



TMK IR PRESENTATION



December 2020



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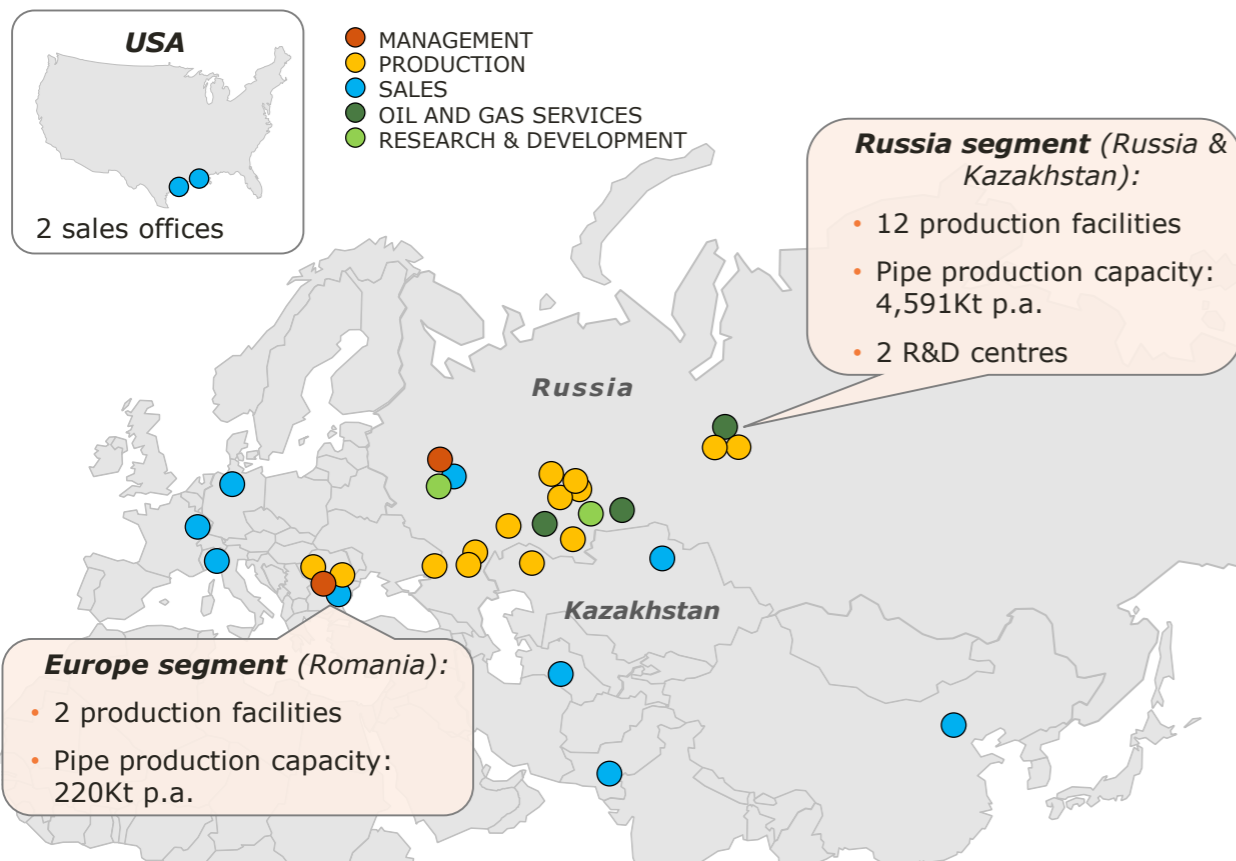


Company Overview

TMK – Global Supplier of Full Range of Pipes for Oil and Gas Industry



One of the largest steel pipe producers globally



Key operating indicators^(a)

	2017	2018	2019
Pipe sales (kt)	3,784	3,989	3,828

Source: TMK data

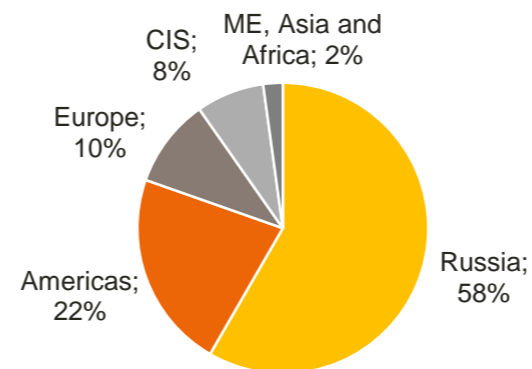
Notes: (a) annual results include IPSCO (discontinued operations). For detailed breakdown of key financial metrics for continued and discontinued operations please refer to Appendix and TMK financial statements

(b) Adjusted EBITDA for PAO TMK represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual items

(c) Operating FCF calculated as Adjusted EBITDA less CAPEX

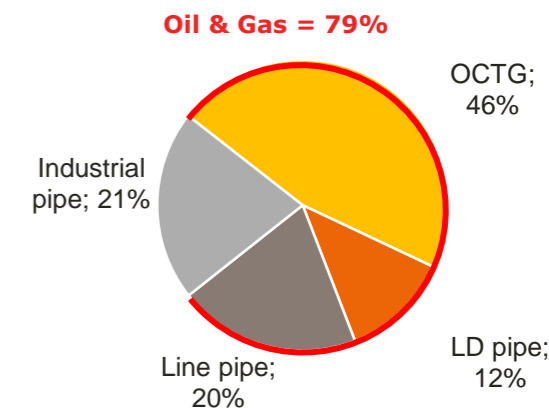
TMK sales by region^(a)

(12M 2019, revenue)



TMK sales by product^(a)

(12M 2019, in tonnes)



Key financial indicators^(a)

	US\$ mln			RUB mln	
	2017	2018	2019	2018	2019
Revenue	4,394	5,099	4,767	319,399	308,378
Adj. EBITDA^(b)	605	700	688	44,052	44,138
<i>Margin (%)</i>	14%	14%	14%	14%	14%
<i>Operating FCF^(c)</i>	372	427	469	26,877	29,955
<i>Net Profit (Loss)</i>	30	(0)	66	2,142	3,946
<i>Net Debt</i>	2,688	2,437	2,503	169,233	151,718

IPSCO Sale



Key highlights of the Transaction






- 22 Mar 2019**

 - ✓ Stock Purchase Agreement signed with Tenaris
 - ✓ US\$1,209m agreed aggregate cash-free, debt-free price
- 18 Dec 2019**

 - ✓ The U.S. Department of justice approved Tenaris's acquisition of IPSCO from TMK
- 2 Jan 2020**

 - ✓ Transaction successfully closed

Transaction benefits for TMK

-  In line with the strategy of international assets' monetization
-  Allows to reduce leverage and focus on the key markets: Russia and Europe
-  Retaining TMK's position as one of the leading pipe producers globally even post-IPSCO sale
-  Contributes to higher stability of cash flows and margins due to reduced exposure to the U.S. market
-  Maintaining TMK's shipments to the North American market due to signing the master distribution agreement with Tenaris, allowing TMK to sell its OCTG and line pipe products to the USA and Canada market for the next 6 years

The Americas segment key operating and financial indicators^(a)

(US\$m)	2016	2017	2018	2019
Pipe sales (kt)	282	673	804	520
Revenue	368	989	1,349	889
Adj. EBITDA ^(b)	(72)	114	164	30
Margin (%)	neg.	11.5%	12.1%	3.3%

Transaction benefits for TMK

- The consideration received by TMK, following contractual adjustments, amounted to \$1,067 million (as estimates as of the closing date)
- The majority of the proceeds received by TMK from the sale of IPSCO were used to repay TMK's indebtedness within 60 days from the date when such proceeds were received
- TMK continues focusing on deleveraging, aiming to achieve a long-term target Net Debt to Adjusted EBITDA ratio of 2.5x or lower

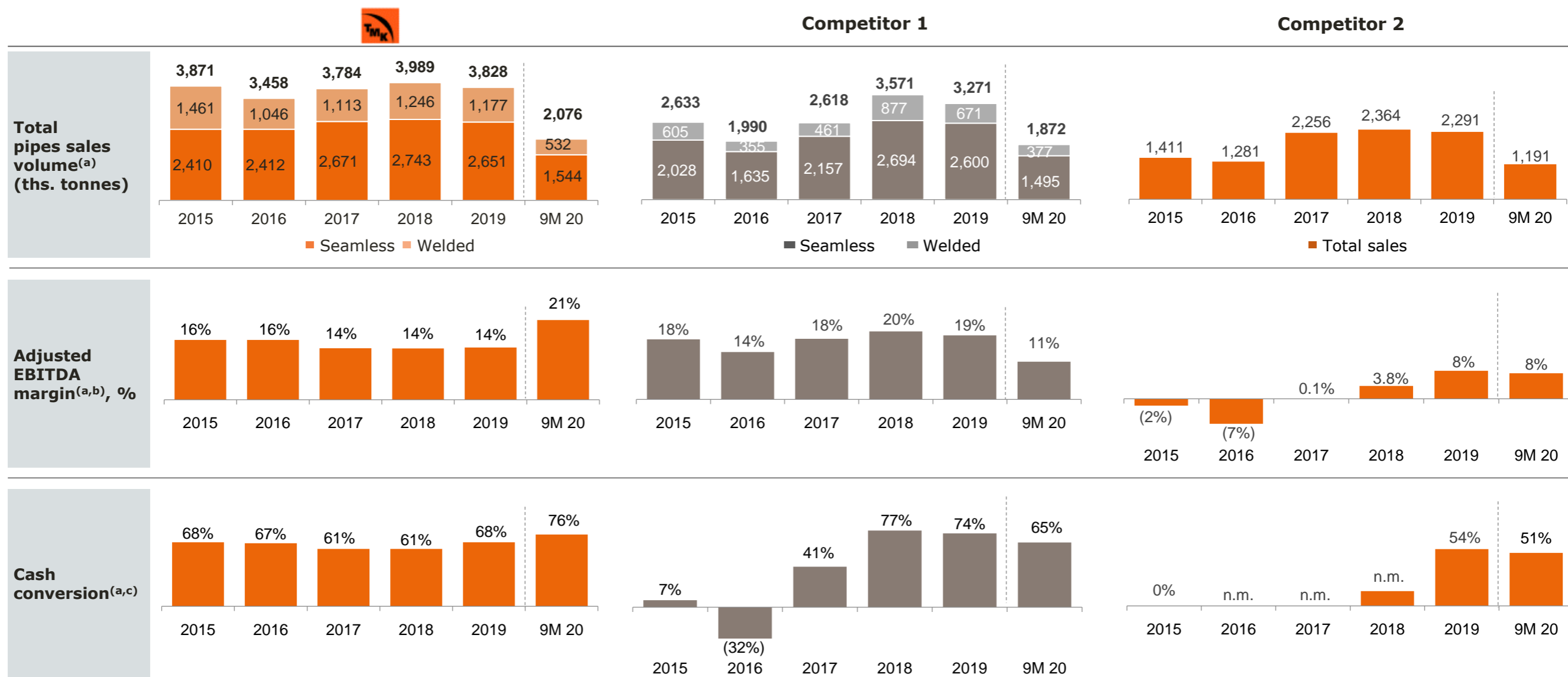
Source: TMK data
 Notes: (a) The Americas segment financial information disclosed in the IFRS statements mostly consisted of IPSCO's results
 (b) Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual items

TMK Today – Key Investment Highlights



Source: Company data
Notes: (a) Company estimates for FY 2019

TMK – Superior Earnings Resilience Through the Cycle



Source: Companies' public reporting

Note: Competitor 1, Competitor 2 are top three global pipe producers

(a) TMK results include TMK-IPSCO up to 2019

(b) Adjusted EBITDA for TMK: In the third quarter, 2020, the management changed the approach to the calculation of Adjusted EBITDA. Adjusted EBITDA is determined as profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss (except for foreign exchange gain or loss arising on accounts receivable and payable, which is considered to be a part of operations), impairment/(reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual item

(c) Calculated as (Adjusted EBITDA - Capex) / Adjusted EBITDA

Strong Position in Multiple End-Markets for Pipes Beyond Oil & Gas



Automotive



RENAULT



TOYOTA

- TMK-ARTROM is qualified as an authorised supplier for such companies as Dacia (a subsidiary of Renault)
- Supplier for Toyota

Civil Construction



- Galvanised pipe for the outer steel frame of the Otkritie Arena stadium in Moscow
- Impact resistant seamless pipe shipped for the construction of Zenit Arena stadium retractable roof in St Petersburg
- Structural steel pipe for the stadium roof in Samara

Energy and Chemicals



- Pipe shipments to energy and petrochemical businesses

Diversified Hi-Tech Solutions



- TMK-INOX stainless pipe of 8–114 mm diameter, used in nuclear, aircraft, automotive, aerospace and energy industries

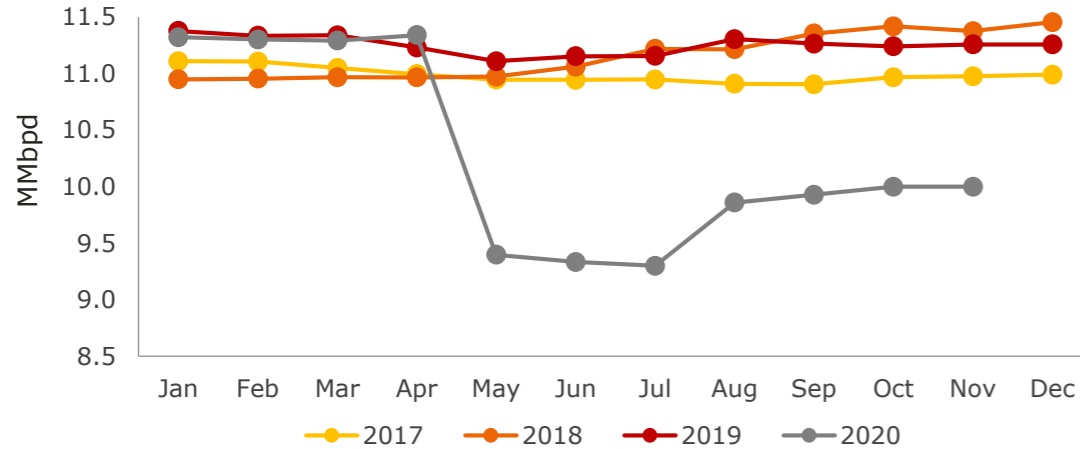


TMK Russian Division: Market Overview

Oil Production Trends in Russia Create Long-term Demand for High-End Oil & Field Services

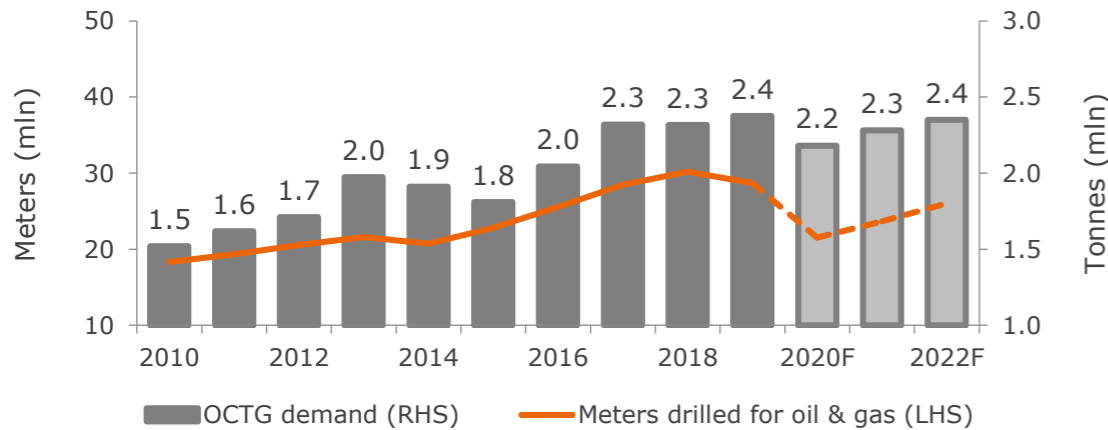


Russian total oil output



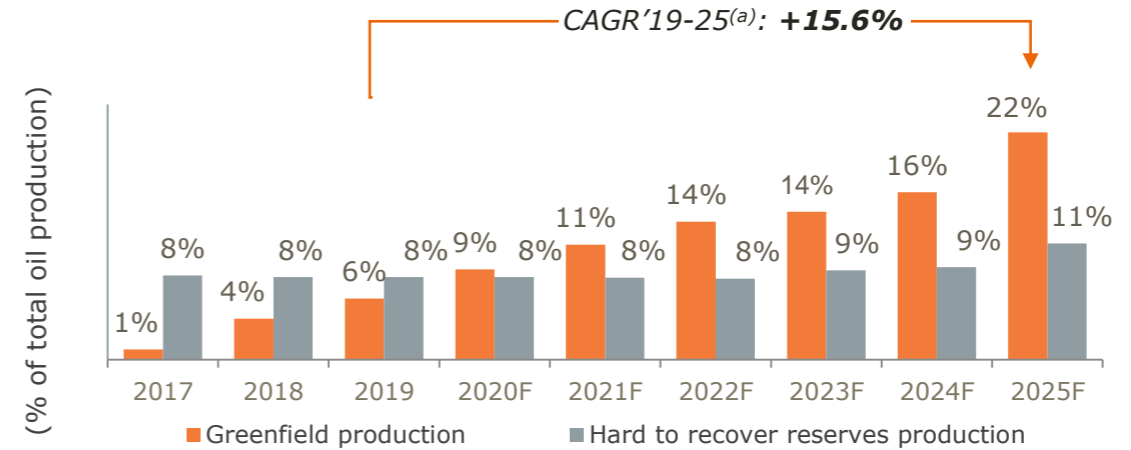
Source: Interfax, Info TEK

OCTG demand is relatively stable supported by existing level of production and development of greenfields...



Source: Interfax, Info TEK, Spears & Associates, DPO, TMK estimates

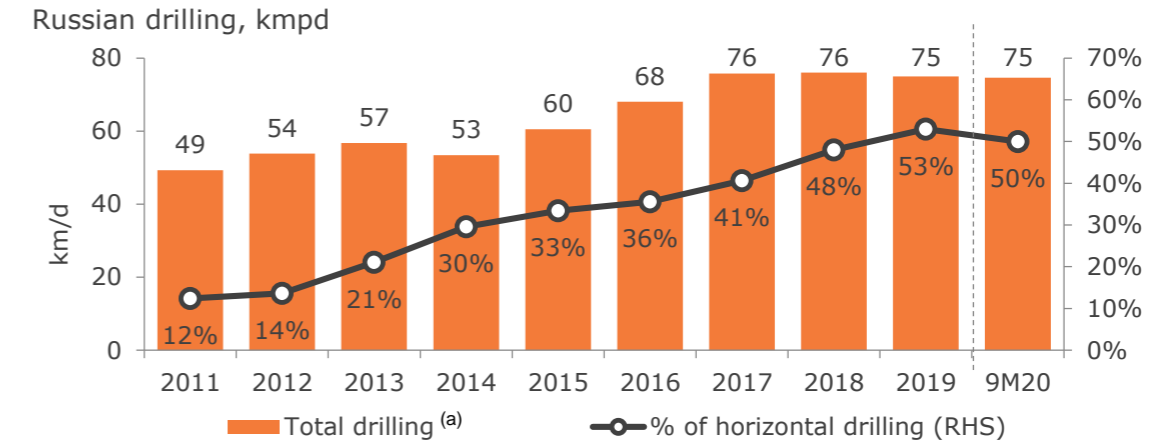
Supported by increasing development of greenfields and hard-to-recover reserves



Source: RPI

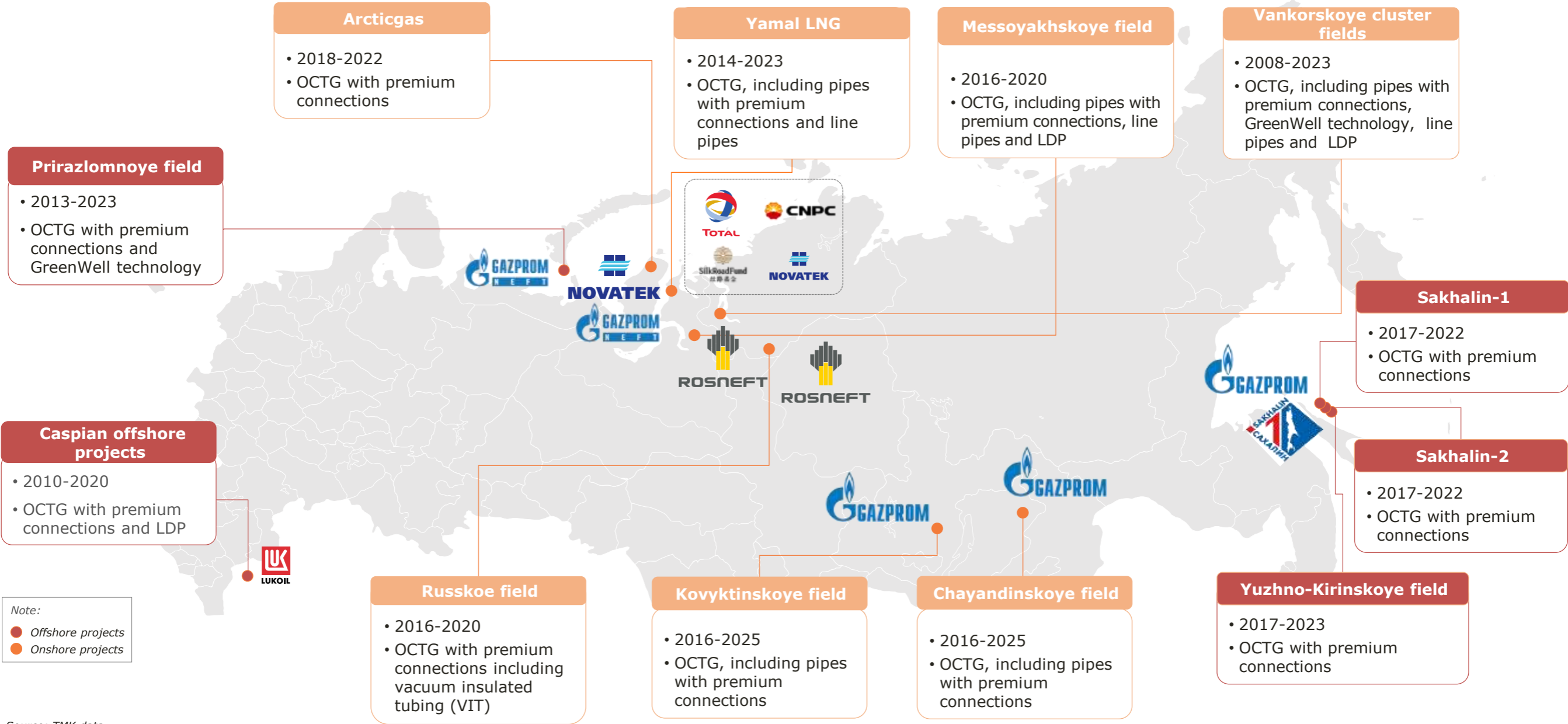
Note: (a) corresponds to greenfield and hard-to-reserve production CAGR '19-25

OCTG premium products demand is supported by high share of horizontal drilling



Note: (a) development drilling for oil

Attractive Portfolio of Premium OCTG Projects

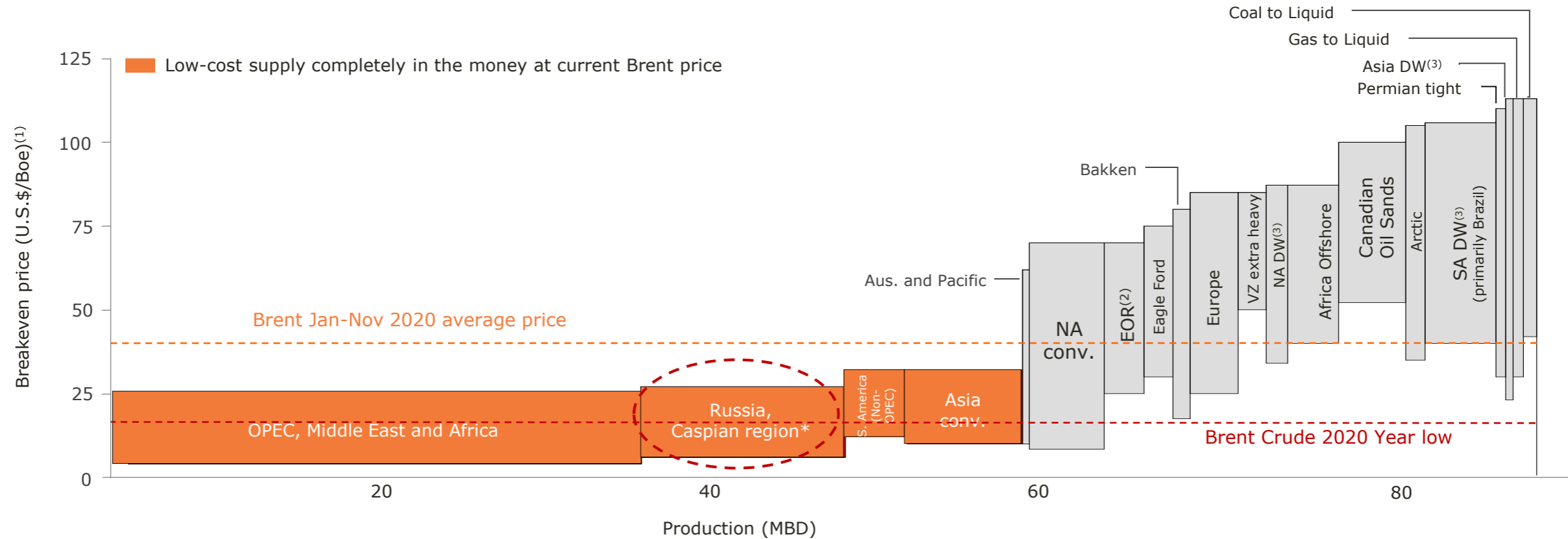


Source: TMK data

TMK's Home Market is One of the Lowest Cost Oil Producing Regions



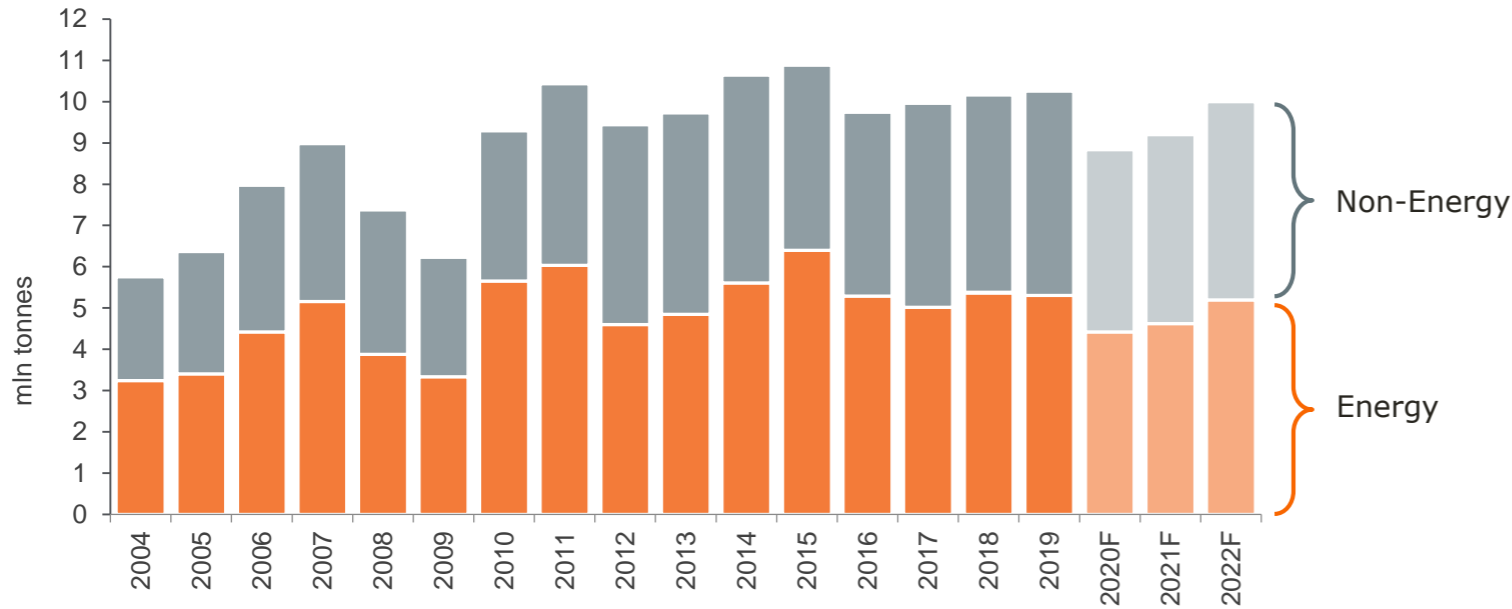
Global oil production supply curve



Even with oil at 2020 Year lows, the low cost Russian and Caspian region is able to remain profitable unlike the majority of its international counterparts.

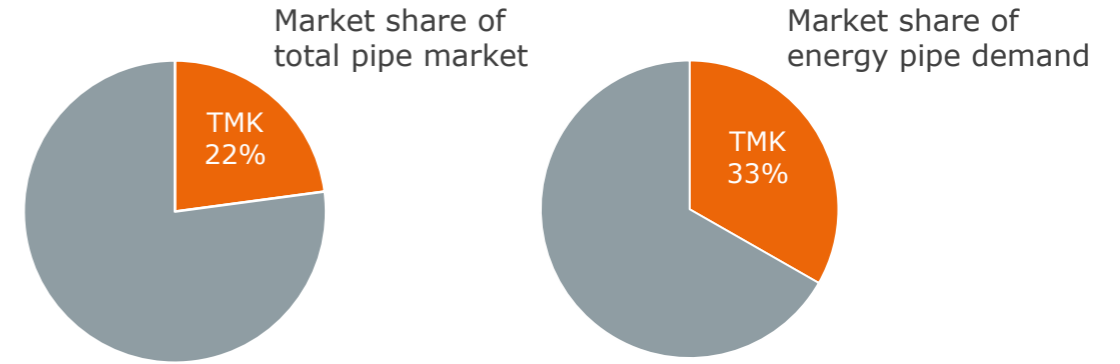
Source: IEA World Energy Outlook (2016); EIA International Energy Outlook (2016); EIA Annual Energy Outlook (2016); Morgan Stanley (2016), Bloomberg (as of 27 Jan 2020)
 Notes: (1) Breakeven price assumes a 10% return, and NPV of zero; *includes Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan; (2) Enhanced oil recovery; (3) Deep Water

Strong Position on the Domestic Market



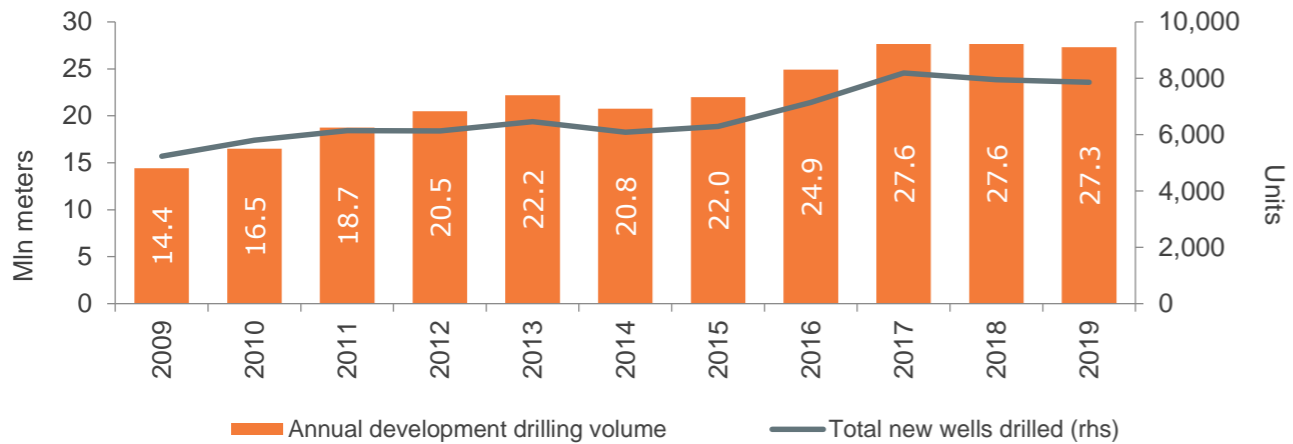
Source: TMK estimates

No.1 on the Russian tube and pipe market (9M 2020)



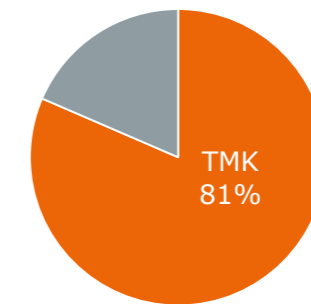
Source: TMK estimates, based on 9M 2020 numbers

Stable drilling activity in Russia



Source: Spears & Associates

TMK share of premium connections market segment

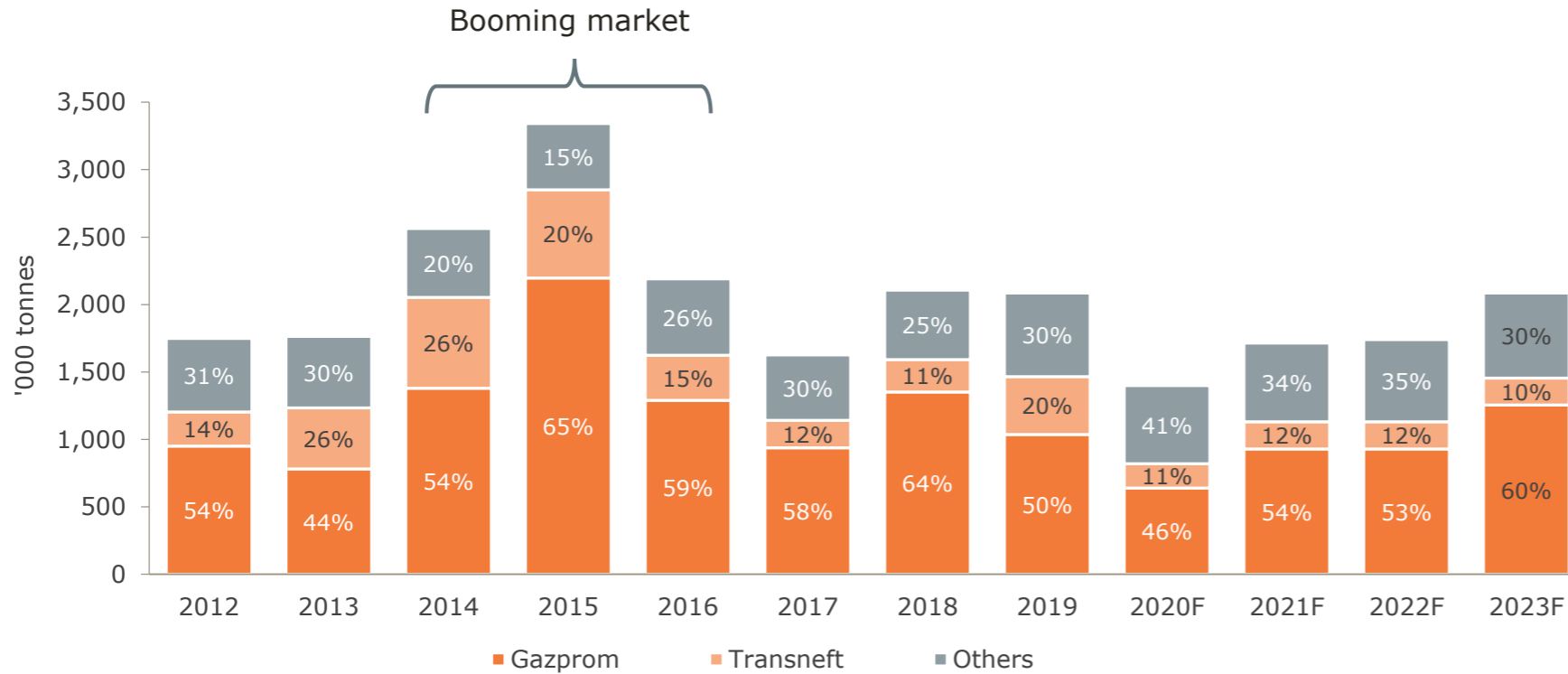


Source: TMK estimates, based on 9M 2020 numbers

LDP Demand in Russia



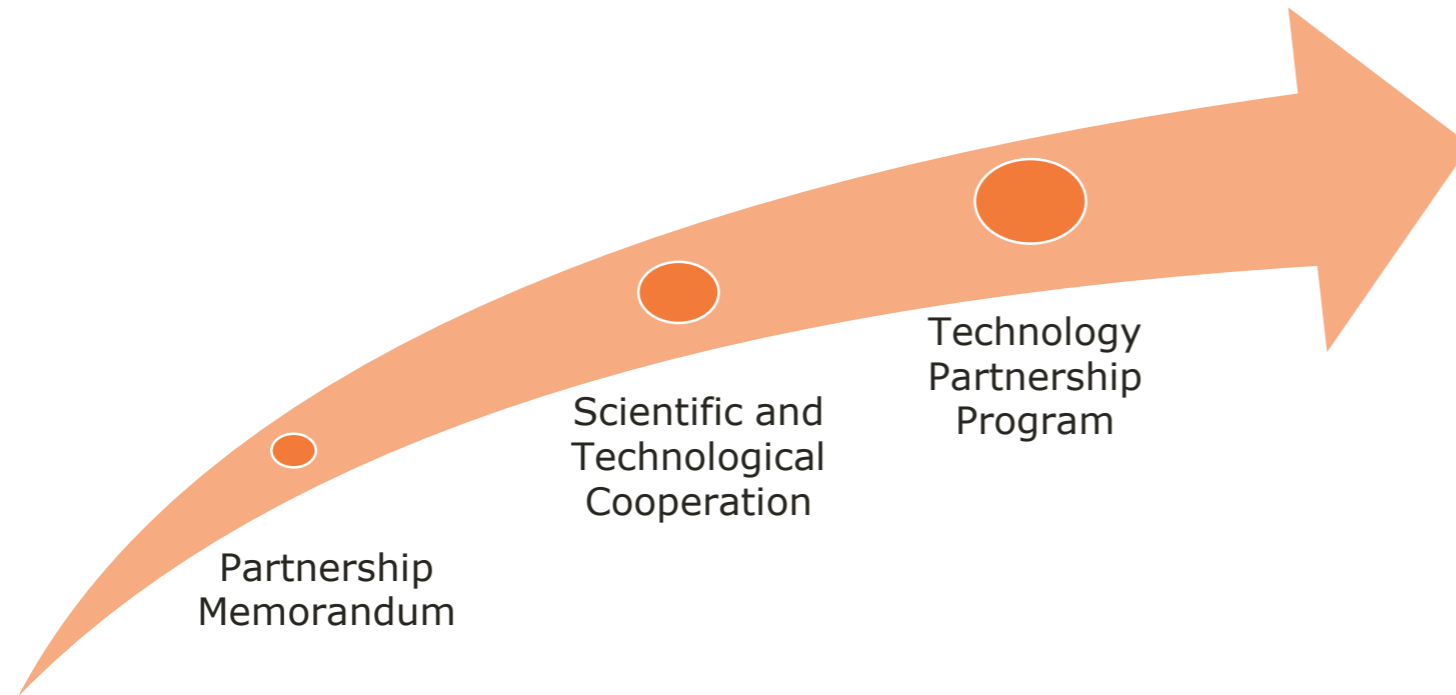
LDP demand in Russia, 2012–2023E



Source: TMK estimates



- LDP demand in Russia is driven by nation-wide O&G projects and maintenance of the existing O&G infrastructure, with current total length of Gazprom and Transneft current pipeline network exceeding 225 thousand kilometers
- Going forward, LDP demand in Russia is expected to be strongly supported by growing needs of Gazprom on the back of potential new projects, such as: Power of Siberia-2, Bovanenkovo-Ukhta 3, Ukhta-Torzhok 3, etc.
- TMK is well-positioned to participate in these projects due to efficient production costs, high-quality product offering and well-established relationship with the major customers in the Russian LDP market



Strategic cooperation with key customers



- Long-term agreements with key customers to develop and supply innovative premium products with related services will strengthen TMK's position
- Import substitution programs guarantee purchase of tubular products and related services
- TMK's innovative products are able to considerably improve the energy efficiency of wells, as well as safety and environmental impact

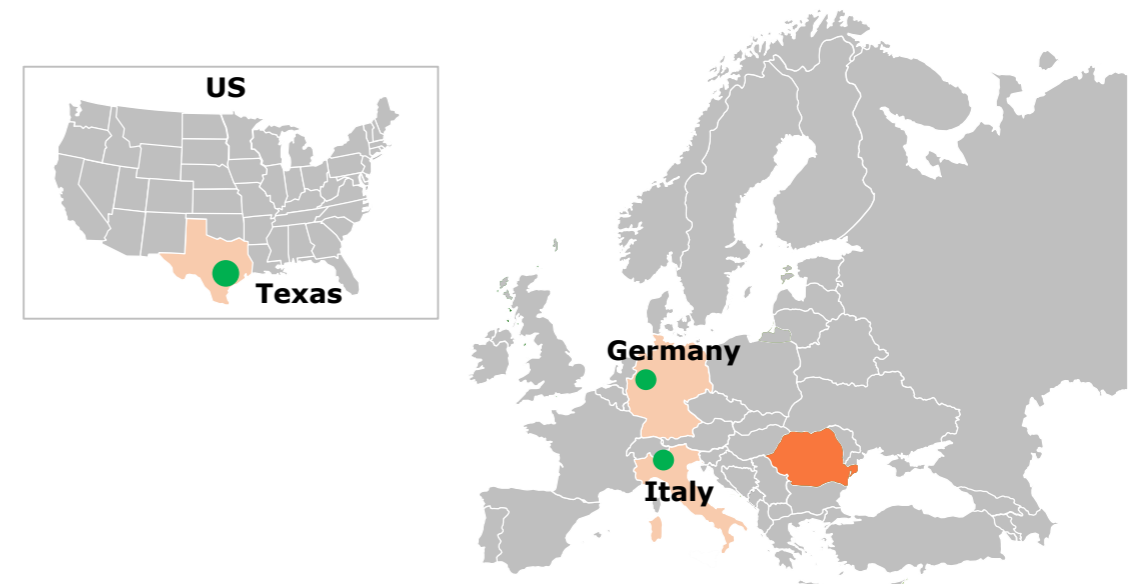
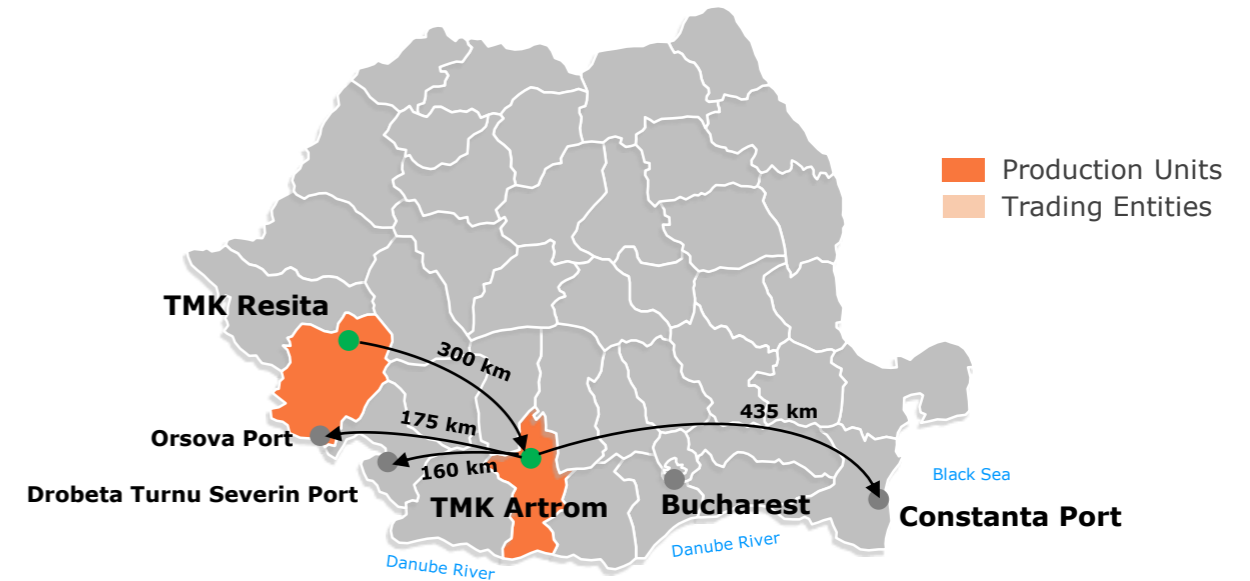


TMK European Division: Market Overview

Well Established European Steel Platform With a Strong and Resilient Business Model



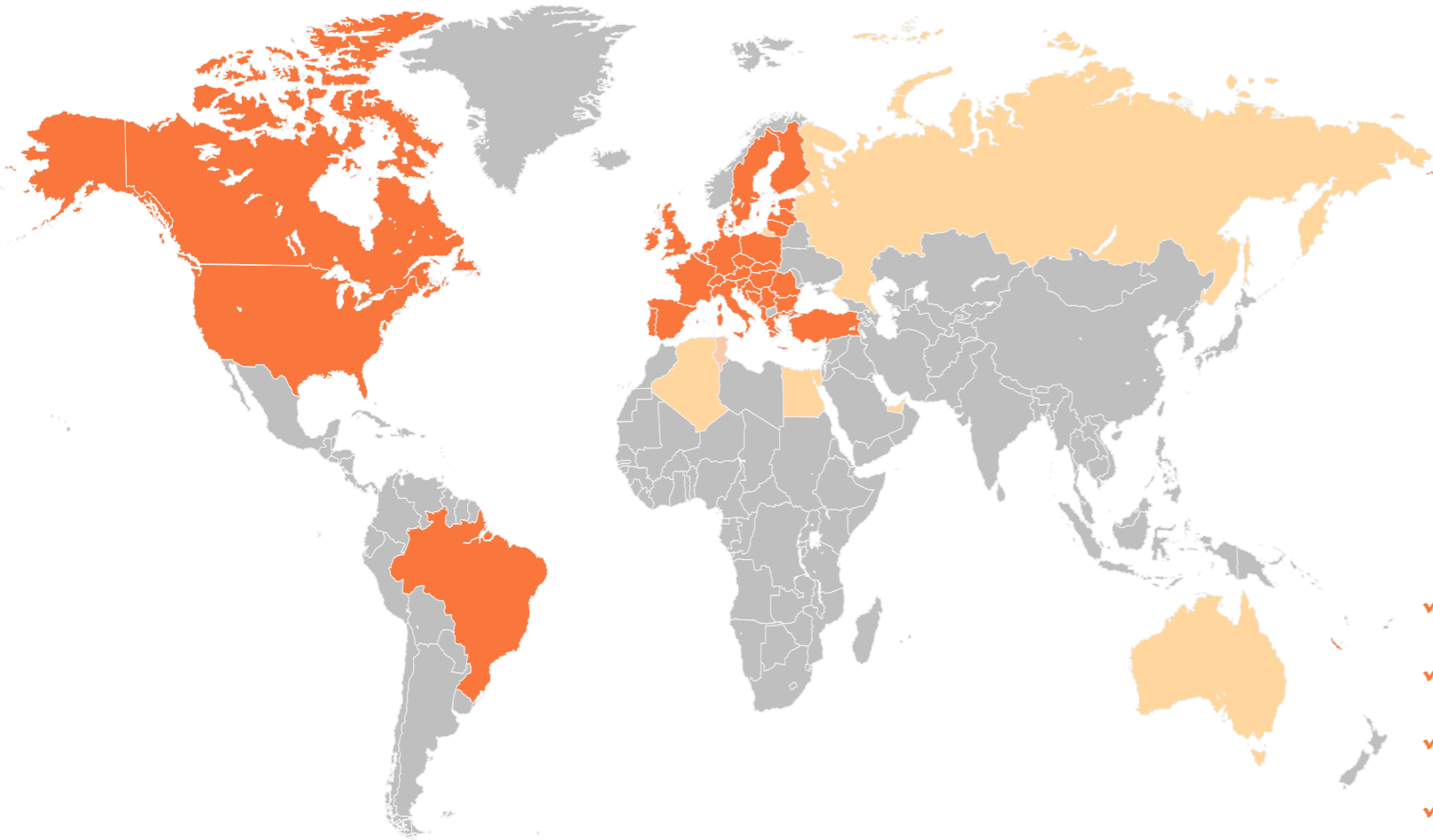
- **VERTICALLY INTEGRATED** → Steel and seamless steel pipes platform integrated upstream with a modern mini-mill and downstream with three trading entities well positioned to serve clients in two of the largest markets worldwide, Europe (including North Africa) and the Americas
- **WELL LOCATED** → Fair geographical location and efficient plant-to-plant and plant-to-port interconnections in Romania complemented by trade defense measures for EU producers
- **COST-COMPETITIVE** → A mix of advantages making TMK-Artrom S.A. a cost-competitive production platform
 - availability of scrap metal in the proximity of production facilities, a key raw material in production, and
 - lower than EU average salaries costs
- **DIFFERENT** → Focused on midmarket clients, with the whole operation designed to be highly flexible in order to address this client type: volumes per charge of steel of 100 tons and orders as small as 5 tons with just-in-time delivery, plus tailor-made products and prompt post-sale services, including site visits



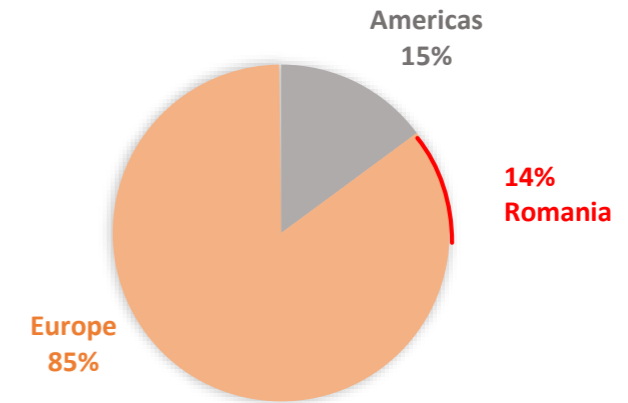
Diversified And Attractive Global Customer Base



- Core countries
- Others



TMK-ARTROM sales by region in 2019 (in terms of value)



(a) Americas includes also Canada, Brazil, US, Mexico
(b) Europe includes also Middle East, Turkey and North Africa

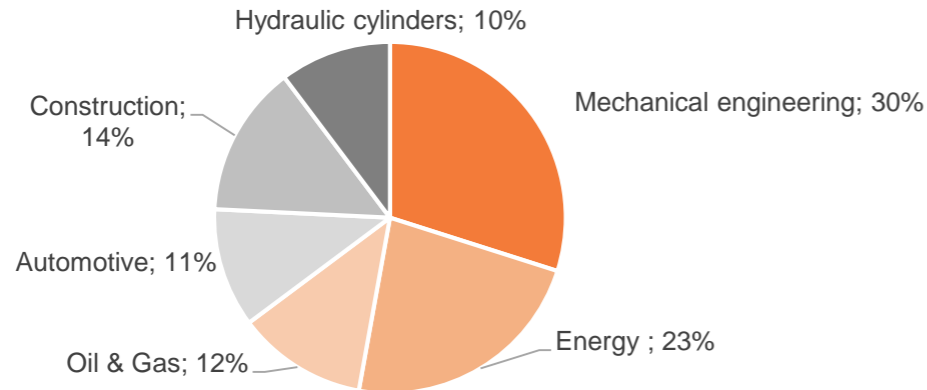
- ✓ 45 countries with a focus on Europe and the Americas
- ✓ Almost 400 permanently active clients
- ✓ Largest client <10% of sales (top 10 clients <25%)
- ✓ Number of clients in the Americas doubled and the share of pipe sales increased to 15% in 2019 vs. 5% in 2016 due to the launch of a subsidiary (April 2016)

Distinctive Product and Client Portfolio Decoupling the Company from the Global Steel Market

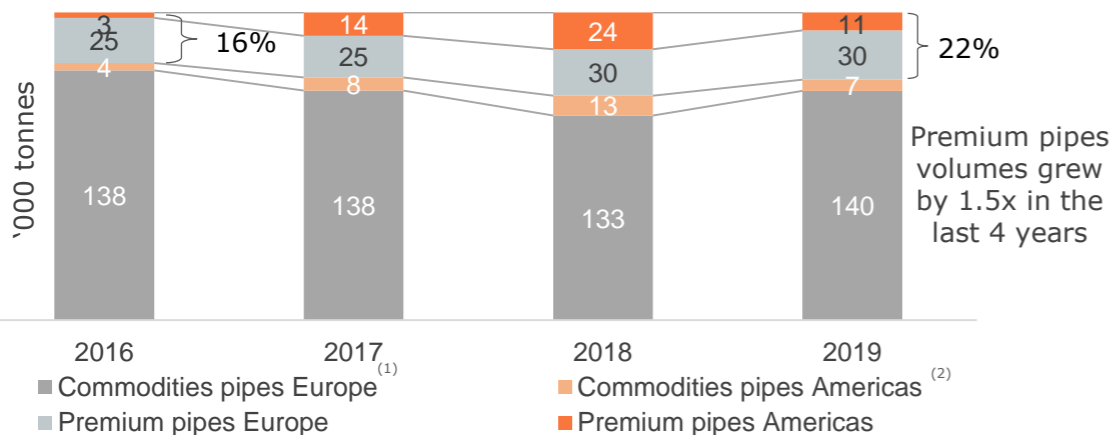


Strongly positioned in multiple end-markets for pipes, beyond oil & gas...

In volume terms, 2019



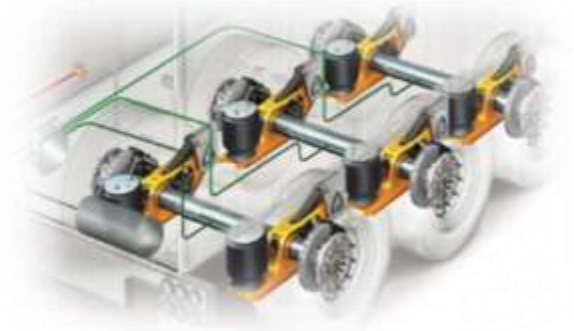
Increasing focus on product premiumisation by expanding heat treatment, cold processing and machining...



Source: Company information, Management accounts
 (1) Europe also includes Middle East, Turkey and North Africa
 (2) Americas also includes Canada, Brazil, US, Mexico

...quality oriented and certified for the automotive industry, differentiating the Company from most of its peers

- Up to 11% in the sales mix in 2019
- Ability to satisfy one of the most demanding industries in terms of product quality
- Projects co-developed with and pipes supplied to major car manufacturers including some of the most prestigious luxury brands



...and by providing niche and tailor-made customer solutions to a market with growing sophistication

- Limited editions under tight deadlines: ability to supply small orders (ca. 1/100 compared to industrial commodity pipes) to car manufacturers under tight just-in-time delivery terms (even down to a minimum of 10 days)
- Rare products for the European market: customized heat treated tubes, including quenched and tempered long tubes with wall thickness up to 60mm
- Precision products for highly specialized uses: produced in microns tolerances, a dozen times higher level than industrial commodity pipes; these tubes are ready for use without other machining in hydraulic cylinders and accumulator manufacturing



Strategic Overview

Operating

- Strengthening leading positions in key product segments both in the Russian and global markets
- Maintaining a stable financial position in line with the world's leading pipe manufacturers, maximizing operating cash flows and optimizing the asset portfolio

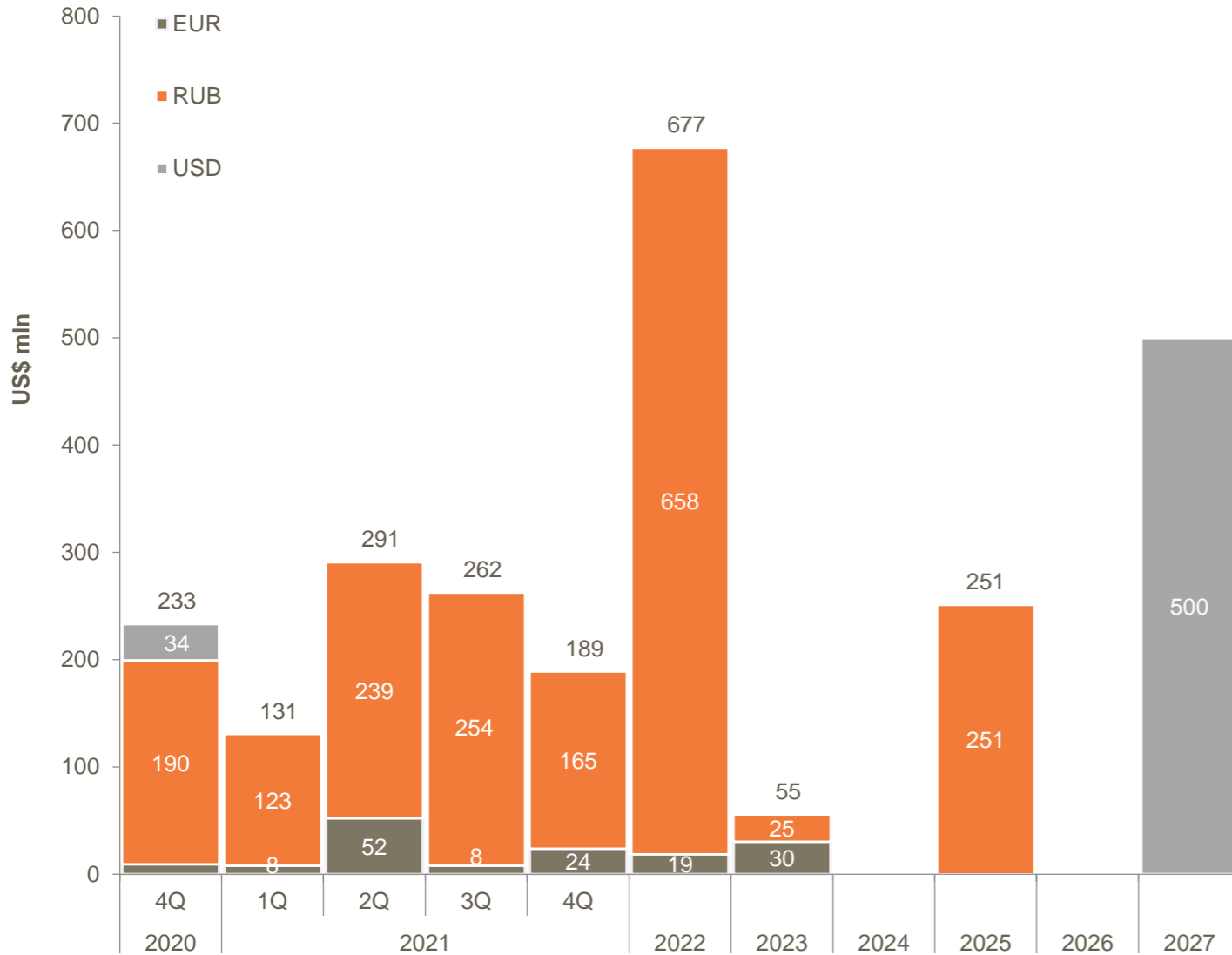
Strategic

- Expanding and optimizing TMK's production facilities, including via alliances, partnerships and acquisitions
- Deepening long-term partnerships with key consumers and joint entry into new oil and gas production regions
- Implementing breakthrough technologies and services to improve product quality and optimize costs
- Developing complex design solutions for clients using the latest IT technologies

ESG

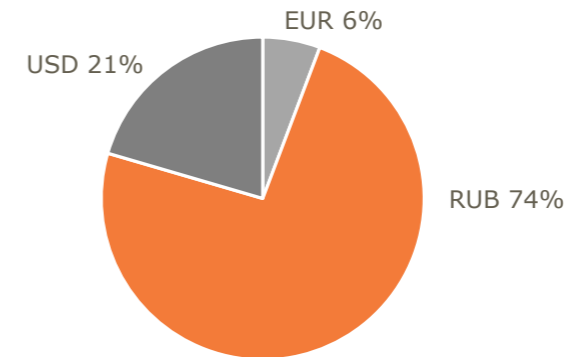
- Improving our industrial safety level - targeting zero injuries
- Reducing pollutant emissions in accordance with the best global industry standards, improving energy efficiency in production processes and the efficiency of waste management
- Creating new technologies and products for the development of environmentally friendly energy sources, as well as other prospective directions
- Adherence to the best corporate governance practices

Debt Maturity Profile as at September 30, 2020



- Net debt amounted to RUB 108.7 billion (\$1.364 billion*) as at September 30, 2020
- The weighted average nominal interest rate reduced by 64 bps compared to the end of 2019 to 6.31% as at the end of 3Q 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 September 30, 2020 (USD/RUB = 79.6845)

Net debt is calculated as loans and borrowings less interest payable and net of cash and short-term financial investments, which include cash and cash equivalents, other financial assets and short-term loans issued.

Environmental, Social & Governance



In 2019 TMK received an MSCI ESG Rating* of **BB**

Note: (*) disclaimer link: <https://www.msci.com/documents/1296102/15233886/How-to-Reference-an-MSCI-ESG-Rating-Final.pdf/c2ca92cb-1783-ae6e-d351-f9920c18b79b?t=1564729359833>



Governance..... **2** (as of September 1st, 2020)

Lower governance risk = 1; Higher governance risk = 10

Corporate Governance



Composition of the Board of Directors

Dmitry Pumpyanskiy
Chairman
Non-Executive Director

- **Founder of TMK**
- **Member of the Board of Directors since 2004**
- **25+ years of sector experience**

Alexander Shiryayev
Executive Director

- With TMK since 2003: various senior positions within the Group incl. CEO until 2019

Sergey Kravchenko
Chairman of the Nomination and Remuneration Committee
Independent Director

- President of Boeing Russia/CIS

Andrey Kaplunov
Executive Director

- With TMK since 2001
- Vice President of Sinara Group, Member of the Board of Directors of Sinara Group

Natalia Chervonenko
Chairman of the Audit Committee
Independent Director

- 20+ years of banking experience
- Previously a BoD member of several companies and banks

Alexander Pumpyanskiy
Non-Executive Director

- Chairman of the Board of Directors of SKB-BANK and Sinara Group

Frank-Detlef Wende
Independent Director

- Senior academic positions at MADI and Financial University
- Previously Counsel to President of AvtoVAZ

Mikhail Khodorovskiy
Non-Executive Director

- Member of the Board of Directors of SKB-BANK, Sinara Transport Machines, Sinara Group

Yaroslav Kuzminov
Independent Director

- Rector of National Research University "Higher School of Economics"

Anatoly Chubais
Non-Executive Director

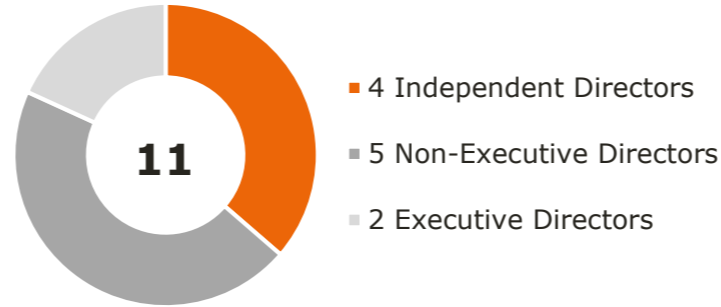
- Chairman of the Board of Rusnano (investment fund focused on nanotechnology)
- Previously held various senior political positions

Aleksander Shokhin
Chairman of the Strategy Committee
Non-Executive Director

- President of Russian Union of Industrialists and Entrepreneurs

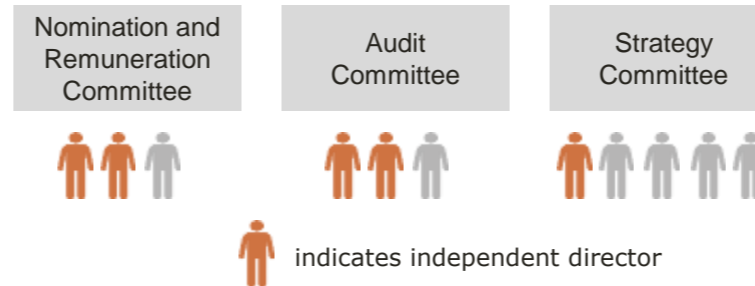


Structure of the Board of Directors



Board committees

The Board of Directors has three standing committees, two of them are chaired by **independent directors**

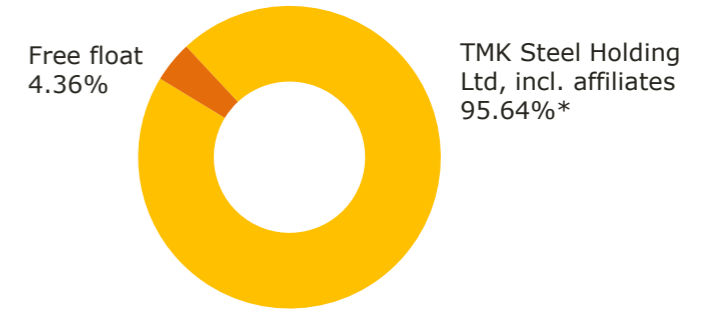


Corporate governance ratings



TMK ranks in the Top-20 companies in Russia with the best disclosure of corporate governance information, according to the annual survey "National Corporate Governance Index" in 2019

Capital structure as of December 07, 2020



* The beneficiary is Dmitry Pumpyanskiy, Chairman of the Board of Directors of TMK

- Total shares outstanding amount to 1,033,135,366.
- TMK's securities are listed on the Moscow Exchange.

Health, Safety and Environmental Protection as a Foundation for Business Stability



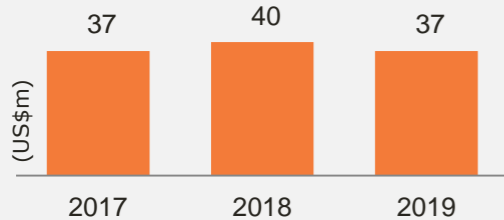
Environmental management

TMK in 2019 adopted a new Environmental policy

>20 CAPEX projects in 2019

Key areas: water basin protection, air protection and soil protection

Environmental expenditures



Water and Waste management key results in 2019:

↓4% YoY of total water consumption

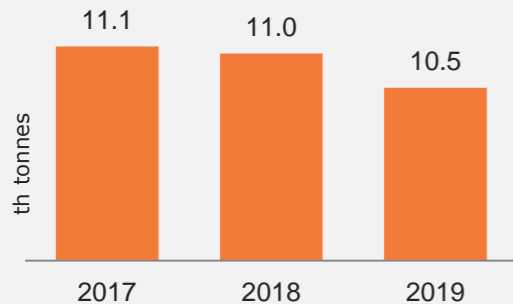
↓3% YoY of wastewater discharge to natural water bodies

95.7% of water recycled and reused by the Russian Division

↓9% YoY of waste generation

Total pollutant emissions

↓4% YoY pollutant emission in 2019



Greenhouse Gas Emissions

Improved GHG data disclosure in 2019

1.296 mn tonnes

Direct GHG emissions of CO2 equivalent in 2019

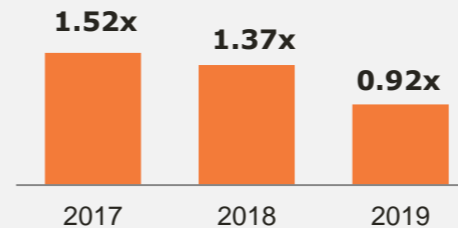
↓4% YoY reduction of total tonnes of GHG emissions due to optimizing operations and improving process solutions

Health & Safety

Annual Steel Safety Day

- Over 40k employees participated
- 100% of production sites took part in Steel Safety Day 2019

Injury frequency rate^(a)



Number of accidents 31% down

In 2019

Zero fatalities

In 2018 and 2019

US\$10.6m +10% YoY

Invested in safe working environment measures in Russian and European divisions in 2019

Focus on best practices

- All certified TMK facilities confirmed compliance with OHSAS 18001
- Preparations for and participation in the Russia Health and Safety Week and Safety and Labor Protection (BIOT) international specialized exhibition

Comprehensive charity program

- Supporting favourable social climate in the regions of operations

Source: TMK data

Notes: (a) Number of people injured over a year for each 1 million hours worked

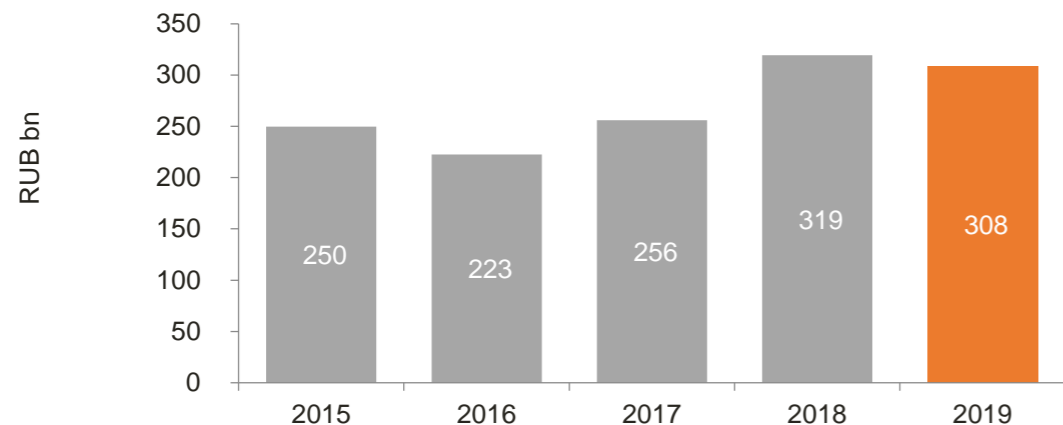


Summary Financial Results

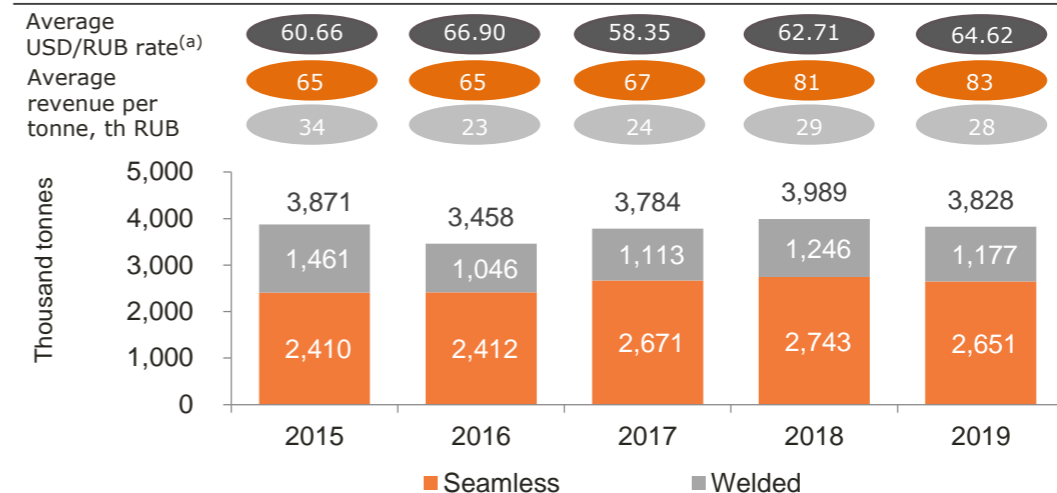
FY Consolidated Results Snapshot (RUB)



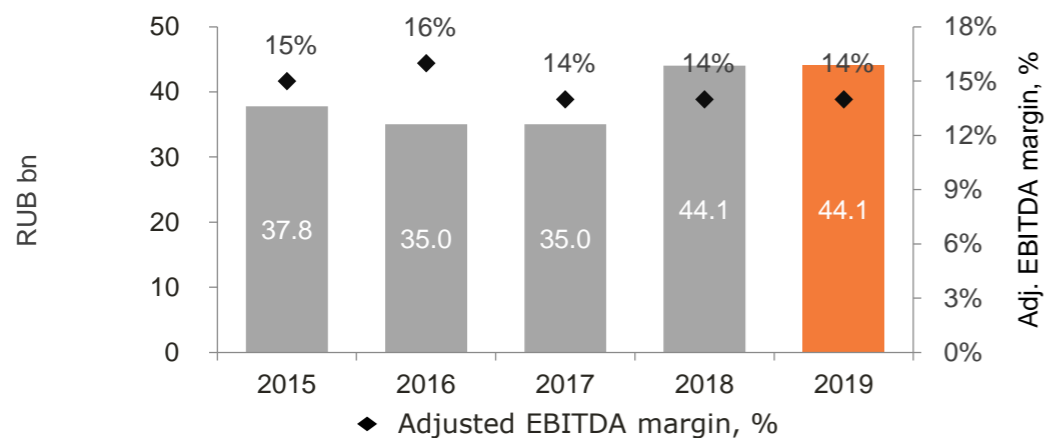
Revenue



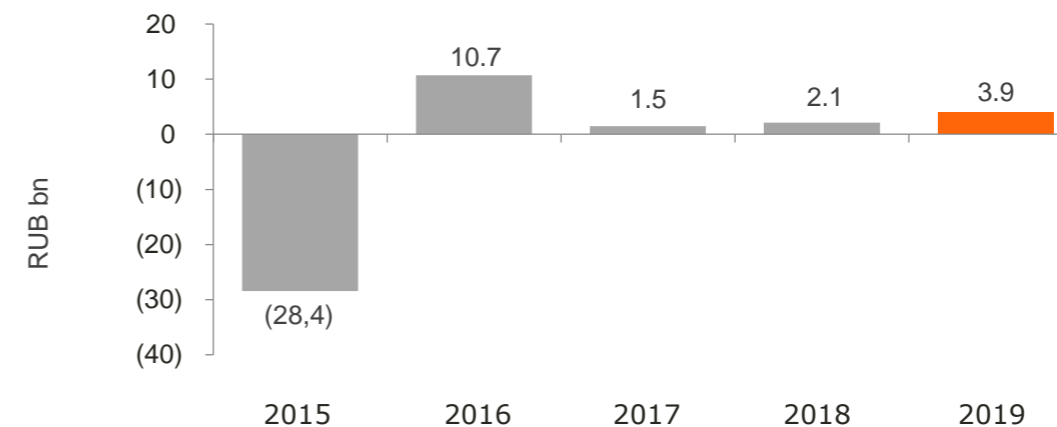
Volumes and realised prices



Adjusted EBITDA^(b)



Net profit



Source: TMK data including IPSCO results

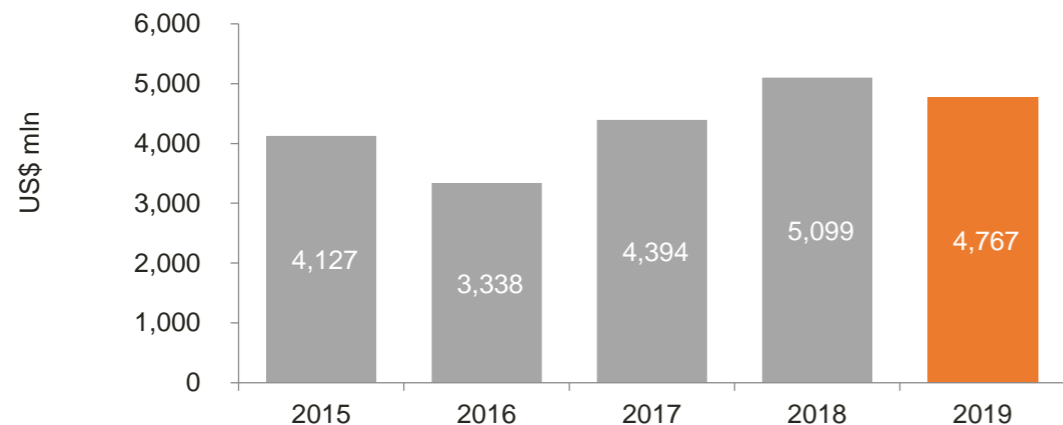
Note: (a) Average nominal USD/RUB exchange rate as published by the Central Bank of Russia.

(b) Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual items

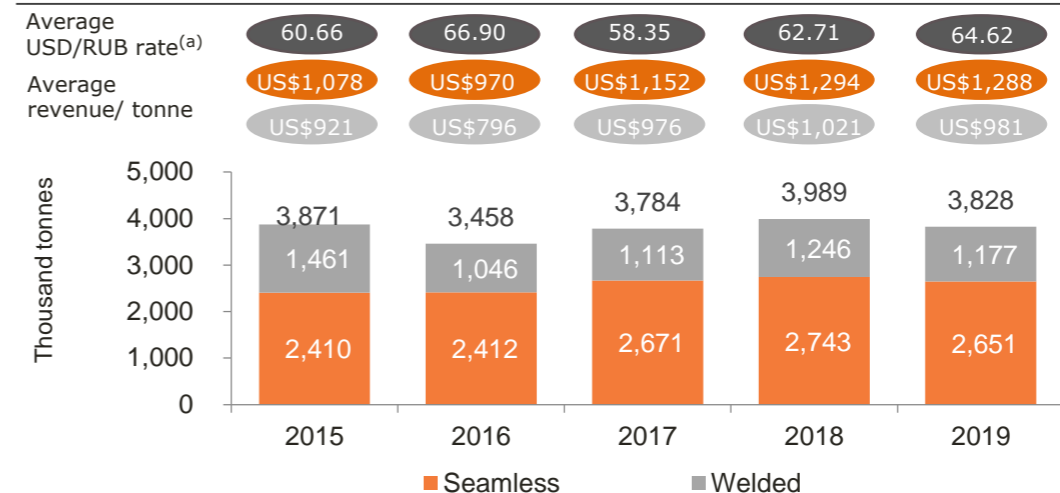
FY Consolidated Results Snapshot (USD)



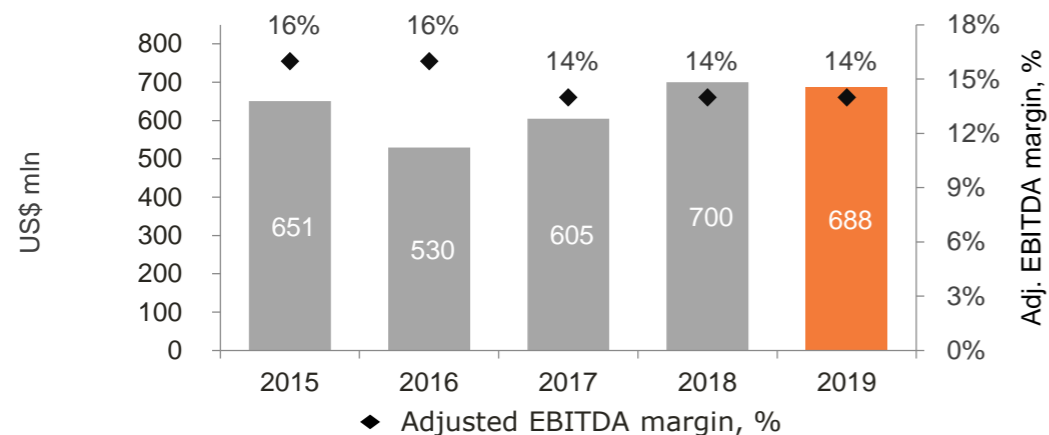
Revenue



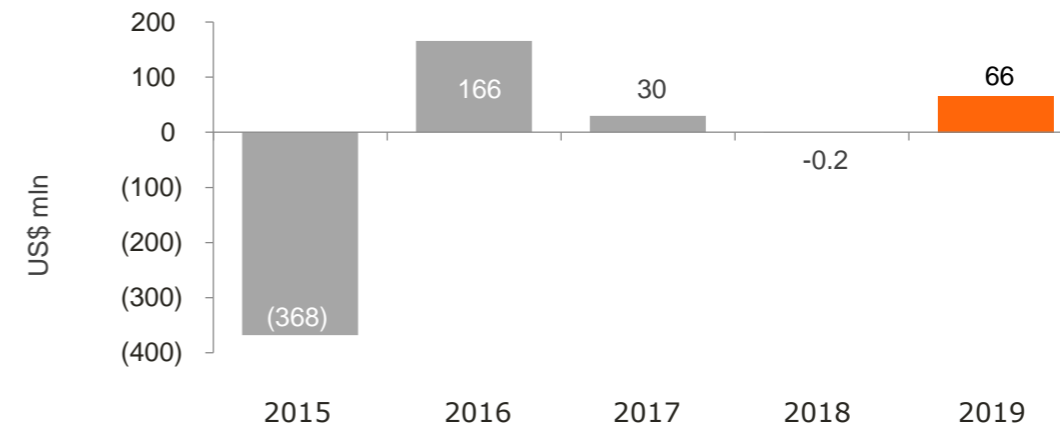
Volumes and realised prices



Adjusted EBITDA^(b)



Net profit



Source: TMK data including IPSCO results

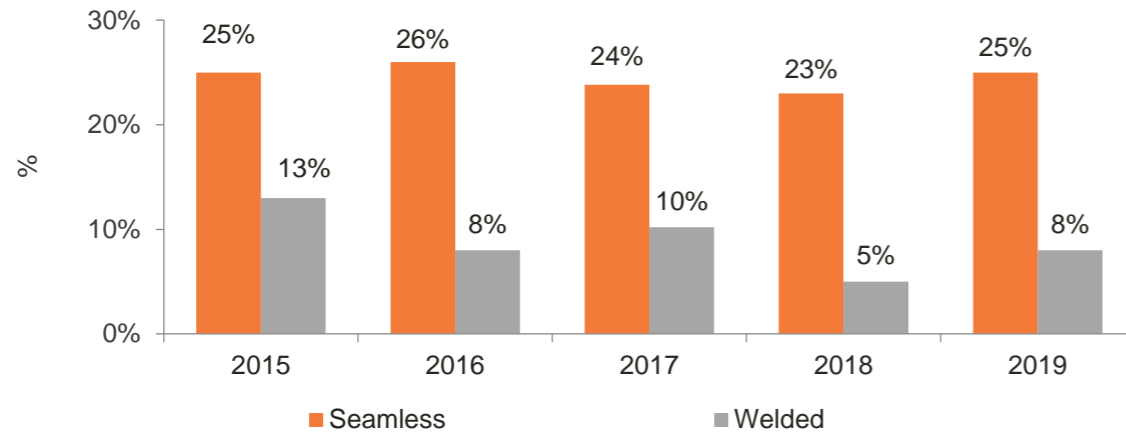
Note: (a) Average nominal USD/RUB exchange rate as published by the Central Bank of Russia.

(b) Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual items

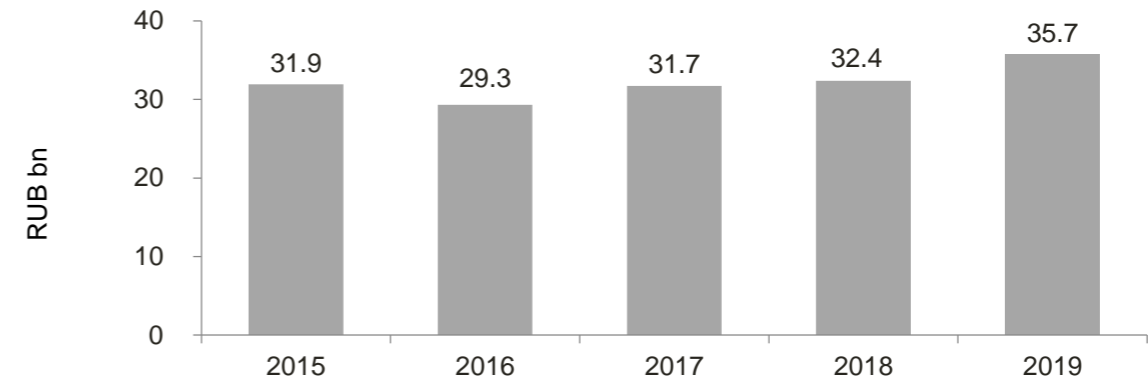
Gross Margin, SG&A and Cash Conversion (RUB)



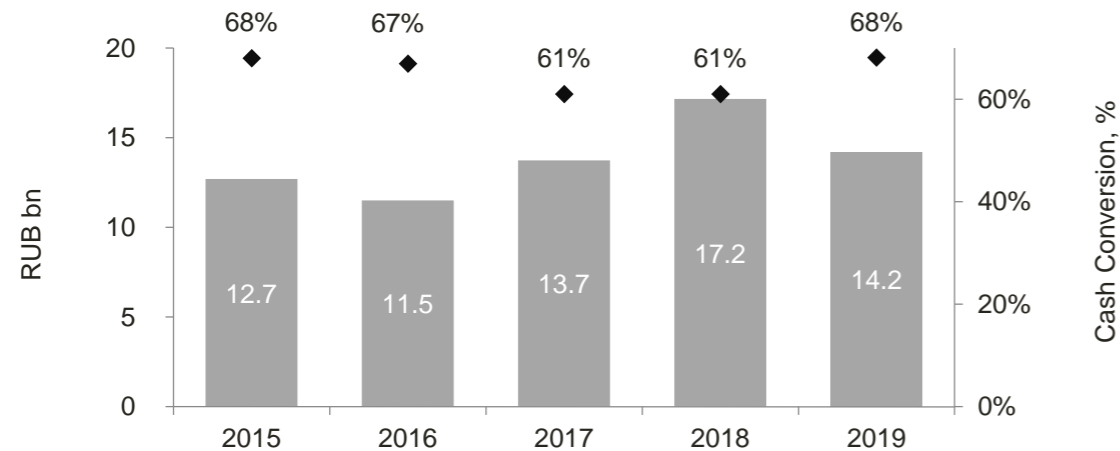
Gross margin



SG&A and corporate overheads^(a)



Capex and cash conversion^(b)



Key considerations

- Seamless segment accounting for approx. 90% of consolidated gross profit and demonstrates consistently superior margins
- High level of vertical integration provides better control over costs and allows to maintain resilience in margins
- Significantly optimized lean cost structure due to stringent efficiency measures

Source: TMK data including IPSCO results

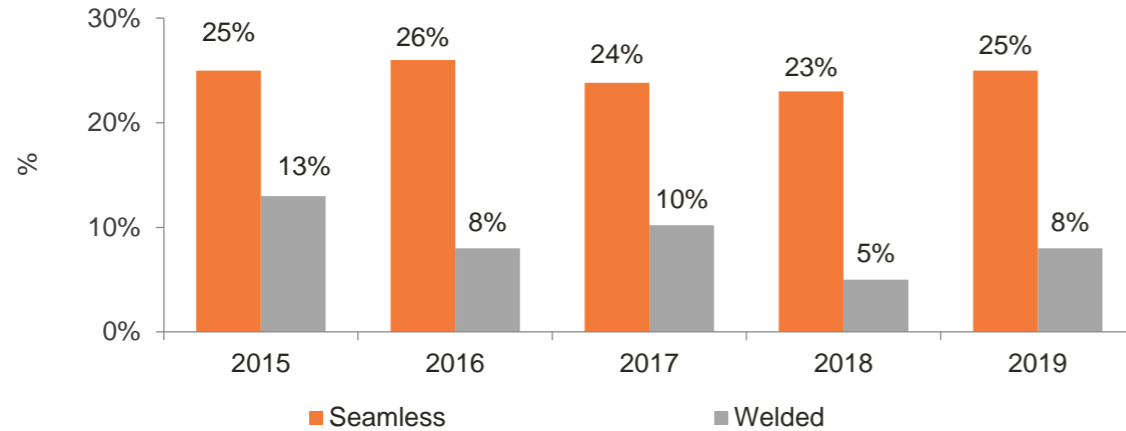
Note: (a) Based on IFRS financial statements. Calculated as Gross Profit less Operating profit

(b) Calculated as (Adjusted EBITDA - Capex) / Adjusted EBITDA. Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/(reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of profit/loss of associates and other non-cash, non-recurring and unusual items

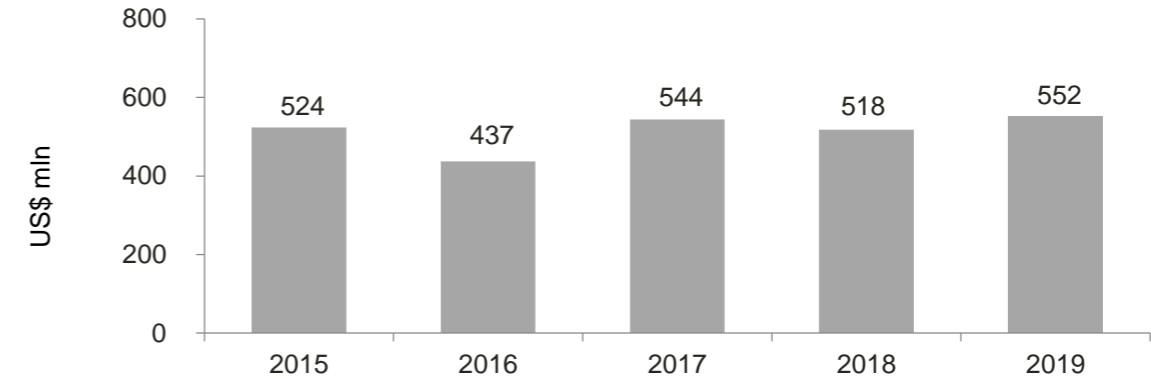
Gross Margin, SG&A and Cash Conversion (USD)



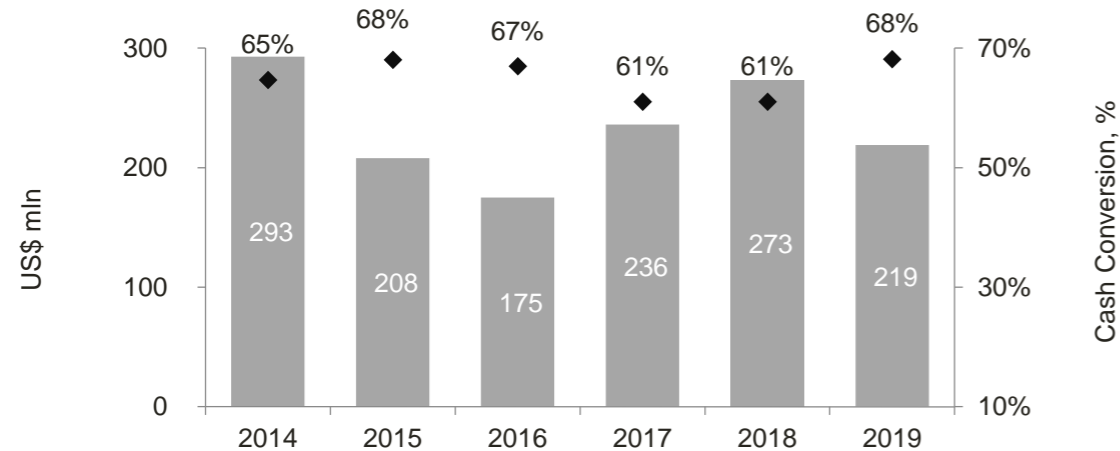
Gross margin



SG&A and corporate overheads^(a)



Capex and cash conversion^(b)



Key considerations

- Seamless segment accounting for approx. 90% of consolidated gross profit and demonstrates consistently superior margins
- High level of vertical integration provides better control over costs and allows to maintain resilience in margins
- Significantly optimized lean cost structure due to stringent efficiency measures

Source: TMK data including IPSCO results

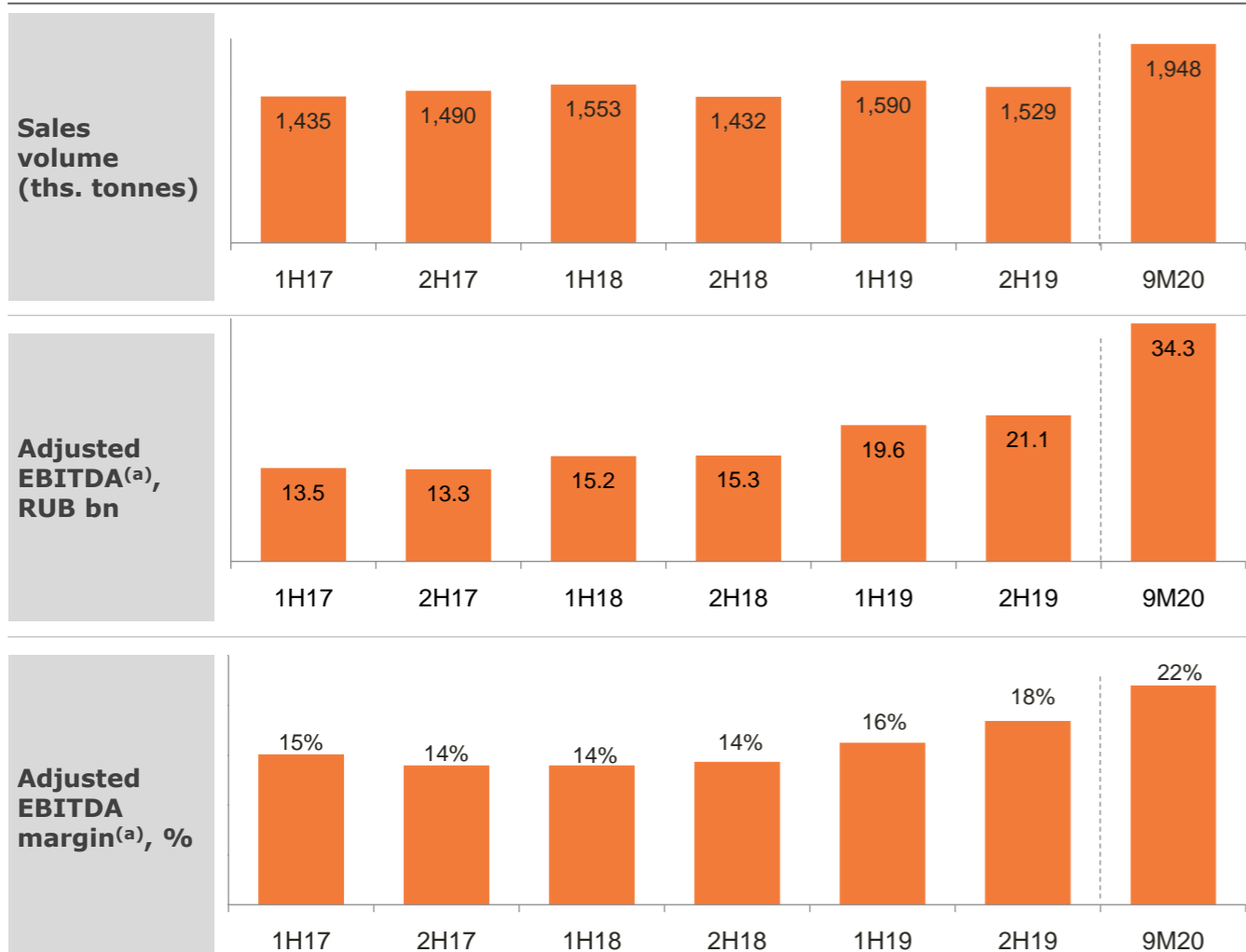
Note: (a) Based on IFRS financial statements. Calculated as Gross Profit less Operating profit

(b) Calculated as (Adjusted EBITDA - Capex) / Adjusted EBITDA. Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/(reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of profit/loss of associates and other non-cash, non-recurring and unusual items

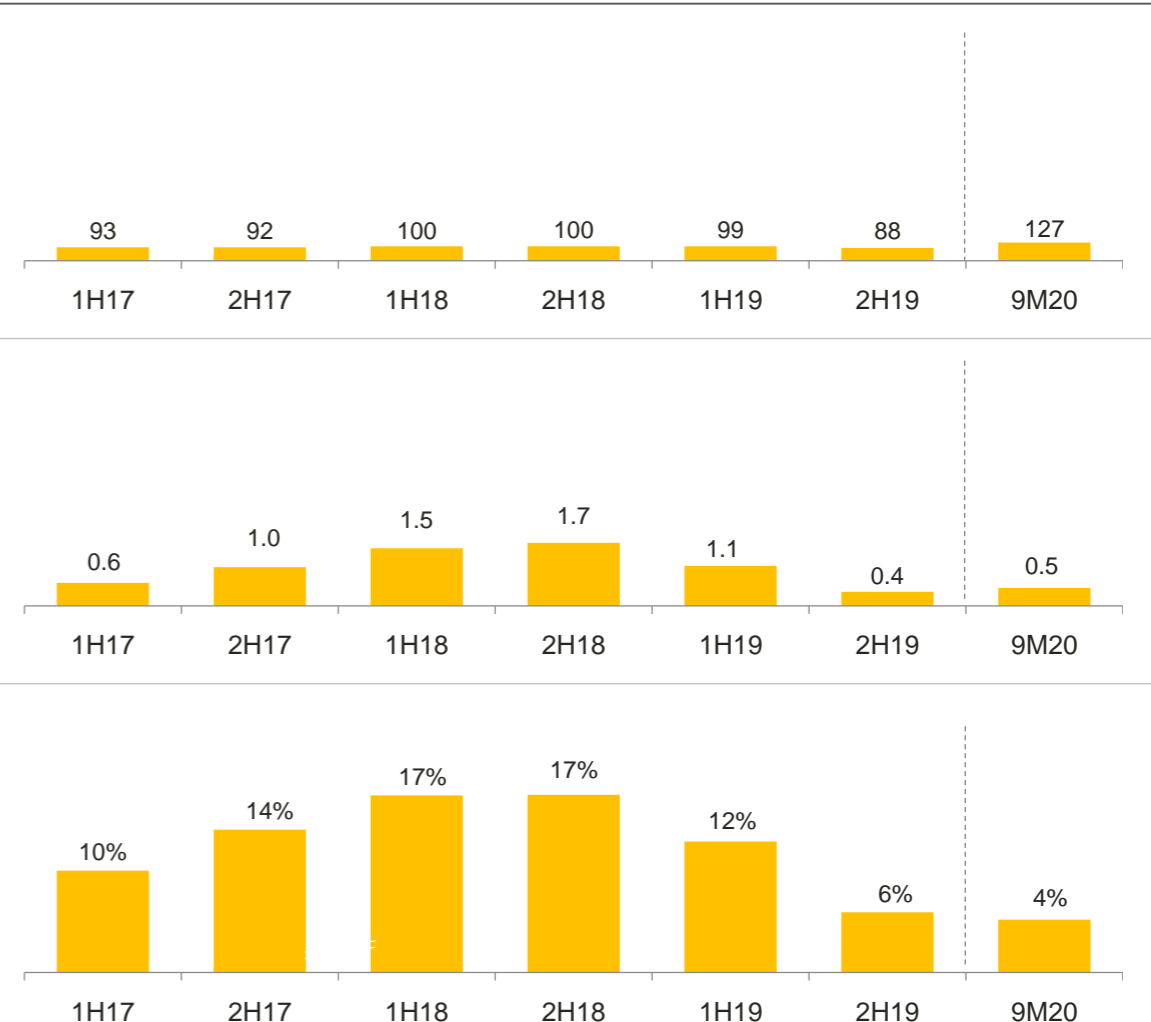
Segmental Performance



Russian division



European division



Source: TMK data

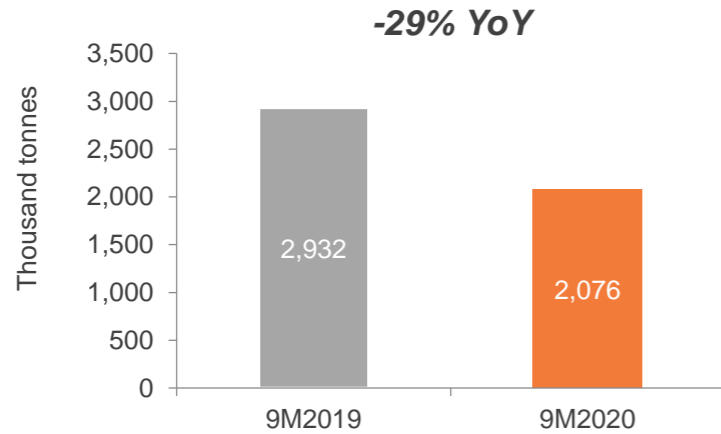
Note: (a) 2017-2019 EBITDA calculation: Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual item

In 3Q 2020, the management changed the approach to the calculation of Adjusted EBITDA. Adjusted EBITDA is determined as profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss (except for foreign exchange gain or loss arising on accounts receivable and payable, which is considered to be a part of operations), impairment/(reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual item

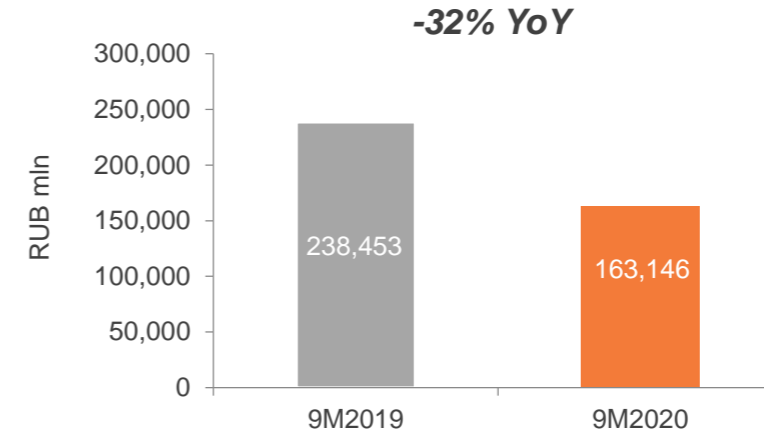


9M 2020 vs. 9M 2019 Summary Financial Highlights

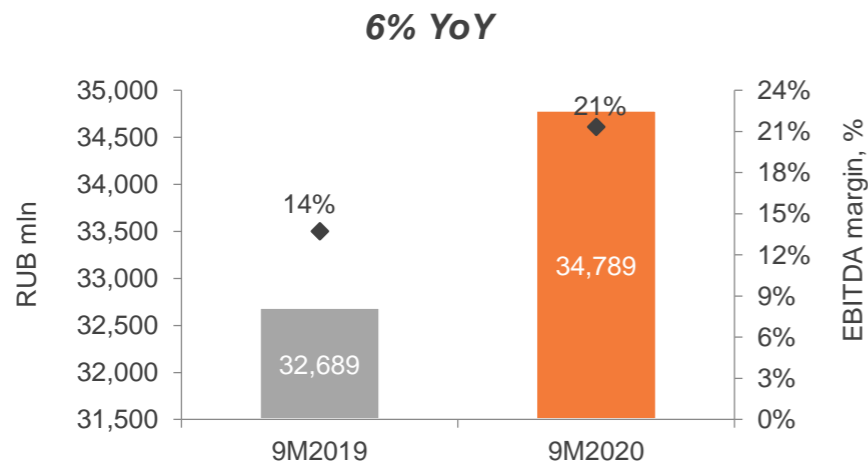
Sales declined YoY, reflecting the disposal of the American division and lower sales at the Russian and European divisions



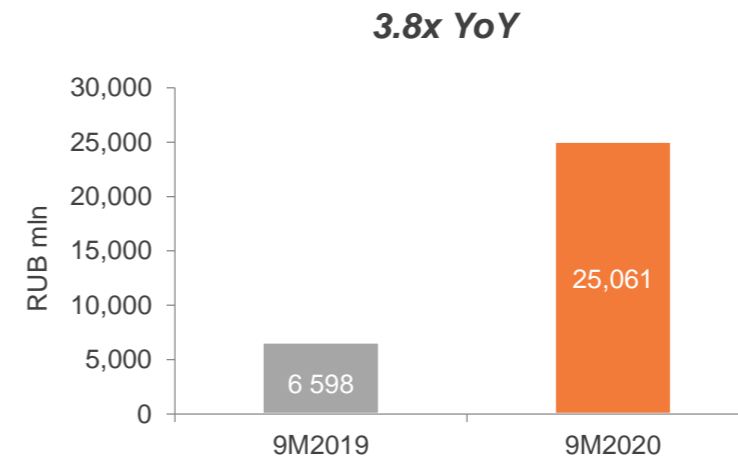
Revenue declined YoY, reflecting the disposal of the American division and a weaker performance at the Russian and European divisions



Adjusted EBITDA increased YoY, supported by a foreign exchange gain from operations



Net profit increased YoY, mainly due to the gain on disposal of subsidiaries recorded in 9M 2020

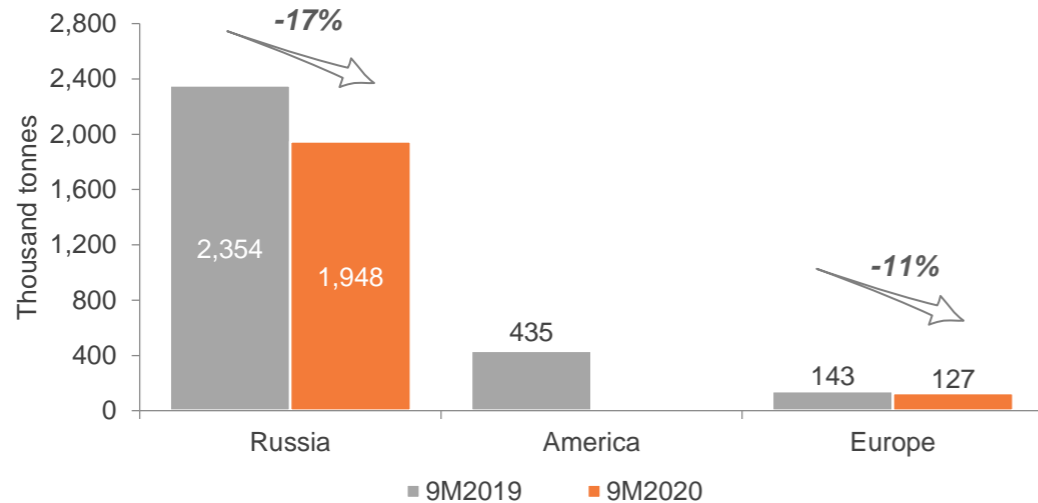


Source: TMK data



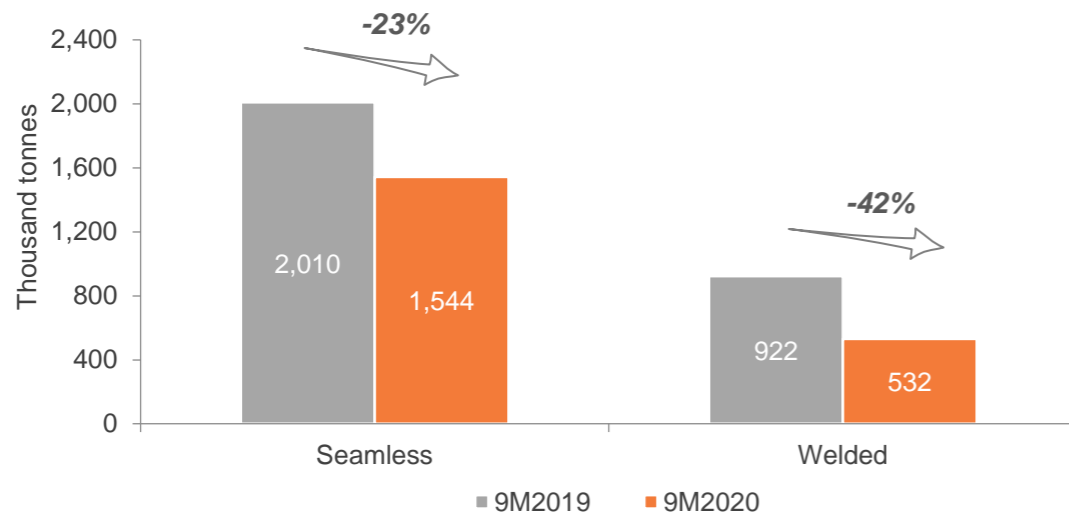
9M 2020 vs. 9M 2019 Sales by Division and Product Group

Sales by division



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



Appendix – Summary Financial Accounts

Key Consolidated Financial Highlights



	(RUB mln) ^(a)		(US\$mIn) ^(a)		
	2019	2018	2019	2018	2017
Revenue	308,378	319,399	4,767	5,099	4,394
Adjusted EBITDA^(b)	44,138	44,052	688	700	605
Adjusted EBITDA Margin ^(b) (%)	14%	14%	14%	14%	14%
Profit (Loss)	3,946	2,142	66	0	30
Net Profit Margin (%)	1%	1%	1%	0%	1%
Pipe Sales ('000 tonnes)	3,828	3,989	3,828	3,989	3,784
Average Net Sales/ tonne ^(c)	0,081	0,080	1,245	1,278	1,162
Cash Cost per tonne ^(d)	0,061	0,061	941	981	862
Cash Flow from Operating Activities	38,008	32,876	598	510	312
Capital Expenditure ^(e)	14,183	17,175	219	273	236
Total Debt ^(f)	182,845	199,180	3,006	2,867	3,239
Net Debt ^(f)	151,718	169,233	2,503	2,437	2,688
Short-term Debt/Total Debt	45%	31%	45%	31%	18%
Net Debt/Adjusted EBITDA	3.44x	3.84x	3.64x	3.48x	4.4x

Source: TMK Consolidated Financial Statements for 2019, 2018, 2017

(a) IFRS financials figures were rounded for the presentation's purposes. Minor differences with FS may arise due to rounding

(b) Adjusted EBITDA represents profit/(loss) for the period excluding finance costs and finance income, income tax (benefit)/expense, depreciation and amortisation, foreign exchange (gain)/loss, impairment/ (reversal of impairment) of non-current assets, movements in allowances and provisions (except for provisions for bonuses), (gain)/loss on disposal of property, plant and equipment, (gain)/loss on changes in fair value of financial instruments, share of (profit)/loss of associates and other non-cash, non-recurring and unusual items.

(c) Sales include other operations and is calculated as Revenue divided by sales volumes tonnes

(d) Cash Cost per Tonne is calculated as Cost of Sales less Depreciation & Amortisation divided by sales volumes

(e) Purchase of PP&E investing cash flows

(f) Total Debt represents loans and borrowings less interest payable; Net Debt represents Total debt less cash and cash equivalents and short-term financial investments

Income Statement



	(RUB mln)		(US\$mIn)		
	2019	2018	2019	2018	2017
Revenue	308,378	319,399	4,767	5,099	4,394
Cost of sales	246,736	261,915	(3,807)	(4,183)	(3,521)
Gross Profit	61,642	57,484	959	916	872
Selling and Distribution Expenses	(15,372)	(14,377)	(237)	(231)	(261)
General and Administrative Expenses	(17,849)	(15,767)	(276)	(250)	(231)
Advertising and Promotion Expenses	(616)	(456)	(10)	(7)	(7)
Research and Development Expenses	(386)	(451)	(6)	(7)	(11)
Other Operating Expenses, Net	(1,520)	(1,417)	(23)	(22)	(34)
Foreign Exchange Gain / (Loss)	2,098	(4,644)	32	(72)	28
Finance Costs, Net	(15,113)	(15,081)	(218)	(232)	(268)
Other	(6,857)	(0,287)	(124)	(50)	(10)
Income / (Loss) before Tax	6,027	5,004	97	45	78
Income Tax (Expense) / Benefit	(2,081)	(2,862)	(32)	(45)	(48)
Net Income / (Loss)	3,949	2,142	66	(0)	30

Source: TMK Consolidated Financial Statements for 2019, 2018, 2017

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.

Statement of Financial Position



	(RUB mln)		(US\$mIn)		
	2019	2018	2019	2018	2017
ASSETS					
Cash and Cash Equivalents	21,899	27,221	354	392	491
Accounts Receivable	65,910	61,005	1,065	878	871
Inventories	56,281	74,074	909	1,066	1,121
Prepayments	9,845	7,028	159	101	139
Other Financial Assets	826	28	28	13	0
Total Current Assets	155,700	170,217	2,515	2,450	2,624
Total Non-current Assets	138,692	177,446	2,240	2,554	2,913
Total Assets	352,182	347,663	5,689	5,004	5,537
LIABILITIES AND EQUITY					
Accounts Payable	51,782	51,655	836	744	950
ST Debt	83,244	62,949	1,345	906	610
Other Liabilities	19,610	24,018	317	345	178
Total Current Liabilities	154,636	138,622	2,498	1,995	1,738
LT Debt	100,625	137,423	1,625	1,978	2,725
Deferred Tax Liability	4,227	6,365	68	92	82
Other Liabilities	27,713	8,456	448	121	59
Total Non-current Liabilities	132,565	152,244	2,141	2,191	2,866
Equity	53,595	56,797	866	818	933
Including Non-Controlling Interest	3,048	3,249	49	47	50
Total Liabilities and Equity	352,182	347,663	5,689	5,004	5,537
Net Debt	151,718	169,233	2,503	2,437	2,688

Source: TMK Consolidated Financial Statements for 2019, 2018, 2017

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.

Cash Flow



	(RUB mln)		(US\$mIn)		
	2019	2018	2019	2018	2017
Profit / (Loss) before Income Tax	6,027	5,004	97	45	78
<i>Adjustments for:</i>					
Depreciation and Amortisation	13,043	16,473	205	268	263
Net Finance Cost	13,282	16,765	218	232	268
Others	10,487	13,384	145	137	(260)
Working Capital Changes	(0,203)	(8,538)	1	(145)	(253)
Cash Generated from Operations	42,636	43,088	666	537	349
Income Tax Paid	(4,425)	(1,674)	(69)	(27)	(38)
Net Cash from Operating Activities	38,008	32,876	598	510	312
Capex	(14,183)	(17,175)	(219)	(273)	(236)
Acquisitions	-	-	-	-	1
Others	(9,308)	1,077	(145)	18	-
Net Cash Used in Investing Activities	(23,491)	(16,098)	(364)	(255)	(235)
Net Change in Borrowings	(3,312)	(2,040)	(50)	(46)	318
Others	(14,776)	(18,666)	(217)	(305)	(197)
Net Cash Used in Financing Activities	(18,088)	(20,706)	(267)	(351)	121
Net Foreign Exchange Difference	(1,526)	2,857	(1)	(4)	17
Cash and Cash Equivalents at Jan 1	27,221	28,292	392	491	277
Cash and Cash Equivalents at YE	22,124	27,221	357	392	491

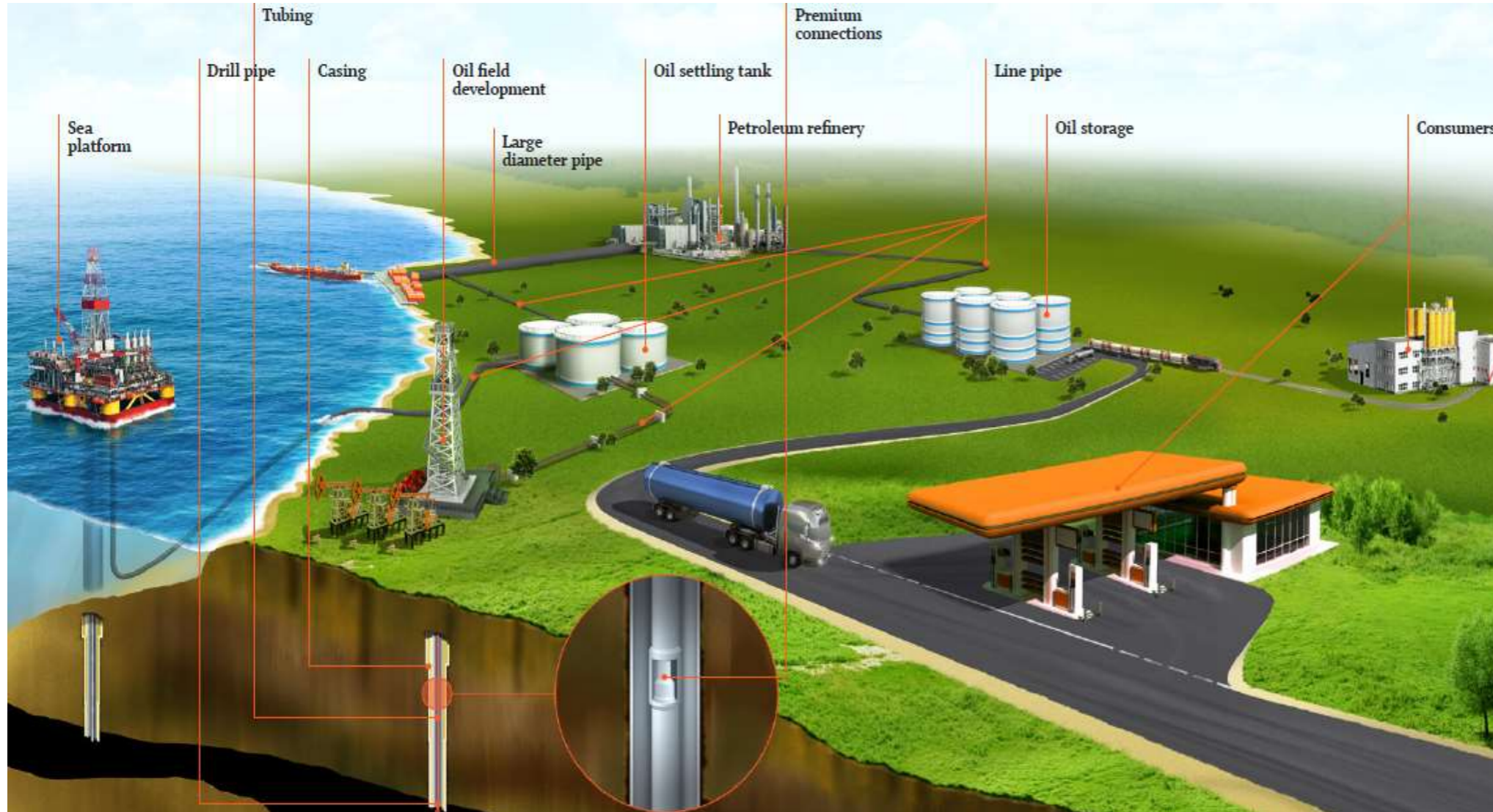
Note: Certain monetary amounts, percentages and other figures included in this presentation are subject to rounding adjustments. Totals therefore do not always add up to exact arithmetic sums

Source: TMK Consolidated Financial Statements for 2019, 2018, 2017



Appendix – TMK Products

Utilisation of TMK Pipe Products in Oil and Gas Industry



- **OCTG** – Oil Country Tubular Goods (drilling, casing, tubing) used for oil & gas exploration, well fixing and oil & gas production
- **Line pipe** – used for short distance transportation of crude oil, oil products and natural gas
- **LDP** - large diameter pipe used for construction of trunk pipeline systems for long distance transportation of natural gas, crude oil and petroleum products

Wide Range of Products and Services



Seamless



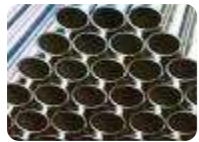
OCTG

Threaded pipes for the oil and gas industry including drill pipe, casing and tubing.



Line Pipe

The short-distance transportation of crude oil, oil products and natural gas.



Industrial

Automotive, machine building, and power generation sectors.

Welded



Line Pipe

The short-distance transportation of crude oil, oil products and natural gas.



Large-Diameter

Construction of trunk pipeline systems for the long distance transportation of natural gas, crude oil and petroleum products.



Industrial

Wide array of applications and industries, including utilities and agriculture.

Premium Threads



Premium Connections (TMK UP)

Premium connections are proprietary value-added products used to connect OCTG pipes and are used in sour, deep well, off-shore, low temperature and other high-pressure applications.

Oilfield Services

Well equipment precision manufacturing, tools' rental, supervising, inventory management, threading and coating services.





- Gas wells
- Higher pressure
- Steam-Assisted Gravity Drained (SAGD)
- Offshore
- When casing is rotated and pushed into place
- Oil wells with high gas-oil ratio

Solutions for complex projects

- Kirinskoye Gas and Condensate Field
- Prirazlomnoye Oil Field
- Yamal LNG, Sakhalin II
- Yuzhno-Kirinskoye Gas and Condensate Field
- Kovyktinskoye gas and condensate field
- Chayandinskoye oil, gas and condensate field
- Offshore projects of the Caspian Sea

Lite Series



Higher resistance to torque for casing while drilling and rotating.

Classic Series



Easy and reliable make-up.

Professional Series



Ability to withstand high tension, compression and bending loads at excessive internal and external pressure.

Special Series



For complex operations: deviated wells; conductor pipe; SAGD wells.

Pipes with premium connections are designed for O&G wells developed in challenging exploration and production conditions, including offshore, deep-sea and Far North locations, as well as for horizontal and directional wells

High-tech OCTG Pipe Decisions for Oil & Gas Industry



**TMK UP™
CWB**



**TMK UP™
Magna**



**TMK UP™
GF**



**TMK UP™
FMC**



**TMK UP™
FMT**



**TMK UP™
PF**

CAL IV



**TMK UP™
PF ET**

CAL IV




**TMK UP™
CENTUM**

CAL IV



- Onshore and offshore fields
- High H₂S and CO₂ concentrations
- High temperatures
- Arctic environment

- Horizontal and directional drilling
- Drilling with casing
- Steam-Assisted Gravity Drainage (SAGD)
- GREENWELL lubricant-free connections 

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