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**PRESS RELEASE**

## **TMK Production Results for the First Half of 2008**

OAO “TMK” (TMK), one of the world’s largest oil and gas pipe producers and the market leader of the Russian pipe industry, today announces 2008 half year (H1) production results.

For the first 6 months of 2008, TMK shipped<sup>1</sup> 1,495 thousand tonnes of steel pipes, a 5% decrease compared to the first half 2007.

In the first half of the year, TMK shipments to the Russian pipe market declined by 7.6% whilst domestic Russian pipe consumption decreased by 11%. As a result, the company increased its Russian market share by 2.2% compared to H1 2007.

The commissioning of a 600 thousand tonne capacity PQF technology mill is scheduled at TAGMET in the first half of September. The required shutdown of obsolete capacity to install the new PQF technology mill affected seamless pipe shipments in the first half of the year. Compared to H1 07, total seamless shipment volumes fell by 6% to 985 thousand tonnes, including a 6% decline in OCTG shipments. Seamless pipe deliveries are expected to increase following the scheduled commissioning.

The delays and postponements seen in the implementation of some large-scale oil and gas pipeline projects continued to negatively affect the Russian pipe market. TMK partially offset the decrease in large-diameter pipe demand with increases in shipments of welded line pipes and industrial pipes. Total welded pipe shipment volumes fell by 3% compared to the first half of 2007, and amounted to 511 thousand tonnes.

With the number of pipeline tenders expected to increase in the second half of the year, the large-diameter pipe market outlook remains favourable. TMK is set to benefit from this situation as a new large-diameter pipe mill producing thick walled longitudinal welded pipes coupled with internal and external anticorrosion coating capacity will be commissioned at the Volzhsky Pipe Plant in the second half of this year.

[1] “Shipped” refers to shipped from TMK plants for subsequent sale to customers.



**TMK** ([www.tmk-group.com](http://www.tmk-group.com))

Founded in 2001, TMK (LSE: TMKS) is the largest pipe producer in Russia and one of the three global market leaders.

In 2007, TMK shipped over 3 million tonnes of pipes. TMK supplies to companies in more than 60 countries.

TMK production facilities are located in Russia, the United States, Romania and Kazakhstan

- Volzhsky Pipe Plant
- Seversky Tube Works
- Taganrog Metallurgical Works
- Sinarsky Pipe Plant
- TMK IPSCO
- TMK-Resita SA
- TMK-Artrom SA
- TMK-Kaztrubprom
- TMK Oilfield Services
- TMK-Premium Service

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