



January 29, 2013

Press Release

TMK Announces 4Q 2012 and FY2012 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.

TMK, a leading global manufacturer and supplier of steel pipes for the oil and gas industry, announces its operational results for the fourth quarter of 2012 and full year 2012.

4Q 2012 and FY 2012 Highlights

- TMK shipped a total of 4,218 thousand tonnes of steel pipe to customers in 2012, that stands almost on a par with the prior year when the Company demonstrated record-high shipments. Declining shipments in the welded segment, primarily due to lower sales of large diameter pipe (LDP) in Russia, were largely offset by growth in the Company's seamless pipe business. Shipments in the fourth quarter of 2012 grew by 2.9% quarter-on-quarter.
- Seamless pipe shipments grew by 5.3% year-on-year to 2,497 thousand tonnes for fiscal 2012. Quarter-on-quarter growth was 5.9%.
- Welded pipe shipments fell by 7.5% year-on-year to 1,722 thousand tonnes largely driven by a fall in demand for LDP from Russian consumers throughout the full year 2012. Compared to the third quarter of 2012, fourth quarter shipments were down by 1.2%.
- Total shipments of OCTG, TMK's core product, in 2012 exceeded shipments of 2011 by 9.5% with a 6.1% quarter-on-quarter growth in the fourth quarter of 2012. The share of OCTG in total shipments of the Company rose from 36.9% in 2011 to 40.6% in 2012.
- Shipments of premium connections rose to 613 thousand joints in 2012, representing a 29.9% increase over 2011, with a 14% quarter-on-quarter decline in the fourth quarter due to falling demand in the U.S.



4Q 2012 and FY 2012 Summary Results

(thousand tonnes)

| Product | 4Q 2012 | 3Q 2012 | Q-o-Q, % | 2012 | 2011 | Y-o-Y, % |
|-----------------------|--------------|--------------|-------------|--------------|--------------|--------------|
| Seamless Pipe | 637 | 602 | 5.9% | 2,497 | 2,370 | 5.3% |
| Welded Pipe | 435 | 440 | -1.2% | 1,722 | 1,862 | -7.5% |
| Total | 1,072 | 1,042 | 2.9% | 4,218 | 4,232 | -0.3% |
| <i>including OCTG</i> | 422 | 398 | 6.1% | 1,712 | 1,564 | 9.5% |

4Q 2012 and FY 2012 Market Overview and Performance by Division

Russian Division

Company estimates that in January-December 2012, pipe consumption in Russia fell by 9.8% year-on-year. TMK's Russian division outperformed the market with a shipment reduction of just 2.1%, down to 2,975 thousand tonnes¹. As a result, the Company retained its leading market position with a 24.7% share of domestic pipe supplies. 4Q 2012 shipments grew by 4.5% quarter-on-quarter to 778 thousand tonnes. The year-on-year reduction in the Russian division's shipments was driven primarily by a significant decline in demand for LDP as well as in demand for industrial seamless pipe.

In 2012, LDP shipments fell by 30.7% year-on-year. Higher decline figures of the previous quarters of 2012 were offset by a 14.6% quarter-on-quarter increase of LDP shipments in the fourth quarter of 2012 driven by TMK's involvement, among other projects, in supplies for the construction of the Russian onshore section of the South Stream pipeline.

Due to increasing oil and gas production in Russia throughout 2012, TMK's Russian division added 11.8% and 13.2% to the shipments of its seamless OCTG and seamless line pipe, respectively. In the fourth quarter of the year, shipments of seamless OCTG and seamless line pipe grew by 6.2% and 17.8% quarter-on-quarter, respectively.

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).



In the fourth quarter of the year, seamless industrial pipe shipments fell by 13.2% quarter-on-quarter with a total of 16.2% year-on-year decrease in 2012 due to weakening of the market.

American Division

Shipments in the fourth quarter of 2012 equaled 255 thousand tonnes. This decline of 3.7%, compared with the prior quarter, is due to the impact of customers' increasingly using their inventory vs. buying new stock at year-end and declining rig count; however, the seamless pipe business saw improvement sequentially with higher capacity utilization. In January through December 2012, shipments of tubular products in the American division grew by 4.8% year-on-year to 1,091 thousand tonnes². All pipe segments of the American division, with the exception of seamless line pipe, stayed higher year-over-year.

As of December 28, 2012, the Baker Hughes rig count had fallen to 1,763 rigs, representing a 12.2% year-on-year decline. Roughly 73% of the rig count activity is horizontal or directional due to continued development of U.S. shale plays. A partial recovery of gas prices over the past two quarters has not had a notable impact on the gas rig count, which remains at some of the lowest levels experienced in over a decade. Natural gas prices are well below historical levels, but crude oil prices have remained relatively stable. As a result, the vast majority, 75% of active rigs, are 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

TMK's European division shipped 152 thousand tonnes of pipe in 2012, a 0.5% decrease year-on-year, with shipments in the fourth quarter growing by 19.5% quarter-on-quarter to 39 thousand tonnes.

In the fourth quarter of 2012, and equally throughout the year, the European market was challenging, with weak demand and growing competition. Additionally, usual seasonality played a role in sequential performance for the fourth quarter with construction projects completed by or suspended due to the beginning of winter. Falling demand from machine building, automotive and power generation industries was driven by a strong

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



reduction in procurement as customers sought to minimize inventory to strengthen their financial results.

Premium Segment

In 2012, demand for TMK's premium connections continued to grow both in the North America and Russia. In January through December 2012, TMK shipped 613 thousand premium connections designed by the Company's Russian and American plants, representing a 29.9% year-on-year increase. Shipments in the fourth quarter of 2012 declined by 14% quarter-on-quarter due to weakening demand in the U.S.

It is worth noting that shipments of Russian designed premium connections grew by 42.1% year-on-year. The share of premium products in the total shipments of the Company increased, with TMK having a strong order backlog for the premium OCTG for almost the whole of 2013.

Outlook

The Russian division is expected to continue to see a strong demand for its OCTG and seamless line pipe in the first half of 2013 as Russian oil and gas players fulfill their production plans. The LDP segment is expected to grow as well.

The Company maintains its positive long-term U.S. market outlook, however, the first half of 2013 will continue to be filled with uncertainty. Much of the same activity that put pressure on volumes in the second half of 2012 will continue into the first half of 2013: adjustments in the drilling behavior, high level of imports, and customers closely managing their inventories. It will only be in the second half of 2013 that we expect to see a more positive environment.

The Company believes a noticeable upturn in the European division will not be seen before the second quarter of 2013.

In general the Company confirms its cautiously positive outlook for the current year and expects some growth of shipments to be achieved in 2013.



TMK (www.tmk-group.com)

TMK (LSE: TMKS) is a leading global manufacturer and supplier of steel pipes for the oil and gas industry, operating about 30 production sites in the United States, Russia, Canada, Romania, Oman, UAE, and Kazakhstan and two R&D centres in Russia and the USA. In 2012, TMK's pipe shipments totaled 4.22 million tonnes. The largest share of TMK's sales belongs to high margin oil country tubular goods (OCTG), shipped 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, the OTCQX International Premier trading platform in the U.S. and on Russia's major stock exchange – MICEX-RTS.

TMK's production assets structure:

- Russian division:
 - Volzhsky Pipe Plant;
 - Seversky Tube Works;
 - Taganrog Metallurgical Works;
 - Sinarsky Pipe Plant;
 - TMK-Kaztrubprom.
- American division:
 - 12 plants of TMK IPSCO.
- European division:
 - TMK-ARTROM;
 - TMK-RESITA.
 - GIPI (Oman);
 - Threading&Mechanical Key Premium LLC (Abu-Dhabi);
 - TMK-INOX (Russia);
 - TMK-Premium Service;
 - TMK Oilfield Services.

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