



Financial Presentation

12M 2020 IFRS Results

March 5, 2021



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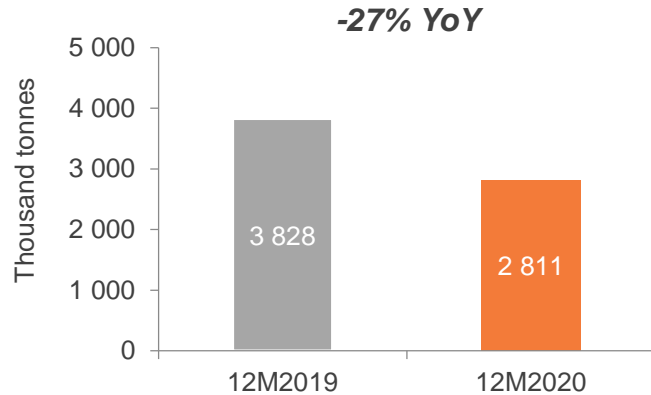
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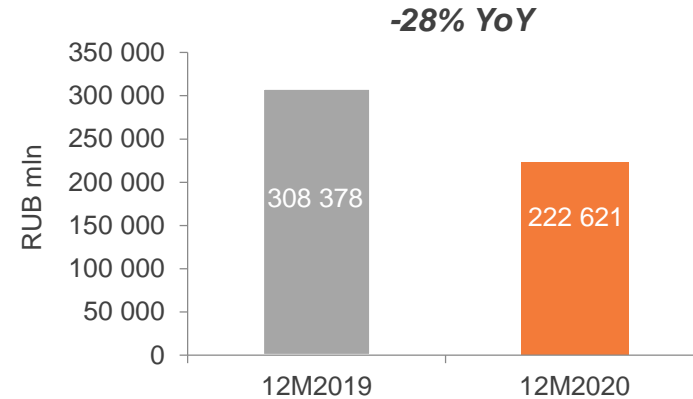


12M 2020 vs. 12M 2019 Summary Financial Highlights

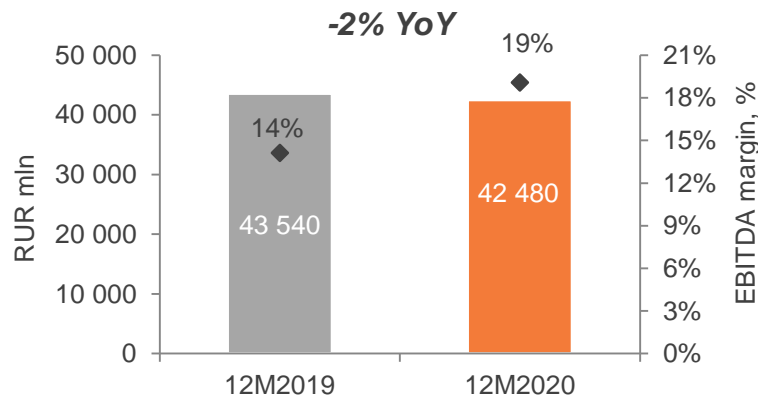
Sales declined YoY, reflecting the disposal of the American division and weaker sales, due to adverse conditions in key sales markets, especially export markets



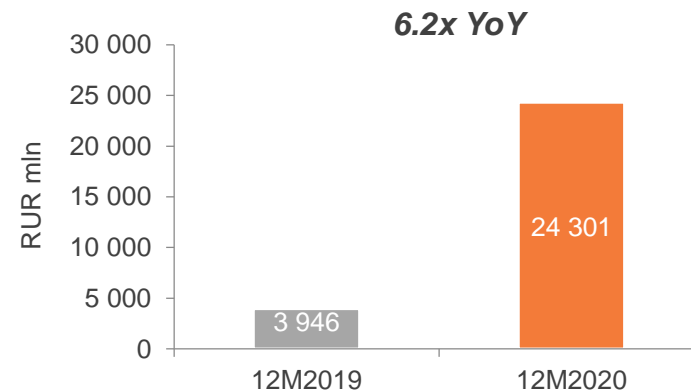
Revenue declined YoY, reflecting the disposal of the American division and the economic recession caused by the COVID-19 pandemic



Adjusted EBITDA slightly declined YoY, EBITDA margin improved from 14% in FY 2019 to 19% in FY 2020



Net profit increased YoY, mainly due to the gain on disposal of subsidiaries recorded in 12M 2020

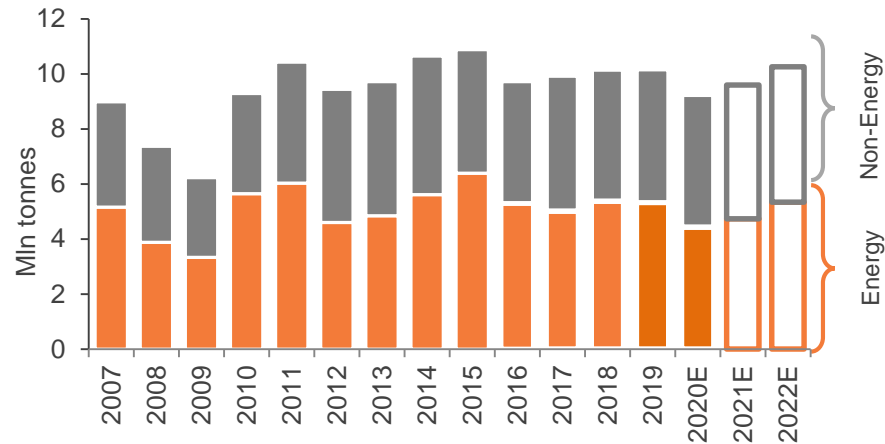


Source: TMK data



Russian Market Overview

Russian pipe market



Source: TMK estimates

Russian drilling activity remains robust



Source: CDU TEK

Key considerations

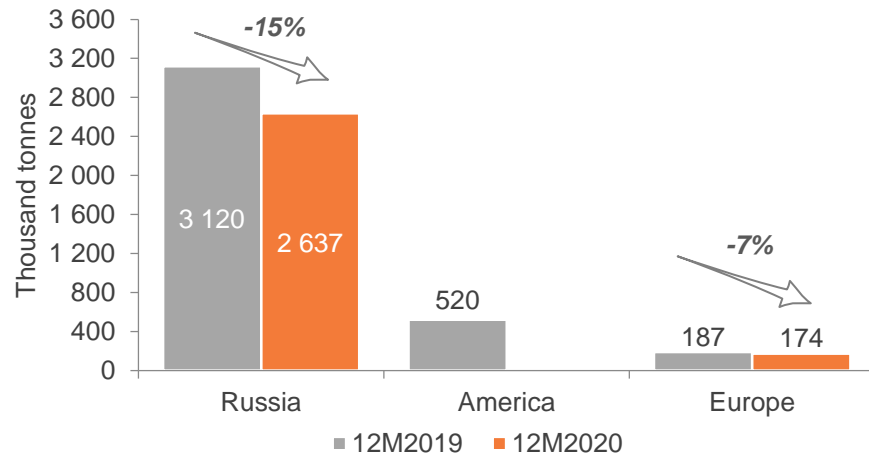
12M 2020 vs. 12M 2019

- The Russian pipe market declined compared to 2019, predominantly reflecting lower shipments of large diameter pipe. A deceleration in drilling activity and a lower share of horizontal drilling (50% in 12M 2020 compared to 53% in 12M 2019) resulted in some decline in total OCTG pipe market volumes.
- In 12M 2020, the European pipe market experienced a significant decline in consumption from key industries resulting from the drop in business activity caused by the COVID-19 pandemic and related lockdowns.



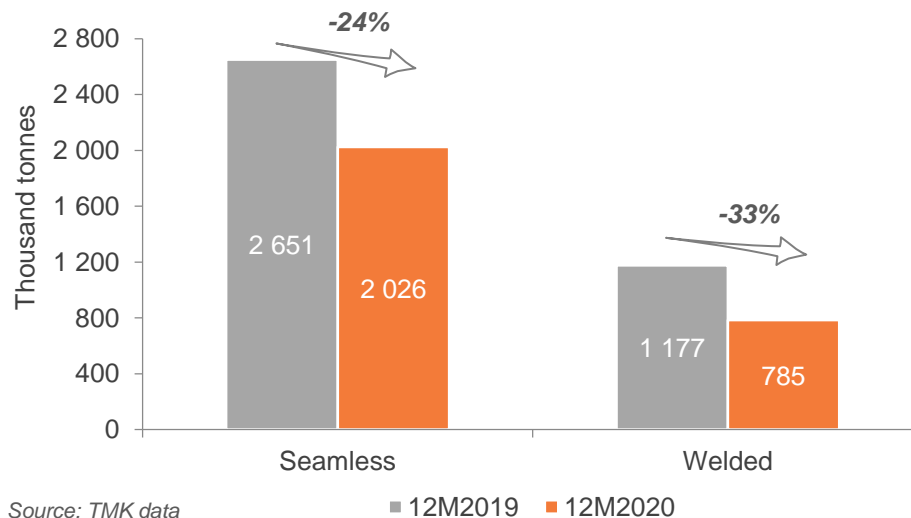
12M 2020 vs. 12M 2019 Sales by Division and Product Group

Sales by division



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

Sales by product group



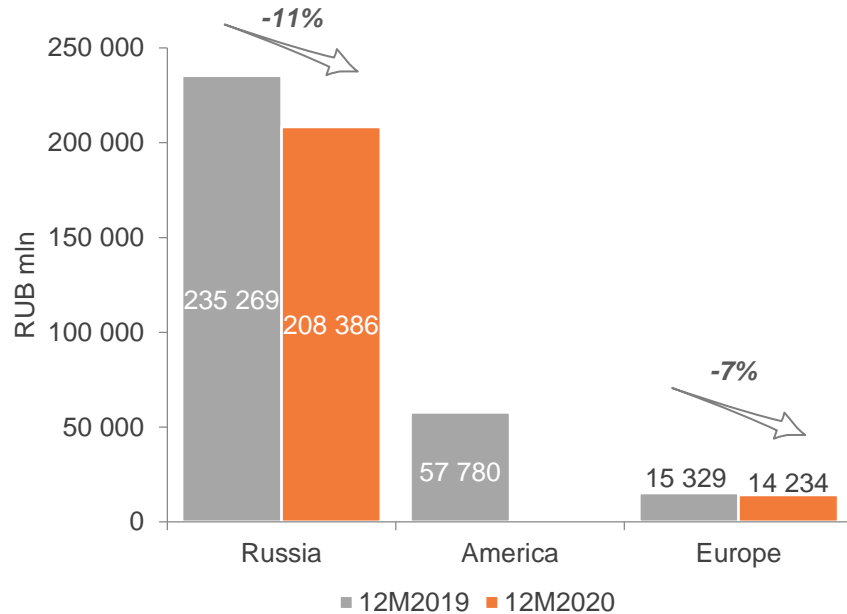
- Seamless pipe volumes decreased YoY, reflecting the disposal of the American division, lower sales of OCTG and line pipe at the Russian division and weaker sales of industrial pipe at the European division
- Welded pipe sales decreased YoY, due to the disposal of the American division and lower sales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

Source: TMK data



12M 2020 vs. 12M 2019 Revenue by Division

Revenue

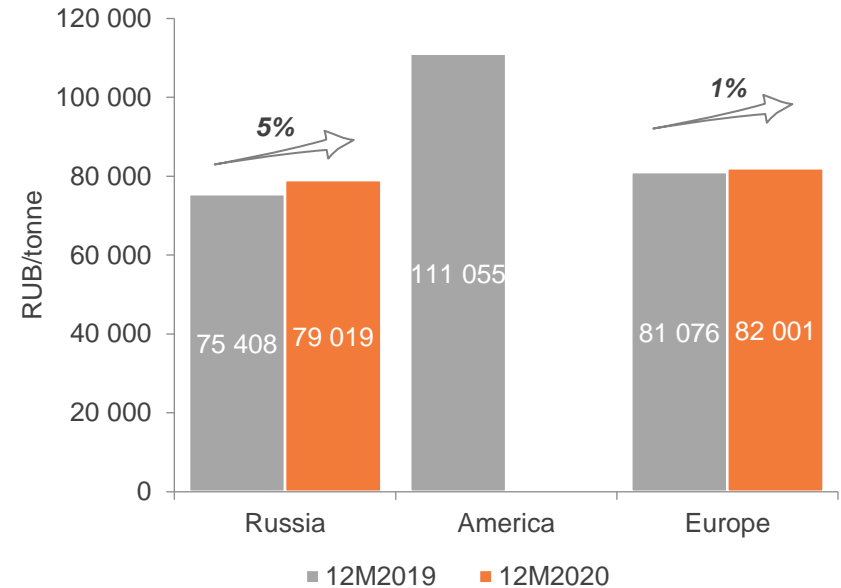


- Revenue at the Russian division decreased YoY, due to weaker sales, reflecting adverse conditions in key sales markets, especially export markets
- Revenue at the European division declined YoY, due to lower demand from key pipe-consuming industries, which reflected a drop in activity, caused by the COVID-19 pandemic and lockdowns, which also put pressure on prices. This negative impact was partially offset by a positive foreign currency translation effect

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.

Revenue per tonne*



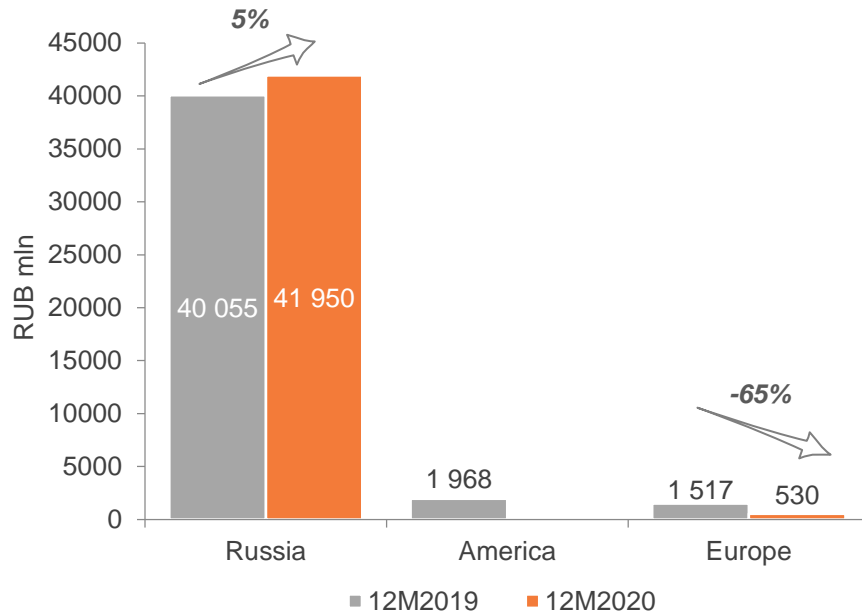
* Revenue per tonne for the Russian and American divisions is calculated as total revenue divided by pipe sales. Revenue for the European division is calculated as total revenue divided by pipe+billets sales

- Russian division revenue per tonne increased YoY, due to a more favourable sales mix
- European division revenue per tonne slightly increased YoY, due to a lower share of steel billets in the product mix

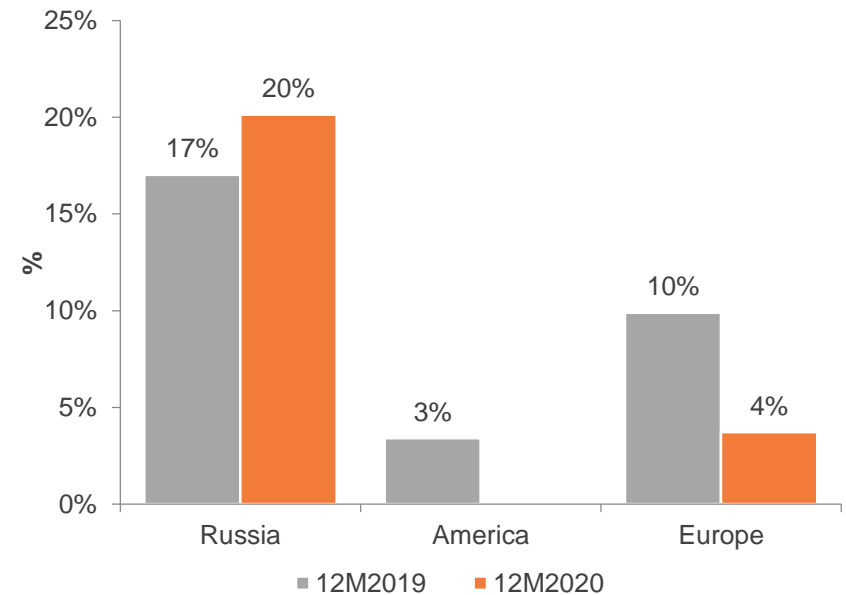


12M 2020 vs. 12M 2019 Adjusted EBITDA by Division

Adjusted EBITDA



Adjusted EBITDA margin



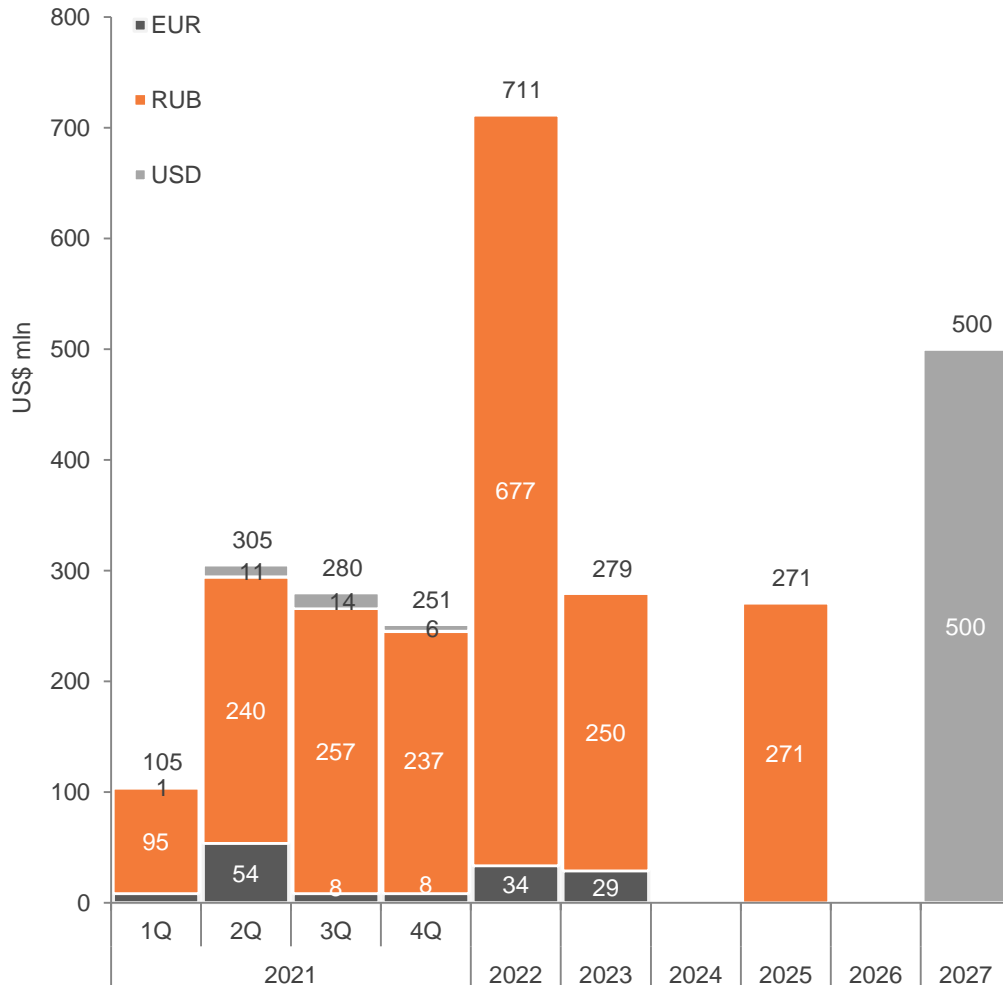
- Adjusted EBITDA in the Russian division increased YoY. A lower gross profit, impacted by an unfavourable market situation, and higher other operating expenses were offset by a foreign exchange gain from operations, recorded in FY 2020
- European division Adjusted EBITDA was down, due to the deterioration of demand and lower gross profit
- Russian division Adjusted EBITDA margin was up 3 p.p. YoY, due to an improved sales mix, with a higher share of seamless products, including seamless OCTG pipes with premium connections
- European division Adjusted EBITDA margin declined YoY, due to the deterioration of demand and lower gross profit

Source: Consolidated IFRS financial statements, TMK data

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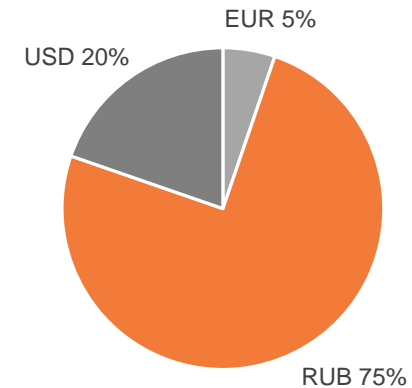


Debt Maturity Profile as at December 31, 2020



- Total debt⁽¹⁾ amounted to RUB 199.1 billion (\$2.7 billion*) as at December 31, 2020
- Net debt⁽²⁾ amounted to RUB 98.7 billion (\$1.3 billion*) as at December 31, 2020
- The weighted average nominal interest rate reduced by 88 bps compared to the end of 2019 to 6.07% as at the end of 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.

(1) Total debt is calculated as loans and borrowings less interest payable

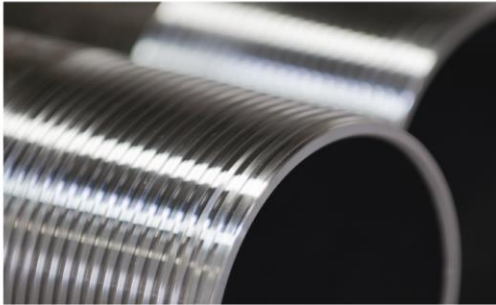
(2) Net debt is calculated as total debt net of cash and short-term financial investments

* At the rate of the Central Bank of Russia as at December 31, 2020 (USD/RUB = 73.8757)



2021 outlook

- The Group expects demand for OCTG pipe from Russian oil and gas companies to remain stable, supported by the continued development of their existing and new projects, as well as the increased complexity of hydrocarbon production in Russia.
- The Group expects consumption of industrial pipe in the European market to recover gradually after the lifting of major COVID-19 lockdowns and stimulated by government measures to support industrial companies in the eurozone countries.
- The Group expects TMK's revenues to increase by up to 20% in 2021 based on the anticipated market recovery.



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