May 18, 2017 **PRESS RELEASE**

TMK Announces 1Q 2017 IFRS Results

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 unaudited interim consolidated IFRS financial results for the three months ended March 31, 2017.

1Q 2017 Highlights

Financial

- Revenue up 5% q-o-q and 24% y-o-y at $944 million
- Adjusted EBITDA up 1% q-o-q and 15% y-o-y at $142 million
- Adjusted EBITDA margin at 15%
- Net profit at $42 million
- Net debt at $2,640 million as at March 31, 2017
- Weighted average nominal interest rate at 9.07%

Developments

- In March 2017, TMK launched shipments of drill pipe with new TMK UP EXD connections, capable of withstanding higher torque loads and reducing assembly time, enabling cost savings in well drilling operations.
- In April 2017, TMK shipped the first batch of casing pipe with TMK UP MAGNA connections and GreenWell lubricant-free coating to LUKOIL.
- In April 2017, TMK placed a 5 billion rouble 10-year bond with 9.75% coupon rate.
- In April 2017, TMK received a RAEX credit rating of ruA, stable outlook.

Outlook

- TMK reiterates its previous guidance for FY 2017 of broadly flat margins y-o-y and overall stronger financial results compared to FY 2016 driven by a significantly improved performance of the American division.

Alexander Shiryaev, CEO of TMK, said:

"We are pleased to report a strong performance in the first quarter of 2017. 1Q marked a turnaround for our US division, which returned to sustainable profit as TMK continues to benefit from the improving market conditions in the US where we are one of the leading suppliers of premium tubular products for oil and gas producers.

We are confident that the increasingly favourable environment in the U.S. will support an even stronger Group performance in the second quarter, with further recovery driving growth in consumption of OCTG, one of TMK's core products."

Group Summary 1Q 2017 Results

(In millions of US$, unless stated otherwise)

	1Q 2017	4Q 2016	Change, %	1Q 2016	Change, %
Sales (thousand tonnes), including:	**848**	884	(4)%	852	-
Seamless	**663**	637	4%	568	17%
Welded	**186**	247	(25)%	284	(34)%
Revenue	**944**	902	5%	761	24%
Gross profit	**201**	195	3%	154	31%
Gross profit margin, %	***21%***	*22%*		*20%*	
Net profit	**42**	84	(50)%	14	196%
Earnings per GDR[1], basic, US$	**0.17**	0.32	(47)%	0.06	172%
Adjusted EBITDA[2]	**142**	140	1%	123	15%
Adjusted EBITDA margin, %	***15%***	*16%*		*16%*	

1Q 2017 IFRS Financial Statements are available at:
www.tmk-group.com/media_en/texts/34/TMK_IFRS_3m2017_usd.pdf

1Q 2017 Review

Market

1Q 2017 vs. 4Q 2016

In 1Q 2017, the Russian pipe market contracted by 8% overall compared to the previous quarter, due to weaker demand for LDP and welded industrial pipe. OCTG consumption increased by 12% quarter-on-quarter. Against a 3% decrease in drilling activity in Russia, the share of horizontal drilling continued to rise, from 35% in 4Q 2016 to 39% in 1Q 2017.

In the US, the average number of rigs in 1Q 2017 increased by 26% compared to the prior quarter (Baker Hughes), as oil prices remained stable. OCTG shipments increased by 36% quarter-on-quarter (Preston Pipe Report) and OCTG inventories decreased to an average 3.7 months compared to 5.3 in the previous quarter. Average composite OCTG seamless and welded pipe prices increased by 9% and 17% respectively compared to 4Q 2016 (Pipe Logix).

In 1Q 2017, conditions in the European pipe market improved compared to the previous quarter with higher pipe consumption, a healthier pricing environment and lower inventory levels.

1Q 2017 vs. 1Q 2016

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 1Q 2017, the Russian pipe market declined 18% year-on-year mostly due to lower consumption of welded pipe, and LDP in particular. At the same time, the OCTG market grew 14% compared to the same period of 2016, alongside a 5% rise in drilling activity in Russia, with the share of horizontal drilling increasing from 36% in 1Q 2016 to 39% in 1Q 2017.

In the US, the average rig count increased 35% for 1Q 2017 compared to the same period of 2016 (Baker Hughes). Domestic OCTG shipments more than doubled against the same period of 2016, driven by strong demand resulting from growing drilling activity. Average composite OCTG seamless and welded pipe prices increased 6% and 15% respectively compared to 1Q 2016 (Pipe Logix). OCTG inventories decreased to an average 3.7 months compared to 9.4 in 1Q 2016.

In 1Q 2017, pipe consumption increased year-on-year in the European market which supported growth in prices and let European pipe producers to load their capacities for 2-3 months upfront.

Financial

1Q 2017 vs. 4Q 2016

The Company's overall performance was positively impacted by the stronger performance of the American division.

Revenue was up by $42 million quarter-on-quarter mostly due to a significant revenue growth at the American division.

Adjusted EBITDA remained nearly flat at $142 million, as favourable market conditions enabled the American division to offset the Russian division's weaker performance.

In 1Q 2017, net profit was $42 million compared to $84 million in the previous quarter. Higher net profit for 4Q 2016 was attributed to the disposal of some of the Company's subsidiaries.

Total debt was $3,149 million as at March 31, 2017 as compared to $2,836 million as at December 31, 2016. Weighted average nominal interest rate grew 5 bps compared to December 31, 2016, to 9.07% as at the end of 1Q 2017.

Net debt increased by $161 million from $2,479 million as at December 31, 2016 to $2,640 million as at the end of the reported period, mainly relating to rouble appreciation against the US dollar.

1Q 2017 vs. 1Q 2016

Whilst sales levels remained stable, TMK's financial performance improved year-on-year, positively impacted by rouble appreciation against the US dollar and higher volumes at the American division. Revenue increased by $183 million year-on-year.

The $19 million growth in adjusted EBITDA year-on-year was mostly attributable to the overall stronger performance of the American division. Adjusted EBITDA margin was 15% compared to 16% in 1Q 2016.

Total debt increased from $2,767 million as at March 31, 2016 to $3,149 million, partially reflecting rouble appreciation against the US dollar. Weighted average nominal interest rate grew by 17 bps from 8.91% as at March 31, 2016 to 9.07% as at the end of the reported period.

Net debt was $2,640 million compared to $2,536 million as at March 31, 2016.

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Outlook

In Russia, TMK anticipates seamless OCTG pipe consumption to remain strong in 2017 with the potential for a moderate growth against 2016. At the same time, TMK expects LDP consumption in 2017 to remain at low level due to the completion or rescheduling of a number of major pipeline construction projects.

TMK believes the oil and gas industry in the United States and Canada will demonstrate further recovery, with OCTG consumption in North America growing and inventories remaining at pre-downturn levels. Supported by the announced pricing increases, the Company anticipates the American division's financial performance to further strengthen considerably in 2Q-4Q 2017, assuming a stable oil price and a constant or softening HRC price.

For FY 2017, industrial pipe consumption in the European pipe market is expected to increase and support further growth in prices.

TMK reiterates its previous guidance for FY 2017, anticipating broadly flat margins and overall stronger financial results compared to FY 2016, driven by a significantly improved performance of its American division.

1Q 2017 Segment Results

RUSSIAN DIVISION

(In millions of US$, unless stated otherwise)

	1Q 2017	**4Q 2016**	***Change, %***		**1Q 2016**	***Change, %***
Sales (thousand tonnes)	**675**	747	(10)%		759	(11)%
Revenue	**727**	739	(2)%		655	11%
Gross profit	**170**	195	(13)%		188	(10)%
Gross profit margin, %	***23%***	*26%*			*29%*	
Adjusted EBITDA	**127**	144	(11)%		148	(14)%
Adjusted EBITDA margin, %	***18%***	*19%*			*23%*	

1Q 2017 vs. 4Q 2016

- The quarter-on-quarter decline in performance at the Russian division was mostly due to lower LDP sales, resulting from the completion or rescheduling of a number of major pipeline construction projects.

1Q 2017 vs. 1Q 2016

- Year-on-year revenue growth was largely a reflection of the rouble appreciation against the US dollar.
- Adjusted EBITDA and adjusted EBITDA margin were impacted by a hike in raw materials prices in 1Q 2017 and lower LDP sales.

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AMERICAN DIVISION

(In millions of US$, unless stated otherwise)

	1Q 2017	4Q 2016	Change, %	1Q 2016	Change, %
Sales (thousand tonnes)	**128**	93	38%	50	158%
Revenue	**170**	122	39%	65	161%
Gross profit/(loss)	**23**	(10)	n/a	(43)	n/a
Gross profit margin, %	***14%***	*(8)%*		*(66)%*	
Adjusted EBITDA	**9**	(9)	n/a	(32)	n/a
Adjusted EBITDA margin, %	***5%***	*(8)%*		*(48)%*	

1Q 2017 vs. 4Q 2016

- The American division's financial performance improved significantly in 1Q 2017, as a result of a considerable increase in pipe sales following further demand recovery in the North American market.

1Q 2017 vs. 1Q 2016

- A dramatic year-on-year increase in rig count combined with E&P spending growth in the North American market led to a significant increase in pipe sales at the American division, which contributed to a solid financial performance.

EUROPEAN DIVISION

(In millions of US$, unless stated otherwise)

	1Q 2017	4Q 2016	Change, %	1Q 2016	Change, %
Sales (thousand tonnes)	**45**	45	-	43	6%
Revenue	**46**	41	14%	41	12%
Gross profit	**8**	10	(21)%	8	(4)%
Gross profit margin, %	***17%***	*25%*		*20%*	
Adjusted EBITDA	**5**	6	(14)%	6	(18)%
Adjusted EBITDA margin, %	***11%***	*14%*		*15%*	

1Q 2017 vs. 4Q 2016

- In 1Q 2017, higher seamless pipe prices combined with a favourable product mix at the European division contributed to a quarter-on-quarter revenue growth, while increased raw materials prices weighed on EBITDA and margins.

1Q 2017 vs. 1Q 2016

- Higher seamless pipe sales and stronger pricing positively impacted the European division's revenue in 1Q 2017 compared to 1Q 2016.
- Adjusted EBITDA margin decreased y-o-y mostly due to the growth in scrap prices in 1Q 2017.

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1Q 2017 IFRS Results Conference Call:

TMK's management will hold a conference call to present the Group's 1Q 2017 financial results today, May 18, 2017, 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:	8 10 8002 041 4011
US Local:	+1 877 887 4163
Conference ID:	35599146#

(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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