



April 24, 2019

PRESS RELEASE

TMK Announces 1Q 2019 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 2019 shipments data is preliminary and may 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 2019.

1Q 2019 Summary Results

(thousand tonnes)

Product	1Q 2019	1Q 2018	Change	4Q 2018	Change
Seamless pipe	672	677	(1)%	742	(9)%
Welded pipe	294	303	(3)%	264	11%
Total	966	980	(2)%	1,006	(4)%
Including: OCTG	481	461	4%	536	(10)%

1Q 2019 vs. 1Q 2018

- Total pipe shipments declined by 2% year-on-year, to 966 thousand tonnes, due to lower shipments of both seamless and welded pipe (down 1% and 3% year-on-year, respectively). This resulted mainly from a decrease in shipments at the American division (down 14% year-on-year) due to a temporary slowdown in the North American market in 1Q 2019, reflecting a lower oil price and a decrease in rig count.
- OCTG shipments increased by 4% year-on-year, to 481 thousand tonnes, due to higher seamless OCTG shipments at the Russian division (up 10% year-on-year), supported by the continued increase in drilling activity in Russia.
- Shipments of premium-threaded connections increased by 5% year-on-year, to 236 thousand joints.

1Q 2019 vs. 4Q 2018

- Total pipe shipments declined by 4% quarter-on-quarter, due to lower seamless pipe shipments (down 9% quarter-on-quarter), resulting mainly from a decrease in shipments of OCTG and line pipe at the American division and lower seamless OCTG shipments at the Russian division.
- Lower quarter-on-quarter shipments of OCTG and line pipe at the American division resulted from a temporary slowdown in the North American market due to a lower oil price and a decrease in rig count. Furthermore, in 1Q 2019, domestic pipe producers were affected by higher import pipe supplies as a result of the renewal of pipe shipment quotas under Section 232. This created a market dip similar to the one in 1Q 2018.
- Seamless OCTG shipments at the Russian division were down 2% quarter-on-quarter, as domestic oil and gas companies intensified their pipe purchases in 4Q 2018.



- Shipments of welded pipe increased by 11% quarter-on-quarter, mainly due to higher shipment volumes of large diameter pipe at the Russian division (up 24% quarter-on-quarter).
- Shipments of premium-threaded connections decreased by 20% quarter-on-quarter, mainly due to lower shipments at the American division resulting from a temporary slowdown in the North American market.

Alexander Shiryaev, CEO of TMK, said:

“In 1Q 2019, we saw a decline in total pipe shipments, primarily due to a temporary slowdown in the North American market, which reflected a lower oil price and a decrease in rig count. However, we increased our shipments of premium-threaded connections by a further 5% year-on-year, reflecting TMK’s increasing focus on advanced customer solutions.

We believe that our ongoing commitment to innovation will ensure we continue to sustain our leading position in the key markets as we develop high-tech value-added products to meet increasingly complex customer requirements.”

2019 Outlook

In Russia, TMK expects pipe consumption by domestic oil and gas companies to remain strong in 2019. The increased complexity of hydrocarbon production projects in Russia is expected to result in higher demand for high tech products.

In 1Q 2019, the North American OCTG market experienced a temporary slowdown due to a decrease in the oil price and a falling rig count. The market saw higher import pipe supplies driven by the renewal of pipe shipment quotas under Section 232.

In Europe, it is expected that TMK sustains demand for seamless industrial pipe in 2019. The division’s sales mix is estimated to include a higher share of high value-added products.

In 2019, TMK expects to increase pipe shipments at the Russian and European divisions year-on-year, providing the basis for a strong financial performance throughout 2019.

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

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TMK (www.tmk-group.com) is a leading global manufacturer and supplier of steel pipes for oil and gas industry, operating over 20 production sites in the United States, Russia, Canada, Romania and Kazakhstan with two R&D centers in Russia and the U.S.. 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.