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PRESS RELEASE

TMK Announces FY 2018 Operational Results

The following contains forward-looking statements concerning future events. These forward-looking statements are based on current information and assumptions of TMK management concerning known and unknown risks and uncertainties.

4Q 2018 shipments data is preliminary and may be adjusted.

TMK, one of the world's leading producers of tubular products for the oil and gas industry, announces its operational results for the fourth quarter and twelve months of 2018.

FY 2018 and 4Q 2018 Summary Results

(thousand tonnes)

Product	FY 2018	FY 2017	Change	4Q 2018	3Q 2018	Change
Seamless pipe	2,767	2,676	3%	742	632	17%
Welded pipe	1,243	1,116	11%	264	317	(17)%
Total	4,010	3,792	6%	1,005	949	6%
<i>Including:</i>						
OCTG	1,958	1,763	11%	536	470	14%

FY 2018 Highlights

- Total pipe shipments grew 6% year-on-year, to 4,010 thousand tonnes, mainly driven by higher seamless OCTG shipments at the Russian division and increased shipments of both seamless and welded OCTG pipe at the American division, due to stronger drilling activity in North America.
- Seamless pipe shipments were up 3% year-on-year, to 2,767 thousand tonnes, mainly reflecting increased shipments of OCTG pipe at the Russian division.
- Welded pipe shipments were up 11% year-on-year, to 1,243 thousand tonnes, mainly driven by higher shipments of welded pipe at the American division and increased shipments of large diameter pipe in Russia.
- OCTG shipments increased 11% year-on-year, to 1,958 thousand tonnes.
- Shipments of premium threaded connections grew 31% year-on-year, to 1,034 thousand joints, driven by the increasing complexity of hydrocarbon production projects in Russia and the U.S., where premium products are used.

4Q 2018 Highlights

- Total pipe shipments increased 6% quarter-on-quarter, to 1,005 thousand tonnes.
- Seamless pipe shipments grew 17% quarter-on-quarter, mainly driven by stronger seamless OCTG and line pipe shipments at both the Russian and American divisions.
- Welded pipe shipments were down 17% quarter-on-quarter, mainly due to seasonally weak demand for industrial pipe in Russia and the U.S. and a decrease in welded OCTG shipments at the American division as distributors reduced pipe inventories in anticipation of new import supplies, declining HRC prices and year-end inventory taxes.



- OCTG shipments increased 14% quarter-on-quarter, to 536 thousand tonnes, due to seasonally strong demand for OCTG from Russian oil and gas companies and higher OCTG shipments at the American division, supported by stable drilling activity in North America.
- Shipments of premium-threaded connections increased 12% quarter-on-quarter, to 296 thousand joints.

Alexander Shiryaev, CEO of TMK, said:

“2018 has been a year of solid growth in shipments for TMK, which continues to strengthen its position as one of the global leading producers of tubular products for the oil and gas industry. Shipments of our key product – OCTG – were up 11% year-on-year and 14% quarter-on-quarter. Meanwhile a 31% increase in shipments of premium-threaded connections in the year, with growth of 12% quarter-on-quarter in 4Q 2018, demonstrated consistent and growing demand for our range of unique premium products. All of the above paved the way to significantly improved financial results including substantial debt reduction.

The Company’s ongoing growth is underpinned by our focus on R&D and product innovation, which ensures we are consistently meeting customer demand for high tech products, as hydrocarbon production projects in Russia and the U.S. become increasingly complex.

Looking ahead to 2019, we anticipate continued growth in shipments, supported by strong pipe consumption from oil and gas companies in Russia and the U.S, and sustained demand for seamless industrial pipe in Europe.”

FY 2018 and 4Q 2018 Results by Division

RUSSIAN DIVISION

Product	FY 2018	FY 2017	Change	4Q 2018	3Q 2018	Change
Seamless pipe	2,022	1,998	1%	521	467	12%
Welded pipe	840	804	5%	179	216	(17)%
Total⁽¹⁾	2,862	2,802	2%	700	683	3%
<i>Including:</i>						
OCTG	1,255	1,155	9%	339	302	12%

(1) Total includes shipments from TMK’s Russian facilities, TMK-Kazrubprom and TMK GIPI to the Russian, CIS and non-CIS markets (excluding North America).

FY 2018 vs. FY 2017

- Total pipe shipments increased 2% year-on-year, reflecting the growth in both seamless and welded pipe shipments.
- Shipments of seamless pipe were up 1% year-on-year, supported by higher demand for seamless OCTG pipe, as drilling activity in Russia continued to grow.
- Shipments of welded pipe were up 5% year-on-year, mainly due to increased shipments of large diameter pipe (+12% year-on-year).
- OCTG shipments increased 9% year-on-year.

4Q 2018 vs. 3Q 2018

- Total pipe shipments increased 3% quarter-on-quarter, due to higher shipments of seamless pipe, which fully compensated for a decline in welded pipe shipments.
- Shipments of seamless pipe grew 12% quarter-on-quarter, due to seasonally strong demand for OCTG and line pipe from Russian oil and gas producers. The higher shipments of seamless oil and gas pipe fully compensated for lower shipments of seamless industrial pipe, as a result of the construction season ending.



- Shipments of welded pipe decreased 17% quarter-on-quarter, mainly affected by seasonally weak demand for welded industrial pipe due to the construction season coming to an end, but partially supported by higher shipments of large diameter pipe (+32% quarter-on-quarter).
- Shipments of OCTG increased 12% quarter-on-quarter, due to seasonally strong demand for OCTG from Russian oil and gas producers.

AMERICAN DIVISION

(thousand tonnes)

Product	FY 2018	FY 2017	Change	4Q 2018	3Q 2018	Change
Seamless pipe	544	488	12%	169	116	46%
Welded pipe	403	312	29%	85	101	(16)%
Total	947	800	18%	254	217	17%
<i>Including:</i> OCTG	704	608	16%	197	168	18%

(thousand tonnes)

Product	FY 2018	FY 2017	Change	4Q 2018	3Q 2018	Change
Total shipments	947	800	18%	254	217	17%
<i>Including:</i> Imported pipe	147	129	13%	49	27	83%

FY 2018 vs. FY 2017

- Total pipe shipments grew 18% year-on-year, supported by increased seamless and welded pipe shipments.
- Shipments of seamless pipe were up 12% year-on-year, due to higher seamless OCTG and line pipe shipments. This fully compensated for the lower shipments of industrial pipe.
- Shipments of welded pipe increased 29% year-on-year, supported by solid growth in shipments of all types of welded pipe.
- OCTG shipments were up 16% year-on-year, due to continued solid demand in the U.S. oil and gas market, despite short-term takeaway concerns in the Permian basin.
- Shipments of imported pipe at the American division increased 13% year-on-year.

4Q 2018 vs. 3Q 2018

- Total pipe shipments increased 17% quarter-on-quarter, due to stronger shipments of seamless pipe.
- Shipments of seamless pipe grew 46% quarter-on-quarter, due to an increase in OCTG and line pipe shipments on the back of solid demand in the U.S. oil and gas market.
- Lower shipments of welded pipe (down 16% quarter-on-quarter) resulted mainly from a decrease in welded OCTG pipe shipments as distributors reduced pipe inventories in anticipation of new import supplies, declining HRC prices and year-end inventory taxes.
- Shipments of OCTG increased 18% quarter-on-quarter, due to stable drilling activity in North America.
- Imported pipe shipments at the American division increased 83% quarter-on-quarter.



EUROPEAN DIVISION

(thousand tonnes)

Product	FY 2018	FY 2017	Change	4Q 2018	3Q 2018	Change
Seamless pipe – Total	200	190	5%	52	49	6%

FY 2018 vs. FY 2017

- Shipments of seamless pipe increased 5% year-on-year, supported by favourable market conditions, while the sales mix improved due to the launch of the new heat treatment facility in early 2018.

4Q 2018 vs. 3Q 2018

- Shipments of seamless pipe increased 6% quarter-on-quarter, recovering to normalized shipment levels after a seasonal slowdown of activities in the European market during 3Q 2018.

2019 Outlook

In Russia, TMK expects pipe consumption of the domestic oil and gas companies to remain strong in 2019. The increased complexity of hydrocarbon production projects in Russia is expected to result in higher demand for high tech products.

In 4Q 2018, the North American pipe market continued its steady forward march into 2019 with consumption remaining flat supported by stable drilling activity in the U.S. as operators took a wait-and-see approach to falling oil prices.

In Europe, it is expected that TMK sustains demand for seamless industrial pipe in 2019. The division's sales mix is estimated to include a higher share of high value-added products.

Overall, it is expected that the group's pipe shipments to increase in 2019 compared to 2018, providing the basis for a stronger financial performance throughout 2019.

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

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TMK (www.tmk-group.com)

TMK (www.tmk-group.com) is a leading global manufacturer and supplier of steel pipes for oil and gas industry, operating over 20 production sites in the United States, Russia, Canada, Romania, Oman and Kazakhstan with two R&D centers in Russia and the U.S.. 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.