

TMK

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**Investor Presentation**

**1Q 2012 IFRS Results**

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## Company Overview

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# Investment Highlights

## Global Market Leader

- One of the largest tubular capacity
- High exposure to the oil & gas industry: approximately 74% of 2011 shipments went to the oil & gas sector
- Leading producer of value-added steel pipes for the oil & gas industry
- 14% global seamless OCTG<sup>(1)</sup>, 12% of the U.S. OCTG market in 2011

## Leading Position in Russia and the U.S.

- Russia: 52% seamless pipe market, 59% seamless OCTG market, 17% LD pipe market in 2011
- Strategic partnerships and long-term contracts with Russian oil & gas majors
- One of the leading supplier to shale oil & gas in the U.S.

## Favorable Industry Fundamentals

- Strong industry fundamentals driven by robust demand for oil & gas
- Stable demand from Russian oil industry little affected by fluctuations in oil prices
- Consolidated industry with significant barriers to entry
- Demand for seamless OCTG expected to experience significant growth driven by increasing complexity of drilling
- Oil & gas plays are to be more resilient to possible economic recession due to limited supply from traditional deposits and geopolitical risks

## Vertically Integrated Low Cost Producer

- Structural cost advantages over major international competitors
- Fully vertically integrated seamless pipe production (upstream and downstream operations) in all 3 divisions
- Long-term proven ability to pass cost increase to customers

## Growth Potential and Deleveraging

- Strategic Investment Programme (2004-14) aimed at 48% capacity increase is nearly completed
- Ability to efficiently integrate acquired businesses and realise synergies
- The effect from the recent investment projects to be realized in 2012-2015 which will facilitate deleveraging

## Key Performance Figures

	2007	2008	2009	2010	2011	1Q 2012 LTM
Revenue, U.S.\$ mln	4,179	5,690	3,461	5,578	6,754	6,754
EBITDA, U.S.\$ mln	920	1,047	328	942	1,050	1,034
ROE, %	28.9%	9.4%	neg	6.9%	22.4%	19.8%

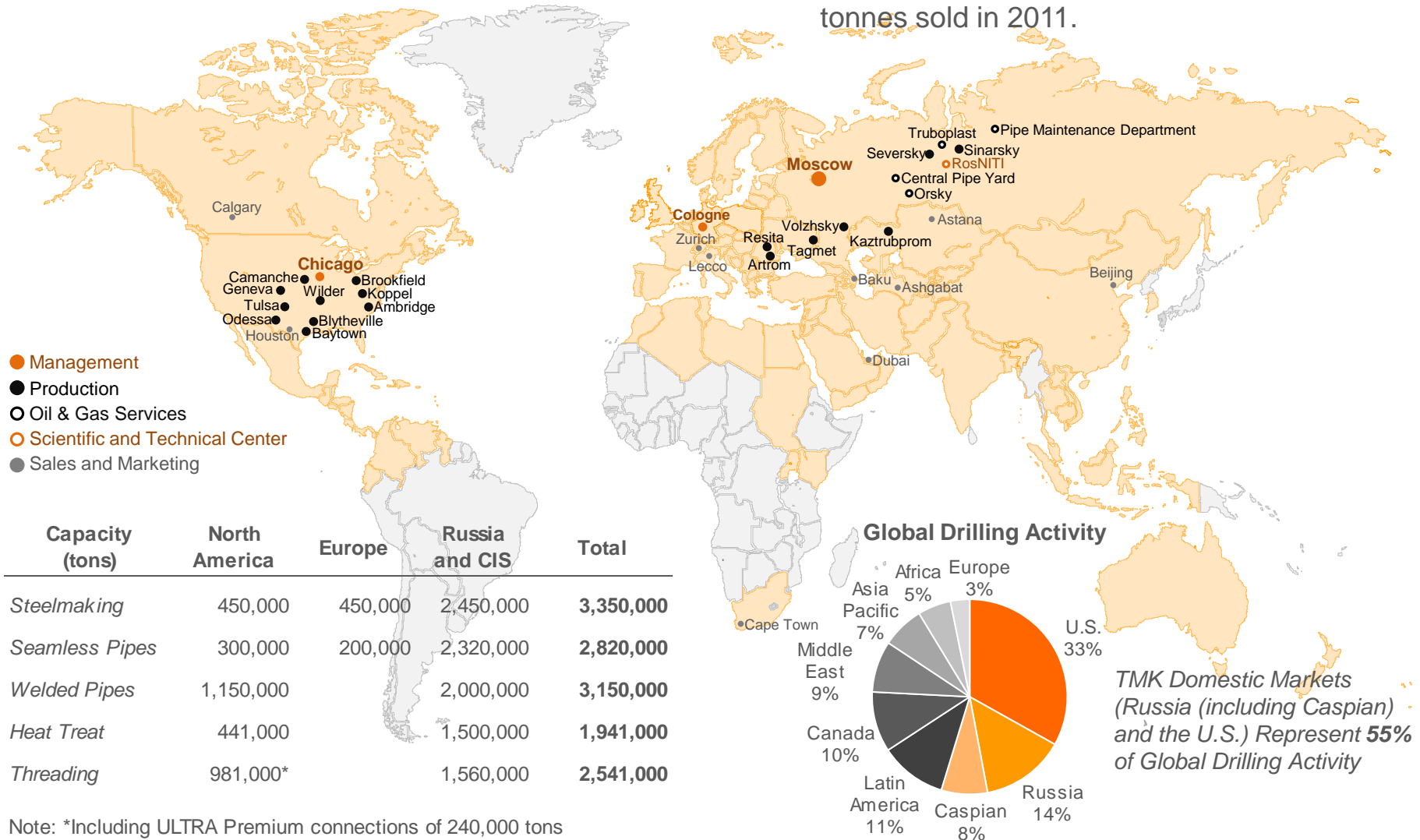
<sup>(1)</sup> OCTG - Oil Country Tubular Goods

# Global Operational and Sales Footprint



## Steel Tubular Industry Leader

TMK's strategic positioning made it the steel tubular industry leader, with over 4 million tonnes sold in 2011.



Note: \*Including ULTRA Premium connections of 240,000 tons

Source: TMK data

Source: M-I SWACO

# Russian and North American Synergies

**Both Russia and North America have benefitted during the past three years since the acquisition of IPSCO**

## Benefits for Russia

- Best business practices – Russia is implementing practices such as Six Sigma; first Russian-American Black Belt class graduated in late October
- Leverage premium product – Made TMK Premium a TMK Group initiative; cross-licensing and cross-selling Premium connections



## Benefits for North America

- Technology – Building relationships between U.S. plants and Russian research community and technical universities to create innovative solutions to address current and future challenges
- Complementary product mix – Broaden product offering of seamless pipe, and to a lesser extent welded pipe, to service the North American market and drive incremental sales



## The Acquisition Has Combined Two Strong Regional Companies into an Even More Capable Global Organization

- Cooperation – A combined commitment to develop advanced products that support our customers rapidly changing drilling technologies: as evidenced by our new research center and global portfolio of premium connections
- Global Scope – Functioning as a worldwide organization has increased global focus and is accelerating development outside of our dominant regions

## Financial Review

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# 1Q 2012 Sales Volumes by Segment and Group of Product

Thousand Tonnes	Russia			Americas			Europe			Total		
	1Q 2012	QoQ, %	YoY, %	1Q 2012	QoQ, %	YoY, %	1Q 2012	QoQ, %	YoY, %	1Q 2012	QoQ, %	YoY, %
<b>Seamless Pipe</b>	<b>503</b>	<b>9%</b>	<b>4%</b>	<b>62</b>	<b>-18%</b>	<b>0%</b>	<b>44</b>	<b>7%</b>	<b>-4%</b>	<b>609</b>	<b>5%</b>	<b>3%</b>
OCTG	263	9%	11%	55	-15%	4%	-	n/a	n/a	318	4%	10%
Line Pipe	138	1%	3%	2	-33%	-60%	7	0%	0%	147	0%	1%
Industrial Pipe	102	21%	-8%	5	-38%	25%	37	12%	-5%	144	15%	-6%
<b>Welded Pipe</b>	<b>217</b>	<b>-19%</b>	<b>-33%</b>	<b>179</b>	<b>6%</b>	<b>24%</b>	<b>-</b>	<b>n/a</b>	<b>n/a</b>	<b>396</b>	<b>-10%</b>	<b>-16%</b>
OCTG	-	n/a	n/a	98	1%	20%	-	n/a	n/a	98	1%	20%
Line Pipe	61	-3%	27%	45	18%	125%	-	n/a	n/a	106	5%	56%
Industrial Pipe	85	-9%	20%	36	6%	-14%	-	n/a	n/a	121	-5%	7%
Large Diameter	71	-37%	-66%	-	n/a	n/a	-	n/a	n/a	71	-37%	-66%
<b>Total Pipes</b>	<b>720</b>	<b>-2%</b>	<b>-11%</b>	<b>241</b>	<b>-2%</b>	<b>17%</b>	<b>44</b>	<b>7%</b>	<b>-4%</b>	<b>1,005</b>	<b>-1%</b>	<b>-5%</b>

Source: TMK data

# 1Q 2012 Key Consolidated Financial Highlights

## Summary 1Q 2012 Financial Highlights

U.S.\$ mln <sup>(1)</sup> (unless stated otherwise)	1Q 2012	QoQ, %	YoY, %
Net Sales	1,659	4%	-1%
Adjusted EBITDA <sup>(2)</sup>	277	24%	-5%
Adjusted EBITDA Margin (%)	17%		
Net Income	105	-1%	1%
Net Income Margin (%)	6%		
Adjusted Net Income <sup>(3)</sup>	115	10%	-5%
Adjusted Net Income Margin (%)	7%		
Pipes Sales ('000 tonnes)	1,005	-1%	-5%
Average Net Sales / Tonne (U.S.\$) <sup>(4)</sup>	1,651	5%	5%
Adjusted EBITDA / Tonne	276	26%	0%
Capex	97	9%	13%

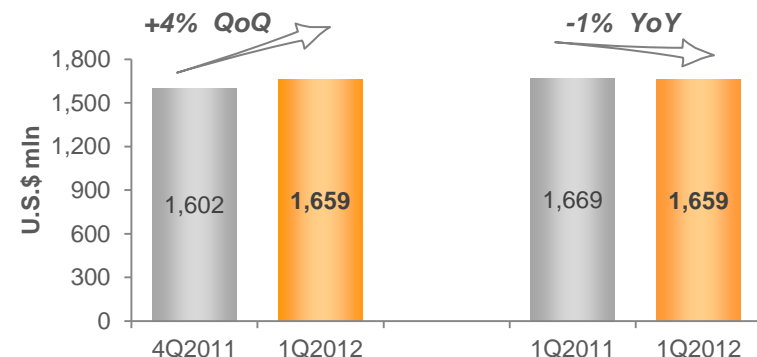
U.S.\$ mln <sup>(1)</sup> (unless stated otherwise)	31 March 2012	31 Dec 2011	Change, %
Total Debt	3,920	3,787	4%
Net Debt	3,697	3,552	4%
ST Debt / Total Debt	25%	16%	
Adjusted EBITDA LTM	1,034	1,050	
Net Debt / Adj. EBITDA LTM	3.6x	3.4x	

Source: TMK Consolidated IFRS Financial Statements, TMK data

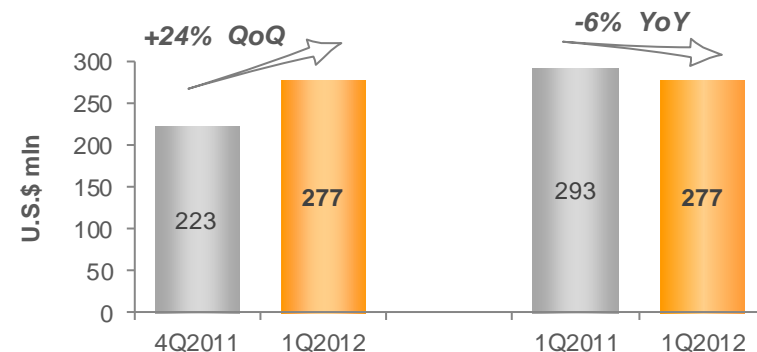
### Notes:

- (1) Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100%
- (2) Adjusted EBITDA is calculated as profit/loss before tax plus finance costs minus finance income plus depreciation and amortization adjusted for non-cash items
- (3) Net income adjusted for gain/loss on changes in fair value of derivative financial instrument
- (4) Sales include other operations

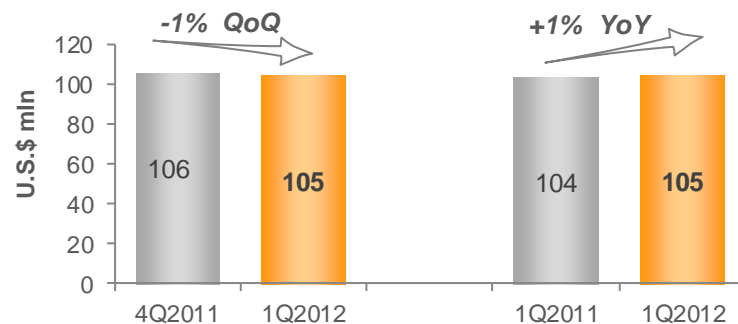
## 1Q 2012 Revenue



## 1Q 2012 Adjusted EBITDA



## 1Q 2012 Net Income



# 1Q 2012 Key Financial Highlights by Division

U.S.\$ mln (unless stated otherwise)	Russia			Americas			Europe <sup>(1)</sup>		
	1Q 2012	QoQ, %	YoY, %	1Q 2012	QoQ, %	YoY, %	1Q 2012	QoQ, %	YoY, %
Volumes- Pipes, kt	720	-2%	-11%	241	-2%	17%	44	7%	-4%
<b>Net Sales</b>	<b>1,133</b>	<b>4%</b>	<b>-9%</b>	<b>440</b>	<b>0%</b>	<b>27%</b>	<b>86</b>	<b>12%</b>	<b>5%</b>
Gross Profit Margin, %	284 25%	21%	1%	106 24%	36%	19%	22 25%	16%	0%
<b>Adjusted EBITDA</b> Margin, %	176 16%	19%	-14%	86 20%	34%	16%	15 17%	36%	0%
Avg Net Sales / Tonne (U.S.\$)	1,574	6%	2%	1,826	2%	9%	1,955	4%	10%
Avg Gross Profit / Tonne (U.S.\$)	394	23%	14%	440	38%	2%	500	8%	5%
Avg Adjusted EBITDA / Tonne (U.S.\$)	244	21%	-3%	357	37%	-1%	341	27%	5%

Source: Consolidated IFRS Financial Statements, TMK data

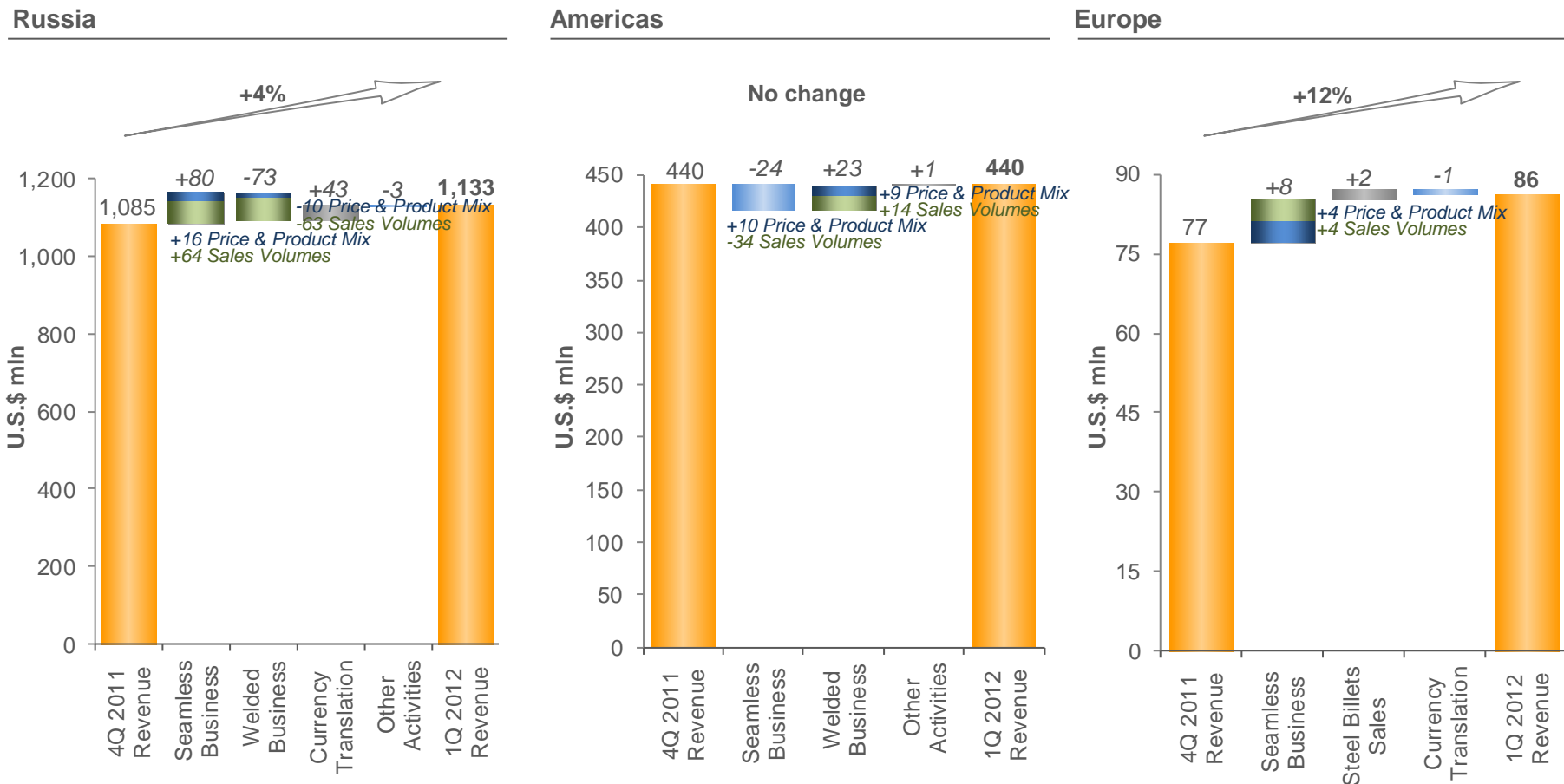
Notes:

(1) Financial results of the European Division include revenue from sales of billets to third parties (23 kt in 1Q 2012)

(2) Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100%

# Revenue Growth by Segments and Groups of Products

Revenue growth in the Russian division was driven by better pricing and product mix and higher sales volumes in the *seamless business* while, in the American division, revenue remained flat with increases in prices, product mix and higher sales volumes in the *welded business* offsetting declines in *seamless business* volumes



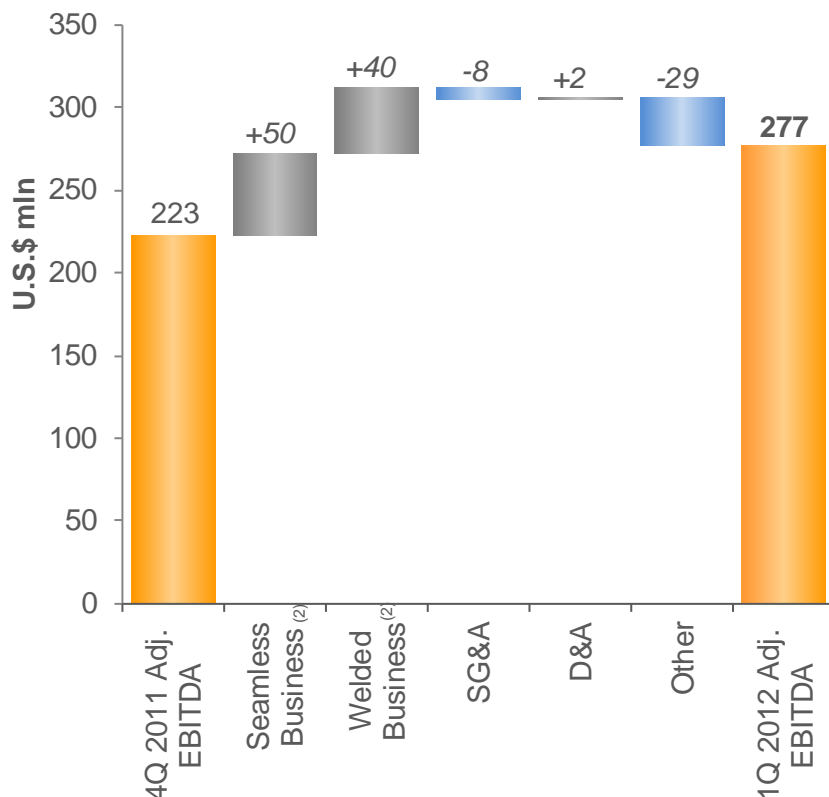
Source: Consolidated IFRS Financial Statements, TMK data

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# Seamless Business Drives EBITDA Growth

Seamless Business Remained a Significant Contributor to the EBITDA Growth

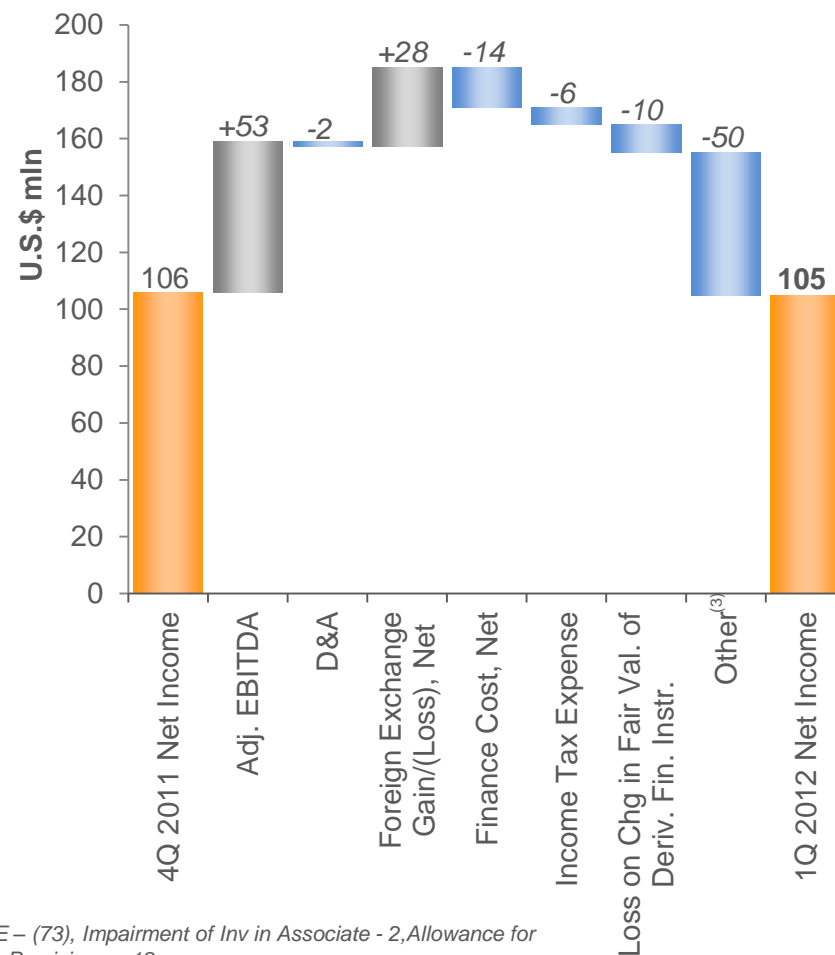


Source: Consolidated IFRS Financial Statements, TMK data

Notes:

- (1) The bars in the charts represent changes in the corresponding item
- (2) Changes represent changes in Gross Profit
- (3) Other includes (U.S.\$ mln): Loss on disposal of PP&E - (1), Reversal of Impairment of PP&E - (73), Impairment of Inv in Associate - 2, Allowance for Net Realisable Value of Inventory - (1), Allowance for Doubtful Debt - 6, Movement in Other Provisions - 18.
- (4) Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100%

Net Profit Remained Almost Flat Compared to the Previous Quarter

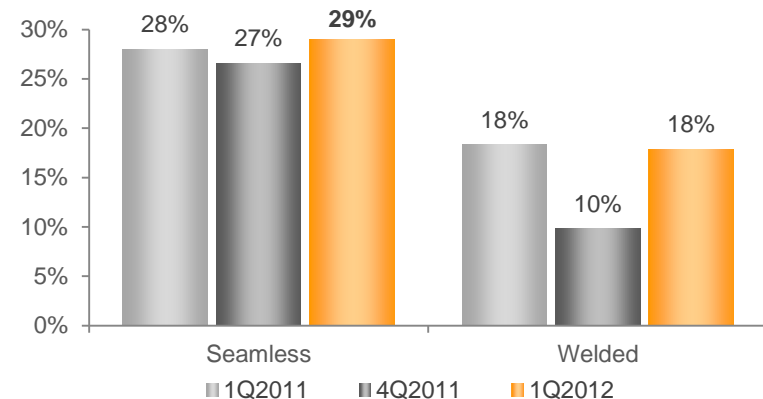


# 1Q 2012 Key Financial Highlights by Group of Product

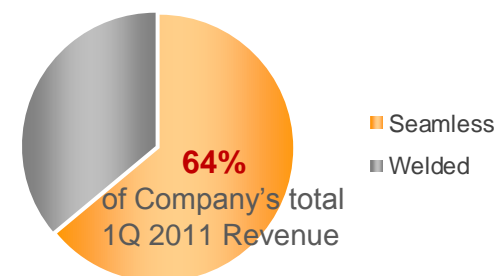


	U.S.\$ mln (unless stated otherwise)	1Q 2012	QoQ, %	YoY, %
SEAMLESS	Volumes- Pipes, kt	609	+5%	+3%
	<b>Net Sales</b>	<b>1,059</b>	<b>+9%</b>	<b>+14%</b>
	Gross Profit	307	+19%	+18%
	Margin, %	29%		
	Avg Net Sales / Tonne (U.S.\$)	1,739	+4%	+11%
	Avg Gross Profit / Tonne (U.S.\$)	504	+14%	+14%
WELDED	Volumes- Pipes, kt	396	-10%	-16%
	<b>Net Sales</b>	<b>526</b>	<b>-6%</b>	<b>-21%</b>
	Gross Profit	94	+72%	-23%
	Margin, %	18%		
	Avg Net Sales / Tonne (U.S.\$)	1,328	+4%	-6%
	Avg Gross Profit / Tonne (U.S.\$)	237	+89%	-9%

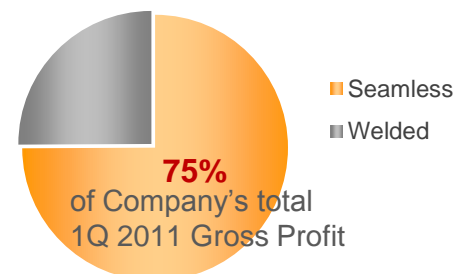
## Seamless Gross Profit Margin



## Seamless 1Q 2012 Revenue Contribution



## Seamless 1Q 2012 Gross Profit Contribution



Source: Consolidated IFRS Financial Statements, TMK data

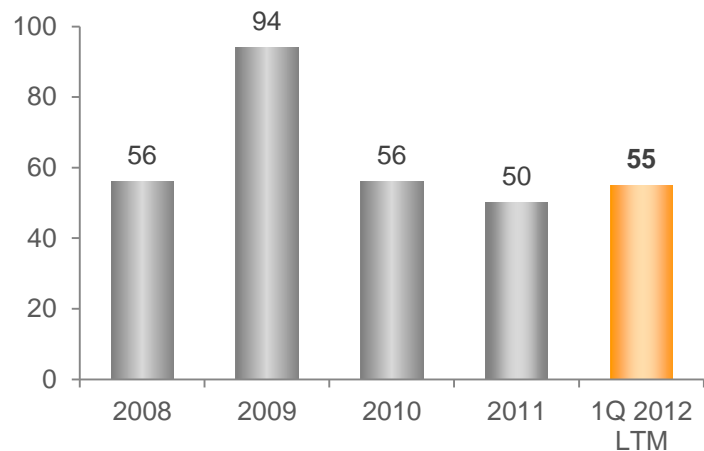
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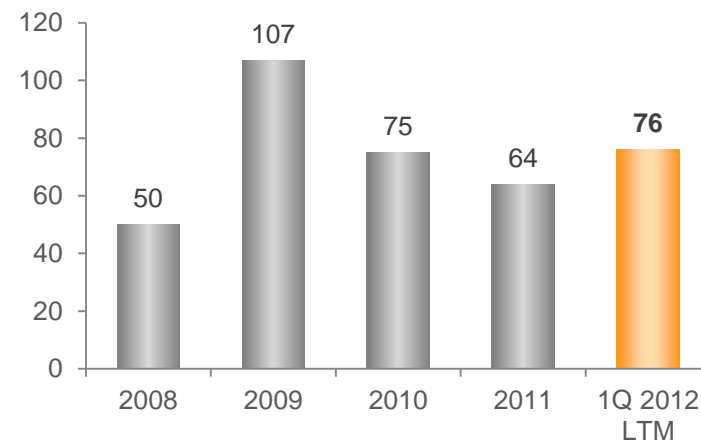
# Working Capital Position



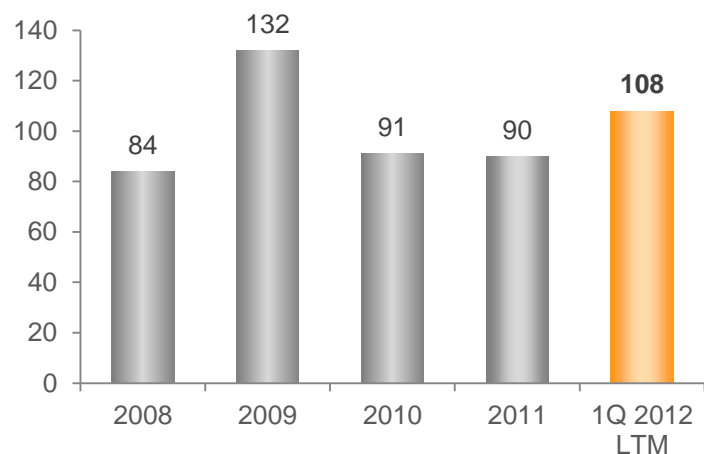
## Accounts Receivable (days)



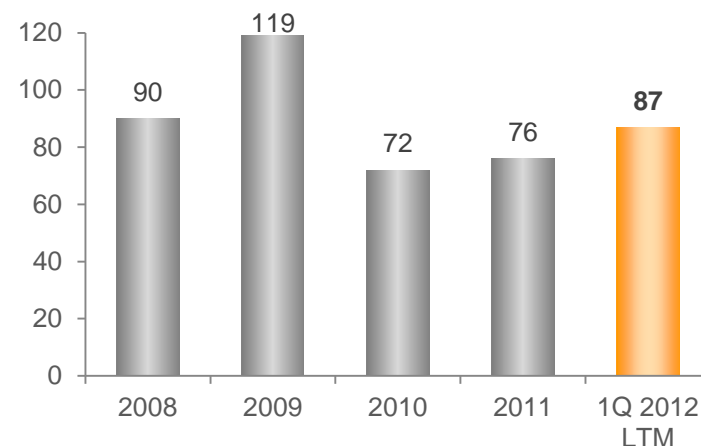
## Accounts Payable (days)



## Inventories (days)



## Cash Conversion Cycle (days)



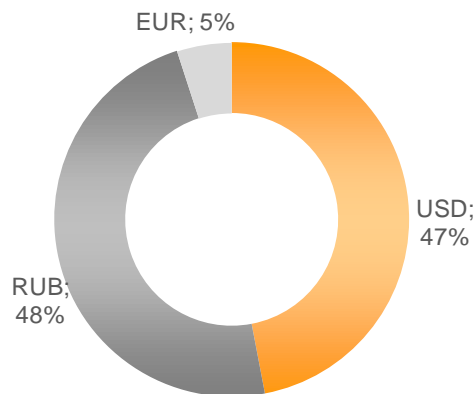
Source: TMK data

# Debt Profile

## TMK Continues to Optimize its Capital Structure and Develop a Flexible, Cost-effective Debt Portfolio

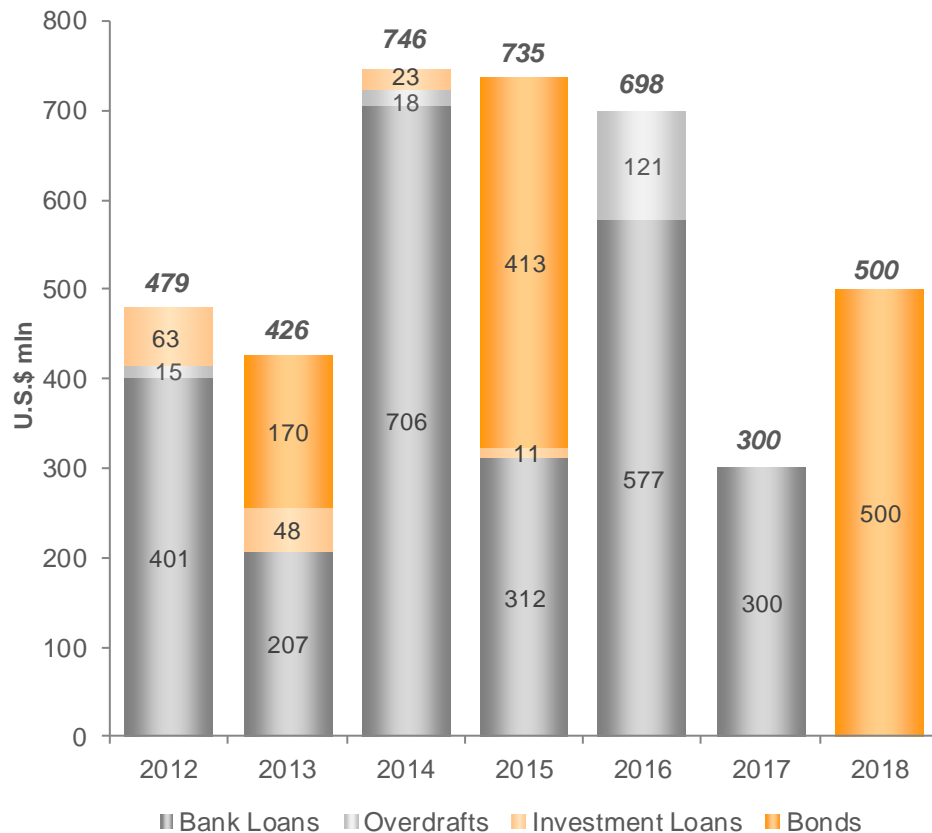
- As of 31 March, 2011, Total Debt accounted for U.S.\$3,920 mln
- 75% of Total Debt is long-term
- 28% of Total Debt is represented by Eurobonds, convertible bonds and rouble bonds, 72% - bank loans
- Weighted average nominal interest rate totalled 7.00%, up 80 b.p. from 31 December, 2010
- As of 31 March, 2012, borrowings with a floating interest rate represented U.S.\$652 million, or 17%, borrowings with a fixed interest rate – U.S.\$3,214 million, or 83%
- As of 31 March, 2012, unutilized borrowing facilities amounted to U.S.\$762mln
- Credit Ratings: S&P – B+, Stable; Moody's – B1, Stable

### Debt Structure by Currency as of 31 March 2012



Note: Numbers represent TMK management accounts and differ from IFRS figures for the amounts of accrued interest, debt issue cost and finance lease liabilities, and other items not related to the principal amount of debt

## Maturity Profile as of 31 March 2012



Note: TMK management accounts. Figures above are based on non-IFRS measures, estimates from TMK management



# Russia

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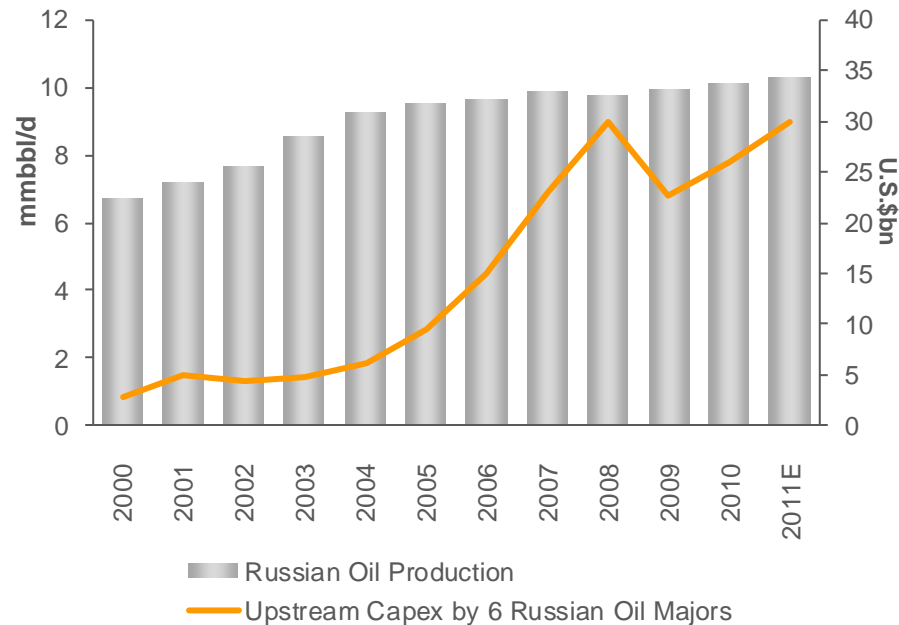
# Oil Production and Capex Needs in Russia

Deteriorating oil production conditions at mature fields, particularly in the Urals and Western Siberia, require substantial capex spending by oil majors to maintain existing production levels.

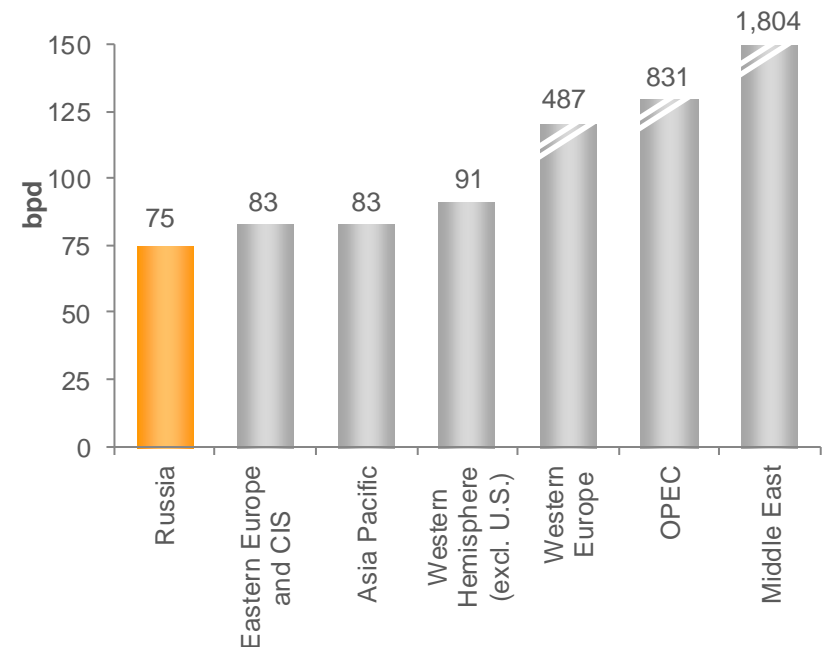
The average productivity of oil wells in Russia remains below most of other major oil regions in the world.

Tubing consumption per well remains significantly more intense than in any other region.

## Oil Production and Upstream Capital Expenditure



## Average Well Flow Rates



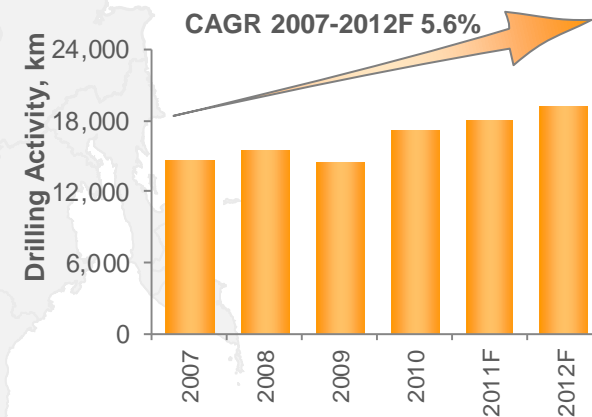
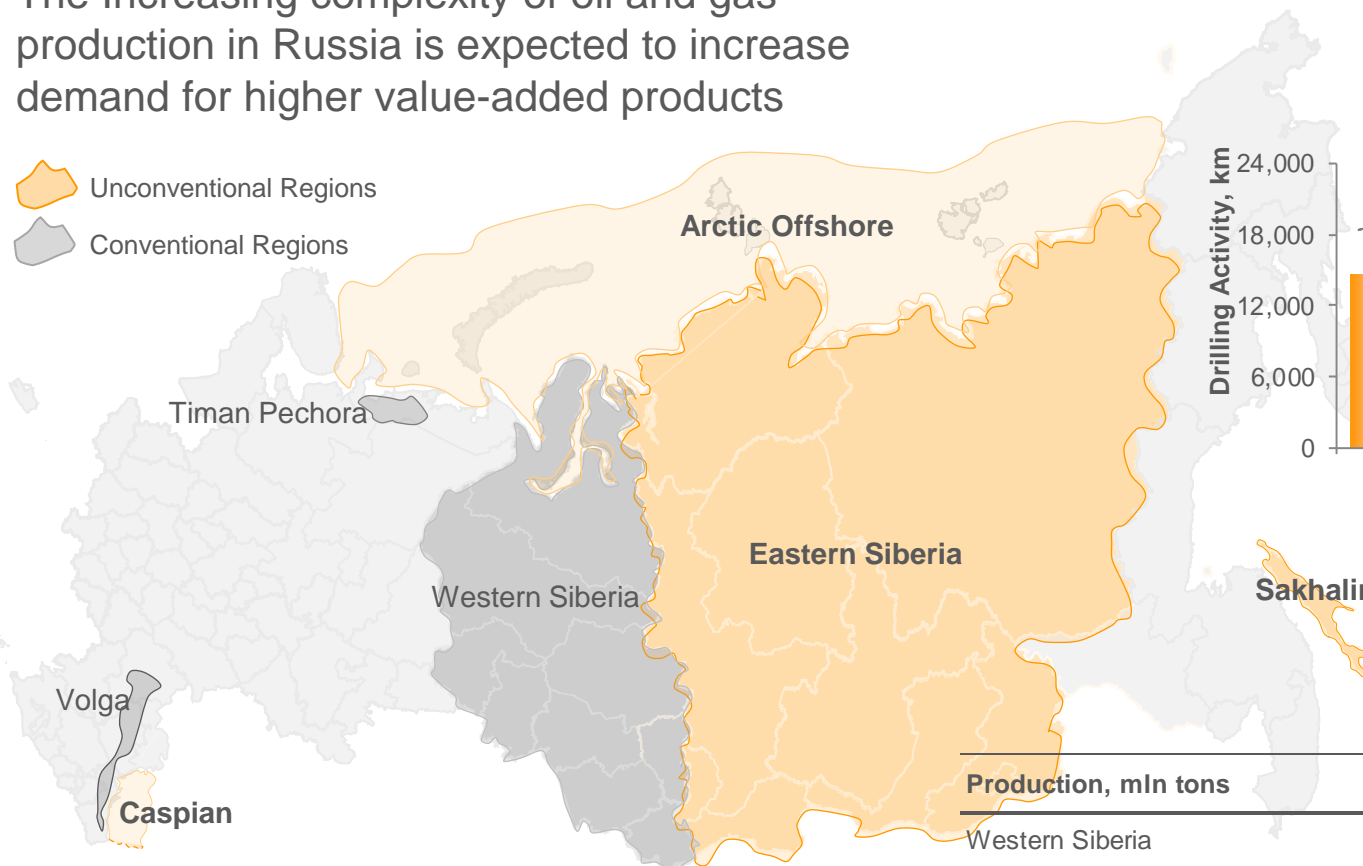
Source: EIA – International Energy Statistics, UBS, VTB Capital

Note: incl. Rosneft, Lukoil, TNK-BP, Surgutneftegas, Gazprom Neft and Tatneft

# Russian Drilling - Moving East for Growth

The Increasing complexity of oil and gas production in Russia is expected to increase demand for higher value-added products

Unconventional Regions  
 Conventional Regions

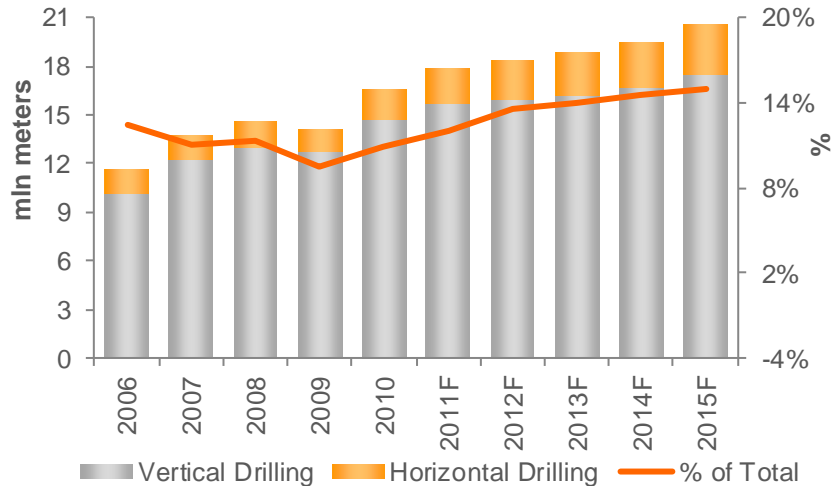


Production, mln tons	2010	2011F	2012F	2013F
Western Siberia	318.8	315.8	313.1	313.1012
Volga-Urals	107.0	104.3	101.7	99.2
Timan-Pechora & Kaliningrad	32.4	32.4	32.4	32.9
<b>Far East</b>	<b>18.3</b>	<b>19.0</b>	<b>22.0</b>	<b>22.0</b>
<b>Eastern Siberia</b>	<b>17.5</b>	<b>25.5</b>	<b>31.5</b>	<b>38.0</b>
North Caucasus & Precaspian	11.1	12.3	12.9	14.8
<b>Total Oil Production</b>	<b>505.1</b>	<b>509.3</b>	<b>513.6</b>	<b>520.0</b>

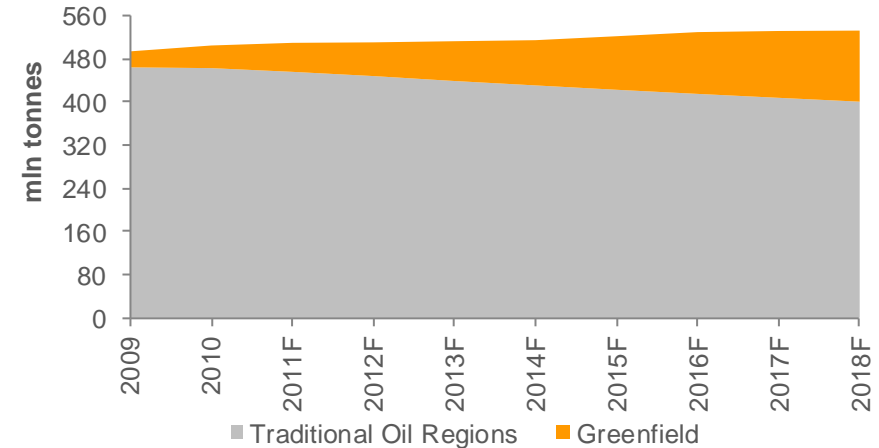
Source: TMK estimates, VTB Capital

# Increasing Complexity of Russian Drilling

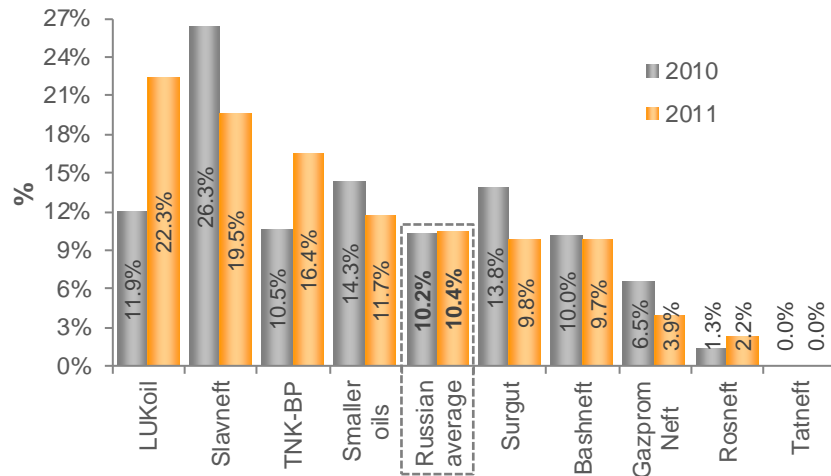
## Horizontal Drilling is Expected to Double in the Next 5 Years



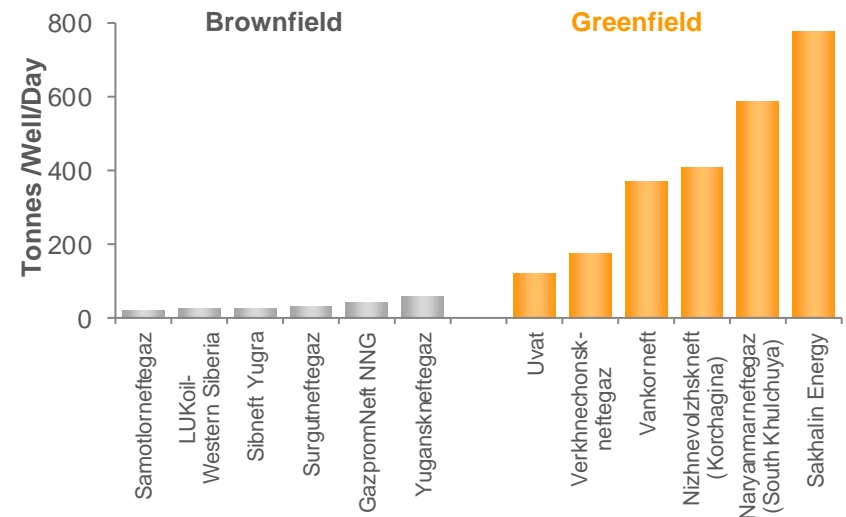
## The Share of Greenfield Production is Projected to Reach 17% in 2015 Compared to 7% in 2011



## Share of Horizontal Wells in Russia

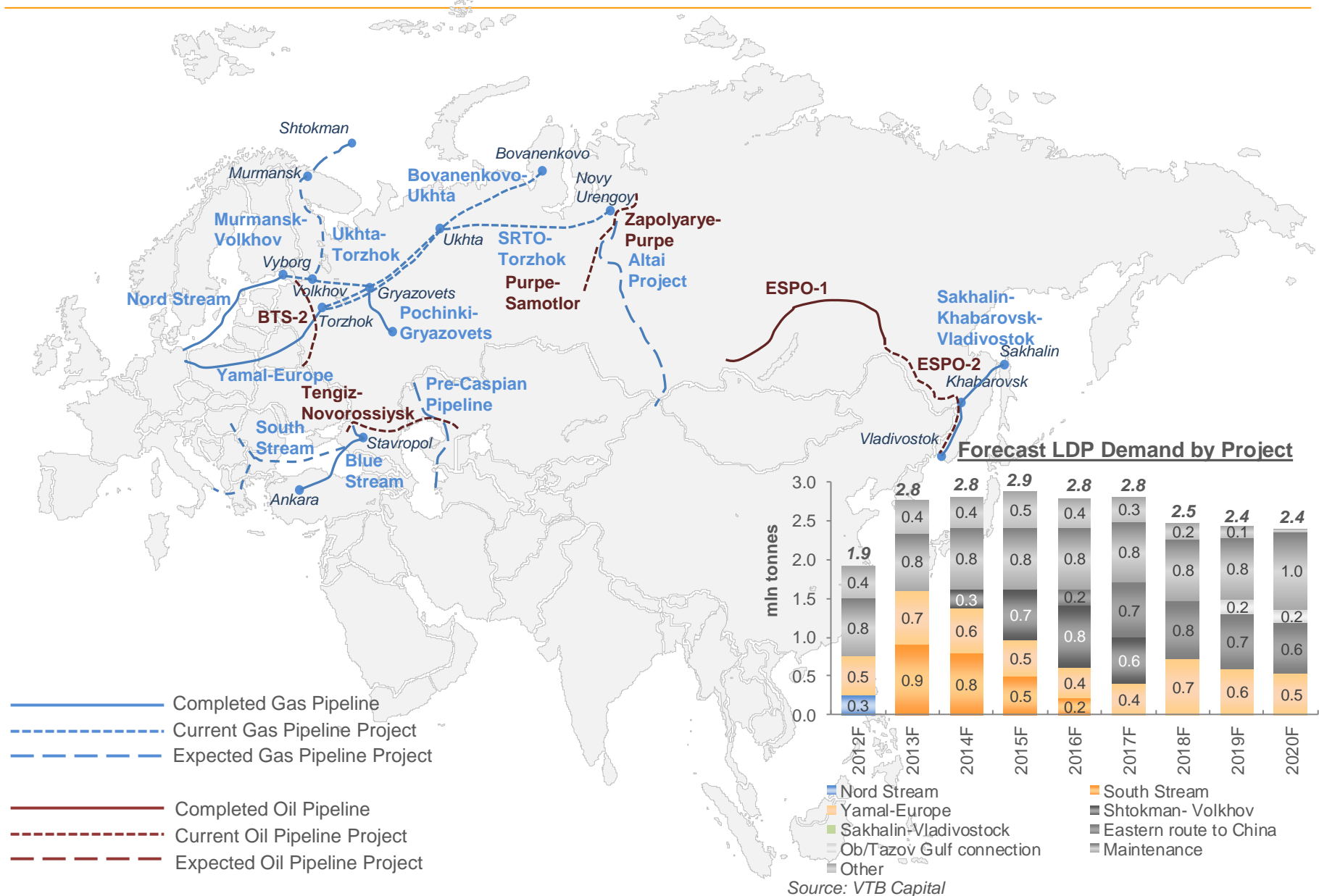


## Starting Well Flow Rates for Greenfield Projects are Significantly Higher Compared to Brownfield Production



Source: VTB Capital, Industry Sources

# Russian LDP Demand Drivers

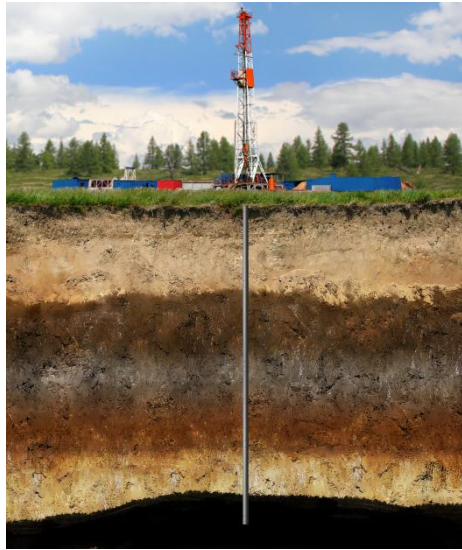


## North America

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# Shift to Unconventional Drilling

## Conventional (Vertical) Drilling

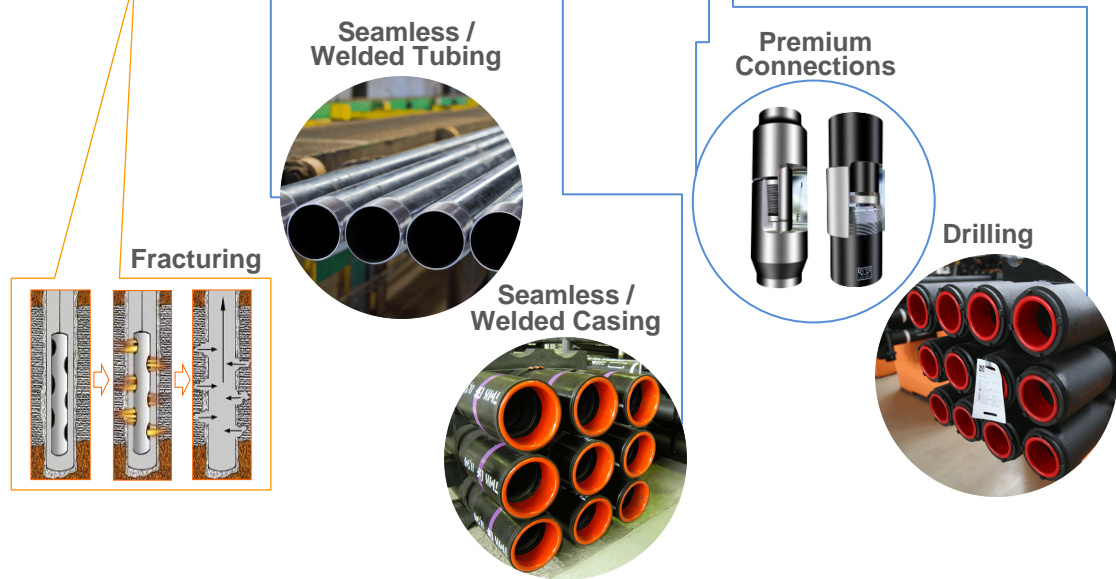


## Unconventional (Horizontal) Drilling (Hydraulic Fracturing)



	Vertical Shale	Horizontal Shale
Length, km	Up to 5	Up to 10
% Seamless	35%	60%
% Premium Connections	<5%	30%
OCTG Tons per Well	45	190
% Small OD <7"	25%	65%

Source: J.P. Morgan, Industry Sources



# Increasing Drilling Complexity

## Increasing Service Intensity

Field	Period	Average Hydraulic HP	Lateral Length (ft)	Number of Stages	Average AFE <sup>(1)</sup> (US\$ mn)
Marcellus	2008	6k	3,000	7	3.4
	2010	30k	5,000	15	5.2
Bakken	2008	12k	6,500	5	3.9
	2010	14k	8,500	17	6
Eagle Ford	2008	18k	0*	3	5.5
	2010	36k	6,000	14	8.2
Permian	2008	12k	3,500	8	3.5
	2010	30k	4,500	12	5.5

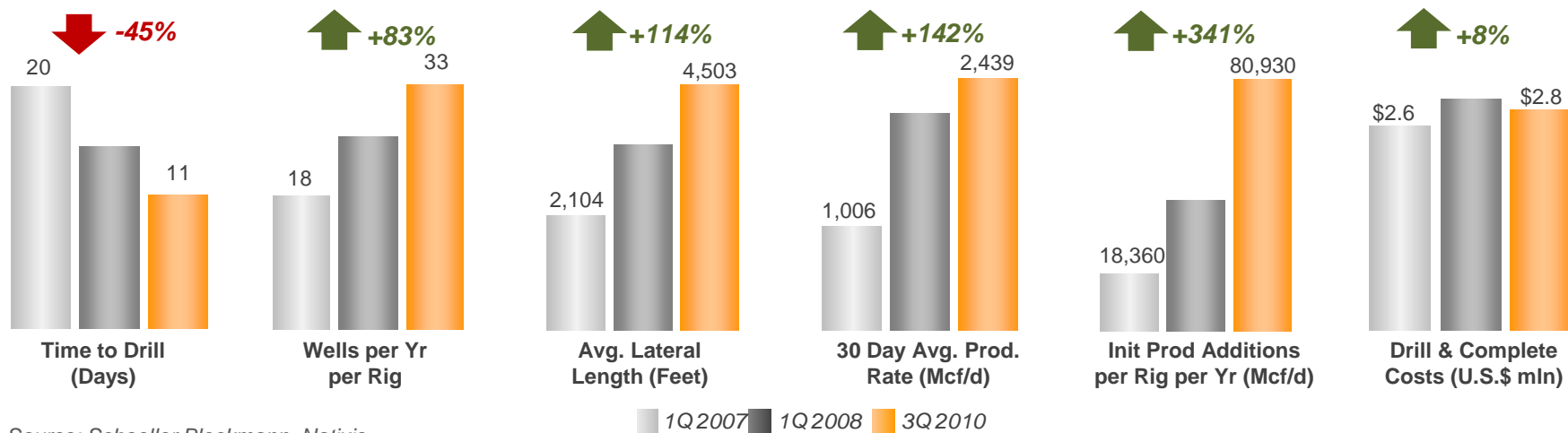
<sup>(1)</sup> **AFE - Authority for Expenditure** - A budgetary document, usually prepared by the operator, to list estimated expenses of drilling a well to a specified depth, casing point or geological objective, and then either completing or abandoning the well.

\* Vertical wells only

Source: Halliburton, Barclays Capital

- Service intensity in 2008 multiplied by **3-5 times** compared to 2006, and by more than 7 times in 2010.
- Horizontal drilling** now accounts for a much larger share of the U.S. rig count mix owing to shale developments.
- This change in the mix has major consequences: the consumption of OCTG tubes for a rig assigned to conventional vertical drilling is estimated at 1,400 tonnes per year whereas it is estimated at about **4,000 tonnes per year for horizontal drilling**.

## Trend for Average Operating Data for Drilling in the Haynesville Basin



Source: Schoeller Bleckmann, Natixis

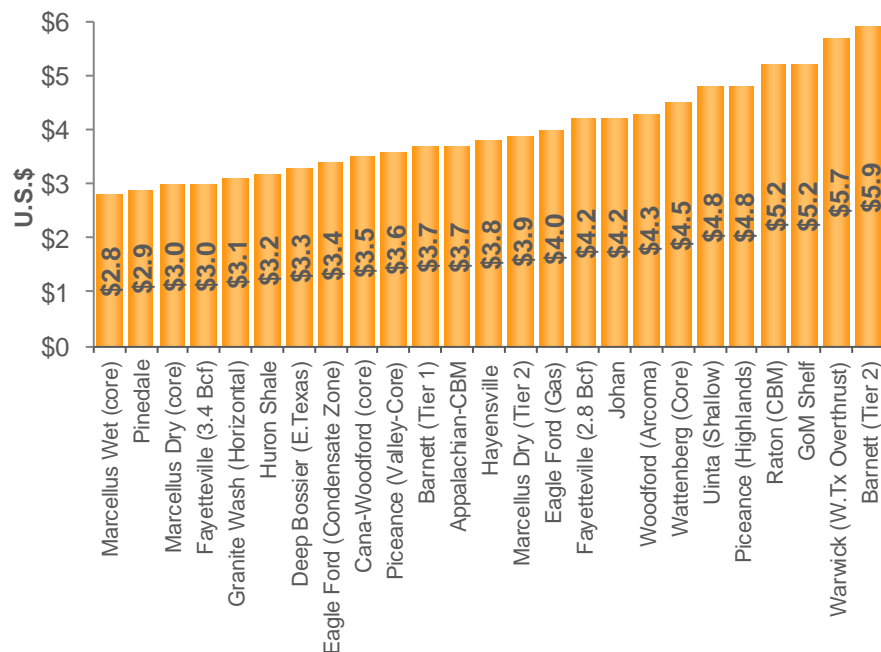


# Lower Break-even Costs Encouraging Drilling

The industry has traditionally viewed U.S.\$5 to U.S.\$6 as the economic drilling price of gas, but a recent study estimates surprisingly low break-even costs for the major shales.

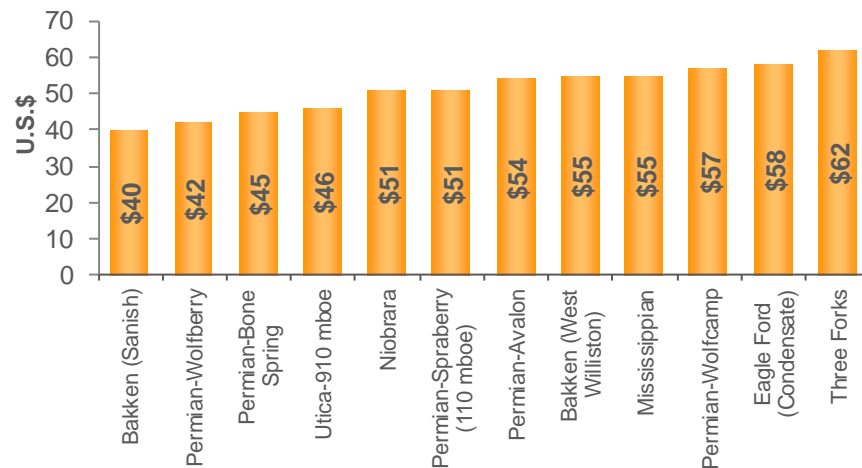
Lower break-even costs will allow higher rig count to continue despite lower natural gas price forecasts

## Many of the Shale Gas Plays are still Economic at Gas above U.S.\$4/Mcf



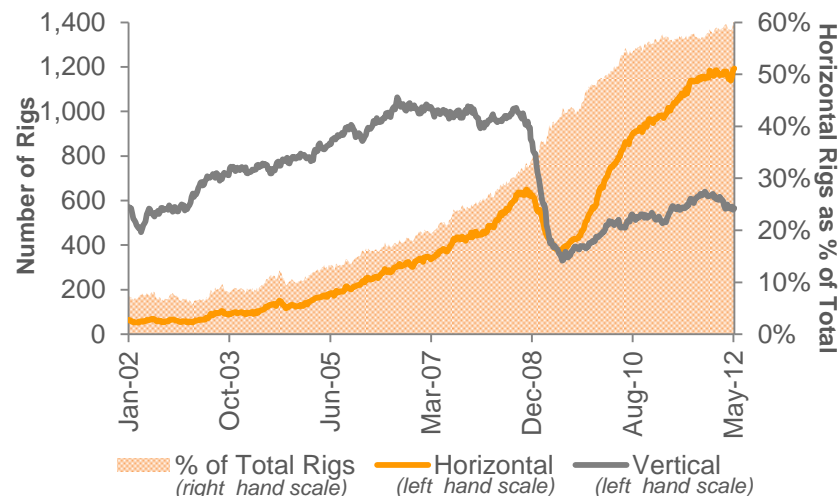
Source: Morgan Stanley Research

## Major Oil Plays Look Economic Above U.S. \$70/bbl



Source: Morgan Stanley Research

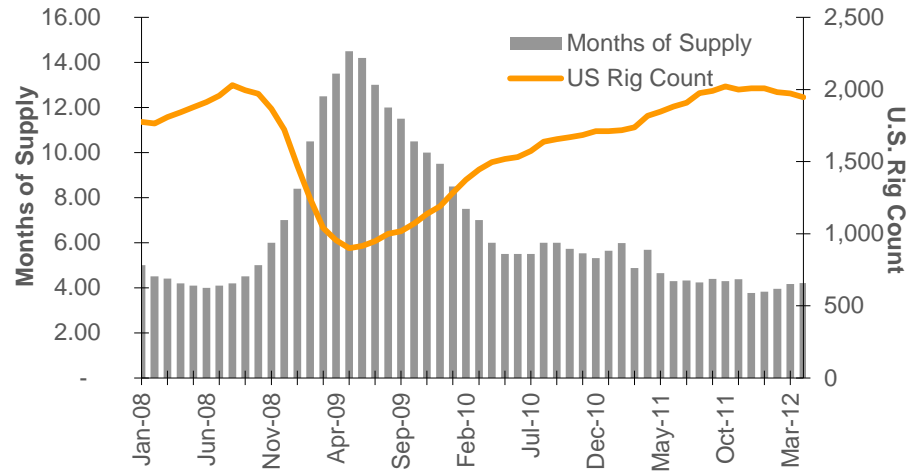
## U.S. Horizontal Drilling Activity



Source: Baker Hughes

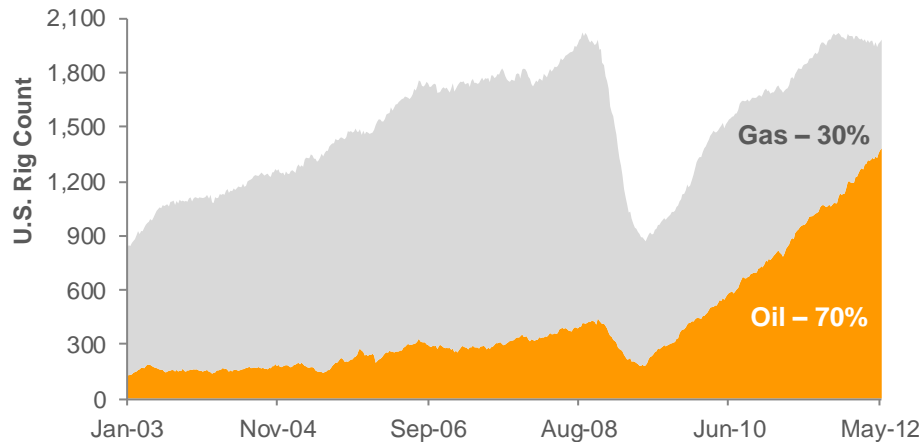
# US Drilling – Stronger than Ever

## Drilling Activity Brought Months of OCTG Supply Back to Normal



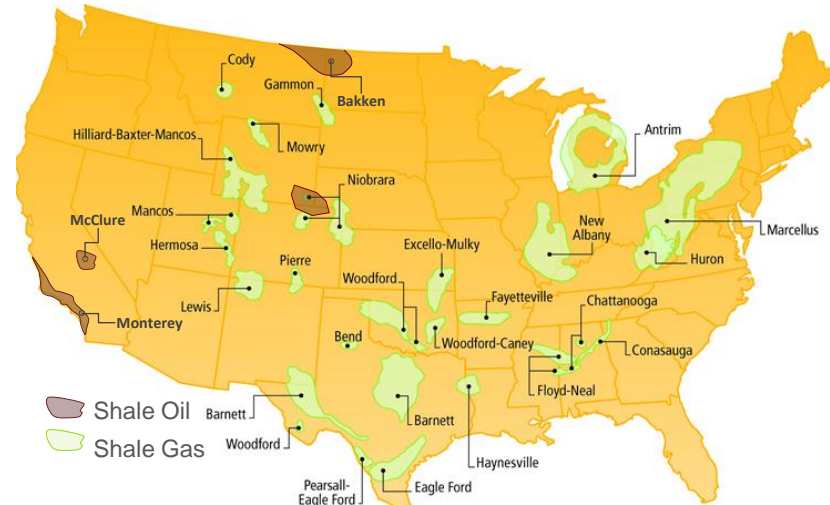
Source: Baker Hughes, The OCTG Situation Report

## Increasing Oil Drilling Activity Supported by High Crude Oil Prices



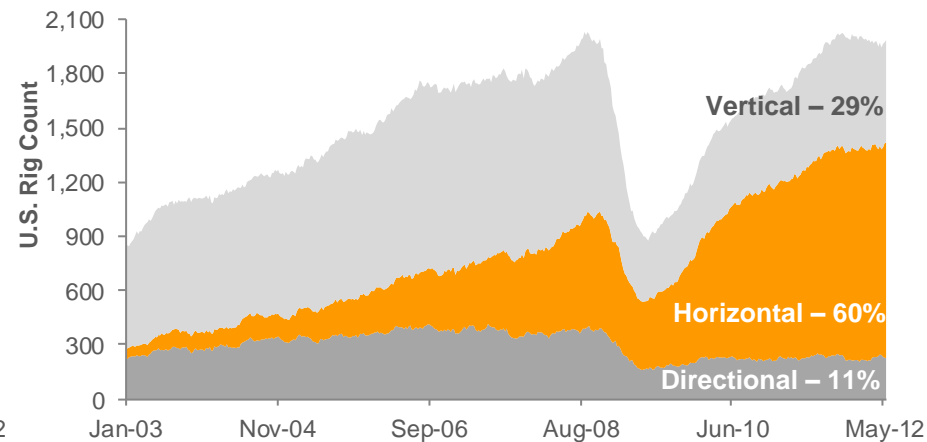
Source: Baker Hughes

## Major U.S. Shale Oil & Gas Plays



Source: U.S. Department of Energy

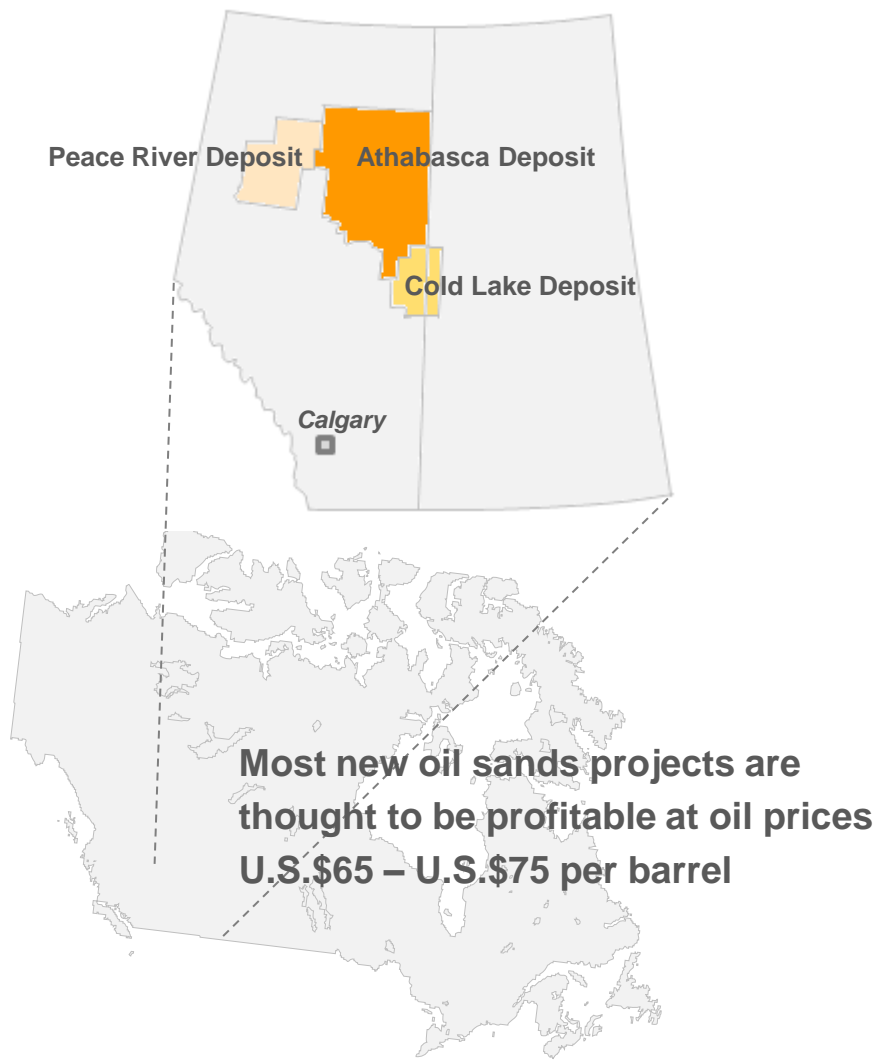
## Premium Tubular Content Increasing With Unconventional Drilling Activity



Source: Baker Hughes

# Canadian Oil Sands

## Three Major Oil Sands Deposits



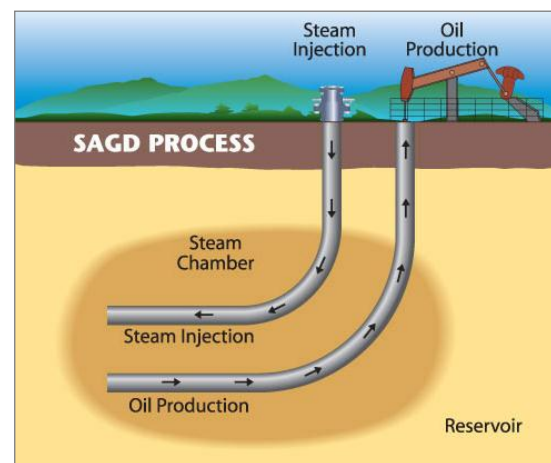
Source: Canadian Association of Petroleum Producers, World Energy Outlook 2010

## Canadian Oil Sands – Fast Facts

- Around 170 billion of Oil Sands reserves
- Potential for over 100 years of production
- Mining – less than 200 feet deep: 20% of reserves
- Drilling – more than 200 feet deep: 80% of reserves
- Canada: 21% of U.S. oil imports in 2009, 37% - in 2035F. About half of the Canadian Crude Oil imports come from Oil Sands.
- By 2025, production from Canadian Oil Sands is expected to rise from about 1.4 million barrels per day to about 3.5 million barrels per day
- Canadian Oil Sands represent more than a half of the world accessible oil reserves

Source: Canadian Association of Petroleum Producers, EIA, CERA

## Drilling – Steam Assisted Gravity Drainage (SAGD)



Source: Canadian Centre for Energy Information

# Investments

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## Russia

### Construction of EAF at Tagmet

Total Investment: **U.S.\$ 270 mln**  
Remaining Investment: **U.S.\$ 130 mln**  
Project Launch: **2013**  
Capacity Increase: **+ 950 k tonnes**



### Construction of FQM Mill at Seversky Pipe Plant

Total Investment: **U.S.\$ 453 mln**  
Remaining Investment: **U.S.\$ 262 mln**  
Project Launch : **2013**  
Capacity Increase: **+ 600 k tonnes, including:**  
- Line Pipe **+280 k tonnes**  
- OCTG **+320 k tonnes**



## USA

### R&D Center in Houston

Investment: **U.S.\$26 mln**  
Timing: **Building Completed in 2011**  
**Final test equipment installed in July 2012**



The in-house R&D Center will allow for significant strengthening of the Company's research potential, further improvement of the product mix and quality as well as performing much of the connections testing and metallurgical inspection to ensure TMK pipes meet the highest quality standards

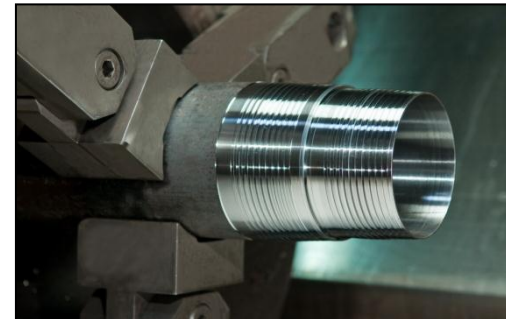
### Threading

and

### Heat Treatment

Investment: **U.S.\$45 mln**  
Period: **2012-2017**  
Additional Capacity: **230 thousand tons**

Investment: **U.S.\$160 mln**  
Period: **2012-2017**  
Additional Capacity: **280 thousand tons**



## Appendix – Summary Financial Accounts

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# TMK Income Statement

U.S.\$ mln	2011	2010	2009	2008	2007
<b>Revenue</b>	<b>6,754</b>	<b>5,579</b>	<b>3,461</b>	<b>5,690</b>	<b>4,179</b>
Cost of Sales	(5,307)	(4,285)	(2,905)	(4,252)	(2,891)
<b>Gross Profit</b>	<b>1,446</b>	<b>1,293</b>	<b>556</b>	<b>1,438</b>	<b>1,288</b>
Selling and Distribution Expenses	(411)	(403)	(313)	(344)	(238)
General and Administrative Expenses	(283)	(232)	(204)	(268)	(218)
Advertising and Promotion Expenses	(9)	(11)	(5)	(10)	(5)
Research and Development Expenses	(19)	(13)	(10)	(15)	(10)
Other Operating Expenses, Net	(40)	(34)	(17)	(45)	(51)
Foreign Exchange Gain / (Loss), Net	(1)	10	14	(100)	20
Finance Costs, Net	(271)	(412)	(404)	(263)	(90)
Other	132	(12)	(46)	(85)	3
<b>Income / (Loss) before Tax</b>	<b>544</b>	<b>185</b>	<b>(427)</b>	<b>308</b>	<b>699</b>
Income Tax (Expense) / Benefit	(159)	(81)	103	(110)	(192)
<b>Net Income / (Loss)</b>	<b>385</b>	<b>104</b>	<b>(324)</b>	<b>198</b>	<b>506</b>

Source: Consolidated IFRS Financial Statements

Notes:

- (1) Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100%

# TMK Statement of Financial Position

U.S.\$ mln	31-Dec-11	31-Dec-10	31-Dec-09	31-Dec-08	31-Dec-07
<b>ASSETS</b>					
Cash and Bank Deposits	231	158	244	143	89
Accounts Receivable	772	720	580	758	541
Inventories	1,418	1,208	926	1,176	782
Prepayments	200	172	223	213	238
Other Financial Assets	4	4	4	4	-
<b>Total Current Assets</b>	<b>2,625</b>	<b>2,262</b>	<b>1,977</b>	<b>2,294</b>	<b>1,651</b>
Assets Classified as Held for Sale	-	8	-	-	-
<b>Total Non-current Assets</b>	<b>4,507</b>	<b>4,592</b>	<b>4,704</b>	<b>4,774</b>	<b>3,025</b>
<b>Total Assets</b>	<b>7,132</b>	<b>6,862</b>	<b>6,681</b>	<b>7,068</b>	<b>4,676</b>
<b>LIABILITIES AND EQUITY</b>					
Accounts Payable	1,053	878	1,057	808	400
ST Debt	599	702	1,537	2,216	1,033
Dividends	-	-	-	-	129
Other Liabilities	53	94	28	716	156
<b>Total Current Liabilities</b>	<b>1,705</b>	<b>1,674</b>	<b>2,622</b>	<b>3,740</b>	<b>1,718</b>
LT Debt	3,188	3,170	2,214	994	506
Deferred Tax Liability	305	300	272	371	279
Other Liabilities	110	110	83	52	67
<b>Total Non-current Liabilities</b>	<b>3,602</b>	<b>3,580</b>	<b>2,569</b>	<b>1,417</b>	<b>852</b>
<b>Equity</b>	<b>1,825</b>	<b>1,607</b>	<b>1,490</b>	<b>1,910</b>	<b>2,107</b>
<i>Including Non-Controlling Interest</i>	92	95	74	97	104
<b>Total Liabilities and Equity</b>	<b>7,132</b>	<b>6,862</b>	<b>6,681</b>	<b>7,068</b>	<b>4,676</b>

Source: Consolidated IFRS Financial Statements

Notes:

(1) Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. On occasion therefore, amounts shown in tables and charts may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100%



# TMK Cash Flow

U.S.\$ mln	2011	2010	2009	2008	2007
<b>Profit / (Loss) before Income Tax</b>	<b>544</b>	<b>185</b>	<b>(427)</b>	<b>308</b>	<b>699</b>
<i>Adjustments for:</i>					
Depreciation and Amortisation	336	301	313	248	140
Net Interest Expense	271	412	406	263	90
Others	(101)	44	36	228	(9)
Working Capital Changes	(156)	(527)	558	(81)	(386)
<b>Cash Generated from Operations</b>	<b>894</b>	<b>415</b>	<b>886</b>	<b>966</b>	<b>534</b>
Income Tax Paid	(107)	(29)	(33)	(227)	(213)
<b>Net Cash from Operating Activities</b>	<b>787</b>	<b>386</b>	<b>852</b>	<b>740</b>	<b>321</b>
Capex	(402)	(314)	(395)	(840)	(662)
Acquisitions	-	-	(510)	(1,185)	(72)
Others	25	43	14	1	165
<b>Net Cash Used in Investing Activities</b>	<b>(377)</b>	<b>(271)</b>	<b>(891)</b>	<b>(2,024)</b>	<b>(569)</b>
Net Change in Borrowings	4	103	582	1,780	441
Others	(339)	(289)	(447)	(443)	(263)
<b>Net Cash Used in Financing Activities</b>	<b>(335)</b>	<b>(186)</b>	<b>135</b>	<b>1,337</b>	<b>178</b>
Net Foreign Exchange Difference	(2)	(15)	4	2	14
Cash and Cash Equivalents at January 1	158	244	143	89	144
<b>Cash and Cash Equivalents at YE</b>	<b>231</b>	<b>158</b>	<b>244</b>	<b>143</b>	<b>89</b>

Source: Consolidated IFRS Financial Statements

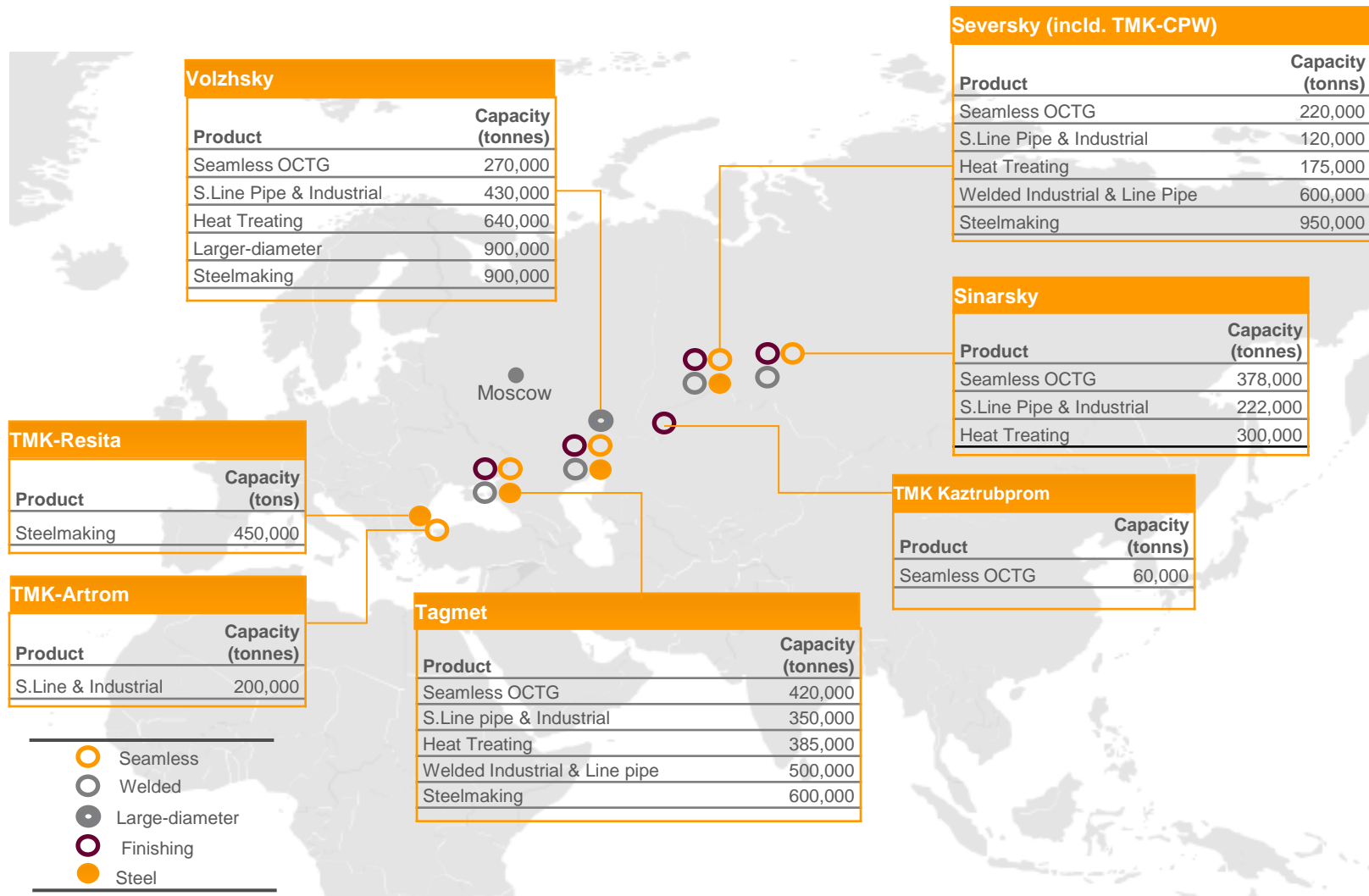
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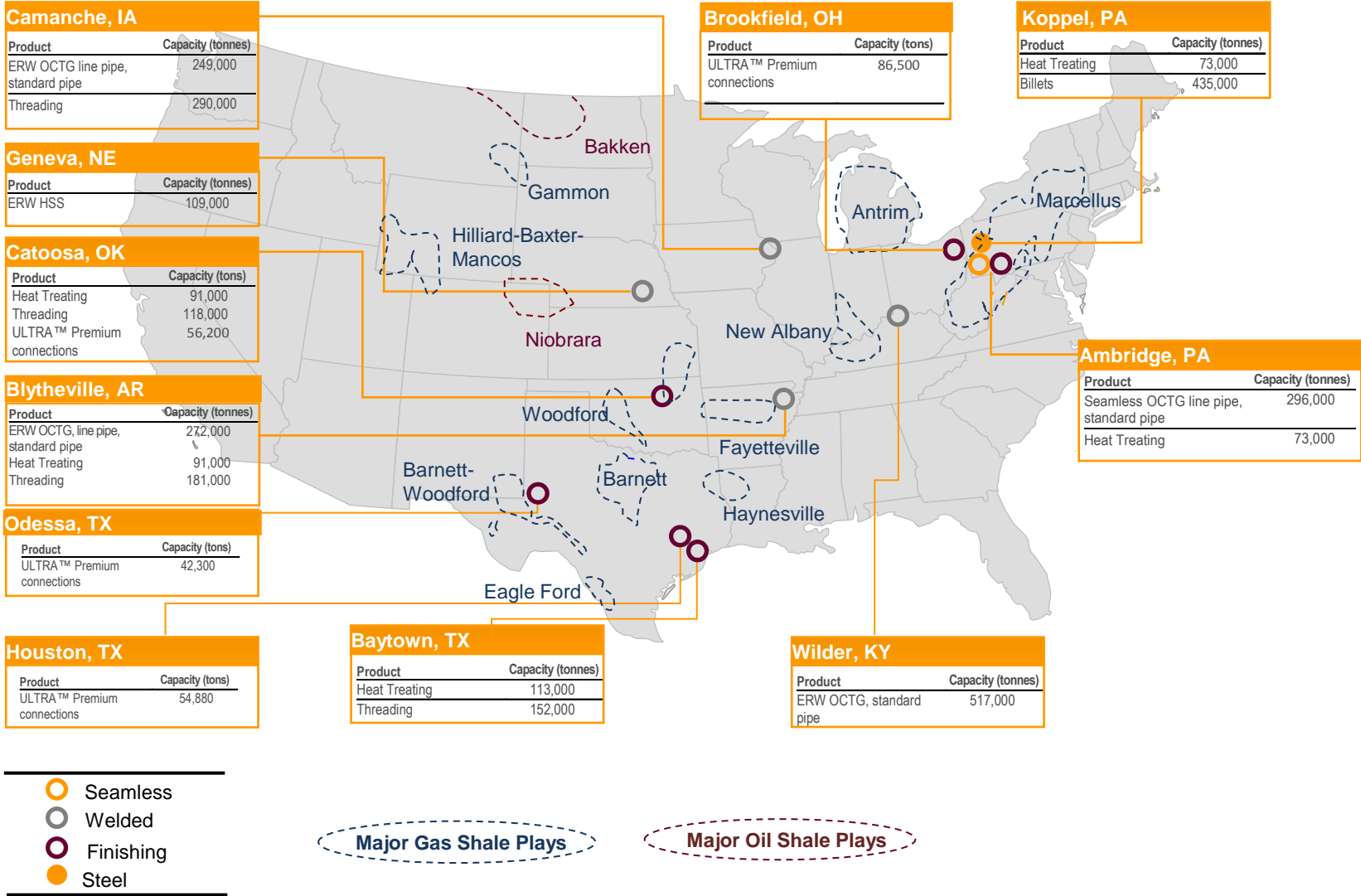
## Appendix – TMK Global Assets

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# Russia - CIS - Europe Production



# TMK IPSCO – US Market Penetration



Source: TMK, as of September 2010, Energy Information Administration

# Thank You

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