



20 April 2017

PRESS RELEASE

TMK Announces 1Q 2017 Operational Results

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

TMK, one of the world's leading producers of tubular products for the oil and gas industry, announces its operational results for the first quarter of 2017.

1Q 2017 Summary Results

(thousand tonnes)

Product	1Q 2017	4Q 2016	Q-o-Q, %	1Q 2017	1Q 2016	Y-o-Y, %
Seamless pipe	658	633	4.0%	658	564	16.7%
Welded pipe	192	249	(23.0)%	192	281	(31.8)%
Total	850	882	(3.7)%	850	845	0.6%
including OCTG	426	382	11.6%	426	312	36.7%

1Q 2017 Highlights

- TMK's total shipments of steel pipe were down 3.7% quarter-on-quarter and 0.6% up year-on-year to 850 thousand tonnes. The slight drop was mainly due to weaker demand for welded pipe, primarily large diameter pipe (LDP).
- Seamless pipe shipments were up 4% q-o-q and 16.7% y-o-y to 658 thousand tonnes, driven by steady demand from oil and gas companies.
- Welded pipe shipments were 192 thousand tonnes, down 23.0% q-o-q and 31.8% y-o-y, due to a significant decline in LDP demand in line with TMK's earlier guidance.



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- Shipments of OCTG pipe, TMK's core and most profitable product, increased 11.6% q-o-q and 36.7% y-o-y to 426 thousand tonnes. This was driven by an increase in both seamless and welded OCTG shipments on the back of higher drilling activity in Russia and in the US. The Group's American division almost tripled seamless OCTG shipments in 1Q 2017.
- Shipments of premium-threaded connections were up 7.5% q-o-q to 187 thousand joints as shipments of premium products by the American division grew on the back of the US pipe market recovery. The growth y-o-y stands at an impressive 80.6%.

Alexander Shiryaev, TMK's CEO, said:

“Sales growth of our core product, seamless OCTG, reflects the gradual recovery of the US oil and gas market and steady demand for our products from upstream players in Russia. TMK's American division has significantly increased its shipments. We expect that the levels of activity in the oil and gas sector will remain high in our key markets, driving increased demand for our pipes”.

1Q 2017 Results by Division

RUSSIAN DIVISION

1Q 2017 vs. 4Q 2016

In 1Q 2017, TMK's Russian division shipped a total of 650 thousand tonnes¹ of tubular products, down 9.8% q-o-q. OCTG shipments grew by 8.9% to 309 thousand tonnes due to a surge in demand from oil and gas companies.

Seamless pipe shipments amounted to 493 thousand tonnes, up 1.6% q-o-q.

Welded pipe shipments decreased by 33.4% to 157 thousand tonnes, primarily due to persistently weaker demand for LDP: LDP shipments were 51 thousand tonnes, down 58.1% q-o-q.

1Q 2017 vs. 1Q 2016

Year-on-year, shipments were down 12.2% in 1Q 2017.

¹ This includes shipments from TMK's Russian facilities, TMK-Kaztrubprom and TMK GIPI to the Russian, CIS and non-CIS markets (excluding North America).



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OCTG shipments grew by 13.9% due to increased drilling activity in the oil and gas sector.

Seamless pipe shipments were up 2.5%.

Welded pipe shipments dropped by 39.4% y-o-y due to lower LDP consumption.

AMERICAN DIVISION

1Q 2017 vs. 4Q 2016

Drilling activity is on the rise in the United States. According to Baker Hughes, the active rig count in the USA reached 824 rigs by the end of 1Q 2017, a 25% increase q-o-q. As a consequence, OCTG consumption continued recovering and inventories have returned to normal levels.

In 1Q 2017, TMK's American division shipped 154 thousand tonnes of pipe, up 31.9% q-o-q. Seamless pipe shipments were up 15.0% to 119 thousand tonnes, largely driven by higher shipments of OCTG, which grew 13.3% q-o-q to 110 thousand tonnes. Shipments of welded pipe were 34 thousand tonnes, a 2.7-fold (+169.5%) increase quarter-on-quarter.

1Q 2017 vs. 1Q 2016

In 1Q 2017, TMK's American division grew shipments 2.4-fold (+142.4%) year-on-year on the back of a recovery in the US oil and gas market and increasing drilling activity.

Seamless pipe shipments increased 2.8-fold (+183.2%), including seamless OCTG, which were up 186.1% y-o-y. Welded pipe shipments were up 61.5%.

EUROPEAN DIVISION

1Q 2017 vs. 4Q 2016

Shipments of seamless pipe by TMK's European division were up 3.5% y-o-y to 46 thousand tonnes. There has been some improvement in the European market, although it remains highly competitive.

1Q 2017 vs. 1Q 2016

Seamless pipe shipments in the European division grew 12.7% y-o-y.

Premium Segment

The growth in shipments of TMK premium products in 1Q 2017 was largely driven by a higher active rig count in the North American market and



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increased demand for tubular products from oil and gas companies active in the US market.

In 1Q 2017, TMK started to ship drill pipe with TMK UP EXD double-shoulder premium tool joint connections. The first batch was shipped to Samotlorneftpromkhim.

The Company made its first shipment of casing pipe with TMK UP MAGNA threaded connections and GreenWell lubricant-free coating to LUKOIL. TMK's supervisors oversaw successful running of casing into the well at the Yu. Kuvykin field in the Caspian Sea.

TMK won Rosneft's tender to supply 13Cr steel tubing pipe with TMK UP PF premium connections.

2017 Outlook

In 2017 TMK expects high consumption of seamless OCTG and line pipe, with industrial pipe demand to increase in the Russian market. Demand for LDP will remain low.

The oil and gas industry in the United States and Canada will demonstrate further recovery, with OCTG consumption in North America growing and inventories staying at pre-downturn levels. TMK's American division comes through the crisis and anticipates further growth in shipments as selling prices for tubular products are edging up and its customers, oil and gas companies, are extending their planning horizons. The American division increased welded operations by adding a second shift at Wilder and re-starting a one shift weld line operation at Blytheville. Supported by the announced pricing increase, the Company anticipates its North American business' financials to grow considerably in 2Q-4Q2017, given the steel price will not rise significantly.

The European market is showing signs of recovery, and in this context the Company expects continued growth in seamless pipe consumption and phased price increases for its products in the second quarter.

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

TMK on Facebook – <https://www.facebook.com/TMKGroupEN>

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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 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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