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26 July 2016

PRESS RELEASE

TMK Announces 1H 2016 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 first half of 2016.

2Q 2016 and 1H 2016 Summary Results

(thousand tonnes)

Product	2Q 2016	1Q 2016	Q-o-Q, %	1H 2016	1H 2015	Y-o-Y, %
Seamless pipe	587	564	4.0%	1,151	1,213	-5.1%
Welded pipe	304	281	7.9%	585	745	-21.5%
Total	890	845	5.3%	1,736	1,957	-11.3%
including OCTG	333	312	6.8%	645	753	-14.3%

2Q 2016 Highlights

- In 2Q 2016, TMK shipped 890 thousand tonnes of steel pipe, up 5.3% quarter-on-quarter. The increase was due to the improved demand for tubular products for the oil and gas industry as oil prices started to rise. Shipments growth along with ongoing efforts to reduce costs can be expected to improve TMK's financial performance in the second quarter.
- Seamless pipe shipments grew by 4.0% q-o-q to 587 thousand tonnes. The growth was driven by an increase in seamless OCTG and seamless industrial pipe shipments.
- Welded pipe shipments were up 7.9% q-o-q to 304 thousand tonnes following an increase in welded industrial pipe shipments driven by an expected price growth in Russia, as well as in welded line pipe shipments in the USA and Russia.
- OCTG shipments increased by 6.8% q-o-q to 333 thousand tonnes as the levels of drilling activity grew across Russia and oil and gas companies in the US market started to recover their business operations.
- Shipments of premium threaded connections amounted to 112 thousand joints, up 7.4% q-o-q.

1H 2016 Highlights

- Over the first half of 2016, the Company shipped 1,736 thousand tonnes of pipe, down 11.3% year-on-year, mainly due to lower sales of welded pipe.
- Seamless pipe shipments totalled 1,151 thousand tonnes, down 5.1% y-o-y, mainly due to lower shipments of the American division.
- Welded pipe shipments were decreased by 21.5% y-o-y to 585 thousand tonnes on the back of weaker demand for LDP due to adjustments of pipeline construction plans in Russia, as well as welded OCTG pipe in the USA.
- OCTG shipments amounted to 645 thousand tonnes, down 14.3% y-o-y, due to lower shipments by the American division resulting from the unfavourable market situation in 1Q 2016.
- Shipments of premium threaded connections amounted to 216 thousand joints, down 40.6% y-o-y. The decline was due to the suspension of complex hydrocarbons production projects in Russia and the USA, where premium products are used, in a low oil price environment.

2Q and 1H 2016 Results by Division

RUSSIAN DIVISION

2Q 2016 vs. 1Q 2016

In 2Q 2016, TMK's Russian division shipped 756 thousand tonnes⁽¹⁾ of tubular products, up 2.1% q-o-q. OCTG shipments grew

by 2.5% q-o-q to 278 thousand tonnes.

Seamless pipe shipments remained flat quarter-on-quarter at 480 thousand tonnes.

Welded pipe shipments grew by 6% to 276 thousand tonnes. Welded industrial pipe shipments were up 34.5% to 73 thousand tonnes. The increase in shipments was driven by consumers resupplying their inventories on the back of higher metal prices expectations. At the same time, large-diameter pipe shipments were down 5.5% q-o-q to 134 thousand tonnes.

(1) This includes shipments from TMK's Russian facilities, TMK-Kazrubprom and TMK GIPI to the Russian, CIS and non-CIS markets (excluding North America).

1H 2016 vs. 1H 2015

In 1H 2016, despite the shrinking size of the Russian pipe market, the Company increased its market share. The Russian division shipped 1,497 thousand tonnes of pipe, down 1.6% y-o-y.

Seamless pipe shipments were up 4.7% to 961 thousand tonnes.

OCTG shipments grew by 9.1%, as drilling activity continued to rise in Russia.

In 1H 2016, TMK shipped 536 thousand tonnes of welded pipe, down 11.1% y-o-y. Welded line pipe shipments fell by 10.9%. LDP shipments decreased by 19.8%, due to lower volumes of pipe purchased for trunk pipeline projects in 2016 compared to record-high sales in 1H 2015. At the same time, TMK's share on the Russian LDP market was up year-on-year.

AMERICAN DIVISION

2Q 2016 vs. 1Q 2016

According to Baker Hughes, in 2Q 2016, the active rig count in the USA totalled 421 rigs, a 9% decrease q-o-q, as many oil and gas projects were suspended due to low global oil prices. Additionally, significant cheap imports to the American pipe market put pressure on prices.

In 2Q 2016, the American division shipped 88 thousand tonnes pipe, up 38.6% q-o-q, as demand for tubular products in the American market started to show first signs of recovery in 2Q 2016, after steadily declining for two years and hitting the bottom in 1Q 2016.

Shipments of seamless pipe grew by 42.6% to 60 thousand tonnes. Seamless OCTG shipments amounted to 53 thousand tonnes, up 36.5% q-o-q.

Welded pipe shipments were up 30.8% q-o-q to 28 thousand tonnes.

1H 2016 vs. 1H 2015

In 1H 2016, shipments of the American division fell by 57.0% y-o-y, totalling 151 thousand tonnes. The decline was due to low shipments in 1Q 2016. Growth of shipments in 2Q 2016 did not compensate for the low level of sales in 1Q 2016.

In 1H 2016, TMK shipped 102 thousand tonnes of seamless pipe, down 51.3% y-o-y. Welded pipe shipments fell by 65.4% y-o-y to 49 thousand tonnes.

EUROPEAN DIVISION

2Q 2016 vs. 1Q 2016

In 2Q 2016, the European seamless pipe market remained stable with low consumption levels and strong competition from non-EU pipe producers. Seamless pipe shipments of the Company's European division totalled 46 thousand tonnes, up 12.5% q-o-q.

1H 2016 vs. 1H 2015

In 1H 2016, seamless pipe shipments of the European division grew by 3.4% to 88 thousand tonnes.

Premium Segment

In 1H 2016, the demand for TMK UP(TM) premium threaded connections remained weak, due to the suspension of a number of complex oil and gas projects. At the same time, in 2Q 2016, shipments of TMK UP(TM) premium threaded connections were up 7.4% q-o-q.

In 2Q 2016, the Company made the first shipment of tubular products for production wells in the offshore Arctic construction. Casing pipe with TMK UP PF premium threaded connections and GreenWell lubricant-free coating, including H₂S-resistant grades, were shipped to 'Gazprom нефть shelf' to develop the Prirazlomnoye oil field in the Pechora Sea.

Overall, TMK remains the leading supplier of premium tubular products in the Russian market with a market share of over 70%.

3Q Outlook

As for the Russian market, in 3Q 2016 LDP shipments will show a downward trend, following a slowdown in the implementation of pipeline projects.

The American market situation will remain challenging. There is cautious optimism prompted by the start of preparation activities for the launch of rigs in shale formations (the Permian basin and the Eagle Ford field). At the same time, shipments of the American division are not expected to grow significantly before 2017, due to large inventories of tubular products in the USA.

In 3Q 2016, following the traditional slowdown in business activity during the holiday season, the European market is expected to show a quarter-on-quarter decline in industrial pipe orders.

In 2016, TMK expects shipments to remain broadly flat year-on-year.

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 pipe for oil and gas industry, operating more than 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 2015, TMK's pipe shipments totaled 3.9 million metric tons. 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;	
TMK CHERMET.	

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