



Financial Presentation

9M 2020 IFRS Results

December 7, 2020



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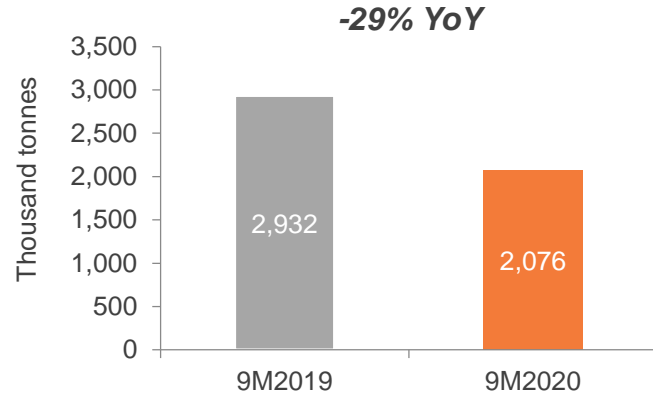
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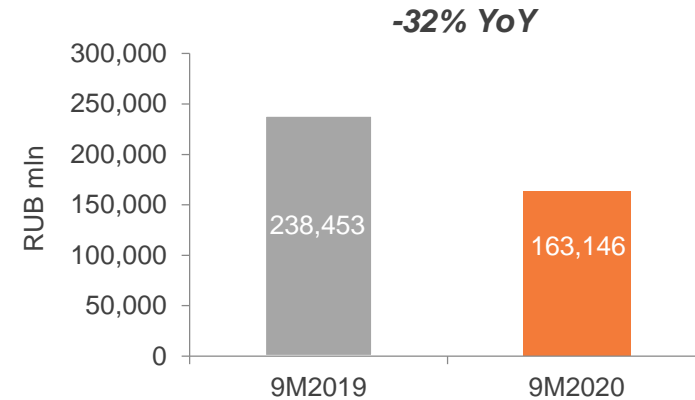


9M 2020 vs. 9M 2019 Summary Financial Highlights

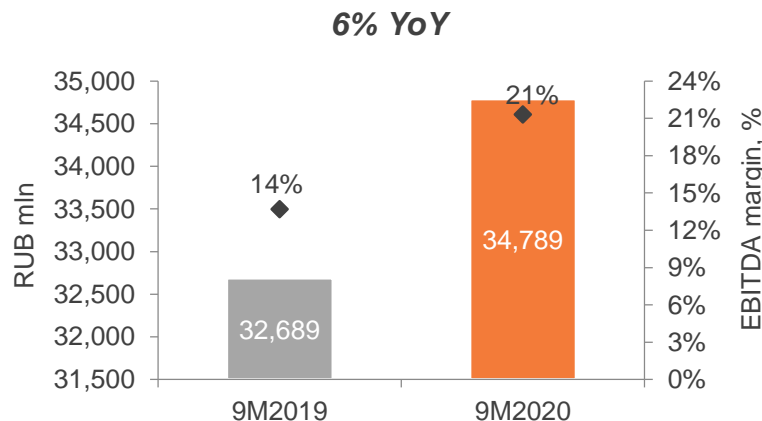
Sales declined YoY, reflecting the disposal of the American division and lower sales at the Russian and European divisions



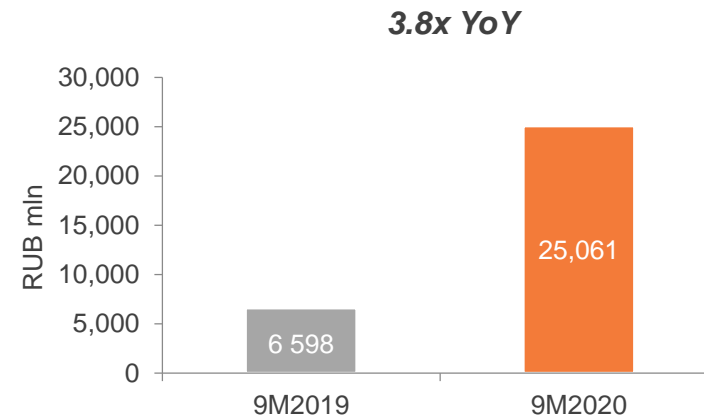
Revenue declined YoY, reflecting the disposal of the American division and a weaker performance at the Russian and European divisions



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

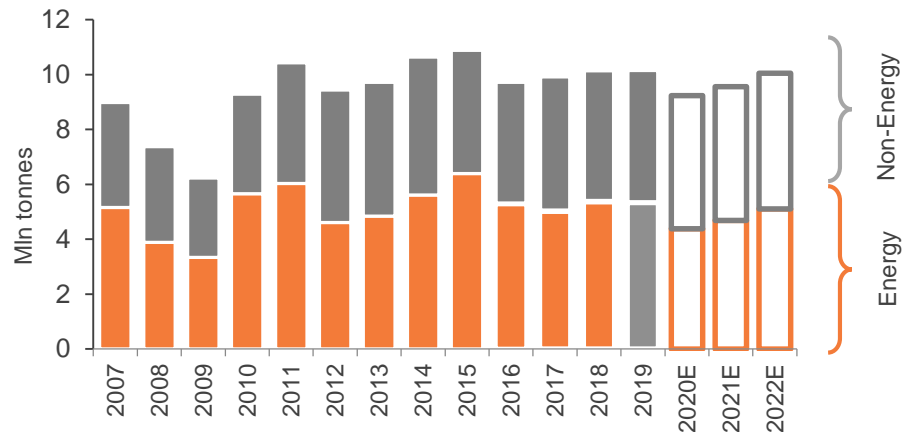


Source: TMK data



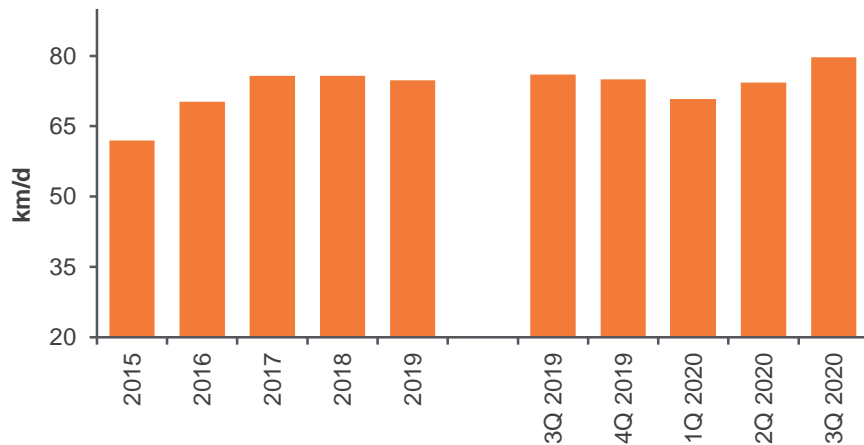
Russian Market Overview

Russian pipe market



Source: TMK estimates

Russian drilling activity remains robust



Source: CDU TEK

Key considerations

3Q 2020 vs. 2Q 2020

- In 3Q 2020, the Russian pipe market grew by 14% quarter-on-quarter. Higher demand for industrial pipe and increased shipments of large diameter pipe were offset by a decline of the OCTG pipe market, following slower purchasing activity by the oil and gas companies, due to the active drilling season, and OPEC oil production cuts. The share of horizontal drilling slightly declined to 49% in 3Q 2020 compared to 51% in 2Q 2020.
- In 3Q 2020, conditions in the European pipe market remained challenging, due to a lower demand for pipes from major pipe-consuming industries, a build-up of pipe inventories with final customers and continued pressure on pipe prices.

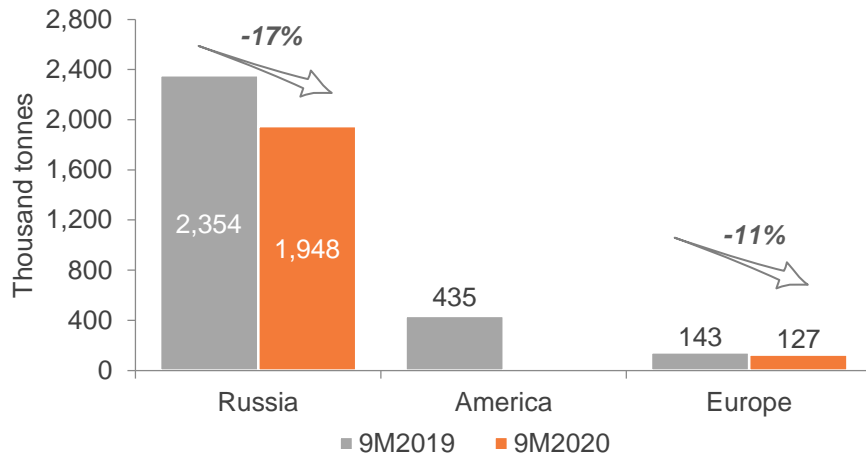
9M 2020 vs. 9M 2019

- The Russian pipe market declined by 11% year-on-year, predominantly reflecting lower shipments of large diameter pipe. Deceleration in drilling activity and a slightly lower share of horizontal drilling (50% in 9M 2020 compared to 53% in 9M 2019) resulted in some decline in the total OCTG pipe market volume.
- In 9M 2020, the European pipe market experienced a steep decline in consumption from key pipe-consuming industries resulting from COVID-19 lockdowns.



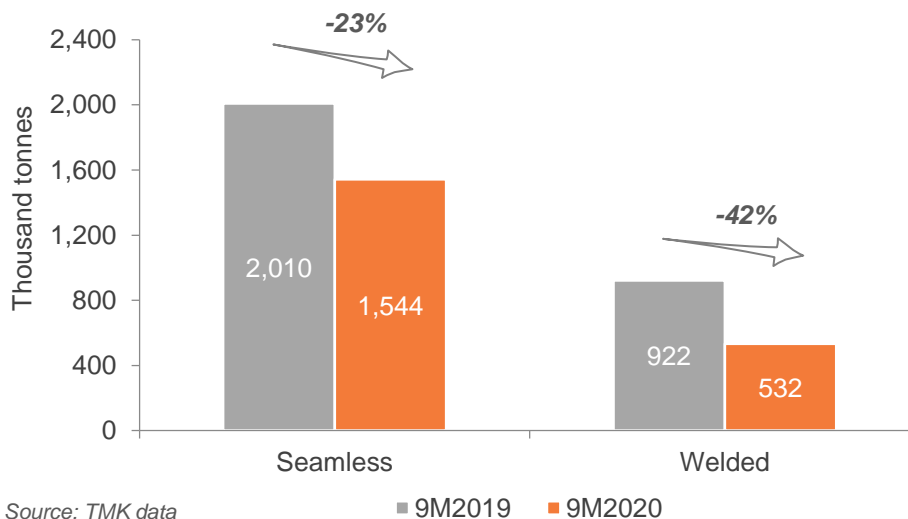
9M 2020 vs. 9M 2019 Sales by Division and Product Group

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



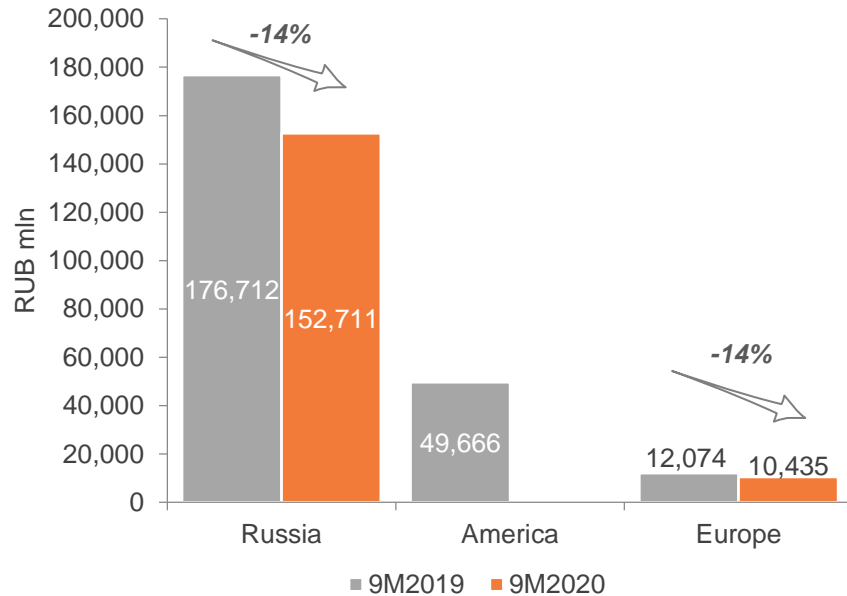
- Seamless pipe volumes decreased YoY, due to the disposal of the American division, lower sales of OCTG at the Russian division and weaker sales of industrial pipe at the European division
- Welded pipe sales decreased YoY, due to the disposal of the American division and lower sales of large diameter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

Source: TMK data



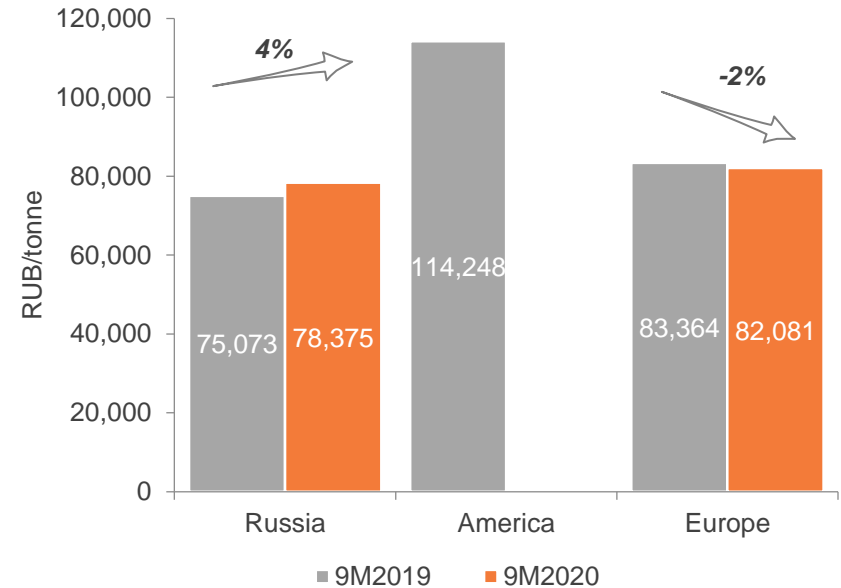
9M 2020 vs. 9M 2019 Revenue by Division

Revenue



- Revenue at the Russian division decreased YoY. Lower revenues resulted from weaker sales of OCTG, reflecting a challenging global economic environment, 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 and pressure on prices. This 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 YoY, due to a more favourable sales mix
- European division revenue per tonne declined YoY, due to an unfavourable pricing environment

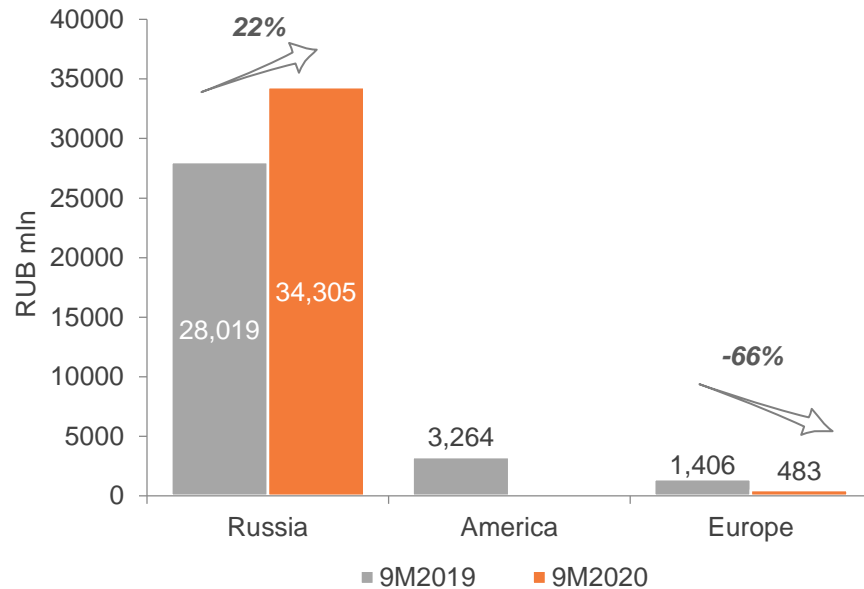
Source: Consolidated IFRS financial statements, TMK data

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.

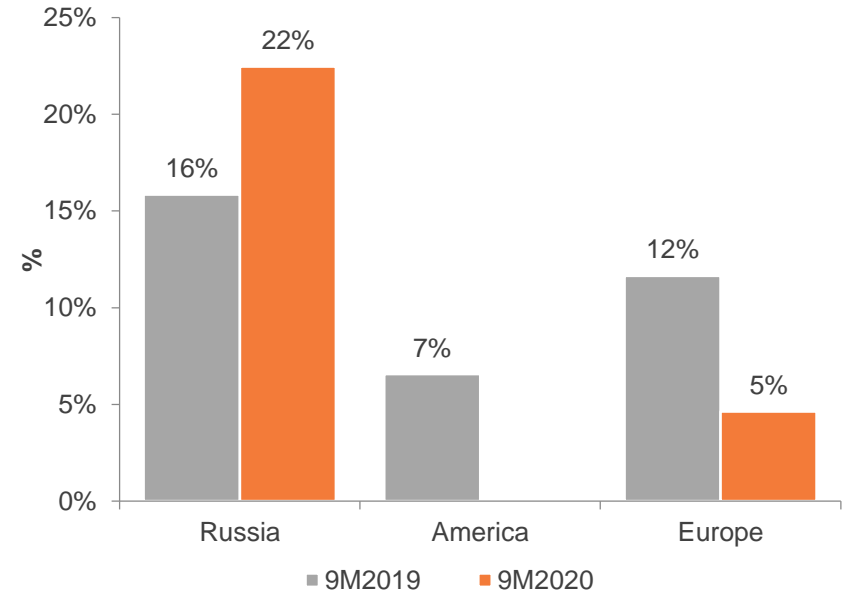


9M 2020 vs. 9M 2019 Adjusted EBITDA by Division

Adjusted EBITDA



Adjusted EBITDA margin



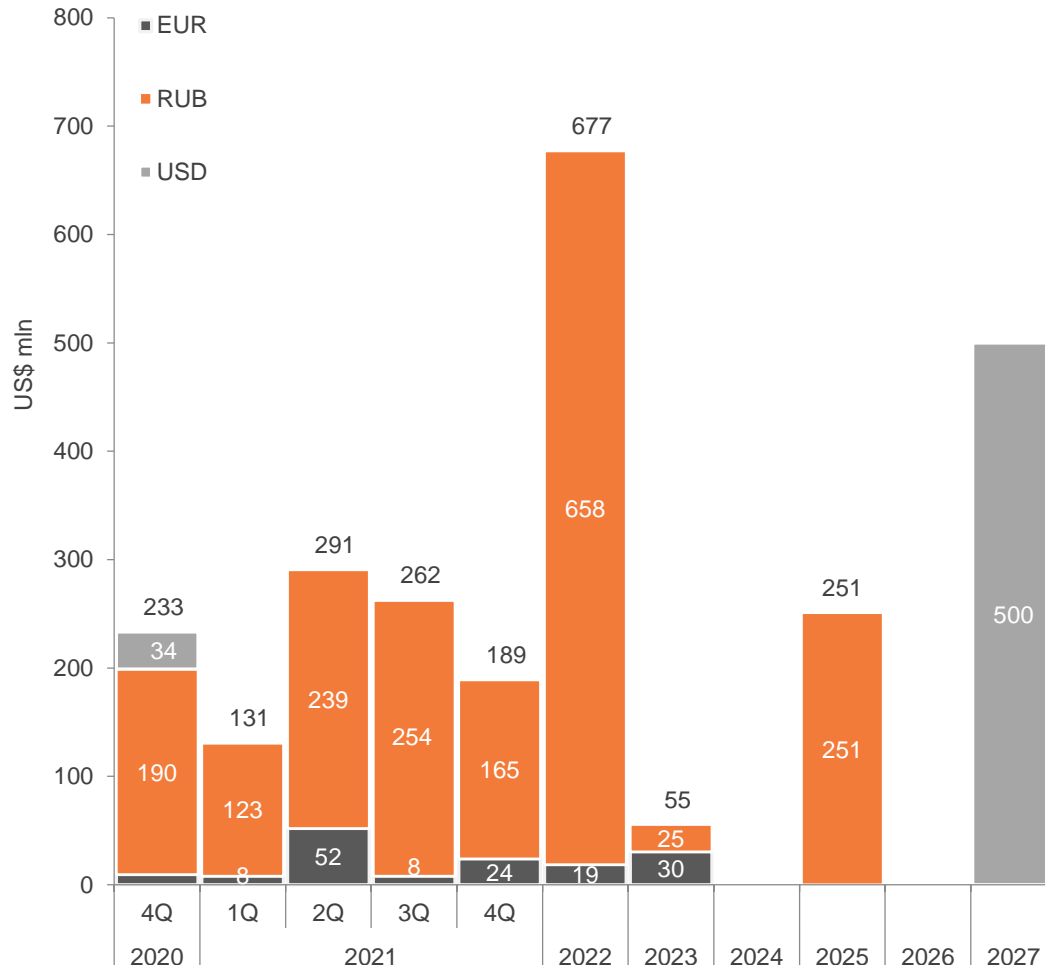
- Adjusted EBITDA in the Russian division increased YoY, supported by the Company's measures to adapt to the current macroeconomic conditions, a focus on the development and promotion of our high-tech products, as well as by a foreign exchange gain from operations
- European division Adjusted EBITDA was down, due to the deterioration of demand and lower prices
- Russian division Adjusted EBITDA margin was up 7 p.p. YoY
- European division Adjusted EBITDA margin declined YoY, due to the deterioration of demand and lower prices

Source: Consolidated IFRS financial statements, TMK data

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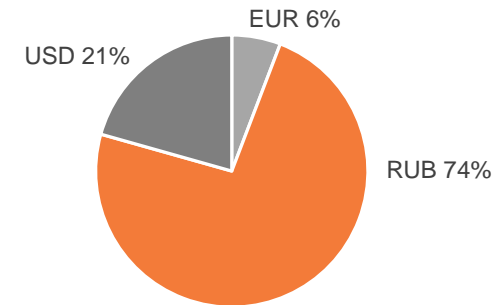


Debt Maturity Profile as at September 30, 2020



- 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

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* At the rate of the Central Bank of Russia as at September 30, 2020 (USD/RUB = 79.6845)



4Q 2020 outlook

- The Group expects demand for OCTG pipe from Russian oil and gas companies to remain stable until the end of the year.
- In Europe, the demand for industrial pipe may be negatively impacted by deteriorated market conditions, resulting from new COVID-19 lockdowns.
- Overall, the Group expects FY 2020 EBITDA to be generally in line with FY 2019 EBITDA.



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