May 20, 2019 **PRESS RELEASE**

TMK Announces 1Q 2019 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 three months ended March 31, 2019.

1Q 2019 Highlights

Financial

- 1Q Revenue generally flat quarter-on-quarter and year-on-year at $1,257m
- 1Q Adjusted EBITDA up 9% year-on-year at $175m
- Adjusted EBITDA margin maintained at 14% in 1Q 2019 (4Q 2018: 14%, 1Q 2018: 13%)
- Net debt at $2,519m as at March 31, 2019. Net repayment of borrowings in 1Q 2019 at $125m
- Net debt/EBITDA ratio almost flat at 3.5x

Major Developments in 1Q 2019

- In March, TMK signed the Stock Purchase Agreement with Tenaris for the sale of 100% of the shares of IPSCO Tubulars Inc. for an aggregate, cash free, debt-free price of US$ 1,209 million.

  The completion of the transaction is subject to the fulfillment of the conditions precedent in accordance with the Stock Purchase Agreement including, inter alia, the obtaining of all necessary permissions and approvals.

Outlook

In Russia, TMK expects pipe consumption by 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 1Q 2019, the North American OCTG market experienced a temporary slowdown due to a weaker oil price and a declining rig count. An increase in pipe imports was driven by the renewal of pipe shipment quotas under Section 232 and, due to lower OCTG consumption, this resulted in higher inventory levels.

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

For the full-year 2019, TMK expects EBITDA at the Russian and European divisions to increase, supported by an increase in pipe shipments, with the EBITDA margin at these two divisions anticipated to be slightly above the level of full-year 2018.

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Alexander Shiryaev, CEO of TMK, said:

"TMK maintained a solid year-on-year performance in the first quarter of 2019. Notably, we grew our sales and further improved the product mix at our Russian division, where a continued increase in the complexity of hydrocarbon projects is driving demand for TMK's high-tech products.

"At our annual Capital Markets Day held in March we reiterated our commitment to our goals for 2018-2022. We demonstrated progress on our strategy to maintain market leadership supported by our focus on seamless and value-added products and ongoing product innovation, the digital transformation of the Company and expanding our service offering and marketing initiatives. Meanwhile we remain committed to operating responsibly and enhancing our ESG (environmental, social and governance) performance.

"We remain confident in the outlook for the full-year 2019, anticipating a strengthened financial performance at the Russian and European divisions reflecting strong demand for higher margin products."

Group Summary 1Q 2019 Results

(In millions of US$, unless stated otherwise)

	1Q 2019	1Q 2018	*Change*	1Q 2019	4Q 2018	*Change*
(thousand tonnes)						
Seamless	**684**	681	0%	**684**	738	(7)%
Welded	**293**	306	(4)%	**293**	265	11%
Total sales	**977**	986	(1)%	**977**	1,002	(3)%
Including OCTG	***494***	*458*	*8%*	***494***	*533*	*(7)%*
Revenue	**1,257**	1,274	(1)%	**1,257**	1,264	(1)%
Gross profit	**235**	221	6%	**235**	224	5%
Gross profit margin, %	***19%***	*17%*		***19%***	*18%*	
Adjusted EBITDA [(1)]	**175**	160	9%	**175**	179	(2)%
Adjusted EBITDA margin, %	***14%***	*13%*		***14%***	*14%*	

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.

1Q 2019 IFRS Financial Statements are available at:
www.tmk-group.com/media_en/texts/34/TMK_FS_eng_usd_310319.pdf

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1Q 2019 Review

Market

1Q 2019 vs. 1Q 2018

The Russian pipe market remained generally flat year-on-year. At the same time the OCTG market increased 8%, while the sales volume of seamless OCTG – the main TMK's product - was up 11%, supported by the increasing complexity of hydrocarbon production projects in Russia and a higher share of horizontal drilling (from 44% in 1Q 2018 to 51% in 1Q 2019).

In the U.S., the average rig count increased 8% year-on-year, according to Baker Hughes, driving higher demand for OCTG pipe, with OCTG consumption growing 4% year-on-year.

In 1Q 2019, conditions in the European pipe market slightly improved compared to the same period of 2018, with higher demand for seamless pipe from domestic customers, increased capacity utilization and a better pricing environment.

1Q 2019 vs. 4Q 2018

In 1Q 2019, the Russian pipe market was flat compared to the previous quarter. Higher demand for large diameter pipe fully compensated for lower demand for line pipe and a slightly weaker Russian OCTG market following more intensified pipe purchases by domestic oil and gas companies in 4Q 2018.

In the U.S., OCTG consumption in 1Q 2019 was down 2% quarter-on-quarter following weaker oil prices in 4Q 2018 and a decline in drilling activity, with 27 fewer rigs compared to the previous quarter. Furthermore, in 1Q 2019, domestic pipe producers were affected by higher import pipe supplies as a result of the renewal of pipe shipment quotas under Section 232.

In 1Q 2019, European pipe producers continued to see some slowdown in demand due to higher inventories accumulated by consumers in the last quarters of 2018.

Financial

1Q 2019 vs. 1Q 2018

Revenue was generally in line (1% decline compared to 1Q 2018, was mainly due to effect of currency translation at the Russian division).

Adjusted EBITDA increased 9% year-on-year to $175 million, due to a stronger performance at the Russian division, resulting from stronger sales, better pricing and an improved product mix with a higher share of OCTG and large diameter pipe. Adjusted EBITDA margin was up 1 p.p. year-on-year to 14% in 1Q 2019.

Total debt decreased from $3,127 million as at March 31, 2018 to $2,851 million as at March 31, 2019. Net debt decreased from $2,710 million as at March 31, 2018 to $2,519 million as at March 31, 2019.

1Q 2019 vs. 4Q 2018

Revenue was generally in line. A 1% decline compared to 4Q 2018 was mainly due to a weaker performance at the American division. However it was almost fully compensated by stronger quarter-on-quarter performance at the Russian division.

Adjusted EBITDA decreased by $4 million compared to the previous quarter, to $175 million, mainly due to a weaker performance at the American division. Adjusted EBITDA at the Russian division was up by $14 million. Adjusted EBITDA margin was flat compared to 4Q 2018 at 14%.

Total debt decreased from to $2,867 million as at December 31, 2018 to $2,851 million as at March 31, 2019. The weighted average nominal interest rate was up by 5 bps compared to the end of 2018 to 7.34% as at the end of the reporting period. Net debt increased from $2,437 million as at December 31, 2018 to $2,519 million as at March 31, 2019, as a result of rouble appreciation against the US dollar. Net repayment of borrowings in 1Q 2019 amounted to $125 million.

1Q 2019 Segment Results

RUSSIAN DIVISION

(In millions of US$, unless stated otherwise)

	1Q 2019	1Q 2018	***Change***	**1Q 2019**	4Q 2018	***Change***
(thousand tonnes)						
Seamless	**552**	540	2%	**552**	565	(2)%
Welded	**206**	200	3%	**206**	180	14%
Total sales	**757**	740	2%	**757**	745	2%
Including OCTG	***374***	*329*	*13%*	***374***	*372*	*1%*
Revenue	**885**	909	(3)%	**885**	822	8%
Gross profit	**185**	172	8%	**185**	161	15%
Gross profit margin, %	***21%***	*19%*		***21%***	*20%*	
Adjusted EBITDA	**137**	124	11%	**137**	123	12%
Adjusted EBITDA margin, %	***16%***	*14%*		***16%***	*15%*	

1Q 2019 vs. 1Q 2018

- Higher sales and better pricing drove revenue growth at the Russian division. However, the increase in revenue was fully offset by a negative impact of currency translation.
- Adjusted EBITDA increased as a result of a corresponding increase in gross profit. Adjusted EBITDA margin increased 2 p.p. year-on-year to 16%.

1Q 2019 vs. 4Q 2018

- Revenue at the Russian division grew quarter-on-quarter, driven by better pricing and higher sales of large diameter pipe.
- Adjusted EBITDA increased quarter-on-quarter, supported by a better sales mix in the seamless segment and lower raw material prices. As a result, Adjusted EBITDA margin was up 1 p.p.

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

	1Q 2019	1Q 2018	***Change***	**1Q 2019**	4Q 2018	***Change***
(thousand tonnes)						
Seamless	**81**	94	(13)%	**81**	120	(33)%
Welded	**87**	105	(17)%	**87**	84	4%
Total sales	**168**	199	(15)%	**168**	205	(18)%
Including OCTG	***121***	*129*	*(6)%*	***121***	*161*	*(25)%*
Revenue	**302**	294	3%	**302**	366	(17)%
Gross profit	**32**	36	(9)%	**32**	41	(22)%
Gross profit margin, %	***11%***	*12%*		***11%***	*11%*	
Adjusted EBITDA	**30**	26	14%	**30**	43	(32)%
Adjusted EBITDA margin, %	***10%***	*9%*		***10%***	*12%*	

1Q 2019 vs. 1Q 2018

- Higher revenue at the American division was mainly driven by stronger pricing for both seamless and welded pipe compared to 1Q 2018.
- Adjusted EBITDA margin increased year-on-year, supported by an improved product mix towards OCTG sales.

1Q 2019 vs. 4Q 2018

- Revenue at the American division was affected by mainly weaker OCTG sales, due to the temporary slowdown in the North American market and an impact of higher import pipe supplies on domestic pipe producers.
- Lower Adjusted EBITDA predominantly reflected lower OCTG sales due to weaker OCTG consumption on the U.S. market, responding to weaker oil prices in 4Q 2018 and a declined U.S. rig count, and higher selling, administrative and other operational expenses. As a result, adjusted EBITDA margin was down 2 p.p.

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

	1Q 2019	1Q 2018	***Change***	**1Q 2019**	4Q 2018	***Change***
Total seamless pipe sales (thousand tonnes)	**51**	47	9%	**51**	52	(2)%
Revenue	**70**	71	(1)%	**70**	75	(7)%
Gross profit	**18**	14	26%	**18**	21	(15)%
Gross profit margin, %	***26%***	*20%*		***26%***	*28%*	
Adjusted EBITDA	**8**	10	(19)%	**8**	12	(33)%
Adjusted EBITDA margin, %	***12%***	*14%*		***12%***	*16%*	

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1Q 2019 vs. 1Q 2018

- Higher sales and an improved product mix drove revenue growth at the European division. However, the increase in revenue was fully offset by a negative effect of currency translation.
- Adjusted EBITDA declined $2 million, due to an increase in selling and distribution expenses relating to an import duty on certain steel products in the U.S. under Section 232. This fully offset the positive effect of a favourable pricing environment and a notable improvement in the product mix towards higher value-added products due to the launch of the new heat treatment facility at TMK-ARTROM in early 2018.

1Q 2019 vs. 4Q 2018

- The quarter-on-quarter performance of the European division was impacted by flat sales, reflecting some slowdown in market demand due to higher inventories accumulated by consumers in the last quarters of 2018, pricing pressure and a negative effect of currency translation.

1Q 2019 IFRS Results Conference Call:

TMK's management will hold a conference call for investors and analysts to present the Group's 1Q 2019 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: 86717627#

(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.

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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 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.