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PRESS RELEASE

TMK Announces 1Q 2015 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.

2Q 2015 and 1H 2015 Highlights

- In 1H 2015, TMK shipped a total of 1,957 thousand tonnes of steel pipe, down 4.8% year-on-year. In 2Q 2015, shipments decreased by 3.3% quarter-on-quarter to 962 thousand tonnes. The decline in shipments was due to lower shipments of the American Division in light of the unfavourable market situation. However, in the Russian Division, where the demand for pipe for oil and gas industry remains steady, the shipments grew by 10.2% quarter-on-quarter and year-on-year. Large diameter pipe (LDP) shipments doubled in 1H 2015 year-on-year.
- In 1H 2015, seamless pipe shipments fell by 1.1% year-on-year to 1,213 thousand tonnes. Shipments in 2Q 2015 also went down by 4.1% quarter-on-quarter to 594 thousand tonnes.
- In 1H 2015, welded pipe shipments fell by 10.2% year-on-year to 745 thousand tonnes. In 2Q 2015, welded pipe shipments were down 2% quarter-on-quarter. It was OCTG (the American Division) and industrial pipe that saw a decline, which is in line with the downward trend regarding the share of low-margin products in TMK's shipments.
- In 1H 2015, shipments of premium threaded connections amounted to 363 thousand joints, down 11.1% year-on-year. In 2Q 2015, shipments of premium products were down 9% quarter-on-quarter, totalling 173 thousand. TMK's share in the Russian market increased to 78% in 1H 2015.



2Q 2015 and 1H 2015 Summary Results

(thousand tonnes)

Products	2Q 2015	1Q 2015	Q-o-Q, %	1H 2015	1H 2014	Y-o-Y, %
Seamless pipe	594	619	(4.1%)	1 213	1 227	(1.1%)
Welded pipe	369	376	(2.0%)	745	829	(10.2%)
Total	962	995	(3.3%)	1 957	2 056	(4.8%)
Including OCTG	328	425	(22.7%)	753	971	(22.5%)

1H 2015 Market Overview and Performance by Division

Russian Division

The Russian pipe market demonstrated moderate growth in 1H 2015. The rise in demand for tubular products allowed the Company to increase shipment volumes and strengthen its position in the Russian market. At the end of the reporting period, the Company's share of the shipments to the Russian market grew and exceeded 25%, whereas TMK's share in seamless OCTG totalled 67%.

In 1H 2015, TMK's Russian Division shipped 1,521 thousand tonnes¹ of tubular products, up 10.1% year-on-year. In 2Q 2015, the division shipped 797 thousand tonnes of pipe, up 10.2% quarter-on-quarter.

In 1H 2015, the Russian division's seamless pipe shipments grew by 3.4% year-on-year to 918 thousand tonnes. In 2Q 2015, the division shipped 459 thousand tonnes of seamless tubular products, which is almost flat quarter-on-quarter.

In 1H 2015, the division's seamless OCTG shipments decreased 7.8% year-on-year to 495 thousand tonnes. The decline was driven by a general drop in demand for casing and drill pipe on the Russian market. However, in 2Q 2015, the shipments were up 1.5% quarter-on-quarter, reaching 249 thousand tonnes.

In 1H 2015, the division's shipments of seamless line pipe increased by 23.3% year-on-year to 263 thousand tonnes. In 2Q 2015, shipments of this product decreased by 12.3% quarter-on-quarter to 123 thousand tonnes.

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



In 1H 2015, the division's shipments of seamless industrial pipe went up by 16% to 160 thousand tonnes. The second quarter saw 87 thousand tonnes of this product shipped, up 19% quarter-on-quarter.

In 1H 2015 the Russian Division shipped 603 thousand tonnes of welded pipe, up 22.3% year-on-year. This growth was mainly driven by the increase of LDP shipments for gas trunk pipeline projects. In 2Q 2015, welded pipe shipments grew by 27.8 quarter-on-quarter to 338 thousand tonnes.

In 1H 2015, the division's LDP shipments amounted to 343 thousand tonnes, achieving an almost twofold growth year-on-year. The growth was driven by the construction under two major pipeline projects: Southern Corridor and Bovanenkovo-Ukhta – 2. In 2Q 2015, the LDP shipments were up 20.9% quarter-on-quarter to 188 thousand tonnes, which results from the launch of TMK shipments for the Power of Siberia project.

American Division

In 2Q 2015, Baker Hughes reported a decline in the average active rig count in the USA by 35% quarter-on-quarter to 907 rigs due to the continuing slump in oil prices, which resulted in a lower demand for OCTG and growth of pipe inventories. At the same time, large volumes of pipe are still imported to the American market, which contributes to the pressure on prices.

Against this backdrop, the American Division shipped a total of 352 thousand tonnes of pipe in 1H 2015, down 40.6% year-on-year. In 2Q 2015, the shipments were down 47.1% quarter-on-quarter, totalling 122 thousand tonnes.

In 1H 2015, shipments of seamless pipe dropped 18.1% to 209 thousand tonnes. In 2Q 2015, the division shipped 91 thousand tonnes of this product, down 23% quarter-on-quarter.

In 1H 2015, shipments of seamless OCTG pipe dropped by 12.3% to 173 thousand tonnes. In 2Q 2015, shipments of this product fell by 32.3% quarter-on-quarter to 70 thousand tonnes.

In 1H 2015, TMK's American Division shipped a total of 14 thousand tonnes of seamless line pipe, down 21.7% year-on-year. However, in 2Q 2015, shipments of this pipe product trebled to 11 thousand tonnes quarter-on-quarter.

In 1H 2015, the shipments of seamless industrial pipe dropped 44.2% year-on-year to 23 thousand tonnes. In 2Q 2015, the division shipped 11 thousand tonnes of this product, down 11.5% quarter-on-quarter.



In 1H 2015, welded pipe shipments were down 57.8% year-on-year to 142 thousand tonnes. In 2Q 2015, welded pipe shipments fell 72.7% quarter-on-quarter to 30 thousand tonnes. The decrease in low-margin welded pipe segment was triggered by the weak demand, price drop and high volumes of welded OCTG import. In 1H 2015, TMK shipped a total of 84 thousand tonnes of welded OCTG pipe, down 63.4% year-on-year.

European Division

In 1H 2015, the European pipe market was still tough due to growing competition, which puts pressure on prices. Nevertheless, in the first half of 2015, TMK's European Division shipped a total of 85 thousand tonnes of seamless pipe, up 2.9% year-on-year. In 2Q 2015, the shipments were up 3.4% quarter-on-quarter, reaching 43 thousand tonnes.

Premium Segment

In the first half of 2015, TMK's Russian and American Divisions shipped a total of 363 thousand TMK UP premium threaded connections, down 11.1% year-on-year. In 2Q 2015, shipments of premium products were down 9% quarter-on-quarter, which is mainly due to the decline in demand. The premium segment remains a strategic priority for the Russian division especially in view of the opportunities for import substitution.

Outlook

Further Russian market outlook will stem from several factors, mainly global oil prices, which have a strong impact on the oil and gas industry capex. In the Russian Federation this factor is less significant, as its adverse effects are smoothed out by ruble devaluation.

One of the essential drivers behind the Russian pipe market growth was major pipeline projects. In addition, the Company has a chance to strengthen its positions in the seamless OCTG segment due to lower imports of this product into Russia.

In the Russian market of welded and seamless industrial pipe will see a decline in demand due to a slowdown in the construction and engineering industries.

TMK expects the OCTG demand in the American market to remain flat until the end of 2015 on the back of low drilling activity. However, no further market slump is expected as the shipments have already touched their low.



In case of winning the anti-dumping investigation on imports of line pipe into the USA, this segment will be able to grow more rapidly. In 2016, the demand for OCTG and line pipe is likely to gradually go up, provided that oil prices and drilling volumes stabilise and inventories decline.

In 3Q 2015, TMK expects no improvement in the European pipe market due to the holiday season. Further on a subsequent slow recovery is expected. In 2015, TMK expects shipments to remain broadly flat year-on-year. Lower sales in the USA will be offset by higher shipment volumes in the Russian Division.

In general, the Company retains the positive dynamics in the most profitable segments of the business. Along with the improvement of the terms of payment on the part of large consumers, it allows TMK to generate additional cash flow and direct them to reduce debt.

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

TMK on Facebook – <https://www.facebook.com/TMKGroupEN>

TMK (www.tmk-group.com)

TMK (LSE: TMKS) is a leading global manufacturer and supplier of steel pipes for oil and gas industry, operating more than 30 production sites in the United States, Russia, Canada, Romania, Oman, UAE, and Kazakhstan and two R&D centers in Russia and the USA. In 2014, TMK's pipe shipments totalled 4.4 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 the Moscow Exchange.

TMK's assets structure by division:



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

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