November 16, 2016 **PRESS RELEASE**

TMK Announces 3Q and 9M 2016 IFRS Results

Inside information: This announcement does not contain 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 third quarter of 2016 and nine months ending September 30, 2016.

3Q and 9M 2016 Highlights

Financial

- Revenue at $822m in 3Q 2016, down by $30m q-o-q, and $2,436m for 9M 2016, down by $777m y-o-y
- Adjusted EBITDA at $126m in 3Q 2016, down by $17m q-o-q, and $390m for 9M 2016, down by $103m y-o-y
- Adjusted EBITDA margin at 15% in 3Q 2016 and 16% for 9M 2016
- Net profit at $11m in 3Q 2016 and $81m for 9M 2016
- Net debt at $2,598m as at September 30, 2016
- Net repayment of borrowings in 9M 2016 amounted to $65m

Developments

- In September 2016, EGM approved payment of interim dividends for the first six months of 2016 of RUB 1.94 per share, amounting to a total of RUB 2,004,282,610.04.
- In November 2016, TMK GIPI signed a $200 mln contract with Petroleum Development Oman to supply 6"-24" diameter line pipe.
- In November 2016, TMK and Metalloinvest signed a one-year renewable agreement for supply of hot-briquetted iron (HBI). The contact is based on a pricing formula that takes into account domestic and global indicative prices for metal feedstock.

Outlook

- TMK anticipates stronger financial results for 4Q 2016 and the FY 2016 EBITDA margin to remain nearly flat compared to FY 2015.

Alexander Shiryaev, CEO of TMK, said:

"While our results for the quarter have largely reflected the continuing challenges in the global oil and gas market, the Company has continued to focus on improving operational efficiencies to support margins and profitability.

Meanwhile, improving results for the American division also reflected growth in the US oil and gas market, which is expected to continue, and TMK has increased its market share in Russia, where a strong recovery in demand for OCTG is expected in 4Q."

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Group Summary 3Q and 9M 2016 Results

(In millions of US$, unless stated otherwise)

	3Q 2016	2Q 2016	*Change, $ mln*	9M 2016	9M 2015	*Change, $ mln*
Sales (thousand tonnes), including:	**826**	896	(71)	**2,574**	2,944	(371)
Seamless	**608**	598	9	**1,774**	1,806	(31)
Welded	**218**	298	(80)	**799**	1,139	(339)
Revenue	**822**	853	(30)	**2,436**	3,213	(777)
Gross profit	**165**	191	(26)	**509**	671	(162)
Gross profit margin, %	***20%***	*22%*		***21%***	*21%*	
Net profit	**11**	57	(46)	**81**	3	78
Earnings per GDR[1], basic, U.S.$	**0.05**	0.23	(0.18)	**0.33**	0.03	0.31
Adjusted EBITDA[2]	**126**	143	(17)	**390**	493	(103)
Adjusted EBITDA margin, %	***15%***	*17%*		***16%***	*15%*	

3Q and 9M 2016 IFRS Financial Statements are available at:
www.tmk-group.com/media_en/texts/34/ifrs_TMK_9m_2016_USD_en.pdf

3Q and 9M 2016 Review

Market

3Q 2016 vs. 2Q 2016

In 3Q 2016, the Russian pipe market overall contracted by 5% compared to the previous quarter, mostly due to lower welded industrial pipe consumption and weaker LDP demand. The OCTG market grew by 6% quarter-on-quarter.

In the US, the average number of rigs in 3Q 2016 increased by 14% compared to the prior quarter (Baker Hughes). OCTG shipments increased by 41 % quarter-on-quarter (Preston Pipe Report). At the same time, OCTG months of inventory decreased to an average 9.1 compared to 10.8 in the previous quarter, as consumption picked up and total inventory continued its slide down.

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, non-recurring and unusual items.

In 3Q 2016, management amended its definition of Adjusted EBITDA. For the updated methodology, please refer to the Financial Statements for the nine months ended September 30, 2016. Previous periods were also recalculated with EBITDA for the last twelve months ended September 30, 2016 equialling $548 million.

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In 3Q 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.

9M 2016 vs. 9M 2015

The Russian pipe market declined by 10% year-on-year, due to significantly lower LDP demand in 9M 2016 following the record high volumes of 2015. OCTG consumption increased by 5% compared to the same period of 2015, supported by the growth of drilling activity in Russia by 16% year-on-year.

In the US, the average number of rigs in 9M 2016 fell by 54% compared to 9M 2015 (Baker Hughes). OCTG shipments decreased by 55% year-on-year (Preston Pipe Report). At the same time, OCTG months of inventory increased to an average 9.8 compared to 8.3 in 9M 2015, as the rate of decline in consumption outpaced the total inventory reduction in the market.

There were no major changes in the European market in 9M 2016 compared to 9M 2015.

Financial

3Q 2016 vs. 2Q 2016

The Company's weaker performance in 3Q 2016 reflected anticipated lower sales at the Russian division partially due to planned capital repairs on the Company's main pipe rolling equipment, and conditions at the American division, which remain challenging.

Revenue decreased by $30 million compared to 2Q 2016, due to significantly weaker demand for welded industrial and line pipe coupled with lower sales of seamless pipe due to planned capital repairs.

The adjusted EBITDA margin amounted to 15% in 3Q 2016 compared to 17% in 2Q 2016. The decline of $17 million in EBITDA q-o-q was mostly attributable to a less favorable product mix in seamless pipe and lower welded pipe sales at the Russian division.

In 3Q 2016, net profit was $11 million compared to $57 million in the previous quarter, due to weaker results overall.

Total debt increased from $2,829 million as at June 30, 2016, to $2,889 million as at September 30, 2016, as a result of the ruble appreciation against the US dollar.

Net debt increased by $101 million compared to June 30, 2016, and amounted to $2,598 million as at September 30, 2016.

9M 2016 vs. 9M 2015

For 9M 2016, revenue fell by $777 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 9M 2016, which fell by $103 million compared to the same period of last year. The adjusted EBITDA margin improved to 16% for 9M 2016 from 15% for 9M 2015.

Total debt increased from $2,801 million as at December 31, 2015 to $2,889 million as at September 30, 2016, as a result of the ruble appreciation against the US dollar. The weighted average nominal interest rate decreased by 6 bps to 9.00% as at the end of the reported period.

Net debt increased as at September 30, 2016 compared to December 31, 2015, and amounted to $2,598 million. Net repayment of borrowings amounted to $65 million for 9M 2016.

Capex for 9M 2016 was reduced to $110 million, compared with $162 million for 9M 2015.

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Outlook

In Russia, TMK anticipates strong OCTG demand will support sales growth for 4Q 2016 compared to 3Q 2016, as oil companies begin seasonal procurements. FY 2016 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.

With the global oil market expected to come into balance by mid-2017, the Company anticipates the gradual recovery of the North American rig count and pipe market, which started in 2Q 2016, to continue subject to oil price growth. The American division should reach close to breakeven on EBITDA in 4Q 2016.

Despite industrial pipe consumption remaining relatively weak on the European market in 4Q 2016, the European division expects to maintain stable results.

Overall, TMK anticipates stronger financial results for 4Q 2016 and the FY 2016 EBITDA margin to remain nearly flat compared to FY 2015.

3Q and 9M 2016 Segment Results

RUSSIAN DIVISION

(In millions of US$, unless stated otherwise)

	3Q 2016	2Q 2016	Change, %		9M 2016	9M 2015	Change, %
Sales (thousand tonnes)	**710**	784	(9)%		2,254	2,440	(8)%
Revenue	**671**	731	(8)%		2,057	2,428	(15)%
Gross profit	**161**	203	(21)%		552	613	(10)%
Gross profit margin, %	***24%***	*28%*			*27%*	*25%*	
Adjusted EBITDA	**127**	161	(21)%		434	468	(7)%
Adjusted EBITDA margin, %	***19%***	*22%*			*21%*	*19%*	

3Q 2016 vs. 2Q 2016

- Results for 3Q 2016 at the Russian division reflected weaker sales of seamless pipe due to planned capital repairs at TMK's key pipe rolling mills and significantly lower volumes of welded industrial and line pipe.

9M 2016 vs. 9M 2015

- The weaker financial performance of the Russian division in 9M 2016 was mostly attributable to a negative effect of currency translation. Excluding this effect, revenue would have decreased by $37 million year-on-year and gross profit would have increased by $46 million compared to 9M 2015.
- Decrease in EBITDA was partially offset by lower selling, administrative and other operating expenses.
- Higher prices and a favorable seamless pipe product mix contributed to the improved adjusted EBITDA margin in 9M 2016 compared to 9M 2015.

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AMERICAN DIVISION

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

	3Q 2016	2Q 2016	Change, %	9M 2016	9M 2015	Change, %
Sales (thousand tonnes)	**74**	65	13%	**189**	365	(48)%
Revenue	**106**	75	42%	**246**	629	(61)%
Gross profit/(loss)	**(7)**	(21)	n/a	**(70)**	23	n/a
Gross profit margin, %	***(6)%***	*(28)%*		***(29)%***	*4%*	
Adjusted EBITDA	**(9)**	(22)	n/a	**(63)**	2	n/a
Adjusted EBITDA margin, %	***(9)%***	*(30)%*		***(26)%***	*0.3%*	

3Q 2016 vs. 2Q 2016

- A continued increase in seamless pipe sales drove improved results at the American division in 3Q 2016, compared to 2Q 2016.
- In 3Q 2016, the American division achieved a further reduction in EBITDA loss to minus $9 million compared to minus $22 million in the previous quarter, as a result of its cost-cutting program and the recovering US oil and gas market.

9M 2016 vs. 9M 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)

	3Q 2016	2Q 2016	Change, %	9M 2016	9M 2015	Change, %
Sales (thousand tonnes)	**41**	47	(13)%	130	139	(6)%
Revenue	**45**	47	(4)%	134	156	(15)%
Gross profit	**11**	9	21%	28	35	(22)%
Gross profit margin, %	***24%***	*19%*		*21%*	*23%*	
Adjusted EBITDA	**8**	4	92%	18	23	(21)%
Adjusted EBITDA margin, %	***18%***	*9%*		*14%*	*15%*	

3Q 2016 vs. 2Q 2016

- In 3Q 2016, revenue at the European division decreased by $2 million due to lower seamless industrial pipe sales (as a result of planned capital repairs on the Company's key pipe rolling equipment) while gross profit increased by $2 million compared to the previous quarter.

9M 2016 vs. 9M 2015

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

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3Q and 9M 2016 IFRS Results Conference Call:

TMK's management will hold a conference call to present 3Q and 9M 2016 financial results today, November 16, 2016, at 09:00 New York / 14:00 London / 17:00 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:	17084235#

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

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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

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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;
  - TMK Completions.
- European division:
  - TMK-ARTROM;
  - TMK-RESITA.
- Middle East Division:
  - TMK GIPI (Oman).

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