

Financial Presentation

1Q 2016 IFRS Results

May 19, 2016

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.

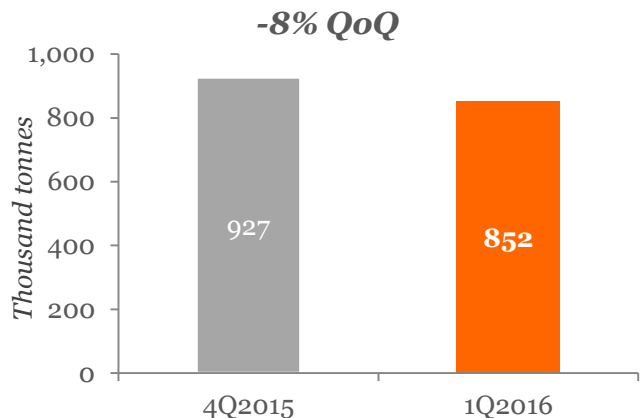
This presentation contains certain forward-looking statements that involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied 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.

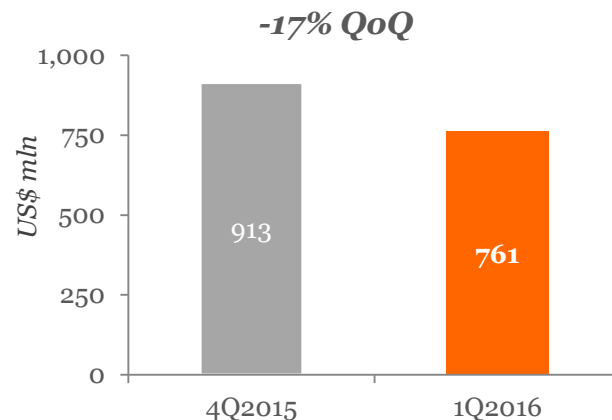
1Q 2016 Summary Financial Results and Market Update

1Q 2016 vs. 4Q 2015 Summary Financial Highlights

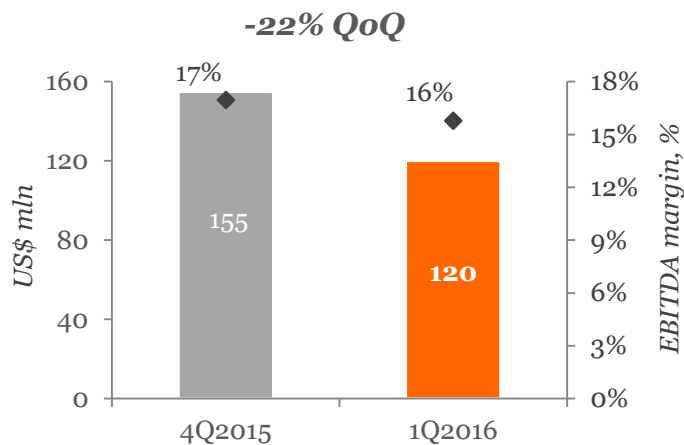
Sales decreased QoQ, due to lower pipe sales at the Russian and American division



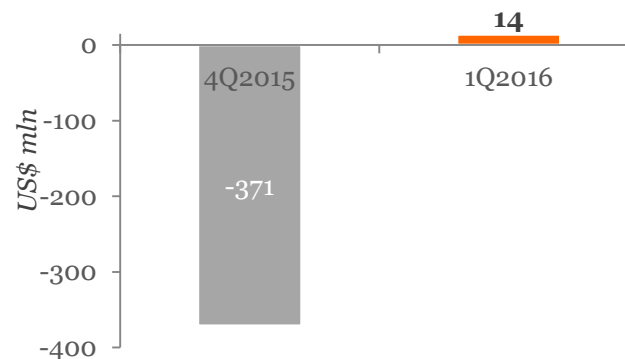
Revenue was down QoQ due to a further decline in sales at the American division and a negative effect of currency translation



Adjusted EBITDA decreased QoQ, largely due to a negative result at the American division on the back of unfavorable market conditions and a negative effect of currency translation



Net profit was \$14 million as compared to a net loss of \$371 million for 4Q 2015, resulted mostly from impairment loss

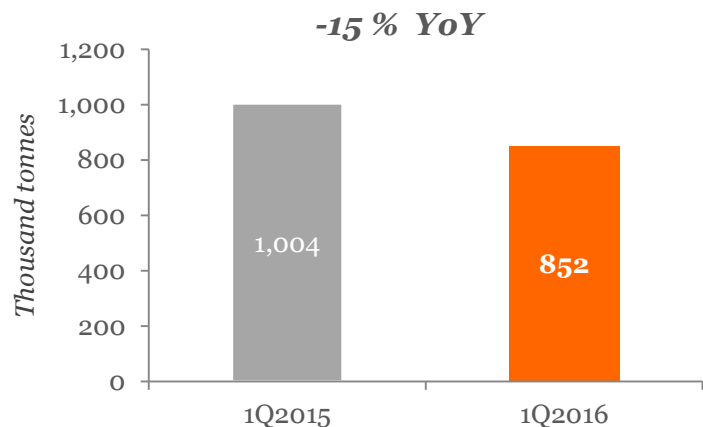


Source: TMK data

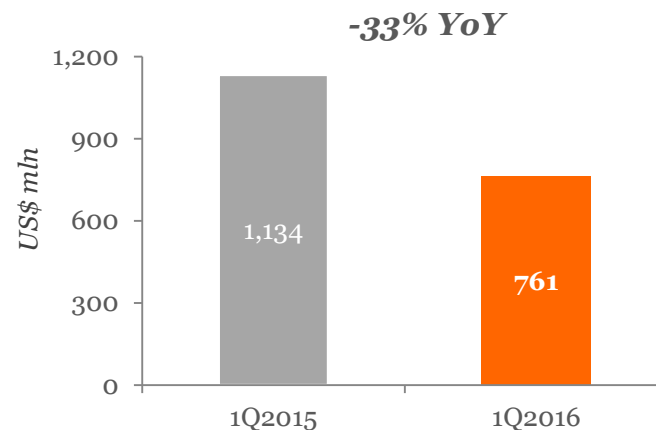
1Q 2016 vs. 1Q 2015 Summary Financial Highlights



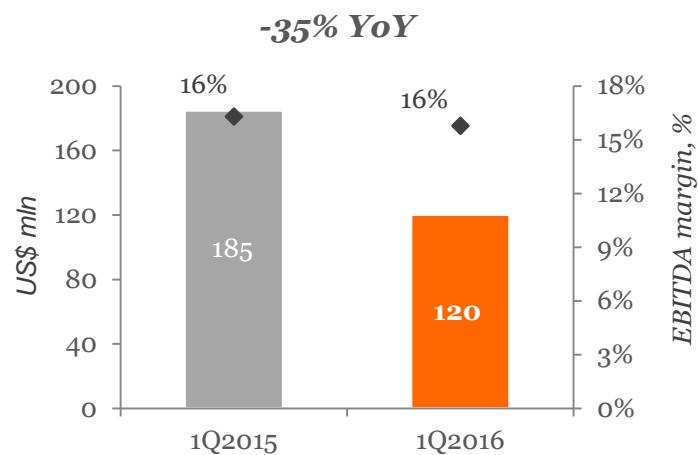
Sales decreased YoY, due to drop of volumes at the American division, caused by unfavorable market conditions



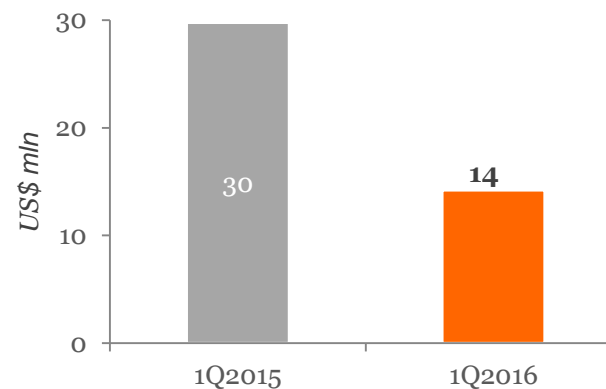
Revenue fell YoY, a result of weaker sales at the American division due to falling US drilling activity and lower E&P spending, and a negative effect of currency translation



Adjusted EBITDA decreased YoY, mostly due to the impact of weak results at the American division

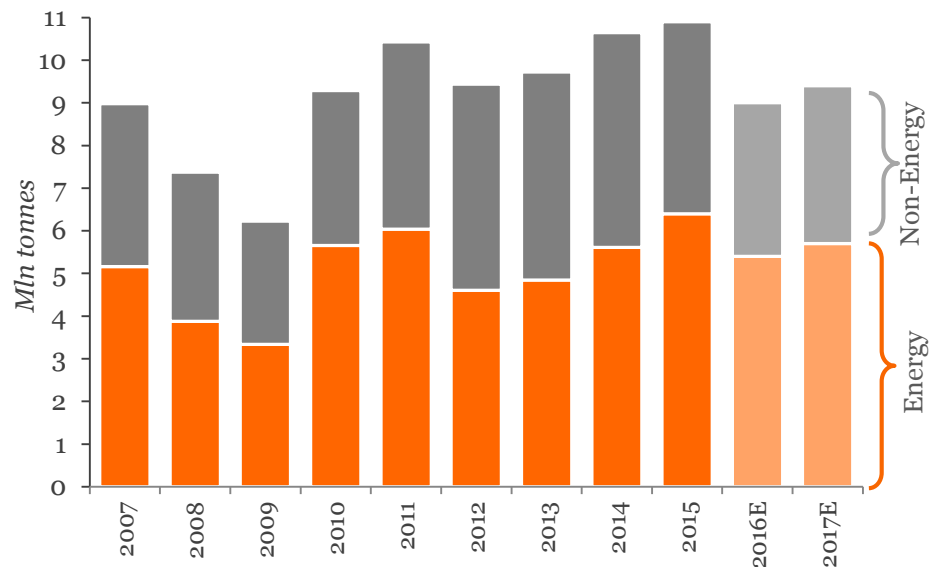


Net profit decreased YoY, due to generally weaker results of 1Q 2016



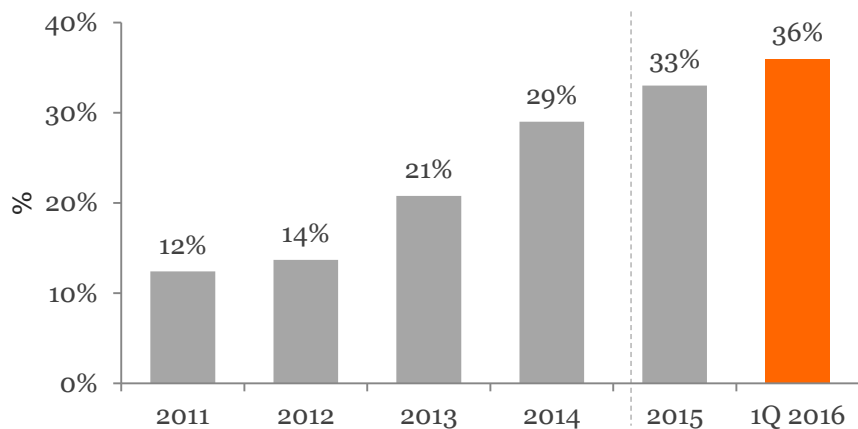
Source: TMK data

Oil drilling market in Russia



Source: TMK estimates

Share of horizontal drilling is growing



Source: CDU TEK, TMK data

Key considerations

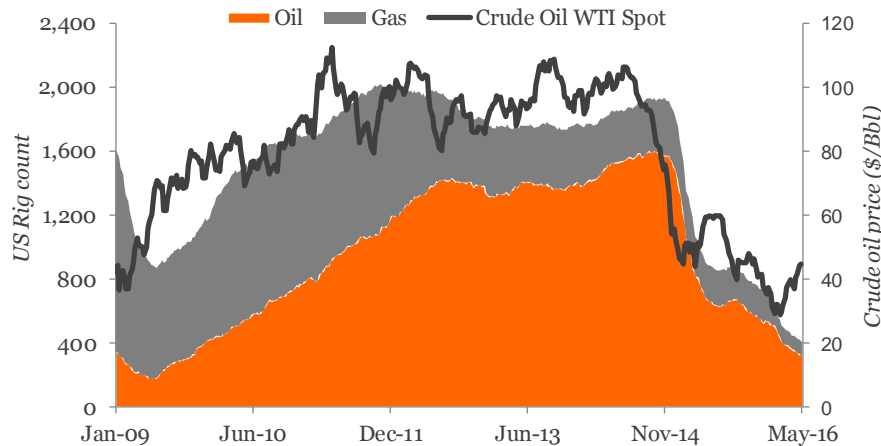
1Q 2016 vs. 4Q2015

- In 1Q 2016, the Russian pipe market remained almost flat compared to the previous quarter, with 1% growth QoQ in OCTG, where TMK is the market leader.
- Against a 7% decrease in drilling activity in Russia, the share of horizontal drilling continued to rise, from 31% in 4Q 2015 to 36% in 1Q 2016.

1Q 2016 vs. 1Q 2015

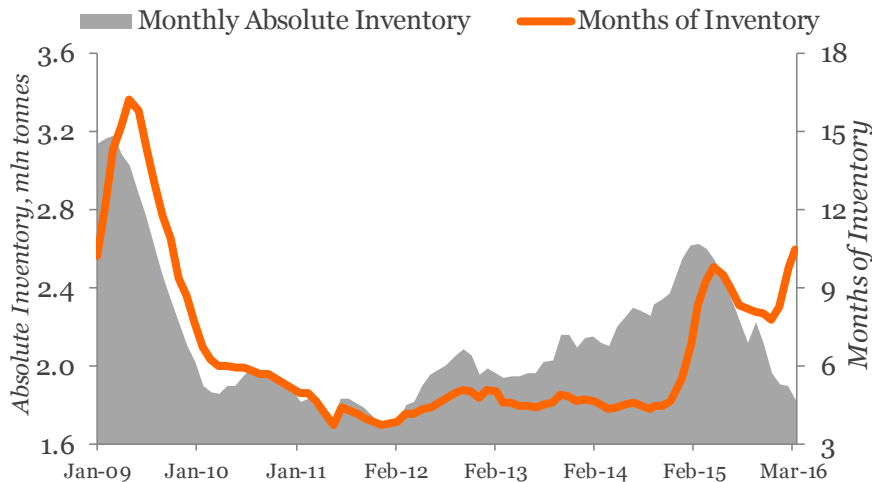
- In 1Q 2016, the Russian pipe market grew by more than 4% YoY.
- OCTG consumption rose by 15% compared to the same period of 2015, along with 14% growth in drilling activity in Russia and a pronounced rise in the share of horizontal drilling, from 29% in 1Q 2015 to 36% in 1Q 2016.

Drop in rig count followed drop in oil prices



Source: Baker Hughes, Bloomberg

Lower consumption pushed inventory levels to 7.8 months in December 2015



Source: Preston Pipe & Tube Report

Key considerations

1Q 2016 vs. 4Q2015

- In the US, the average number of rigs in 1Q 2016 fell by 27% compared to the prior quarter (Baker Hughes), following a continued decline in oil prices.
- OCTG shipments increased by 4% QoQ (Preston Pipe Report). At the same time, OCTG inventories increased to an average 9.5 months compared to 8.0 in the previous quarter.

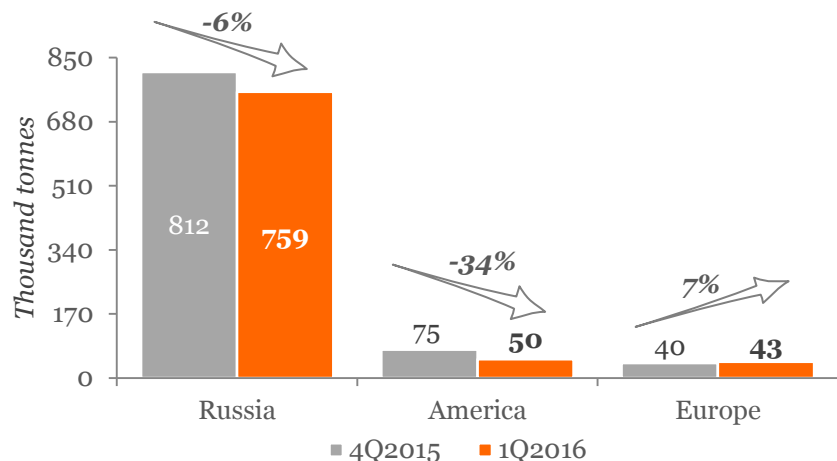
1Q 2016 vs. 1Q 2015

- In the US, the average rig count declined by 61% for 1Q 2016 compared to the same period of 2015 (Baker Hughes). The decrease was due to the continuing slump in oil prices, which resulted in lower demand for OCTG and growing pipe inventories.
- Domestic OCTG shipments reduced by 68% over the same period of 2015, driven by continued weak demand.
- Both average composite OCTG seamless and welded pipe prices decreased by 30% compared to 1Q 2015 (Pipe Logix).

1Q 2015 vs. 4Q 2015 Results

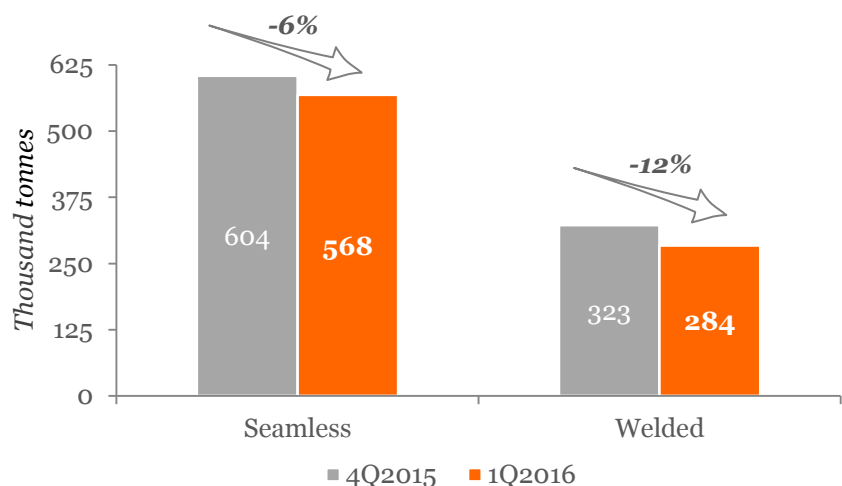
1Q 2016 vs. 4Q 2015 Sales by Division and Group of Product

Sales by division



- Russian division sales decreased QoQ, partially due to decreased LD pipe sales against the record-high consumption of LDP pipe in 4Q 2015.
- American division sales continued to decline, predominantly in OCTG, on the back of challenging market conditions.
- European division sales increased by 7% QoQ, as a result of higher seamless pipe volumes.

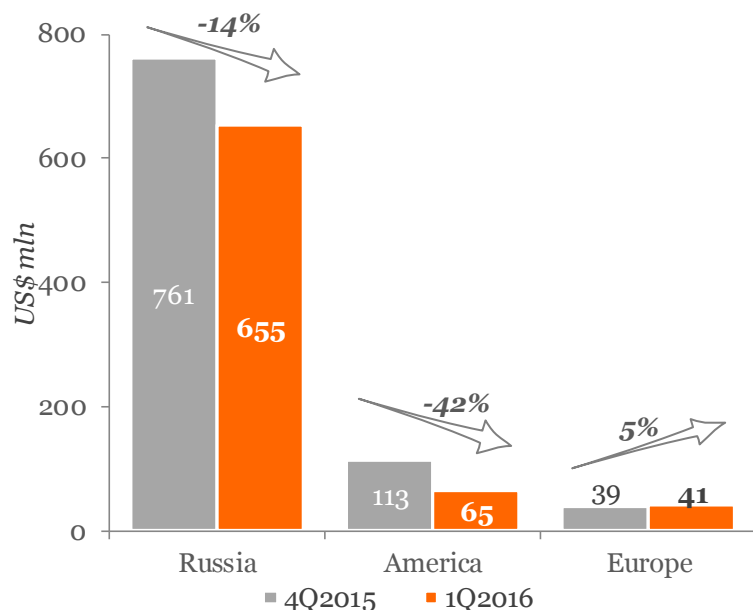
Sales by group of product



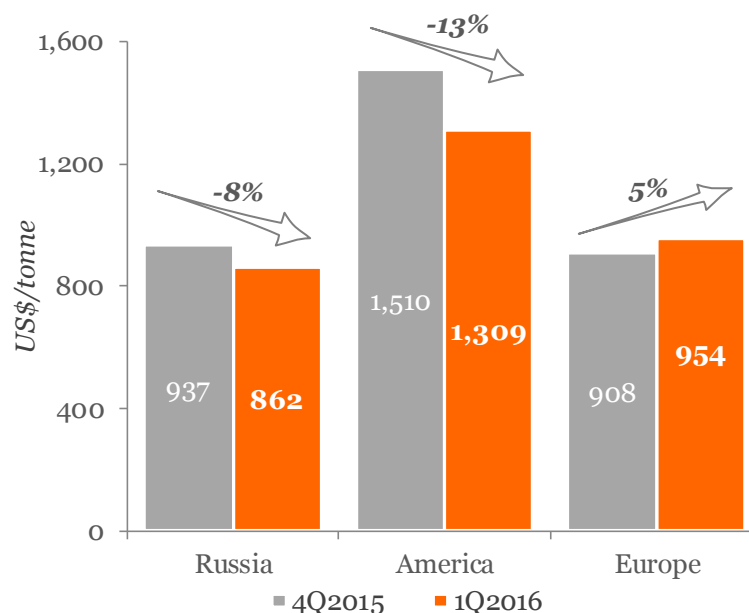
- Seamless pipe sales declined QoQ, due to lower OCTG volumes at the American division and weaker line pipe sales at the Russian division.
- Welded pipe sales decreased QoQ, mostly due lower LD pipe volumes at the Russian division and a further decline in OCTG sales at the American division.
- Total OCTG sales decreased by 10% QoQ, due to weak sales at the American division.

1Q 2016 vs. 4Q 2015 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 QoQ, largely due to a negative effect of currency translation.
- The American division continued to be affected by falling pipe sales, predominantly in OCTG, combined with a further decline in prices.
- Revenue for the European division increased QoQ, a result of higher seamless pipe sales.
- Russian division revenue per tonne decreased QoQ, due to unfavorable product mix in welded pipe as a result of lower share of LDP and a negative effect of currency translation.
- American division revenue per tonne decreased QoQ, as a result of unfavorable pricing environment.
- European division revenue per tonne increased QoQ, mainly due to higher share of seamless pipe in total sales.

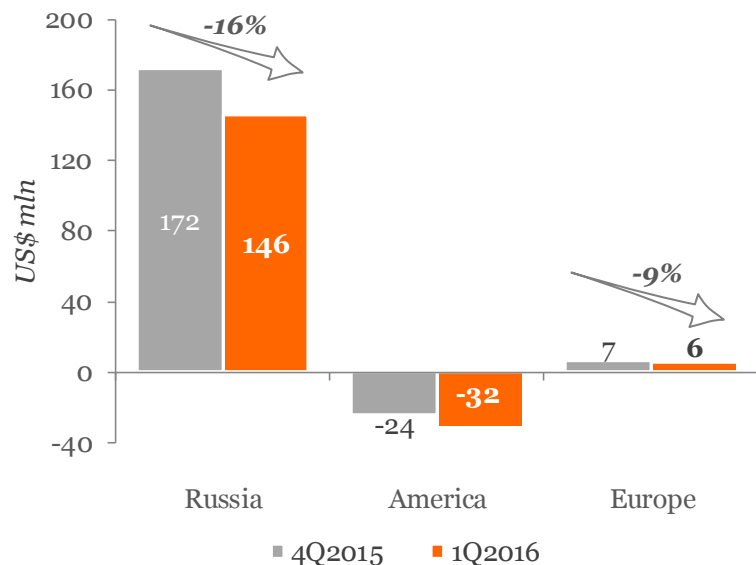
Source: Consolidated IFRS financial statements, TMK data

Note:

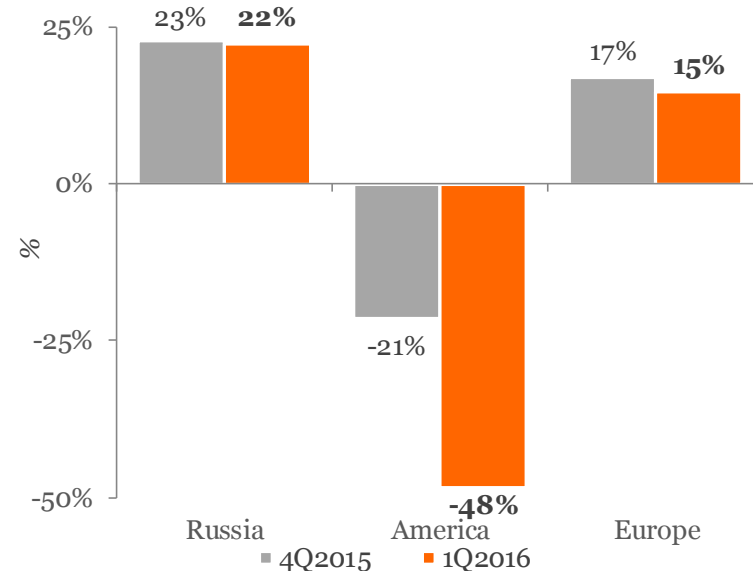
Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums.

1Q 2016 vs. 4Q 2015 Adjusted EBITDA by Division

Adjusted EBITDA



Adjusted EBITDA margin



- Russian division Adjusted EBITDA decreased QoQ, affected by a negative effect of currency translation and unfavorable welded pipe product mix. These were not fully compensated by improved product mix in seamless pipe.
- The American division continued to be affected by falling pipe sales, combined with a further decline in prices.
- European division Adjusted EBITDA declined QoQ, mainly as a result of a unfavorable seamless pipe pricing.

- Russian division Adjusted EBITDA margin remained almost flat QoQ, as a result of improvements to the product mix following increase in share of seamless OCTG in total seamless pipe sales.
- European division Adjusted EBITDA margin decreased QoQ, mainly due to weaker pricing.

Source: TMK Consolidated IFRS financial statements, TMK data

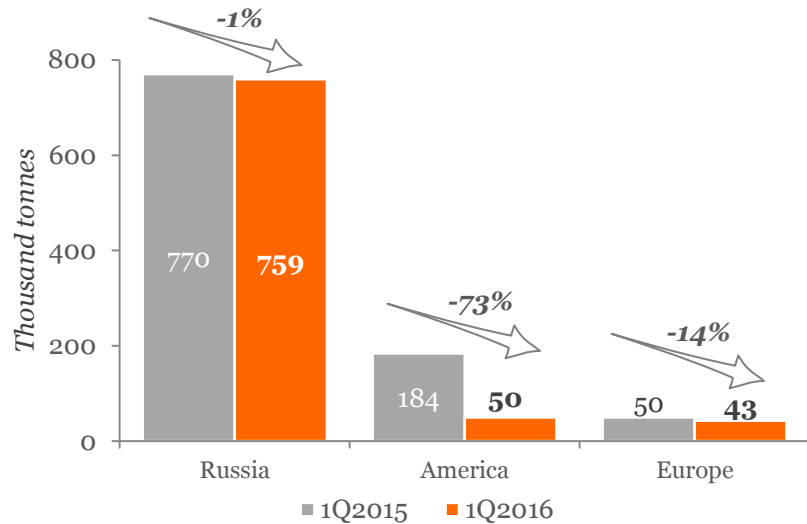
Note:

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 2016 vs. 1Q 2015 Results

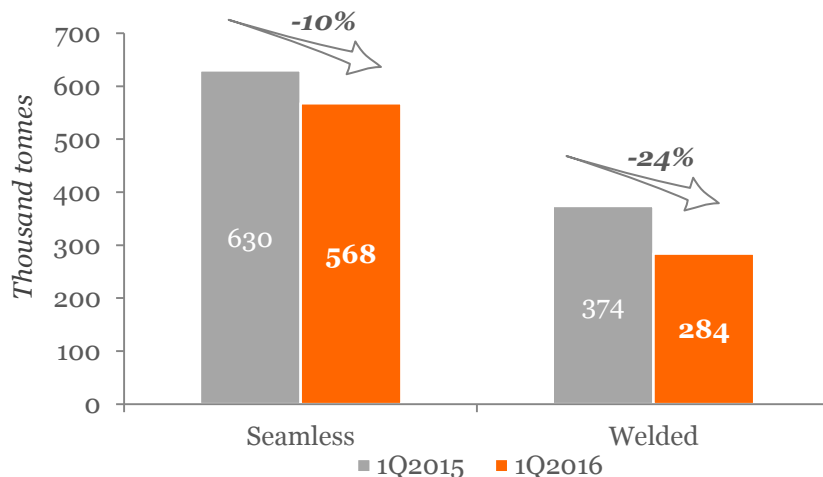
1Q 2016 vs. 1Q 2015 Sales by Division and Group of Product

Sales by division



- Russian division sales decreased, affected mainly by lower seamless line pipe and LD pipe volumes.
- A dramatic YoY decrease in rig count combined with E&P spending cuts in the North American market led to a significant decline in pipe sales at the American division.
- European division sales decreased due to lower seamless pipe volumes, resulted from a decline in pipe consumption in the European market.

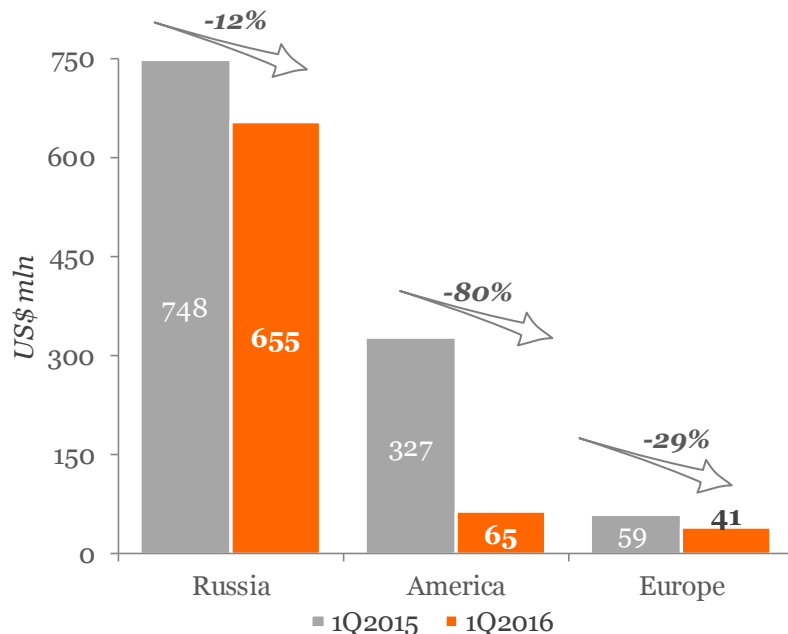
Sales by group of product



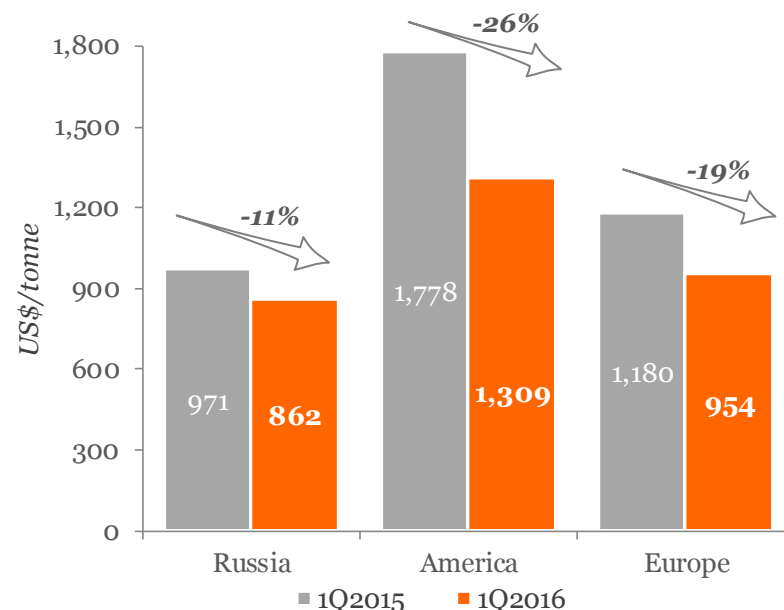
- Seamless pipe volumes decreased YoY, as a result of lower seamless pipe sales at the American division.
- Welded pipe sales decreased YoY, largely due to a sharp decline in welded OCTG volumes at the American division.
- Total OCTG sales decreased by 23% YoY, largely as a result of a sharp decline at the American division.

1Q 2016 vs. 1Q 2015 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 a significant decrease in volumes of both seamless and welded pipe coupled with weaker pricing.
- Revenue for the European division fell YoY, due to lower seamless pipe sales and weaker pricing.

- Russian division revenue per tonne fell YoY, primarily due a negative effect of currency translation.
- American division revenue per tonne decreased due to lower prices.
- European division revenue per tonne decreased YoY, as a result of unfavorable pricing environment in the European market.

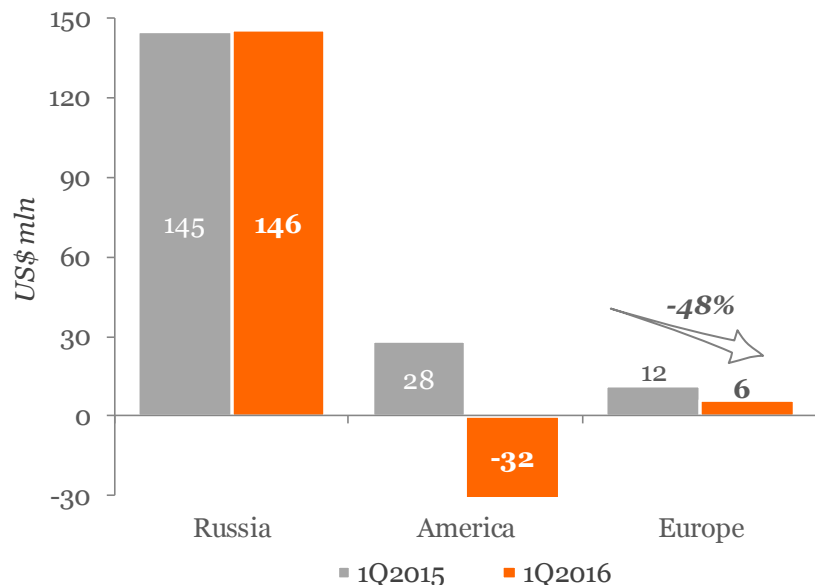
Source: Consolidated IFRS financial statements, TMK data

Note:

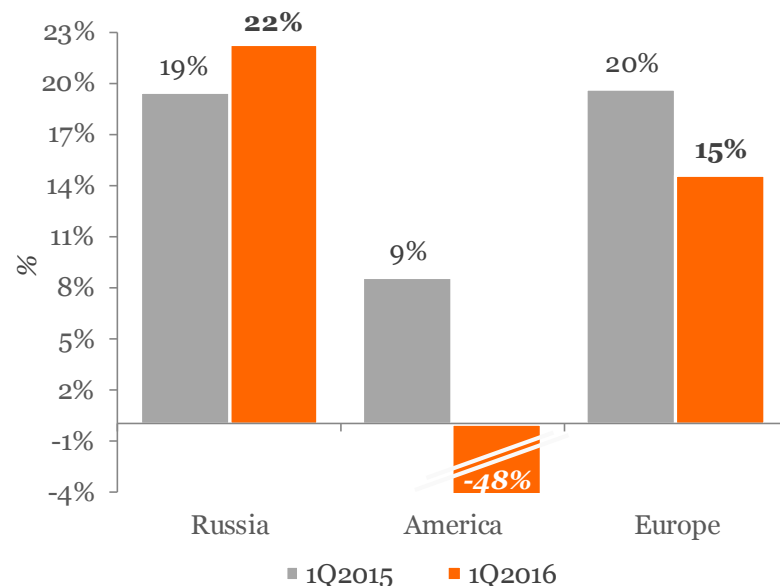
Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums.

1Q 2016 vs. 1Q 2015 Adjusted EBITDA by Division

Adjusted EBITDA



Adjusted EBITDA margin



- Russian division Adjusted EBITDA remained almost flat YoY, as a negative effect of currency translation was partially offset by lower selling and administrative expenses.
- American division Adjusted EBITDA dropped YoY, following a sharp decline in sales and pricing.
- European division Adjusted EBITDA fell YoY, partially due to a decline in seamless pipe prices.
- Russian division Adjusted EBITDA margin increased YoY, a result of favorable product mix in seamless pipe.
- European division Adjusted EBITDA margin decreased YoY, mostly due to lower pricing of seamless pipe.

Source: TMK 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.

Seamless – Core to Profitability

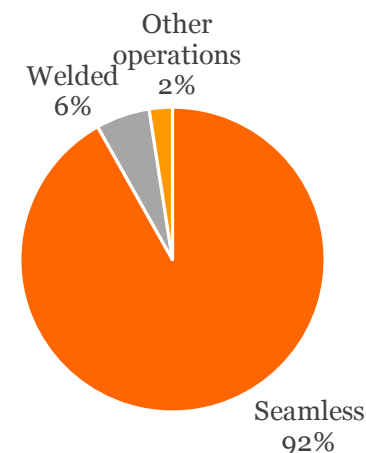
	U.S.\$ mln (unless stated otherwise)	1Q 2016	QoQ, %	YoY, %
SEAMLESS	Sales - Pipes, kt	568	-6%	-10%
	Revenue	523	-14%	-25%
	Gross profit	141	-12%	-22%
	Margin, %	27%		
	Avg revenue/tonne (US\$)	920	-8%	-17%
	Avg gross profit/tonne (US\$)	249	-6%	-14%
WELDED	Sales - Pipes, kt	284	-12%	-24%
	Revenue	205	-22%	-47%
	Gross profit	9	-31%	-86%
	Margin, %	4%		
	Avg revenue/tonne (US\$)	722	-11%	-30%
	Avg gross profit/tonne (US\$)	31	-22%	-82%

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 2016 gross profit breakdown

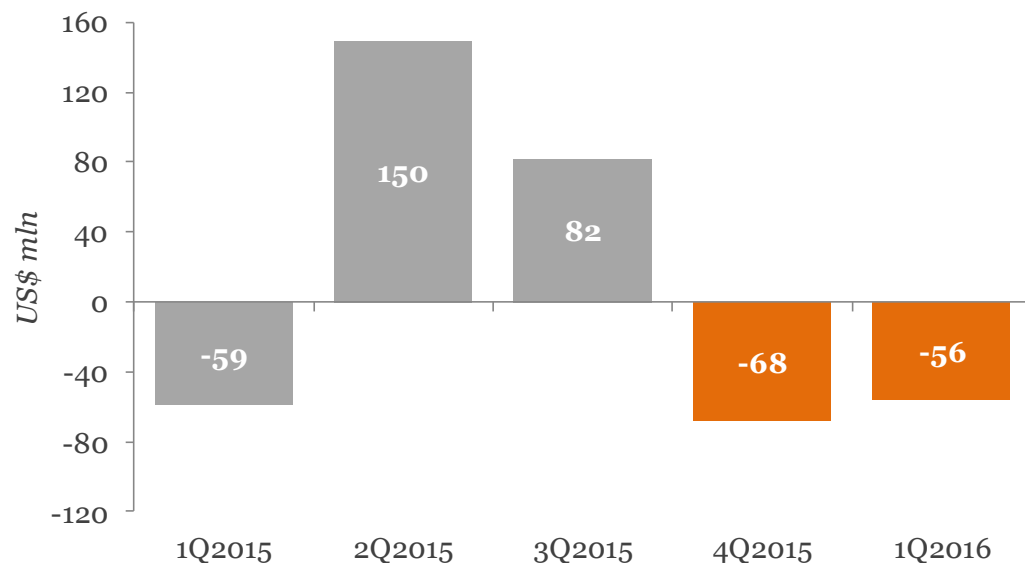


- Sales of seamless pipe generated **69%** of total Revenue in 1Q 2016 compared to 66% in 4Q 2015 and 61% in 1Q 2015.
- Gross Profit from seamless pipe sales represented **92%** of 1Q 2016 total compared to 93% in 4Q 2015 and 72% in 1Q 2015.
- Gross Profit Margin from seamless pipe sales amounted to **27%** in 1Q 2016, slightly above 4Q 2015 and 1Q 2015 of 26%.

Working Capital and Debt Maturity Profile

Working Capital Position as at March 31, 2016

Changes in working capital



- In 1Q 2016, there was a working capital build-up in the amount of US\$56 mln.
- For FY 2016 the Company expects some working capital release.

Source: TMK data

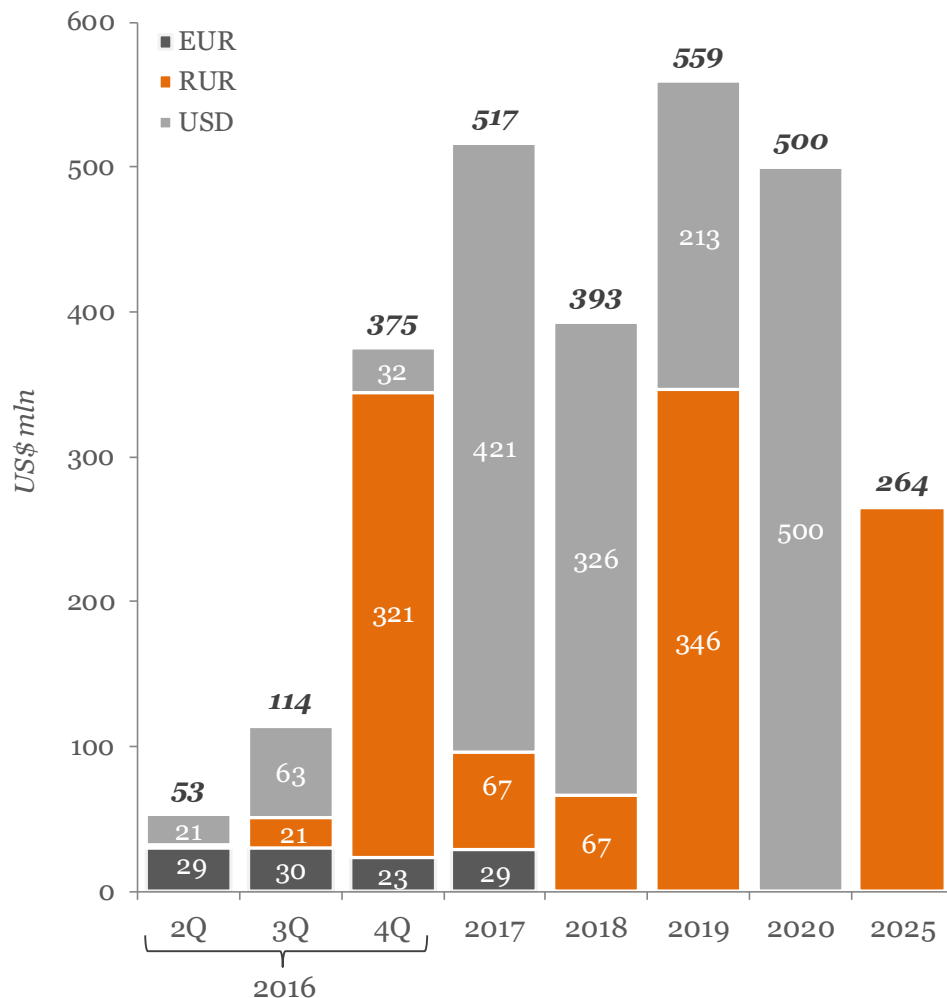
US\$ mln	2015				2015	2016
	1Q	2Q	3Q	4Q	12m	3m
Decrease/(increase) in inventories	6	92	(39)	(19)	40	40
Decrease/(increase) in trade and other receivables	(6)	121	49	(45)	119	(33)
Decrease/(increase) in prepayments	12	7	(29)	(3)	(12)	(17)
Increase/(decrease) in trade and other payables	(46)	(77)	(19)	(6)	(148)	(2)
Increase/(decrease) in advances from customers	(24)	6	120	4	106	(45)
Working capital, US\$ mln	(59)	150	82	(68)	105	(56)

Source: TMK data

Debt Maturity Profile as at April 30, 2016



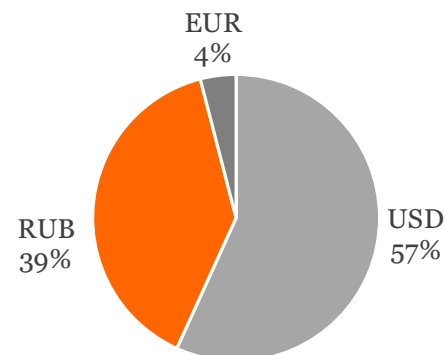
Debt maturity profile as at April, 2016



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

- As at April 30, 2016, total loan portfolio amounted to US\$2,775 mln based on management accounts compared to US\$2,740 mln as at December 31, 2015.
- Weighted average interest rate slightly decreased from 9.06% as at March 31, 2016 to 9.01% as at April 30, 2016.
- Credit Ratings:
 - S&P: B+, Negative;
 - Moody's: B1, Negative.
- In April 2016, TMK completed placement of Russian rouble bonds for a total of 5 billion roubles with a 13% coupon per annum payable on a semi-annual basis. The bonds are listed on the Moscow Exchange.
- In April 2016, the Company redeemed \$177.5 million of 7.75% loan participation notes due 2018.

Debt currency structure



Source: TMK management accounts, TMK estimates

- In Russia, TMK anticipates 2Q 2016 sales to be in line with the previous quarter, as seasonally lower OCTG consumption will be offset by higher demand for industrial pipe. For FY 2016, TMK reiterates its previous guidance that OCTG sales will remain flat year-on-year, provided demand from Russia's oil and gas majors continues to be stable. Overall, margins at the Russian division are expected to be in line with FY 2015, supported by cost cutting program.
- In the U.S., TMK expects a moderate increase in drilling activity during the second half of the year. Although demand for OCTG is expected to improve, the Company anticipates demand for new production and shipments to lag behind temporarily as a result of larger distributor inventories build up due to continuously decreasing rig count. As such, TMK expects demand from oil and gas companies to initially improve in the fourth quarter of the year, at which point prices should begin to recover.
- Industrial pipe consumption in the European pipe market will be stable in 2Q 2016, with a gradual improvement following the start of the construction season.
- TMK believes the American division should demonstrate a gradual improvement in its results after performance bottomed out in 1Q 2016, driven among other factors by the strict cost-saving program realised in 1Q 2016. The Company therefore expects stronger 2Q 2016 consolidated financial results compared to 1Q 2016.
- Overall, TMK believes its FY 2016 EBITDA will be above the 1Q 2016 annualized level and remain roughly flat compared to FY 2015, supported by the stable performance of the Russian division and improved financial results of the American division.



Thank you

TMK Investor Relations

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

+7 (495) 775-7600

IR@tmk-group.com