 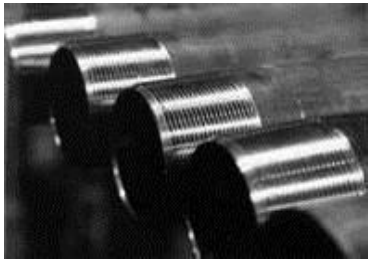 

TMK

Financial Presentation

2Q and 1H 2014 IFRS Results

Disclaimer

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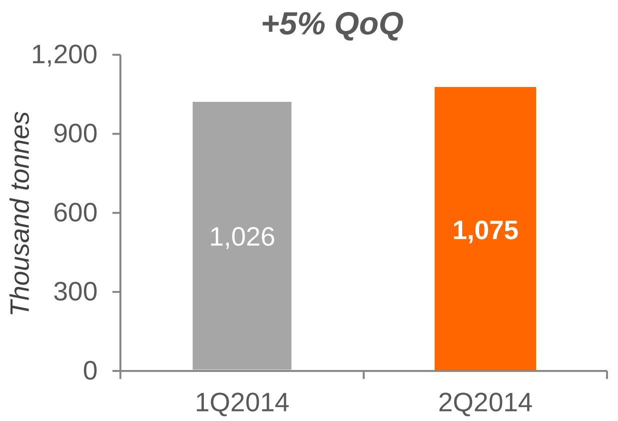
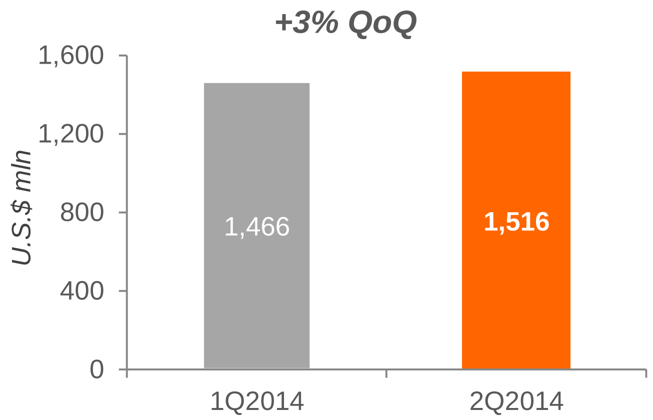
This presentation contains statistics and other data on OAO TMK's industry, including market share information, that have been derived from both third party sources and from internal sources. Market statistics and industry data are subject to uncertainty and are not necessarily reflective of market conditions.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

2Q 2014 vs 1Q 2014 Summary Financial Highlights

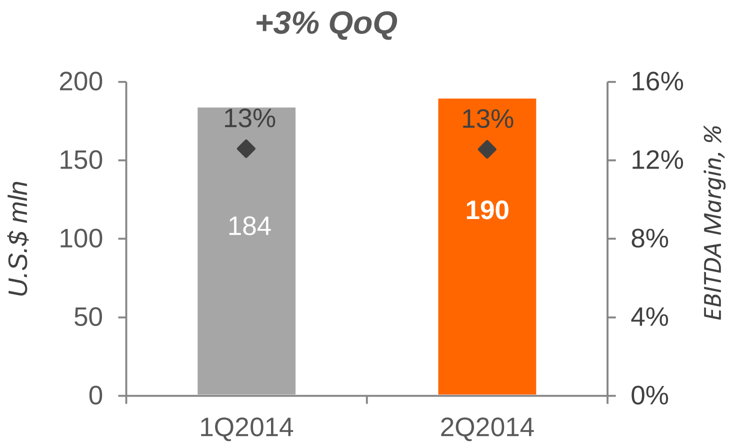
Sales increased QoQ mainly due to higher sales in Russia across all types of welded pipe, and especially LDP volumes



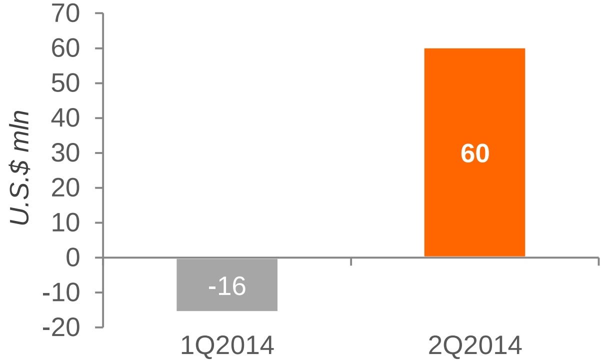
Revenue grew QoQ mainly as a result of higher welded pipe sales in the Russian division



Adjusted EBITDA went up QoQ mainly due to favorable product mix in the American division



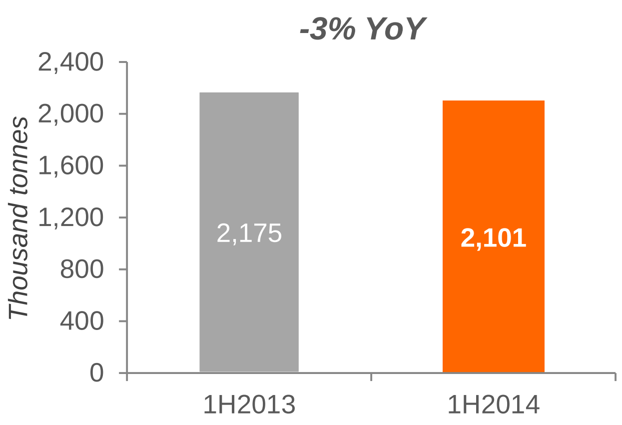
Net profit was $60 million as compared to net loss of $16 million for the first quarter of 2014



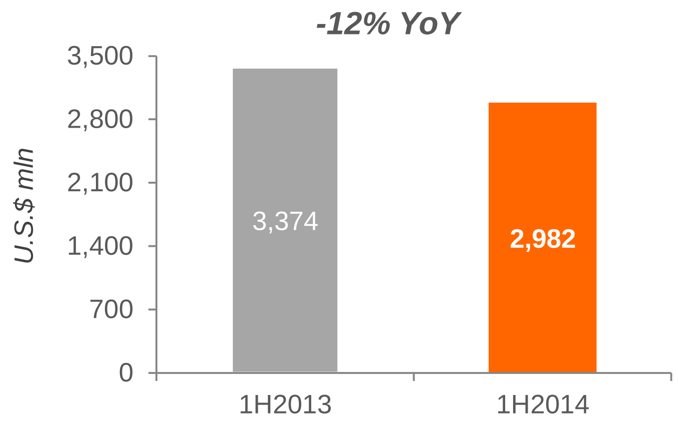
Source: TMK data

1H 2014 vs 1H 2013 Summary Financial Highlights

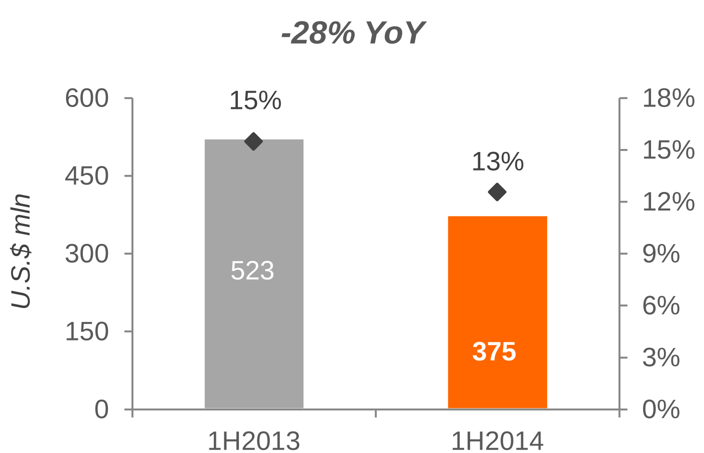
Sales decreased YoY mostly due to lower LDP sales in Russia



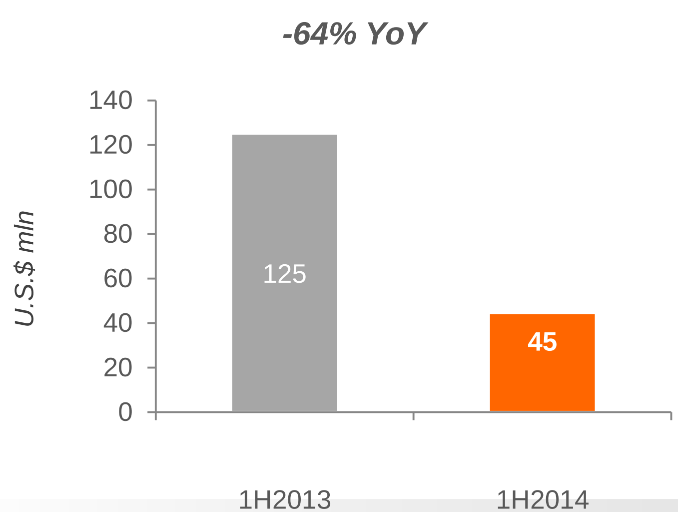
Revenue declined YoY mainly due to lower LDP sales in the Russian division and a negative effect of currency translation



Adjusted EBITDA dropped due to unfavorable price and product mix of seamless pipe in the Russian division, lower LDP sales and a negative effect of currency translation



Net profit was $45 million as compared to $125 million for the first half of 2013



Source: TMK data

Recent Developments

Dividends

- On June 19, 2014, the annual shareholders’ meeting approved a final dividend for 2013 in the amount of 731 million Russian roubles ($21 million at the exchange rate at the date of approval) or 0.78 Russian roubles ($0.02) per ordinary share. Total dividend amount for 2013 including interim dividends amounts to 1.7 billion Russian roubles.

Share capital increase

- On June 27, 2014, TMK's Board of Directors decided to increase the share capital by the issuance of additional shares in the amount of 56,000,000 shares under open subscription.

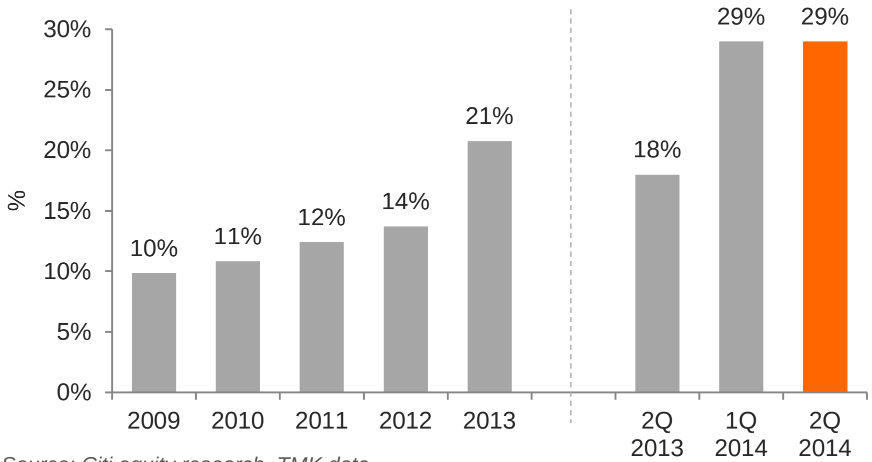
Contracts and cooperation

- In July 2014, TMK and LUKOIL signed an R&D cooperation programme for 2014-2016 aimed at the launch of import-substituting and new types of high-performance tubular products.

- In July 2014, TMK Gulf International Pipe Industry (TMK GIPI) LLC, TMK’s Omani plant, was awarded a 18,400 tonnes of OCTG order from the foremost exploration and production company in the Sultanate, Petroleum Development Oman (PDO).

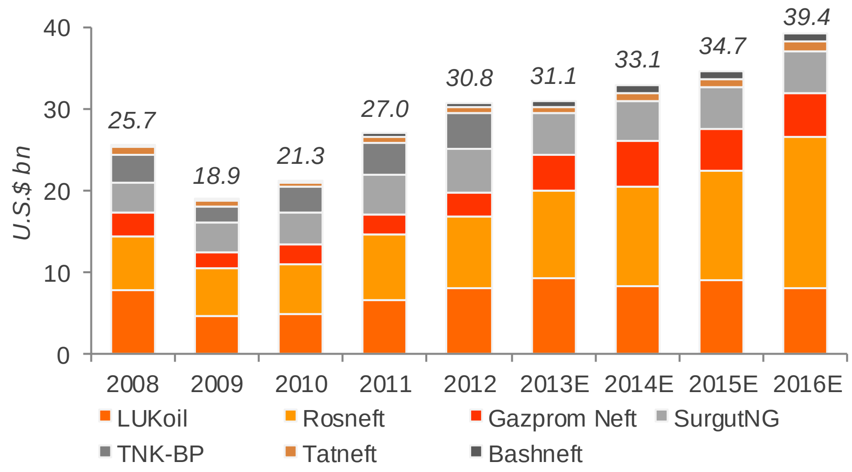
Russian Market Overview

Share of Horizontal Drilling is Growing



Source: Citi equity research, TMK data

Oil Companies' Upstream Capex is Expected to Increase



Source: Companies data, Citi equity research

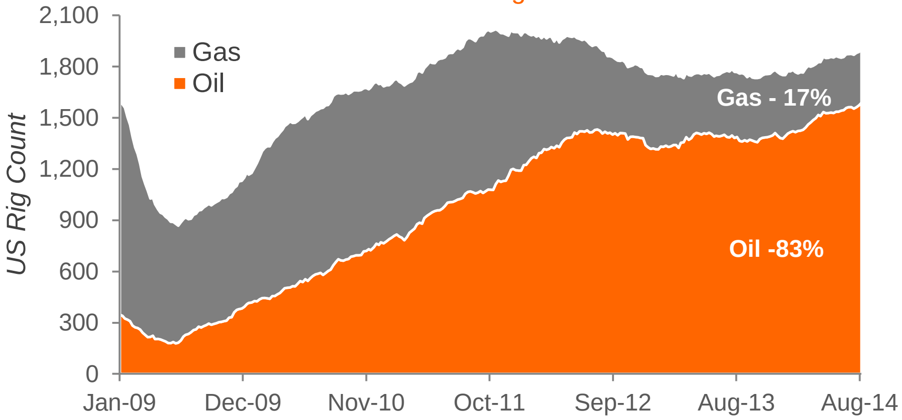
Key Considerations

- In 2Q 2014, the Russian pipe market increased by 10% from the prior quarter mainly as a result of a seasonal growth of the welded industrial pipe market. In 1H 2014, the Russian pipe market remained flat compared to 1H 2013 as the growth in welded industrial pipe and LDP market was offset by lower seamless OCTG and line pipe consumption due to weaker drilling activity in 1H 2014.
- In 2Q 2014, consumption of seamless OCTG pipe remained mainly at the same level as the prior quarter while seamless line pipe market decreased by 9% due to seasonally lower demand.
- The LD pipe market in Russia in 2Q 2014 decreased by 3% compared to the prior quarter. In 1H 2014, the LD pipe market increased by 11% year-on-year due to higher demand from Gazprom's South Stream project.
- In 2Q 2014, the seamless and welded industrial pipe market in Russia increased by 4% and 29% compared to the previous quarter respectively, mainly due to higher seasonal demand from machinery and construction industries. In 1H 2014, welded industrial pipe consumption went up by 6% year-on-year, while seamless industrial pipe market remained almost flat.

US Market Overview

Growing Oil Drilling Activity Supported by Steadily High Crude Oil Prices

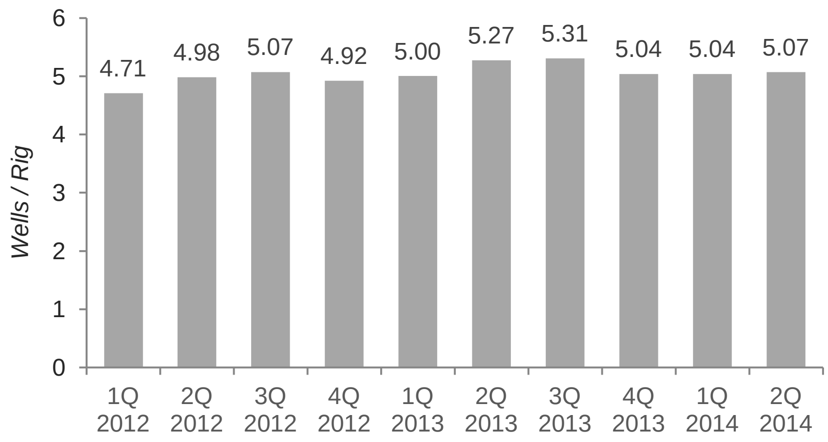
US Oil and Gas Rig Count



Source: Baker Hughes

Premium Tubular Content Increasing with Unconventional Drilling Activity

Wells per Rig



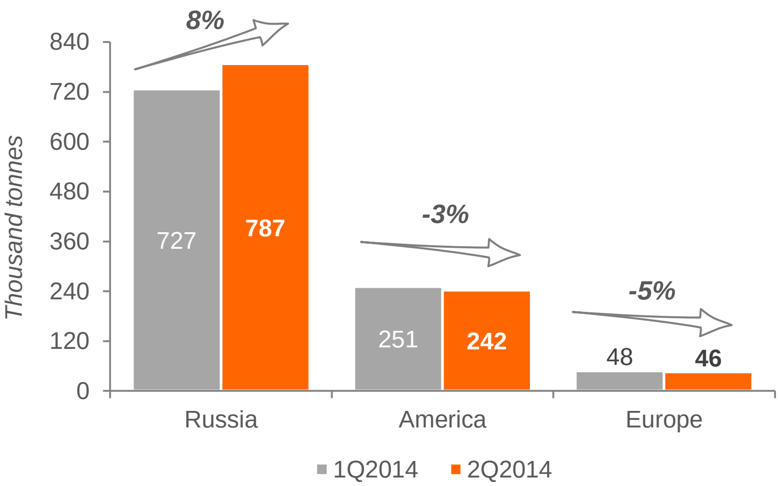
Source: Baker Hughes

Key Considerations

- According to Backer Hughes, the average number of rigs in 2Q 2014 increased by 73 rigs over the prior quarter and by 56 rigs in 1H 2014 over 1H 2013.
- Better economics for oil plays continued to support the addition of oil rigs: in 2Q 2014 the average number of oil rigs rose by 101 rigs from 1Q 2014 and by 116 in 1H 2014 compared to the 1H 2013. In contrast, the average number of gas rigs declined in 2Q 2014 by 28 rigs QoQ and by 58 rigs in 1H 2014 over the same period of 2013.
- According to the Preston Pipe and Tube Report, in 2Q 2014, U.S. OCTG consumption increased by 6% QoQ and by 21% in 1H 2014 compared to the same period in 2013, reflecting an increase in rig count and particularly the increase in horizontal rigs, which generally consume more OCTG pipe per well.
- In 2Q 2014, U.S. OCTG shipments went up by 16% compared to the prior quarter and by 24% in 1H 2014 over the same period of 2013, led by a surge in imports from the trade-case-subject countries prior to the Commerce Department's decision deadline. As a result, the total OCTG inventory level increased. However, the average number of months of OCTG inventory declined due to higher consumption.
- According to Pipe Logix, in 2Q of 2014 the average composite OCTG seamless and welded prices were up 1.5 % and 0.5% respectively compared to 1Q 2014, while in 1H 2014 both the average composite OCTG seamless and welded prices decreased by 3% YoY.

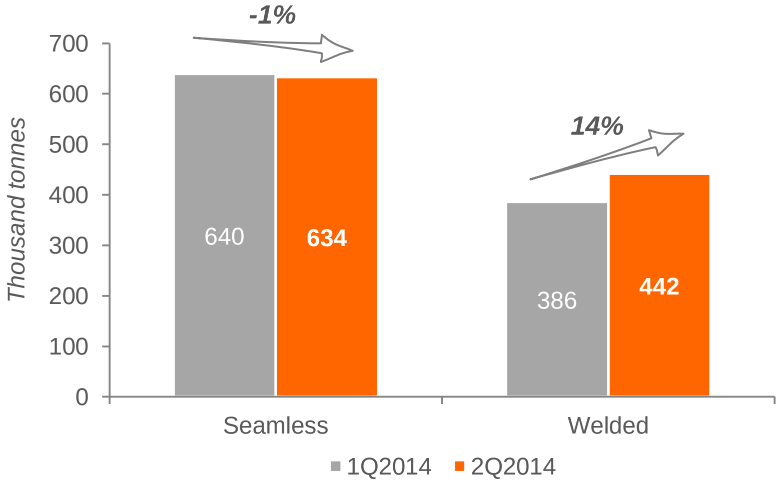
2Q 2014 vs 1Q 2014 Sales by Division and Group of Product

Sales by Division



- Russian division sales increased QoQ mainly due to higher LDP and welded industrial pipe volumes.
- American division sales fell QoQ due to lower welded OCTG and seamless and welded industrial pipe volumes.
- European division sales decreased QoQ due to lower seamless industrial pipe.volumes.

Sales by Group of Product

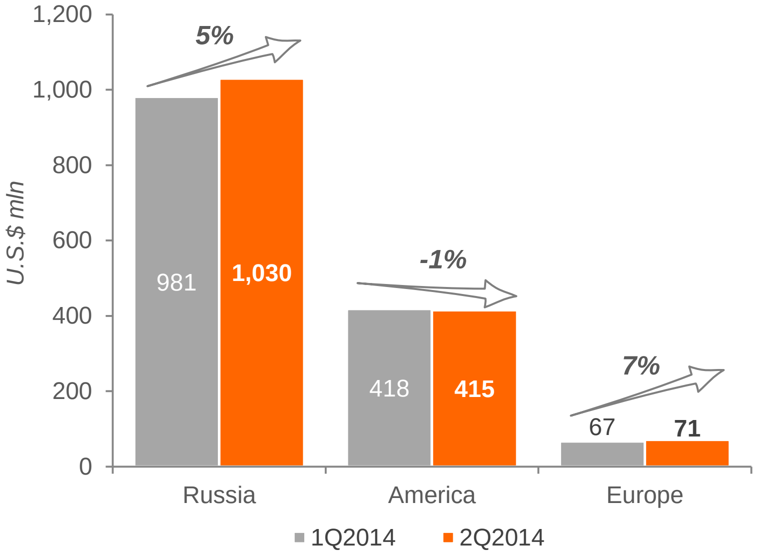


- Seamless pipe sales decreased QoQ as a result of lower seamless industrial pipe sales.
- Welded pipe sales increased QoQ mostly due to stronger consumption of LDP in Russia.
- Total OCTG sales rose by 1% QoQ due to higher volumes of seamless OCTG in the Russian division.

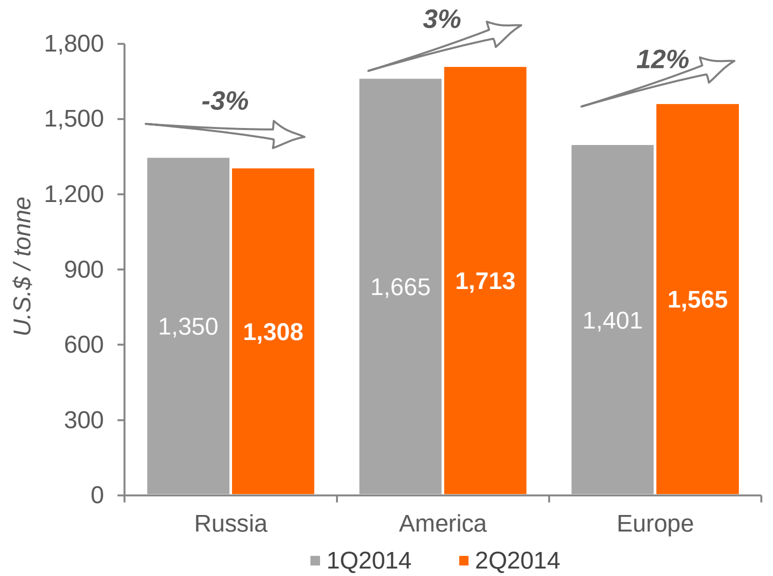
Source: TMK data

2Q 2014 vs 1Q 2014 Revenue by Division

Revenue



Revenue per Tonne*



** Revenue /tonne for the Russian and American divisions is calculated as total revenue divided by pipe sales. Revenue for the European division is calculated as total revenue divided by (pipe+billet sales)*

- Revenue for the Russian division increased mainly as a result of the growth in welded pipe volumes and especially in LDP sales.
- Revenue for the American division decreased primarily due to lower seamless and welded pipe sales, which was partially compensated by higher pricing and favorable sales mix.
- Revenue for the European division increased as a result of higher steel billet sales.

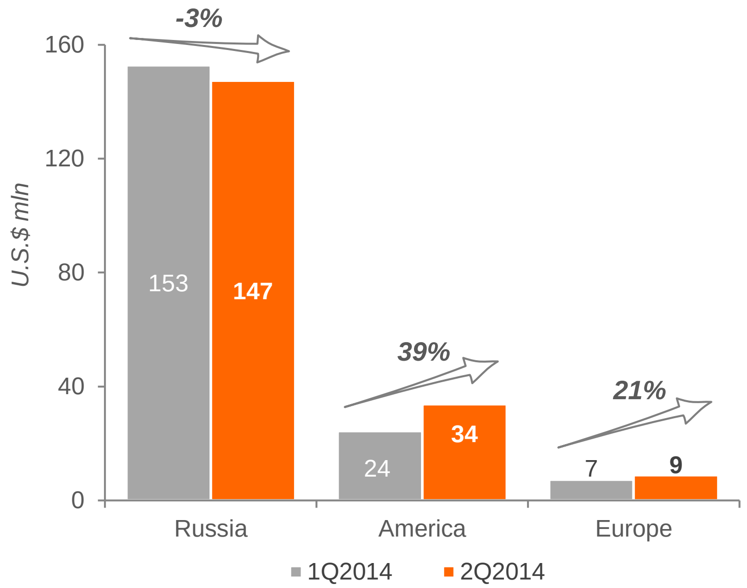
- Russian division revenue per tonne decreased QoQ due to unfavorable mix of welded pipe.
- American division revenue per tonne increased QoQ due to more favorable sales mix in seamless and welded pipe.
- European division revenue per tonne increased QoQ due to favorable sales mix and positive effect of currency translation.

Source: Consolidated IFRS Financial Statements, TMK data

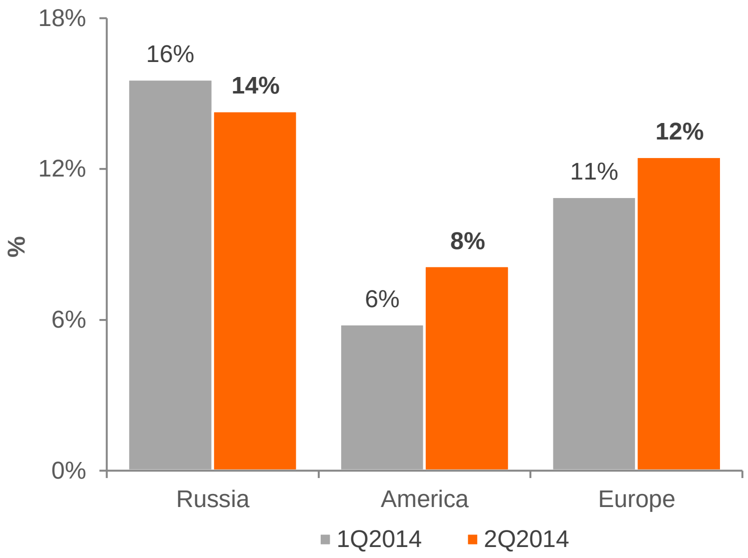
Note:
Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums.

2Q 2014 vs 1Q 2014 Adjusted EBITDA by Division

Adjusted EBITDA



Adjusted EBITDA Margin



- Russian division Adjusted EBITDA declined due to unfavorable sales mix in welded pipe and a growth in other operational expenses.
- American division Adjusted EBITDA grew mostly due to improved sales mix of both seamless and welded pipe and a decline of SG&A expenses.
- European division Adjusted EBITDA increased largely due growth in gross profit.

- Russian division Adjusted EBITDA margin decreased QoQ mainly due to unfavorable welded pipe product mix.
- American division Adjusted EBITDA margin grew as a result of favorable product mix.
- European division Adjusted EBITDA margin went up due to improved sales mix.

Source: TMK Consolidated IFRS Financial Statements, TMK data

Note:
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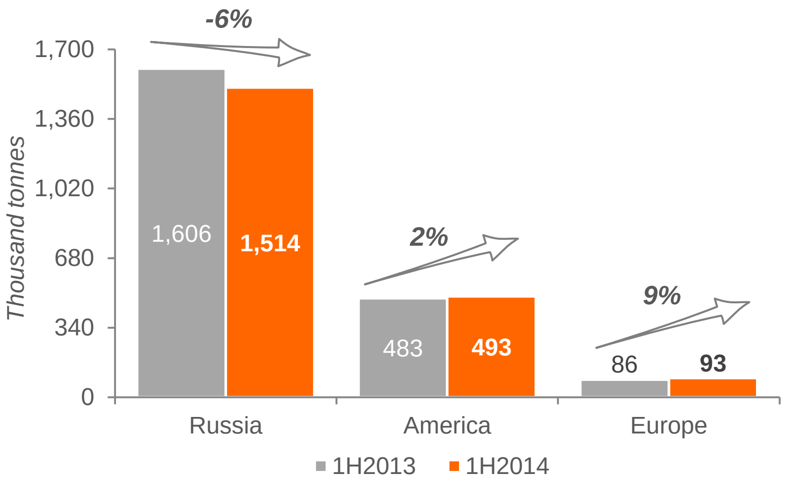
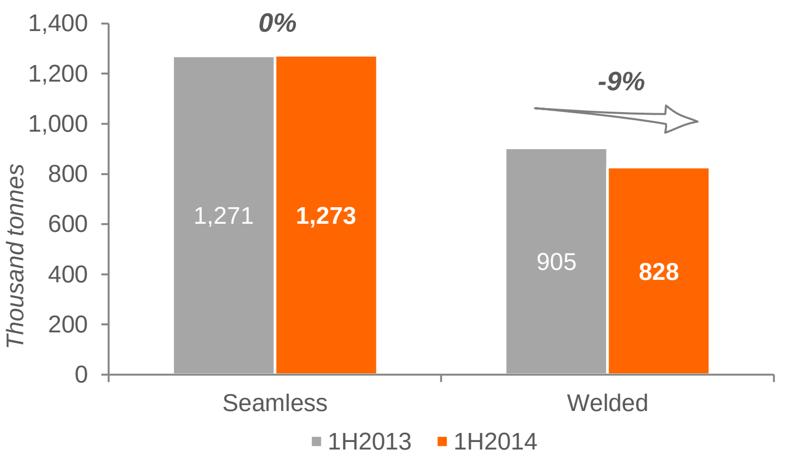
1H 2014 vs 1H 2013 Sales by Division and Group of Product

Sales by Division



- Russian division sales declined YoY mostly due to lower LDP volumes as well as lower seamless line and seamless industrial pipe sales.
- American division sales increased YoY due to higher seamless and welded OCTG volumes.
- European division sales grew YoY due to higher seamless pipe volumes.

Sales by Group of Product

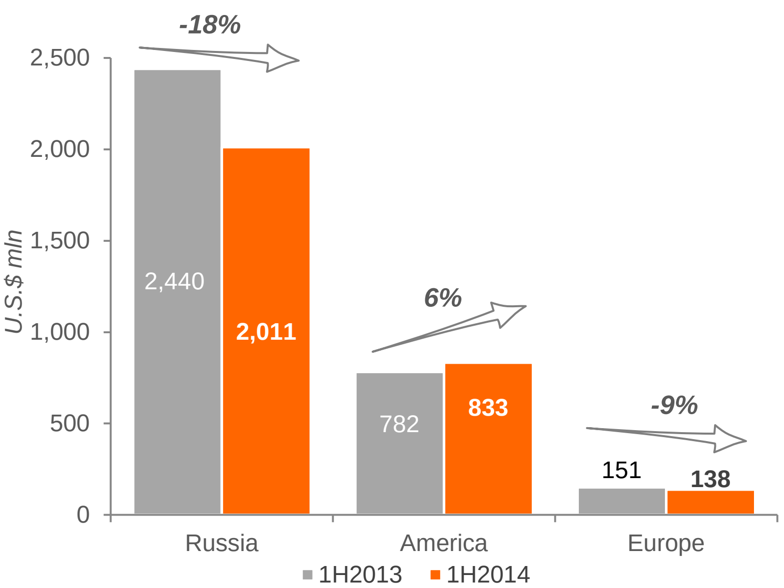


- Seamless pipe sales remained flat YoY. The growth in the American and European divisions was offset by lower seamless pipe sales in the Russian division.
- Welded pipe sales decreased YoY largely due to lower LDP volumes in Russia.
- Total OCTG sales increased by 9% YoY mainly due to higher volumes in the Russian and American divisions.

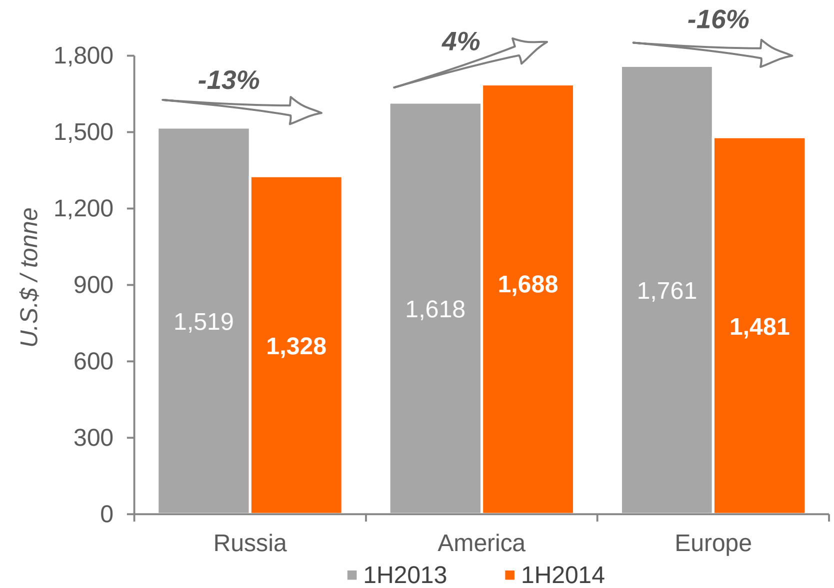
Source: TMK data

1H 2014 vs 1H 2013 Revenue by Division

Revenue



Revenue per Tonne*



** Revenue/tonne for the Russian and American divisions is calculated as total revenue divided by pipe sales. Revenue for the European Division is calculated as total revenue divided by (pipe+billet sales)*

- Revenue for the Russian division dropped largely due to lower LDP sales and a negative effect of currency translation.
- Revenue for the American division increased due to higher seamless pipe volumes.
- Revenue for the European division fell due to a significant drop in steel billet sales.

- Russian division revenue per tonne decreased YoY as a result of unfavorable price and product mix of welded pipe.
- American division revenue per tonne increased due to better sales mix of seamless pipe.
- European division revenue per tonne declined as a result of unfavorable pricing and product mix.

Source: Consolidated IFRS Financial Statements, TMK data

Note:
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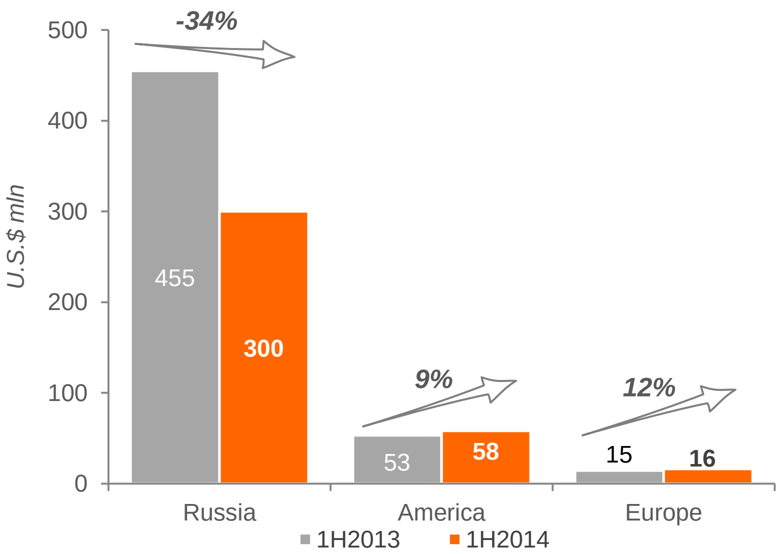
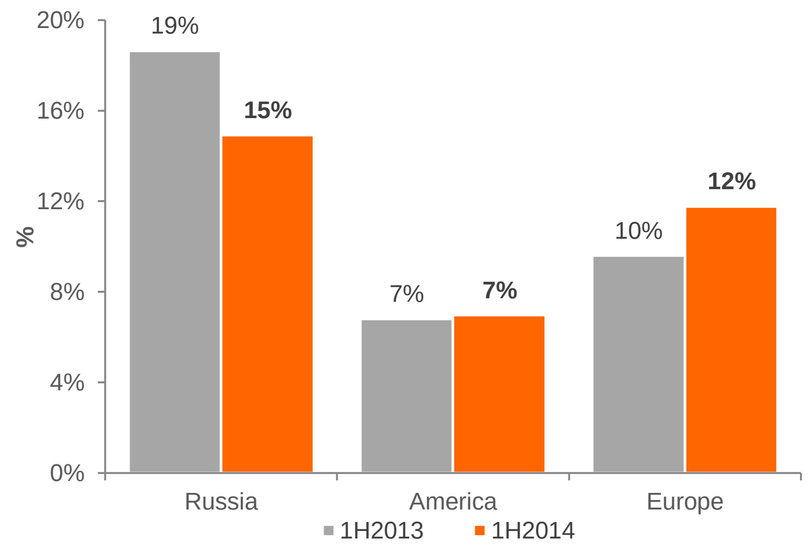
1H 2014 vs 1H 2013 Adjusted EBITDA by Division

Adjusted EBITDA



Adjusted EBITDA Margin



- Russian division Adjusted EBITDA decreased mainly as a result of unfavorable pricing and product mix of seamless pipe, lower LDP volumes and a negative effect of currency translation.
- American division Adjusted EBITDA increased due to higher volumes, pricing and favorable product mix of seamless pipe.
- European division Adjusted EBITDA increased due to the growth in seamless pipe sales.

- Russian division Adjusted EBITDA margin decreased largely due to unfavorable pricing and sales mix of seamless pipe.
- American division Adjusted EBITDA margin remained flat.
- European division Adjusted EBITDA margin grew mostly as a result of higher share of seamless pipe in total sales.

Source: TMK Consolidated IFRS Financial Statements, TMK data

Note:
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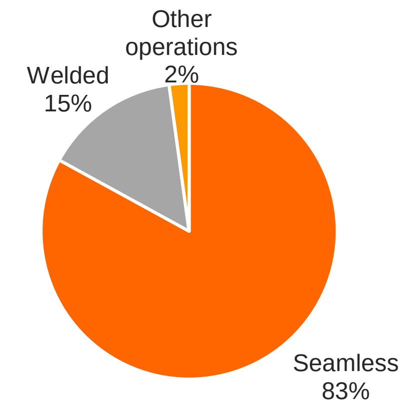
Seamless – Core to Profitability

	U.S.$ mln *(unless stated otherwise)*	2Q 2014	QoQ, %	1H 2014	YoY, %
SEAMLESS	Volumes- Pipes, kt	**634**	*-1%*	**1,273**	*0%*
	Revenue	**970**	*-1%*	**1,948**	*-8%*
	Gross Profit	**236**	*0%*	**473**	*-20%*
	Margin, %	*24%*		*24%*	
	Avg Revenue / Tonne (U.S.$)	1,532	*0%*	1,530	*-8%*
	Avg Gross Profit / Tonne (U.S.$)	373	*1%*	371	*-20%*
WELDED	Volumes- Pipes, kt	**442**	*14%*	**828**	*-9%*
	Revenue	**468**	*10%*	**892**	*-20%*
	Gross Profit	**42**	*9%*	**81**	*-32%*
	Margin, %	*9%*		*9%*	
	Avg Revenue / Tonne (U.S.$)	1,060	*-4%*	1,078	*-13%*
	Avg Gross Profit / Tonne (U.S.$)	96	*-4%*	98	*-26%*

Source: Consolidated IFRS Financial Statements, TMK data

2Q 2014 Gross Profit Breakdown



- Sales of seamless pipe generated **64%** of total Revenue in 2Q 2014 and **65%** in 1H 2014.
- Gross Profit from seamless pipe sales represented **83%** of 2Q 2014 total Gross Profit and **84%** of 1H 2014 total Gross Profit.
- Gross Profit Margin from seamless pipe sales amounted to **24%** both in 2Q 2014 and 1H 2014.

Note:
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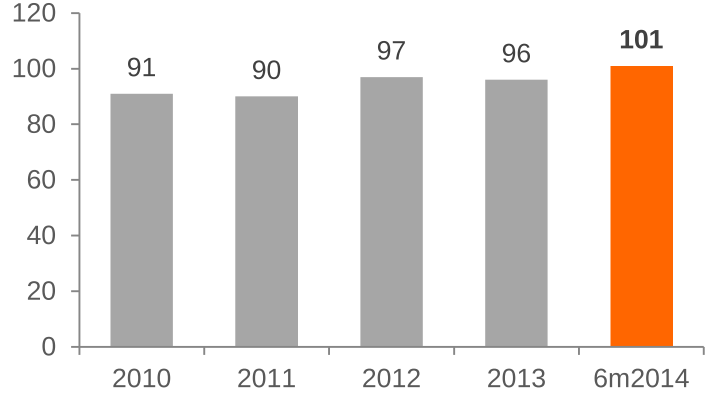
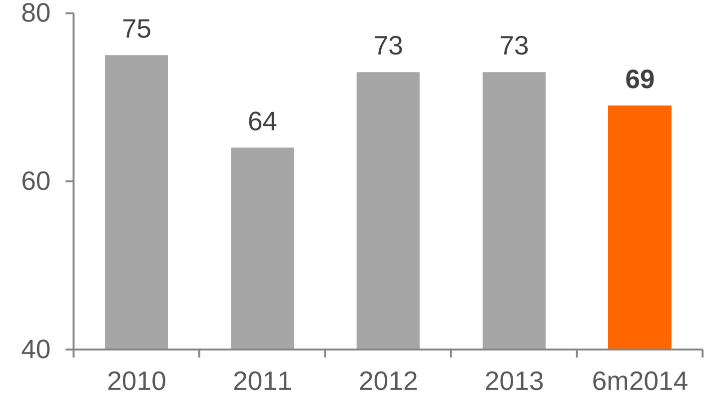
Working Capital Position as of June 30, 2014

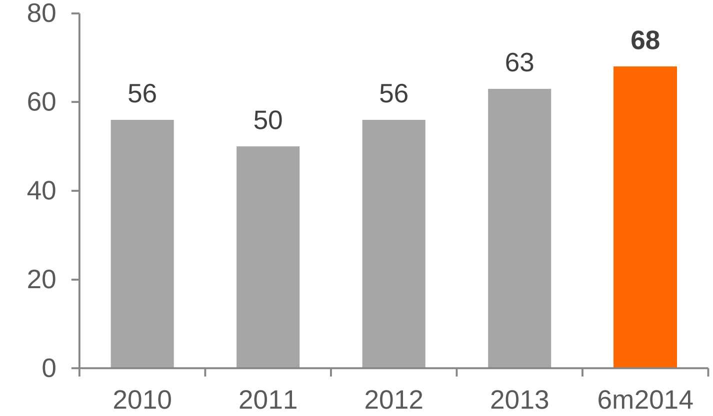
Inventories (Days)



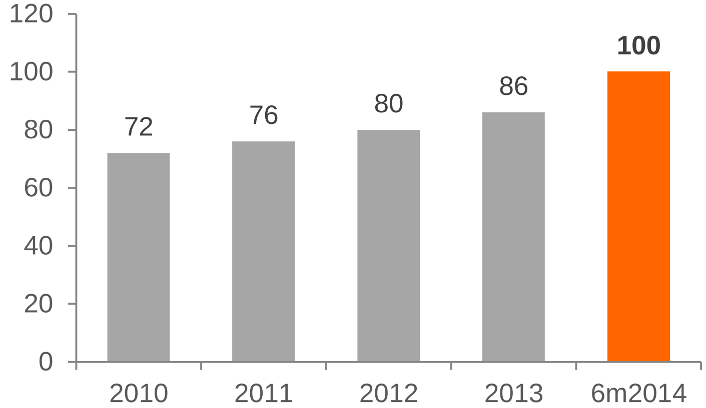
Accounts Payable (Days)



Accounts Receivable (Days)

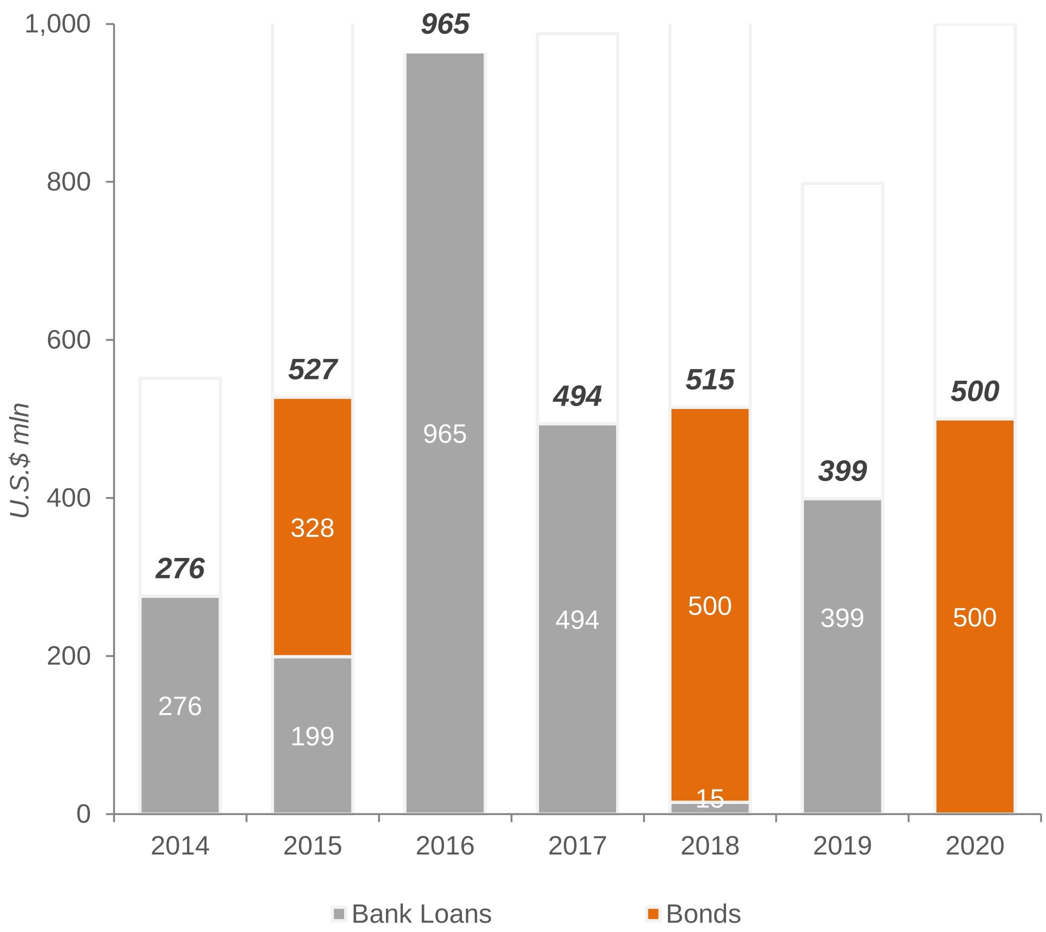


Cash Conversion Cycle (days)



Source: TMK data

Debt Maturity Profile as of June 30, 2014

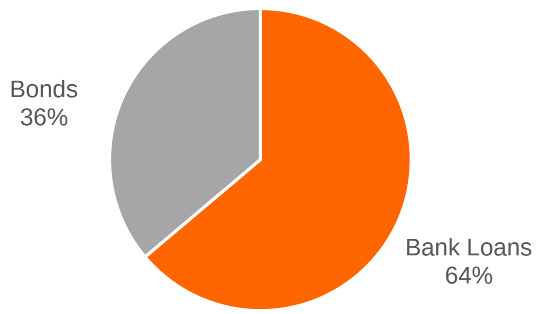


- As of June 30, 2014, total financial debt amounted to U.S.$3,753 mln
- 80% of total financial debt is long-term
- Weighted average nominal interest rate totalled 7.04%
- As of June 30, 2014, borrowings with a floating interest rate represented U.S.$540 million, or 15%, borrowings with a fixed interest rate – U.S.$3,156 million, or 85%
- Credit Ratings:
  - S&P: B+, Stable;
  - Moody's: B1, Stable.

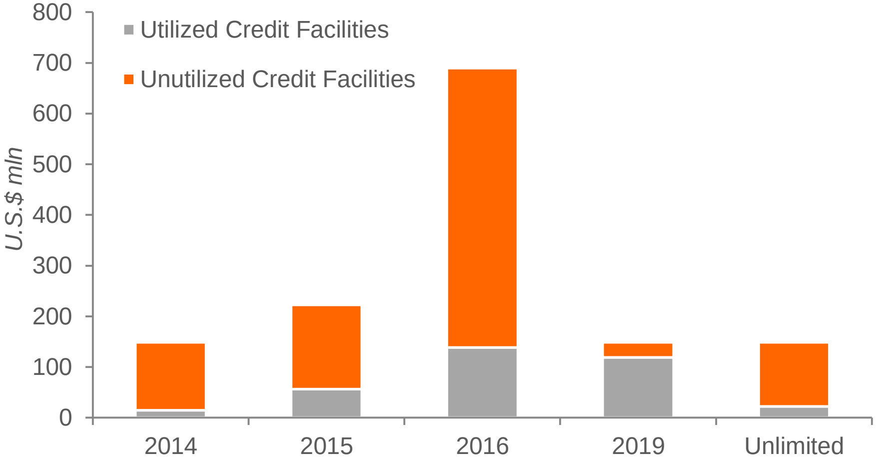
Note: TMK management accounts. Figures above are based on non-IFRS measures, estimates from TMK management

Debt Profile as of June 30, 2014

Debt Breakdown by Source of Borrowings

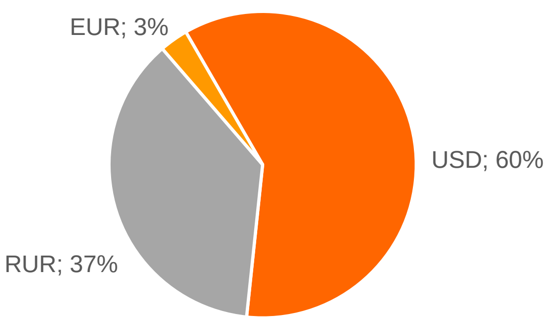


U.S.$1 bn of Undrawn Committed Credit Lines to Cover Short-term Debt

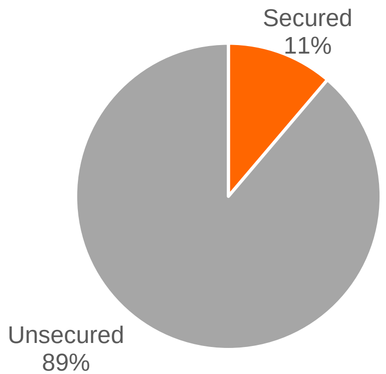


Note: TMK management accounts. Figures above are based on non-IFRS measures, estimates from TMK management.

Debt Breakdown by Currency



Just 11% of Debt is Secured with Assets and Mortgages



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

Source: TMK data

Outlook

For the second half of 2014, the Company observes an increase of the pipe market in Russia mainly due to higher consumption of LD pipe as a result of the commencement of Gazprom’s Power of Siberia project.

In the U.S. TMK expects commodity prices to further support robust drilling activity throughout 2014. Following the final OCTG Trade Case decision the flow of imports and inventory levels should gradually decrease, which should positively influence the pricing environment.

The European pipe market is expected to largely remain unchanged in the second half of 2014.

Overall, for the second half of the year TMK expects a stronger set of results due to growing LD pipe sales, higher seamless pipe prices in Russia in line with stable raw materials prices as well as a gradual recovery on the U.S. market.

Thank You

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