March 13, 2017 **PRESS RELEASE**

TMK Announces 4Q and FY 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 audited consolidated IFRS financial results for the year ended December 31, 2016.

4Q and FY 2016 Highlights

Financial

- 4Q Revenue up 10% q-o-q at $902m, FY Revenue at $3,338m, down 19% y-o-y
- 4Q Adjusted EBITDA up 11% q-o-q at $140m, FY Adjusted EBITDA at $530m, down 19% y-o-y
- Adjusted EBITDA margin at 16% both in 4Q 2016 and for FY 2016
- Net profit at $84m in 4Q 2016 and $166m for the FY
- Net debt at $2,539m as at December 31, 2016
- Net repayment of borrowings for FY 2016 amounted to $53m

Developments

- In August 2016, TMK premium threaded connections TMK UP FJ and TMK UP SF passed a qualification audit for supply to Kuwait Oil Company.
- In December 2016, under a long-term import-substitution agreement with Gazprom to supply tubular products, TMK shipped specification H2S-resistant tubing for Gazprom's Astrakhanskoye oil and gas condensate field.
- In February 2017, TMK placed 138,888,888 of the Company's existing ordinary shares in a secondary public offering, attracting international investment and raising the free float to c.35%.

Outlook

- Increased drilling activity in the US is expected to drive an improved performance of the American division, which will support stronger financial results for FY 2017, with the EBITDA margin expected to remain broadly in line with FY 2016.

Alexander Shiryaev, CEO of TMK, said:

"We are pleased to report more positive momentum in the final quarter at the end of a challenging year. This largely reflected a strong performance from our Russian business and increased consumption of seamless OCTG in the US.

In February 2017, we also increased the liquidity of our stock and diversified our investor base through a successful secondary public offering.

The improved performance of our US business with the recovery in the US oil and gas market allows us to look with confidence towards the new financial year as we expect to continue our operational and financial progress."

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

Group Summary 4Q and FY 2016 Results

(In millions of US$, unless stated otherwise)

	4Q 2016	3Q 2016	*Change, $ mln*	FY 2016	FY 2015	*Change, $ mln*
Sales (thousand tonnes), including:	**884**	826	59	**3,458**	3,871	(413)
Seamless	**637**	608	30	**2,412**	2,410	2
Welded	**247**	218	29	**1,046**	1,461	(415)
Revenue	**902**	822	79	**3,338**	4,127	(789)
Gross profit	**195**	165	30	**704**	845	(141)
Gross profit margin, %	***22%***	*20%*		***21%***	*20%*	
Net profit	**84**	11	73	**166**	(368)	534
Earnings per GDR[1], basic, U.S.$	**0.33**	0.05	0.28	**0.66**	(1.58)	2.25
Adjusted EBITDA[2]	**140**	126	14	**530**	651	(121)
Adjusted EBITDA margin, %	***16%***	*15%*		***16%***	*16%*	

4Q and FY 2016 IFRS Financial Statements are available at:
www.tmk-group.com/media_en/texts/34/IFRS_TMK_2016_usd_en.pdf

4Q and FY 2016 Review

Market

4Q 2016 vs. 3Q 2016

In 4Q, the Russian pipe market contracted by 1% overall compared to the previous quarter, as higher OCTG demand was largely offset by weaker consumption of LDP and welded industrial pipe. The OCTG market grew by 15% quarter-on-quarter.

In the US, the average rig count in 4Q 2016 increased by 21% compared to the prior quarter (Baker Hughes). OCTG shipments increased by 32% quarter-on-quarter (Preston Pipe Report) and OCTG inventories decreased to an average 5.3 months compared to 7.6 in the previous quarter.

In 4Q, pipe market conditions in Europe remained challenging, with low pipe consumption, strong competition and high import volumes. At the same time, pipe prices increased quarter-on-quarter due to higher raw materials 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, 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.

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FY 2016 vs. FY 2015

The Russian pipe market declined by 10% year-on-year, due to significantly lower LDP demand in 2016 following the record high volumes of 2015. OCTG consumption increased by 4% compared to 2015, supported by a 12% growth in drilling activity in Russia year-on-year.

In the US, the average rig count in 2016 fell by 6% compared to 2015 (Baker Hughes) and OCTG shipments decreased by 41% year-on-year (Preston Pipe Report). OCTG inventories remained flat compared to 2015 and amounted to an average 8.2 months in 2016.

Whilst the European market saw declining pipe prices for most of 2016, there was a recovery towards the end of the year with some pick up in pipe volumes.

Financial

4Q 2016 vs. 3Q 2016

Revenue increased by 10% $79 million compared to 3Q 2016, driven by higher sales of welded line pipe at the Russian division and increased consumption of seamless OCTG at the American division.

Adjusted EBITDA margin improved to 16% in 4Q 2016 compared to 15% in 3Q 2016. The growth of $14 million in EBITDA q-o-q was mostly attributable to higher sales of welded line pipe and seamless pipe at the Russian division as well as a more favourable product mix in LDP.

In 4Q 2016, net profit was $84 million compared to $11 million in the previous quarter, due to stronger results overall.

Total debt increased from $2,878 million as at September 30, 2016, to $2,897 million as at December 31, 2016, relating to ruble appreciation against the US dollar.

Net debt decreased by $48 million compared to September 30, 2016, and amounted to $2,539 million as at December 31, 2016.

FY 2016 vs. FY 2015

For FY 2016, revenue fell by $789 million year-on-year, mostly due to a negative currency translation effect, lower LDP volumes at the Russian division compared to a record high 2015, and weak sales at the American division as a result of falling US drilling activity and low E&P spending.

The same factors negatively affected adjusted EBITDA for FY 2016 which declined by $121 million compared to FY 2015. Adjusted EBITDA margin remained broadly in line year-on-year, at 16%.

Total debt increased from $2,776 million as at December 31, 2015 to $2,897 million as at December 31, 2016, relating to ruble appreciation against the US dollar. The weighted average nominal interest rate decreased by 3 bps to 9.03% as at the end of the reported period.

Net debt increased as at December 31, 2016 compared to December 31, 2015, and amounted to $2,539 million. Net repayment of borrowings amounted to $53 million for FY 2016.

Capex for FY 2016 was reduced to $175 million, compared with $208 million for FY 2015.

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Outlook

In Russia, TMK believes planned oil production cuts by Russian oil and gas companies will not have a significant impact on OCTG and line pipe demand in 2017, and seamless oil and gas pipe consumption will remain strong in 2017 with potential for moderate growth. A hike in raw materials prices could have a negative impact on the Russian division's performance in 1Q 2017, however this should be offset by a further increase in pipe prices in 2Q 2017. TMK expects lower LDP consumption in 2017, due to the completion or rescheduling of a number of major pipeline construction projects.

The US has seen steady growth in drilling activity, which should continue in 2017. At year's end, there were 60% more rigs compared to June 2016. OCTG consumption is growing with inventory levels dropping. TMK believes the American division has passed the bottom of the crisis and is cautiously optimistic about the future. There are multiple signs that give the Company renewed confidence, including strengthening prices and longer booking horizons.

In Europe, TMK expects pipe prices to recover and product mix to improve in 2017, which should positively impact financial results of the European division.

Overall, TMK anticipates stronger financial results for FY 2017 supported by an improved performance of the American division, and the EBITDA margin broadly in line with FY 2016.

4Q and FY 2016 Segment Results

RUSSIAN DIVISION

(In millions of US$, unless stated otherwise)

	4Q 2016	3Q 2016	Change, %		FY 2016	FY 2015	Change, %
Sales (thousand tonnes)	**747**	710	5%		3,001	3,252	(8)%
Revenue	**739**	671	10%		2,796	3,189	(12)%
Gross profit	**195**	161	21%		746	817	(9)%
Gross profit margin, %	***26%***	*24%*			*27%*	*26%*	
Adjusted EBITDA	**144**	127	13%		578	643	(10)%
Adjusted EBITDA margin, %	***19%***	*19%*			*21%*	*20%*	

4Q 2016 vs. 3Q 2016

- Results for 4Q 2016 at the Russian division reflected stronger sales of welded line pipe, higher revenue from other operations, including steel billets sales and coating services to third parties, as well as a positive effect of currency translation.

FY 2016 vs. FY 2015

- The weaker financial performance of the Russian division for FY 2016 was mostly attributable to a negative effect of currency translation. Excluding this effect, revenue would have decreased by $99 million year-on-year and gross profit would have increased by $27 million compared to FY 2015.
- The decrease in EBITDA was partially offset by a reduction in selling, administrative and other operating expenses delivered mostly by TMK's cost cutting program.
- Favourable seamless pipe product mix contributed to the improved adjusted EBITDA margin in FY 2016 compared to FY 2015.

AMERICAN DIVISION

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

	4Q 2016	3Q 2016	*Change, %*	FY 2016	FY 2015	*Change, %*
Sales (thousand tonnes)	**93**	74	25%	**282**	440	(36)%
Revenue	**122**	106	15%	**368**	742	(50)%
Gross profit/(loss)	**(10)**	(7)	n/a	**(81)**	(18)	n/a
Gross profit margin, %	***(8)%***	*(6)%*		***(22)%***	*(2) %*	
Adjusted EBITDA	**(9)**	(9)	n/a	**(72)**	(23)	n/a
Adjusted EBITDA margin, %	***(8)%***	*(9)%*		***(20)%***	*(3)%*	

4Q 2016 vs. 3Q 2016

- In 4Q 2016, revenue at the American division increased, mostly as a result of higher seamless OCTG sales on the back of a demand recovery in the North American market, compared to 3Q 2016.
- Gross loss increased by $4 million quarter-on-quarter, due to gross loss from welded pipe sales resulting partially from increased HRC prices.

FY 2016 vs. FY 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)

	4Q 2016	3Q 2016	*Change, %*	FY 2016	FY 2015	*Change, %*
Sales (thousand tonnes)	**45**	41	9%	175	178	(2)%
Revenue	**41**	45	(10)%	174	196	(11)%
Gross profit	**10**	11	(4) %	38	46	(18)%
Gross profit margin, %	***25%***	*24%*		*22%*	*24%*	
Adjusted EBITDA	**6**	8	(28)%	24	30	(19)%
Adjusted EBITDA margin, %	***14%***	*18%*		*14%*	*15%*	

4Q 2016 vs. 3Q 2016

- In 4Q 2016, revenue at the European division decreased by $4 million due to lower steel billets sales and a negative effect of currency translation.

FY 2016 vs. FY 2015

- Year-on-year performance at the European division was generally affected by unfavourable seamless pipe pricing environment.

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4Q and FY 2016 IFRS Results Conference Call:

TMK's management will hold a conference call to present the Company's 4Q and FY 2016 financial results today, March 13, 2017, 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:	65733707#

(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 27 production sites in the United States, Russia, Canada, Romania, Oman and Kazakhstan with two R&D centers in Russia and the USA. In 2016, TMK's pipe shipments totalled 3.46 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.
- 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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