November 16, 2017 **PRESS RELEASE**

TMK Announces 3Q and 9M 2017 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 interim consolidated IFRS financial results for the third quarter of 2017 and nine months ending September 30, 2017.

3Q and 9M 2017 Highlights

Financial

- 3Q Revenue up 3% q-o-q at $1,140m, 9M Revenue up 31% y-o-y, at $3,191m
- 3Q Adjusted EBITDA up 27% q-o-q, at $169m, 9M up 14% y-o-y, at $444m
- 3Q Adjusted EBITDA margin at 15% and 14% for 9M
- Net profit of $22m in 3Q and $46m for 9M
- Net debt at $2,711m as at September 30, 2017
- Net debt/EBITDA ratio improved to 4.64x as at September 30, 2017
- Continued improvement at the American division, with Adjusted EBITDA at $72m for 9M 2017 (9M 2016: $(63)m)

Developments

- In August 2017, TMK was the first Russian company to start producing casing pipes with unique TMK UP CENTUM gas-tight premium threaded connections. TMK UP CENTUM is the latest generation of threaded connections. With strength equal to the strength of the pipe, the connections considerably increase pipe string reliability during the construction of wells with complex configurations. The first load of pipes with TMK UP CENTUM connections has been shipped to NOVATEK for its Arctic LNG 2 project and has already been successfully installed at the Salmanovskoye (Utrenneye) oil and gas condensate field under the supervision of TMK specialists.

- In October 2017, TMK presented its new 10-year Strategy at its 5th annual Capital Markets Day in London. The new strategy aims to 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.

  The Company aims to enhance its global leadership in key product segments and further develop its vertical integration, expanding TMK's commercial footprint by leveraging its global scale and taking full advantage of TMK's e-commerce platform. The Company will be focused on adopting advanced digital technology to improve product quality and cut costs. 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.

Outlook

- TMK anticipates overall stronger FY 2017 financial results compared to FY 2016 with some pressure on margins resulting from higher raw materials prices and weak LDP demand, with margins expected to expand in 1Q 2018.

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Alexander Shiryaev, CEO of TMK, said:

"We are pleased to report a strong set of results for the third quarter with continued growth in the US market.

As announced at our recent Capital Markets Day, our focus on innovation and digital will support TMK's strategic objectives to 2027 of further strengthening TMK's position in our key markets. We are committed to ensuring that TMK remains at the cutting-edge of oil and gas technology to support the changing needs of our major customers in the global energy sector, and in 3Q we were pleased to launch another unique product, TMK UP CENTUM, which will improve the performance of pipes in more complex well projects.

In the fourth quarter, TMK's financial performance will continue to be driven by strong demand in the U.S., with improvement also expected in the Russian market, and we reiterate our FY 2017 guidance of a stronger financial performance year-on-year."

Group Summary 3Q and 9M 2017 Results

(In millions of US$, unless stated otherwise)

	3Q 2017	2Q 2017	*Change*	9M 2017	9M 2016	*Change*
Sales (thousand tonnes), including:	**983**	966	17	**2,798**	2,574	224
Seamless	**624**	690	(66)	**1,977**	1,774	203
Welded	**359**	276	83	**821**	799	22
Revenue	**1,140**	1,107	34	**3,191**	2,436	754
Gross profit	**239**	222	17	**662**	509	153
Gross profit margin, %	***21%***	*20%*		***21%***	*21%*	
Net profit/(loss)	**22**	(19)	41	**46**	81	(36)
Earnings per GDR[1], basic, US$	**0.09**	(0.07)	0.17	**0.19**	0.33	(0.14)
Adjusted EBITDA[2]	**169**	134	35	**444**	390	55
Adjusted EBITDA margin, %	***15%***	*12%*		***14%***	*16%*	

3Q and 9M 2017 IFRS Financial Statements are available at:
www.tmk-group.com/media_en/texts/34/TMK_IFRS_9M2017_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.

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3Q and 9M 2017 Review

Market

3Q 2017 vs. 2Q 2017

In 3Q 2017, the Russian pipe market grew 7% compared to the previous quarter, mainly driven by increased demand for industrial pipe, due to a strong construction season, and for LD pipe, resulting largely from the ramp-up in purchases by Gazprom for its pipeline construction projects. The Russian OCTG market declined by 2% quarter-on-quarter due to a seasonal slowdown in purchasing activity by the oil and gas companies. In 3Q 2017, drilling activity in Russia remained strong with a 9% increase in footage drilled compared to the previous quarter and the share of horizontal drilling increasing to 42% in 3Q 2017 (40% in 2Q 2017), which should support robust demand for OCTG pipe in 4Q 2017 and at the beginning of the next year.

In the US, the average number of rigs in 3Q 2017 increased by 6% compared to the prior quarter (Baker Hughes). OCTG consumption grew by 7% quarter-on-quarter (Preston Pipe Report) with OCTG inventories having slightly increased to an average 3.9 months compared to 3.7 in the previous quarter, including obsolete inventory. Due to the deceleration of rig count growth and, as a result, the stabilisation of demand for OCTG, average composite OCTG seamless and welded pipe prices rose 3% and 1% respectively compared to 2Q 2017 (Pipe Logix).

In 3Q 2017, European pipe producers continued to benefit from high demand for seamless pipe from both US and domestic customers, by loading their capacities for several months upfront at attractive prices, which fully offset recent increases in raw material prices.

9M 2017 vs. 9M 2016

The Russian pipe market grew 1% year-on-year supported by high demand for OCTG and industrial pipe due to a stabilisation of macroeconomic conditions and increased construction activity in Russia. The market growth was partially offset by weak LDP demand in 1H2017. OCTG consumption rose 19% compared to the same period of 2016, supported by higher demand and growing drilling activity in Russia, which increased by 10% year-on-year, with the share of horizontal drilling increasing to 40% in 9M 2017 (36% in 9M 2016).

In the US, the average number of rigs in 9M 2017 grew 79% compared to 9M 2016 (Baker Hughes), following a recovery in oil prices. OCTG consumption increased 101% year-on-year (Preston Pipe Report). OCTG inventories decreased to an average 3.8 months compared to 9.2 in 9M 2016. Average composite OCTG seamless and welded pipe prices increased by 20% and 30% respectively compared to 9M 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

3Q 2017 vs. 2Q 2017

In 3Q 2017, revenue increased by $34 million compared to 2Q 2017, due to higher prices and stronger pipe sales at the American division.

Adjusted EBITDA increased by $35 million compared to the previous quarter, largely due to a favourable product mix at the Russian division and overall improved results at the American division. The adjusted EBITDA margin was 15% in 3Q 2017 compared to 12% in 2Q 2017.

In 3Q 2017, net profit was $22 million compared to net loss of $19 million in the previous quarter, which was largely a result of a foreign exchange loss in the amount of $29 million in 2Q 2017.

Total debt increased from $3,021 million as at June 30, 2017 to $3,161 million as at September 30, 2017, partially as a result of rouble appreciation against the US dollar.

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Net debt increased by $144 million compared to June 30, 2017, and amounted to $2,711 million as at September 30, 2017. At the same time, Net debt/EBITDA ratio improved to 4.64x compared to 4.79x as at the end of the previous quarter.

9M 2017 vs. 9M 2016

For 9M 2017, revenue increased 31%, by $754 million year-on-year, supported by a positive effect of currency translation and strong sales at the American division, resulting from growing US drilling activity and higher E&P spending.

EBITDA increased by $55 million year-on-year, driven by a much stronger performance from the American division. The adjusted EBITDA margin decreased to 14% compared to 16% for 9M 2016.

Total debt increased from $2,836 million as at December 31, 2016 to $3,161 million as at September 30, 2017, partially as a result of rouble appreciation against the US dollar. The weighted average nominal interest rate decreased by 49 bps to 8.53% as at the end of the reported period.

As at September 30, 2017, Net debt amounted to $2,711 million.

Outlook

In Russia, in 4Q 2017 TMK anticipates marginal growth in pipe sales compared to the previous quarter, resulting from the start of the seasonal stock up period by oil and gas majors. Margins at the Russian division could remain under some pressure reflecting a peak in raw materials prices in September and October 2017, with margins expected to expand in 1Q 2018.

In the US, despite the recent stabilization of the rig count the Company expects its North American division will achieve strong results in 4Q 2017 supported by OCTG and line pipe demand.

The European division anticipates stable pipe demand in 4Q 2017, and financial results to improve due to better product mix.

TMK expects overall stronger FY 2017 financial results compared to FY 2016 with some pressure on margins resulting from higher raw materials prices and weak LDP demand, with margins expected to expand in 1Q 2018.

3Q and 9M 2017 Segment Results

RUSSIAN DIVISION

(In millions of US$, unless stated otherwise)

	3Q 2017	**2Q 2017**	***Change***		**9M 2017**	**9M 2016**	***Change***
Sales (thousand tonnes)	**756**	760	(1%)		**2,191**	2,254	(3)%
Revenue	**797**	811	(2)%		**2,335**	2,057	13%
Gross profit	**173**	160	8%		**502**	552	(9)%
Gross profit margin, %	***22%***	*20%*			***22%***	*27%*	
Adjusted EBITDA	**120**	107	12%		**355**	434	(18)%
Adjusted EBITDA margin, %	***15%***	*13%*			***15%***	*21%*	

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3Q 2017 vs. 2Q 2017

- 3Q 2017 revenue at the Russian division decreased as the contribution from stronger welded pipe sales was offset by the negative effect of currency translation.
- The share of seamless OCTG in the sales mix decreased following a seasonally slower purchasing activity by the oil and gas companies.
- Margins increased as LDP sales represented a higher share of the welded product mix and overall margins for the welded segment improved.

9M 2017 vs. 9M 2016

- 9M 2017 revenue growth at the Russian division was supported by the positive effect of currency translation.
- Revenue from seamless pipe grew, driven by higher OCTG and industrial pipe sales, however this was fully offset by weak welded pipe revenue resulting from lower LDP sales.
- Adjusted EBITDA was impacted by higher raw materials prices and weaker LDP volumes.

AMERICAN DIVISION
(In millions of US$, unless stated otherwise)

	3Q 2017	2Q 2017	*Change*		9M 2017	9M 2016	*Change*
Sales (thousand tonnes)	**185**	158	17%		**472**	189	149%
Revenue	**288**	232	24%		**690**	246	181%
Gross profit/(loss)	**53**	51	5%		**128**	(70)	n/a
Gross profit margin, %	***19%***	*22%*			***19%***	*(29)%*	
Adjusted EBITDA	**42**	21	98%		**72**	(63)	n/a
Adjusted EBITDA margin, %	***15%***	*9%*			***10%***	*(26)%*	

3Q 2017 vs. 2Q 2017

- Increased sales of both seamless and welded pipe as well as stronger pricing drove a further improved financial performance at the American division in 3Q 2017, compared to 2Q 2017.

9M 2017 vs. 9M 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)

	3Q 2017	2Q 2017	Change	9M 2017	9M 2016	Change
Sales (thousand tonnes)	**42**	48	(13%)	**136**	130	4%
Revenue	**56**	64	(13)%	**166**	134	24%
Gross profit	**13**	11	14%	**32**	28	15%
Gross profit margin, %	***23%***	*17%*		***19%***	*21%*	
Adjusted EBITDA	**7**	6	31%	**18**	18	(3) %
Adjusted EBITDA margin, %	***13%***	*9%*		***11%***	*14%*	

3Q 2017 vs. 2Q 2017

- In 3Q 2017, higher pipe prices partially compensated for lower seamless pipe volumes at the European division.

9M 2017 vs. 9M 2016

- A strong year-on-year performance at the European division was offset by higher selling, general and administrative expenses.

3Q and 9M 2017 IFRS Results Conference Call:

TMK's management will hold a conference call to present the Group's 3Q and 9M 2017 financial results today, November 16, 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
US Local:	+1 877 887 4163
Conference ID:	94991274#

(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 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 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).