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PRESS RELEASE

TMK Announces FY 2019 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 2019 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 2019.

The Group's operational results include the operational results of the American division (IPSCO Tubulars Inc.) for twelve months of 2019. On January 2, 2020, TMK closed the sale of 100% of the shares of IPSCO Tubulars Inc. to Tenaris. Under the Stock Purchase Agreement with Tenaris signed on March 22, 2019, the transaction price amounted to US\$ 1,209 million on an aggregate, cash-free, debt-free basis and included \$270 million of working capital.

In connection with the closing of the transaction, the parties entered into a 6-year master distribution agreement whereby, beginning on January 2, 2020, Tenaris will be the exclusive distributor of TMK's OCTG and line pipe products in the United States and Canada.

Following this transaction, the Group now comprises its Russian and European divisions represented by production assets located in Russia, Romania and Kazakhstan.

FY 2019 and 4Q 2019 Summary Results

(thousand tonnes)

Product	FY 2019	FY 2018	Change	4Q 2019	3Q 2019	Change
Seamless pipe	2,625	2,767	(5)%	621	651	(5)%
Welded pipe	1,176	1,244	(5)%	249	290	(14)%
Total	3,800	4,010	(5)%	870	941	(8)%
<i>Including:</i>						
OCTG	1,738	1,958	(11)%	375	416	(10)%

FY 2019 vs. FY 2018

- Total pipe shipments declined by 5% year-on-year, due to lower overall shipments of both seamless and welded pipe (down 5% and 5% year-on-year, respectively), reflecting a weaker performance by the American division.

The impact of lower total shipments at the American division was partially offset by the strong performance of the Russian division, where total pipe shipments increased by 5% year-on-year, driven by a 4% increase in shipments of seamless OCTG pipe and a 56% increase in large diameter pipe shipments.

- Total OCTG shipments were down 11% year-on-year. However, OCTG shipments at the Russian division grew by 3% year-on-year (by 4% year-on-year net of welded OCTG shipments from TMK GIPI, which was deconsolidated in 4Q 2018), reflecting an increasing complexity of hydrocarbon production projects in Russia and a higher share of horizontal drilling.
- Total shipments of premium-threaded connections declined 10% year-on-year, while the Russian division increased shipments of premium-threaded connections by 15% year-on-year.



4Q 2019 vs. 3Q 2019

- Total pipe shipments declined, mainly due to a decrease in shipments at the American division and lower welded pipe shipments at the Russian division.
- Seamless pipe shipments were down 5% quarter-on-quarter, largely due to lower OCTG and line pipe shipments at the American division, as activity in the North American market continued to soften.
- Welded pipe shipments decreased by 14% quarter-on-quarter, mainly reflecting a decline in large diameter pipe shipments at the Russian division, largely due to the change in production mix in 4Q 2019, as well as lower OCTG and line pipe shipments at the American division.
- OCTG shipments declined by 10% quarter-on-quarter, mainly due to decreased shipments at the American division.

Igor Korytko, CEO of TMK, said:

“In FY 2019, TMK achieved strong 5% growth in the Russian division, where shipments of seamless OCTG, our core product segment, grew 4% year-on-year due to stable demand from domestic oil and gas companies. Shipments of premium-threaded connections at the Russian division increased 15% year-on-year in FY 2019, as we remained focused on developing high tech products to consistently meet demand from our major customers who are developing increasingly complex exploration and production projects. In 4Q 2019 we launched our new R&D centre in Skolkovo which will strengthen our R&D competencies and ability to develop innovative product solutions for our customers.

In early 2020, we closed the sale of IPSCO Tubulars to Tenaris. The transaction was in the line with TMK’s strategic objective of reducing the Company’s leverage through monetising its international assets. The proceeds from the deal will ensure TMK’s stability and support its further development.”

2020 Outlook

In Russia, TMK expects pipe consumption by domestic oil and gas companies to remain stable in 2020. The increased complexity of hydrocarbon production projects in Russia is expected to result in higher demand for high tech products.

In Europe, TMK expects seamless industrial pipe shipments at the European division to remain stable year-on-year, mainly supported by demand for high value-added products.

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 global manufacturer and supplier of steel pipes for oil and gas industry, one of the world's three leading pipe producers, operating production sites in Russia, Romania and Kazakhstan with two R&D centers in Russia. The largest share of TMK's sales belongs to high margin oil country tubular goods (OCTG). The Company has expertise in shipping its products 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.