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Press Release

TMK Announces 9M 2012 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.

OAO TMK (“TMK” or “the Company”), one of the world’s leading oil and gas steel pipe suppliers, announces its operational results for the first nine months of 2012.

9M 2012 Highlights

- TMK shipped a total of 3,146 thousand tonnes of steel pipe to customers, a decrease of 1.5% year-on-year. Reduction in total shipments was primarily due to lower sales volumes in the welded large diameter pipe (LDP) business. Shipments in the third quarter of 2012 were flat with the second quarter of 2012.
- Seamless pipe shipments grew by 3.8% year-on-year to 1,860 thousand tonnes. Quarter-on-quarter decrease was 3.9%.
- Welded pipe shipments fell by 8.3% year-on-year to 1,286 thousand tonnes driven by a fall in demand for LDP from Russian consumers in the first nine months of 2012. Compared to the second quarter of 2012, third quarter shipments increased by 3.6%.
- Total OCTG shipments exceeded the first nine months of 2011 by 11.0% with a 10.8% quarter-on-quarter decrease over the second quarter of 2012.
- Shipments of premium connections rose to 467 thousand joints, representing a 40.2% increase over the same period of 2011. Shipments in the third quarter of 2012 were flat quarter-on-quarter.



3Q and 9M 2012 Summary Results

(thousand tonnes)

Product	3Q 2012	2Q 2012	Q-o-Q, %	9M 2012	9M 2011	Y-o-Y, %
Seamless Pipe	602	626	-3.9%	1,860	1,792	3.8%
Welded Pipe	440	425	3.6%	1,286	1,403	-8.3%
Total	1,042	1,051	-0.9%	3,146	3,195	-1.5%
<i>including OCTG</i>	398	446	-10.8%	1,290	1,162	11.0%

3Q and 9M 2012 Market Overview and Performance by Division

Russian Division

Based on Company estimates, Russian pipe consumption fell year-on-year by 16.7% in the first nine months of 2012. TMK's Russian division outperformed the market with a shipment reduction of just 5.7%, down to 2,196 thousand tonnes¹. As a result, the Company continued to strengthen its market position; the Russian division's share of domestic pipe supplies rose to 24.7% year-to-date vs. 24.0% for the same period last year. The reduction in shipments was driven primarily by the continuously shrinking demand for LDP as well as a decline in demand for industrial seamless pipe. In the third quarter of 2012, total shipments grew by 3.0% quarter-on-quarter to 745 thousand tonnes.

TMK's LDP shipments for the first nine months of 2012 fell by 36.0% year-on-year and for the third quarter of 2012 fell by 4.2% quarter-on-quarter.

Due to increasing oil and gas production in Russia during the first nine months of 2012, TMK's Russian division added 11.7% and 8.7% to the shipments of its seamless OCTG and seamless line pipe, respectively. Driven by seasonal fluctuations, seamless OCTG shipments fell by 6.3% quarter-on-quarter. However, seamless line pipe shipments grew by 13.8% quarter-on-quarter. In the first nine months of 2012, the Company's

¹ This includes shipments from TMK's Russian facilities and TMK-Kaztrubprom to the Russian, CIS and non-CIS markets (excluding the North American market).



seamless OCTG market share went up from 59.4% to 64.6%. Welded line pipe shipments showed a substantial quarter-on-quarter increase of 24.5% in the third quarter of 2012 as well as a 4.2% year-on-year increase in the first nine months of 2012.

In the third quarter of the year, seamless industrial pipe shipments fell by 13.6% quarter-on-quarter with a 22.4% decrease year-on-year in the first nine months of 2012 due to weakening of the market.

American Division

In the first nine months of 2012, shipments of tubular products from TMK's American division grew by 12.0% year-on-year to 836 thousand tonnes². All products with the exception of seamless line pipe continue to be higher year-over-year for the first nine months.

Shipments in the third quarter of 2012 equaled 265 thousand tonnes, down 7.5% compared with the prior quarter, due to lower OCTG and seamless industrial pipe sales. American division seamless OCTG declined as a result of the shift from gas to oil drilling with some of TMK IPSCO's end user base slow to transition, while the welded OCTG business declined due to continued pressure from imports.

As of September 28, 2012, the Baker Hughes rig count had fallen to 1,848 rigs, representing a 7.1% year-on-year decline. Over 72% of the rig count activity is horizontal or directional due to continued development of U.S. shale plays. The recent recovery in gas prices over the past few months has not deterred the decline of the gas rig count, now at its lowest level since the summer of 1999. Natural gas prices are well below historical levels, but crude oil prices have remained relatively stable. The result is more than 76% of active rigs are now employed in oil drilling. The rig count activity shift from gas to oil has altered customer demand, however, oil exploration continues to support demand for TMK's line of premium connections.

European Division

In the first nine months of the year, the European market was challenging. The market conditions continued to worsen in the third quarter of the year

² This includes products manufactured by TMK's Russian and Romanian facilities and sold on the North American market.



with pipe producers experiencing lower pipe demand from construction, machine building, automotive and power generation industries. Additionally, European customers are choosing to purchase lower cost welded products, over similar sized seamless products, and their orders are irregular and of minimal volumes.

TMK's European division shipped 114 thousand tonnes of pipe in the first nine months of 2012, a 5.3% decrease year-on-year. Shipments in the third quarter fell by 23.4% quarter-on-quarter to 32 thousand tonnes.

Premium Segment

In the reporting period, the demand for TMK's premium connections continued to grow both in North America and Russia. In the first nine months of 2012, TMK shipped 467 thousand premium connections designed by the Company's Russian and American plants, representing a 40.2% year-on-year increase. Shipments in the third quarter of 2012 remained flat with the second quarter of 2012. It is worth mentioning that TMK and ULTRA™ premium threads have a strong order backlog for 2012-2013 due to increasing demand by both Russian and international oil and gas companies.

2012 Outlook

The Russian division continues seeing a strong order backlog through the end of 2012 as Russian oil and gas companies continue their drilling plans. The Company therefore expects the demand for OCTG and line pipe in Russia to remain strong in the second half of 2012 and in the first half of 2013.

While the Company feels positive about the long-term U.S. market outlook, the second half of 2012 is more uncertain. We expect to see continued adjustments in the drilling behavior of customers as a result of low gas prices. This coupled with distributors and customers closely managing their inventories will lead to continued pressure on volumes.



In general the Company confirms its cautiously positive outlook for the remainder of the year and expects the fourth quarter results to by and large offset the usual slowdown in the third quarter.

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.

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

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