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PRESS RELEASE

## TMK Announces 1Q 2018 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.*

*1Q 2018 shipments data is preliminary and can be adjusted.*

TMK, one of the world's leading producers of tubular products for the oil and gas industry, announces its operational results for the first quarter of 2018.

### 1Q 2018 Summary Results

*(thousand tonnes)*

Product	1Q 2018	4Q 2017	Change	1Q 2017	Change
Seamless pipe	677	680	(0.4)%	659	3%
Welded pipe	303	291	4%	185	64%
Total	980	971	1%	843	16%
Including: OCTG	459	452	2%	429	7%

### 1Q 2018 Highlights

- Total pipe shipments grew 1% q-o-q and 16% y-o-y, to 980 thousand tonnes
- Seamless pipe shipments were flat q-o-q and increased 3% y-o-y, to 677 thousand tonnes
- Welded pipe shipments increased 4% q-o-q and 64% y-o-y, to 303 thousand tonnes
- OCTG shipments increased 2% q-o-q and 7% y-o-y, to 459 thousand tonnes
- Shipments of premium-threaded connections increased 10% q-o-q and 20% y-o-y, to 224 thousand joints



**Alexander Shiryaev, TMK’s CEO, said:**

“In 1Q 2018, the Group continued to deliver growth year-on-year across almost all product segments and we made further progress on expanding our premium product range.

We were particularly pleased to complete the testing of a unique new product, TMK UP KATRAN HD connection, which fully meets the complex requirements of deep offshore projects and sustains extreme climatic conditions.

We expect solid demand for TMK pipes across our key regions in 2018. High oil prices are expected to support stable drilling activity in Russia and continued growth in North America, driving demand for OCTG. The performance of our European division will benefit from the expansion of our premium pipe production facilities, completed in February 2018.”

**1Q 2018 Results by Division**

*RUSSIAN DIVISION*

*(thousand tonnes)*

<b>Product</b>	<b>1Q 2018</b>	<b>4Q 2017</b>	<b>Change</b>	<b>1Q 2017</b>	<b>Change</b>
Seamless pipe	<b>511</b>	515	(0.8)%	493	4%
Welded pipe	<b>194</b>	180	8%	150	29%
<b>Total<sup>1</sup></b>	<b>705</b>	695	1%	643	10%
<i>Including:</i> OCTG	<b>303</b>	292	4%	312	(3)%

*1Q 2018 vs. 4Q 2017*

- Total pipe shipments increased marginally quarter-on-quarter, as lower seamless industrial pipe consumption offset higher welded pipe shipments.

<sup>1</sup> Total includes shipments from TMK’s Russian facilities, TMK-Kaztrubprom and TMK GIPI to the Russian, CIS and non-CIS markets (*excluding North America*).



- Seamless pipe shipments were generally flat, as stronger consumption of seamless OCTG almost fully compensated for weaker demand for seamless industrial pipe.
- Shipments of welded pipe increased quarter-on-quarter, due to higher shipments of welded industrial and line pipe.
- Shipments of OCTG rose 4% as drilling activity in Russia continued to grow.

### 1Q 2018 vs. 1Q 2017

- Total pipe shipments increased year-on-year, reflecting growth in shipments of both seamless and welded pipe.
- Shipments of seamless pipe increased year-on-year, resulting primarily from higher demand for seamless line pipe.
- Shipments of welded pipe increased significantly year-on-year, due to a stronger performance across all welded pipe segments.
- OCTG shipments were down 3% year-on-year.

### AMERICAN DIVISION

(thousand tonnes)

Product	1Q 2018	4Q 2017	Change	1Q 2017	Change
Seamless pipe	121	114	6%	119	1%
Welded pipe	109	111	(2)%	34	218%
<b>Total</b>	<b>230</b>	<b>225</b>	<b>2%</b>	<b>154</b>	<b>50%</b>
<i>Including:</i> OCTG	<b>156</b>	160	(2)%	118	33%

(thousand tonnes)

Product	1Q 2018	4Q 2017	Change	1Q 2017	Change
<b>Total shipments</b>	<b>230</b>	<b>225</b>	<b>2%</b>	<b>154</b>	<b>50%</b>
<i>Including:</i> Imported pipe	<b>34</b>	26	31%	25	36%



### *1Q 2018 vs. 4Q 2017*

- Drilling activity in the US continued to rise in 1Q 2018, with average growth in rig count of 5% quarter-on-quarter to 966 active rigs (Baker Hughes).
- Total pipe shipments increased by 2% compared to the previous quarter, primarily due to the stronger sales of seamless pipe.
- Shipments of seamless pipe increased quarter-on-quarter, as continued growth in US drilling activity drove increased demand for seamless OCTG.
- Shipments of welded pipe declined quarter-on-quarter, primarily due to a decrease in shipments of welded OCTG.
- Shipments of OCTG were down 2% quarter-on-quarter, as stronger shipments of seamless OCTG did not fully offset weaker shipments of welded OCTG.
- Imported pipe shipments at the American division grew quarter-on-quarter, supported by the continued growth of drilling activity in the US oil and gas market.

### *1Q 2018 vs. 1Q 2017*

- In the US, year-on-year growth of the average rig count was 30% (Baker Hughes).
- Total pipe shipments grew 50% year-on-year, supported by a significantly stronger performance of welded pipe.
- Seamless pipe shipments remained nearly flat year-on-year.
- Shipments of welded pipe increased more than 3 times compared to 1Q 2017. This was due to continued improvements in the US drilling market and the restart of welded facilities at the American division in Spring-Summer 2017.
- OCTG shipments grew year-on-year, as improved pipe market conditions drove a surge in demand.
- Shipments of imported pipe at the American division increased year-on-year, due to significant improvements on the US OCTG market.



**EUROPEAN DIVISION**  
(thousand tonnes)

<b>Product</b>	<b>1Q 2018</b>	<b>4Q 2017</b>	<b>Change</b>	<b>1Q 2017</b>	<b>Change</b>
Seamless pipe – Total	<b>46</b>	51	(9)%	47	(1)%

*1Q 2018 vs. 4Q 2017*

- Shipments of seamless pipe declined quarter-on-quarter, due to lower shipments of industrial pipe, on the back of pre-planned maintenance works in January 2018.

*1Q 2018 vs. 1Q 2017*

- Shipments of seamless pipe remained nearly flat year-on-year.

**Premium Products**

In 1Q 2018, TMK successfully completed testing of its proprietary TMK UP KATRAN HD premium connection, a unique, quick-assembly, high-torque connection for 20” to 36” (508 mm to 914 mm) casing assemblies. The KATRAN was fully developed by TMK; it can be used in deep offshore projects and in the most challenging climatic conditions.

In 1Q 2018, the QX TORQ was released in the American division. This high torque threaded and coupled full-premium-seal connection will be used in gas plays with extended-reach laterals. This new offering, released right after the new SF TORQ integral premium connection (4Q 2017), further strengthens the American division’s growing portfolio of high torque connections.

**2018 Outlook**

For the remainder of 2018, TMK expects demand for OCTG in Russia to remain strong, supported by stable drilling activity and high oil prices. Demand for LDP is not expected to be lower than the level seen in 2017.

The North American pipe market will see sustained consumption of OCTG and energy related products through the remainder of 2018 buoyed by a fundamentally strong oil price environment supporting continued capital investment by energy producers.

In Europe, TMK expects shipments of seamless pipe to increase. This is in part due to the launch of a new heat treatment facility at TMK ARTROM, which



will increase the division's offering of premium pipe as a share of the sales mix.

Overall, the Group expects pipe shipments to increase in 2018 compared to FY 2017, primarily due to continued growth in the American market.

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**For further information regarding TMK, please, visit [www.tmk-group.com](http://www.tmk-group.com) or download [the YourTube iPad application](#) from the App Store**

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**TMK ([www.tmk-group.com](http://www.tmk-group.com))**

TMK (LSE: TMKS) is a leading global manufacturer and supplier of steel pipes for oil and gas industry, operating 27 production sites in the United States, Russia, Canada, Romania, Oman and Kazakhstan with two R&D centers in Russia and the USA. In 2017, TMK's pipe shipments totalled 3.8 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 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.
- American division:
  - 11 plants of TMK IPSCO;
  - TMK Completions.
- European division:
  - TMK-ARTROM;
  - TMK-RESITA.
- Middle East Division:
  - TMK GIPI (Oman).