August 16, 2018 **PRESS RELEASE**

TMK Announces 2Q and 1H 2018 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 six months ended June 30, 2018.

2Q and 1H 2018 Highlights

Financial

- 2Q Revenue up 6% q-o-q at $1,355m, and 1H Revenue up 28% y-o-y at $2,628m
- 2Q Adjusted EBITDA up 23% q-o-q at $197m, and 1H EBITDA up 30% y-o-y at $357m
- Adjusted EBITDA margin at 15% in 2Q 2018 and at 14% in 1H 2018
- Net debt at $2,715m as at June 30, 2018
- Net debt/EBITDA ratio improved to 3.95x as at June 30, 2018

Major Developments

In July, at the 2018 INNOPROM exhibition TMK signed several important strategic agreements in support of the Company's digital transformation programme.

Agreements were signed with KPMG and ER-Telecom, a Russian telecommunications company, and a memorandum was concluded with PSI Metals GmbH, a German production management software solutions provider, on projects to enhance production efficiency at TMK's enterprises.

TMK also signed an agreement with SAP to open a SAP Next-Gen Innovation Laboratory at the Ural Federal University, with TMK to become the key customer of this laboratory.

Outlook

TMK reiterates its previous guidance for FY2018, with adjusted EBITDA margin expected to remain broadly flat compared to FY 2017 with overall higher adjusted EBITDA.

Alexander Shiryaev, CEO of TMK, said:

"I am pleased to report a strong financial performance in the second quarter and first half of 2018, with 30% growth in Group Adjusted EBITDA year-on-year in 1H2018. This reflects further progress across all of our divisions as we continue to optimise our sales product mix and implement internal initiatives to achieve higher margins. We demonstrated strong revenue growth across the Group, benefitting from sustained OCTG demand, higher seamless pipe sales and improved pricing.

TMK is focused on remaining at the cutting-edge of pipe production for the oil and gas industry. To support our industry-leading position, we continue to focus on the development of new products, both independently and in partnership with our key customers and during the period we have continued to enhance our marketing platform to extend our global reach and enhance our customer engagement.

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TMK reiterates its guidance for the remainder of 2018 and believes that strong drilling activity and E&P spending in the US, stable performance in Russia alongside continued growth in Europe will support the outlook for the second half of the year."

Group Summary 2Q and 1H 2018 Results

(In millions of US$, unless stated otherwise)

	2Q 2018	1Q 2018	*Change*	1H 2018	1H 2017	*Change*
(thousand tonnes)						
Seamless	**719**	681	6%	**1,399**	1,353	3%
Welded	**357**	306	17%	**662**	462	43%
Total sales	**1,076**	986	9%	**2,062**	1,815	14%
Including OCTG	**489**	458	7%	**947**	860	10%
Revenue	**1,355**	1,274	6%	**2,628**	2,050	28%
Gross profit	**250**	221	13%	**471**	423	11%
Gross profit margin, %	***18%***	*17%*		***18%***	*21%*	
Adjusted EBITDA (1)	**197**	160	23%	**357**	275	30%
Adjusted EBITDA margin, %	***15%***	*13%*		***14%***	*13%*	

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) 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.

1H 2018 IFRS Financial Statements are available at:
www.tmk-group.com/media_en/texts/34/TMK_FS_0618_ENG_USD.pdf

2Q and 1H 2018 Review

Market

2Q 2018 vs. 1Q 2018

In 2Q, the Russian pipe market grew 4% compared to the previous quarter, driven by higher demand for industrial pipe, while the Russian OCTG market declined 3% quarter-on-quarter following seasonally slower purchasing activity by the oil and gas companies. The share of horizontal drilling grew from 44% in 1Q 2018 to 45% in 2Q 2018.

In the US, drilling activity in 2Q continued to increase, with the average number of rigs growing 8% compared to the prior quarter (Baker Hughes), and drove OCTG consumption up 9% quarter-on-quarter (Preston Pipe Report).

In 2Q, European pipe producers continued to benefit from high demand for seamless pipe from both US and domestic customers and a favourable pricing environment for tubular products.

1H 2018 vs. 1H 2017

In 1H, the Russian pipe market grew 9% year-on-year, largely driven by higher demand for LD and welded industrial pipe. The market growth was partially offset by weaker OCTG consumption compared to 1H 2017,

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due to the fact that rising oil prices in 1H 2017 drove oil and gas companies to replenish their OCTG inventories at that time. Drilling activity in Russia increased 6% year-on-year, with the share of horizontal drilling growing from 39% in 1H 2017 to 45% in 1H 2018.

In the US, the recovery in crude oil prices and higher E&P spending by the oil and gas companies resulted in higher drilling activity and an increased number of rigs, stronger OCTG consumption and a more favourable pricing environment.

In 1H 2018, conditions in the European pipe market noticeably improved compared to the same period of 2017, with higher pipe consumption from both US and domestic customers, increased capacity utilization and a better pricing environment.

Financial

2Q 2018 vs. 1Q 2018

Revenue increased 6% compared to 1Q 2018 due to stronger pipe sales and higher prices at the American and European divisions and the stable performance of the Russian division.

Adjusted EBITDA increased by $37 million compared to the previous quarter to $197 million, due to the improved performance across all divisions. Adjusted EBITDA margin improved by 2 p.p. compared to the previous quarter, to 15% in 2Q 2018, mainly due to a shift in the product mix at the American and European divisions towards higher margin pipe products.

Total debt decreased from $3,127 million as at March 31, 2018 to $2,990 million as at June 30, 2018. Net debt remained generally flat compared to the previous quarter and amounted to $2,715 million as at June 30, 2018.

1H 2018 vs. 1H 2017

Revenue increased 28% compared to 1H 2017, driven by the improved results at all three divisions.

Adjusted EBITDA grew 30% year-on-year. The growth in adjusted EBITDA was partially offset by higher raw materials prices, nevertheless the adjusted EBITDA margin increased from 13% in 1H 2017 to 14% in 1H 2018.

Total debt decreased from $3,239 million as at December 31, 2017 to $2,990 million as at June 30, 2018. The weighted average nominal interest rate decreased by 90 bps since the end of 2017 to 7.27% as at the end of the reported period. Net debt slightly increased from $2,688 million as at December 31, 2017 to $2,715 million as at June 30, 2018.

Outlook and Trends

TMK reiterates its previous guidance for FY2018 with adjusted EBITDA margin expected to remain broadly flat compared to FY 2017 with overall higher adjusted EBITDA.

In Russia, TMK expects seamless OCTG consumption to remain strong in 2018 with weaker LDP demand, due to the completion or rescheduling of a number of major pipeline construction projects.

In the US, according to Spears and Associates Drilling and Production Outlook as of June 2018, the rig count in the US grew from 929 on December 29, 2017 to 1,047 on June 29, 2018, driving higher demand for OCTG pipe. With the price of WTI over $64/bbl and a rig count above 1,000, fundamentals are strong and powered OCTG consumption growth in North America throughout 2017 and in the first half of 2018. The market saw demand softness in the first quarter of 2018 due to 4Q 2017’s low E&P CAPEX burn rate. In the second quarter of 2018, the market strengthened.

The European division anticipates its financial results for 2018 will be much stronger compared to 2017 due to stable pipe demand and a more favourable product mix, mostly resulting from the newly installed heat treatment facility at TMK-ARTROM.

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2Q and 1H 2018 Segment Results

RUSSIAN DIVISION

(In millions of US$, unless stated otherwise)

	2Q 2018	1Q 2018	*Change*	1H 2018	1H 2017	*Change*
(thousand tonnes)						
Seamless	**562**	540	4%	**1,102**	1,070	3%
Welded	**250**	200	25%	**450**	364	24%
Total sales	**812**	740	10%	**1,553**	1,435	8%
Including OCTG	***340***	*329*	*3%*	***669***	*651*	*3%*
Revenue	**922**	909	1%	**1,831**	1,541	19%
Gross profit	**172**	172	0%	**344**	330	4%
Gross profit margin, %	***19%***	*19%*		***19%***	*21%*	
Adjusted EBITDA	**132**	124	7%	256	234	10%
Adjusted EBITDA margin, %	***14%***	*14%*		***14%***	*15%*	

2Q 2018 vs. 1Q 2018

- Revenue at the Russian division increased quarter-on-quarter, driven by higher OCTG, industrial pipe and LDP sales accompanied by higher pricing. However, most of the increase was offset by a negative effect of the currency translation.
- Adjusted EBITDA grew quarter-on-quarter mainly as a result of higher pricing and lower SG&A and other operating expenses. Adjusted EBITDA margin remained generally flat.

1H 2018 vs. 1H 2017

- Higher sales, better pricing and an improved product mix drove revenue growth at the Russian division.
- The Adjusted EBITDA increase was partially offset by a negative effect of the currency translation. Adjusted EBITDA margin declined year-on-year in 1H 2018 as a result of higher raw material prices.

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AMERICAN DIVISION

(In millions of US$, unless stated otherwise)

	2Q 2018	1Q 2018	*Change*	1H 2018	1H 2017	*Change*
(thousand tonnes)						
Seamless	**103**	94	10%	**197**	189	4%
Welded	**107**	105	2%	**212**	97	118%
Total sales	**210**	199	6%	**409**	287	43%
Including OCTG	***149***	*129*	*16%*	***278***	*209*	*33%*
Revenue	**348**	294	18%	**642**	399	61%
Gross profit/(loss)	**54**	36	52%	**90**	74	21%
Gross profit margin, %	***16%***	*12%*		***14%***	*18%*	
Adjusted EBITDA	**49**	26	88%	**75**	31	142%
Adjusted EBITDA margin, %	***14%***	*9%*		***12%***	*8%*	

2Q 2018 vs. 1Q 2018

- Stronger results of the American division were mainly driven by increased OCTG sales and stronger pricing for both seamless and welded pipe.
- Adjusted EBITDA and adjusted EBITDA margin grew due to an improved product mix towards seamless pipe sales.

1H 2018 vs. 1H 2017

- Year-on-year, the continued improvements in the US oil and gas market, which saw higher drilling activity and E&P spending, led to a significant increase in OCTG sales at the American division. An improved pricing environment and the market sentiment that pipe would be in shorter supply post the Section 232 enabled the division to achieve a higher adjusted EBITDA margin for 1H 2018.

EUROPEAN DIVISION

(In millions of US$, unless stated otherwise)

	2Q 2018	1Q 2018	*Change*	1H 2018	1H 2017	*Change*
Total seamless pipe sales (thousand tonnes)	**53**	47	13%	100	94	7%
Revenue	**84**	71	19%	**155**	111	40%
Gross profit	**24**	14	66%	**38**	19	98%
Gross profit margin, %	***28%***	*20%*		***24%***	*17%*	
Adjusted EBITDA	**16**	10	54%	**26**	11	143%
Adjusted EBITDA margin, %	***19%***	*14%*		***17%***	*10%*	

2Q 2018 vs. 1Q 2018

- The stronger financial performance of the European division was mainly driven by higher seamless pipe sales, an increase in selling prices and a significant shift in the product mix towards higher margin products due to the launch of the new heat treatment facility in January 2018.

1H 2018 vs. 1H 2017

- The strong year-on-year performance at the European division predominantly reflected a notable improvement in the product mix and stronger pricing.

2Q and 1H 2018 IFRS Results Conference Call:

TMK's management will hold a conference call for investors and analysts to present the Group's 2Q/1H 2018 financial results today at 9:00 New York / 14:00 London / 16:00 Moscow.

To join the conference call please dial:

UK Local:	+44 2071 943 759
UK Toll Free:	0800 3766 183
Russia:	+7 495 646 9315
Russia Toll Free:	8 800 500 9863
US Local:	+1 646 722 4916
US Toll Free:	84 4286 0643

Conference ID: 31944811#

(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 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.

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