March 1, 2018 **PRESS RELEASE**

TMK Announces 4Q and FY 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 audited consolidated IFRS financial results for the year ended December 31, 2017.

4Q and FY 2017 Highlights

Financial

- 4Q Revenue up 5% q-o-q at $1,203m, FY Revenue up 32% y-o-y at $4,394m
- 4Q Adjusted EBITDA down 5% q-o-q at $160m, FY Adjusted EBITDA up 14% y-o-y at $605m
- Adjusted EBITDA margin at 13% in 4Q 2017 and 14% for FY 2017
- Net debt at $2,688m as at December 31, 2017
- Net debt/EBITDA ratio improved to 4.44x as at December 31, 2017

4Q 2017 Developments

- In October 2017, TMK and OOO Gazprom Burenie signed a long-term strategic cooperation agreement until 2022 based on a pricing formula, securing TMK as the key supplier of the entire range of steel drilling pipes for Gazprom Burenie.

- In October 2017, TMK won a tender to supply LUKOIL subsidiaries with 18.4 thousand tonnes of casing pipe with TMK UP PF, TMK UP PF ET, TMK UP FMC, TMK UP GF and TMK UP Centum premium threaded connections, including pipes made from the unique corrosion-resistant chromium-nickel alloy TMK-C and pipes with GreenWell lubricant-free coating.

- In November 2017, TMK launched production of casing pipes with TMK UP ULTRA GX threaded connection. The connection fully complies with the ISO PAS 12835 standard, which sets stringent requirements for high-viscosity oil production employing the Steam Assisted Gravity Drainage (SAGD) method, and simulates thermocyclic loads that a connection might undergo in real operation conditions. The first lot of pipes was shipped to Rosneft's subsidiary - AO Samaraneftegaz.

- In November 2017, TMK and the Federal State Unitary Enterprise "Central Scientific Research Institute of Ferrous Metallurgy" I.P. Bardina "(TSNIichern) signed a cooperation agreement to January 1, 2025 to jointly develop and implement technologies to produce exclusive new steel brands and improved corrosion resistant pipes.

- In January 2018, TMK fully redeemed its Eurobond issue in the total nominal value of $231m. The $500m Eurobonds with a coupon rate of 7.75% and a 7-year maturity were issued by TMK Capital SA on January 27, 2011 to finance a loan to PAO TMK. Part of the issue in the amount of $269m was redeemed earlier.

- On February 8, 2018, IPSCO, the American division of PAO TMK announced that it had decided to postpone a proposed initial public offering of its shares of common stock launched on 29 January 2018, due to adverse market conditions.

40 Pokrovka St, Building 2A, Moscow, Russia 105062, www.tmk-group.com

Outlook

- While EBITDA margin is expected broadly in line with FY 2017, TMK anticipates higher EBITDA for FY 2018 supported by further improvements in the performance of the American division.

Alexander Shiryaev, CEO of TMK, said:

“TMK has continued to maintain a leading position in the global oil and gas pipe market, signing a number of important deals in the fourth quarter with major customers for premium and innovative new products.

We have also made some progress towards our objective of reducing the Group’s net debt-to-EBITDA ratio and we remain committed to strengthening the Group’s financial position.

Overall, we are confident in the outlook for 2018, with OCTG consumption in Russia remaining strong in 2018, with some upside potential, as well as with stable demand and an improved pricing environment in Europe. The solid fundamentals in the US have continued to drive demand for our products in that region and we believe that IPSCO will continue to perform strongly as US majors return to increasing rig count, with a focus on horizontal drilling.”

Group Summary 4Q and FY 2017 Results

(In millions of US$, unless stated otherwise)

	4Q 2017	3Q 2017	*Change*	FY 2017	FY 2016	*Change*
Sales (thousand tonnes), including:	**983**	983	0	**3,781**	3,458	323
Seamless	**691**	624	67	**2,668**	2,412	256
Welded	**292**	359	(67)	**1,113**	1,046	67
Revenue	**1,203**	1,140	62	**4,394**	3,338	1,056
Gross profit	**210**	239	(29)	**872**	704	169
Gross profit margin, %	***18%***	*21%*		***20%***	*21%*	
Adjusted EBITDA[1]	**160**	169	(9)	**605**	530	75
Adjusted EBITDA margin, %	***13%***	*15%*		***14%***	*16%*	

4Q and FY 2017 IFRS Financial Statements are available at:
www.tmk-group.com/media_en/texts/34/TMK_IFRS_12M2017_USD_en.pdf

[1] 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.

4Q and FY 2017 Review

Market

4Q 2017 vs. 3Q 2017

In 4Q, the Russian pipe market decreased by 9% compared to the previous quarter due to weak seasonal demand for industrial pipe, both seamless and welded. Drilling activity in Russia slowed and decreased by 7% in footage drilled compared to the previous quarter, while the share of horizontal drilling remained at 42% in 4Q 2017. As a result, the Russian OCTG market declined by 3% quarter-on-quarter mainly due to the decreased welded OCTG shipments.

In the US, the average number of rigs in 4Q 2017 decreased by 3% compared to the prior quarter (Baker Hughes). OCTG consumption decreased by 2% quarter-on-quarter (Preston Pipe Report) due to some oil and gas companies delaying their budgeting decisions for exploration, drilling and production activities for 2018. OCTG inventories increased to an average 4.4 months compared to 4.0 in the previous quarter, including obsolete inventory. Due to the deceleration of rig count growth and, as a result, the lower demand for OCTG, average composite OCTG seamless and welded pipe prices declined by 2% and 3% respectively compared to 3Q 2017 (Pipe Logix).

In 4Q, 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.

FY 2017 vs. FY 2016

The Russian pipe market grew by 1% year-on-year driven by high demand for OCTG and industrial pipe. The market growth was partially offset by weak LDP demand in 1H2017, while in 2H 2017 LDP demand improved. OCTG consumption grew by 13% compared to 2016, supported by growing drilling activity in Russia, which increased by 12% year-on-year, with the share of horizontal drilling being up from 35% in 2016 to 41% in 2017.

In the US, the average number of rigs in 2017 grew 73% compared to 2016 (Baker Hughes), following the recovery in crude oil prices. OCTG consumption increased 86% year-on-year (Preston Pipe Report). OCTG inventories decreased to an average 4.0 months in 2017 compared to 8.2 months in 2016. Average composite OCTG seamless and welded pipe prices increased by 22% and 30% respectively compared to 2016 (Pipe Logix).

In 2017, the European market saw a substantial increase in pipe demand from both US and domestic customers, which supported high production capacity utilization, encouraged new investments in the sector and drove selling prices up.

Financial

4Q 2017 vs. 3Q 2017

Revenue increased by 5% compared to 3Q 2017, driven by improved performance of the European division, higher sales at the American division and stronger consumption of seamless OCTG and line pipe at the Russian division.

Adjusted EBITDA margin decreased to 13% in 4Q 2017 compared to 15% in 3Q 2017. The decline of $9 million in adjusted EBITDA q-o-q was mostly attributable to higher raw materials prices and lower welded pipe sales at the Russian division.

Total debt increased from $3,161 million as at September 30, 2017, to $3,239 million as at December 31, 2017, partially relating to ruble appreciation against the US dollar.

Net debt decreased by $23 million compared to September 30, 2017, and amounted to $2,688 million as at December 31, 2017.

FY 2017 vs. FY 2016

For FY 2017, revenue increased 32% year-on-year to $4,394 million, supported by strong sales and improved pricing at the American division and the positive effect of currency translation.

Adjusted EBITDA increased by $75 million year-on-year or 14%, driven by a much stronger performance from the American division, resulting from growing US drilling activity and higher E&P spending. The adjusted EBITDA margin decreased to 14% compared to 16% for FY 2016, negatively affected by higher raw materials prices and lower LD pipe sales at the Russian division.

Total debt increased from $2,836 million as at December 31, 2016 to $3,239 million as at December 31, 2017, relating partially to ruble appreciation against the US dollar. The weighted average nominal interest rate decreased by 86 bps to 8.16% as at the end of the reported period.

Net debt increased as at December 31, 2017 compared to December 31, 2016, and amounted to $2,688 million.

Outlook

In Russia, TMK believes seamless OCTG consumption will remain strong in 2018 with some upside potential. TMK expects LDP consumption to remain weak in 2018, due to the completion or rescheduling of a number of major pipeline construction projects.

In the US, TMK expects its American division will demonstrate further improving results for 2018 supported by growing OCTG demand on the back of resumed increase in the number of rigs and a higher share of rigs used for horizontal drilling.

The European division anticipates its financial results to further improve in 2018 due to stable pipe demand, better product mix and pricing environment.

While EBITDA margin is expected to be broadly in line with FY 2017, TMK anticipates higher EBITDA for FY 2018 supported by further improvements in performance of the American division.

4Q and FY 2017 Segment Results

RUSSIAN DIVISION

(In millions of US$, unless stated otherwise)

	4Q 2017	3Q 2017	*Change*	FY 2017	FY 2016	*Change*
Sales (thousand tonnes)	**734**	756	(3)%	2,925	3,001	(3)%
Revenue	**823**	797	3%	3,157	2,796	13%
Gross profit	**153**	173	(12)%	655	746	(12)%
Gross profit margin, %	***19%***	*22%*		*21%*	*27%*	
Adjusted EBITDA	**111**	120	(8)%	465	578	(19)%
Adjusted EBITDA margin, %	***13%***	*15%*		*15%*	*21%*	

4Q 2017 vs. 3Q 2017

- Revenue at the Russian division increased quarter-on-quarter, supported by stronger seamless OCTG and line pipe sales.
- The decrease in adjusted EBITDA and lower adjusted EBITDA margin were mainly a result of high raw materials prices and weaker welded pipe sales.

FY 2017 vs. FY 2016

- Revenue growth at the Russian division was supported by the positive effect of currency translation.
- Revenue from seamless pipe grew, driven by higher seamless 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)

	4Q 2017	3Q 2017	*Change*	FY 2017	FY 2016	*Change*
Sales (thousand tonnes)	**199**	185	7%	**671**	282	138%
Revenue	**304**	288	6%	**994**	368	170%
Gross profit/(loss)	**42**	53	(22)%	**169**	(81)	n/a
Gross profit margin, %	***14%***	*19%*		***17%***	*(22)%*	
Adjusted EBITDA	**39**	42	(6)%	**111**	(72)	n/a
Adjusted EBITDA margin, %	***13%***	*15%*		***11%***	*(20)%*	

4Q 2017 vs. 3Q 2017

- Increased sales of both seamless and welded pipe drove a revenue increase at the American division in 4Q 2017, compared to 3Q 2017.
- Adjusted EBITDA and adjusted EBITDA margin decreased, mainly due to less favorable product mix in 4Q 2017 compared to the previous quarter coupled with lower market prices.

FY 2017 vs. FY 2016

- Year-on-year, a significant rise in drilling activity combined with E&P spending growth in the North American market led to a significant increase in OCTG sales at the American division, as well as an improvement of the pricing environment.

EUROPEAN DIVISION

(In millions of US$, unless stated otherwise)

	4Q 2017	3Q 2017	*Change*	FY 2017	FY 2016	*Change*
Sales (thousand tonnes)	**50**	42	19%	186	175	6%
Revenue	**76**	56	36%	242	174	39%
Gross profit	**16**	13	27%	48	38	26%
Gross profit margin, %	***21%***	*23%*		*20%*	*22%*	
Adjusted EBITDA	**11**	7	45%	28	24	17%
Adjusted EBITDA margin, %	***14%***	*13%*		*12%*	*14%*	

4Q 2017 vs. 3Q 2017

- Financial performance of the European division improved quarter-on-quarter, as a result of stronger seamless pipe sales and a favorable pricing environment.

40 Pokrovka St, Building 2A, Moscow, Russia 105062, www.tmk-group.com

FY 2017 vs. FY 2016

- A strong year-on-year performance at the European division was mainly a result of higher volumes and stronger pipe prices, which was partially offset by higher selling and administrative expenses.

4Q and FY 2017 IFRS Results Conference Call:

TMK's management will hold a conference call to present the Group's 4Q and FY 2017 financial results today, March 1, 2018, at 10:00 New York / 15:00 London / 18:00 Moscow.

To join the conference call please dial:

UK Local:	+44 207 194 3759
UK Toll Free:	0800 376 6183
Russia:	+7 495 646 9315
Russia Toll Free:	8 800 500 9863
US Toll Free:	844 286 0643
Conference ID:	51917584#

(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

or contact:

TMK IR Department:
Marina Badudina
Tel: +7 (495) 775-7600
IR@tmk-group.com

TMK PR Department:
Mikhail Krasnov
Tel: +7 (495) 775-7600
PR@tmk-group.com

International Media Relations:
Andrew Hayes / Emily Dillon
Tel: +44 (0) 20 7796 4133
Edillon@hudsonsandler.com

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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 2017, TMK's pipe shipments totalled 3.8 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 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).