



23 May 2006

PRESS RELEASE

TMK announces 2005 IFRS consolidated results

OAO «TMK» released today its IFRS audited consolidated figures for 2005.

Summary of 2005 results

(RUR in millions.)

	Year ended December 31, 2005	Year ended December 31, 2004	Change, %
Net sales	79,175	55,388	42.9
Gross profit	20,486	10,875	88.4
<i>Gross margin, %</i>	<i>25.9%</i>	<i>19.6%</i>	
Operating profit¹	12,402	4,049	206.3
<i>Operating margin, %</i>	<i>15.7%</i>	<i>7.3%</i>	
Net profit	7,597	808	
EBITDA²	15,880	6,942	128.8
<i>EBITDA margin, %</i>	<i>20.1%</i>	<i>12.5%</i>	

Highlights 2005

2005 was another successful year for TMK. Favorable global market conditions, supported by sustained high oil prices and a growing demand for tubular products from oil and gas companies, combined with TMK's ongoing modernization program and enhancement of operating efficiencies, resulted in the following:

- total sales volume increased by 14.3% to 2,842.6 thousand tonnes of pipes;
- net sales reached RUR 79.2 billion, 42.9% up from 2004;
- gross margin surged to 25.9% vs. 19.6% in 2004;
- EBITDA margin grew to 20.1% vs. 12.5% in 2004;
- operating margin rose to 15.7% vs. 7.3% in 2004;
- net profit came in at RUR 7.6 billion.

¹ Operating profit is defined by the Company as Profit before tax plus finance costs minus finance income. Operating margin was calculated as a percentage of Operating profit to Net sales.

² EBITDA is not a measure of financial performance under IFRS and is defined by the Company as Profit before tax plus depreciation and amortization and adjusted for the following items: finance costs and finance income, loss on disposal of PP&E, charitable donations, gain / loss on sale of current assets, foreign exchange gain / loss and other non-recurring operating income and expenses. EBITDA margin was calculated as a percentage of EBITDA to Net sales.



Key events and achievements in 2005:

- Management agreed to and initiated a \$1bn investment program in the framework of the long-term development strategy of the company;
- The Company's distribution network was expanded: trading company Sinara Trading AG³ was acquired, TMK Sinara North America was created;
- Three year cooperation agreements were signed with TNK-BP and Magnitorsk Metallurgical Plant (MMK);
- For the first time three independent directors were elected to the OJSC TMK Board of Directors, IFRS consolidated financial statements were released, and the Company was awarded a Corporate Governance rating from Standard & Poor's of 'CGS-5+', (Russian national scale: 'CGS-5.9').

Commenting on the results, Konstantin Semerikov, General Director of TMK, stated, "With consolidation fully completed and capacity utilization now at optimal levels, TMK has outlined a strategy for further growth based on the introduction of advanced technologies, cost optimization and increased profitability resulting from a strengthening of TMK's global presence, development of additional services and a focus on delivering greater value to our end customers."

2005 results in detail

Total sales volume in 2005 grew by 14.3% against 2004 and reached 2,842.6 thousand tonnes of pipes. The volume of steel produced in 2005 amounted to 1,963.3 thousand tonnes (up 5.3% against 2004).

Shipments of pipe products⁴

(*'000, tonnes*)

	2005	2004	Change	Change, %
Pipes, total	2,842.6	2,486.2	356.4	14.3%
incl.:				
Seamless	1,795.3	1,757.1	38.2	2.2%
Welded	1,047.3	729.1	318.2	43.6%

In 2005 TMK increased its shipments of seamless pipes, largely due to an increase in OCTG pipe volumes.

Considerable growth in 2005 was reported in the welded pipes segment, particularly in large diameter pipes. Large orders from Gazprom brought the

³ Renamed to TMK Global AG in February 2006

⁴ According to management accounts



Company's revenue from large diameter pipes up by 60.9% compared to 2004. The total volume of large diameter pipes delivered to Gazprom increased more than threefold in 2005, helping to secure TMK's position as Gazprom's main supplier of large diameter pipes.

TMK activity by segment

	Net sales			Gross profit			
	2005	2004	Change, %	2005		2004	
	RUR, mln	RUR, mln		RUR, mln	Margin, %	RUR, mln	Margin, %
Seamless pipes	48,126	37,019	30.0%	16,345	34.0%	8,798	23.8%
Welded pipes	25,795	14,061	83.5%	3,618	14.0%	1,734	12.3%
Other operations	5,254	4,309	21.9%	522	9.9%	343	8.0%
Total	79,175	55,388	42.9%	20,486	25.9%	10,875	19.6%

Net sales of seamless pipes in 2005 grew by 30%, while revenue from welded pipe shipments increased by 83.5% over the same period.

TMK activity by region

	Net sales		
	2005	2004	Change, %
	RUR, mln.	RUR, mln.	
Russia	57,747	41,101	40.5%
Other countries	21,428	14,287	50.0%
Total	79,175	55,388	42.9%

Sales outside of Russia increased by 50.0%, due to the increase in export sales of seamless OCTG pipes.

Expecting a stable demand for seamless pipes from oil and gas sector, TMK has started a large-scale program of plant modernization, entailing the introduction of advanced production technologies. Total investment disbursements in 2005 amounted to RUR 3.3 billion. In 2004 this figure was RUR 1.8 billion.

Of the sum invested in 2005, the majority was allocated to modernizing existing capacities and improving the quality of TMK pipe products. TMK completed the reconstruction of a continuous casting mill at Volzhsky Pipe Plant and is completing the construction of continuous casting mills at Seversky Tube Works



Трубная
Металлургическая
Компания

and Taganrog Metallurgical Works. These capital investments are made within the framework of the Company's strategy to achieve full self-sufficiency in steel billets for pipe production. As a result of ongoing investment projects at Volzhsky Pipe Plant, steel production increased by 12% and production of large diameter welded pipes grew by 61% in 2005. At Seversky Tube Works scrap processing capacity was increased by 250 thousand tonnes per year. At Sinarsky Pipe Works, modernization of the plant's non-destructive testing (NDT) technology was finished, and polymeric powder coating capacity was increased to 10.2 million meters. At Taganrog Metallurgical Works new casing pipes finishing mills were commissioned.

ABOUT TMK

Founded in 2001, TMK is the largest manufacturer and exporter of pipe products in Russia. Total volume of TMK's pipe production in 2005 amounted to 2,842.6 thousand tonnes.

TMK currently supplies its products to more than 60 countries. Among its customers are major operators such as Shell, AGIP, Repsol, Saudi Aramco, Wintershall, Anadarko Petroleum. Its customers in Russia include Gazprom, Transneft, Lukoil, Rosneft, TNK-BP and other leading companies in the oil and gas sector. In addition to the oil and gas sector, TMK pipes are also used in industries such as chemical and petrochemical, engineering, power utilities and construction.

TMK production facilities are located in Russia and Romania:

- OJSC Volzhsky Pipe Plant;
- OJSC Seversky Tube Works;
- OJSC Taganrog Metallurgical Works;
- OJSC Sinarsky Pipe Works;
- SC ARTROM SA⁵;
- SC C.S. Resita SA⁵.

The shareholders of OAO «TMK» are TMK Steel Limited and Dalecone Limited.

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⁵ To be consolidated from 2006, the results of this entity are not included in the information provided herein.