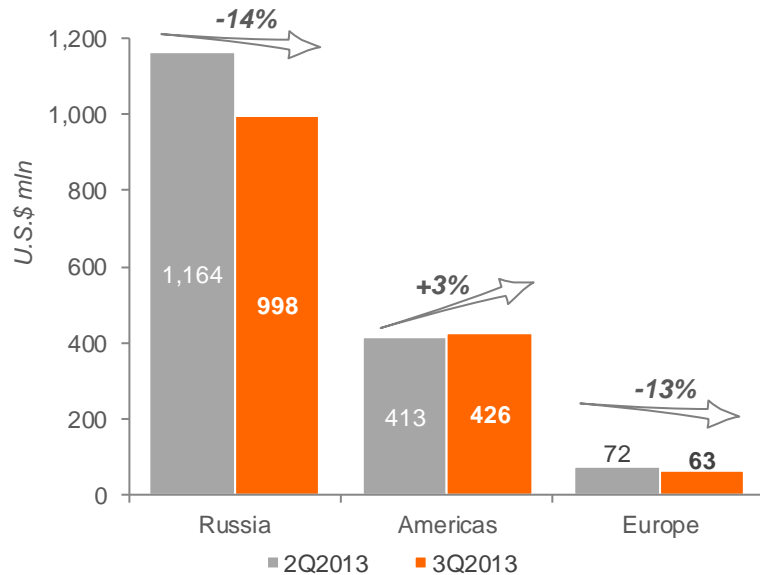
- Seamless pipe sales decreased QoQ as a result of lower volumes in the Russian division.
- Welded pipe sales were up QoQ mainly due to higher volumes of welded industrial pipe.
- Total OCTG sales declined by 12% QoQ largely due to weaker demand and general overhauls in the Russian division.

Source: TMK data

3Q 2013 Revenue by Division



3Q 2013 Revenue



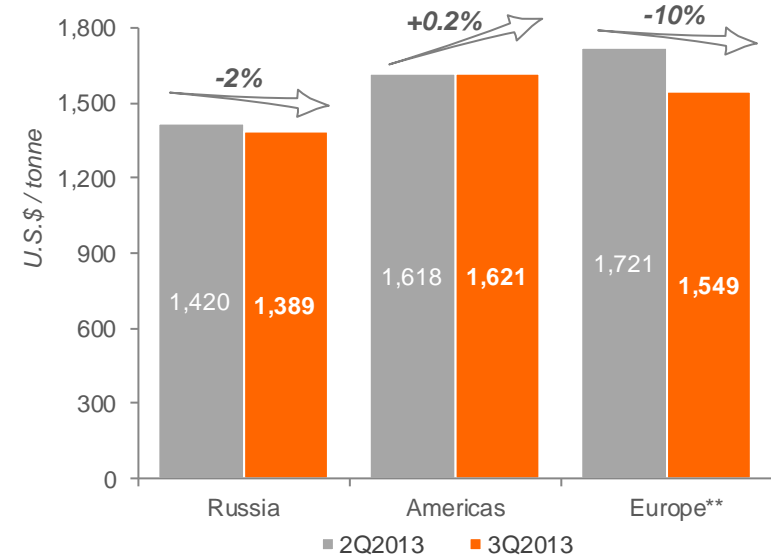
- Revenue for the Russian division decreased mainly as a result of a decrease in seamless pipe sales due to seasonal factor coupled with the general overhauls at some plants, and a negative effect of currency translation.
- Revenue for the American division increased, primarily driven by higher volumes and better product mix of seamless pipe.
- Revenue for the European division decreased largely due to lower sales of steel billets.

Source: Consolidated IFRS Financial Statements, TMK data

Note:

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3Q 2013 Revenue per Tonne*



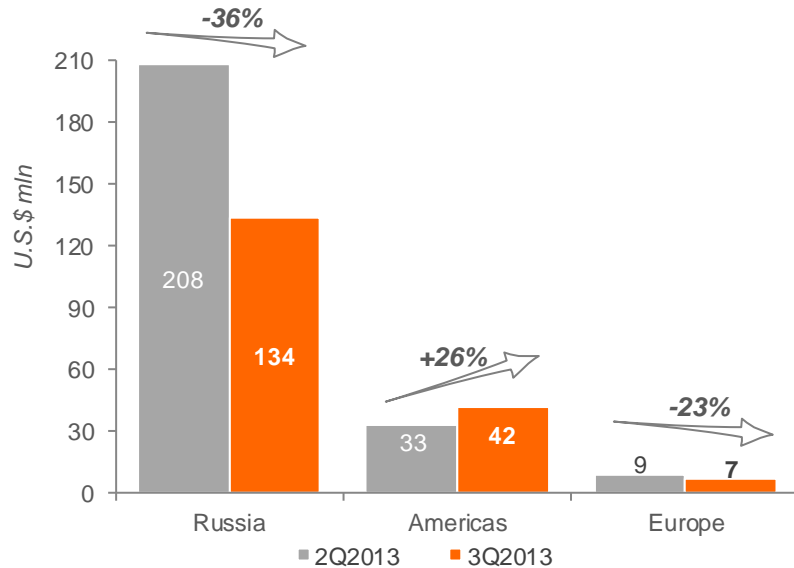
* Revenue per tonne for all three divisions includes other revenue

** Revenue for the European Division includes revenue from steel billets sales

- Russian division revenue per tonne decreased mainly due to an unfavorable sales mix.
- American division revenue per tonne remained almost flat QoQ.
- European division revenue per tonne declined as a result of weaker pricing for steel billets and seamless pipe.

3Q 2013 Adjusted EBITDA by Division

3Q 2013 Adjusted EBITDA



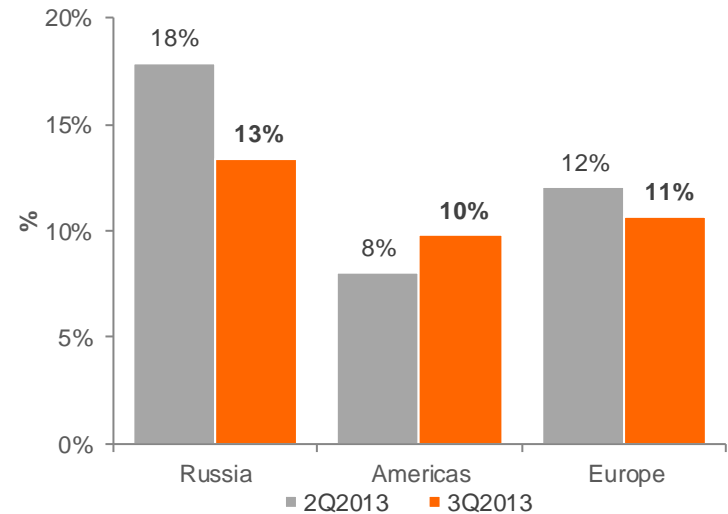
- Russian division Adjusted EBITDA decreased due to lower seamless pipe volumes and unfavorable sales mix in welded pipe, partially offset by lower SG&A.
- American division Adjusted EBITDA increased mainly as a result of a favorable sales mix of seamless pipe and higher volumes as well as lower SG&A.
- European division Adjusted EBITDA decreased due to lower volumes of steel billets and weaker pricing for all tubular products.

Source: TMK Consolidated IFRS Financial Statements, TMK data

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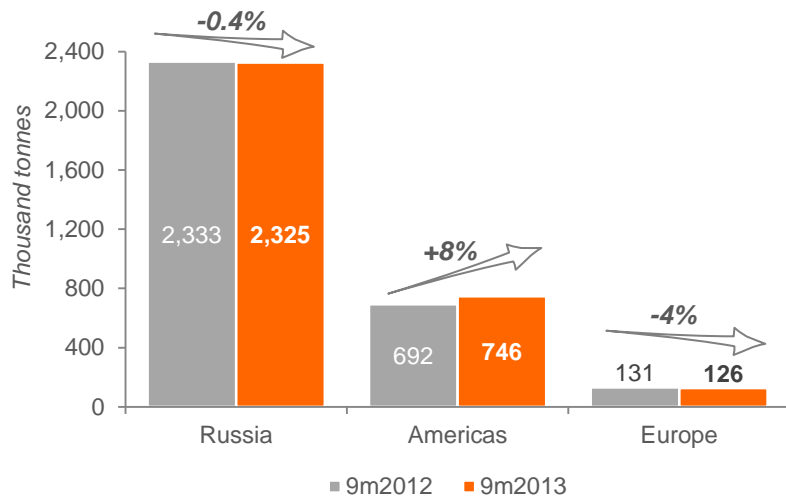
3Q 2013 Adjusted EBITDA Margin



- Russian division Adjusted EBITDA margin declined as a result of lower sales of higher margin seamless pipe and unfavorable sales mix of welded pipe.
- American division Adjusted EBITDA margin increased mainly due to a favorable sales mix of seamless pipe.
- European division Adjusted EBITDA margin declined largely because falling prices of seamless pipe outpaced decreasing raw materials prices.

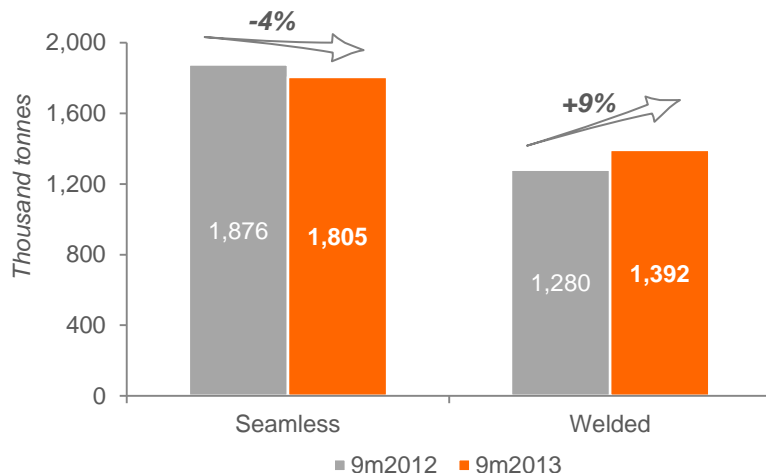
9M 2013 Sales by Division and Group of Product

9M 2013 Sales by Division



- Russian division sales remained almost flat YoY as decrease in seamless pipe sales was mostly offset by higher LD and welded line pipe volumes.
- American division sales increased YoY due to higher seamless and welded OCTG pipe volumes, though partially offset by lower welded line pipe sales.
- European division sales declined YoY due to lower seamless pipe volumes.

9M 2013 Sales by Group of Product

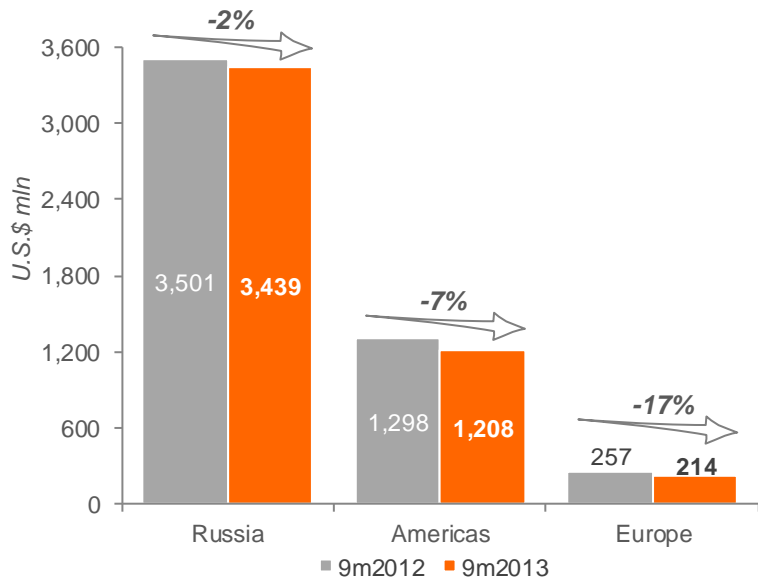


- Seamless pipe decreased YoY due to lower volumes in the Russian and European divisions.
- Welded pipe sales increased YoY due to growth of LDP and welded OCTG pipe volumes.
- Total OCTG sales increased by 2% YoY supported by higher volumes for the American division offset by weaker sales for the Russian division.

Source: TMK data

9M 2013 Revenue by Division

9M 2013 Revenue



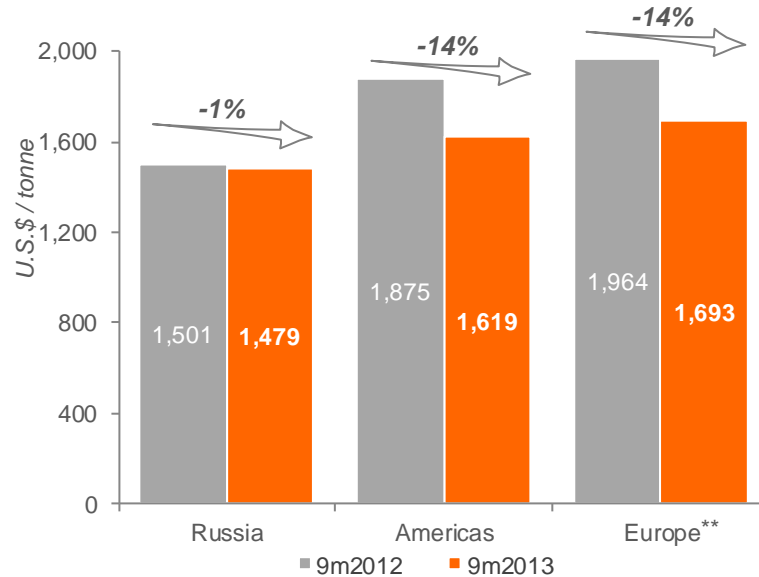
- Revenue for the Russian division decreased mainly due to a negative effect of currency translation and lower seamless pipe sales. A decline was partially offset by higher LD pipe sales.
- Revenue for the American division decreased mainly due to the deterioration of the pricing environment in the U.S. following an increase in import volumes.
- Revenue for the European division decreased as a result of a weaker pricing and an unfavorable sales mix.

Source: Consolidated IFRS Financial Statements, TMK data

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9M 2013 Revenue per Tonne*



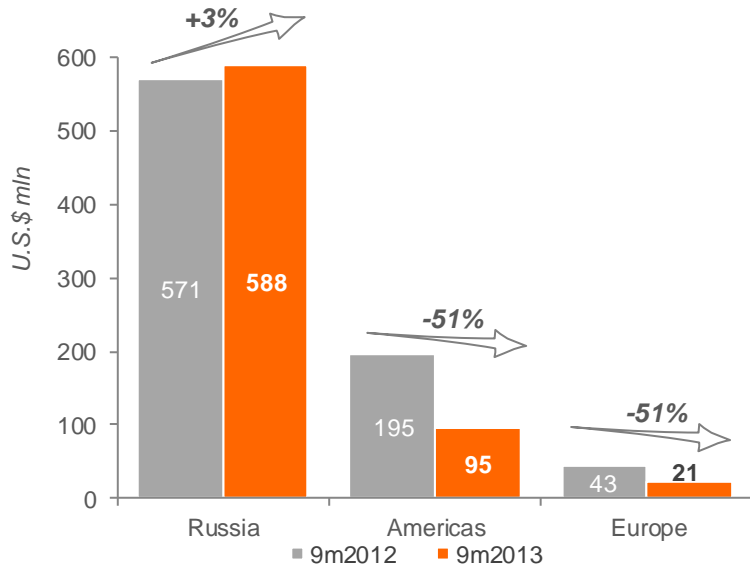
* Revenue per tonne for all three divisions includes other revenue

** Revenue for the European Division includes revenue from steel billets sales

- Russian division revenue per tonne slightly decreased as a result of unfavorable sales mix (lower volumes of seamless pipe) and a negative effect of currency translation.
- American division revenue per tonne declined as a result of weaker pricing.
- European division revenue per tonne declined as a result of lower pricing.

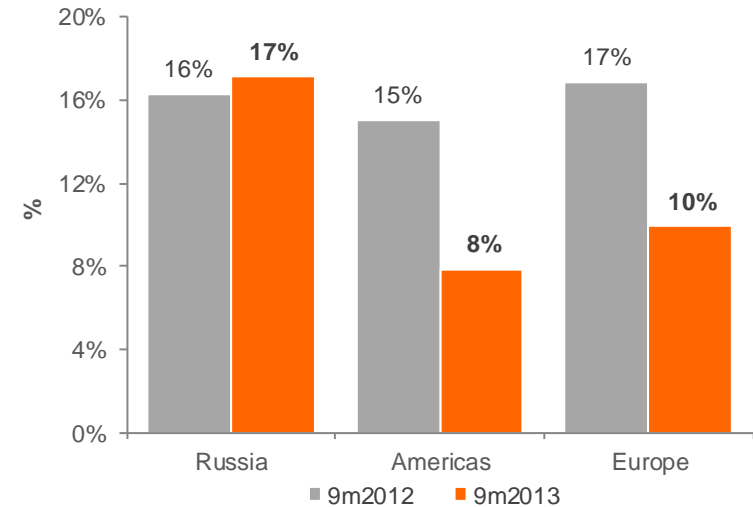
9M 2013 Adjusted EBITDA by Division

9M 2013 Adjusted EBITDA



- Russian division Adjusted EBITDA increased, mainly driven by lower SG&A.
- American division Adjusted EBITDA decreased primarily due to significantly weaker pricing of welded and seamless pipe, not fully offset by lower raw materials prices.
- European division Adjusted EBITDA declined as falling average selling prices of pipe products outpaced falling scrap prices.

9M 2013 Adjusted EBITDA Margin



- Russian division Adjusted EBITDA margin improved largely due to lower SG&A as a percentage of revenue.
- American division Adjusted EBITDA margin fell mainly due to weaker pricing across all product lines.
- European division Adjusted EBITDA margin declined due to low average selling prices.

Source: TMK Consolidated IFRS Financial Statements, TMK data

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Seamless – Core to Profitability



	U.S.\$ mln <i>(unless stated otherwise)</i>	3Q 2013	QoQ, %	9M 2013	YoY, %
SEAMLESS	Volumes- Pipes, kt	534	-17%	1,805	-4%
	Net Sales	872	-15%	2,982	-5%
	Gross Profit	233	-18%	826	-2%
	Margin, %	27%		28%	
	Avg Net Sales / Tonne (U.S.\$)	1,632	+3%	1,652	-1%
	Avg Gross Profit / Tonne (U.S.\$)	437	-1%	457	+2%
WELDED	Volumes- Pipes, kt	488	+3%	1,392	+9%
	Net Sales	553	-1%	1,674	-1%
	Gross Profit	42	-31%	161	-41%
	Margin, %	7%		10%	
	Avg Net Sales / Tonne (U.S.\$)	1,135	-4%	1,202	-9%
	Avg Gross Profit / Tonne (U.S.\$)	85	-34%	116	-45%

- Sales of seamless pipe generated **59%** of total Revenue in 3Q 2013 and **61%** for 9m 2013.
- Gross Profit from seamless pipe sales represented **83%** of 3Q 2013 total Gross Profit and **82%** for 9m 2013 total Gross Profit.
- Gross Profit Margin from seamless pipes sales amounted to **27%** in 3Q 2013 and **28%** for 9m 2013.

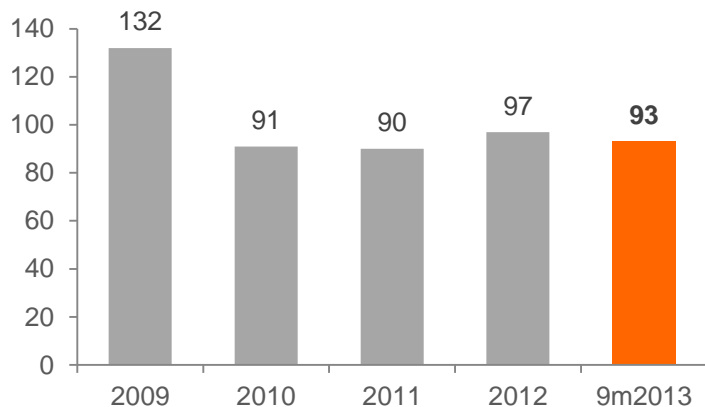
Source: Consolidated IFRS Financial Statements, TMK data

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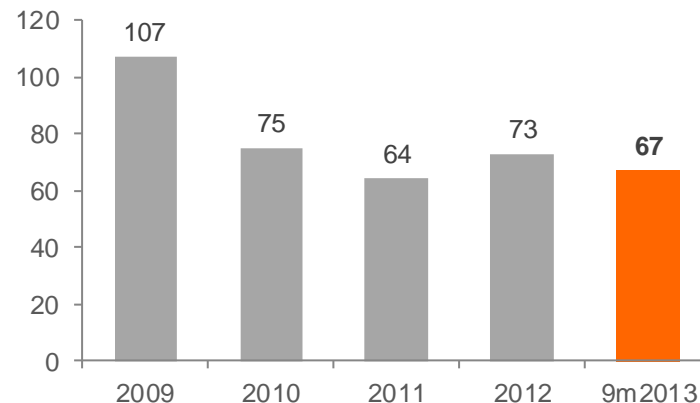
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Working Capital Position for 9M 2013

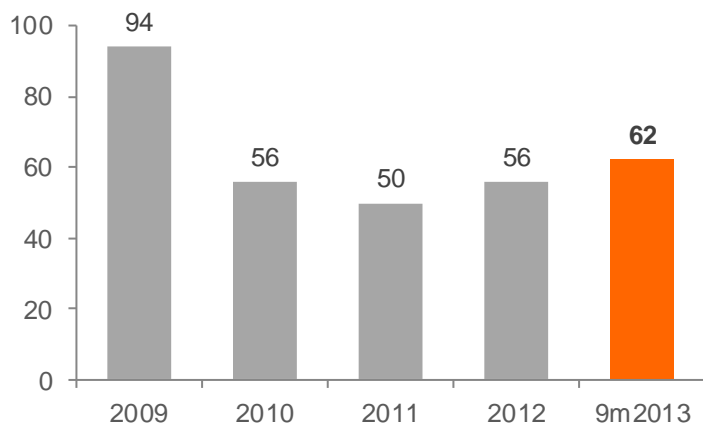
Inventories (Days)



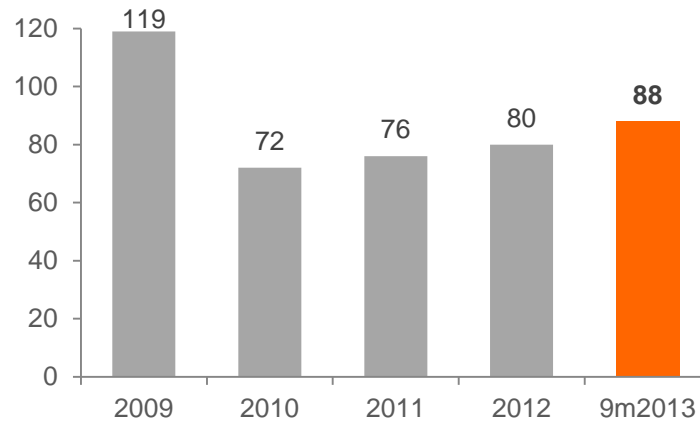
Accounts Payable (Days)



Accounts Receivable (Days)

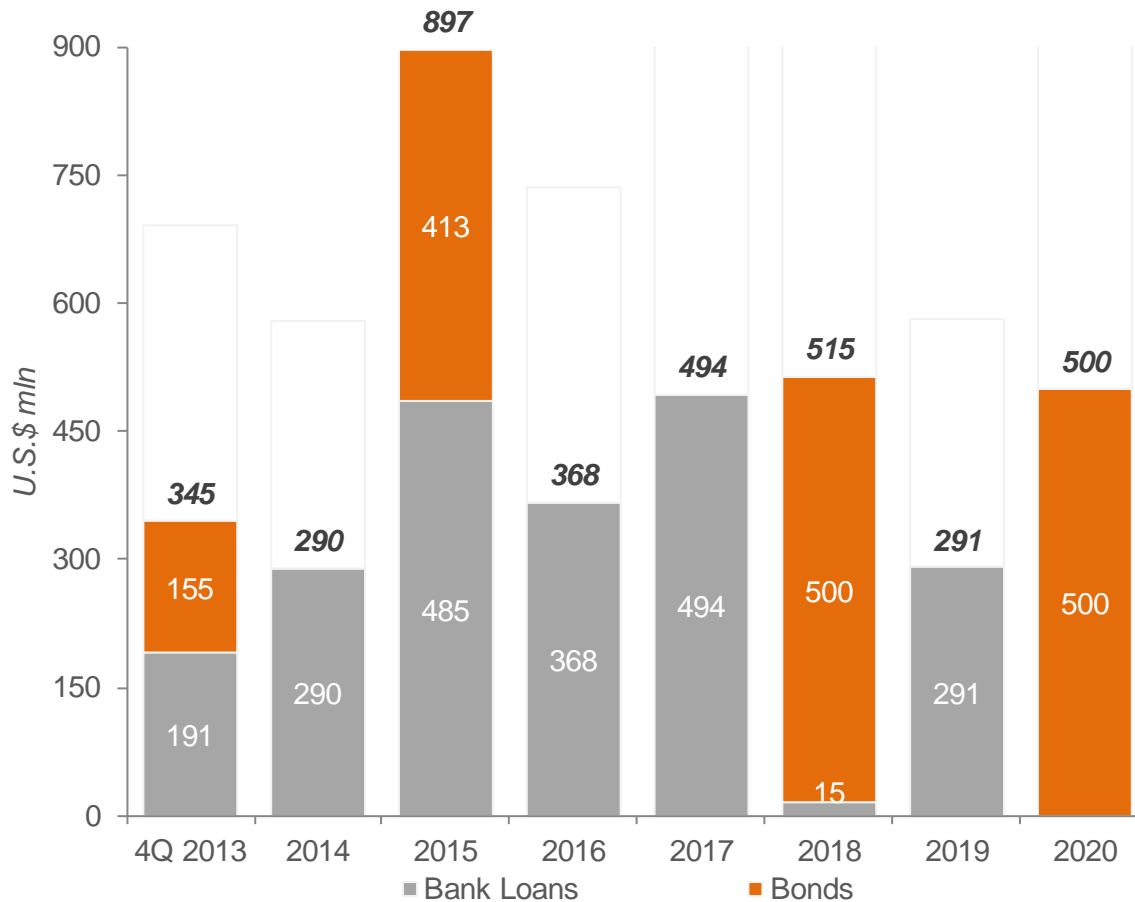


Cash Conversion Cycle (days)



Source: TMK data

Debt Maturity Profile as of September 30, 2013

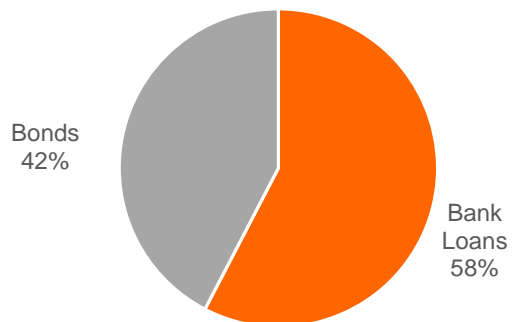


- As of September 30, 2013, total financial debt amounted to U.S.\$3,775 mIn
- 84% of total financial debt is long-term
- Weighted average nominal interest rate totalled 6.77%
- As of September 30, 2013, borrowings with a floating interest rate represented U.S.\$582 million, or 16%, borrowings with a fixed interest rate – U.S.\$3,141 million, or 84%
- Credit Ratings:
 - S&P: B+, Stable;
 - Moody’s: B1, Stable.

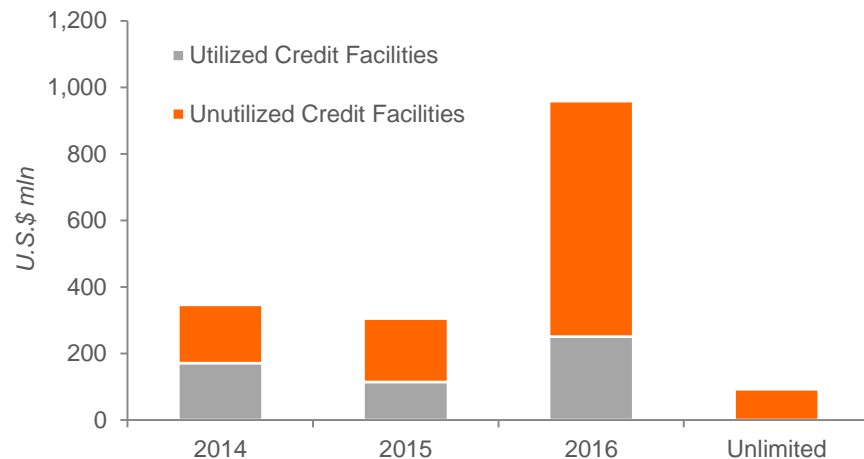
Note: TMK management accounts. Figures above are based on non-IFRS measures, estimates from TMK management

Debt Profile as of September 30, 2013

Debt Breakdown by Source of Borrowings

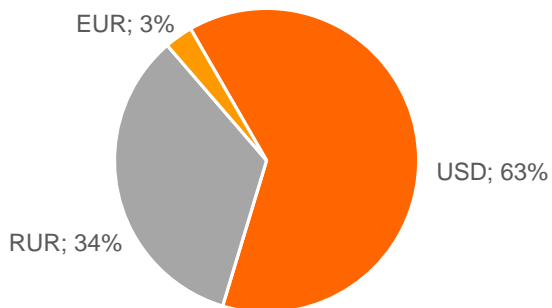


More than U.S.\$1 bn of Undrawn Committed Credit Lines to Cover Short-term Debt

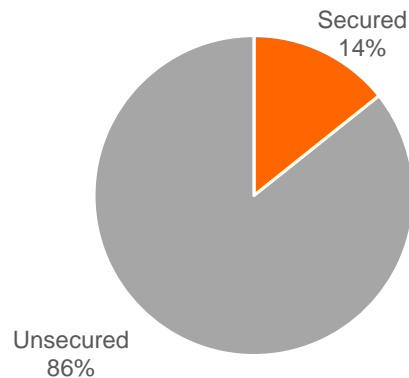


Note: TMK management accounts. Figures above are based on non-IFRS measures, estimates from TMK management.

Debt Breakdown by Currency



Just 14% of Debt is Secured with Assets and Mortgages



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

In the fourth quarter of 2013, the Company observes a recovery on its main markets. In particular, seamless OCTG and line pipe sales in the Russian division are growing. LD pipe volumes are expected to be higher compared to the third quarter of 2013 due to TMK's supply to Gazprom's South Corridor project. In the U.S. TMK expects volumes to continue to increase as drilling operations in Canada ramp up for the winter season and colder weather in the U.S. supports natural gas prices. Overall, TMK believes that the fourth quarter results will significantly exceed the results of the third quarter of 2013.

Appendix – Summary Financial Accounts

Income Statement



<i>U.S.\$ mln</i>	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:

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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
<i>Including Non-Controlling Interest</i>	96	92	95	74	97
Total Liabilities and Equity	7,600	7,132	6,862	6,681	7,068
Net Debt	3,656	3,552	3,710	3,503	3,063

Source: Consolidated IFRS Financial Statements

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Cash Flow



U.S.\$ mln	2012	2011	2010	2009	2008
Profit / (Loss) before Income Tax	405	544	185	(427)	308
<i>Adjustments for:</i>					
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

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Thank You

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