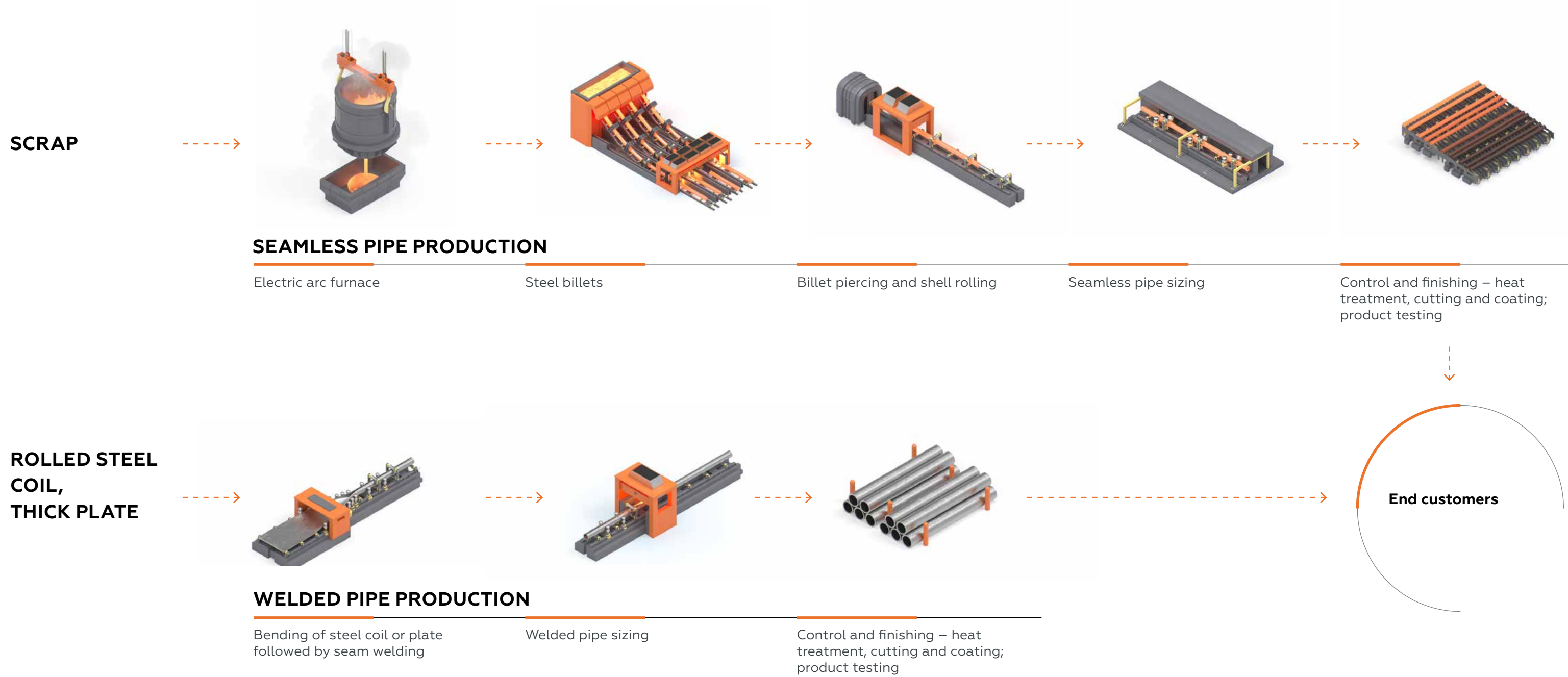


VALUE CHAIN

TMK is a vertically integrated steel pipe manufacturer.



The Company is more than 90% self-sufficient in steel billets for seamless pipe. With its own steel billet production capacity, TMK is less reliant on third-party suppliers and is therefore better positioned to control the costs of finished products and ensure the quality of steel used in the manufacture of its tubular products.

Three of TMK's four Russian pipe plants have their own steelmaking facilities and manufacture steel billets for seamless pipe. Although Sinarsky Pipe Plant does not have a steelmaking capacity, 80% of its steel billet needs are covered by three TMK Group plants (Volzhsky Pipe Plant, Seversky Pipe Plant and TAGMET) and the rest – by the largest Russian metallurgical companies.

The European division's steel billet production capacity is represented by TMK-RESITA in Romania, which supplies almost all of its billets to the TMK-ARTROM plant given its relative proximity.

To supply scrap to its smelters at TMK's Russian plants, the Company partners with major scrap companies, purchasing most of its scrap on the spot market.

14%

TMK's share in the global seamless OCTG market

Three of TMK's four Russian pipe plants have their own steelmaking facilities and manufacture steel billets for seamless pipe

Currently, the main suppliers of raw materials for TMK's welded pipe production are:

- steel plate – MMK, Severstal, Salzgitter, Ural Steel and Nippon Steel & Sumitomo Metal Corporation
- hot rolled coil – MMK, NLMK, Severstal and ArcelorMittal Temirtau.

Plates and coils are supplied mainly under agreements for one to three years, renewable annually. If an agreement provides for a long-term and large supply volumes of LDP, rolled sheets are purchased under additional agreements fixing the price, volume and delivery timeline. Otherwise, rolled sheets are supplied at market prices.

