

Financial Presentation

1Q 2018 IFRS Results

May 18, 2018

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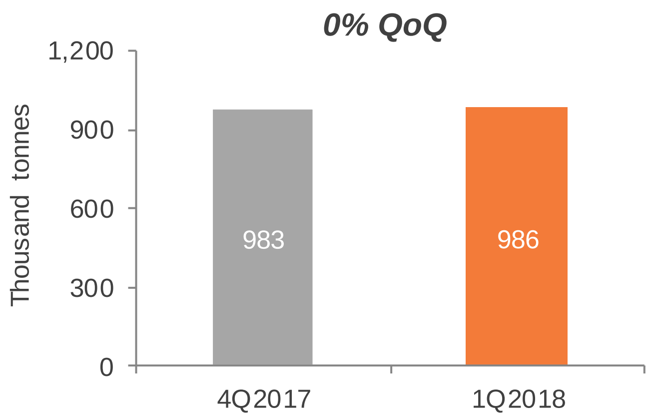
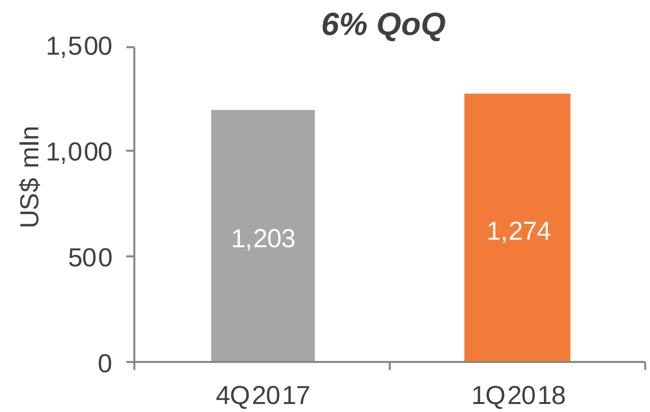
1Q 2018 Summary Financial Results and Market Update

1Q 2018 vs. 4Q 2017 Summary Financial Highlights

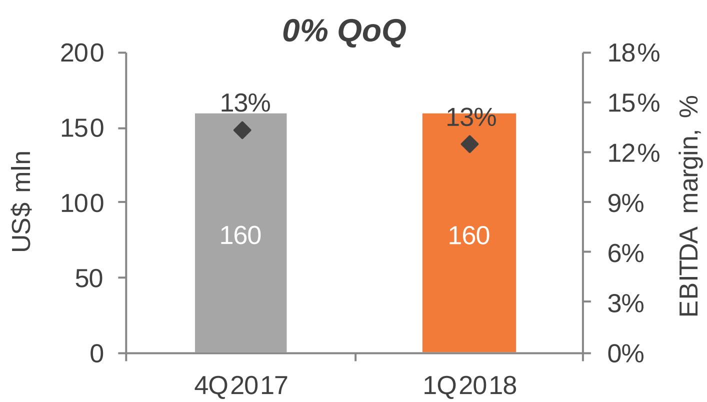
Sales were flat QoQ, with higher sales at the Russian division and stable volumes at the American division compensating for a slight decline at the European division



Revenue increased QoQ, due to an improved performance at the Russian division, which was largely driven by a more favourable seamless pipe product mix and higher prices

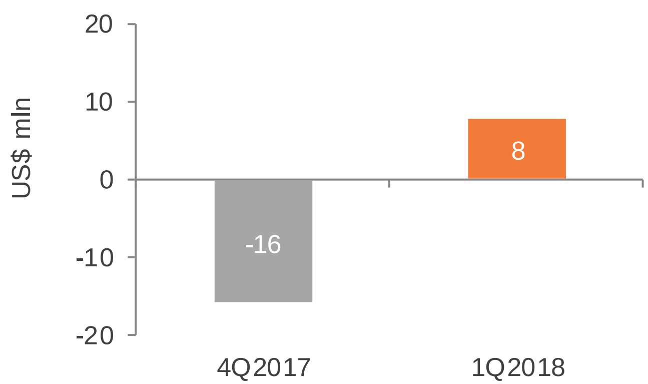


Adjusted EBITDA was flat QoQ, with the improved results of the Russian division being offset by a weaker performance of the American division, resulting partially from a hike in raw materials prices



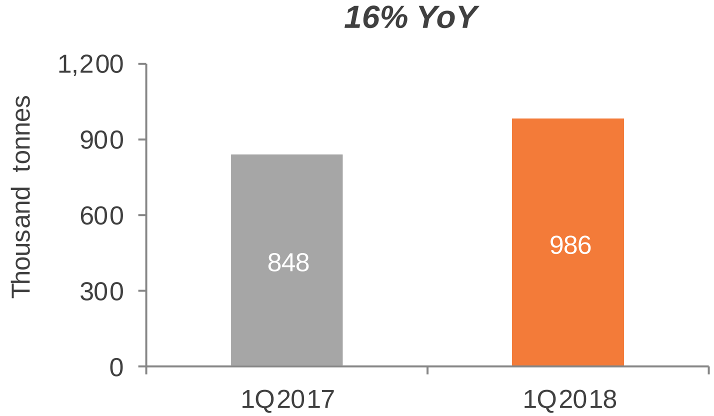
Source: TMK data

Net income amounted to $8 mln in 1Q 2018, compared to a net loss in the prior quarter, mainly due to higher operating profit

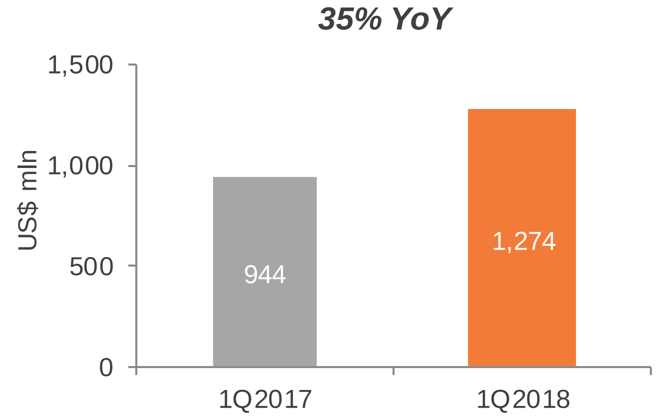


1Q 2018 vs. 1Q 2017 Summary Financial Highlights

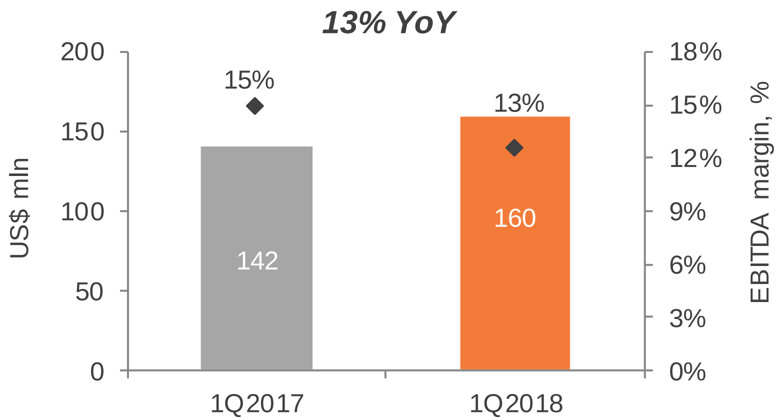
Sales were up YoY across all divisions



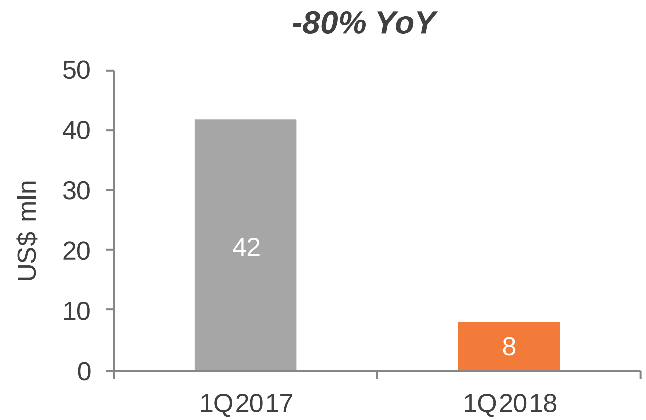
Revenue increased YoY, driven by stronger sales and improved pricing across all divisions



Adjusted EBITDA increased YoY, driven by a stronger performance at all three divisions, partially offset by higher YoY raw materials prices



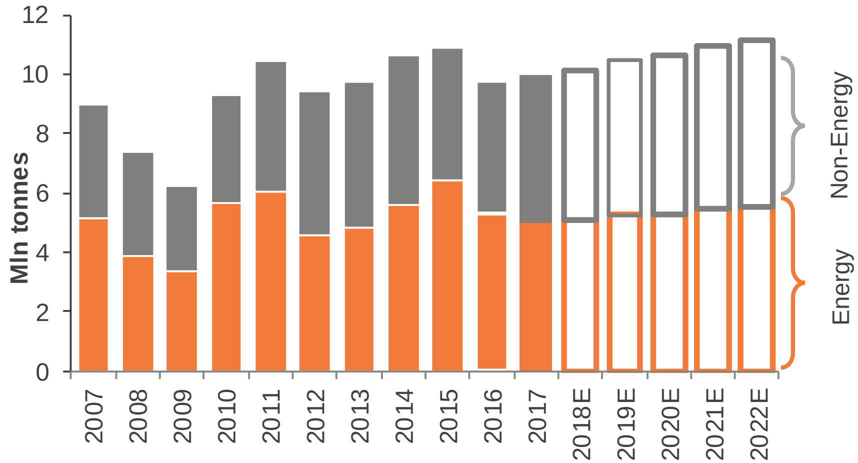
Net profit decreased YoY, mainly reflecting a lower FX gain compared to 1Q 2017



Source: TMK data

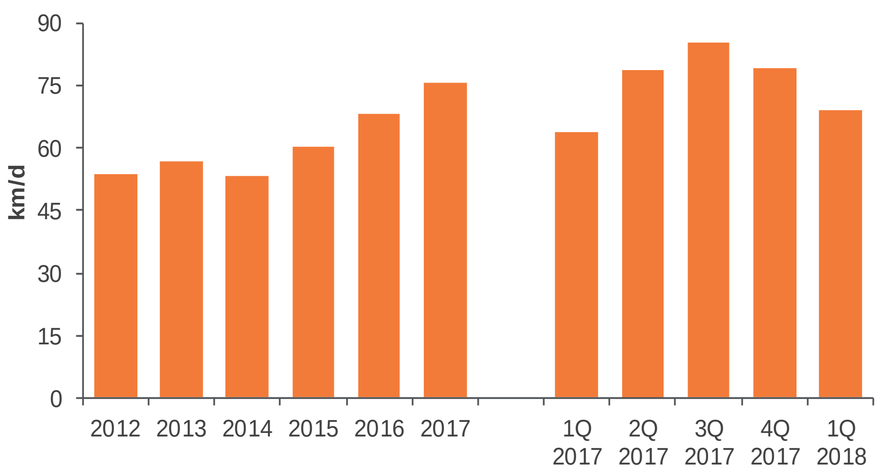
Russian Market Overview

Pipe market in Russia



Source: TMK estimates

Russian drilling activity remains strong



Source: CDU TEK

Key considerations

1Q 2018 vs. 4Q 2017

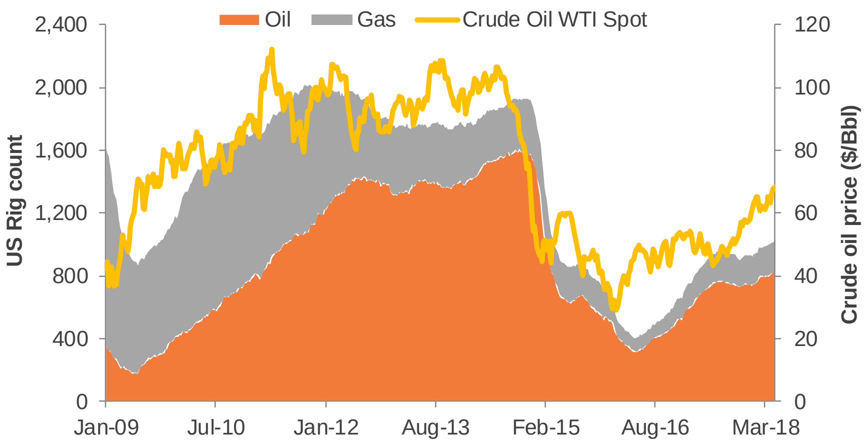
- In 1Q, the Russian pipe market remained flat compared to the previous quarter. Seasonally weak demand for industrial pipe, both seamless and welded, was fully compensated for by higher OCTG consumption, as oil and gas producers traditionally increase purchases of OCTG pipe during the winter season
- The Russian OCTG market grew 6% QoQ
- Drilling activity in Russia slowed due to the colder season and footage drilled decreased 12% compared to the previous quarter, while the share of horizontal drilling increased from 42% in 4Q 2017 to 44% in 1Q 2018

1Q 2018 vs. 1Q 2017

- The Russian pipe market grew 13% YoY, largely driven by higher demand for LD and welded industrial pipe
- The market growth was partially offset by weaker OCTG consumption, which decreased 8% compared to 1Q 2017, due to the fact that rising oil prices in 1Q 2017 drove oil and gas companies to replenish their OCTG inventories at that time
- Drilling activity in Russia increased 8% YoY, with the share of horizontal drilling growing from 39% in 1Q 2017 to 44% in 1Q 2018.

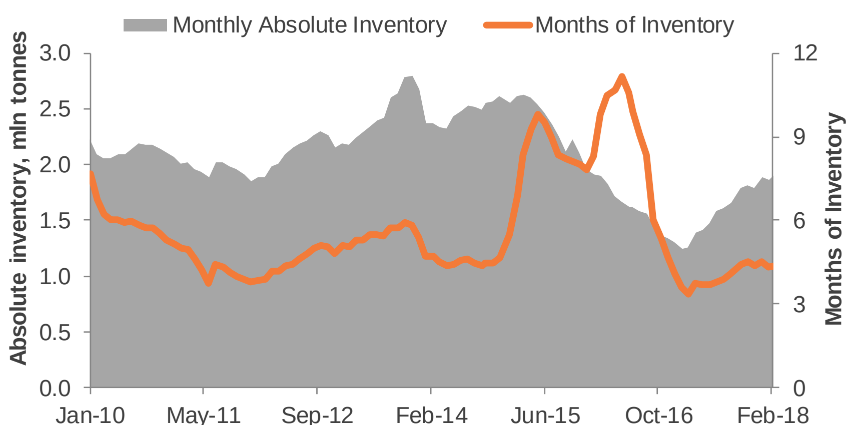
US Market Overview

Rising oil prices driving improvement in rig count



Source: Baker Hughes, Bloomberg

OCTG inventories were slightly down in 1Q 2018 compared to 4Q 2017, driven by high OCTG demand



Source: Preston Pipe & Tube Report

Key considerations

1Q 2018 vs. 4Q 2017

- The average number of rigs in 1Q grew 5% compared to the prior quarter (Baker Hughes), following the recovery in crude oil prices
- OCTG consumption increased 6% QoQ (Preston Pipe Report)
- OCTG inventories were slightly down to an average 4.4 months compared to 4.5 in the previous quarter, including obsolete inventory
- Due to the recovery in rig count growth and, as a result, the higher demand for OCTG, average composite OCTG seamless and welded pipe prices increased by 2% and 5% respectively compared to 4Q 2017 (Pipe Logix)

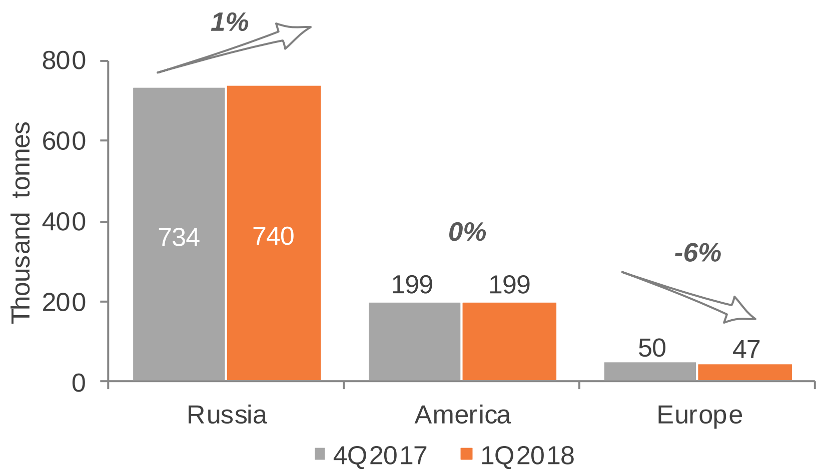
1Q 2018 vs. 1Q 2017

- In the US, the average number of rigs in 1Q 2018 grew 30% compared to the same period of 2017 (Baker Hughes).
- OCTG consumption increased 31% YoY (Preston Pipe Report)
- OCTG inventories increased to an average 4.4 months in 1Q 2018 compared to 3.9 months in 1Q 2017
- Average composite OCTG seamless and welded pipe prices were up 18% compared to the same period of 2017 (Pipe Logix)

1Q 2018 vs. 4Q 2017 Results

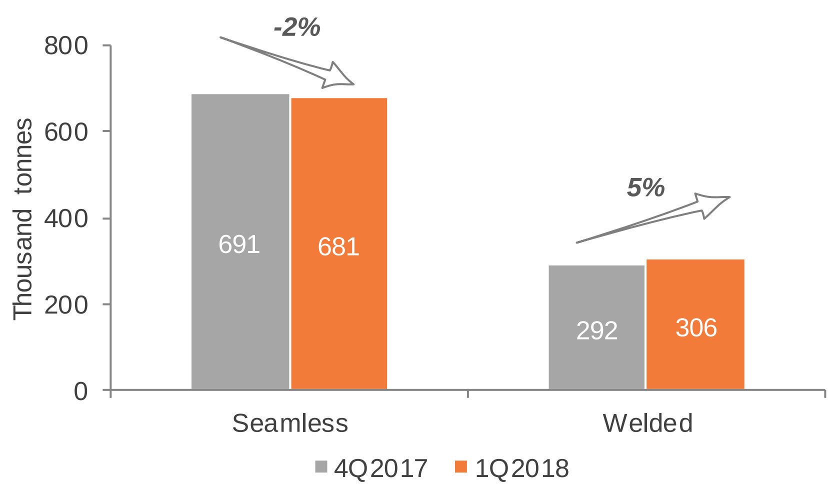
1Q 2018 vs. 4Q 2017 Sales by Division and Product Group

Sales by division



- Russian division sales increased QoQ, due to traditionally higher demand for OCTG pipe during the winter season and increased line pipe sales
- American division sales remained flat QoQ
- European division sales declined QoQ, due to lower sales of industrial pipe on the back of pre-planned maintenance works in January 2018

Sales by product group

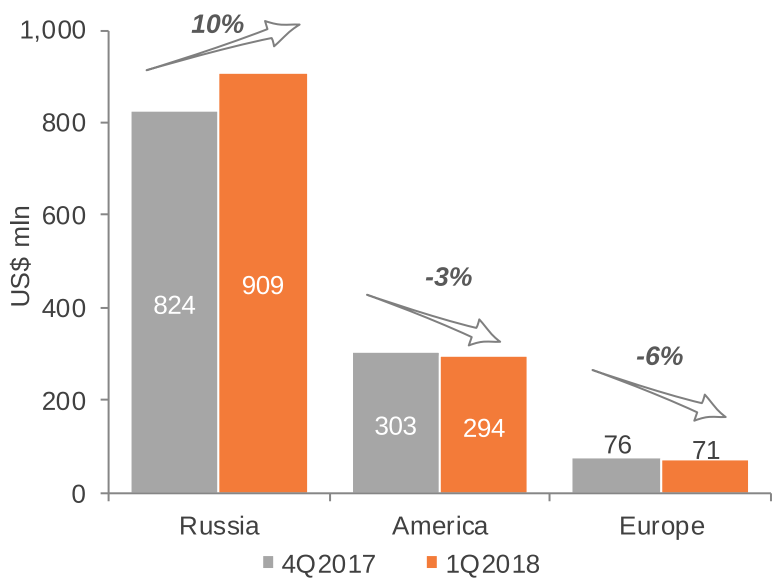


- Seamless pipe sales declined QoQ, due to seasonally lower demand for seamless industrial pipe at the Russian division and lower industrial pipe sales at the European division
- Welded pipe sales increased QoQ, due to higher demand for welded line pipe at the Russian division
- Total OCTG sales demonstrated 1% growth due to seasonally high OCTG sales at the Russian division

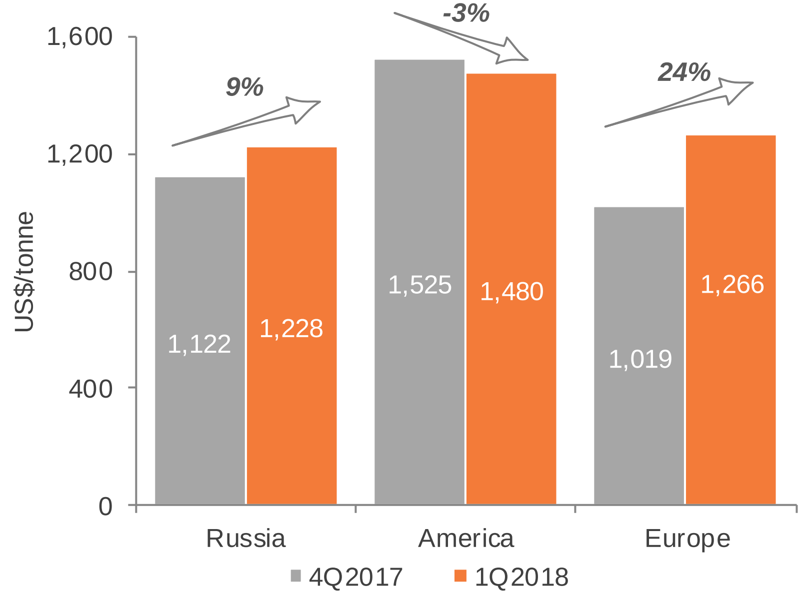
Source: TMK data

1Q 2018 vs. 4Q 2017 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+billets sales*

- Russian division revenue increased QoQ, supported by higher pipe sales, stronger pricing and a positive currency translation effect
- Weaker results at the American division were mainly a result of lower welded OCTG pipe sales and a softening of selling prices in the first weeks of 1Q 2018
- The European division's revenue declined QoQ, as a result of lower steel billet sales and lower industrial pipe sales on the back of pre-planned maintenance works in January 2018

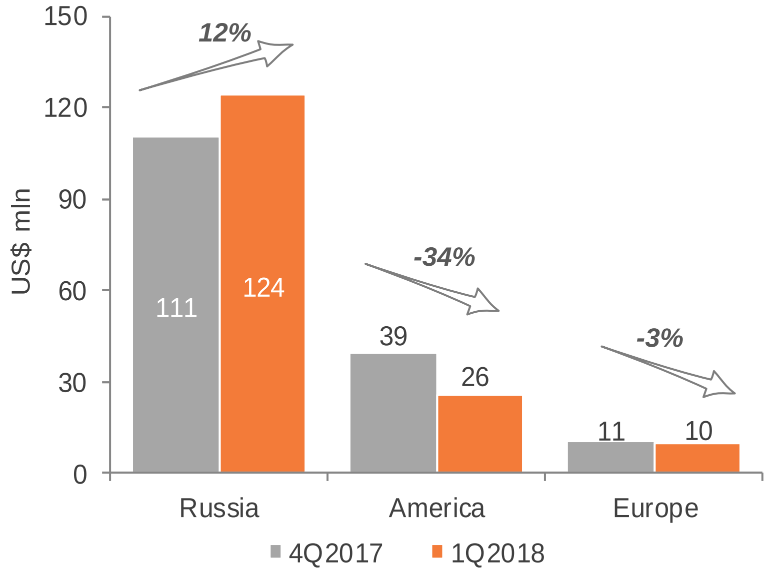
- Russian division revenue per tonne increased QoQ due to better pricing and a positive effect of currency translation
- American division revenue per tonne declined QoQ, due to a lower share of OCTG sales in the product mix and a softening of selling prices in the first weeks of 1Q 2018
- European division revenue per tonne increased QoQ due to a lower share of steel billet sales in the total product mix

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.

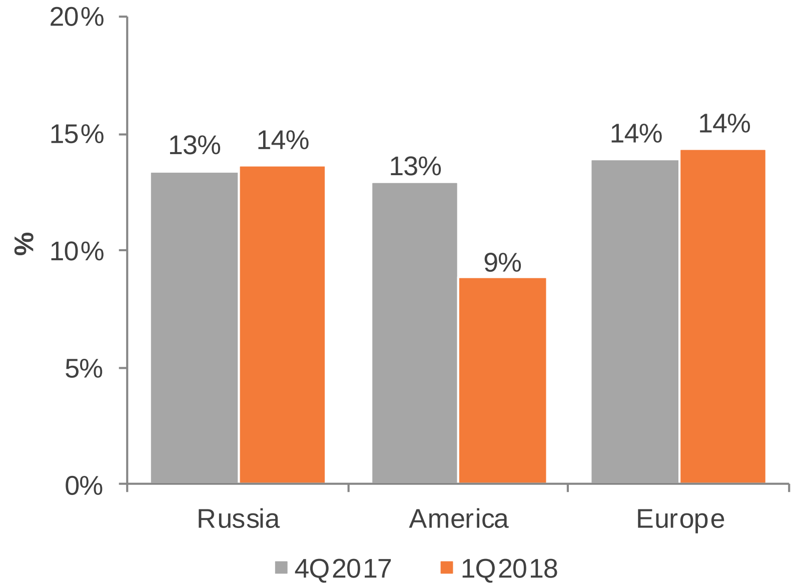
1Q 2018 vs. 4Q 2017 Adjusted EBITDA by Division

Adjusted EBITDA



- Russian division Adjusted EBITDA increased QoQ, due to higher pipe sales, stronger seamless pipe pricing and stabilised raw material prices
- American division EBITDA decreased QoQ, due to an increase in raw materials prices and a certain softening of the sales prices in the first few weeks of 1Q 2018
- European division Adjusted EBITDA slightly declined QoQ mainly as a result of higher raw materials prices

Adjusted EBITDA margin



- Russian division Adjusted EBITDA margin increased QoQ, due to higher seamless pipe selling prices
- American division Adjusted EBITDA margin declined due to an increase in raw materials prices and a certain softening of the sales prices in the first few weeks of 1Q 2018
- European division Adjusted EBITDA margin remained almost flat QoQ with a more favourable product mix compensating for the increased raw materials prices

Source: Consolidated IFRS financial statements, TMK data

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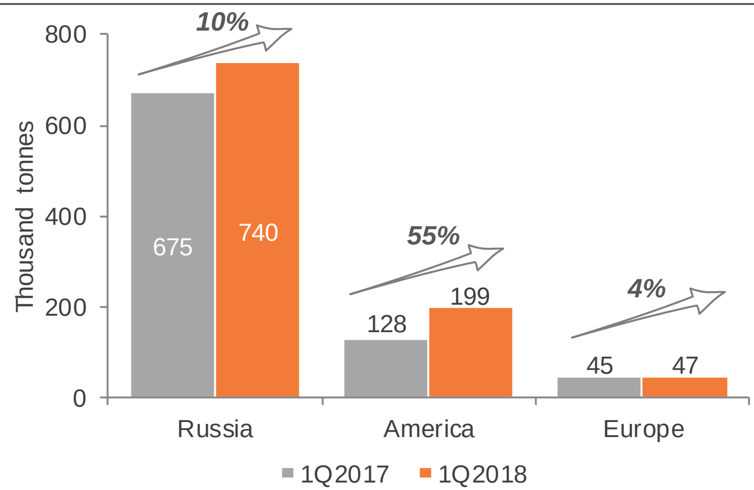
1Q 2018 vs. 1Q 2017 Results

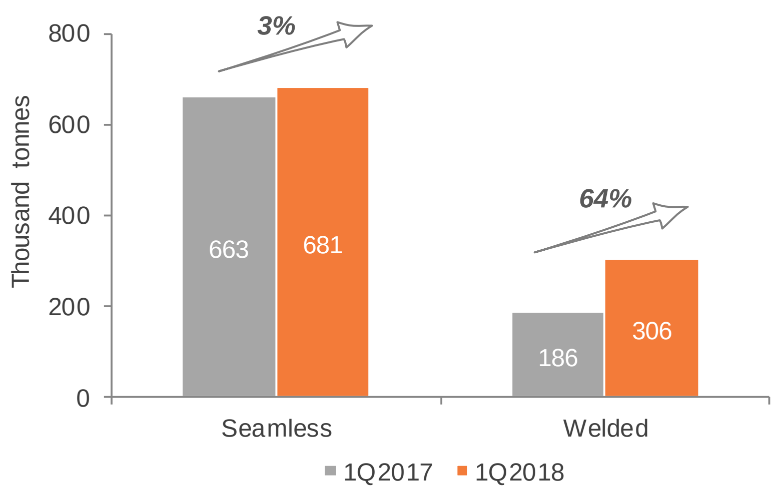
1Q 2018 vs. 1Q 2017 Sales by Division and Product Group

Sales by division



- Russian division sales increased YoY, reflecting growth in sales of both seamless and welded pipe, including LDP
- A substantial YoY increase in drilling activity combined with higher E&P spending in the North American market led to a significant improvement in pipe volumes at the American division
- European division sales increased due to improved demand in the European market

Sales by product group

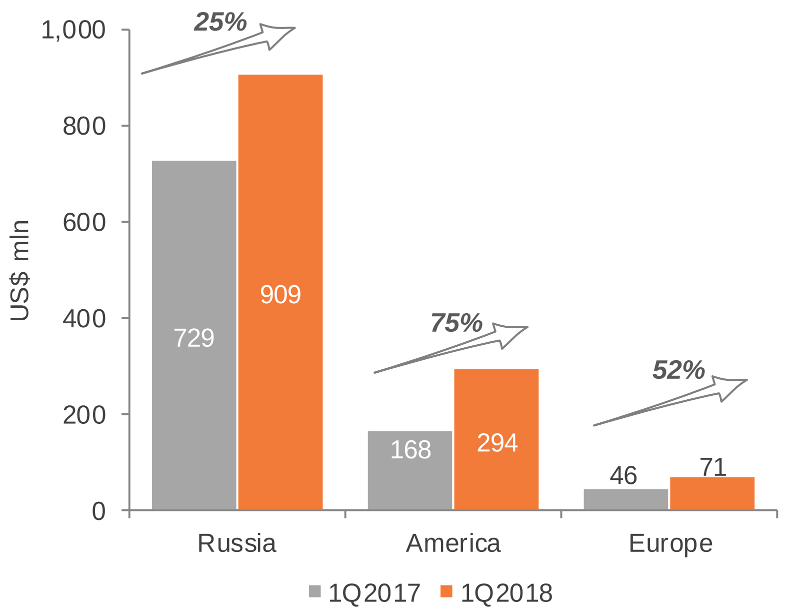


- Seamless pipe volumes increased compared to 1Q 2017, mainly driven by growth in line pipe sales at the Russian division
- Welded pipe sales increased compared to 1Q 2017, due to considerable growth in welded pipe volumes at the American and Russian divisions
- Total OCTG sales increased 4% compared to 1Q 2017, as substantial growth at the American division was offset by lower volumes at the Russian division

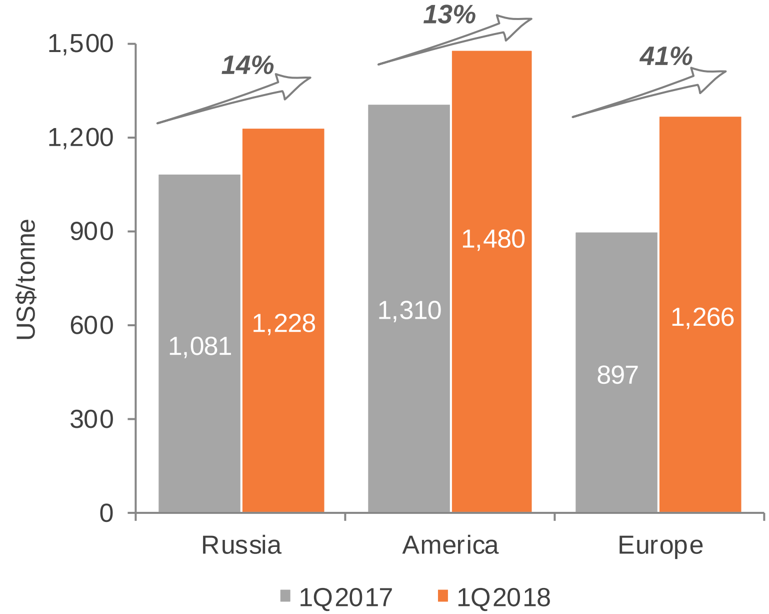
Source: TMK data

1Q 2018 vs. 1Q 2017 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+billets sales*

- The Russian division's YoY revenue growth was supported by higher sales, stronger pricing and the positive effect of currency translation
- Revenue for the American division grew materially YoY due to a significant increase in pipe volumes and stronger pricing on the back of improved market conditions
- A healthy YoY performance at the European division reflected stronger pricing and a better sales mix

- Russian division revenue per tonne increased YoY, due to higher prices and the positive effect of currency translation
- American division revenue per tonne grew YoY as a result of improved pricing
- European division revenue per tonne improved YoY due to stronger pricing and the positive effect of currency translation

Source: Consolidated IFRS financial statements, TMK data
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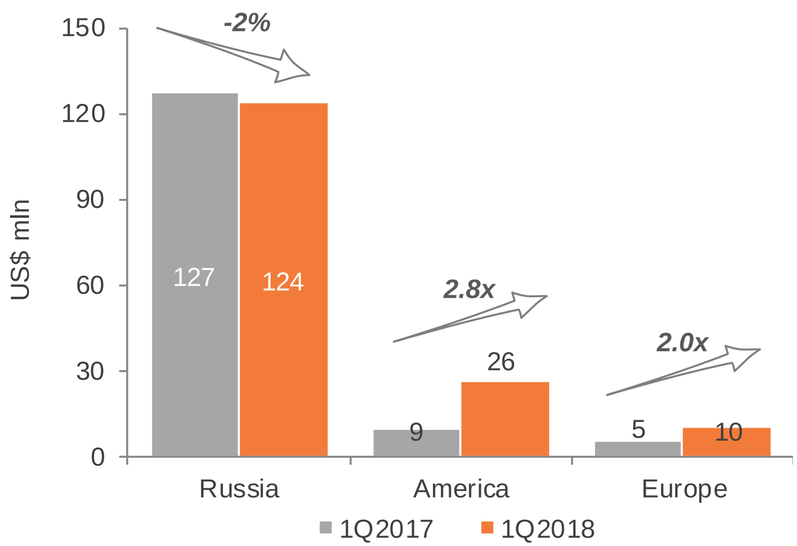
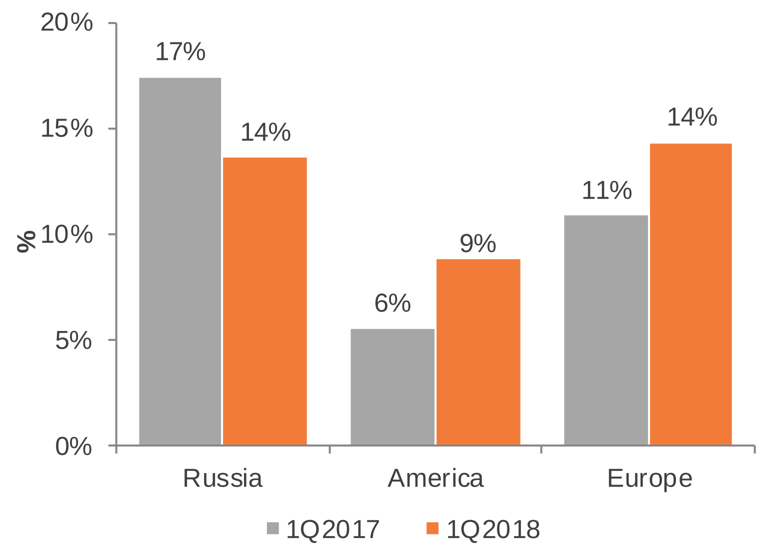
1Q 2018 vs. 1Q 2017 Adjusted EBITDA by Division

Adjusted EBITDA



- Russian division Adjusted EBITDA declined YoY, largely impacted by higher raw material prices
- American division Adjusted EBITDA significantly improved YoY, following strong growth in sales and pricing
- European division Adjusted EBITDA increased YoY mainly driven by favourable pricing

Adjusted EBITDA margin



- Russian division Adjusted EBITDA margin decreased YoY as a result of the increased raw material prices
- American division Adjusted EBITDA margin improved to 9% in 1Q 2018 due to better pricing
- European division Adjusted EBITDA margin increased YoY, mostly due to a more favourable product mix

Source: Consolidated IFRS financial statements, TMK data

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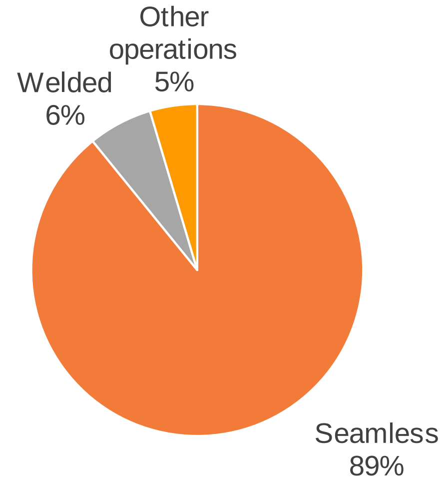
Seamless – Core to Profitability

	US$ mln *(unless stated otherwise)*	1Q2018	*QoQ, %*	*YoY, %*
SEAMLESS	Sales - Pipes, kt	**681**	*-2%*	*3%*
	Revenue	**882**	*8%*	*23%*
	Gross profit	**197**	*11%*	*17%*
	Margin, %	*22%*		
	Avg revenue/tonne (US$)	1,296	*10%*	*20%*
	Avg gross profit/tonne (US$)	290	*13%*	*14%*
WELDED	Sales - Pipes, kt	**306**	*5%*	*64%*
	Revenue	**317**	*1%*	*79%*
	Gross profit	**14**	*-37%*	*-47%*
	Margin, %	*4%*		
	Avg revenue/tonne (US$)	1,037	*-4%*	*9%*
	Avg gross profit/tonne (US$)	45	*-40%*	*-67%*

1Q 2018 gross profit breakdown



- Sales of seamless pipe generated 69% of the total revenue in 1Q 2018
- Gross profit from seamless pipe sales represented 89% of 1Q 2018 total gross profit
- Gross profit margin from seamless pipe sales amounted to 22% in 1Q 2018

Source: Consolidated IFRS financial statements, TMK data

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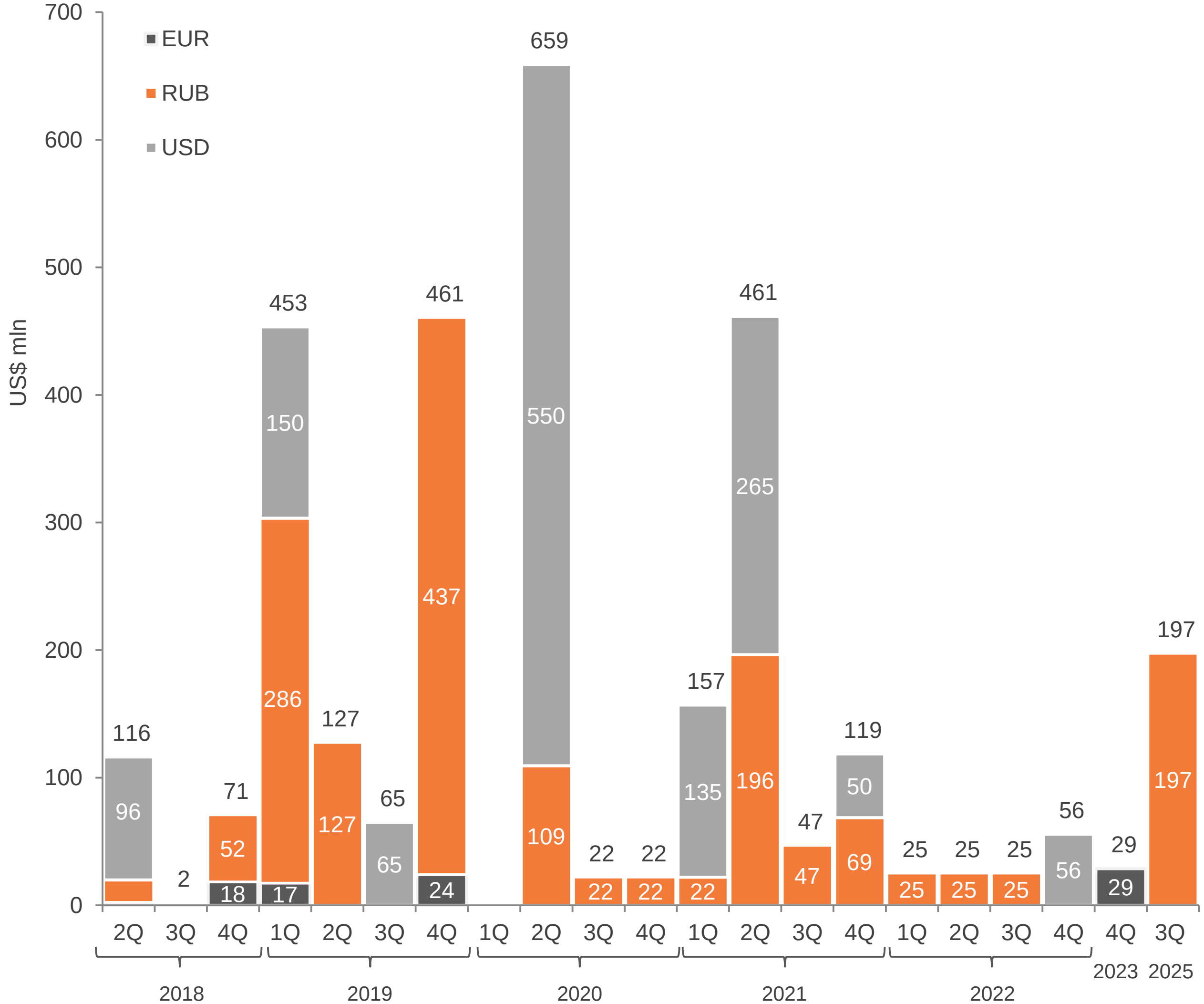
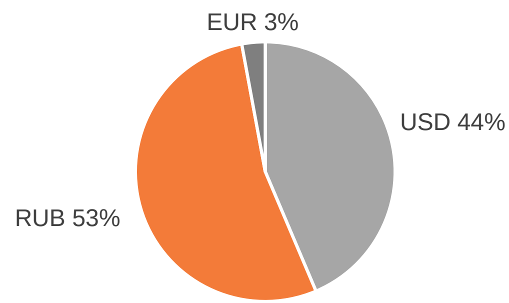
Debt Maturity Profile as at March 31, 2018



- As at March 31, 2018, Net Debt amounted to US$2,710 mln
- In January 2018, TMK fully redeemed the remaining part of its US$500 mln 7-year Eurobond issue in the total nominal value of US$231 mln
- The weighted average nominal interest rate decreased by 25 bps since the end of 2017 to 7.92%
- Credit Ratings: S&P B+ (Stable) and Moody's B1 (Stable)

Debt currency structure



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

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.

Outlook and Trends

- In Russia, TMK expects seamless OCTG consumption to remain strong in 2018 with weak LDP demand, due to the completion or rescheduling of a number of major pipeline construction projects. In the second half of the year, TMK expects easing of the recent pressure on margins, driven by growing raw materials prices.

- In the US, according to Spears and Associates Drilling and Production Outlook as of March 2018, the US rig count grew from 929 on December 29, 2017 to 993 on March 29, 2018, driving higher demand for OCTG pipe. With the price of WTI over $70/bbl and a rig count around 1,000 fundamentals are strong and supported OCTG consumption growth in North America throughout 2017 and in the first quarter of 2018. In the first few weeks of 1Q 2018, the market remained soft following downward corrections to the E&P CAPEX burn rate in 4Q 2017. In the second half of 1Q 2018, the market was dominated by the uncertainty over Section 232 and saw a surge of imports from South Korea, Brazil and Argentina ahead of the decision.

- The European division anticipates its financial results for 2018 to be stronger compared to 2017 due to growing pipe demand and a more favourable product mix resulted mostly from its newly installed heat treatment facility at TMK-ARTROM.

- TMK reiterates its previous guidance for FY2018 with adjusted EBITDA margin to remain broadly flat compared to FY 2017, with overall higher adjusted EBITDA.

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