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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.

TMK, one of the world's leading producers of tubular products for oil and gas industry, announces its operational results for the first quarter of 2015.

1Q 2015 Highlights

- In the first quarter of 2015 TMK shipped a total of 995 thousand tonnes of steel pipe to consumers, down 3% and 18% year-on-year and quarter-on-quarter, respectively. The decline in shipments is mainly due to lower operational performance of the American division.
- Seamless pipe shipments amounted to 619 thousand tonnes, down 1% and 11% year-on-year and quarter-on-quarter, respectively.
- Welded pipe shipments in the reporting period fell by 5% year-on-year to 376 thousand tonnes and dropped by 28% quarter-on-quarter. It was OCTG and industrial pipe segments, that saw a decline. This will not significantly affect TMK's profits as these products have lower-margins.
- In 1Q 2015 shipments of premium connections amounted to 190 thousand joints, declining marginally vs. 1Q 2014 (193 thousand joints) and by 22% vs. 4Q 2014 (243 thousand joints).

1Q 2015 Summary Results (thousand tonnes)

Product	1Q 2015	4Q 2014	Q-o-Q, %	1Q 2015	1Q 2014	Y-o-Y, %
Seamless pipe	619	693	(11)%	619	626	(1)%
Welded pipe	376	525	(28)%	376	396	(5)%
Total	995	1,218	(18)%	995	1,022	(3)%
including OCTG	425	519	(18)%	425	490	(13)%

1Q 2015 Market Overview and Performance by Division

Russian Division

The Russian oil and gas pipe market proved resilient to falling crude oil prices. In Q1 2015, TMK's Russian division shipped 724 thousand tonnes(1) of tubular products, down 14% quarter-on-quarter mainly due to a drop in welded industrial pipe shipments, but up 6% year-on-year. The decline in welded industrial pipe will not negatively affect our profitability as this business has relatively low margins

The Russian division's seamless pipe shipments shrank by 7% quarter-on-quarter to 459 thousand tonnes, up 1% year-on-year. TMK's market share in this segment rose to c. 60% vs. 53% in 1Q 2014, driven by higher line pipe and OCTG shipments.

Seamless OCTG shipments slightly increased quarter-on-quarter, but were down by almost 10% year-on-year.

Seamless line pipe shipments were down by 19% quarter-on-quarter, but up by 23% year-on-year.

Shipments of seamless industrial pipe fell by 8% quarter-on-quarter, but

rose by 7% year-on-year.

In 1Q 2015 shipments of large diameter pipe (LDP) amounted to 155 thousand tonnes, achieving a more than twofold growth (103%) year-on-year, but marginally declining (4%) quarter-on-quarter.

(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).

American Division

Due to the continuing slump in crude oil prices in 1Q 2015, Baker Hughes reported a decline in the average active rig count in USA by 28% quarter-on-quarter to 1,380 rigs, resulting in a much lower demand for OCTG. Against this backdrop, the American division shipped a total of 230 thousand tonnes of pipe in 1Q 2015, down 23% year-on-year. The total shipments fell by 32% vs. 4Q 2014.

In 1Q 2015, OCTG pipe shipments amounted to 179 thousand tonnes, down 16% and 32% year-on-year and quarter-on-quarter, respectively. Shipments of welded OCTG pipe fell by 34% year-on-year and 43% quarter-on-quarter, while shipments of seamless OCTG were up 5% year-on-year and down 20% quarter-on-quarter. Since welded OCTG are mostly used in vertical wells, their shipments showed more dramatic decline as the vertical rig count saw a sharper slump (down 45% and 39% year-on-year and quarter-on-quarter, respectively), than that of horizontal rigs (down 12% and 24% year-on-year and quarter-on-quarter, respectively). Also, the decline is in part due to the division's decision to cut production of welded pipe to bring down the share of low-margin welded products in response to a weaker demand from oil and gas industry, price pressures and rising imports of welded OCTG pipe.

In 1Q 2015, welded pipe shipments fell by 34% year-on-year and 38% quarter-on-quarter, while welded industrial pipe shipments shortened by 31% and 2% year-on-year and quarter-on-quarter, respectively.

Shipments of premium connection pipe amounted to 129 thousand joints, down 5% and 26% year-on-year and quarter-on-quarter, respectively.

The share of premium connections in the total threaded pipe shipments of 1Q 2015 reached 31% vs. 27% in 1Q 2014 and 28% in 4Q 2014.

European Division

In 1Q 2015, headwinds persisted in the European market, facing further pressures from Ukrainian, Byelorussian, Turkish and Chinese producers, which offer lower prices as compared to local manufacturers. A substantial decline in OCTG consumption forces major seamless pipe producers to refocus on industrial pipe, thus putting further pressure on this segment.

Despite a weak demand and rising competition, the European division shipped 42 thousand tonnes of tubular products to consumers, up 1% and 6% year-on-year and quarter-on-quarter, respectively.

Premium Segment

In 1Q 2015, TMK's Russian and North American plants produced a total of 190 thousand TMK UP joints, down 1% and 22% year-on-year and quarter-on-quarter, respectively.

Outlook

In 1Q 2015 the demand for pipe in the Russian market rose by 7% year-on-year. We expect a stronger LDP consumption in 2Q 2015 and beyond from major projects like the Power of Siberia, which will enable TMK to gain business momentum and improve its margin-driven product mix. This will also be supported by increasing our OCTG market share in Russia due to import substitutions. The demand for welded and seamless industrial pipe will likely decline due to a weaker demand from construction and engineering industries.

TMK expects the OCTG demand in the American market to deteriorate further in 1H 2015, as the active rig count remains near record lows, while the market players are destocking. The excessive supply of tubular products combined with a strong US Dollar and buoyant imports will put further pricing pressure. The outcome of the anti-dumping investigation on OCTG and line pipe will affect imports in these two segments going forward. In 2H 2015, TMK expects the demand for OCTG and line pipe to gradually rebound, provided that crude oil prices and drilling volumes stabilise resulting in a moderate growth.

The Eurozone economy is projected to return to cautious growth in 2015, which will incrementally drive tubular product consumption in Europe up.

Generally TMK expects 2015 annual shipments close to 2014, as drop in American division will be redressed by higher LDP volumes in Russia.

For further information regarding TMK, please, visit www.tmk-group.com as well as download the YourTube 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 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 MICEX-RTS.

TMK's assets structure by division:

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

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