

Moscow, 8 April 2020

## **TMK'S BOARD OF DIRECTORS APPROVES A TENDER OFFER BY ITS SUBSIDIARY FOR ITS ORDINARY SHARES AND DELISTING OF ITS GDRS**

PAO "TMK" (LSE: TMKS; MOEX: TRMK), one of the world's leading producers of tubular products for the oil and gas industry ("TMK" or the "Company"), announces that the Board of Directors of TMK, at its meeting on 8 April 2020, has approved a programme to purchase ordinary shares of the Company. In addition, the Board of Directors of TMK evaluated the benefits of the Company retaining a listing of its global depository receipts on the London Stock Exchange and determined that it is no longer a strategic priority for the Company. The Board of Directors approved the cancellation of the listing of the global depository receipts on the London Stock Exchange, to be carried out following the completion of the programme to purchase ordinary shares of TMK.

The programme to purchase ordinary shares will be carried out by "Volzhsky Pipe Plant", Joint stock company ("VTZ"), a wholly-owned subsidiary of TMK, by way of a voluntary tender offer under Russian law. In the voluntary tender offer, VTZ will offer to purchase for cash up to 358,826,299 of the issued and outstanding ordinary shares of the Company, which represent all of the issued and outstanding ordinary shares of the Company other than the ordinary shares held by VTZ and its affiliates, including certain other subsidiaries of TMK, the controlling shareholder of TMK (TMK Steel Holding Limited) and certain members of the boards of directors of VTZ and TMK. The voluntary tender offer will be made by VTZ to all holders of ordinary shares, other than these individuals and entities.

The voluntary tender offer, if made as further outlined below, will be made only to the holders of the Company's ordinary shares. Holders of the Company's depository receipts will be able to participate in the voluntary tender offer subject to cancellation of their depository receipts and receipt of the underlying ordinary shares, as outlined below. It is intended that the voluntary tender offer will comply with the requirements applicable to mandatory tender offers under Russian law.

The purchase price for the ordinary shares of the Company to be paid in the voluntary tender offer will be RUB 61 for each ordinary share (the "**Purchase Price**"). On 8 April 2020, the Purchase Price represented a cash premium of RUB 14.34 and 30.7% with respect to the closing price per ordinary share of the Company on the Moscow Exchange on 7 April 2020 and a cash premium of RUB 9.14 and 17.6% per ordinary share of the Company to the 6-month volume weighted average price of RUB 51.86 for the period ending on 7 April 2020.

The initial review of the strategic priorities of the Company and the evaluation of the programme to purchase its ordinary shares and the cancellation of the listing of the global depository receipts on the London Stock Exchange was conducted by a special committee

of the Board of Directors, consisting solely of the independent non-executive directors (the “**Special Committee**”) led by its Chairman Sergey Kravchenko and included Natalyia Chervonenko, Yaroslav Kuzminov and Frank-Detlef Wende. To assist the Special Committee and the Board of Directors of the Company in their review, the Company engaged UBS AG London Branch (“**UBS**”) as financial adviser and Debevoise & Plimpton LLP as legal counsel.

On 8 April 2020, the Special Committee, having considered the advice of its financial adviser and other matters it deemed relevant, unanimously recommended to the Board of Directors that they approve the principal terms of the repurchase programme by way of a voluntary tender offer and the cancellation of the listing of the GDRs on the London Stock Exchange, and the Board of Directors took into account these recommendations in reaching its decision to approve the principal terms of the repurchase programme to be carried out via the voluntary tender offer and the cancellation of the listing of the global depositary receipts.

In arriving at these recommendations and decisions, the Special Committee and the Board of Directors considered, among other things, that:

- The Company’s capitalisation continues to face pressure due to various market factors and low liquidity of the Company’s equity securities. The trading of the Company’s ordinary shares and global depositary receipts has been severely hampered primarily due to various external market factors, including an unfavourable economic environment and significant volatility of global currency markets, as well as current pricing conditions in the markets generally.
- Due to the imposition of sanctions against, among others, the companies operating in the Russian oil and gas industry, as well as the recent sale by the Company of IPSCO Tubulars Inc., a U.S. manufacturer of steel pipe, the Company has significantly lowered its international presence and expects to primarily focus on its operations in the Russian market in the upcoming years.
- Taking into account its earnings profile and future projections, the Company expects that the dividends it pays in the foreseeable future, if any, will be at a level lower than it has paid in the past, and lower than the level expected by investors.
- The Company believes that the above factors hinder any favourable prospects for the Company on the equity markets, which are expected to remain volatile in the near future.
- The tender offer to purchase ordinary shares of the Company provides an exit opportunity for the holders of the Company’s ordinary shares (and indirectly depositary receipt holders, provided that they cancel their depositary receipts and receive the underlying ordinary shares) at a premium of 30.7% with respect to the

closing price per ordinary share trading on the Moscow Exchange on 7 April 2020, before a possible downgrade of the ordinary shares from the current premium listing to a lower listing level on the Moscow Exchange and a further possible termination of the Company's depositary receipt programmes, while allowing each holder of the Company's ordinary shares and depositary receipts to consider its own specific circumstances, given high volatility on the securities markets.

The voluntary tender offer is subject to prior review by the Central Bank of Russia (the "**CBR**"). It is expected that the voluntary offer will be submitted to the CBR today and, provided that the CBR does not raise any comments, will be submitted to the Company upon the expiry of the 15-day statutory review period. The launch, the timing and the terms of the voluntary tender offer are subject to the review of the voluntary tender offer document by the CBR. Accordingly, there may be no assurances as to the precise date of the launch of the voluntary tender offer and/or its terms. The purchase by VTZ of the Company's ordinary shares in the voluntary tender offer may require a preliminary consent of the Federal Antimonopoly Service of the Russian Federation (the "**FAS**"), depending on the number of the purchased shares. VTZ will file the requisite application with the FAS and expects to obtain a response prior to completion of the voluntary tender offer, if and when made.

The voluntary tender offer, once made, will be irrevocable and can only be amended in limited circumstances to the extent permitted by law.

UBS and BCS Global Markets will act as dealer managers with respect to the voluntary tender offer.

In accordance with Russian law, the voluntary tender offer will be made only to the holders of ordinary shares of the Company. Holders of Regulation S global depositary receipts ("**Regulation S GDRs**"), Rule 144A global depositary receipts ("**Rule 144A GDRs**" and, together with Regulation S GDRs, "**GDRs**") and Level 1 American depositary shares (together with the GDRs, the "**DRs**"), representing rights to the Company's ordinary shares, will be able to participate in the voluntary tender offer, once it is made and distributed to the shareholders of the Company, by cancelling the DRs held by them, receiving the respective underlying ordinary shares and submitting an application to sell such ordinary shares pursuant to the terms of the voluntary tender offer. Detailed instructions for cancelling DRs and participating in the voluntary tender offer will be made available on the Company's website following submission of the voluntary tender offer to the Company.

Surrender of the DRs will be subject to the payment of the relevant fees to The Bank of New York Mellon and to satisfaction of the other provisions of the respective deposit agreements for the DRs by DR holders. DR holders are urged to consult with their tax advisers as to the tax consequences of the surrender of DRs and receipt of shares, including whether any transfer taxes may apply.

### *Cancellation of the GDR listing*

Following completion of the voluntary tender offer, the Company intends to commence the process of cancelling the GDR listing on the London Stock Exchange. TMK may also review whether or not to maintain the DR programmes following the cancellation of the GDR listing, taking into consideration, among other things, the amount of DRs then outstanding. No assurance can be given that the DR programmes will continue to be maintained. Following the completion of the voluntary tender offer, it is expected that the listing of the ordinary shares on the Moscow Exchange will be downgraded from its current premium listing to a lower listing level, and the liquidity in the trading of the ordinary shares may substantially decrease.

Securityholders are urged to evaluate carefully all information in the voluntary tender offer document and related documentation to be published by VTZ and the Company, consult their own investment and tax advisers and make their own decisions whether to tender or refrain from tendering their ordinary shares into the voluntary tender offer.

In accordance with applicable Russian rules, further details on the terms of the voluntary tender offer will be provided after the voluntary tender offer is received by the Company and other applicable procedures are finalised, which is expected to be upon the expiration of the 15-day statutory period of the CBR review provided that the CBR does not raise any comments with respect to the voluntary tender offer.

Commenting on today's announcement, Igor Korytko, CEO of TMK, said: "In these challenging times we believe the voluntary tender offer provides minority shareholders with the opportunity to exit at a substantial premium over the market quotations. We do not consider our London listing a priority under the circumstances."

### *Current trading update*

*While the Russian oil & gas pipe market traditionally shows a certain resistance towards oil price drops, we expect the situation to worsen in all our main markets. First quarter results are likely to be worse quarter-on-quarter, and we do not expect improvement in the second quarter either.*

The Company will host a conference call for analysts and institutional investors to discuss the decisions taken by the Board of Directors and approval of the repurchase programme by way of a voluntary tender offer on Thursday, 9 April, at 10:00 New York / 15:00 London / 17:00 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  
U.S. Toll Free: 84 4286 0643

Conference ID: 12224631#

**Contacts:**

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

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

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