August 18, 2017 **PRESS RELEASE**

TMK Announces 2Q and 1H 2017 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, 2017.

2Q and 1H 2017 Highlights

Financial

- 2Q Revenue up 17% q-o-q at $1,107m, 1H Revenue at $2,050m, up 27% y-o-y
- 2Q Adjusted EBITDA at $134m, down 6% q-o-q, and at $275m for 1H, up 2% y-o-y
- 2Q Adjusted EBITDA margin at 12% and 13% for 1H
- Net loss of $19m in 2Q and net profit of $23m for 1H
- Net debt at $2,567m as of June 30, 2017
- Continued improvement at the American division, with Adjusted EBITDA at $30m in 1H 2017 (1H 2016: $(54)m)

Developments

- In May 2017, TMK expanded its range of austenitic steel grade welded corrosion-resistant pipes to include 114 mm diameter pipes for high pressure applications able to withstand highly corrosive environments.
- In June 2017, TMK and Rosneft signed 5.5-year long-term contracts for the supply of casing and tubing pipes, based on a price-formula that factors in raw material prices and inflation. During the contract term, TMK's products will account for 50% of Rosneft's total casing and tubing pipe purchases.
- In June 2017, TMK placed a 10 billion Rouble 10-year bond with a 9.35% coupon.
- On June 8, 2017, payment of annual dividends in the amount of RUB2,025 million ($36 million at the exchange rate at the date of approval) or RUB1.96 per ordinary share ($0.03 per ordinary share) was approved at TMK's Annual General Meeting of Shareholders.
- In June 2017, TMK launched beta testing of TMK eTrade, the first tubular goods Internet shop in Russia. Via TMK eTrade customers in Russia can quickly and easily place orders for pipes from any of TMK's Russian plants, track their orders, calculate the delivery cost and obtain required documentation.
- In July 2017, TMK was the first Russian company to start producing casing pipes from the corrosion-resistant chromium-nickel alloy TMK-C. The first lot of 110 grade TMK-C pipe with TMK UP PF highly gas-tight premium threaded connections was produced at TAGMET and shipped to LUKOIL.

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Outlook

- TMK anticipates higher EBITDA in 2H 2017 driven by a significantly improved performance of the American division and stable results at the Russian division. The Company reiterates its guidance for FY 2017 of broadly flat margins y-o-y and overall stronger financial results compared to FY 2016.

Alexander Shiryaev, CEO of TMK, said:

"Continued improvement in the US oil and gas market has enabled TMK to benefit from stronger demand and pricing. Drilling activity and E&P spending in the US continue to grow and alongside our stable performance in Russia, this will support stronger Group EBITDA in the second half.

Meanwhile, TMK remains focused on developing innovative solutions for its major global E&P customers, and in 1H 2017 this included the launch of a unique corrosion-resistant casing pipe "TMK-C" and Russia's first online retail platform for tubular goods.

We remain confident that our unique, high value product offering and leading positions in our key markets will support margins for the full year, and repeat our guidance of an improved financial performance year on year for FY 2017."

Group Summary 2Q and 1H 2017 Results

(In millions of US$, unless stated otherwise)

	2Q 2017	1Q 2017	*Change, $ mln*	1H 2017	1H 2016	*Change, $ mln*
Sales (thousand tonnes), including:	**966**	848	118	**1,815**	1,748	67
Seamless	**690**	663	28	**1,353**	1,167	186
Welded	**276**	186	90	**462**	582	(120)
Revenue	**1,107**	944	163	**2,050**	1,614	437
Gross profit	**222**	201	21	**423**	345	78
Gross profit margin, %	***20%***	*21%*		***21%***	*21%*	
Net profit	**(19)**	42	(61)	**23**	71	(47)
Earnings per GDR[1], basic, US$	**(0.07)**	0.17	(0.24)	**0.10**	0.29	(0.19)
Adjusted EBITDA[2]	**134**	142	(8)	**275**	269	6
Adjusted EBITDA margin, %	***12%***	*15%*		***13%***	*17%*	

2Q and 1H 2017 IFRS Financial Statements are available at:
www.tmk-group.com/media_en/texts/34/TMK_IFRS_1H2017_USD.pdf

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.

2Q and 1H 2017 Review

Market

2Q 2017 vs. 1Q 2017

In 2Q 2017, the Russian pipe market grew by 15% compared to the previous quarter, largely driven by higher demand for industrial pipe. The Russian OCTG market contracted by 7% quarter-on-quarter following seasonally slower purchasing activity by the oil and gas companies. In 2Q, the start of the drilling season in Russia drove a 23% increase in drilling activity compared to the previous quarter and the share of horizontal drilling increased to 40% in 2Q 2017 (39% in 1Q 2017), which should support strong demand for OCTG pipe towards the end of the year.

In the US, the average number of rigs in 2Q 2017 increased by 21% compared to the prior quarter (Baker Hughes). OCTG shipments rose by 36% quarter-on-quarter (Preston Pipe Report) with OCTG inventories having decreased to an average 3.7 months compared to 3.9 in the previous quarter. Average composite OCTG seamless and welded pipe prices increased by 14% and 15% respectively compared to 1Q 2017 (Pipe Logix).

In 2Q 2017, conditions in the European pipe market continued to improve quarter-on-quarter, supported by increased consumption of industrial pipe and a better pricing environment giving European pipe producers the confidence to load their capacities for several months upfront.

1H 2017 vs. 1H 2016

The Russian pipe market contracted by 6% year-on-year, largely due to weaker LDP demand as a result of the completion or rescheduling of a number of major pipeline construction projects. OCTG consumption rose by 20% compared to the same period of 2016, supported by growing drilling activity in Russia, which increased by 7% year-on-year, with the share of horizontal drilling growing to 39% in 1H 2017 (35% in 1H 2016).

In the US, the average number of rigs in 1H 2017 grew by 70% compared to 1H 2016 (Baker Hughes), following a recovery in oil prices. OCTG shipments increased by 185% year-on-year (Preston Pipe Report). OCTG inventories decreased to an average 3.8 months compared to 9.9 in 1H 2016. Average composite OCTG seamless and welded pipe prices increased 16% and 26% respectively compared to 1H 2016 (Pipe Logix).

Year-on-year the European market is experiencing a recovery in pipe demand from both US and domestic customers. Alongside growth in prices, this is supporting high production capacity utilisation.

Financial

2Q 2017 vs. 1Q 2017

In 2Q 2017, revenue increased by $163 million compared to 1Q 2017, due to stronger sales at the Russian and American divisions.

Adjusted EBITDA decreased by $8 million compared to the previous quarter, largely due to OCTG and LDP sales comprising a lower share of the Russian division's total seamless and welded sales. The adjusted EBITDA margin was 12% in 2Q 2017 compared to 15% in 1Q 2017.

In 2Q 2017, net loss was $19 million compared to net profit of $42 million in the previous quarter, largely as a result of a foreign exchange loss in the amount of $29 million in 2Q 2017 compared to foreign exchange gain in 1Q 2017.

Total debt decreased from $3,149 million as of March 31, 2017, to 3,021 million as of June 30, 2017, partially as a result of rouble depreciation against the US dollar. Net repayment of borrowings in 2Q 2017 amounted to $59m.

Net debt decreased by $74 million compared to March 31, 2017, and amounted to $2,567 million as of June 30, 2017.

1H 2017 vs. 1H 2016

For 1H 2017, revenue increased 27%, by $437 million year-on-year, supported by a positive effect of currency translation and strong sales at the American division, following growing US drilling activity and higher E&P spending.

EBITDA marginally increased by $6 million year-on-year as growth was offset by higher raw materials prices and lower LDP sales. The adjusted EBITDA margin decreased to 13% compared to 17% for 1H 2016.

Total debt increased from $2,836 million as of December 31, 2016 to $3,021 million as of June 30, 2017, partially as a result of rouble appreciation against the US dollar. The weighted average nominal interest rate decreased by 40 bps to 8.63% as of the end of the reported period.

As of June 30, 2017, net debt amounted to $2,567 million.

Outlook

In Russia, in 3Q 2017 TMK anticipates marginal growth in pipe sales compared to the previous quarter, mainly attributable to higher LDP volumes. In 2H 2017, the Company expects stronger LDP consumption and continued strong OCTG demand to drive increased pipe sales in the second half. Margins at the Russian division are expected to remain in line with 1H 2017 given low volatility in raw material prices and a stable exchange rate.

Supported by the announced pricing increases, the Company anticipates its North American results to continue growing considerably in 2H 2017, assuming a stable oil and raw materials prices.

In 2H 2017, the European division anticipates increased sales driven by high demand for industrial pipe from US and domestic customers. Increasing raw material prices may continue to fuel growth in pipe prices.

Overall, TMK anticipates higher EBITDA in 2H 2017 driven by a significantly improved performance of the American division and stable results at the Russian division. The Company reiterates its guidance for FY 2017 of broadly flat margins year-on-year and overall stronger financial results compared to FY 2016.

2Q and 1H 2017 Segment Results

RUSSIAN DIVISION

(In millions of US$, unless stated otherwise)

	2Q 2017	**1Q 2017**	***Change, %***		**1H 2017**	**1H 2016**	***Change, %***
Sales (thousand tonnes)	**760**	675	13%		**1,435**	1,543	(7)%
Revenue	**811**	727	11%		**1,538**	1,386	11%
Gross profit	**160**	170	(6)%		**329**	391	(16)%
Gross profit margin, %	***20%***	*23%*			***21%***	*28%*	
Adjusted EBITDA	**107**	127	(16) %		**235**	313	(25)%
Adjusted EBITDA margin, %	***13%***	*18%*			***15%***	*23%*	

2Q 2017 vs. 1Q 2017

- 2Q 2017 revenue at the Russian division reflected higher sales of seamless pipe as well as stronger volumes of welded line pipe.
- While the Company achieved higher sales of seamless and welded pipe, LDP pipe sales represented a smaller share of the product mix.

- Seamless OCTG share also decreased following a seasonally slower purchasing activity by the oil and gas companies.

1H 2017 vs. 1H 2016

- 1H 2017 revenue growth at the Russian division was supported by the positive effect of currency translation. At the same time strong revenue from seamless pipe, driven by higher OCTG sales, was fully offset by weaker welded pipe revenue resulting from lower LDP sales.
- Adjusted EBITDA was impacted by higher raw materials prices, weaker LDP volumes and increased commercial, administrative and other operating expenses.

AMERICAN DIVISION

(In millions of US$, unless stated otherwise)

	2Q 2017	1Q 2017	*Change, %*	1H 2017	1H 2016	*Change, %*
Sales (thousand tonnes)	**158**	128	23%	**287**	115	149%
Revenue	**232**	170	36%	**402**	140	188%
Gross profit/(loss)	**51**	23	121%	**74**	(64)	n/a
Gross profit margin, %	***22%***	*14%*		***18%***	*(46)%*	
Adjusted EBITDA	**21**	9	134%	**30**	(54)	n/a
Adjusted EBITDA margin, %	***9%***	*5%*		***7%***	*(38)%*	

2Q 2017 vs. 1Q 2017

- Increased sales of welded pipe as well as stronger pricing drove results improvement at the American division in 2Q 2017, compared to 1Q 2017.

1H 2017 vs. 1H 2016

- Year-on-year, a substantial increase in drilling activity combined with growing E&P spending in the North American market led to a significant improvement in both pipe volumes and prices at the American division.

EUROPEAN DIVISION

(In millions of US$, unless stated otherwise)

	2Q 2017	1Q 2017	*Change, %*	1H 2017	1H 2016	*Change, %*
Sales (thousand tonnes)	**48**	45	6%	**94**	90	5%
Revenue	**64**	46	38%	**111**	88	25%
Gross profit	**11**	8	38%	**19**	17	12%
Gross profit margin, %	***17%***	*17%*		***17%***	*19%*	
Adjusted EBITDA	**6**	5	10%	**11**	10	1%
Adjusted EBITDA margin, %	***9%***	*11%*		***10%***	*12%*	

2Q 2017 vs. 1Q 2017

- In 2Q 2017, improvement in the European division's financial performance was supported by higher seamless pipe sales and an improved pricing environment.

1H 2017 vs. 1H 2016

- Overall, the strong year-on-year performance at the European division was a result of stronger pricing and higher seamless pipe sales.

2Q and 1H 2017 IFRS Results Conference Call:

TMK's management will hold a conference call to present the Group's 2Q and 1H 2017 financial results today, August 18, 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
US Local:	+1 877 887 4163
Conference ID:	43242718#

(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 US 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:
  - 11 plants of TMK IPSCO;
  - TMK Completions.
- European division:
  - TMK-ARTROM;
  - TMK-RESITA.
- Middle East Division:
  - TMK GIPI (Oman).

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