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PRESS RELEASE

TMK Announces 4Q 2015 and FY 2015 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.

PAO TMK (“TMK” or “the Company”), one of the world’s leading producers of tubular products for the oil and gas industry, announces today its audited consolidated IFRS financial results for the year ended December 31, 2015.

Summary 4Q and FY 2015 Results

(In millions of U.S.\$, unless stated otherwise)

	4Q 2015	3Q 2015	Change, \$ mln		FY 2015	FY 2014	Change, \$ mln
Sales volumes, thousand tonnes	927	963	(36)		3,871	4,402	(531)
Revenue	913	917	(3)		4,127	6,009	(1,882)
Gross profit	173	178	(4)		845	1,169	(325)
Impairment loss	(352)	-	(352)		(352)	(153)	(199)
Foreign exchange gain/(loss), net	(53)	(94)	41		(141)	(301)	160
Profit/(loss) before tax	(426)	(106)	(320)		(443)	(201)	(242)
Net profit/(loss)	(371)	(74)	(297)		(368)	(217)	(151)
Earnings/(loss) per GDR ¹ , basic, U.S.\$	(0.40)	(0.32)	(0.08)		(1.58)	(0.99)	(0.59)
Adjusted EBITDA ²	155	125	30		636	804	(168)
Adjusted EBITDA margin, %	17%	14%			15%	13%	

Note: Certain monetary amounts, percentages and other figures included in this press release are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums.

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 (except for provision for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash items.



4Q 2015 Highlights

Sales

<i>Sales (thousand tonnes)</i>	4Q 2015	3Q 2015	Change, %
Seamless	604	571	6%
Welded	323	391	(18)%
Total	927	963	(4)%

- Total pipe sales decreased by 4% compared to the prior quarter to 927 thousand tonnes, due to weaker sales in the American division coupled with lower welded line and industrial pipe volumes in the Russian division.
- Seamless pipe volumes increased by 6% compared to 3Q 2015 to 604 thousand tonnes, largely as a result of seasonally higher seamless OCTG and line pipe sales in the Russian division.
- Welded pipe sales fell by 18% compared to the prior quarter to 323 thousand tonnes, mostly due to lower welded industrial and line pipe volumes in the Russian division.

Financials

- Revenue remained nearly flat compared to 3Q 2015 and amounted to \$913 million. A negative effect of currency translation was largely offset by favorable product mix of seamless and welded pipe in the Russian division.
- Adjusted EBITDA grew by \$30 million or 24% quarter-on-quarter to \$155 million, mostly due to better performance of the Russian division resulting from favorable product mix of seamless and welded pipe. Adjusted EBITDA margin improved to 17% compared to 14% in the previous quarter.
- Net loss was \$371 million as compared to net loss of \$74 million in 3Q 2015. Foreign exchange loss was \$53 million compared to \$94 million in the prior quarter.
- The Company recognized an impairment loss of \$352 million, mostly attributable to the goodwill of the American division. There were no impairment charges in 3Q 2015.
- As of December 31, 2015, total debt amounted to \$2,801 million, a \$28 million decrease compared to September 30, 2015, which was partially a result of the rouble's depreciation against the U.S. dollar. Weighted average nominal interest rate increased by 26 bps compared to September 30, 2015 and amounted to 9.06%.



- Net debt decreased by \$150 million compared to September 30, 2015 and amounted to \$2,496 million as of December 31, 2015. Net Debt-to-EBITDA ratio amounted to 3.92x as of December 31, 2015 compared to 3.73x as of September 30, 2015.

FY 2015 Highlights

Sales

<i>Sales (thousand tonnes)</i>	FY 2015	FY 2014	Change, %
Seamless	2,410	2,560	(6)%
Welded	1,461	1,842	(21)%
Total	3,871	4,402	(12)%

- Total pipe sales decreased by 12% year-on-year to 3,871 thousand tonnes, due to significantly lower pipe volumes in the American division caused by unfavorable market conditions in the U.S.
- Seamless pipe volumes declined by 6% compared to FY 2014 to 2,410 thousand tonnes, mostly due to lower seamless pipe sales in the American division.
- Welded pipe sales fell by 21% year-on-year to 1,461 thousand tonnes, due to sharp decline in welded OCTG volumes in the American division, which was not fully compensated by record high LD pipe sales in the Russian division.

Financials

- Revenue fell by \$1,882 million or 31% compared to FY 2014 to \$4,127 million, mainly due to a sharp decline of sales in the American division and a negative effect of currency translation.
- Adjusted EBITDA decreased by \$168 million or 21% year-on-year to \$636 million, mainly due to weaker results of the American division. Adjusted EBITDA margin improved to 15% compared to 13% for FY 2014, largely as a result of better price and product mix in the Russian division.
- Net loss was \$368 million as compared to \$217 million for FY 2014. Foreign exchange loss amounted to \$141 million compared to \$301 million for the same period of 2014.
- Impairment loss amounted to \$352 million compared to \$153 million for FY 2014, mostly attributable to the goodwill of the American division in both periods.



- As of December 31, 2015, total debt decreased by \$422 million to \$2,801 million compared to December 31, 2014, partially due to the rouble's depreciation against the U.S. dollar. Net repayment amounted to \$193 million for FY 2015. Weighted average nominal interest rate increased by 180 bps to 9.06% compared to December 31, 2014.
- As of December 31, 2015, net debt decreased by \$474 million to \$2,496 million compared to December 31, 2014. Net Debt-to-EBITDA ratio amounted to 3.92x as of December 31, 2015 compared to 3.69x as of December 31, 2014.

Recent Developments

- In December 2015, TMK shipped premium pipe products with lubricant-free coating GreenWell for LUKOIL-Nizhnevolzhskneft to be utilised at Y. Korchagin oil and gas condensate field in the Caspian Sea. It was the first time the Company's pipe products with lubricant-free coating GreenWell are used in offshore wells.
- In December 2015, TMK and Magnitogorsk Iron & Steel Works (MMK) signed an agreement to apply a price formula for hot-rolled heavy plate supplied to TMK. The price formula is based on the direct cost method, and its main variables include cost of raw materials and production cost of steel plate. Based on this formula, the price is also adjusted for inflation and currency exchange rates. The price of steel plate will be revised quarterly. Term of the agreement is 2016-2018.
- On December 29, 2015, TMK completed a deal with VTB Bank to raise RUB 10 billion by selling its shares. Part of the shares will be delivered in the course of 2016. TMK has a right to buy the shares back. The funds will be used to reduce debt by repaying bank loans in 2016.
- In January 2016, TMK and Rosneft signed a partnership memorandum on the implementation of the program of pipe import substitution for offshore projects. Within the framework of their cooperation, the parties intend to consider possible use of TMK's existing products for Rosneft's offshore projects, along with manufacturing of new types of pipes.



4Q 2015 and FY 2015 Segment Results

(In millions of U.S.\$, unless stated otherwise)

	4Q 2015	3Q 2015	Change, %		FY 2015	FY 2014	Change, %
Russian Division							
Sales (thousand tonnes)	812	826	(2)%		3,252	3,198	2%
Revenue	761	722	5%		3,189	3,973	(20)%
Gross Profit	204	182	12%		817	891	(8)%
Adjusted EBITDA	172	132	30%		629	614	3%
Adjusted EBITDA Margin, %	23%	18%			20%	15%	
American Division							
Sales (thousand tonnes)	75	98	(24)%		440	1,019	(57)%
Revenue	113	152	(26)%		742	1,766	(58)%
Gross Profit	(41)	(10)	n/a		(18)	223	n/a
Adjusted EBITDA	(24)	(10)	n/a		(23)	159	n/a
Adjusted EBITDA Margin, %	(21)%	(7)%			(3)%	9%	
European Division							
Sales (thousand tonnes)	40	39	2%		178	185	(3)%
Revenue	39	43	(7)%		196	270	(27)%
Gross Profit	11	6	72%		46	55	(17)%
Adjusted EBITDA	7	3	156%		30	32	(7)%
Adjusted EBITDA Margin, %	17%	6%			15%	12%	

Russian Division

4Q 2015 vs. 3Q 2015

Revenue increased by \$39 million or 5% to \$761 million compared to 3Q 2015, as a negative effect of currency translation was fully offset by favourable product mix of seamless and welded pipe, resulting from higher sales of seamless OCTG and line pipe coupled with stronger volumes of LD pipe.

Gross profit grew by \$22 million or 12% over the prior quarter to \$204 million. A negative effect of currency translation was fully compensated by favourable product mix of seamless and welded pipe. Gross profit margin increased to 27% compared to 25% in 3Q 2015.

Adjusted EBITDA amounted to \$172 million, an increase of \$40 million or 30% compared to the prior quarter, following growth of gross profit. Adjusted EBITDA margin improved to 23% compared to 18% for the previous quarter.



FY 2015 vs. FY 2014

Revenue fell by \$784 million or 20% year-on-year to \$3,189 million, due to a negative effect of currency translation. Excluding this effect, revenue would have increased by \$1,037 million compared to FY 2014.

Gross profit decreased by \$74 million or 8% year-on-year to \$817 million, mainly as a result of a negative effect of currency translation. Excluding this effect, gross profit would have increased by \$356 million. At the same time, higher prices and favorable product mix in both seamless and welded segments contributed to a gross profit margin improvement to 26% from 22% for FY 2014.

Adjusted EBITDA increased by \$15 million or 3% year-on-year to \$629 million, as a decline in gross profit was offset by lower selling and administrative expenses. Adjusted EBITDA margin improved to 20% compared to 15% compared to FY 2014.

American Division

4Q 2015 vs. 3Q 2015

Revenue fell by \$39 million or 26% over the prior quarter, mainly due to lower volumes of seamless and welded pipe coupled with weaker pricing.

Gross loss amounted to \$41 million compared to gross loss of \$10 million in 3Q 2015, largely due to lower sales.

Adjusted EBITDA amounted to minus \$24 million compared to minus \$10 million in the prior quarter.

FY 2015 vs. FY 2014

Revenue dropped by \$1,024 million or 58% year-on-year to \$742 million, as a result of significant decline in volumes of both seamless and welded pipe, following a reduction of drilling and E&P spending.

Gross loss amounted to \$18 million compared to gross profit of \$223 million for FY 2014, as lower pipe prices were not fully offset by falling raw materials prices.

Adjusted EBITDA fell by \$181 million to minus \$23 million compared to FY 2014, following a sharp decline of gross profit.

European Division

4Q 2015 vs. 3Q 2015

Revenue decreased by \$3 million or 7% over the prior quarter to \$39 million, largely due to unfavourable pricing environment in the European market.

Gross profit increased by \$4 million or 72% from 3Q 2015 to \$11 million, largely as a result of a favourable effect of currency translation. Gross profit margin improved to 27% compared to 14% in 3Q 2015, a result of a low base in the previous quarter due to capital repairs of the equipment.



Adjusted EBITDA grew by \$4 million compared to the previous quarter to \$7 million, following an increase of gross profit. Adjusted EBITDA margin improved to 17% from 6% in 3Q 2015.

FY 2015 vs. FY 2014

Revenue decreased by \$74 million or 27% year-on-year to \$196 million, largely due to lower prices for seamless pipe.

Gross profit fell by \$9 million or 17% compared to FY 2014 to \$46 million, as lower pipe prices were not fully offset by falling raw materials prices. At the same time, higher share of seamless pipe volumes in total sales allowed gross profit margin to improve to 24% compared 21% for FY 2014.

Adjusted EBITDA decreased by \$2 million or 7% year-on-year to \$30 million, following a decline in gross profit. Adjusted EBITDA margin grew to 15% from 12% for FY 2014.

4Q and FY 2015 Market Conditions

Russia

4Q 2015

In 4Q 2015, the Russian pipe market decreased by 7% compared to the prior quarter, mainly due to seasonally weaker welded industrial pipe demand.

Drilling in Russia marginally increased by 1% quarter-on-quarter. At the same time, OCTG market grew by 15% compared to 3Q 2015, following a traditional start of a stock-up period by oil and gas majors.

In 4Q 2015, seamless pipe market in Russia increased by 5% quarter-on-quarter, largely as a result of stronger seamless OCTG and line pipe shipments.

Welded pipe market decreased by 12% compared to 3Q 2015, mainly due to significantly lower welded industrial pipe demand, which was not fully compensated by higher welded OCTG and LD pipe shipments.

FY 2015

For FY 2015, the Russian pipe market marginally increased by 1% compared to FY 2014, as lower seamless pipe shipments were offset by stronger welded pipe demand, particularly in LD pipe.

OCTG pipe market grew by 3% year-on-year, largely as a result of higher shipments of seamless OCTG, supported by strong drilling activity in Russia, which increased by 12% compared to FY 2014. Share of horizontal drilling in Russia rose to 33% compared to 29% for FY 2014.

Seamless pipe market declined by 2% year-on-year, mostly due to lower seamless and industrial pipe shipments.



Welded pipe market in Russia increased by around 2% compared to FY 2014, as a sharp reduction in welded industrial pipe shipments was fully compensated by growth of LD pipe demand by 30% year-on-year.

America

4Q 2015

According to Baker Hughes, the average number of rigs in 4Q 2015 fell by 13% compared to the prior quarter, following a continued decline in oil prices.

According to the Preston Pipe Report, OCTG shipments fell by 19% quarter-on-quarter. At the same time, the number of months of OCTG inventory decreased to 8.0 compared to 8.4 in the previous quarter.

Pipe Logix data shows that, in 4Q 2015, the average composite OCTG seamless and welded prices decreased by 7% and 9% respectively, compared to 3Q 2015.

FY 2015

According to Baker Hughes, the average rig count declined by 47% for FY 2015 compared to the same period of 2014. The decrease was due to the continuing slump of oil prices, which resulted in a lower demand for OCTG and growth of pipe inventories.

OCTG local shipments dropped by 52% over the same period of 2014. The decrease was driven by continued weak demand.

According to Pipe Logix, both average composite OCTG seamless and welded prices decreased by 17% compared to FY 2014.

Europe

In 4Q 2015 and throughout FY 2015, the European pipe market remained challenging. Weaker pipe demand combined with rising pipe imports from Ukraine, Belarus and China contributed to highly competitive environment and put pressure on prices.

1Q 2016 and FY 2016 Outlook

In Russia, TMK anticipates its 1Q 2016 sales to be in line with 1Q 2015. For FY 2016, TMK plans to sustain its OCTG volumes year-on-year, provided Russian majors' demand continues to be stable. Overall, the Russian division margin is expected to be in line with the level of FY 2015.

In the U.S., market conditions continue to be challenging, with weak demand for oil and gas pipe due to low drilling volumes, large inventories, and continued low-priced imports. The American pipe market is not expected to recover before 2017.

Pipe consumption in the European pipe market is also expected to remain low in 1Q 2016 with a gradual improvement no earlier than in 2H 2016.



4Q and FY 2015 IFRS Financial Statements are available at:

www.tmk-group.com/media_en/texts/34/TMK_IFRS_12m2015_EN_USD.pdf

4Q 2015 and FY 2015 IFRS Results Conference Call:

TMK's management will hold a conference call to present 4Q 2015 and FY 2015 financial results today, March 4, 2016, at 09:00 New York / 14:00 London / 17:00 Moscow.

To join the conference call please dial:

UK Local: +44 20 3043 2440
UK Toll Free: 0808 238 1774
Russia: +7 495 221 6523
Russia Toll Free: 8 10 8002 0414011
U.S. Local: +1 877 887 4163
Conference ID: 50026195#

(We recommend that participants to start dialing-in 5-10 minutes prior to ensure a timely start of the conference call)

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/yourtube/id516074932?mt=8&ls=1>

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TMK (www.tmk-group.com)

TMK (LSE: TMKS) is a leading global manufacturer and supplier of steel pipe for oil and gas industry, operating 30 production sites in the United States, Russia, Canada, Romania, Oman, UAE and Kazakhstan with two R&D centers in Russia and the USA. In 2015, TMK's pipe shipments totalled 3.87 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 MICEX-RTS.

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).