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PRESS RELEASE

TMK presented new strategy to 2027 at its Capital Markets Day in London

PAO TMK ('TMK' LSE: TMKS) (the "Company", the "Group"), one of the world's leading producers of tubular products for the oil and gas industry, presented its new ten-year strategy to 2027 and an update on performance at its 5th annual Capital Markets Day in London.

The new strategy will reinforce TMK's position as a leading supplier to the global OCTG market, the dominant supplier to the Russian oil and gas market, a TOP 3 OCTG producer in the U.S. and number 2 globally by financial performance.

Strategy highlights:

A key focus of the strategy is enhancing TMK's global leadership in key product segments. TMK's Russian division targets growth in high tech product sales to contribute 50% of the division's revenue by 2022 and aims to remain the largest producer of premium connections on the Russian market. In addition, the division targets a contribution of \$100m to annual revenue from new innovative products. TMK intends to expand its presence in the Russian and U.S. OCTG and line pipe markets through leveraging the existing or newly commissioned capacities, or possible alliances.

In addition, the Company will enhance its vertical integration, which will further reduce costs and improve margins, whilst also allowing it to further develop and enhance its range of products and services. This will include the development of comprehensive engineering solutions for customers with cutting-edge digital technology, which utilise TMK's high tech products.

The Group will work to expand its commercial footprint by leveraging its global scale through improved coordination between divisions and taking full advantage of TMK's e-commerce platform, TMK eTrade, launched in 2017 as Russia's first tubular goods online shop. Innovation and digitalisation will be a key focus of the strategy for the next ten years, with the Company planning to adopt advanced digital technologies to improve product quality and cut costs.

TMK continues to form strategic partnerships with major global oil and gas companies, such as Rosneft and Gazprom, and global customers to collaborate on the development of breakthrough technology and services. The Company plans to complete its R&D cluster by opening a state-of-the-art new research and development centre in Moscow, Skolkovo in 2018.



TMK's longer-term geographic expansion will be achieved through deepening partnerships with key customers to jointly enter into new oil and gas regions. The Company will also participate in the consolidation of the global pipe industry.

To strengthen its financial position, TMK plans to further reduce its leverage, with a target Net debt/EBITDA ratio of 3.0x at FY 2019, and 2.5x at FY 2021.

Divisions update:

In addition, the Group provides an update on the conditions and its performance in its key markets.

Russia

TMK dominates the Russian pipe market focusing on pipes for oil and gas industry. Current OCTG market trends are favorable for TMK. Drilling activity is growing to support stable oil production at well above 10.5MMbpd. Enhanced oil recovery activities at brownfields drive the share of horizontal and directional drilling which has already reached 40%, while new projects drive pipe volumes in both conventional and unconventional drilling. This is creating long-term demand for TMK's high-end oil and field services, with the Company's share of the Russian seamless OCTG market and premium connections currently at around 64% and 81% at 9M17 respectively. TMK plans to develop and supply innovative premium products and specifically intends to increase its shipments of seamless OCTG, as well as pipes with TMK UP premium connection.

North America

TMK's American division, TMK IPSCO, continues to perform strongly and capitalise on the recovery in the U. S. E&P market, demonstrating consistent sales growth and strengthening EBITDA and EBITDA margin.

In North America, the average annual rig count is projected to increase by 70% y-o-y in 2017E, with footage drilled per rig having achieved a CAGR of 11% over the past six years, according to Spears & Associates. In October 2017, the share of horizontal and directional drilling reached 93%, having almost doubled over the last ten years. Oil and gas demand, as well as export are growing, whereas price remains robust for over a year with exploration and production players' costs adjusted to it. OCTG demand is projected to grow at a CAGR of 6% YoY in 2017E – 2022E.

In this environment, TMK IPSCO has been enjoying its position in TOP 3 of OCTG suppliers with a share of 15% at the market and has continued to grow its market share, with new customers since January 2017 representing 19% of the division's current OCTG customer base, seeing sustained further



upside opportunity. Meanwhile, the division remains focused on further strengthening its margins by delivering increasing cost efficiencies and in 2017 has achieved a 100% increase in production y-o-y.

Europe

European market demonstrates healthy growth and remains an important geography for the Company. TMK continues to maintain a strong presence with a market share of around 10% in seamless industrial pipe in 2017. TMK is aiming to strengthen its position here through offering unique and innovative products in the industrial segment through the introduction of a world-class heat treatment facility at TMK Artrom, which will reposition it as a high-end high-margin producer.

Middle East

In the MENA market, TMK has increased its share of high value-added products in the sales portfolio to 50% for the last three years. TMK GIPI, the region's leading ERW plant, sees significant opportunity to strengthen domestic and international sales as a strategic supplier to PDO, the largest E&P company in Oman.

Dmitry Pumpyanskiy, Chairman of the Board of TMK, said:

“We are pleased to present our 10-year strategy to secure the continued strength and further growth of our business, to ensure long-term value creation for our shareholders and all key stakeholders. It is crucial to our success that TMK remains innovative and at the cutting-edge of oil and gas technology to support the changing needs of our major customers in the global energy sector. We see significant growth opportunities in our key markets where there is growing demand for TMK's high value-added products to facilitate increasingly complex brownfield development in Russia as well as non-conventional drilling in the U.S.

Over the next ten years, the Company intends to consolidate its position in the TOP 2 global pipe producers by financial performance. TMK plans to continue dominating Russian OCTG and line pipe markets and to remain in the TOP 3 leading OCTG producers in the USA. Our company will keep its focus on financial performance and leverage reduction, and safety and environmental protection will be our top priority in all the regions where the Company operates. TMK will use cutting-edge digital technologies to develop comprehensive design solutions for customers and improve operational efficiency”.

The full Capital Markets Day presentation and a webcast of the event are available on [TMK's website](#).



For further information regarding TMK, please, visit www.tmk-group.com as well as download [the YourTube iPad application](#) from the App Store

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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 26 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:
 - 11 plants of TMK IPSCO;
 - TMK Completions.
- European division:
 - TMK-ARTROM;
 - TMK-RESITA.
- Middle East Division:
 - TMK GIPI (Oman).

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