



Financial Presentation

1Q 2020 IFRS Results

May 21, 2020



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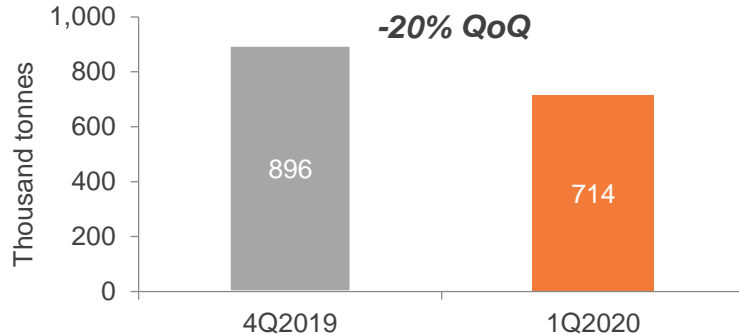


1Q 2020 Summary Financial Results and Market Update

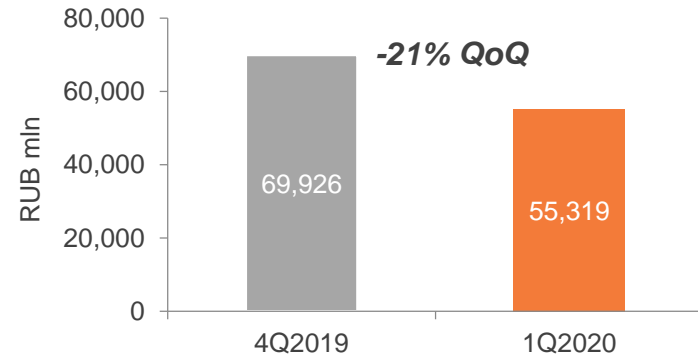


1Q 2020 vs. 4Q 2019 Summary Financial Highlights

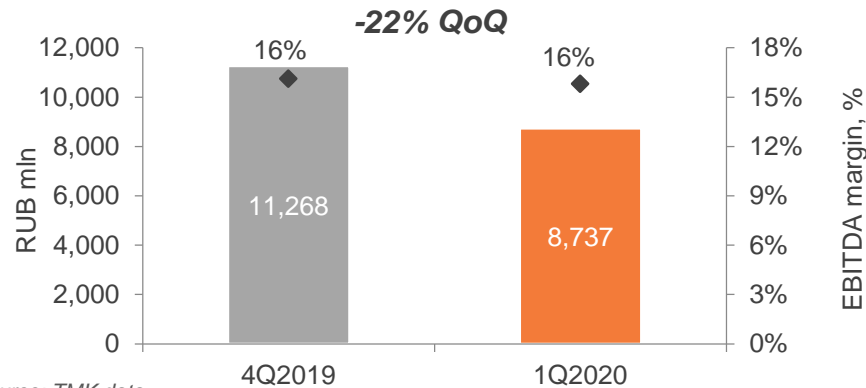
Sales declined QoQ, due to the disposal of the American division following the sale of IPSCO Tubulars Inc. and lower sales at the Russian and European divisions



Revenue declined QoQ, due to the disposal of the American division and a weaker performance at the Russian and European divisions

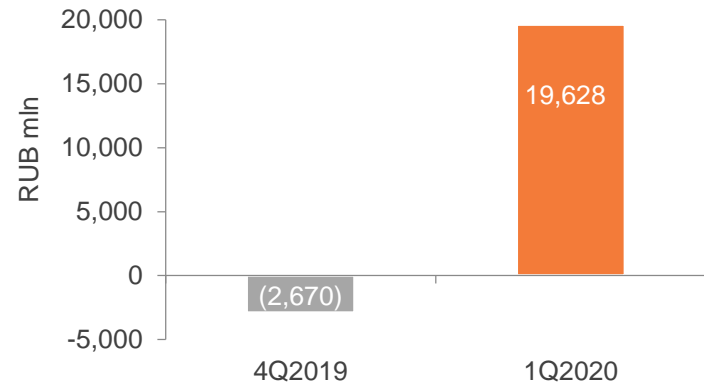


Adjusted EBITDA decreased QoQ, due to a weaker performance at the Russian and European divisions



Source: TMK data

Net profit increased QoQ, mainly due to the gain on disposal of subsidiaries

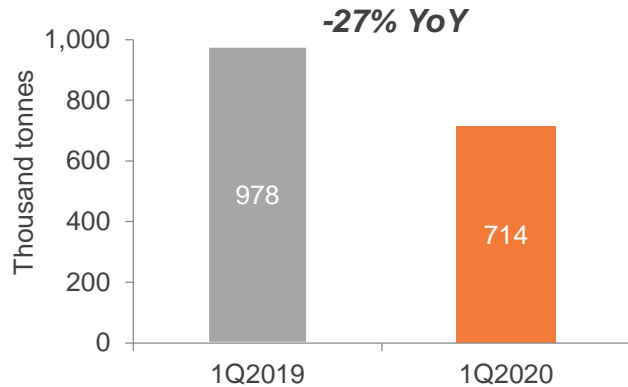


Note: Due to the fact that the Company did not issue the financial statements in Rubles for 9 months of 2019, the financial indicators in Rubles for 4Q 2019 are calculated as the difference between the reporting indicators in Rubles for 12 months of 2019 and reporting indicators in US dollars for 9 months of 2019, which were calculated at corresponding FX rates.

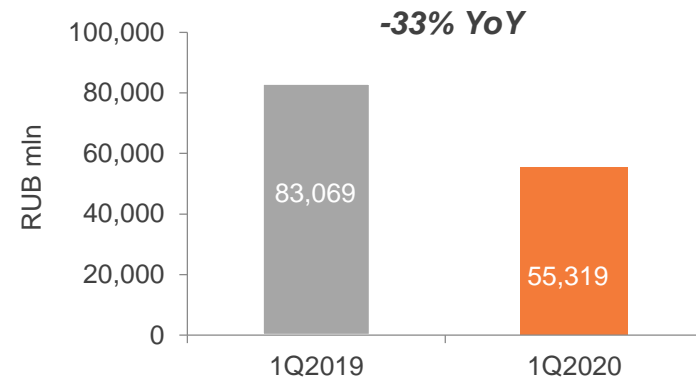


1Q 2020 vs. 1Q 2019 Summary Financial Highlights

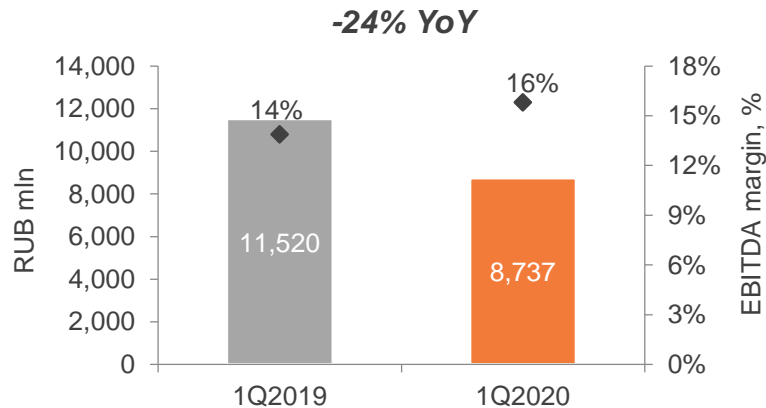
Sales declined YoY, due to the disposal of the American division and lower sales at the Russian and European divisions



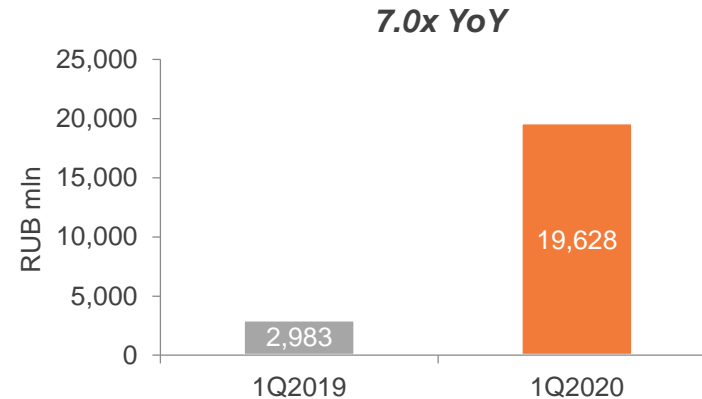
Revenue declined YoY, due to the disposal of the American division and a weaker performance at the Russian and European divisions



Adjusted EBITDA decreased YoY, mainly due to the disposal of the American division and lower EBITDA at the European division



Net profit increased YoY, mainly due to the gain on disposal of subsidiaries

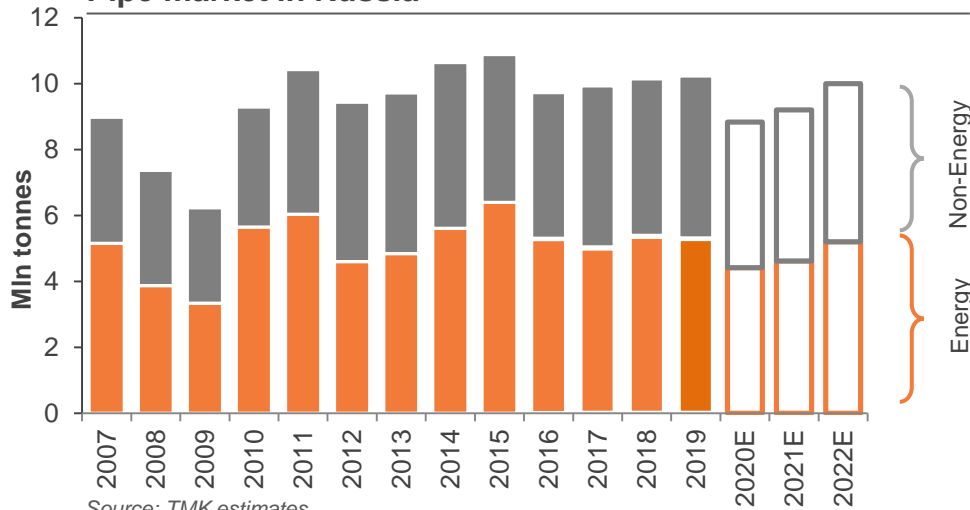


Source: TMK data



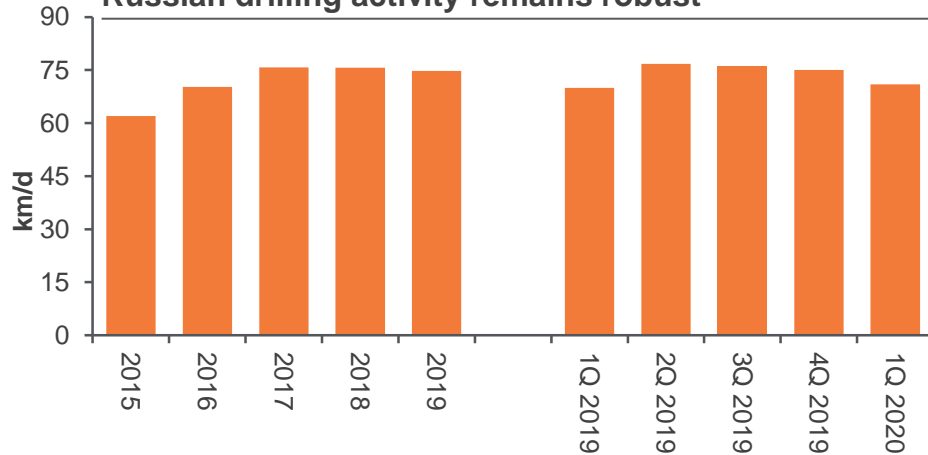
Russian Market Overview

Pipe market in Russia



Source: TMK estimates

Russian drilling activity remains robust



Source: CDU TEK

Key considerations

1Q 2020 vs. 4Q 2019

- In 1Q 2020, the Russian pipe market declined by 7% compared to the previous quarter, mainly due to lower large diameter pipe shipments and weak seasonal demand for industrial pipe. The OCTG pipe market declined, with drilling volumes decreasing and the share of horizontal drilling reducing from nearly 54% in 4Q 2019 to 51% in 1Q 2020.
- In 1Q 2020, the situation in the European pipe market deteriorated further, with a deeper decline in demand resulting from an unstable economic environment and continued pressure on prices.

1Q 2020 vs. 1Q 2019

- The Russian pipe market declined by 11% year-on-year, predominantly reflecting lower shipments of large diameter pipe. The total OCTG pipe market declined due to the unfavourable economic situation and oil price volatility. The share of horizontal drilling was stable year-on-year at 51% in 1Q 2020.
- In 1Q 2020, European pipe producers saw a significant decrease in demand from key pipe-consuming industries compared to the previous year, mainly due to a challenging global economic environment, which was accompanied by ongoing pressure on pipe prices.

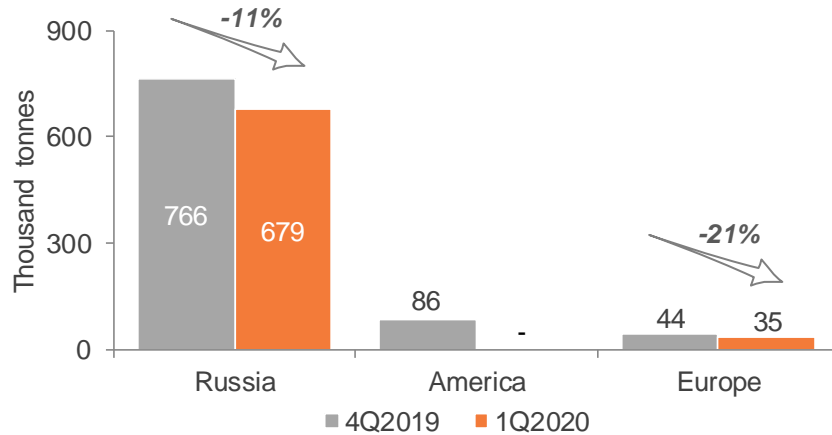


1Q 2020 vs. 4Q 2019 Results



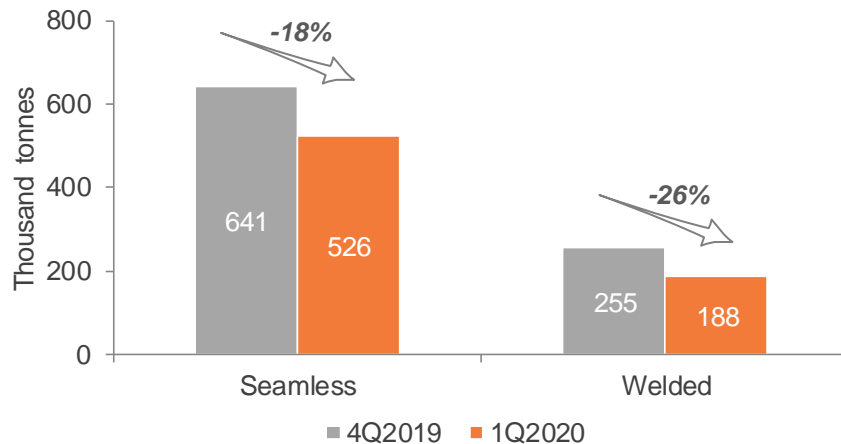
1Q 2020 vs. 4Q 2019 Sales by Division and Product Group

Sales by division



- Russian division sales decreased QoQ, mainly due to lower sales of line pipe, seamless OCTG pipe and large diameter pipe
- European division sales decreased QoQ, due to lower sales of seamless industrial pipe

Sales by product group



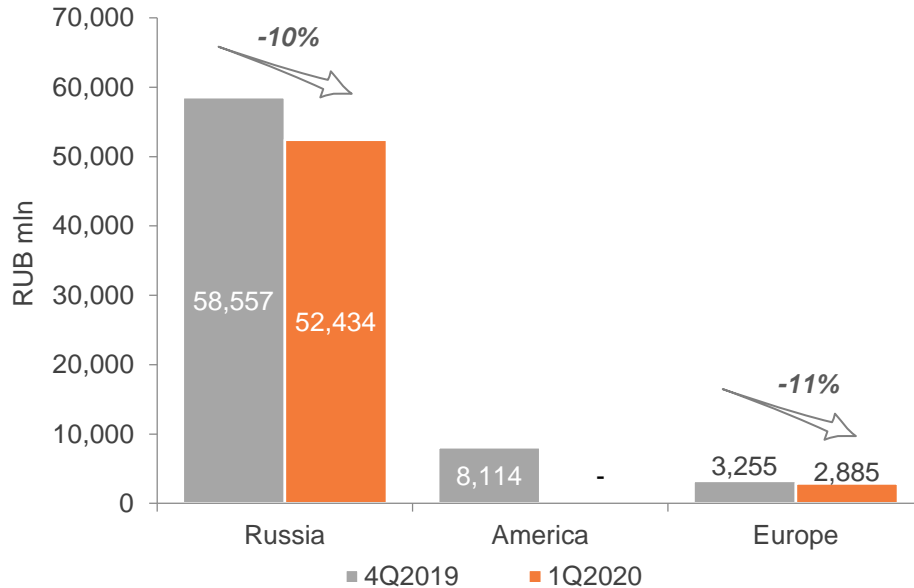
- Seamless pipe sales decreased QoQ, due to the disposal of the American division and lower sales at the Russian and European divisions, reflecting a challenging macro environment
- Welded pipe sales declined QoQ, due to the disposal of the American division and lower sales of line and large diameter pipe at the Russian division

Source: TMK data



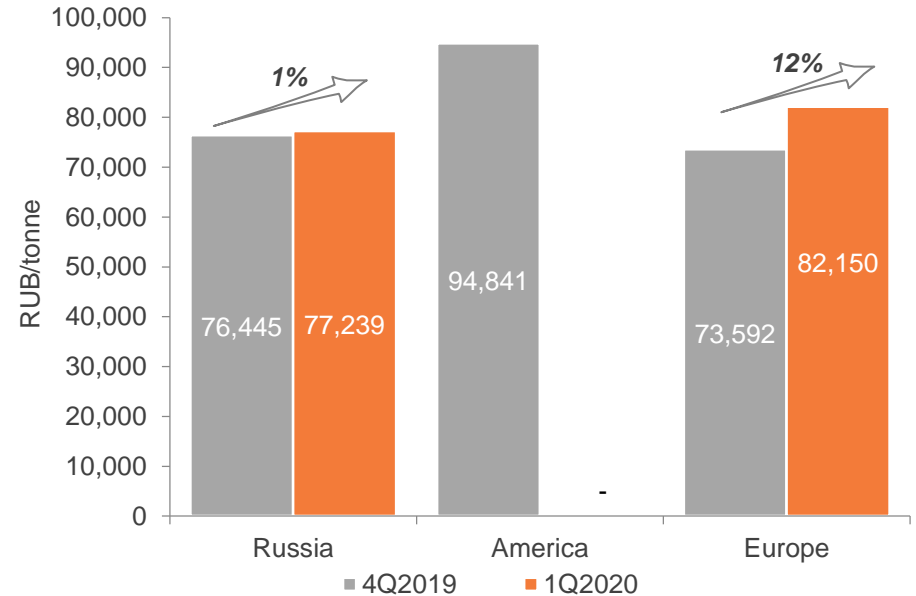
1Q 2020 vs. 4Q 2019 Revenue by Division

Revenue



- Russian division revenue decreased QoQ, due to weaker sales of OCTG and line pipe, reflecting the drop in activity in the main markets, and lower sales of large diameter pipe
- European division revenue decreased QoQ, due to lower sales, reflecting a challenging global economic environment. The decline was partially offset by a positive foreign currency translation effect

Revenue per tonne*



* Revenue /tonne for the Russian and American divisions is calculated as total revenue divided by pipe sales. Revenue for the European division is calculated as total revenue divided by pipe+billets sales

- Russian division revenue per tonne increased QoQ, due to a more favourable product mix
- European division revenue per tonne increased QoQ, due to a more favourable product mix and the positive effect of currency translation

Source: Consolidated IFRS financial statements, TMK data

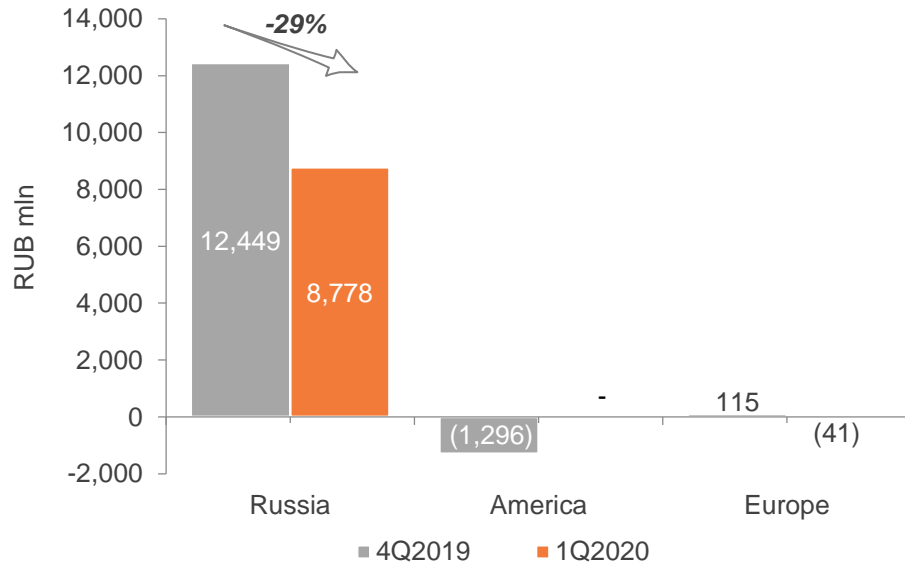
Note: Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums.

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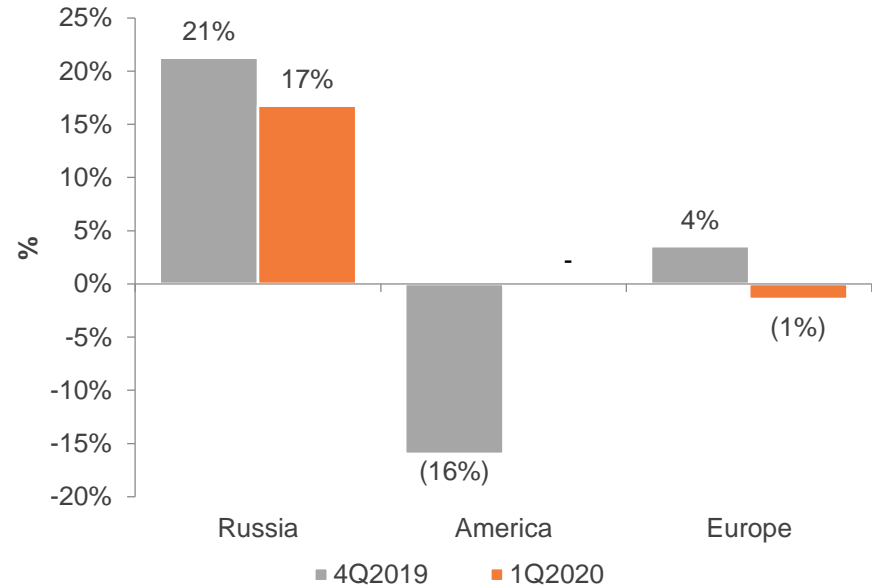
1Q 2019 vs. 4Q 2019 Adjusted EBITDA by Division

Adjusted EBITDA



- Russian division Adjusted EBITDA decreased QoQ, negatively impacted by lower sales volumes as well as higher raw material prices
- European division Adjusted EBITDA was negative in 1Q 2020, largely due to deterioration of demand and lower prices

Adjusted EBITDA margin



- Russian division Adjusted EBITDA margin decreased by 4 p.p. QoQ, reflecting a lower share of line and large diameter pipe in the sales mix
- European division Adjusted EBITDA margin was negative in 1Q 2020

Source: Consolidated IFRS financial statements, TMK data

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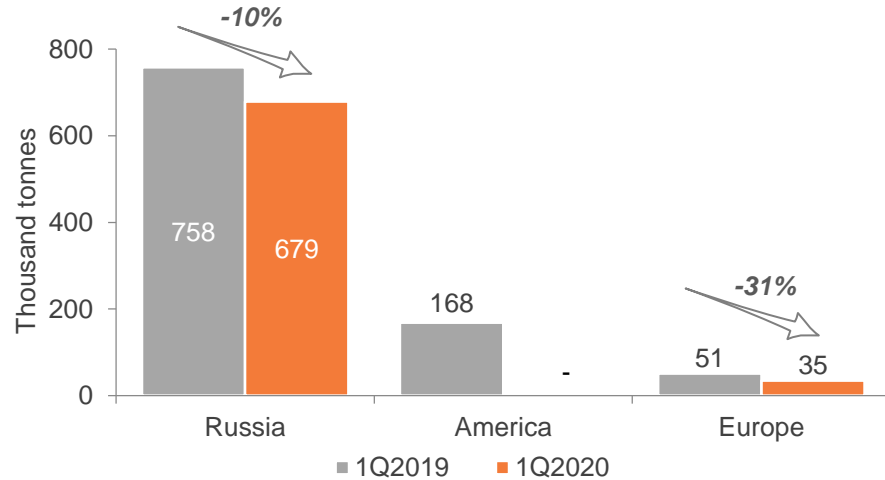


1Q 2020 vs. 1Q 2019 Results



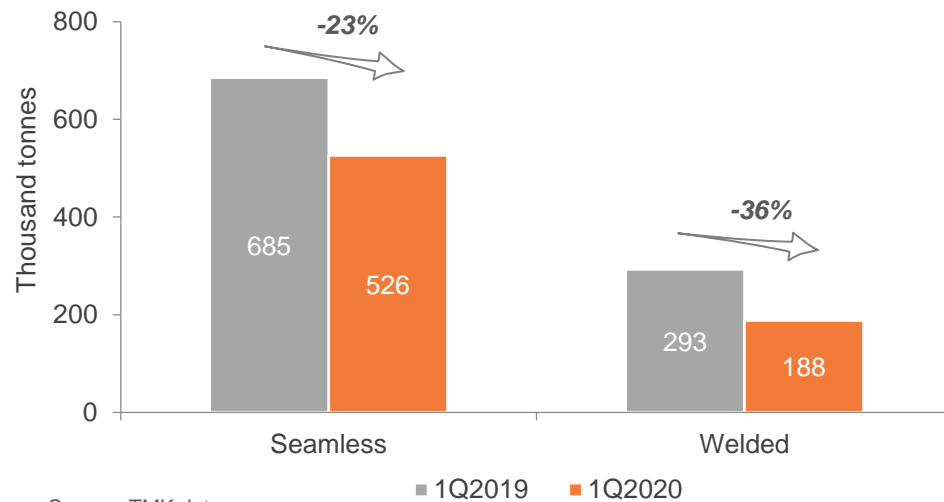
1Q 2020 vs. 1Q 2019 Sales by Division and Product Group

Sales by division



- Russian division sales decreased YoY, due to the lower sales of OCTG and large diameter pipe
- European division sales decreased YoY, due to lower sales of industrial pipe, reflecting a weaker market demand

Sales by product group



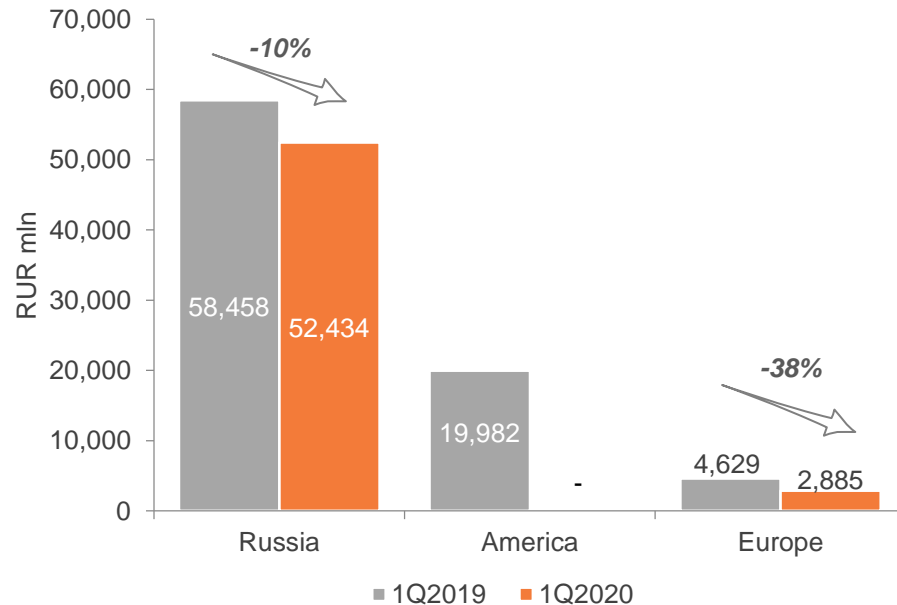
- Seamless pipe volumes decreased YoY, due to the disposal of the American division, lower sales of OCTG at the Russian division and weaker sales of industrial pipe at the European division
- Welded pipe sales decreased YoY, due to the disposal of the American division and lower sales of large diameter pipe at the Russian division

Source: TMK data



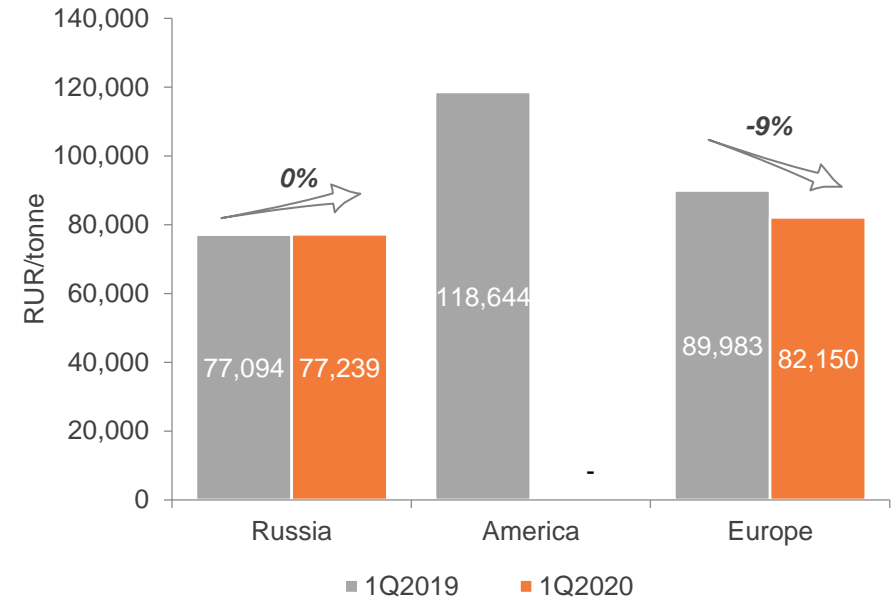
1Q 2020 vs. 1Q 2019 Revenue by Division

Revenue



- Revenue at the Russian division decreased YoY. Lower revenues resulted from weaker sales of OCTG, reflecting a challenging global economic environment, which negatively impacted demand for our products, as well as lower sales of large diameter pipe.
- Revenue at the European division declined YoY, due to lower demand from key pipe-consuming industries reflecting a drop in activity, pressure on prices, as well as a negative foreign currency translation effect.

Revenue per tonne*



* Revenue /tonne for the Russian and American divisions is calculated as total revenue divided by pipe sales. Revenue for the European division is calculated as total revenue divided by pipe+billets sales

- Russian division revenue per tonne remained almost flat YoY
- European division revenue per tonne declined YoY, due to an unfavourable pricing environment and the negative effect of currency translation

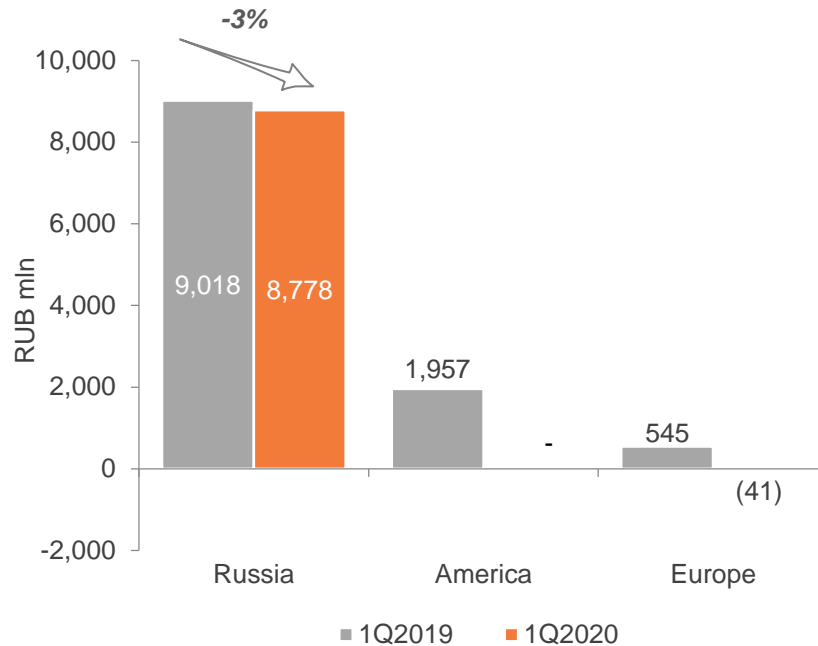
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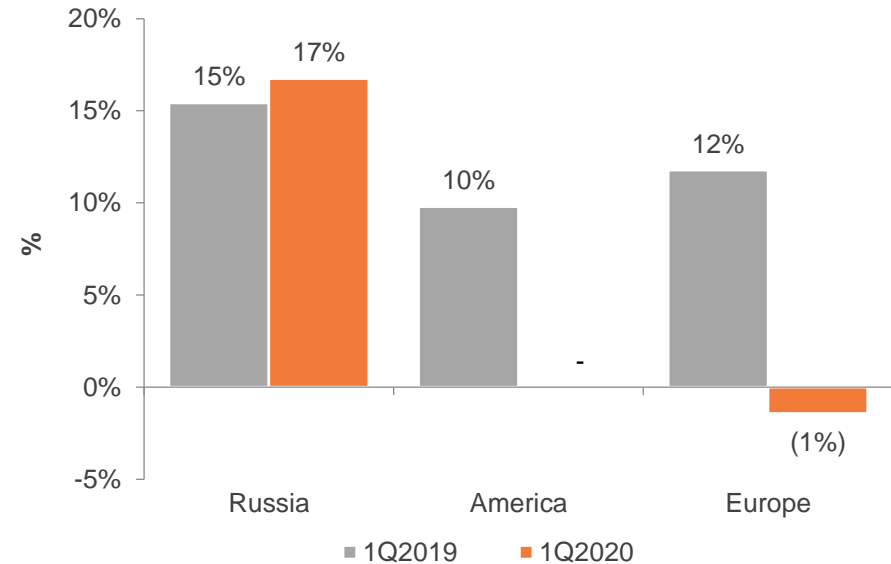
1Q 2020 vs. 1Q 2019 Adjusted EBITDA by Division

Adjusted EBITDA



- Adjusted EBITDA in the Russian division decreased YoY, as a higher gross profit was offset by increased selling, general and administrative expenses
- European division Adjusted EBITDA was negative in 1Q 2020, largely due to the deterioration of demand and lower prices

Adjusted EBITDA margin



- Russian division Adjusted EBITDA margin increased YoY, reflecting improved sales mix in the seamless segment and lower raw material prices compared to 1Q 2019
- European division Adjusted EBITDA margin was negative in 1Q 2020

Source: Consolidated IFRS financial statements, TMK data

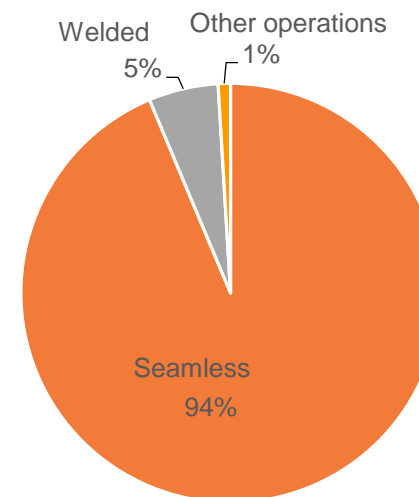
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Seamless – Core to Profitability

	RUR mIn <i>(unless stated otherwise)</i>	1Q2020	QoQ, %	YoY, %
SEAMLESS	Sales - Pipes, kt	526	-18%	-23%
	Revenue	42,287	-18%	-29%
	Gross profit	12,042	-16%	-15%
	<i>Margin, %</i>	28%		
	Avg revenue/tonne (RUB)	80,420	0%	-7%
	Avg gross profit/tonne (RUB)	22,900	3%	11%
WELDED	Sales - Pipes, kt	188	-26%	-36%
	Revenue	9,814	-32%	-51%
	Gross profit	690	-42%	-51%
	<i>Margin, %</i>	7%		
	Avg revenue/tonne (RUB)	52,162	-8%	-24%
	Avg gross profit/tonne (RUB)	3,669	-21%	-23%

1Q 2020 gross profit breakdown



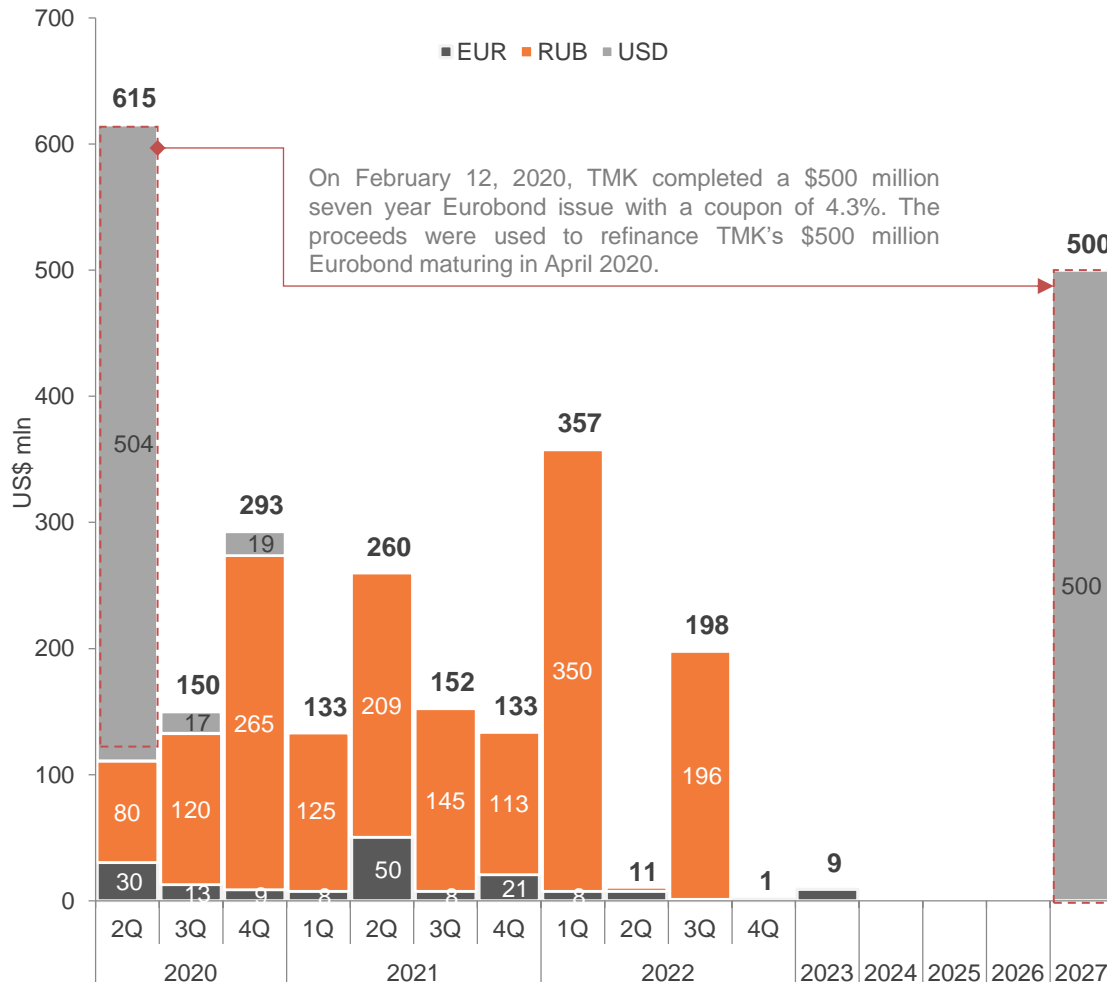
- Sales of seamless pipe generated 76% of total revenues in 1Q 2020
- Gross profit from seamless pipe sales represented 94% of 1Q 2020 total gross profit
- Gross profit margin from seamless pipe sales amounted to 28% in 1Q 2020

Source: Consolidated IFRS financial statements, TMK data

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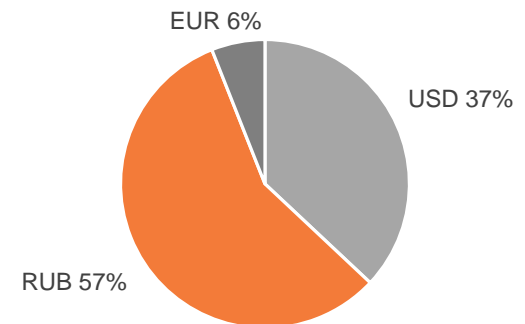


Debt Maturity Profile as at March 31, 2020



- Net debt decreased from RUB 154.9 billion (\$2.503 billion) as at December 31, 2019 to RUB 108.6 billion (\$1.396 billion*) as at March 31, 2020.
- In January 2020, TMK closed the sale of IPSCO Tubulars Inc. in line with the Group's strategic objective of reducing the leverage. The consideration received by TMK amounted to \$ 1.067 billion**. The bulk of the proceeds from the transaction was used to reduce Group debt.
- The weighted average nominal interest rate reduced by 33 bps compared to the end of 2018 to 6.61% as at the end of 1Q 2020
- Credit Ratings:
 - ✓ S&P BB-, Negative
 - ✓ Moody's B1, Positive

Debt currency structure



Source: TMK management accounts (figures based on non-IFRS measures), TMK estimates

Note: Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums.

* At the rate of the Central Bank of Russia as at March 31, 2020 (USD/RUB = 77,7325)

** Estimated as of the closing date, January 2, 2020.



2Q 2020 outlook

- In the second quarter of 2020, TMK expects overall demand for the Group's products to remain under pressure both in Russia and Europe, due to the continued unfavourable macroeconomic environment caused by the COVID-19 pandemic and oil price volatility.



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