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Press Release

TMK Announces 1Q 2013 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 (LSE: TMKS), a leading global manufacturer and supplier of steel pipes for the oil and gas industry, announces its operational results for the first quarter of 2013.

1Q 2013 Highlights

- TMK shipped a total of 1,058 thousand tonnes of steel pipe to customers in the first quarter of 2013 almost on par with both 4Q 2012 and 1Q 2012 results. A slight quarter-on-quarter decrease was triggered by falling demand for industrial welded pipe which was, however, largely offset by growth in welded line pipe and OCTG shipments.
- Seamless pipe shipments fell by 1.2% year-on-year and by 1.9% quarter-on-quarter to 625 thousand tonnes. The decrease quarter-on-quarter was largely due to the reduction in the American division's shipments in this segment.
- Welded pipe shipments rose by 2.8% year-on-year, reaching 433 thousand tonnes in the first quarter of 2013 driven by the increase in demand for large diameter pipe (LDP) and line pipe from Russian consumers, with no substantial quarter-on-quarter change.
- Total shipments of OCTG, TMK's core product, grew to 434 thousand tonnes, exceeding the fourth quarter of 2012 performance by 3.1%, with a 2.5% decline year-on-year.
- Shipments of premium connections rose to 163 thousand joints, representing an 18.3% increase year-on-year and 14% increase quarter-on-quarter.



1Q 2013 Summary Results

(thousand tonnes)

Product	1Q 2013	4Q 2012	Q-o-Q, %	1Q 2013	1Q 2012	Y-o-Y, %
Seamless Pipe	625	637	-1.9%	625	632	-1.2%
Welded Pipe	433	435	-0.5%	433	421	2.8%
Total	1,058	1,072	-1.3%	1,058	1,053	0.4%
<i>including OCTG</i>	434	422	3.1%	434	445	-2.5%

1Q 2013 Market Overview and Performance by Division

Russian Division

In January–March 2013, TMK's Russian division shipped 755 thousand tonnes¹ of pipe, demonstrating a 3.5% year-on-year growth. As a result, the Company retained its leading position in the domestic market with a share of 26.6%. Quarter-on-quarter shipments decreased, however, by 2.0% due to lower demand for welded industrial pipe which was, largely compensated by growth in welded line pipe shipments.

LDP shipments rose by 6.0% year-on-year and by 2.4% quarter-on-quarter, driven both by TMK's involvement in supplies for the construction of the Russian onshore section of the South Stream pipeline and by shipments to CIS countries.

Due to increasing oilfield transportation demands in Russia, TMK's Russian division added 19.0% and 64.5% year-on-year to shipments of seamless and welded line pipe, respectively. Quarter-on-quarter welded line pipe shipments increased by 32.9% although seamless line pipe shipments fell by 7.9%. Meanwhile, quarter-on-quarter seamless OCTG shipments grew by 1.6% and decreased year-on-year by 6.8%.

Shipments in the welded and seamless industrial pipe segments demonstrated a general year-on-year decrease due to a weakening of the

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



market that has continued throughout 2012 and into the current reporting period.

American Division

Due to the declining rig count and customers' increasing reliance on current inventory, first quarter 2013 shipments in the American division decreased by 8.1% year-on-year to 263 thousand tonnes²; the seamless pipe business, however, saw improvement sequentially with higher capacity utilization. The total shipments grew by 3.1% quarter-on-quarter. The highest increases were achieved in the welded OCTG and line pipe segments: 18.8% and 29.5%, respectively.

As of March 28, 2013, the Baker Hughes rig count was 1,748 rigs as compared to 1,763 rigs at the end of 2012 and 1,979 rigs at the end of March 2012. Almost 75% of rig count activity is still horizontal or directional drilling due to development of the U.S. shale plays. The split between oil and gas rigs is still skewed towards oil, having a share of more than 77%. Natural gas prices remain well below historical levels and crude oil prices have been falling during the quarter.

As over previous quarters, local procurement and prices are seriously affected by imports from South Korea and India. The situation is becoming more complicated with the commissioning of several pipe production facilities within the United States, as well as the fact that consumers are switching to standardised and thus cheaper drilling technologies to minimize costs.

European Division

Despite the challenging economic environment in Europe and consequently decreasing demand for tubular products from the machine building, automotive and power generation industries, TMK's European division shipped 40 thousand tonnes of pipe in 1Q 2013, demonstrating growth by 3.3% quarter-on-quarter and by 3.5% year-on-year.

This performance is the result of the synergy between the division's sales, marketing and production departments rapidly responding to turns in the market, as well as of the significant diversification of sales geography and distribution channels.

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



Premium Segment

In the first quarter of 2013, overall demand for TMK's premium connections remained high including substantial growth in Russia. Since the start of the year TMK shipped 163 thousand premium connections designed by the Company's Russian and American plants, representing an 18.3% year-on-year and 14.0% quarter-on-quarter increase. Russian-designed premium connections grew by 55.8% year-on-year.

Expanding its premium segment, TMK launched a new pipe threading and service facility in Edmonton (Alberta, Canada) in March, 2013. The new plant will enable the Company to supply the full line of ULTRA™ premium connections on pipe and accessories to its growing customer base in Canada, including clients developing unconventional deposits such as oil sands. Along with its premium product offering, the Edmonton facility will play a key role in TMK's drive to expand its oil and gas field services business in Canada.

Outlook

The Company confirms the earlier announced expectations that the Russian division will continue to see a strong demand for OCTG and line pipe in 2013 as Russian oil and gas players fulfill their production plans. The LDP segment is also expected to grow.

The Company maintains its positive long-term U.S. market outlook. TMK expects that the challenging pricing environment which is likely to have significant influence on TMK IPSCO's financial results in the first quarter of 2013 will be gradually improving in 2013 starting from the second quarter of the year.

The Company believes that no noticeable upturn in the European economy will be seen before the end of 2013.

In general, the Company confirms its cautiously positive outlook for the current year and expects 2013 shipments to be not less than in 2012.



**For further information regarding TMK please visit www.tmk-group.com or download the YouTube iPad application from the App Store
<https://itunes.apple.com/ru/app/youtube/id516074932?mt=8&ls=1>**

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 28 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;
 - OFS International LLC.
- 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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