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TMK ANNOUNCES 1Q 2011 IFRS 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.

OAO TMK ("TMK" or "the Company"), one of the world's leading producers of tubular products for the oil and gas industry, today announces its interim IFRS consolidated financial results for the three months ending March 31, 2011.

1Q 2011 Highlights

Financials:

- Revenue increased by 35% year-on-year to U.S.$ 1,669 million driven by an improvement in pricing and product mix as well as growth in sales volumes.

- Gross profit increased to U.S.$ 391 million, a year-on-year increase of 34%, as a result of both sales volume growth and a favorable change in prices and product mix. Adjusted EBITDA rose 44% increasing from U.S.$ 204 million in the first quarter of 2010 to U.S.$ 293 million in the first quarter of 2011. Adjusted EBITDA margin improved from 16% in the first quarter of 2010 to 18% in the first quarter of 2011, while gross profit margin decreased by 1% to 23%.

- Net income amounted to U.S.$ 104 million as compared to a net loss of U.S.$ 1 million in the first quarter of 2010, as a result of higher gross profit, lower net finance costs and a lower loss from changes in the fair value of the derivative financial instrument. Net income adjusted to the loss on changes in the fair value of the derivative financial instrument (non-IFRS measure) equals U.S.$ 121 million as compared to U.S.$ 46 million year-on-year. Adjusted net income margin reached 7% as compared to 4% in the first quarter of 2010.

- Net debt increased by 4% as compared to December 31, 2010, and amounted to U.S.$ 3,853 million. The increase in debt was substantially due to the appreciation of the Russian rouble against the U.S. dollar which translated into a higher U.S. dollar amount of the rouble-denominated debt. The share of short-term loans and borrowings decreased from 18% as of December 31, 2010 to 13% as of March 31, 2011. TMK's weighted average nominal interest rate decreased by 16 basis points as compared to December 31, 2010 and stood at 7.7% as of March 31, 2011.

Sales Volumes:

- Total pipe sales increased by 14% to 1,060 thousand tonnes, mostly as a result of the increase in industrial seamless and large-diameter (LD) pipe volumes in the Russian division.

- Seamless pipe sales increased by 9% compared to the first quarter of 2010 and amounted to 590 thousand tonnes. This increase was mainly driven by the recovery in demand for industrial seamless pipe. Sales of industrial seamless pipe increased by 52% and amounted to 154 thousand tonnes.

- Welded pipe sales increased by 22% to 470 thousand tonnes on the back of robust demand for LD pipe in Russia. Sales of LD pipe, supported by the ongoing construction of large-scale Russian pipeline projects, increased by 51% and amounted to 207 thousand tonnes.

- OCTG (oil country tubular goods) sales volumes remained flat year-on-year. A slight increase in OCTG sales volumes in the Russian division was offset by a drop in the Americas division. Sales volumes of line pipe increased by 4% driven by an increase in sales volumes in the American division.

Corporate Developments:

- In March 2011, TMK won an auction for the acquisition of a 25.5% stake in OAO Volgograd River Port for RUB 113 million (approximately U.S.$ 4 million). The transfer of ownership is expected to be finalized in the second quarter of 2011. This acquisition will allow TMK to optimize logistics for the Volzhsky plant and will facilitate shipments of oil and gas pipe to the Caspian region.
- In March 2011, TMK IPSCO commissioned a second thread line for ULTRA connections with a capacity of 240 thousand joints at the Brookfield facility in Ohio, USA. The new line will expand the existing product range and will allow TMK IPSCO to strengthen its position in shale oil and gas drilling in both the U.S. and Canada.
- In May 2011, TMK began construction of a research center in Houston, Texas, USA. This facility will undertake product design and development, experimental and validation testing, as well as advanced metallurgical research.

Summary 1Q 2011 Results

(In millions of U.S.$, except earnings per GDR)

	1Q 2011	1Q 2010	*Change, %*
Revenue	1,669	1,240	+35%
Gross profit	391	292	+34%
Profit before tax	157	24	+554%
Net profit	104	(1)	n/a
Earnings per GDR [1], U.S.$	0.48	-	n/a
Adjusted EBITDA [2*]	293	204	+44%
Adjusted EBITDA margin [3], %	*18%*	*16%*	

[1] 1 GDR represents 4 ordinary shares
[2] Adjusted EBITDA represents net profit before depreciation and amortization, finance costs and finance income, exchange rate fluctuations, impairment of non-current assets, income tax expenses and other non-cash items which comprise share of profit in associates, loss/(gain) on disposal of property, plant and equipment, share-based payments, inventory and doubtful debts allowances and movement in other provisions and embedded financial instrument loss/(gain), determined based on IFRS Financial Statements.
[3] Adjusted EBITDA margin represents adjusted EBITDA as a percentage of revenue.

[*] Adjusted EBITDA is a measure of operating performance that is not required by, or presented in accordance with, IFRS. Adjusted EBITDA should not be considered as an alternative to gross profit, net profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of liquidity. In particular, Adjusted EBITDA should not be considered as a measure of discretionary cash available to the Company to invest in the growth of its business.

Reconciliation of profit before tax to Adjusted EBITDA is as follows:

(In millions of U.S.$)

	1Q 2011	1Q 2010
Profit before tax	157	24
Finance costs	81	109
Finance income	(9)	(3)
Depreciation and amortization	81	70
Effect of exchange rate changes	(33)	(52)
Loss on changes in fair value of derivative financial instrument	17	47
Loss on disposal of property, plant and equipment	-	1
Allowance for net realizable value of inventory	2	1
Allowance for doubtful debts	2	-
Movement in other provisions	(5)	7
Adjusted EBITDA	**293**	**204**

1Q 2011 Market Overview

TMK's Russian pipe market share fell slightly to 26% compared to 28% in the first quarter of 2010 while the Company was focusing on improving profitability of its Russian sales. The Company enjoyed 60% and 71% shares of OCTG and line pipe markets respectively. In the first quarter of 2011, Russian seamless OCTG and line pipe markets grew by 18% and 4% respectively.

In the welded business, the demand for large-diameter pipe continued strongly and resulted in 51% year-on-year growth. The Russian LD pipe market grew by 47% in the first quarter of 2011 compared to the first quarter of 2010, and exceeded 4 million tonnes on an annualized basis. TMK continued to participate in a number of large projects, including Bovanenkovo-Ukhta, Ukhta-Torzhok, Pochinki-Gryazovetz and others. As a result, TMK managed to maintain its Russian market share at 19%.

Russian industrial seamless pipe market grew by 40% over the first quarter of 2010 on the back of a good recovery in the machine-building industry. TMK retained its market share in Russia at 34%.

Drilling activity in the U.S. remained robust throughout the first quarter 2011 despite low natural gas prices and the ban on offshore drilling after the oil spill in the Mexican Gulf. According to the Baker Hughes Rig Count, the number of active drilling rigs in the US increased by 5% to 1,776 rigs between end December, 2010 and end March, 2011. There was a continued shift to a higher share of oil rigs which represented 50% of rigs by April compared to 45% in December. Drilling activity is expected to further increase, and, according to Preston Pipe, the rig count may exceed 1,900 rigs by the year-end. Despite imports of steel pipe being at pre-crisis and historically high levels, OCTG inventory is below 5 months of supply.

Pipe products sold outside Russia amounted to 366 thousand tonnes and represented 35% of the Company's total volumes. Exports from the Company's Russian plants amounted to 10% of TMK total volumes. The Company continues to observe an unfavorable environment in North African and Middle East markets related to the geopolitical unrest and depressed pricing environment.

2011 Expectations

Based on the first quarter results, the Company confirms its guidance of 7-10% growth in sales volumes in 2011. Despite a significant increase in steel prices in the first quarter, the Company has managed to sustain margins due to higher sales, prices and a more favorable product mix.

Provided the current market trends continue, the Company expects in the second quarter of 2011 that Adjusted EBITDA and Adjusted EBITDA margin will remain relatively flat. The Company intends to decrease debt from operational cash flow in 2011.

Performance of Divisions (1Q 2011 vs. 1Q 2010)

Sales volumes in the Russian division increased by 15% to 802 thousand tonnes. Sales of OCTG stayed at the level of 1Q 2010, although export sales declined considerably as a result of the political crisis in North Africa and the Middle East. Sales of large-diameter pipe increased by 51% driven by strong demand from leading oil and gas companies. Industrial pipe sales grew by 21% as a result of increased industrial output in Russia.

The American division increased its sales volumes in 1Q 2011 by 13% to 212 thousand tonnes partly due to the improvement in the U.S. drilling market and partly due to the imposition of countervailing U.S. duties against Chinese tubular products. While sales volumes of line and industrial pipe grew, OCTG sales volumes remained unchanged as lower imports from China were offset by higher imports from other countries, South Korea in particular.

Sales volumes in the European division increased by 10% in the first quarter of 2011 to 46 thousand tonnes mainly due to higher demand especially from the machine-building sector.

Revenue in the Russian division increased by 37% to U.S.$ 1,242 million in the first quarter of 2011 as compared to the first quarter of 2010. The higher sales volumes brought a U.S.$ 130 million increase in revenue, while improvements in pricing and product mix accounted for U.S.$ 162 million. The effect of the translation from the functional to the presentation currency accounted for a U.S.$ 26 million increase in revenue.

Revenue in the American division increased by 21% to U.S.$ 345 million in the first quarter of 2011. The growth in revenue attributable to changes in prices and product mix was U.S.$ 36 million, while changes in sales volumes brought a U.S.$ 34 million increase in revenue.

Revenue in the European division increased by 78% to U.S.$ 82 million in the first quarter of 2011. This was mainly due to a growth in selling prices that, together with product mix improvement, brought a U.S.$ 21 million increase in revenue, while changes in sales volumes accounted for U.S.$ 4 million. The effect of translation from the functional to the presentation currency had a negative impact of U.S.$ 3 million.

The Russian division increased its **gross profit** from U.S.$ 203 million in the first quarter of 2010 to U.S.$ 280 million in the first quarter of 2011. Gross margin increased to 23% in the first quarter of 2011 from 22% in the first quarter of 2010 reflecting the greater share in sales of high-margin LD pipe.

The American division's gross profit came in at U.S.$ 89 million in the first quarter of 2011 compared to U.S.$ 79 million in the first quarter of 2010. Gross margin decreased by 2% and amounted to 26% as a result of the rapid growth in raw material prices.

The European division's gross profit increased from U.S$ 11 million in the first quarter of 2010 to U.S.$ 22 million in the first quarter of 2011. Gross margin was up from 23% in the first quarter of 2010 to 27% in the first quarter of 2011 mainly due to an overall favourable market situation and the execution of certain high-margin orders related to heat-treated industrial alloy steel pipes.

Additional Financial Information

Net income in the first quarter of 2011 amounted to U.S.$ 104 million as compared to a net loss of U.S.$ 1 million in the first quarter of 2010. As TMK's management believes that the IFRS accounting treatment of the conversion option[1] of the convertible bond does not reflect the expected outflow of resources under the conversion rights, the Company considers Net income adjusted to the loss on changes in the fair value of derivative financial instrument as an important supplemental measure of performance. Net income adjusted to the loss on changes in the fair value of the derivative financial instrument equals U.S.$ 121 million as compared to U.S.$ 46 million year-on-year. Adjusted net income margin came in at 7% as compared to 4% in the first quarter of 2010.

Finance costs decreased from U.S.$ 109 million in 1Q 2010 to U.S.$ 81 million in 1Q 2011 as a result of the lower interest rates negotiated with creditors. The weighted average nominal interest rate was reduced to 7.7% as of March 31, 2011 compared to 9.3% as of March 31, 2010. The Company continued to improve its debt maturity profile with the share of short-term debt decreasing from 18% as of December 31, 2010 to 13% as of March 31, 2011.

In January 2011, the offering of 7.75% loan participation notes in the amount of U.S.$ 500 million due in January 2018 was completed. The proceeds were used to refinance existing financial obligations.

1 Q 2011 IFRS Financial Statements are available at: http://www.tmk-group.com/1Q2011IFRS.php

For further information regarding TMK please visit www.tmk-group.com or contact:

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[1] The conversion option, whether exercised or expired, will not result in cash outflows from the Company. In the event of the bond not being converted, the liability under the conversion option will be recognized as a gain in our income statement. In the event of the exercise of the option, the liability will be transferred to equity (together with the carrying value of the converted bonds); no gain or loss will be recognized on the transaction. Additionally, the accounting treatment of the conversion option requires that changes in the fair value of the embedded instrument be recognized in the income statement. The price and volatility of TMK's GDRs have significant impact on the fair value of the embedded derivative. In the event the GDRs perform well, the liability under the conversion option will increase and result in losses in the income statement. The changes in the fair value may be material in comparison to our net income and may cause distortions in the income statement. Such adjusted net income (loss) figure is an alternative performance measure that is not reflected in the consolidated financial statements and has not been audited or reviewed in accordance with ISA.

TMK (www.tmk-group.com)

TMK is a leading global manufacturer and supplier of steel pipes for the oil and gas industry, operating 24 production sites in the United States, Russia, Romania and Kazakhstan. TMK has the world's largest steel pipe production capacity, about half of which is dedicated to the production of high margin oil country tubular goods (OCTG). In 2010, TMK's pipe sales totaled approximately four million tonnes, shipped to customers in more than 65 countries.

TMK's ordinary shares are listed on Russia's MICEX and RTS stock exchanges. Its GDRs are traded on the London Stock Exchange, and its ADRs – on the OTCQX International Premier trading platform in the U.S.

Volzhsky Pipe Plant	TMK-Kaztrubprom	TMK IPSCO
Sinarsky Pipe Plant	TMK-INOX	TMK-Europe
Seversky Tube Works	TMK-Premium Service	
Taganrog Metallurgical Works	TMK Oilfield Services	