May 19, 2016 **PRESS RELEASE**

TMK Announces 1Q 2016 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 Group"), one of the world's leading producers of tubular products for the oil and gas industry, announces today its unaudited interim consolidated IFRS financial results for the three months ended March 31, 2016.

1Q 2016 Highlights

Financial

- Revenue at $761 million
- Adjusted EBITDA at $120 million
- Adjusted EBITDA margin at 16%
- Net profit at $14 million compared to a net loss in the prior quarter
- Net debt at $2,607 million as at March 31, 2016
- Net repayment of borrowings for the quarter amounted to $37 million
- Weighted average nominal interest rate at 8.91%, down 15 bps compared to the prior quarter

Developments

- February 2016: Shipped vacuum insulated tubing pipe with TMK UP™ FMT premium connections to Gazprom Dobycha Yamburg, which develops the Yamburgskoye and Zapolyarnoye oil and gas condensate fields in Yamalo-Nenets Autonomous District.
- February 2016: Signed additional agreement with Gazprom to further define pricing formula for large diameter pipe (LDP). Reviewed formula will take into account raw materials costs, steel plate production and transportation costs and LDP production costs, as well as inflation and currency exchange rates. Price for LDP will be revised quarterly.
- April 2016: Completed placement of Russian rouble bonds for a total of 5 billion roubles with a 13% coupon per annum payable on a semi-annual basis. The bonds are listed on the Moscow Exchange.
- April 2016: Redeemed $177.5 million of 7.75% loan participation notes due 2018.
- April 2016: Won tenders for supply of around 130 thousand tonnes of casing and tubing pipe as well as 14 thousand tonnes of premium tubular products to Rosneft and its subsidiaries in 2Q 2016.
- April 2016: Signed a Technology Partnership Programme for 2016–2020 with Bashneft, which provides for over 20 joint activities related to development, introduction and piloting of TMK products at Bashneft's oil fields.

Outlook

- Overall, TMK believes its FY 2016 EBITDA will be above the 1Q 2016 annualized level and remain roughly flat compared to FY 2015.

40 Pokrovka St, Building 2A, Moscow, Russia 105062, www.tmk-group.ru

Group Summary 1Q 2016 Results

(In millions of US$, unless stated otherwise)

	1Q 2016	4Q 2015	*Change, $ mln*	1Q 2015	*Change, $ mln*
Sales (thousand tonnes), including:	**852**	927	(75)	1,004	(152)
Seamless	**568**	604	(36)	630	(62)
Welded	**284**	323	(39)	374	(90)
Revenue	**761**	913	(152)	1,134	(373)
Gross profit	**154**	173	(20)	252	(98)
Gross profit margin, %	***20%***	*19%*		*22%*	
Net profit/(loss)	**14**	(371)	385	30	(16)
Earnings/(loss) per GDR[1], basic, U.S.$	**0.06**	(0.40)	0.47	0.13	(0.07)
Adjusted EBITDA[2]	**120**	155	(35)	185	(65)
Adjusted EBITDA margin, %	***16%***	*17%*		*16%*	

1Q 2016 IFRS Financial Statements are available at:
www.tmk-group.com/media_en/texts/34/TMK_IFRS_3m2016_USD.pdf

1Q 2016 Review

Market

1Q 2016 vs. 4Q 2015

In 1Q 2016, the Russian pipe market remained almost flat compared to the previous quarter, with 1% growth quarter-on-quarter in OCTG, where TMK is the market leader. Against a 7% decrease in drilling activity in Russia, the share of horizontal drilling continued to rise, from 31% in 4Q 2015 to 36% in 1Q 2016.

In the US, the average number of rigs in 1Q 2016 fell by 27% compared to the prior quarter (Baker Hughes), following a continued decline in oil prices. OCTG shipments increased by 4% quarter-on-quarter (Preston Pipe Report). At the same time, OCTG inventories increased to an average 9.5 months compared to 8.0 in the previous quarter.

Lower pipe consumption and increased competition along with rising imports continued to prevail in the European market in 1Q 2016 and put further pressure on prices.

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.

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1Q 2016 vs. 1Q 2015

In 1Q 2016, the Russian pipe market grew by more than 4% year-on-year. OCTG consumption rose by 15% compared to the same period of 2015, along with 14% growth in drilling activity in Russia and a pronounced rise in the share of horizontal drilling, from 29% in 1Q 2015 to 36% in 1Q 2016.

In the US, the average rig count declined by 61% for 1Q 2016 compared to the same period of 2015 (Baker Hughes). The decrease was due to the continuing slump in oil prices, which resulted in lower demand for OCTG and growing pipe inventories. Domestic OCTG shipments reduced by 68% over the same period of 2015, driven by continued weak demand. Both average composite OCTG seamless and welded pipe prices decreased by 30% compared to 1Q 2015 (Pipe Logix).

There were no major changes in the European market in 1Q 2016 compared to 1Q 2015.

Financial

1Q 2016 vs. 4Q 2015

The Company's overall performance was affected by the weak results of the American Division in the context of extremely challenging market conditions.

Revenue was down by $152 million quarter-on-quarter due to a further decline in sales at the American division and a negative effect of currency translation in the amount of $82 million.

Adjusted EBITDA decreased by $35 million compared to 4Q 2015, largely due to a negative effect of currency translation in the Russian division and weak performance of the American division on the back of unfavorable market conditions.

In 1Q 2016, net profit was $14 million compared to a net loss of $371 million in the previous quarter, which had resulted from an impairment loss of $352 million, mostly attributable to the goodwill of the American division.

Total debt increased from $2,801 million as at December 31, 2015 to $2,838 million as at March 31, 2016, due to rouble appreciation against the U.S. dollar. Net debt was $2,607 million as compared to $2,496 million as at December 31, 2015.

1Q 2016 vs. 1Q 2015

Weaker sales at the American division due to falling US drilling activity and lower E&P spending, and a negative effect of currency translation resulted in a $373 million decrease of total revenue in 1Q 2016 compared to 1Q 2015.

Adjusted EBITDA fell by 35% year-on-year, mostly due to the impact of weak results at the American division. Adjusted EBITDA margin remained almost flat at 16%.

Total debt reduced from $3,087 million as at March 31, 2015 to $2,838 million. Weighted average nominal interest rate declined by 13 bps from 9.04% as at March 31, 2015 to 8.91% as at the end of the reported period.

Net debt decreased by $373 million from March 31, 2015 to $2,607 million. Net repayment of borrowings amounted to $37 million in 1Q 2016 compared to $137 million in 1Q 2015.

There was a further reduction in Capex to $24 million compared to $39 million in 1Q 2015, with the completion of the Company's strategic investment program, and also influenced by rouble depreciation against the U.S. dollar.

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Outlook

In Russia, TMK anticipates 2Q 2016 sales to be in line with the previous quarter, as seasonally lower OCTG consumption will be offset by higher demand for industrial pipe. For FY 2016, TMK reiterates its previous guidance that OCTG sales will remain flat year-on-year, provided demand from Russia's oil and gas majors continues to be stable. Overall, margins at the Russian division are expected to be in line with FY 2015, supported by cost cutting program.

In the U.S., TMK expects a moderate increase in drilling activity during the second half of the year. Although demand for OCTG is expected to improve, the Company anticipates demand for new production and shipments to lag behind temporarily as a result of larger distributor inventories build up due to continuously decreasing rig count. As such, TMK expects demand from oil and gas companies to initially improve in the fourth quarter of the year, at which point prices should begin to recover.

Industrial pipe consumption in the European pipe market will be stable in 2Q 2016, with a gradual improvement following the start of the construction season.

TMK believes the American division should demonstrate a gradual improvement in its results after performance bottomed out in 1Q 2016, driven among other factors by the strict cost-saving program realised in 1Q 2016. The Company therefore expects stronger 2Q 2016 consolidated financial results compared to 1Q 2016.

Overall, TMK believes its FY 2016 EBITDA will be above the 1Q 2016 annualized level and remain roughly flat compared to FY 2015, supported by the stable performance of the Russian division and improved financial results of the American division.

1Q 2016 Segment Results

RUSSIAN DIVISION

(In millions of US$, unless stated otherwise)

	1Q 2016	4Q 2015	*Change, %*		1Q 2015	*Change, %*
Sales (thousand tonnes)	**759**	812	(6)%		770	(1)%
Revenue	**655**	761	(14)%		748	(12)%
Gross profit	**188**	204	(8)%		195	(4)%
Gross profit margin, %	***29%***	*27%*			*26%*	
Adjusted EBITDA	**146**	172	(16)%		145	0%
Adjusted EBITDA margin, %	***22%***	*23%*			*19%*	

1Q 2016 vs. 4Q 2015

- Margins were supported by improvements to the product mix as the Company increased its share of seamless OCTG in total seamless pipe sales.
- A negative effect of currency translation affected the Russian division's 1Q 2016 results overall.

1Q 2016 vs. 1Q 2015

- The year-on-year downward trend in performance at the Russian division was due to a negative effect of currency translation. Excluding this effect, revenue would have increased by $35 million and gross profit would have grown by $28 million compared to 1Q 2015.
- An improved seamless pipe product mix contributed to higher Adjusted EBITDA margin in 1Q 2016 compared to 1Q 2015.

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AMERICAN DIVISION

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

	1Q 2016	**4Q 2015**	***Change, %***	**1Q 2015**	***Change, %***
Sales (thousand tonnes)	**50**	75	(34)%	184	(73)%
Revenue	**65**	113	(42)%	327	(80)%
Gross profit/(loss)	**(43)**	(41)	n/a	41	n/a
Gross profit margin, %	***(66)%***	*(36)%*		*12%*	
Adjusted EBITDA	**(32)**	(24)	30%	28	n/a
Adjusted EBITDA margin, %	***(48)%***	*(21)%*		*9%*	

1Q 2016 vs. 4Q 2015

- The American division continued to be affected by falling pipe sales, predominantly in OCTG, combined with a further decline in prices.

1Q 2016 vs. 1Q 2015

- A dramatic year-on-year decrease in rig count combined with E&P spending cuts in the North American market led to a significant decline in pipe sales at the American division, which contributed to a negative financial performance.

EUROPEAN DIVISION

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

	1Q 2016	**4Q 2015**	***Change, %***	**1Q 2015**	***Change, %***
Sales (thousand tonnes)	**43**	40	7%	50	(14)%
Revenue	**41**	39	5%	59	(29)%
Gross profit	**8**	11	(20)%	16	(49)%
Gross profit margin, %	***20%***	*27%*		*28%*	
Adjusted EBITDA	**6**	7	(9)%	12	(48)%
Adjusted EBITDA margin, %	***15%***	*17%*		*20%*	

1Q 2016 vs. 4Q 2015

- In 1Q 2016, higher seamless pipe sales at the European division contributed to a quarter-on-quarter revenue growth, while weaker pricing weighed on gross profit and margins.
- Adjusted EBITDA decreased quarter-on-quarter, following a decline in gross profit, but was partially offset by lower selling, administrative and other operating expenses.

1Q 2016 vs. 1Q 2015

- Lower seamless pipe sales and weaker pricing affected year-on-year performance at the European division.

1Q 2016 IFRS Results Conference Call:

TMK's management will hold a conference call to present 1Q 2016 financial results today, May 19, 2016, at 09:00 New York / 14:00 London / 16:00 Moscow.

To join the conference call please dial:

UK Local:	+44 2030 432440
UK Toll Free:	0808 238 1774
Russia:	+7 495 221 6523
Russia Toll Free:	8 10 8002 041 4011
U.S. Local:	+1 877 887 4163
Conference ID:	57861073#

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

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

or contact:

TMK IR Department:
Marina Badudina
Tel: +7 (495) 775-7600
IR@tmk-group.com

TMK PR Department:
Alexander Goryunov
Tel: +7 (495) 775-7600
PR@tmk-group.com

International Media Relations:
Andrew Hayes / Emily Dillon
Tel: +44 (0) 20 7796 4133
Edillon@hudsonsandler.com

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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 more than 30 production sites in the United States, Russia, Canada, Romania, Oman and Kazakhstan with two R&D centers in Russia and the USA. In 2015, TMK's pipe shipments totalled 3.9 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).