OMK MILESTONES

1992
OMK Founded

1997
OMK acquires Chusovoy Metallurgical Works

1999
Vyksa Steel Works acquired by OMK

2002
OMK acquires Almetyevsk Pipe Mill

2005
OMK commissions Russia’s first mill to make main line pipe with diameters of up to 1,420 mm and gage of up to 48 mm

2008
OMK builds Integrated Casting and Rolling Facility, the first steel mill in the country’s recent history

2011
VSW commissions Wide Plate Mill 5000, a one-of-a-kind mill to roll steel plate

2013
Blagoveshchensk Valve Plant acquired by OMK

2006
Trubodetal Facility acquired by OMK
OMK MILESTONES

SINCE 2004 OMK HAS PUT OUT:

LARGE-DIAMETER PIPE

> 11 MILLION TONS

OTHER PIPE PRODUCTS*

> 22 MILLION TONS

TRAIN WHEELS

> 8 MILLION PCS

AUTOMOTIVE SPRINGS

> 700 THOUSAND TONS

OMK HAS THE MOST IMPRESSIVE PORTFOLIO OF WORLD-CLASS OFF-SHORE PROJECTS:

1. NORD STREAM 1
2. NORD STREAM 2**
3. TURK STREAM**
4. BAYDARATSKAYA BAY
5. DJUBGA-LAZAREVSKOYE-SOCHI
6. SAKHALIN-KHABAROVSK-VLADIVOSTOK
7. VARANDEY OIL TERMINAL

* Including large-diameter pipe
** Ongoing projects
The United Metallurgical Company (OMK) is a high-tech integrated manufacturer of steel, rolled goods, pipe, pipeline valves and fittings as well as train wheels and automotive springs.

Our products help transport energy, cargo, and people safely and efficiently.

OMK’s strategic partners include Russian and international oil and gas, transportation, and engineering majors.

OMK product is exported to 30 countries. Its key market is Russia.
BASED ON 2016 RESULTS, OMK WAS RANKED FIRST DOMESTICALLY IN THE FOLLOWING PRODUCT CATEGORIES*: 

- **PIERCING FITTINGS**: 25% 
- **LARGE-DIAMETER PIPE**: 33% 
- **TRAIN WHEELS**: 49% 
- **AUTOMOTIVE SPRINGS**: 65%

OMK CONTRIBUTES SIGNIFICANTLY TO NATIONAL ECONOMIC GROWTH

We are the largest supplier of pipe to main gas pipeline projects and we fill half the engineering industry’s demand for train wheels and two thirds of the automotive demand for springs.

OMK is Europe’s No. 1 manufacturer of large-diameter pipe, train wheels, and automotive springs.

**OUR CUSTOMERS**

*All the data made public in this presentation, including market share, sales, production, etc., are the result of an OMK expert evaluation unless otherwise specified.
OMK’s integrated large-diameter pipe facilities were recognized by the Russian Union of Industrialists and Entrepreneurs (RUIE) as the country’s 2015 import substitution project of the year.

In 2016, 2015, 2013, and 2012, OMK was recognized as the best pipe supplier to the oil and gas industry based on a poll of some 30 companies in the sector, including Gazprom, Gazprom neft, Sibur Surgutneftegaz, and other energy industry leaders.

In 2017, Vyksa Steel Works was awarded the Toyota Bronze Medal for developing its production system and became the world’s first metal manufacturer to receive the award.

In 2017, VSW won the OAO RZD competition for best rolling stock quality and complex engineering systems in recognition of its high-tech low-stress wheels made of Grade T steel.

The Chusovoy Metallurgical Works won the Automotive Component of the Year award in 2015 and 2016.
AWARDS FOR CORPORATE SOCIAL RESPONSIBILITY

- OMK was awarded the RUIE 2016 Russian Business Leaders: Trends and Responsibility prize

- OMK became winner of the Corporate Charity Leadership competition and laureate of the Russian 2016 Citizenship Prize

- In 2016, OMK won the Corporate Charity Leadership award, a competition that is held annually by the Donor Forum, PwC, and the Vedomosty Daily

- The OMK program to develop volunteerism was named second in the category for contributors to corporate volunteerism of the 2016 National Champions of Good Deeds competition

- In 2017, OMK was awarded the Impulse for the Good Prize by the Our Future Foundation for Regional Social Programs in the RUIE category for the best corporate program for social business initiatives

- In 2013, OMK was awarded the Cultural Heritage National Prize for restoring the Batashev-Shepelev Estate in the town of Vyksa
OMK AROUND THE COUNTRY

OUR FACILITIES:
A PARAGON OF DYNAMIC GROWTH

Vyksa Steel Works
Blagoveshchensk Valve Plant
Trubodetal Facility
Almetyevsk Pipe Mill
Chusovoy Metallurgical Works

AVERAGE EMPLOYEE COUNT
pers.

23,747

26 27 26 25 23
331 892 353 327 747
REALIABLE SUPPLIER TO PIPELINE PROJECTS

OMK PIPE IS PART OF ALL MAJOR PIPELINES

OMK PIPE ACCOUNTS FOR UP TO A THIRD OF THE TOTAL AMOUNT IN MANY PROJECTS

- 2016 deliveries.

**Bovanenkovo ➔ Ukhta**

**Eastern Siberia ➔ Pacific**

**Southern Corridor**
- Pisarevka CS ➔ Russkaya CS

**Power of Siberia**
- Kovytinskoye Field ➔ Blagoveshchensk

**Sakhalin ➔ Khabarovsk ➔ Vladivostok**

**Ukhta ➔ Torzhok**

**Southern Corridor**

**Nord Stream**
- Vyborg ➔ Greifswald

**Nord Stream – 2**
- Ust-Luga ➔ Greifswald

**TurkStream**
- Anapa ➔ Kıyıköy

**Ukhta ➔ Torzhok – 2**

**Pipeline from Filanovsky Field**
- Field ➔ Kalmykiya

**TOTAL DELIVERED SINCE 2005**

**KTONS OF PIPE**

- **620**
- **570**
- **495**
- **470**
- **360**
- **340**
- **340**
- **155**
- **155**
- **130**
- **55**
PRODUCTION METRICS

LARGE-DIAMETER PIPE
Tons x 1,000

875

1,102

1,038

1,034

2015 2016

SMALL AND MEDIUM-DIAMETER PIPE
Tons x 1,000

1,102

1,034

2015 2016

PIPELINE CONNECTORS
Tons x 1,000

14

16

14

2015 2016

PIPELINE VALVES
Tons x 1,000

5

6.7

5

2015 2016
PRODUCTION METRICS

ICRF PRODUCTION (COILS AND SHEET METAL)
Tons x 1,000

1,213

2015 2016

CASING
Tons x 1,000

280

2015 2016

SHAPED PIPE
Tons x 1,000

232

2015 2016
**PRODUCTION METRICS**

**TRAIN WHEELS**
Pcs x 1,000

342

**AUTOMOTIVE SPRINGS**
Tons x 1,000

48
**FINANCIAL RESULTS**

**REVENUE STREAM STRUCTURE**
% (2016)

- Large-Diameter Pipe Business Unit: 44
- Oil and Gas Line Pipe Business Unit: 32
- Train Wheel Business Unit: 5
- Almetyevsk Pipe Mill: 5
- Trubodetal Facility: 5
- Chusovoy Metallurgical Works: 4
- Blagoveshchensk Valve Plant: 2
- Miscellaneous: 3

**REVENUE**
Rub (billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
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<tr>
<td></td>
<td>112</td>
<td>105</td>
<td>129</td>
<td>161</td>
<td>140</td>
</tr>
</tbody>
</table>
OMK IS LOOKING TO BECOME A SUPPLIER OF INTEGRATED SOLUTIONS TO THE OIL AND GAS SECTOR

EFFICIENT INTEGRATED PRODUCTION

INTEGRATED OFFERING

UNIQUE BUSINESS MODEL

STRATEGIC THRUSTS

- Improved Operating Efficiency
- Maintaining Position in and Revenue Streams from Traditional Segments
- Expanding Product Offering, Expanding into New Segments
- Digital Transformation of Production Processes and Management
- New Projects in Partnership with Other Companies
PRODUCTION SYSTEM
(IMPROVED OPERATING EFFICIENCY)

SINCE THE 2000s, OMK HAS BEEN DEVELOPING ITS PRODUCTION SYSTEM: LEAN PRODUCTION AFTER THE TOYOTA MODEL*

- VSW is the world’s first steel mill to be recognized with a Bronze Medal for developing its production system using Toyota’s principles.

- In 2017, VSW earned 3.11 points on the GBM (Global Benchmarking) system which is equivalent to the level of US aerospace facilities and automotive plants in South Korea and Japan.

- A Production System Academy was established at VSW to serve as a repository for best practices.

- Small Pro-Active Groups is a unique VSW tool bringing together employees that generate their own agenda and identify production problems.

* Toyota’s Total Production System was developed by the company between 1945 and 1975. It is known in Russia as “lean manufacturing.” It is based on reducing losses as much as possible and continuous process improvement.

OMK started developing its production system in 2011 at the Vyksa Manufacturing Site. The first system audit was held at OMK facilities at the end of 2015.
GOAL SETTING SYSTEM
( IMPROVED OPERATING EFFICIENCY )

OMK’S GOAL SETTING SYSTEM IS A MUST-HAVE TOOL TO ACCOMPLISH THE STRATEGIC GOAL OF IMPROVING THE COMPANY’S OPERATING EFFICIENCY

THE PRINCIPLES OF THE GOAL-SETTING SYSTEM PROMOTE THE DEVELOPMENT OF AN OMK CORPORATE CULTURE WITH THE FOLLOWING VALUES AT ITS CORE:

- Target Orientation
- Work for Continuous Improvement
- Collaboration

PRIORITY DEVELOPMENT THRUSTS:

- Business Unit Roadmaps
- Functional Strategies
- Goal Monitoring System
- Feedback
NEW PRODUCT LAUNCH

- A new range of casing, tubing, and oil and gas line pipe, including pipe with premium coupling thread

- Innovative low-stress train wheels of Grade T steel made for cars with an axial load of 23.5 tons-force.

- Multipurpose steel solutions (flat rolled goods) for construction, engineering, shipbuilding

- Modular equipment for the oil, gas, and power generation industries, including equipment to produce, store, and pre-treat hydrocarbons and gas condensate

- Advanced shaped construction pipe for skyscrapers, shopping malls, stadiums, and other large-scale installations

- Ball valves to substitute for imports in the gas sector and 6th generation spring-loaded safety relief valves
An automated real-time management system (a MES solution, short for a Manufacturing Execution System) is a specialized piece of software designed to improve an installation’s efficiency. It assures the collection of production data, scheduling optimization, improved process sync, etc.

Danieli Automation is building a manufacturing execution system (MES system*) at VSW over the course of 4 years, starting in February 2017, all VSW’s pipe mills and its train wheel rolling facilities will be equipped with IT tools for real-time production control. The solution will make order fulfilment more reliable and assure product quality.

* An automated real-time management system (a MES solution, short for a Manufacturing Execution System) is a specialized piece of software designed to improve an installation’s efficiency. It assures the collection of production data, scheduling optimization, improved process sync, etc.
OMK believes that measures to minimize its environmental footprint are of paramount importance.

Life, health, a benign environment, and a friendly relationship with the residents of the areas where we operate are the Company’s topmost values that define the principles of responsible business.

An effective production safety management system at OMK facilities is built atop global best practices designed to mitigate the risk of negative consequences.

By creating an integrated production safety management system that includes health, industrial, transportation, environmental, and fire as well as production process and personnel occupational safety, the Company was able to reduce the workplace injury rate by almost 47% in the past 3 years.

OMK is also monitoring and working continuously to reduce the number of household injuries which helped reduce their number by almost 25% over the past 3 years.

**Workplace Injuries**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Injuries</th>
</tr>
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<tbody>
<tr>
<td>2015</td>
<td>1,584</td>
</tr>
<tr>
<td>2016</td>
<td>151</td>
</tr>
</tbody>
</table>

**Household Injuries**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Injuries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,077</td>
</tr>
<tr>
<td>2016</td>
<td>1,584</td>
</tr>
</tbody>
</table>
OMK AND ROSATOM

Signed a roadmap for the implementation of shared projects to develop new grades of steel, including steels for Arctic applications, valves to substitute for imports, to develop and utilize materials for the manufacture of wind power generation units, and other applications.

OMK AND METALLOINVEST

Signed a long-term contract through 2027 for the delivery of steel billets to be used as feedstock for whole-rolled train wheels. This guarantees that VSW is able to fulfill any orders in a sustainable manner and manufacture wheels that meet the most advanced standards and strictest customer requirements.

OMK AND NLMK

Since 2012, NLMK has been delivering to VSW steel plate that is used as feedstock for large-diameter pipe. These are being delivered under a long-term contract (currently effective till 2019).
INVESTMENT ACTIVITIES

TOTAL AMOUNT INVESTED IN 2002-2016

190 BILLION RUBLES

LARGEST INVESTMENT PROJECTS

- VSW PIPE MILL UPGRADES (2014-2022)
- CUTTING-EDGE LARGE-DIAMETER PIPE MILLS (2005)
- CASTING AND ROLLING FACILITY (2005-2008)
- WPM-5000 (2008-2011)
- INTERMEDIATE-DIAMETER PIPE MILL UPGRADES
- VSW WHEEL ROLLING LINE REVAMP
- PIPELINE FITTING FACILITY REVAMP
- PIPELINE VALVE FACILITY EXPANSION
- RUSSIA’S FIRST LINE TO MAKE SPEED ROLLING STOCK WHEELS (2014)

INVESTMENT
Rub (billion)

5.9

R&D SPEND
Rub (billion)

131

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<td>85.4</td>
<td>119.</td>
<td>131.</td>
<td>131</td>
<td>131</td>
</tr>
</tbody>
</table>

2015

131
ONGOING KEY INVESTMENT PROJECTS

DEVELOPMENT OF VSW OIL AND GAS PIPE BUSINESS UNIT

PROJECT INVESTMENT
Including VAT and interest on loans

40.8 BILLION RUBLES

JOBS CREATED

650

PROJECT YEARS

2014-22

GAIN:
Satisfy oil and gas companies’ current and future demand for oil and gas line pipe, tubing, and casing, including premium-threaded casing for difficult production. Reduce domestic oil and gas sector’s dependence on imports.
ONGOING KEY INVESTMENT PROJECTS

VSW OIL AND GAS LINE PIPE BUSINESS UNIT EXPANSION: IN LINE WITH NATIONAL PRIORITIES:

- By creating production capable of import substitution
- By revamping and upgrading facilities
- By boosting production
- By developing new products
- By introducing new technology
- By following the best available technology principle
- By being effective socially and economically, by being cost-effective
ONGOING KEY INVESTMENT PROJECTS

REVAMPING OF VSW WHEEL ROLLING LINE

PROJECT INVESTMENT
1.92 BILLION RUBLES

PROJECT YEARS
2014-19

GAIN:
Conversion to a continuous cast billet and other technical upgrades to revamp VSW’s wheel rolling facility
ONGOING KEY INVESTMENT PROJECTS

ESTABLISHING BALL VALVE PRODUCTION: URALS SPECIAL VALVE PLANT

GAIN:
Make locally special ball valves currently being imported for the gas industry (diameter of up to 1,400 mm, pressure rating of up to 50 MPa)

PROJECT INVESTMENT

3 BILLION RUBLES

JOBS CREATED

180

PROJECT YEARS

2016-21
OMK contributed decisively to substitute for the import of large-diameter pipe in main line projects. In 2005, the Company built the country’s first integrated facility to make “Russian Size” large-diameter pipe. Over the past 15 years, Russian pipe manufacturers have invested in excess of 470 billion RUB in upgrading their facilities with OMK accounting for over a third of this amount.

**COMPLETE ELIMINATION OF LARGE-DIAMETER PIPE IMPORTS**

**DELIBERATE ACTION TO SUBSTITUTE FOR LARGE-DIAMETER PIPE IMPORTS INTO RUSSIA**

**2005**
Country’s first integrated facility to make “Russian Size” large-diameter pipe. Russia launches production of single-weld longitudinal seam pipe of diameter up to 1,420 mm.

**2011**
In-house production of “pipe” plate established. VSW commissions plate mill to supply large-diameter pipe mills.

**2013**
For the sake of stable quality and reliable supply, a long-term contract for Russian slabs was entered into.

**2015**
Capability acquired for domestically made pipe corrosion coating.

**WE BUILT THE WORLD’S BEST INTEGRATED FACILITY TO MAKE LARGE-DIAMETER PIPE**

**DOMESTIC “ORE-TO-PIPE” INTEGRATION**
LARGE-DIAMETER PIPE FOR THE POWER OF SIBERIA, TO QUOTE AN EXAMPLE, IS MADE OF 100% DOMESTIC MATERIAL

**CURRENT LARGE-DIAMETER PIPE IMPORTS BY DOMESTIC OIL AND GAS COMPANIES VIRTUALLY AT ZERO**

---

Graph showing the share of imported large-diameter pipe from 2004 to 2015, with a sharp decline from 37% in 2004 to virtually zero in 2015.
OMK AND ACADEMIA

OMK IS PROACTIVELY SEEKING COLLABORATION WITH ACADEMIA TO TRAIN METALLURGISTS AND ENGINEERS STARTING VIRTUALLY IN HIGH SCHOOL

- The Company holds vocational games for high-school students. Almost 70% of the participants subsequently enter professional training programs in technical fields.

- OMK collaborates with the MISiS National University of Engineering and Technology directly. In 2017, a special Bachelor’s program was co-sponsored by the Company.

- Under a commission from OMK, the MISiS National University of Engineering and Technology developed a two-year MBA curriculum in industrial installation management for Company line managers capable of effecting change in efficient production management.

- In Vyksa, OMK supports the local MISiS campus which VSW uses as its primary source of talent.
DEVELOPMENT OF AREAS OF OPERATIONS AND CORPORATE CHARITY

SOCIAL INVESTMENT IN 2012-2016

7.7 BILLION RUBLES

WE SPEND RUB 1,000,000 IN SOCIAL PROJECTS FOR EVERY 5,000 TONS OF PRODUCT MADE

AREAS WE DO GOOD WORKS IN:

- Assist socially vulnerable populations, children in difficult circumstances, young people and seniors in areas of operations
- Support educational programs and institutions
- Hold quarterly donor events
- Rebuild cultural heritage sites and popularize culture and contemporary art
- Competitions for grants: the OMK Partnership Competition for social and charity projects and the Start Your Own Business Contest of social business initiatives
OMK-UCHASTIYE WAS REGISTERED IN 2008 BY OMK SHAREHOLDERS AND EMPLOYEES. IT IS FUNDED BY DONATIONS FROM COMPANY EXECUTIVES AND RANK-AND-FILE EMPLOYEES.

Over 1,000 families in need received in excess of RUB 36,000,000 in aid via the OMK-Uchastiye Charity Foundation in 2009-2016.

PROTECTING FAMILY AND CHILDHOOD

ACTIVITIES:

- Directed aid to families with children afflicted with serious diseases
- Development of educational and medical techniques: Development of the Детскаяонкология.рф (Childoncology.rf) website with training modules for doctors and nurses; Regular charity events at the Research Institute for Pediatric Cancer and Hematology Studies under the N. N. Blokhin Russian Center for Cancer Studies; An annual pediatric oncology conference, etc.
- Collaboration with institutions boarding, teaching, or treating children from socially vulnerable families or orphans: Orphanages and juvenile facilities in areas of operations
- Art-Ovrag Festival of Urban Culture
ART-OVRAG FESTIVAL

VYKSA HAS BEEN HOSTING THE ART-OVRAG URBAN CULTURE FESTIVAL ON AN ANNUAL BASIS SINCE 2011

IT IS CO-SPONSORED BY OMK AND THE OMK-UCHASTIYE FOUNDATION

FESTIVAL OBJECTIVES:

- Creating a comfortable urban environment in Vyksa
- Building a space that inspires to creation
- Developing culture and art away from the Russian capitals

ART-OVRAG 2017 KEY EVENTS:

- Festival attended by over 10,000 people
- World’s largest mural presented on the wall of VSW Mill-5000
- Decorated rafts from Russian and French artists
- Theatrical performances from Gold Mask Laureate Yuri Muravitsky and the Liquid Theatre
- Vyksa inaugurated Russia’s second art residence that is home and studio to artists
- Urban design studio
- New phase of Art Courtyard project
- Special Art Food Program developed by a Vyksa restaurateur
VYKSA

TRIVIA:

VYKSA WAS FOUND IN MID 17th CENTURY

VYKSA WAS WHERE ARCHITECT VLADIMIR SHUKHOV,

author of the famous Shukhov Tower on Shabolovka street, came into his own. His structures still exist in Vyksa: the water tower, the sheet rolling shop building, the sand drying bay in the cast iron shop

VYKSA WAS RATED IN THE:

10 BEST single-industry towns in Russia in 2016*

7 most important tourist centers in the Nizhniy Novgorod Region**

OMK CONTRIBUTION

>500 MILLION RUBLES to restore the Batashev-Shepelev estates. It is part of the Russian Association of Historical Estates

* Rating made public at the St. Petersburg International Economic Forum in 2017
** Announced at the 2017 International Business Summit in Nizhniy Novgorod
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