August 19, 2016 PRESS RELEASE

TMK Announces 2Q and 1H 2016 IFRS Results

Inside information: This announcement contains inside information.

Forward-looking statements: The following contains forward-looking statements concerning future events. These statements are based on current information and assumptions of TMK management concerning known and unknown risks and uncertainties.

PAO TMK ("TMK" or "the Group"), one of the world's leading producers of tubular products for the oil and gas industry, today announces its interim consolidated IFRS financial results for the six months ended June 30, 2016.

2Q and 1H 2016 Highlights

Financial

- Revenue at $853m in 2Q 2016, up by $91m q-o-q, and $1,614m for 1H 2016, down by $682m y-o-y
- Adjusted EBITDA at $143m in 2Q 2016, up by $23m q-o-q, and $264m for 1H 2016, down by $93m y-o-y
- Adjusted EBITDA margin at 17% in 2Q 2016 and 16% for 1H 2016
- Net profit at $57m in 2Q 2016 and $71m for 1H 2016
- Net debt at $2,497m as at June 30, 2016
- Net repayment of borrowings in 2Q 2016 amounted to $55m and $91m for 1H 2016

Developments

- On August 16, 2016, the share capital of the Company was increased by 41,228,106 ordinary shares with a par value of RUB10 each, by means of an open subscription at a price of RUB71 per share.

Outlook

- TMK anticipates an improved EBITDA performance in 2H 2016 driven by a gradual improvement at the American division and stable results at the Russian division. The Company expects the FY 2016 EBITDA margin to remain flat compared to FY 2015.

Alexander Shiryaev, CEO of TMK, said:

"I am pleased to report that a sustained focus on improving efficiencies throughout the business and on optimising cost structure has enabled TMK to achieve stable results despite conditions in the US markets, which remain challenging.

Our diversified business model has continued to benefit us in times of currency volatility and the management are confident that TMK is well-positioned to take advantage of anticipated increased demand from oil & gas customers in our key markets of Russia and the US.

TMK remains committed to de-leveraging and has set a target to achieve a 2.5x Net Debt to EBITDA ratio. In order to achieve this target, the Company aims to maximize its operating cash flows, further improve its working capital position and is considering different strategic options, among others share issue and disposals of certain assets of the Company, including international assets."

40 Pokrovka St, Building 2A, Moscow, Russia 105062, www.tmk-group.com

Group Summary 2Q and 1H 2016 Results

(In millions of US$, unless stated otherwise)

	2Q 2016	1Q 2016	Change, $ mln	1H 2016	1H 2015	Change, $ mln
Sales (thousand tonnes), including:	**896**	852	44	**1,748**	1,981	(233)
Seamless	**598**	568	30	**1,167**	1,234	(68)
Welded	**298**	284	14	**582**	747	(166)
Revenue	**853**	761	91	**1,614**	2,296	(682)
Gross profit	**191**	154	37	**345**	493	(149)
Gross profit margin, %	***22%***	*20%*		***21%***	*21%*	
Net profit	**57**	14	42	**71**	77	(6)
Earnings per GDR[1], basic, U.S.$	**0.23**	0.06	0.17	**0.29**	0.35	(0.05)
Adjusted EBITDA[2]	**143**	120	23	**264**	356	(93)
Adjusted EBITDA margin, %	***17%***	*16%*		***16%***	*16%*	

2Q and 1H 2016 IFRS Financial Statements are available at:
www.tmk-group.com/media_en/texts/34/IFRS_TMK_6m2016_USD_en.pdf

2Q and 1H 2016 Review

Market

2Q 2016 vs. 1Q 2016

In 2Q 2016, the Russian pipe market contracted by 8% compared to the previous quarter, mostly due to weaker LDP demand as a result of lower purchasing activity by Gazprom. The OCTG market decreased by 16% quarter-on-quarter, predominantly due to the structural changes in OCTG demand, weighted more towards smaller diameter pipes specifically supplied for horizontal drilling in existing vertical wells.

In the US, the average number of rigs in 2Q 2016 fell by 24% compared to the prior quarter (Baker Hughes). OCTG shipments decreased by 43% quarter-on-quarter (Preston Pipe Report). At the same time, OCTG inventories increased to an average 10.8 months compared to 9.5 in the previous quarter.

In 2Q 2016, the European pipe market remained nearly unchanged compared to the previous quarter, with low pipe consumption, strong competition and high import volumes, which continued to put pressure on prices.

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

[1] One GDR represents four ordinary shares

[2] Adjusted EBITDA is determined as profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortization, foreign exchange (gain)/loss, impairment/(reversal of impairment) of non-current assets, movements in allowances and provisions (except for provision for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash items.

40 Pokrovka St, Building 2A, Moscow, Russia 105062, www.tmk-group.com

1H 2016 vs. 1H 2015

The Russian pipe market decreased by 6% year-on-year, due to weaker LDP demand in 1H 2016 compared to the record high volumes in 1H 2015. OCTG consumption increased by 6% compared to the same period of 2015, supported by the growth of drilling activity in Russia by 17% year-on-year.

In the US, the average number of rigs in 1H 2016 fell by 57% compared to 1H 2015 (Baker Hughes), following a continued decline in oil prices. OCTG shipments decreased by 66% year-on-year (Preston Pipe Report). OCTG inventories increased to an average 10.2 months compared to 8.2 in 1H 2015.

There were no major changes in the European market in 1H 2016 compared to 1H 2015.

Financial

2Q 2016 vs. 1Q 2016

The Company's strong performance in 2Q 2016 reflected stable results at the Russian division and improved conditions at the American division as well as a positive impact of currency translation, which resulted from rouble appreciation against the US dollar.

Revenue increased by $91 million compared to 1Q 2016, mostly due to a positive effect of currency translation.

Adjusted EBITDA grew by $23 million compared to the previous quarter, largely due to a positive effect of currency translation at the Russian division and lower selling expenses. The adjusted EBITDA margin improved from 16% in 1Q 2016 to 17% in 2Q 2016.

In 2Q 2016, net profit was $57 million compared to $14 million in the previous quarter, as a result of stronger results overall.

Total debt decreased marginally from $2,838 million as at March 31, 2016, to 2,829 million as at June 30, 2016.

Net debt decreased by $110 million compared to March 31, 2016, and amounted to $2,497 million as at June 30, 2016. Net repayment of borrowings amounted to $55 million in 2Q 2016 compared to $37 million in the previous quarter.

1H 2016 vs. 1H 2015

For 1H 2016, revenue fell by $682 million year-on-year, mostly due to a negative effect of currency translation and weaker sales at the American division, as a result of falling US drilling activity and low E&P spending.

The same factors affected adjusted EBITDA for 1H 2016, which fell by $93 million compared to the same period of last year. The adjusted EBITDA margin remained flat at 16%.

Total debt increased from $2,801 million as at December 31, 2015 to $2,829 million as at June 30, 2016, as a result of rouble appreciation against the US dollar. The weighted average nominal interest rate increased by 3 bps to 9.09% as at the end of the reported period.

Net debt remained marginally flat as at June 30, 2016 compared to December 31, 2015, and amounted to $2,497 million. Net repayment of borrowings amounted to $91 million for 1H 2016 compared to $228 million for 1H 2015.

Capex for 1H 2016 was reduced to $63 million, compared with $98 million for 1H 2015.

Outlook

In Russia, TMK anticipates 3Q 2016 sales to be lower compared to 2Q 2016, mostly due to seasonally weaker OCTG demand and pre-planned maintenance works at TMK's Russian plants. In 4Q 2016, the Company expects seasonally strong OCTG demand as the Russian oil and gas majors begin to stock up on pipes. Margins at the Russian division are expected to be similar to FY 2015, supported by strong OCTG demand and TMK's ongoing cost-cutting program.

In the US, TMK expects a moderate increase in drilling activity during the second half of the year. The Company anticipates demand for new production and shipments to be somewhat dampened by the large distributor inventories built up during 15 months' worth of declining rig count. As such, TMK expects demand from oil and gas companies to continue to improve in the fourth quarter of the year, to coincide with the start of a gradual recovery in prices.

Industrial pipe consumption in the European pipe market will somewhat decline in 3Q 2016, affected by the holiday season and a seasonal slowdown of business activity, while prices are expected to remain nearly flat quarter-on-quarter. In 4Q 2016, the Company expects an improvement in its sales and financial performance at the European division.

Overall, TMK anticipates an improved EBITDA performance in 2H 2016 driven by a gradual improvement at the American division and stable results at the Russian division. The Company expects the FY 2016 EBITDA margin to remain flat compared to FY 2015.

2Q and 1H 2016 Segment Results

RUSSIAN DIVISION

(In millions of US$, unless stated otherwise)

	2Q 2016	1Q 2016	*Change, %*		1H 2016	1H 2015	*Change, %*
Sales (thousand tonnes)	**784**	759	3%		1,543	1,615	(4)%
Revenue	**731**	655	12%		1,386	1,706	(19)%
Gross profit	**203**	188	8%		391	431	(9)%
Gross profit margin, %	***28%***	*29%*			*28%*	*25%*	
Adjusted EBITDA	**161**	146	11%		307	324	(5)%
Adjusted EBITDA margin, %	***22%***	*22%*			*22%*	*19%*	

2Q 2016 vs. 1Q 2016

- Results for 2Q 2016 at the Russian division reflected a positive effect of currency translation. Excluding this effect, revenue would have been relatively flat quarter-on-quarter.
- While the Company achieved higher sales of seamless and welded pipe, LD pipe sales represented a smaller share of the product mix.

1H 2016 vs. 1H 2015

- The weaker financial performance of the Russian division in 1H 2016 was mostly attributable to a negative effect of currency translation. Excluding this effect, revenue would have remained stable year-on-year and gross profit would have increased by $63 million compared to 1H 2015.
- Higher prices and a favorable seamless pipe product mix contributed to the improved adjusted EBITDA margin in 1H 2016 compared to 1H 2015.

AMERICAN DIVISION

(In millions of U.S.$, unless stated otherwise)

	2Q 2016	1Q 2016	*Change, %*	1H 2016	1H 2015	*Change, %*
Sales (thousand tonnes)	**65**	50	31%	**115**	267	(57)%
Revenue	**75**	65	14%	**140**	477	(71)%
Gross profit/(loss)	**(21)**	(43)	n/a	**(64)**	33	n/a
Gross profit margin, %	***(28)%***	*(66)%*		***(46)%***	*7%*	
Adjusted EBITDA	**(22)**	(32)	n/a	**(54)**	12	n/a
Adjusted EBITDA margin, %	***(30)%***	*(48)%*		***(38)%***	*2%*	

2Q 2016 vs. 1Q 2016

- Increased sales of both seamless and welded pipe drove improved results at the American division in 2Q 2016, compared to 1Q 2016.

1H 2016 vs. 1H 2015

- Year-on-year, a significant fall in drilling activity combined with E&P spending cuts in the North American market led to a significant decline in OCTG sales at the American division, as well as a deterioration of the pricing environment.

EUROPEAN DIVISION

(In millions of U.S.$, unless stated otherwise)

	2Q 2016	1Q 2016	*Change, %*	1H 2016	1H 2015	*Change, %*
Sales (thousand tonnes)	**47**	43	9%	90	100	(10)%
Revenue	**47**	41	13%	88	114	(22)%
Gross profit	**9**	8	5%	17	29	(42)%
Gross profit margin, %	***19%***	*20%*		*19%*	*26%*	
Adjusted EBITDA	**4**	6	(30)%	10	20	(50)%
Adjusted EBITDA margin, %	***9%***	*15%*		*12%*	*18%*	

2Q 2016 vs. 1Q 2016

- In 2Q 2016, revenue at the European division increased as a result of higher seamless pipe sales compared to the prior quarter, while gross profit remained largely unchanged.

1H 2016 vs. 1H 2015

- Year-on-year performance at the European division was generally affected by lower seamless pipe sales and weaker pricing.

40 Pokrovka St, Building 2A, Moscow, Russia 105062, www.tmk-group.com

2Q and 1H 2016 IFRS Results Conference Call:

TMK's management will hold a conference call to present 2Q and 1H 2016 financial results today, August 19, 2016, at 09:00 New York / 14:00 London / 16:00 Moscow.

To join the conference call please dial:

UK Local:	+44 2030 432440
UK Toll Free:	0808 238 1774
Russia:	+7 495 221 6523
Russia Toll Free:	810 800 204 14011
U.S. Local:	+1 877 887 4163
Conference ID:	23094931#

(We recommend that participants start dialing-in 5-10 minutes in advance to ensure a timely start for the conference call)

***

For further information regarding TMK please visit www.tmk-group.com or download the YourTube iPad application from the App Store https://itunes.apple.com/ru/app/yourtube/id516074932?mt=8&ls=1

or contact:

TMK IR Department:
Marina Badudina
Tel: +7 (495) 775-7600
IR@tmk-group.com

TMK PR Department:
Alexander Goryunov
Tel: +7 (495) 775-7600
PR@tmk-group.com

International Media Relations:
Andrew Hayes / Emily Dillon
Tel: +44 (0) 20 7796 4133
Edillon@hudsonsandler.com

***

TMK (www.tmk-group.com)

TMK (LSE: TMKS) is a leading global manufacturer and supplier of steel pipes for oil and gas industry, operating 30 production sites in the United States, Russia, Canada, Romania, Oman, UAE and Kazakhstan with two R&D centers in Russia and the USA. In 2015, TMK's pipe shipments totalled 3.87 million tonnes. The largest share of TMK's sales belongs to high margin oil country tubular goods (OCTG), shipped to customers in over 80 countries. TMK delivers its products along with an extensive package of services in heat treating, protective coating, premium connections threading, warehousing and pipe repairing.

TMK's securities are listed on the London Stock Exchange, the OTCQX International Premier trading platform in the U.S. and on the Moscow Exchange MICEX-RTS.

TMK's assets structure by division:

- Russian division:
  - Volzhsky Pipe Plant;
  - Seversky Tube Works;
  - Taganrog Metallurgical Works;
  - Sinarsky Pipe Plant;
  - TMK-CPW;
  - TMK-Kaztrubprom;
  - TMK-INOX;
  - TMK-Premium Service;
  - TMK Oilfield Services;
  - TMK CHERMET.
- American division:
  - 12 plants of TMK IPSCO;
  - OFS International LLC;
  - TMK Completions.
- European division:
  - TMK-ARTROM;
  - TMK-RESITA.
- Middle East Division:
  - TMK GIPI (Oman).