

TMK

Financial Presentation

1Q 2015 IFRS Results

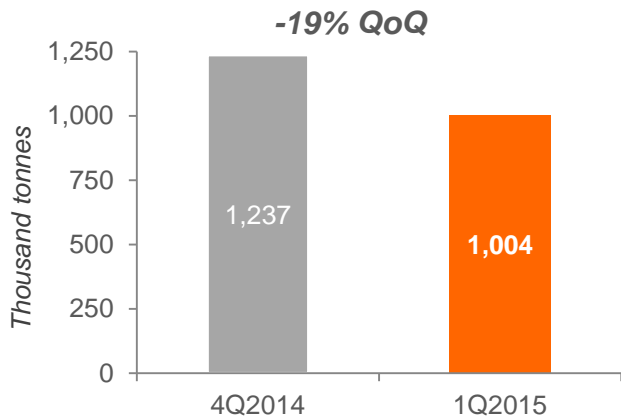
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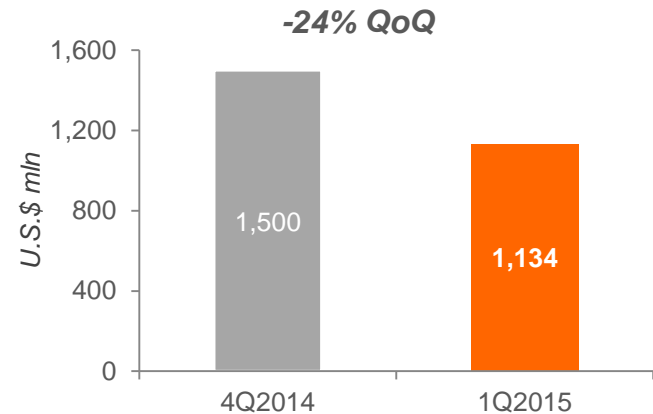
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1Q 2015 vs 4Q 2014 Summary Financial Highlights

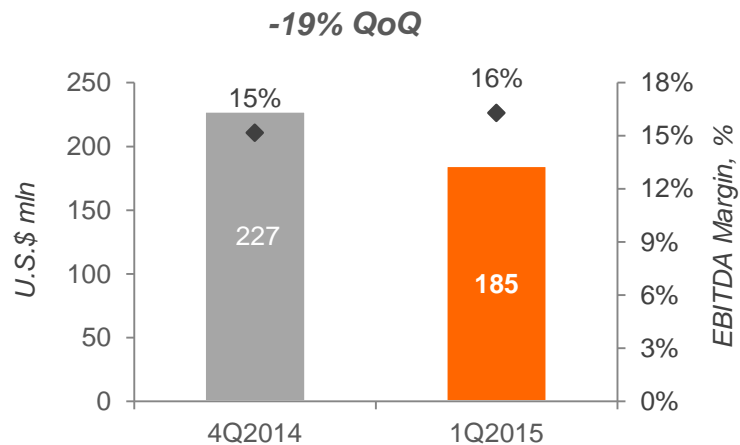
Sales decreased QoQ mainly due to the lower volumes across all pipe segments



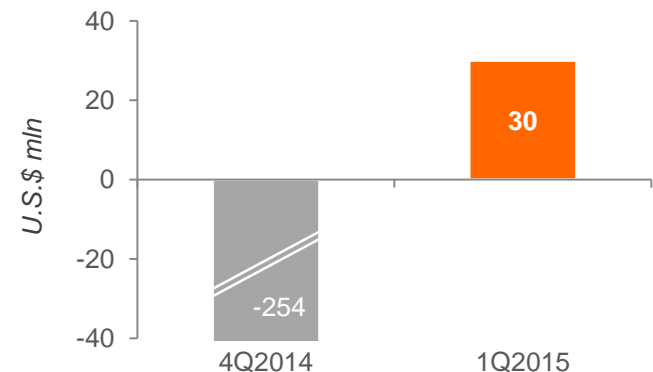
Revenue fell QoQ as a result of lower pipe sales and a negative effect of currency translation



Adjusted EBITDA decreased QoQ mainly due to a negative effect of currency translation coupled with weaker sales in the Russian and American divisions



Net profit was \$30 million as compared to a net loss for 4Q2014, which had resulted mostly from a foreign exchange loss of \$198 million

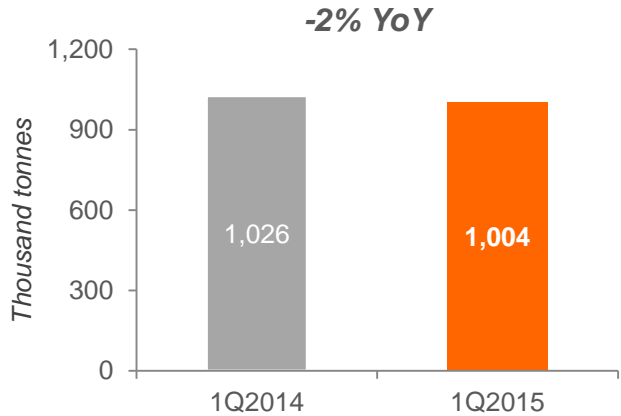


Source: TMK data

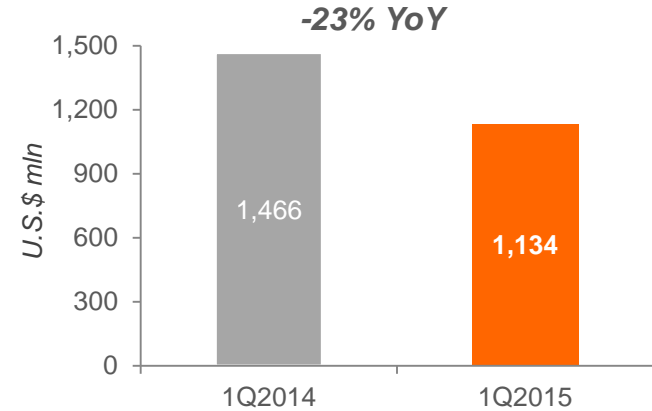
1Q 2015 vs 1Q 2014 Summary Financial Highlights



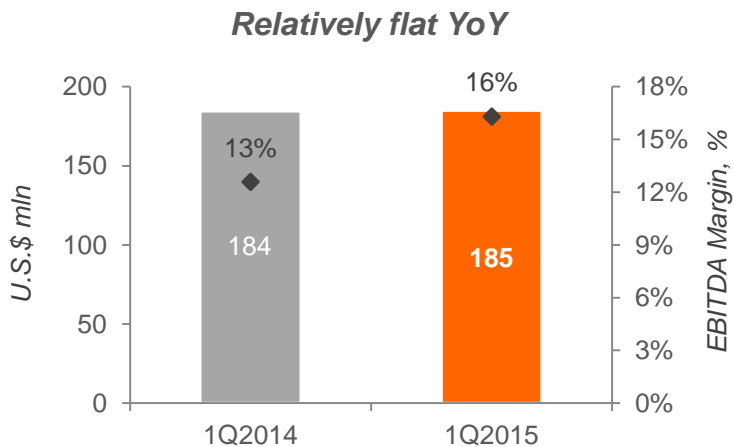
Sales declined YoY mostly as a result of lower volumes of OCTG and industrial pipe



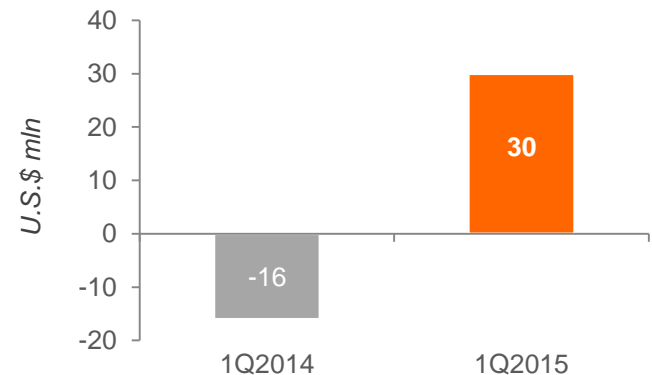
Revenue fell YoY mainly as a result of a negative effect of currency translation



Adjusted EBITDA remained relatively flat YoY



Net profit was \$30 million as compared to a net loss for 1Q 2014



Source: TMK data

Contracts awarded

- In March 2015, TMK and Gazprom Burenie, one of Russia's largest drilling companies, signed a strategic three-year contract, under which TMK acts as a leading supplier of drill pipe to the company.

Launching new production

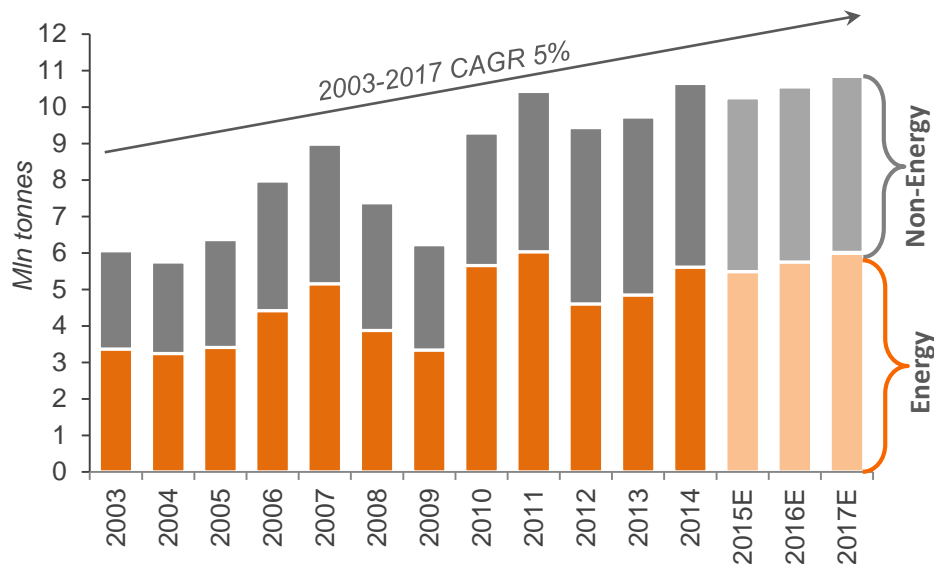
- In March 2015, TMK launched production of billets for drill pipe joints with annual capacity of around 150 thousand billets.

Shipments

- In March 2015, TMK shipped high-tech casing pipe, including TMK UP premium connections, for Tatneft to produce super-viscous oil at the Ashalchinskoye field in Tatarstan.
- In April 2015, TMK supplied high-tech super chrome (13Cr) steel premium pipe to Rospan International, one of the Rosneft's subsidiaries and operator of Vostochno-Urengoiskoe and Novo-Urengoiskoe gas condensate fields.
- In April 2015, TMK started LD pipe deliveries for Power of Siberia gas transmission system by Gazprom. Throughout 2015 and beginning of 2016, the Company plans to deliver more than 150 thousand tonnes of LD pipe for the project.

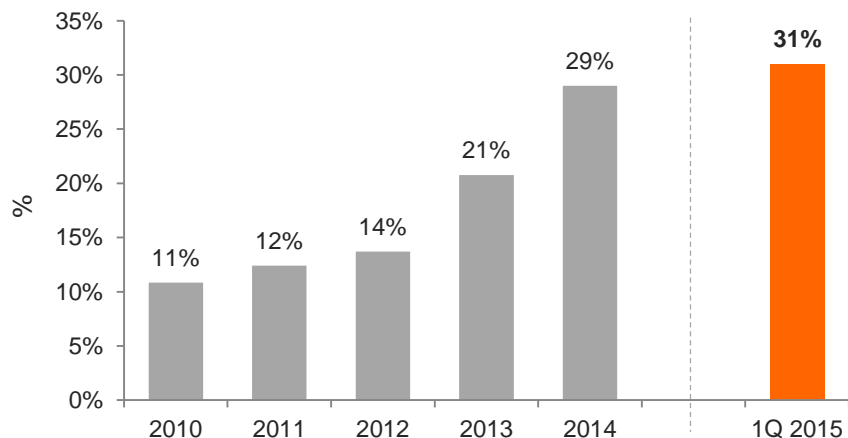


Growing oil drilling market in Russia



Source: Companies data, Citi equity research

Share of horizontal drilling is growing

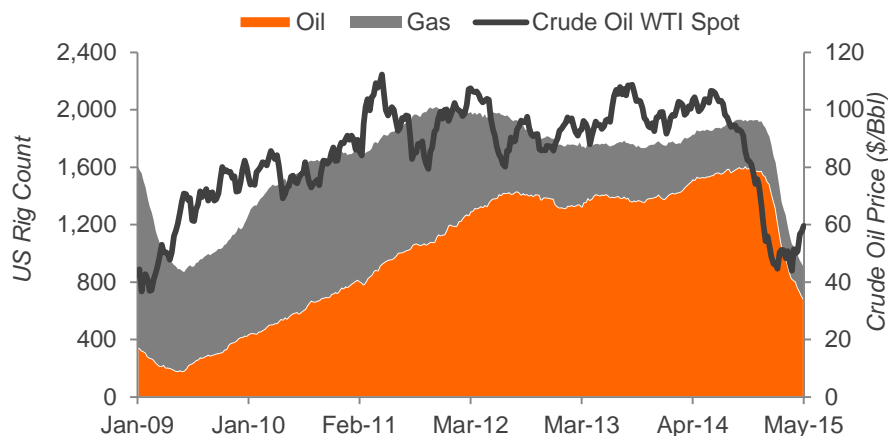


Source: Citi equity research, TMK data

Key considerations

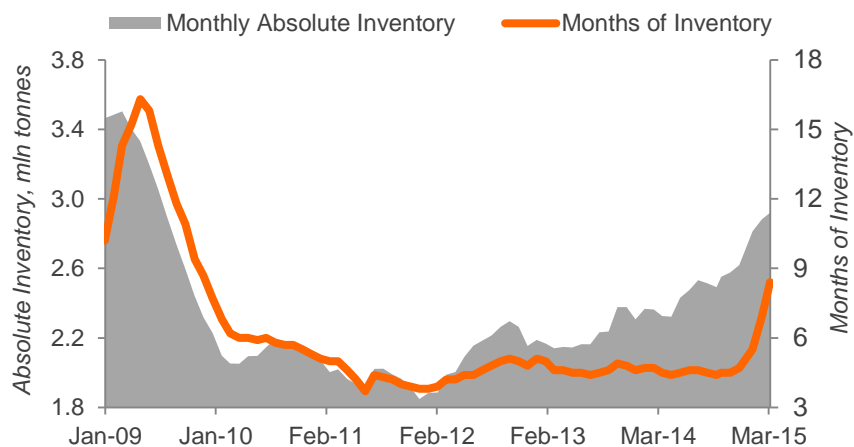
- In 1Q2015, the Russian pipe market decreased by 15% compared to the prior quarter, mainly as a result of stock adjustments made by the majority of consumers on the back of uncertain economic situation. At the same time, the market increased by 7% YoY due to higher LD pipe consumption.
- Even though demand for OCTG pipe decreased by 3% QoQ and by 5% YoY, drilling in Russia increased by 3% over the prior quarter and by 14% compared to 1Q2014. Line pipe market fell by 12% over the prior quarter and increased by 3% YoY. Consumption of pipe for oil and gas industry was negatively affected by customers' inventory adjustments.
- Industrial pipe market declined by 24% QoQ and by 17% YoY.
- The LD pipe market in Russia decreased by 10% QoQ, mainly due to higher volumes for Power of Siberia project along with significant demand for maintenance needs of Transneft supplied in 4Q2014. The YoY growth of 76% was driven by increasing consumption for projects like Bovanenkovo-Ukhta, South Corridor and Power of Siberia as well as maintenance needs of Gazprom and Transneft.

Drop in rig count followed drop in oil prices



Source: Baker Hughes, Bloomberg

OCTG inventories, at 8.4 months of consumption in March 2015, are expected to continue rising in 2Q 2015



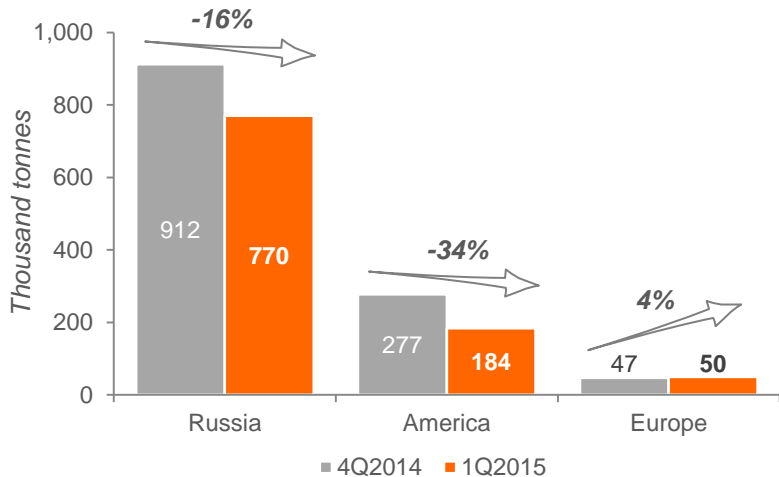
Source: Preston Pipe & Tube Report

Key Considerations

- In 1Q2015, drilling activity both for oil and natural gas was significantly affected by the drop in energy commodity prices. According to Baker Hughes rig count, the average number of oil rigs decreased by 29% compared to the prior quarter and by 22% YoY. At the same time, the average number of gas rigs decreased by 15% over the prior quarter and by 16% YoY.
- Lower drilling activity during the quarter resulted in reduced overall OCTG consumption. According to Preston Pipe Report, OCTG consumption decreased by 25% QoQ and by 16% YoY.
- At the same time shipments continued to grow during 1Q2015 driven mainly by imports (particularly from Korea) which caused an oversupply in the OCTG market. This resulted in an increase in inventory levels, which grew to 8.4 during 1Q2015 compared to 4.5 months during the previous quarter.
- The growth in OCTG imports combined with weaker consumption led to price deterioration. According to Pipe Logix, in 1Q2015, both welded and seamless OCTG prices decreased by 8% QoQ. YoY, welded OCTG prices increased by slightly more than 1%, while seamless OCTG prices were down less than 1%. Line pipe shipments and prices followed similar trends.

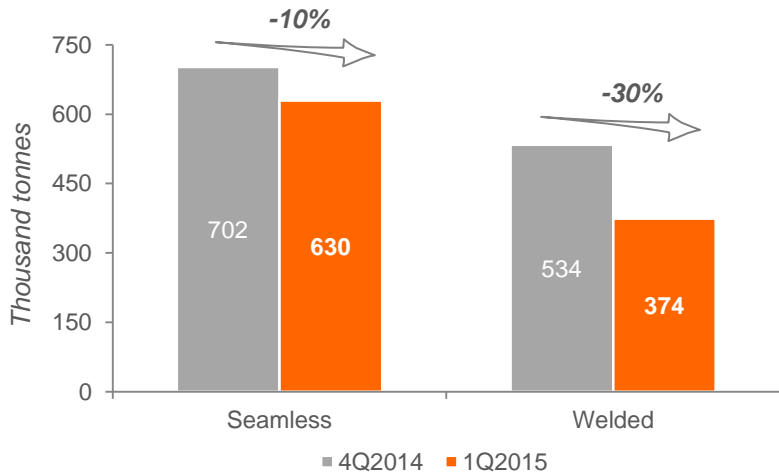
1Q 2015 vs 4Q 2014 Sales by Division and Group of Product

Sales by Division



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

Sales by Group of Product

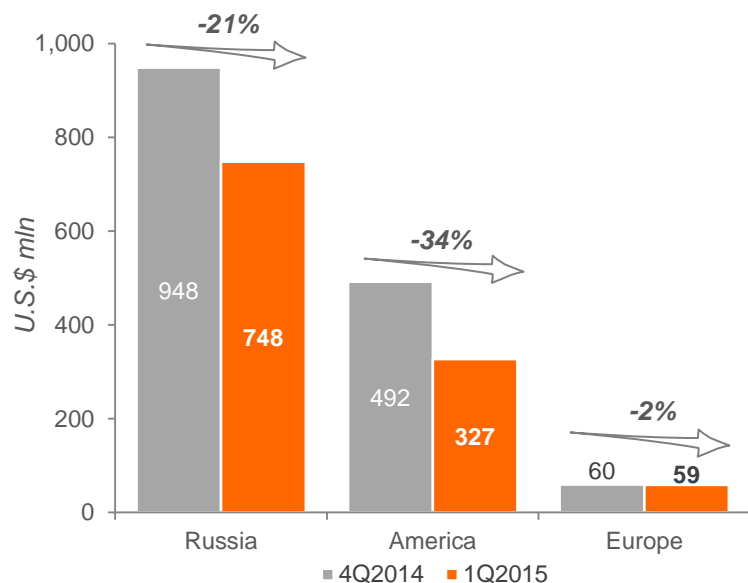


- Seamless pipe sales declined QoQ mainly as a result of weaker industrial and line pipe volumes in the Russian division, as well as lower OCTG pipe sales in the American division.
- Welded pipe sales fell QoQ mostly due to lower sales of OCTG in the American division and welded industrial pipe in the Russian division.
- Total OCTG sales decreased by 17% QoQ due to lower volumes in the American division.

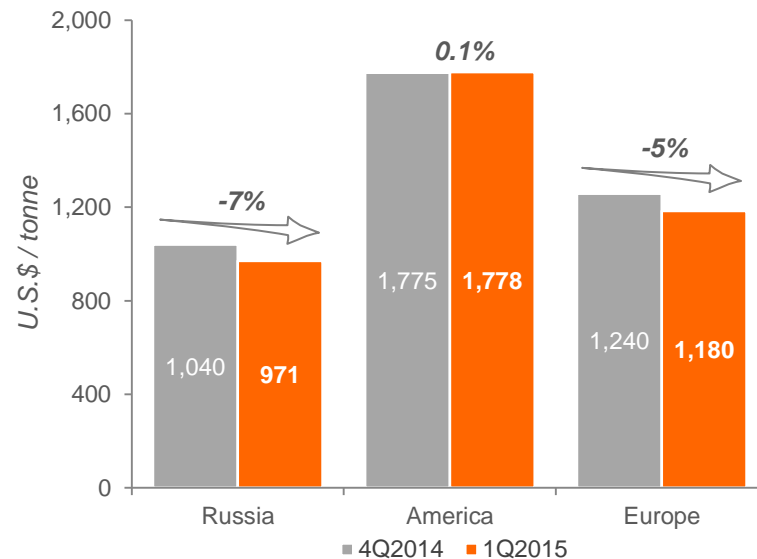
1Q 2015 vs 4Q 2014 Revenue by Division



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 decreased due to a negative effect of currency translation.
- Revenue for the American division dropped mainly due to a significant decrease in volumes, particularly of OCTG pipe, on the back of lower drilling activity and reduced exploration and production spending.
- Revenue for the European division remained relatively flat as a negative effect of currency translation was offset by the growth resulting from higher sales of seamless pipe and a favorable product mix.

- Russian division revenue per tonne decreased QoQ due to a negative effect of currency translation, which was not offset by higher RUB prices.
- American division revenue per tonne remained relatively flat QoQ.
- European division revenue per tonne declined QoQ due to a negative effect of currency translation.

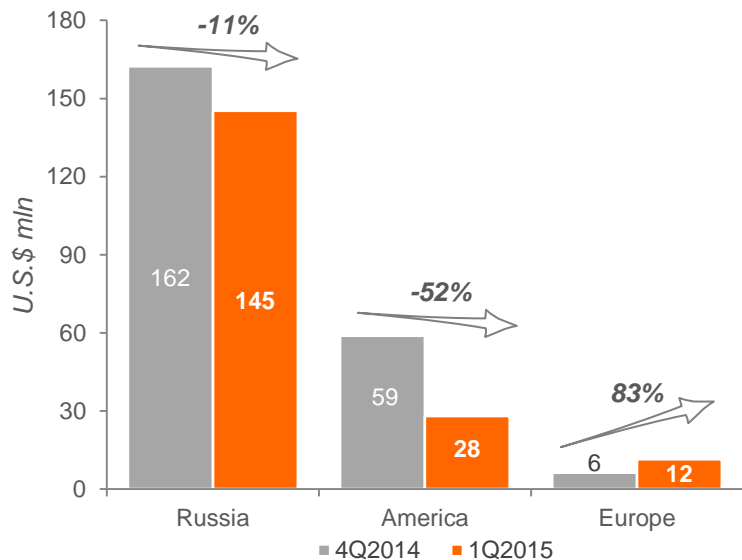
Source: Consolidated IFRS Financial Statements, TMK data

Note:

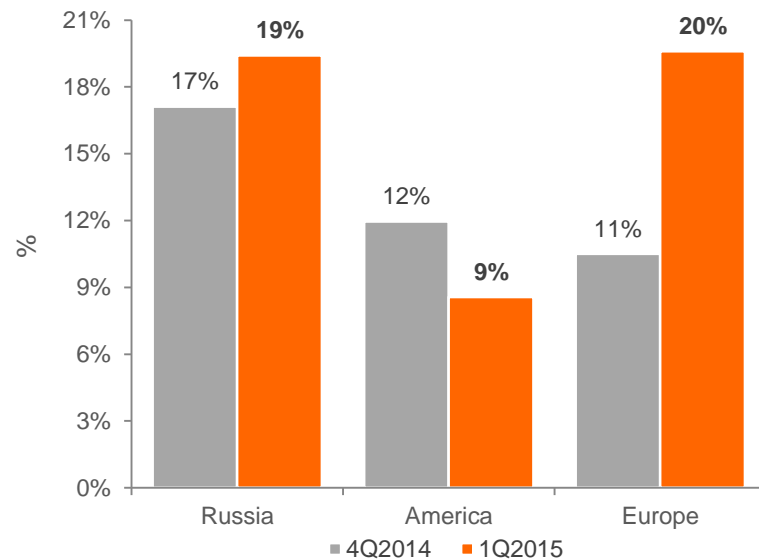
Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums.

1Q 2015 vs 4Q 2014 Adjusted EBITDA by Division

Adjusted EBITDA



Adjusted EBITDA Margin



- Russian division Adjusted EBITDA fell as a result of a growth resulting from a better pricing and product mix of welded and seamless pipe was offset by a negative effect of currency translation and lower volumes.
- American division Adjusted EBITDA dropped, affected by unfavorable market conditions, which resulted in lower volumes and weaker pricing for welded and seamless pipe.
- European division Adjusted EBITDA increased largely due to a better sales mix as a result of growing share of seamless pipe in total sales.

- Russian division Adjusted EBITDA margin increased QoQ mainly due to favorable pipe product mix and higher prices.
- American division Adjusted EBITDA margin fell due to weaker pricing for welded and seamless pipe.
- European division Adjusted EBITDA margin increased due to better product mix.

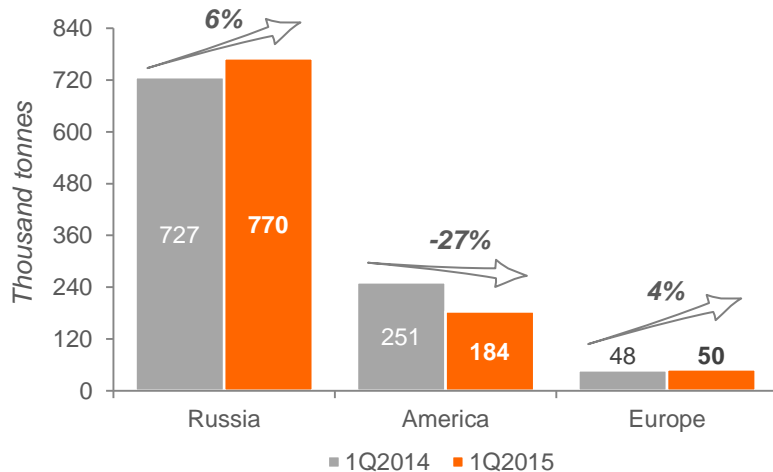
Source: TMK Consolidated IFRS Financial Statements, TMK data

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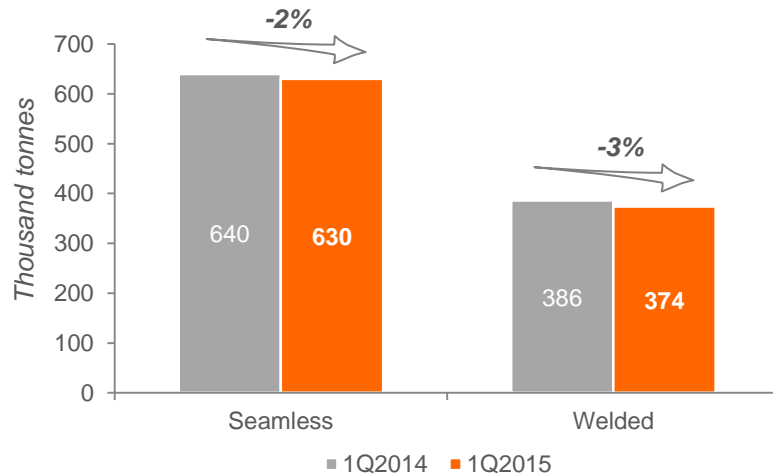
1Q 2015 vs 1Q 2014 Sales by Division and Group of Product

Sales by Division



- Russian division sales increased YoY mostly due to higher LDP volumes, as well as stronger sales of seamless line pipe.
- American division sales fell YoY due to lower volumes across all pipe segments.
- European division sales grew YoY due to higher seamless industrial pipe volumes.

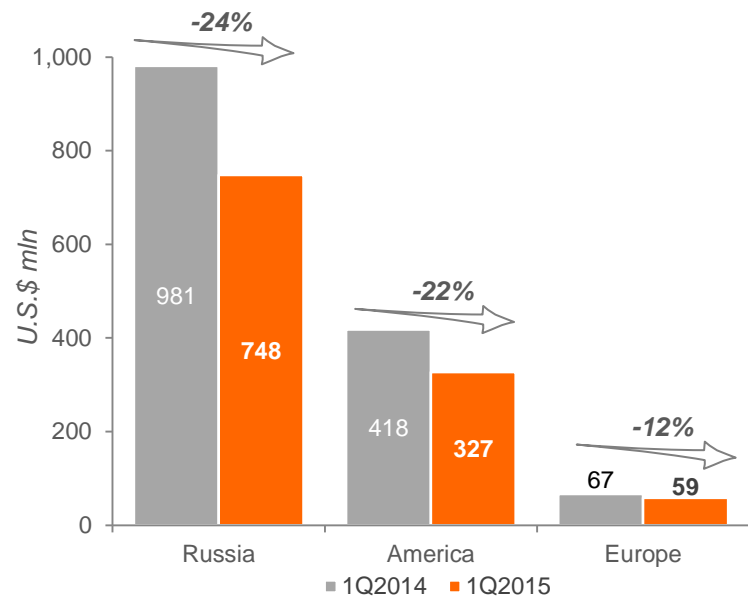
Sales by Group of Product



- Seamless and welded pipe sales declined YoY mostly due to lower volumes in the American division.
- Total OCTG sales fell by 13% YoY mainly due to lower volumes in the American and Russian divisions.

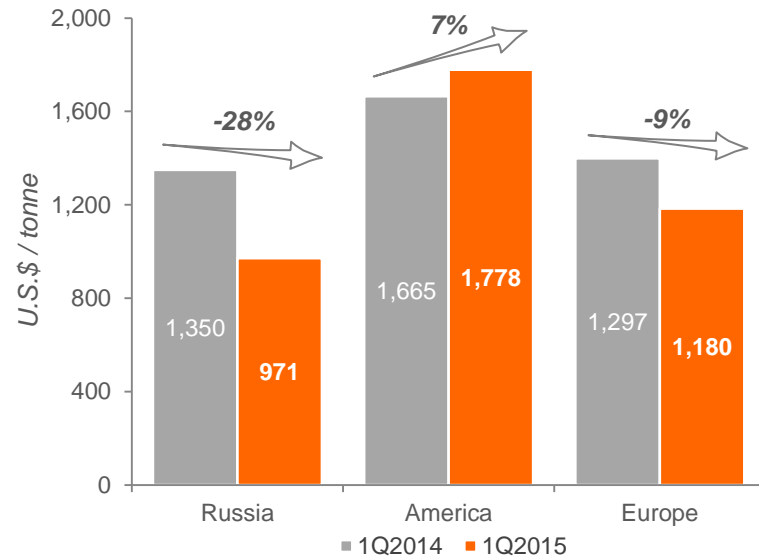
1Q 2015 vs 1Q 2014 Revenue by Division

Revenue



- Revenue for the Russian division fell due to a negative effect of currency translation.
- Revenue for the American division decreased due to lower sales of seamless and welded pipe with the most significant fall in welded OCTG volumes.
- Revenue for the European division fell due to a negative effect of currency translation.

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)

- Russian division revenue per tonne decreased YoY as a result a negative effect of currency translation.
- American division revenue per tonne increased due to a better pricing and sales mix.
- European division revenue per tonne fell due to a negative effect of currency translation.

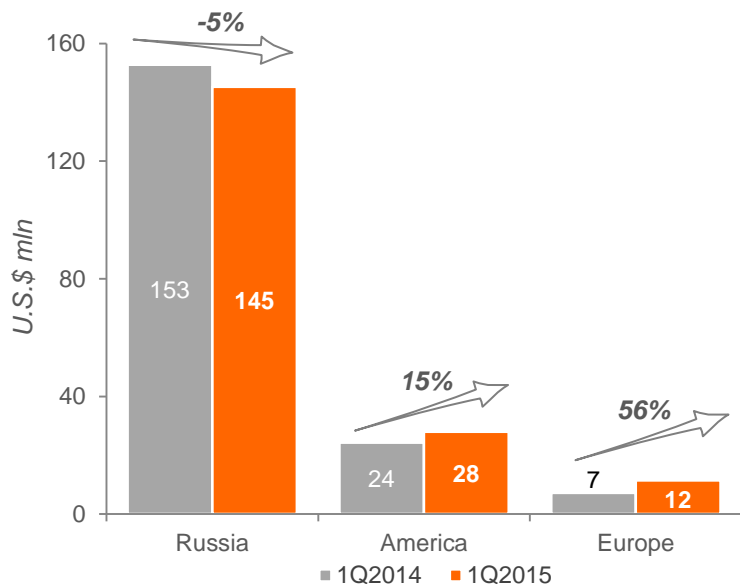
Source: Consolidated IFRS Financial Statements, TMK data\

Note:

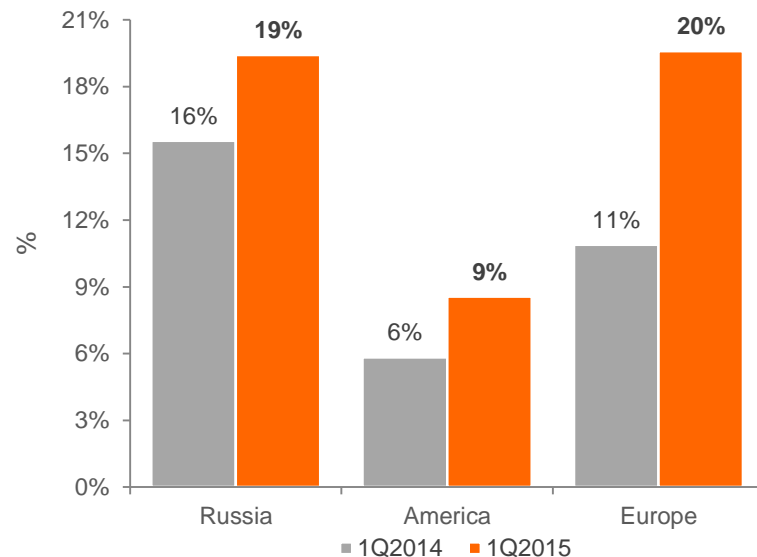
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1Q 2015 vs 1Q 2014 Adjusted EBITDA by Division

Adjusted EBITDA



Adjusted EBITDA Margin



- Russian division Adjusted EBITDA decreased, as a growth resulting from more favorable pricing and product mix was offset by a negative effect of currency translation. The decrease was also partially offset by lower selling, general and administrative expenses.
- American division Adjusted EBITDA increased mainly due to lower selling, general and administrative expenses.
- European division Adjusted EBITDA grew due to higher seamless pipe volumes coupled with lower selling, general and administrative expenses.

- Russian division Adjusted EBITDA margin increased largely due to favorable pricing and sales mix.
- American division Adjusted EBITDA margin increased due to better pricing and sales mix.
- European division Adjusted EBITDA margin grew as a result of favorable sales mix and higher prices.

Source: TMK Consolidated IFRS Financial Statements, TMK data

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Seamless – Core to Profitability



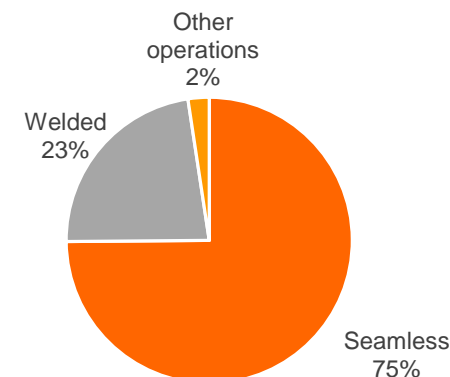
| | U.S.\$ mln <i>(unless stated otherwise)</i> | 1Q 2015 | QoQ, % | YoY, % |
|-----------------------------------|--|-------------------|-----------|-----------|
| SEAMLESS | Volumes- Pipe, kt | 630 | -10% | -2% |
| | Revenue | 697 | -21% | -29% |
| | Gross Profit | 189 | -7% | -20% |
| | Margin, % | 27% | | |
| | Avg Revenue / Tonne (U.S.\$) | 1,107 | -12% | -28% |
| | Avg Gross Profit / Tonne (U.S.\$) | 300 | 3% | -19% |
| | WELDED | Volumes- Pipe, kt | 374 | -30% |
| Revenue | | 384 | -32% | -9% |
| Gross Profit | | 57 | -43% | 48% |
| Margin, % | | 15% | | |
| Avg Revenue / Tonne (U.S.\$) | | 1,027 | -3% | -7% |
| Avg Gross Profit / Tonne (U.S.\$) | | 153 | -19% | 53% |

Source: Consolidated IFRS Financial Statements, TMK data

Note:

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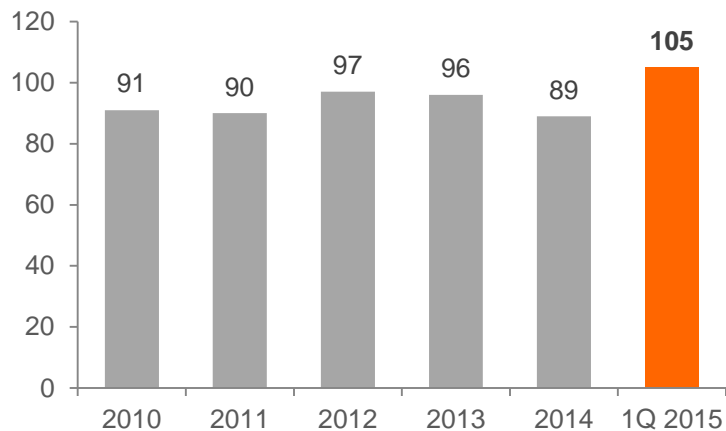
1Q 2015 Gross Profit Breakdown



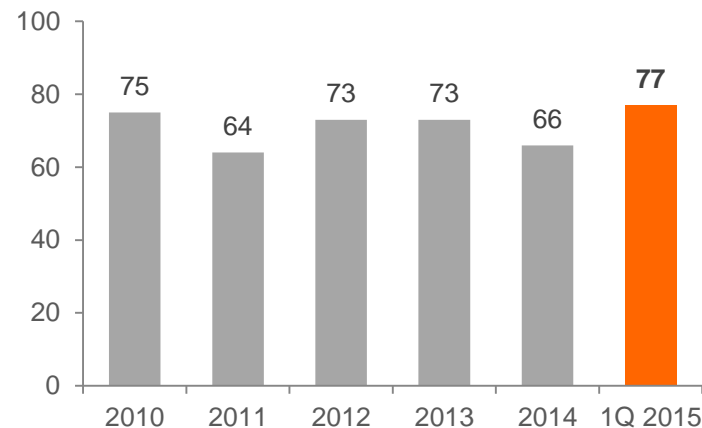
- Sales of seamless pipe generated **61%** of total Revenue in 1Q 2015.
- Gross Profit from seamless pipe sales represented **75%** of 1Q 2015 total Gross Profit.
- Gross Profit Margin from seamless pipe sales amounted to **27%** in 1Q 2015.

Working Capital Position as of March 31, 2015

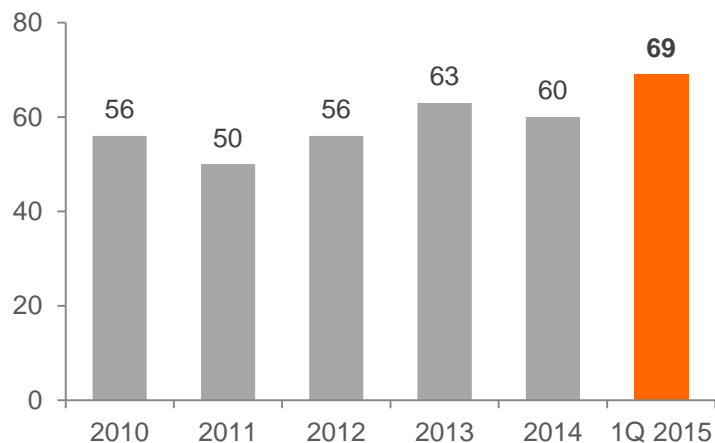
Inventories (Days)



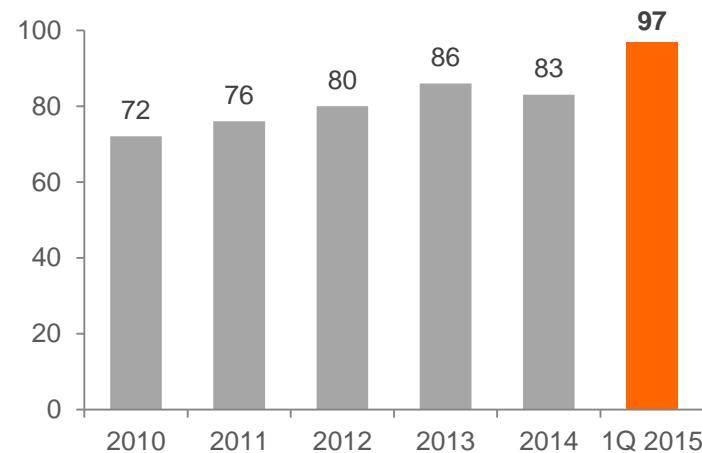
Accounts Payable (Days)



Accounts Receivable (Days)

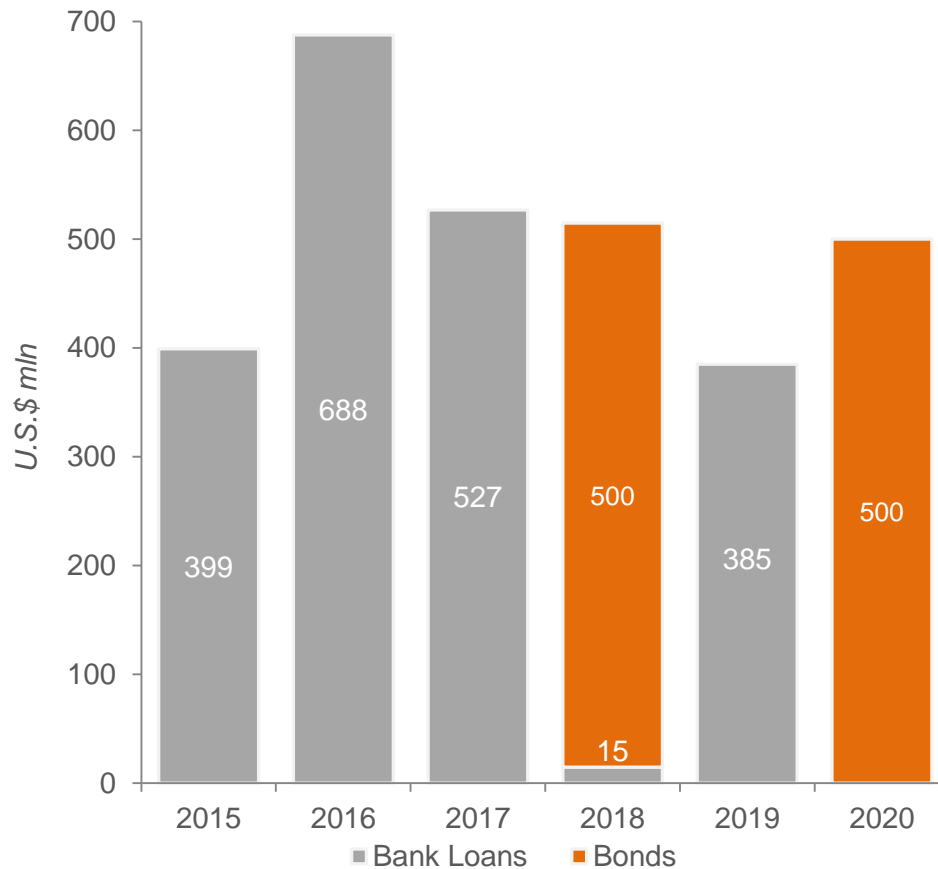


Cash Conversion Cycle (Days)



Source: TMK data

Debt Maturity Profile as of March 31, 2015



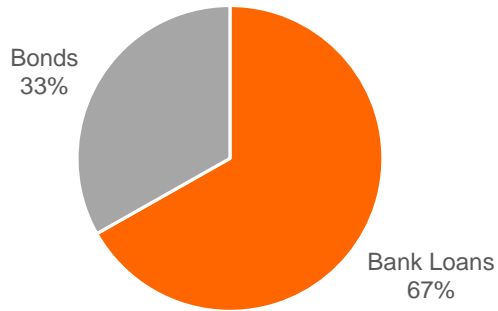
- As of March 31, 2015, total financial debt amounted to U.S.\$3,087 mln
- 84% of total financial debt is long-term
- Weighted average nominal interest rate totalled 9.04%
- As of March 31, 2015, borrowings with a floating interest rate represented U.S.\$487 million, or 16%, borrowings with a fixed interest rate – U.S.\$2,549 million, or 84%
- Credit Ratings:
 - S&P: B+, Negative;
 - Moody's: B1, Negative.

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

Debt Profile as of March 31, 2015

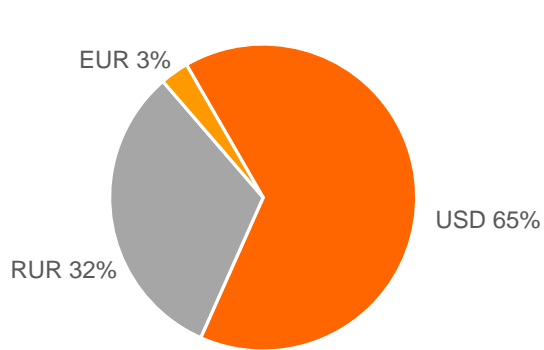


Debt Breakdown by Source of Borrowings



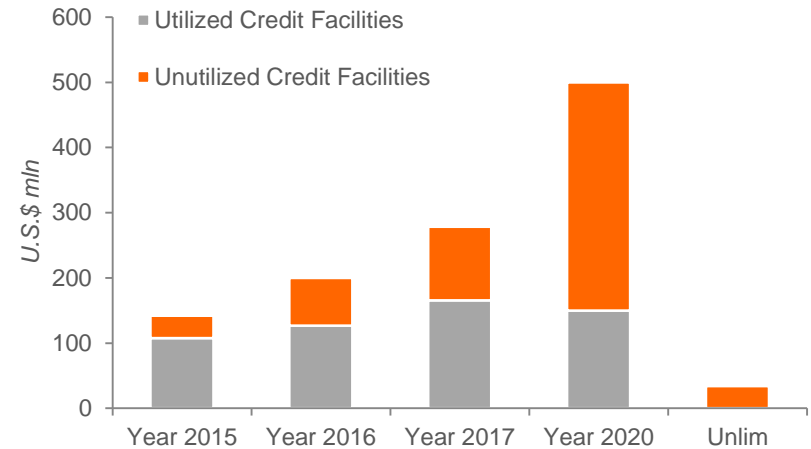
Source: TMK data

Debt Breakdown by Currency



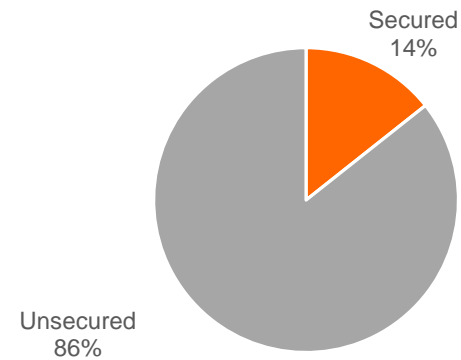
Source: TMK data

More than U.S.\$600 mln 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.

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.

For the full year of 2015, TMK expects demand for LD pipe to be the main driver in the Russian pipe market offsetting lower consumption in other market segments. The Company expects the Russian OCTG pipe market to remain relatively stable throughout 2015 and TMK's OCTG market share in Russia to grow.

In the U.S., TMK expects the rig count to bottom-out during the second quarter of 2015 followed by a moderate increase in drilling activity during the second half of the year. Although demand for OCTG will improve, higher level of distributor inventory will initially delay increases in demand for new production and shipments. As such, TMK expects demand from oil and gas companies to initially recover in the fourth quarter of the year, at which point a recovery in prices should follow.

The environment in the European market for the second quarter of 2015 and for the rest of 2015 will remain challenging due to high competition, especially from the Eastern European producers.

In 2015, the Company expects to maintain volumes and the margin at the level of 2014.

Thank You

TMK Investor Relations

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