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EXECUTIVE
OVERVIEW

We are one of the world's leading producers of steel pipes for the oil and gas industry, a global company with extensive network of production facilities, sales companies and representative offices.

The principal activities of our company are the production and distribution of seamless and welded pipes, including pipes with the entire range of premium connections backed by extensive technical support.

Our plants produce almost the entire range of existing pipes used in the oil-and-gas sector, the chemical and petrochemical industries, energy and machine-building, construction and municipal housing, shipbuilding, aviation and aerospace, and agriculture.

We created an up-to date technological complex based on advanced scientific research, manufacturing high-quality competitive products.

Our operations are geographically diversified with manufacturing facilities in Russia, the United States, Canada, Romania, Kazakhstan and the Sultanate of Oman. We operate R&D centers in Russia and the U.S. Our global market presence is supported by a wide distribution network. In 2014, we delivered 59% of our tubular products to our customers located in Russia and 28% in North America. We estimate our share on global market of seamless OCTG at 10%.

We are the largest exporter of pipes in Russia. Exports of pipes produced by our Russian plants accounted for 14% of our total sales in 2014.

In 2014, we sold 4,402 thousand tonnes of steel pipes. Seamless pipes comprised 58% of our sales volumes. Sales of seamless and welded OCTG reached 1,948 thousand tonnes, a 7% year-on-year increase, sales of LD pipe grew by 6% year-on-year to 468 thousand tonnes.

Our total consolidated revenue decreased by 7% to \$6,009 million as compared to 2013. Adjusted EBITDA declined to \$804 million as compared to \$952 million in the previous year. Adjusted EBITDA* margin decreased to 13% from 15% in 2013.

In 2014 sales of seamless and welded OCTG increased

by 7% YoY

* Adjusted EBITDA —
See «Selected financial data»