TMK ANNOUNCES 1Q 2012 IFRS RESULTS

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.

OAO TMK ("TMK" or "the Company"), one of the world's leading producers of tubular products for the oil and gas industry, today announces its unaudited consolidated IFRS financial results for the three months ending March 31, 2012.

Summary 1Q 2012 Results

(In millions of $, except sales volume and earnings per GDR)

	1Q 2012	4Q 2011	Change, %	1Q 2011	Change, %
Sales volume, thousand tonnes	1,005	1,017	-1%	1,060	-5%
Revenue	1,659	1,602	4%	1,669	-1%
Gross profit	411	331	24%	391	5%
Income before tax	151	146	4%	157	-3%
Net income	105	106	0%	104	1%
Earnings per GDR[1], basic, U.S.$	0.48	0.48	0%	0.48	0%
Adjusted EBITDA[2]	277	223	24%	293	-6%
Adjusted EBITDA margin, %	*17%*	*14%*		*18%*	

1Q 2012 Highlights

Sales Volumes

- Total pipe sales decreased by 1% to 1,005 thousand tonnes compared to the fourth quarter of 2011 and by 5% compared to the first quarter of 2011, mainly due to low Russian demand for large diameter pipes (LDP) caused by the completion of some major pipeline projects and the postponement of others.

- Seamless pipe sales amounted to 609 thousand tonnes, a 5% increase compared to the fourth quarter of 2011 and a 3% increase year-on-year, driven by high demand from the oil and gas industry. Seamless OCTG sales volumes grew by 4% compared to the previous quarter and by 10% as compared to the first quarter of 2011.

Note: Certain monetary amounts, percentages and other figures included in this press release are subject to rounding adjustments. On occasion, therefore, amounts shown in tables may not be the arithmetic accumulation of the figures that precede them.

[1] One GDR represents four ordinary shares

[2] 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, (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associate and other non-cash items.

- Welded pipe sales fell by 10% compared to the fourth quarter of 2011 and by 16% year-on-year to 396 thousand tonnes affected by the decline in LDP sales in Russia. Welded OCTG sales volumes increased by 1% compared to the previous quarter and by 20% year-on-year. Welded line pipe sales volumes grew by 5% compared to the fourth quarter of 2011 and by 56% compared to the first quarter of 2011.

Financials

- Revenue increased by 4% compared to the previous quarter to $1,659 million driven mainly by higher seamless pipe sales volumes, as well as improved product mix and pricing. Due to significantly lower welded pipe sales volumes, particularly LDP sales in Russia, revenue decreased by 1% year-on-year. Seamless pipe, the core business of the Company, accounted for 64% of total revenue in the first quarter of 2012.

- Gross profit increased to $411 million representing growth compared to the previous quarter and year-on-year of 24% and 5%, respectively, as a result of lower raw material cost, improved product mix and higher average selling prices. Gross profit from seamless pipe sales contributed 75% of total gross profit. Gross profit margin improved to 25% compared to 21% in the fourth quarter of 2011 and 23% in the first quarter of 2011. The gross profit margin of seamless pipe increased to 29% compared to 27% in the previous quarter and 28% in the first quarter of 2011.

- Adjusted EBITDA increased by 24% compared to the previous quarter to $277 million. Adjusted EBITDA margin rose to 17% in the first quarter of 2012 from 14% in the fourth quarter of 2011.

- Net income of $105 million remained flat compared to both the fourth quarter of 2011 and year-on-year. Net income, adjusted for the gain/(loss) on changes in the fair value of the derivative instrument, increased to $115 million as compared to $105 million in the fourth quarter of 2011. The adjusted net income margin remained flat compared to the previous quarter at 7%.

- Net debt increased by $145 million to $3,697 million as a result of the Russian rouble appreciating by 9% against the U.S. dollar in the first quarter of 2012. Net debt repayment amounted to $59 million in the first quarter of 2012. As of March 31, 2012 the Net Debt-to-LTM EBITDA ratio[3] grew to 3.6x following both a slight decrease in Adjusted EBITDA for the last twelve months and higher net debt due to rouble appreciation. The share of short-term loans and borrowings was 25% as of March 31, 2012, and fixed interest rate loans represented 83% of total debt. TMK's weighted average nominal interest rate of 7.00% as at March 31, 2012 remained virtually unchanged compared to December 31, 2011.

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[3]Net-Debt-to-LTM EBITDA ratio is defined as Net Debt at the end of the given reporting date divided by the Adjusted EBITDA for the 12 months immediately preceding the given reporting date.

Recent Developments

- In March 2012, TMK produced and shipped 13-Chrome casing pipe with TMK GF premium connections to Gazprom. These connections are used in directional wells because they ensure a high level of gas-tightness in the pipe string even under difficult conditions like bending, compression, tension, and high torque.
- In March 2012, TMK IPSCO broke ground on a new pipe threading and service facility in Edmonton, Canada. The state-of-the-art production facility will thread a full range of ULTRA™ Premium connections, produce accessories, and perform services and repairs. The new facility will become operational in late 2012.
- In May 2012, TMK's Board of Directors proposed, for the approval of the annual general meeting of shareholders, final dividends for 2011 in the amount of 2,531 million Russian roubles ($82 million at the exchange rate on the date of proposal) or 2.70 Russian roubles ($0.09) per ordinary share.

1Q 2012 Segment Results

(In millions of $, unless stated otherwise)

	1Q 2012	4Q 2011	Change, %	1Q 2011	Change, %
Sales Volumes (thousand tonnes)					
Russia	720	731	-2%	808	-11%
Americas	241	245	-2%	206	17%
Europe	44	41	7%	46	-4%
Revenue					
Russia	1,133	1,085	4%	1,241	-9%
Americas	440	440	0%	345	27%
Europe	86	77	12%	82	5%
Adjusted EBITDA					
Russia	176	148	19%	204	-14%
Americas	86	64	34%	74	16%
Europe	15	11	34%	15	-1%

Russia

In the first quarter of 2012, revenue for the Russian division increased by 4% to $1,133 million compared to the fourth quarter of 2011 mainly due to the growth of seamless pipe sales volumes, an increase in selling prices for seamless pipe, as well as higher share of seamless OCTG. At the same time, revenue in the first quarter of 2012 decreased by 9% year-on-year negatively affected by the lower welded pipe sales volumes, mainly LDP.

Adjusted EBITDA increased by 19% to $176 million sequentially with adjusted EBITDA margin expanding from 14% in the fourth quarter of 2011 to 16% in the first quarter of 2012. Adjusted EBITDA declined by 14% compared to the first quarter of 2011 while Adjusted EBITDA margin remained flat year-on-year.

Americas

Revenues for the American division in the first quarter of 2012 were $440 million and essentially flat compared to the fourth quarter of 2011 as the sales volume decline of 2% was offset by selling price increases and, to a lesser extent, by a favorable product mix. Revenue in the first quarter of 2012 grew by 27%, as compared to $345 million in the first quarter of 2011, primarily due to continued growth in welded line pipe and OCTG business, as well as favorable pricing and product mix.

Adjusted EBITDA margin rose from 15% in the fourth quarter of 2011 to 20% in the first quarter of 2012, largely driven by declining coil prices towards the fourth quarter of 2011 and, to a lesser extent, by selling price. The first quarter 2012 Adjusted EBITDA margin declined by 1% compared to the same period last year due to raw material prices that, despite the above mentioned decline, were still higher year-on-year. Selling price increases partially offset the year-on-year raw material price increase.

Europe

In the first quarter of 2012, revenue of $86 million for the European division increased by 12% compared to the fourth quarter of 2011, driven by the growth in seamless pipe sales volumes. Revenue growth of 5% in the first quarter of 2012 compared to the first quarter of 2011 was driven primarily by an increase in average selling prices for seamless pipe.

Compared to the fourth quarter of 2011, Adjusted EBITDA grew by 34% to $15 million and the Adjusted EBITDA margin rose from 14% to 17% in the first quarter of 2012. Adjusted EBITDA margin however decreased year-on-year from 18% in the first quarter of 2011.

1Q2012 Market Conditions

Russia

In the first quarter of 2012, the Russian pipe market declined by 23% year-on-year primarily as a result of a substantially weaker demand for LDP. At the same time, TMK increased its market share on the Russian pipe market to 28% from 25% a year ago.

Despite the overall market decline, Russian seamless OCTG and line pipe markets in the first quarter of 2012 grew by 2% and 26% respectively compared to the first quarter of 2011. Russian oil and gas companies maintain a robust level of E&P activity resulting in oil and gas production growth in the first quarter of 2012 by 2.4% and 1.4% respectively compared to the first quarter of 2011.

In the first quarter of 2012, LDP market in Russia dropped by 65% compared to the first quarter of last year primarily due to large project completions in 2011. Some large pipeline projects, such as Shtokman and South Stream, continue to be postponed as the European financial crisis and weak gas prices reduce the attractiveness of large capital investments. TMK managed to offset some of this decline by selling more LDP to CIS countries. TMK's sales of LDP to markets outside Russia more than doubled compared to the first quarter of 2011 and constituted over half of total LDP sales in the first quarter of 2012.

Industrial seamless pipe market in Russia declined by 13% year-on-year mainly due to lower demand from automotive, heavy engineering and construction industries.

Americas

OCTG demand in the U.S. remained strong throughout the first quarter of 2012. Per the Baker Hughes rig count, the U.S. finished the quarter at 1,979 active drilling rigs, down 1% from the fourth quarter of 2011. Strong oil rig count growth of 11% mostly offset the 19% decline of the natural gas rig count due to record low natural gas prices in the U.S.

In the first quarter of 2012, industry shipments of OCTG in the U.S. increased by 34% as compared to the first quarter of 2011 and increased by 19% as compared to the fourth quarter of 2011, according to Pipe Logix. Per the OCTG Situation Report, the average OCTG inventory for all products remains at less than five months of supply, slightly below what has historically been considered normal levels. The Preston Report cautions, however, that the consolidation of operators and string designs may have led to a decline in the OCTG market's normal level of inventory. Adding to the carbon inventories of OCTG and line pipe is a continued influx of imports, led by Korean producers. Preston Pipe and Tube stated that imported OCTG shipments exceeded domestic shipments in the first quarter of 2012.

Europe

In the first quarter of 2012 the European market conditions deteriorated compared to the first quarter of 2011 mainly due to macroeconomic concerns and the debt crisis in the Eurozone. As a result, customers tended to keep their inventories at minimum levels and focus on monthly orders seeking more favorable payment terms and driving down both market demand and prices.

2Q 2012 and 2012 Outlook

TMK continues to observe strong demand for OCTG and line pipe in its key markets, supported by robust drilling activity of oil and gas companies. High oil prices coupled with the increasing complexity of drilling are generating strong demand for larger volumes of higher value added products which translates into a favorable market environment for TMK. The Company does not expect the LDP market in Russia to recover earlier than the fourth quarter of 2012 but, at the same time, weak demand for LDP has a limited impact on TMK as this product does not represent a significant share of the Company's revenue and profits.

The long-term U.S. market outlook remains positive. In the near term, however, the U.S. market may see some uncertainty as distributors are keeping an eye on inventory levels and face increasing imports in both welded and seamless pipe. This may put pressure on the profitability improvements the American division saw in the first quarter of 2012. Oil and liquid plays, such as the Eagle Ford, Bakken and Mid-Continent plays, will continue to drive growth in the U.S. rig count and infrastructure development.

The Company expects its EBITDA in the second quarter of 2012 to remain at the level of the first quarter of 2012. TMK maintains its previous expectations for the full year of 2012.

1Q 2012 IFRS Financial Statements are available at:
http://www.tmk-group.com/files/IFRS_TMK_3m2012_usd_en.pdf

For further information regarding TMK please visit www.tmk-group.com or contact:

TMK IR Department:
Alexey Ratnikov
Marina Badudina
Tel: +7 (495) 775-7600
Farand Pawlak
Tel: +1 (630) 874-6442
IR@tmk-group.com

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

TMK (www.tmk-group.com)

TMK is a leading global manufacturer and supplier of steel pipes for the oil and gas industry, operating 24 production sites in the United States, Russia, Romania and Kazakhstan and two R&D centres in Russia and the USA. In 2011, TMK's pipe shipments totaled 4.23 million tonnes. The largest share of TMK's sales belongs to high margin oil country tubular goods (OCTG), shipped to customers in 85 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 ordinary shares are listed on Russia's major stock exchange – MICEX-RTS. Its GDRs are traded on the London Stock Exchange, and its ADRs – on the OTCQX International Premier trading platform in the U.S.

TMK's production assets structure:

- Russian division:
  - Volzhsky Pipe Plant;
  - Seversky Tube Works;
  - Taganrog Metallurgical Works;
  - Sinarsky Pipe Plant;
  - TMK-Kaztrubprom.
- American division:
  - 11 plants of TMK IPSCO.
- European division:
  - TMK-ARTROM;
  - TMK-RESITA.
- TMK-INOX;
- TMK-Premium Service;
- TMK Oilfield Services.