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TMK Announces 4Q 2014 and FY 2014 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, one of the world's leading producers of tubular products for the oil and gas industry, announces its operational results for the fourth quarter of 2014 and full year 2014.

4Q 2014 and FY 2014 Highlights

- In 2014, TMK shipped a total of 4,377 thousand tonnes of steel pipe, up 1.5% year-on-year. In 4Q 2014, shipments grew by 10.4% quarter-on-quarter, reaching 1,218 thousand tonnes.
- Seamless pipe shipments went up by 3.8% year-on-year to 2,541 thousand tonnes. Shipments in 4Q 2014 increased by 11.5% quarter-on-quarter to 693 thousand tonnes.
- Welded pipe shipments in 2014 dropped by 1.5% year-on-year to 1,836 thousand tonnes due to lower demand for welded industrial and line pipe. In 4Q 2014, welded pipe shipments were up 8.9% quarter-on-quarter, reaching 525 thousand tonnes.
- Shipments of OCTG pipe, TMK's core product, grew by 5.5% year-on-year to 1,937 thousand tonnes. In 4Q 2014, shipments of this product increased by 16.4% quarter-on-quarter to 519 thousand tonnes.
- Shipments of premium connections amounted to 892 thousand joints in 2014, up 15.2% year-on-year. In 4Q 2014, shipments of premium products remained almost flat quarter-on-quarter, reaching 243 thousand joints.

4Q 2014 and FY 2014 Summary Results

(thousand tonnes)

Product	4Q 2014	3Q 2014	Q-o-Q, %	2014	2013	Y-o-Y, %
Seamless pipe	693	621	11.5%	2,541	2,449	3.8%
Welded pipe	525	482	8.9%	1,836	1,864	-1.5%
Total	1,218	1,103	10.4%	4,377	4,313	1.5%
including OCTG	519	446	16.4%	1,937	1,835	5.5%

4Q 2014 and FY 2014 Market Overview and Performance by Division

Russian Division

In 2014, the Russian pipe market grew by 9% year-on-year, with TMK maintaining leadership in the domestic pipe industry.

In 2014, TMK's Russian division shipped 2,984 thousand tonnes(1) of tubular products, which is flat year-on-year. In 4Q 2014, the division's shipments were up 10.3% quarter-on-quarter, reaching 841 thousand tonnes.

Seamless pipe shipments totalled 1,824 thousand tonnes, which is in line with 2013 performance. In 4Q 2014, shipments were up 12.4% quarter-on-quarter.

In 2014, shipments of seamless OCTG pipe dropped by 1.4% year-on-year to 997 thousand tonnes. In 4Q 2014, the shipments were up 11.9% quarter-on-quarter due to the start of winter procurement season at oil and gas companies.

The division's shipments of seamless line pipe increased by 9.1% year-on-year. In 4Q 2014, shipments were up 29.2% quarter-on-quarter due to the launch of a number of pipeline construction and related infrastructure projects.

In 2014, shipments of seamless industrial pipe went down by 10.7% year-on-year as a result of weaker demand from engineering companies. In 4Q 2014, the shipments decreased by 11.3% quarter-on-quarter.

Welded pipe shipments grew by 0.5% to 1,161 thousand tonnes in 2014, while shipments of large diameter pipe (LDP) went up by 3.8% for the same period, reaching 461 thousand tonnes as several major pipeline projects got underway in Russia (Bovanenkovo-Ukhta - 2, Southern Corridor, Kuyumba-Taishet and others). In 4Q 2014, LDP shipments increased by 26.7% quarter-on-quarter to 162 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 the North American market).

American Division

According to Baker Hughes, the active rig count totalled 1,861 rigs for 2014, which was 100 rigs or 6% above the 2013 average. The total amount of oil rigs went up by 11%, while gas rigs lost 13%, going down from 384 units in 2013 to 333 in 2014. This growth in rig count, combined with an increase in the number of tonnes consumed per rig, due to greater drilling efficiencies through pad drilling and an increase in the number of horizontal wells, led to an estimated increase in US OCTG consumption of 18%, as well as a decline in inventories of 19%.

In 2014, TMK's American division increased its shipments by 5.8% year-on-year, reaching TMK IPSCO's all-time high of 1,238 thousand tonnes of tubular products(2). In 4Q 2014, the division's shipments grew by 9.5% quarter-on-quarter to 338 thousand tonnes.

In 2014, shipments of seamless and welded OCTG pipe were up 22.6% and 3.3%, respectively, driven by the rise in drilling activity and development of unconventional hydrocarbon reserves in North America. In 4Q 2014, the shipments increased by 12.2% and 21.1% quarter-on-quarter, respectively.

Welded pipe shipments went down by 4.8% in 2014 due to the division's commitment to expand the production of higher value-added pipe by reducing the share of low-margin products.

Shipments of pipe with premium connections also reached record levels, resulting in a yearly increase of 38.5% as well as an increase in US market share from 15% to 18% year-on-year within the premium connections market segment. Moreover, despite the fact that energy sector companies continued to focus on oil drilling, which generally require semi-premium or lower value added premium connections, shipments of full-premium or higher value added premium connections increased as a percentage of the company's overall premium connection shipments. This resulted in a higher average selling price for these products.

Furthermore, the positive ruling on the US OCTG Trade Case allowed market prices to gradually recover during 2014. This price-improvement trend achieved in 2014, is now under threat due to expected declines in capex of energy sector companies on account of the recent decline in the price of oil.

With Baker Hughes' recent rig count now showing a total of 1,750 rigs, TMK's American division expects 2015 shipments to be negatively affected, particularly shipments of lower value added products.

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

European Division

In 2014, European pipe producers were affected by both weaker demand and overcapacity, which led to stronger competition and negative pricing environment. European pipe consumers focused on keeping inventories at a minimum level.

In 4Q 2014, the pipe market environment in the region aggravated further due to the Ukrainian crisis. Many European exporters, previously oriented to Russia, switched over to the European market. In addition, the Ukrainian pipe producers increased their shipments to EU countries, as the local demand dropped considerably in recent months.

The division shipped 154 thousand tonnes(3) of seamless pipe in 2014, down 1.2% year-on-year. In 4Q 2014, the division's shipments were up 19.9% quarter-on-quarter, reaching 39 thousand tonnes.

(3) This includes shipments from the Romanian plant TMK-ARTROM to the European market

Premium Segment

In 2014, the demand for TMK UP premium connections remained high, sustained by expansion of directional and horizontal drilling in America and Russia.

Shipments of TMK UP premium connections amounted to 892 thousand joints, up 15.2% year-on-year. In 4Q 2014, shipments of premium connections remained almost flat quarter-on-quarter, reaching 243 thousand joints.

2015 Outlook

The pipe market environment is strongly affected by global oil prices, which have a direct impact on oil and gas companies' CAPEX. For Russian entities, the situation is further complicated by restricted access to Western credit.

With the current oil prices, the Company expects pipe consumption in Russia might slightly go down. However, major pipeline projects in Russia (Southern Corridor, Power of Siberia) will enable TMK to boost shipments and improve product mix in the welded large diameter pipe segment.

In the American market, TMK expects demand for OCTG to drop proportionately to the decrease in rig count. The Company expects the decline in demand to be more severe during the first half of the year, as inventories adjust to the deteriorating market conditions, with the possibility of a slight recovery during the second half of the year contingent upon an improvement in oil and gas prices.

Currently, most European pipe customers anticipate their 2015 performance to be in line with 2014. While consumer expectations of 1Q 2015 are rather downbeat, they are somewhat more optimistic about 2Q 2015 onwards.

For further information regarding TMK, please, visit www.tmk-group.ru 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 (www.tmk-group.ru)

TMK (LSE: TMKS) is a leading global manufacturer and supplier of steel pipes for the oil and gas industry, operating 28 production sites in Russia, the U.S., Canada, Romania, Oman, the UAE, and Kazakhstan, and two R&D centres in Russia and the U.S. 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 MICEX-RTS.

TMK's production assets structure:

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

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