



Financial Presentation

3Q and 9m 2015 IFRS Results

November 24, 2015

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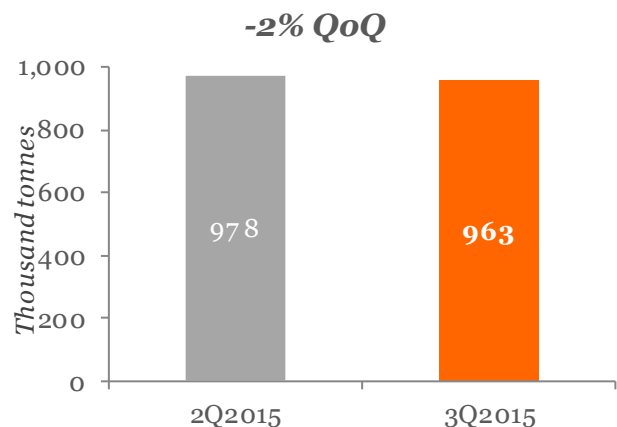
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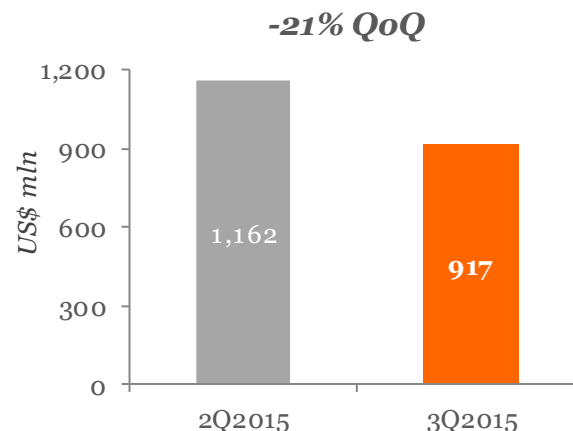
3Q and 9m 2015 Summary Financial Results and Market Update

3Q 2015 vs 2Q 2015 Summary Financial Highlights

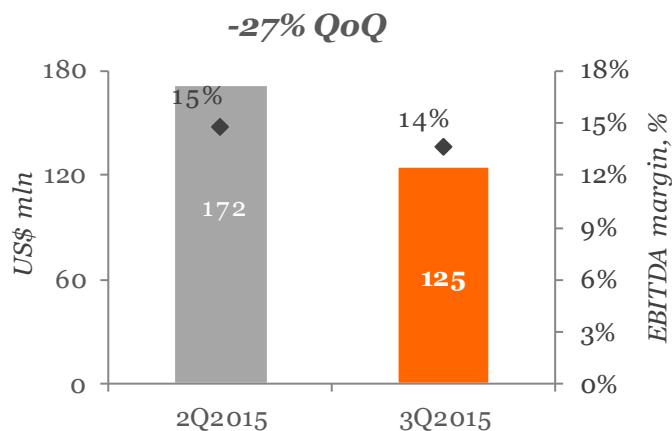
Sales decreased QoQ, primarily due to lower LD pipe volumes and weaker sales of seamless pipe



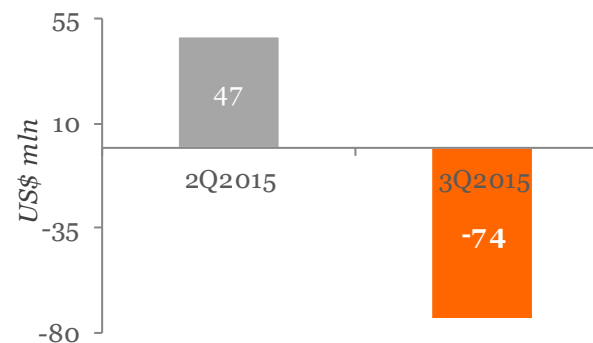
Revenue fell QoQ, mainly due to a negative effect of currency translation, unfavorable product mix of welded pipe and weaker seamless pipe sales in the Russian division



Adjusted EBITDA fell QoQ, mainly as a result of a negative effect of currency translation and lower LD pipe sales in the Russian division



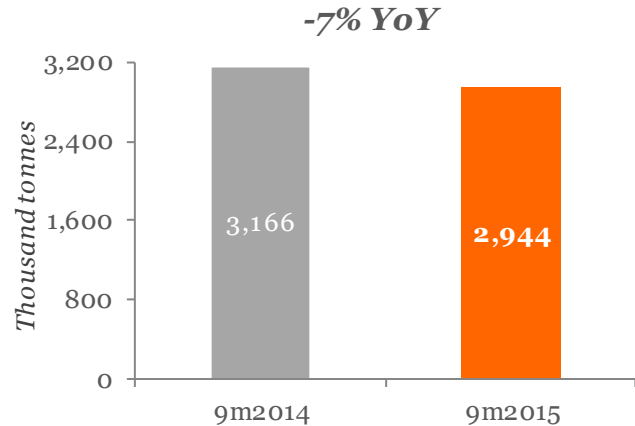
Net loss was \$74 million as compared to net profit of \$47 million for the second quarter of 2015



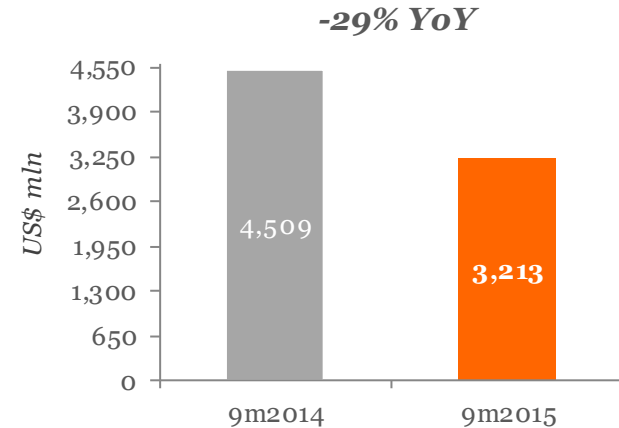
Source: TMK data

9m 2015 vs 9m 2014 Summary Financial Highlights

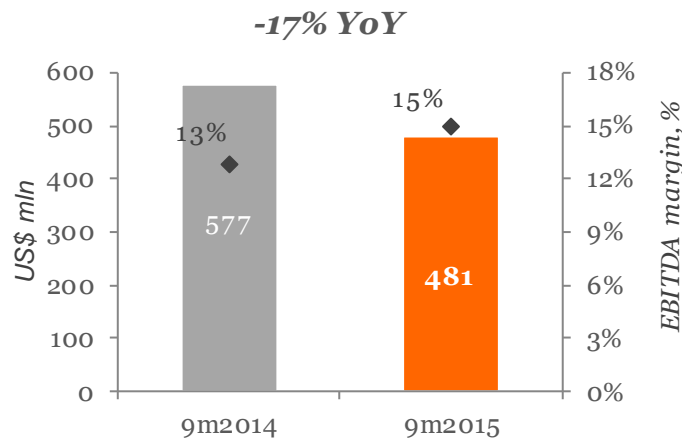
Sales decreased YoY, due to lower pipe volumes in the American division



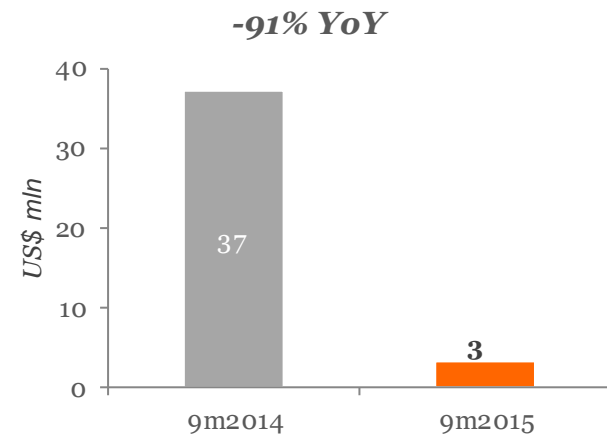
Revenue fell YoY, mainly due to a negative effect of currency translation and a fall of sales in the American division



Adjusted EBITDA decreased YoY, mainly due to weaker results of the American division

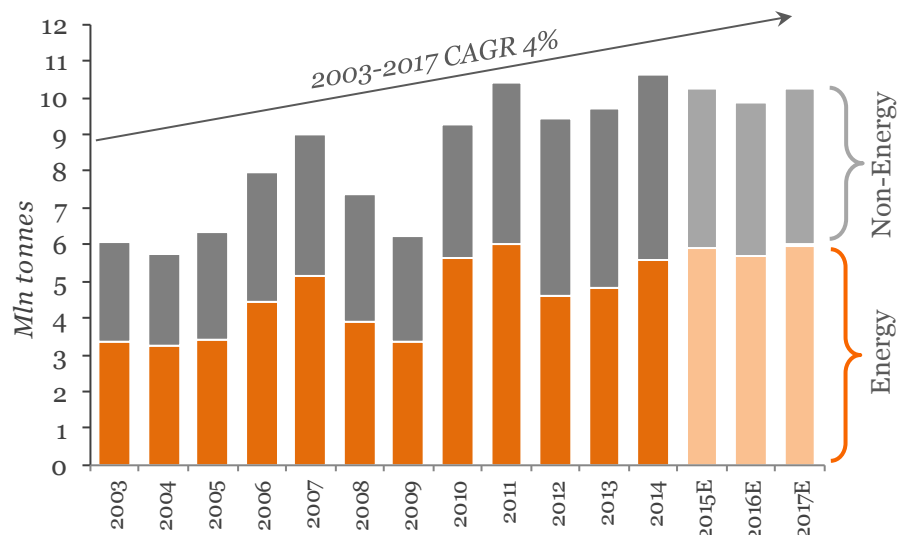


Net profit was \$3 million as compared to \$37 million for the first nine months of 2014



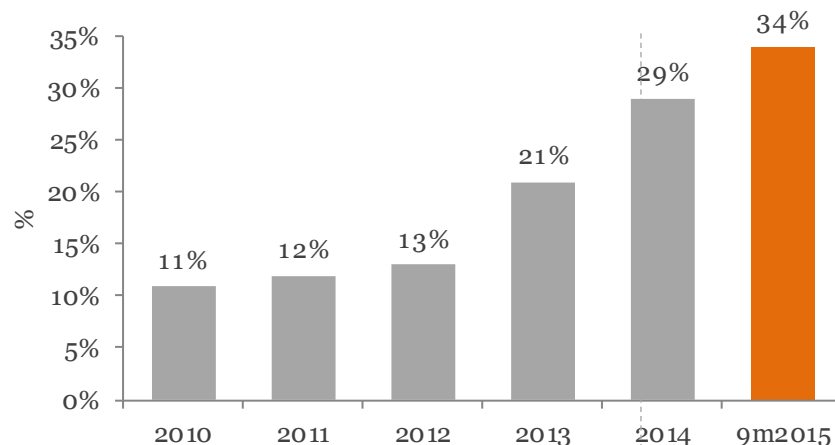
Russian Market Overview

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

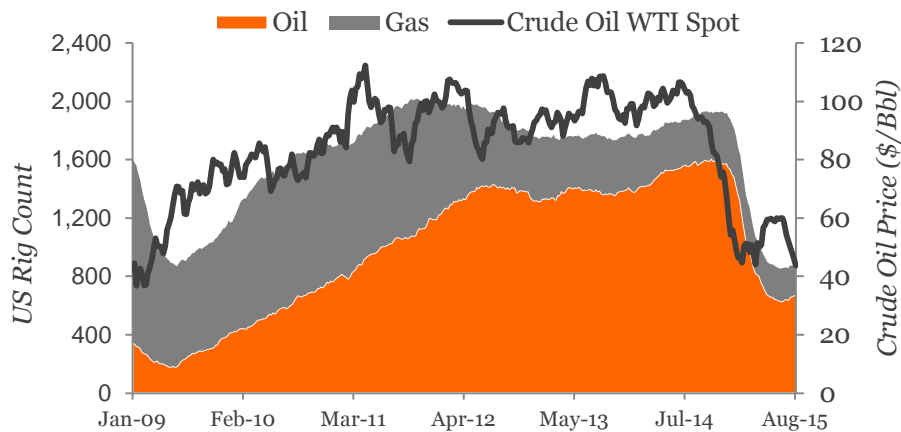
3Q 2015 vs. 2Q2015

- In 3Q 2015, the Russian pipe market remained nearly flat QoQ, as a strong growth in industrial pipe demand was offset by lower LD pipe consumption, following suspension of South Corridor project.
- In 3Q 2015, drilling in Russia increased by 6% QoQ. At the same time, OCTG market remained nearly flat QoQ, as stronger seamless OCTG demand did not compensate for lower welded OCTG consumption.
- Line pipe market increased by 5% QoQ, following a generally higher activity on construction of infrastructure projects. At the same time, the LD pipe market in Russia fell by 28% QoQ, largely as a result of suspension of South Corridor project.
- Industrial pipe market increased by 27% QoQ, mainly due to seasonally higher demand.

9m 2015 vs. 9m 2014

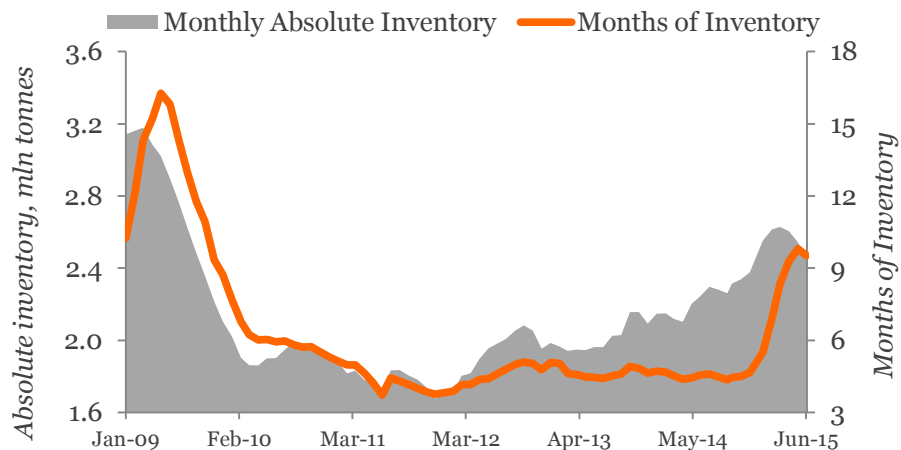
- For 9m 2015, the Russian pipe market increased by 6%, largely due significant growth of LD pipe consumption, which increased by 60% YoY as a result of Gazprom's higher pipeline construction activity.
- OCTG pipe market remained almost flat YoY. Despite drilling growth by 8% YoY, consumption of OCTG was negatively affected by customers' inventory adjustments.
- For 9m 2015, line pipe consumption decreased by 5% partially also due to more cautious inventory management by the oil and gas producers.
- The industrial pipe market decreased by 12% YoY, mainly as a result of lower demand from construction industry.

Drop in rig count followed drop in oil prices



Source: Baker Hughes, Bloomberg

Lower consumption pushed inventory levels to 8.2 months in September 2015



Source: Preston Pipe & Tube Report

Key Considerations

3Q 2015 vs. 2Q2015

- According to Baker Hughes, the average number of rigs in 3Q 2015 fell by 5% QoQ, following a continued decline in oil prices.
- According to the Preston Pipe Report, OCTG shipments fell by 26% QoQ. At the same time, the number of months of OCTG inventory decreased to 8.5 compared to 9.6 in the previous quarter.
- Pipe Logix data shows that, in 3 Q2015, the average composite OCTG seamless and welded prices decreased by 9% and 8% respectively, compared to the second quarter of 2015.

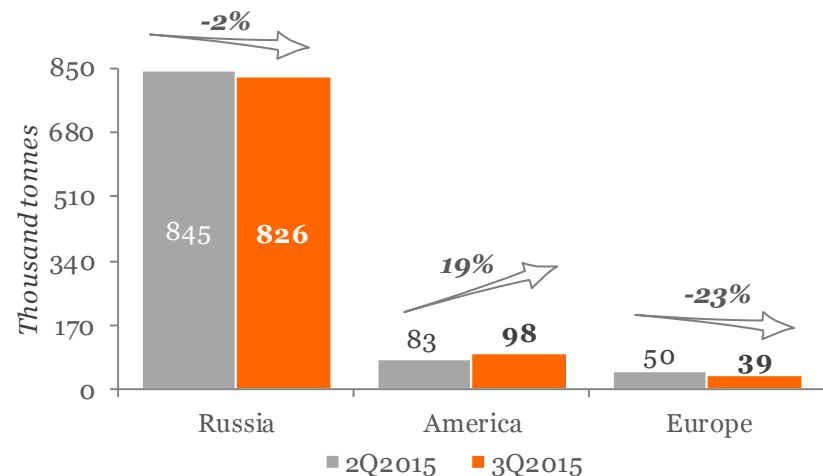
9m 2015 vs. 9m 2014

- According to Baker Hughes, the average rig count declined by 43% for 9m 2015 YoY. The decrease was due to the continuing slump of oil prices, which resulted in a lower demand for OCTG and growth of pipe inventories.
- OCTG local shipments dropped by 44% YoY. The decrease was driven by continued weak demand and high volumes of welded OCTG imports.
- According to Pipe Logix, both average composite OCTG seamless and welded prices decreased by 12% YoY.

3Q 2015 vs 2Q 2015 Results

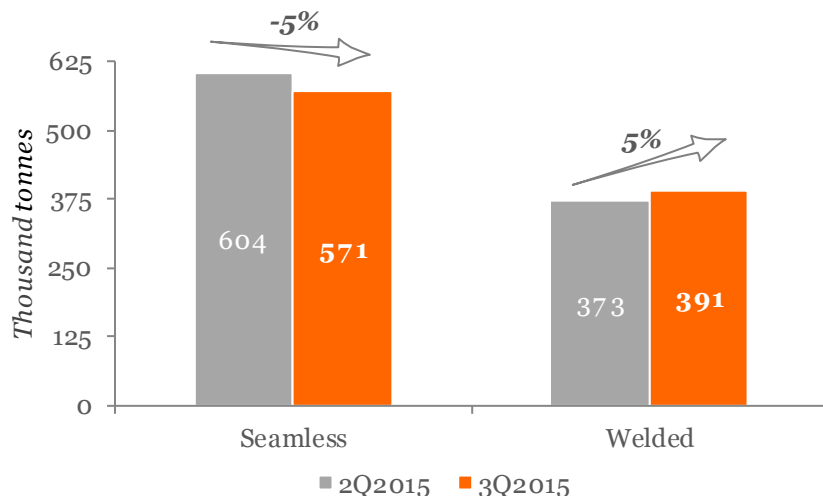
3Q 2015 vs 2Q 2015 Sales by Division and Group of Product

Sales by division



- Russian division sales decreased QoQ, mainly as a result of seasonally weaker seamless OCTG demand coupled with preplanned capital repairs of the main pipe rolling equipment, and lower LD pipe volumes, resulting from a suspension of South Corridor project.
- American division sales grew QoQ, largely due to higher welded OCTG volumes.
- European division sales dropped QoQ, as a result of lower seamless industrial pipe sales.

Sales by group of product

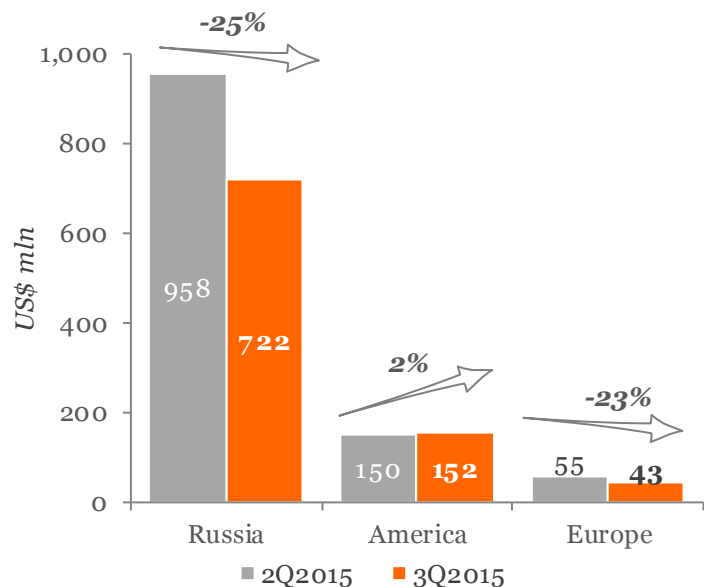


- Seamless pipe volumes decreased by 5% QoQ, partially as a result of seasonally lower seamless OCTG and line pipe sales in the Russian division.
- Welded pipe sales increased by 5% QoQ, mostly due to higher volumes of welded OCTG pipe in the American division.
- Total OCTG sales declined by 1% QoQ, mostly due to seasonally lower volumes of OCTG in the Russian division.

3Q 2015 vs 2Q 2015 Revenue by Division

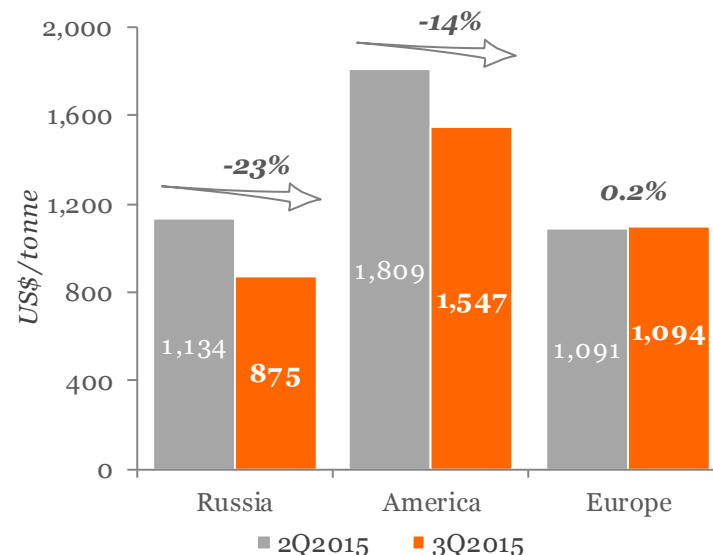


Revenue



- Revenue for the Russian division decreased QoQ, as a result of a negative effect of currency translation, seasonally weaker seamless OCTG demand coupled with preplanned capital repairs of the main pipe rolling equipment, and lower LD pipe volumes, resulting from a suspension of South Corridor project.
- Revenue for the American division increased QoQ, as growth from higher welded and seamless volumes was offset by unfavorable pricing and product mix.
- Revenue for the European division decreased QoQ, largely due to lower volumes of seamless industrial pipe.

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 QoQ, partially due to unfavorable product mix of welded pipe resulting from lower LD pipe sales.
- American division revenue per tonne decreased QoQ, as a result of unfavorable pricing environment.
- European division revenue per tonne remained relatively flat QoQ.

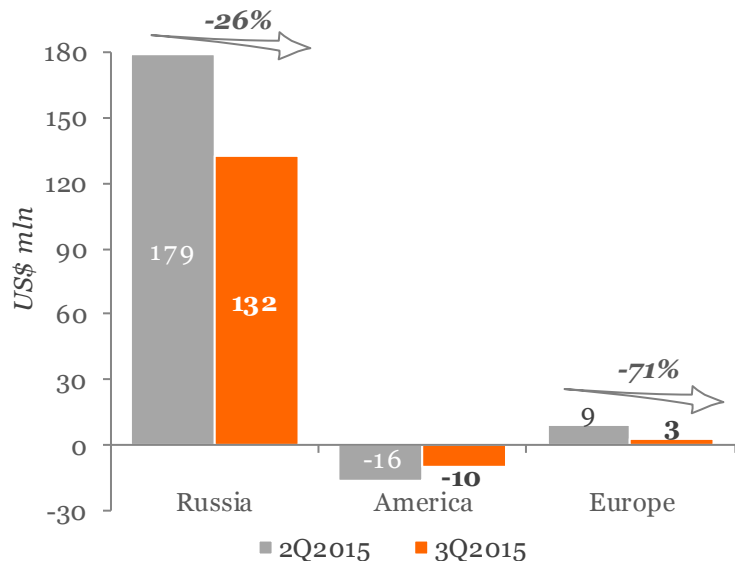
Source: Consolidated IFRS financial statements, TMK data

Note:

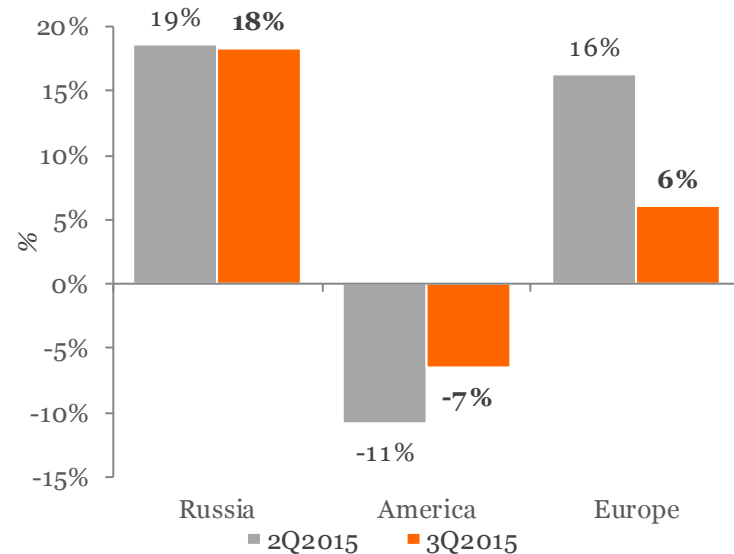
Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums.

3Q 2015 vs 2Q 2015 Adjusted EBITDA by Division

Adjusted EBITDA



Adjusted EBITDA margin



- Russian division Adjusted EBITDA dropped QoQ, largely due to a negative effect of currency translation and unfavorable product mix as a result of lower LD pipe sales, partially offset by lower SG&A expenses
- American division Adjusted EBITDA increased QoQ, partially as a result of a reduction in SG&A expenses.
- European division Adjusted EBITDA fell QoQ, as a result of lower volumes and unfavorable pricing environment on the European market.

- Russian division Adjusted EBITDA declined QoQ, as a result of less favorable welded pipe product mix.
- European division Adjusted EBITDA margin decreased QoQ, mainly due to unfavorable pricing on the European market.

Source: TMK Consolidated IFRS financial statements, TMK data

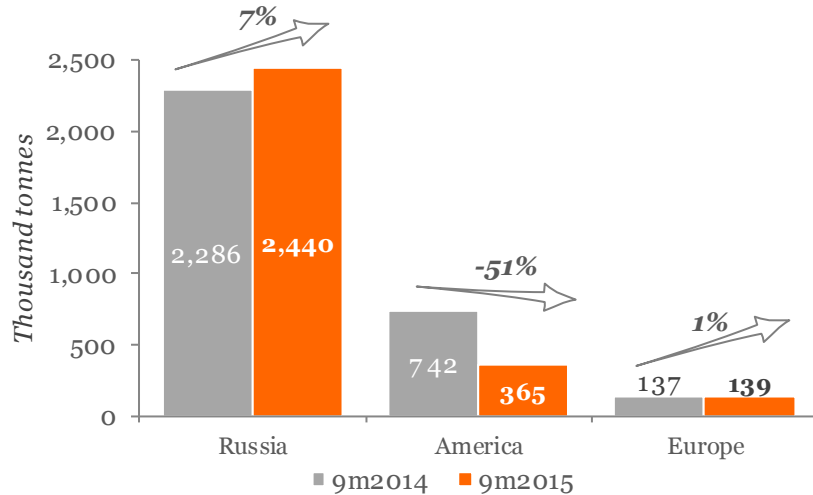
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9m 2015 vs 9m 2014

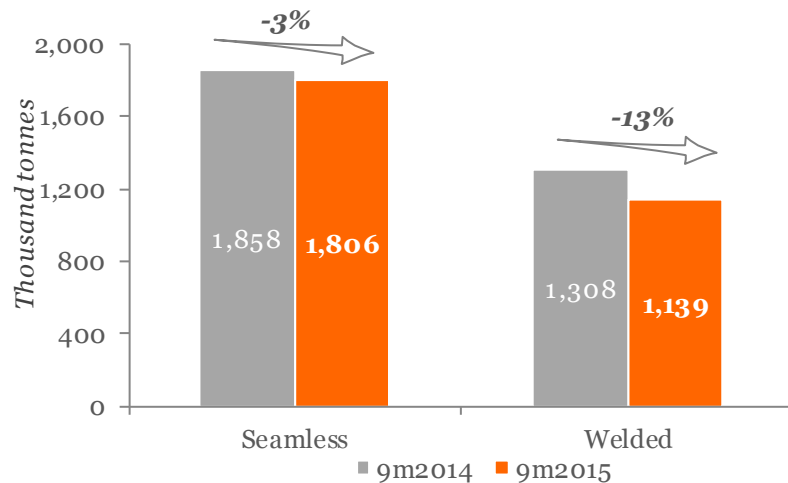
9m 2015 vs 9m 2014 Sales by Division and Group of Product

Sales by division



- Russian division sales grew YoY, largely due to higher LDP volumes.
- American division sales dropped YoY, mainly due to lower volumes across all pipe segments.
- European division sales remained relatively flat YoY.

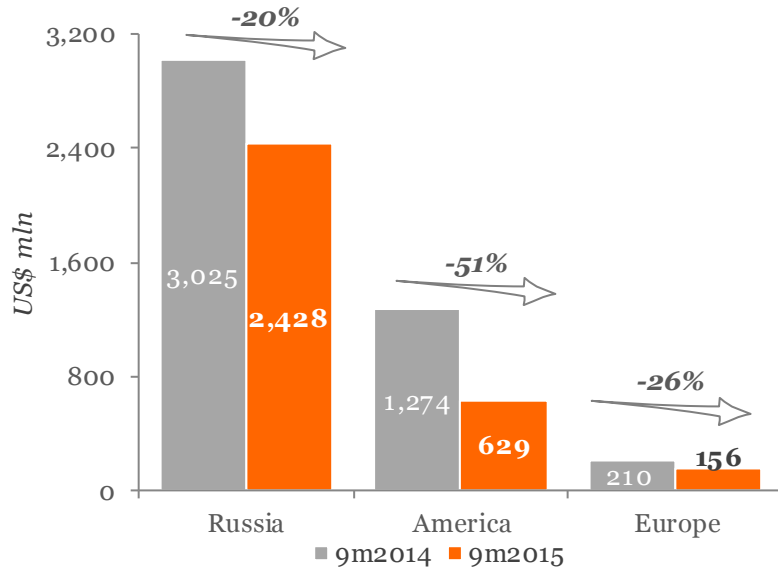
Sales by group of product



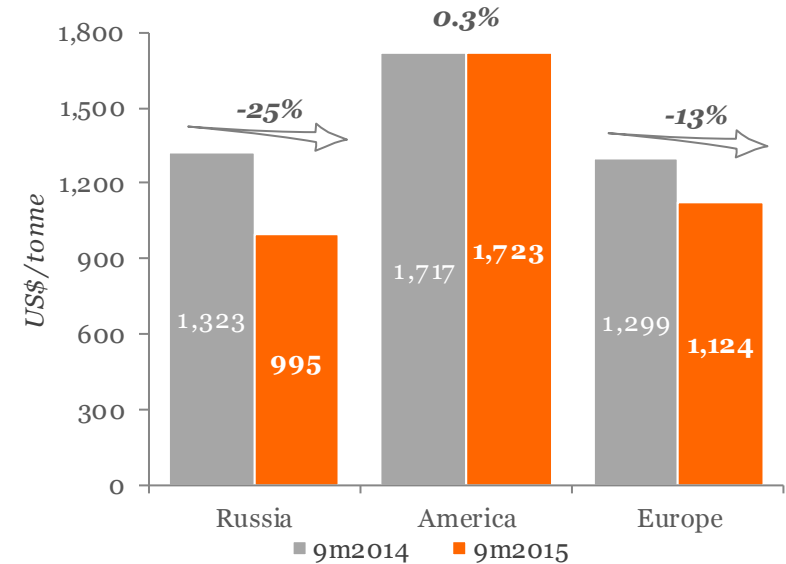
- Seamless pipe volumes decreased YoY, as a result of lower seamless pipe sales in the American division partially compensated by higher volumes in the Russian division.
- Welded pipe sales decreased YoY, largely due to lower welded OCTG pipe volumes in the American division, which was not fully compensated by stronger LD pipe sales in the Russian division.
- Total OCTG sales decreased by 24% YoY, largely due to lower volumes in the American division.

9m 2015 vs 9m 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 YoY, due to a negative effect of currency translation.
- Revenue for the American division dropped YoY, as a result of significant decrease in volumes of both seamless and welded pipe.
- Revenue for the European division fell YoY, mostly due to a negative effect of currency translation and lower steel billets sales.

- Russian division revenue per tonne fell YoY, as a result negative effect of currency translation.
- American division revenue per tonne remained relatively flat YoY.
- European division revenue per tonne decreased YoY, as a result of unfavorable pricing environment.

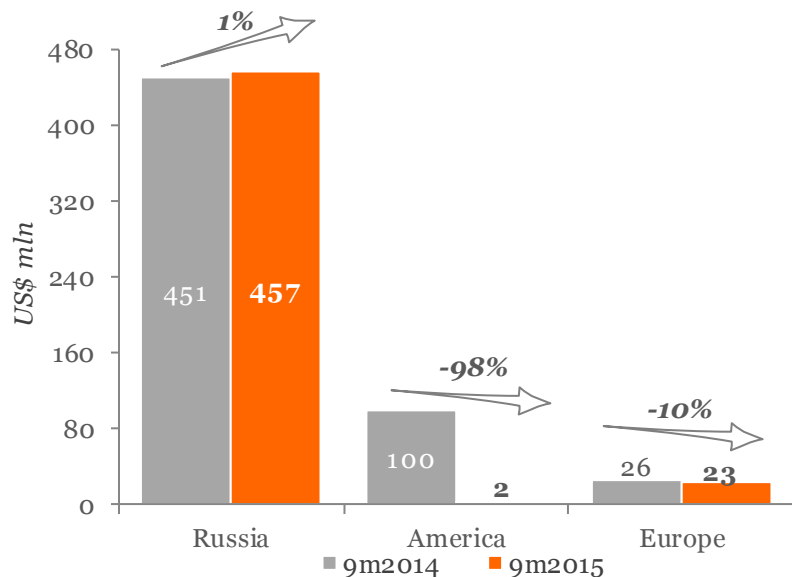
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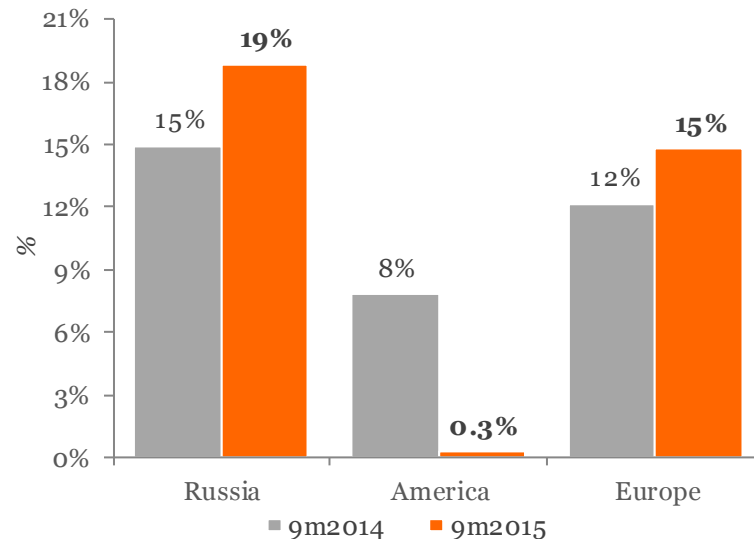
9m 2015 vs 9m 2014 Adjusted EBITDA by Division

Adjusted EBITDA



- Russian division Adjusted EBITDA increased YoY, as a negative effect of currency translation was partially offset by significantly lower selling and administrative expenses.
- American division Adjusted EBITDA dropped YoY, mainly as a result of lower pipe sales and unfavorable pricing environment.
- European division Adjusted EBITDA fell YoY, due to lower volumes and unfavorable pricing environment on the European market.

Adjusted EBITDA margin



- Russian division Adjusted EBITDA margin increased YoY, largely due to favorable pricing and sales mix, particularly higher LD pipe volumes.
- American division Adjusted EBITDA margin fell YoY, as a result of unfavorable pricing.
- European division Adjusted EBITDA margin grew YoY, mostly as a result of higher share of seamless pipe in total sales.

Source: TMK Consolidated IFRS financial statements, TMK data

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Seamless – Core to Profitability



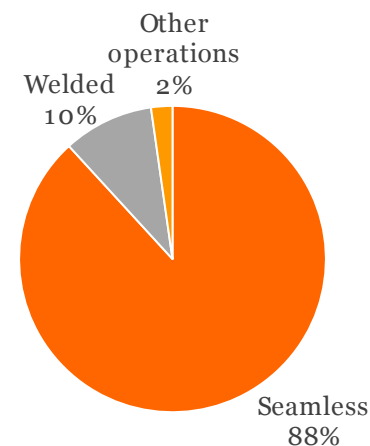
	U.S.\$ mln (unless stated otherwise)	3Q 2015	QoQ, %	9m 2015	YoY, %
SEAMLESS	Volumes- Pipes, kt	571	-5%	1,806	-3%
	Revenue	581	-17%	1,992	-31%
	Gross profit	157	3%	496	-29%
	Margin, %	27%		25%	
	Avg revenue/tonne (US\$)	1,027	-12%	1,103	-29%
	Avg gross profit/tonne (US\$)	275	9%	275	-27%
WELDED	Volumes- Pipes, kt	391	5%	1,139	-13%
	Revenue	294	-27%	1,084	-24%
	Gross profit	17	-80%	157	13%
	Margin, %	6%		14%	
	Avg revenue/tonne (US\$)	752	-31%	952	-13%
	Avg gross profit/tonne (US\$)	43	-81%	138	30%

Source: Consolidated IFRS financial statements, TMK data

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3Q 2015 gross profit breakdown

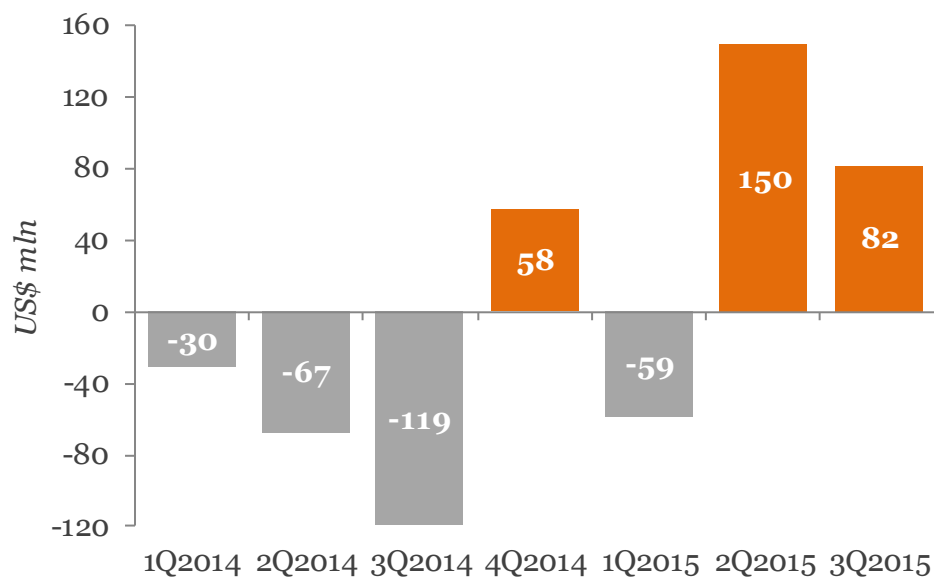


- Sales of seamless pipe generated **64%** of total Revenue in 3Q 2015 and **62%** for 9m 2015.
- Gross Profit from seamless pipe sales represented **88%** of 3Q 2015 total Gross Profit and **74%** of 9m 2015 total Gross Profit.
- Gross Profit Margin from seamless pipe sales amounted to **27%** in 3Q 2015 and **25%** for 9m 2015.

Working Capital and Debt Maturity Profile

Working Capital Position as of September 30, 2015

Working capital position as of Sep 30, 2015



- For 9m 2015, release of working capital in the amount of US\$149 mln:

- Improved payment discipline of the major clients;
- Decrease in inventory levels.

- Prepayments will enable incremental reduction of debt.

Source: TMK data

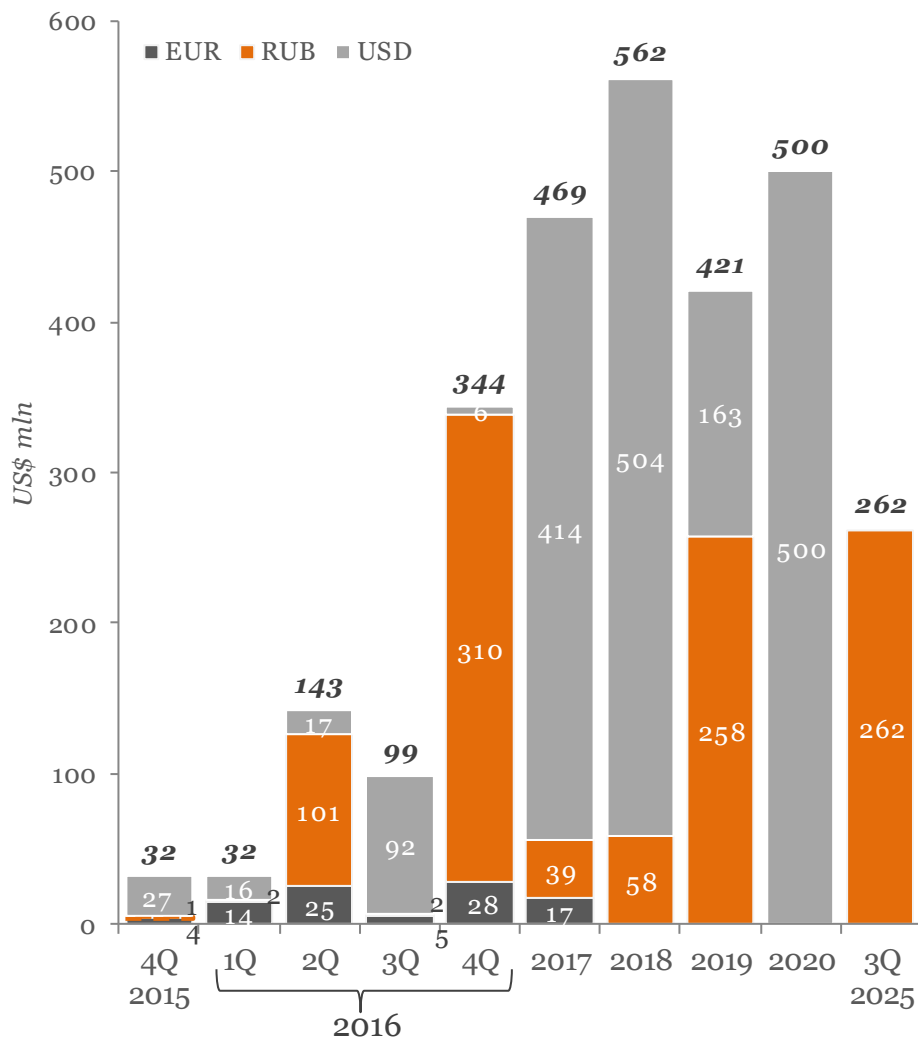
US\$ mln	2014				2015			2014	2015
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	12m	9m
(Increase)/decrease in inventories	-22	-25	-63	-21	6	92	-39	-130	78
(Increase)/decrease in trade and other receivables	27	6	-91	-19	-6	121	49	-76	95
Decrease in prepayments	6	-3	0	-24	12	7	-29	-21	-5
Decrease in trade and other payables	-28	-44	44	69	-46	-77	-19	41	-54
Decrease in advances from customers	-14	-2	-10	52	-24	6	120	26	34
Working capital, US\$ mln	-30	-67	-119	58	-59	150	82	-159	149

Source: TMK data

Debt Maturity Profile as of November 20, 2015



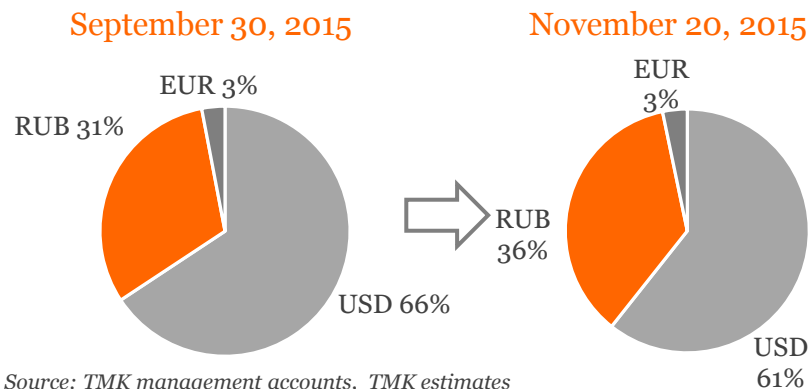
Debt maturity profile as of November 20, 2015



Source: TMK management accounts, figures based on non-IFRS measures

- As of September 30, 2015, total loan portfolio amounted to US\$2,761 mln based on management accounts compared to US\$3,148 mln as of December 31, 2014.
- More than 85% of total bank loans are with the major Russian banks.
- Weighted average interest rate 8.79% compared to 9.07% as of June 30, 2015.
- Credit Ratings:
 - S&P: B+, Negative;
 - Moody's: B1, Negative.
- In October-November 2015, TMK redeemed \$91.78 million of \$500 million 7.75% loan participation notes due 2018. Following settlement of the transaction outstanding amount of the Eurobonds is \$408.22 million.

Debt currency structure



Source: TMK management accounts, TMK estimates

For the fourth quarter of 2015, the Company expects stronger financial results compared to the third quarter 2015, partially due to seasonally higher OCTG demand on the Russian market.

U.S. demand for OCTG will remain low for the remainder of the year as drilling volumes continue to decline. A gradual recovery of the North American pipe market is not expected until the second half of 2016, subject to oil price growth, an increase in drilling volumes and stable or improved monthly inventory reduction.

For the full year 2015, TMK expects a decrease in overall pipe sales, revenue and EBITDA compared to the full year 2014. But nevertheless, the Company anticipates improvement of its EBITDA margin, which along with a stronger cash flow generation should support significant net debt reduction for the full year 2015, subject to stable exchange rate in the fourth quarter of 2015.



Thank you!

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