# Pipeline Maker TMK Says Profit Up for H1 2010

By The Moscow Times

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Strong demand at home and a 210 percent jump in U.S. sales in the first half helped TMK top forecasts.

TMK, the country's largest producer of steel pipes for the energy sector, on Friday reported better-than-expected net profit for the first half of 2010 and said it expected its earnings to improve further this year.

TMK earned $67.3 million thanks to a strong showing by its U.S. operations, after it suffered a $204 million loss in the same period of 2009, the company said in a statement.

That beat a median estimate of $51 million by seven analysts surveyed by Bloomberg.

The company, controlled by chairman Dmitry Pumpyansky, also said it expected its second-half financial performance to improve from the first half, though it did not provide any specific figures in its outlook.

The pipe maker is experiencing strong demand in its home market as well as sharply higher

sales in North America, where its TMK IPSCO unit supplies equipment for gas drilling in the Marcellus Shale field in the eastern United States, the largest shale gas field in North America.

First–half sales totaled $2.57 billion, up 74 percent from last. Total pipe sales volume rose 57.5 percent year on year to 1.89 million tons, with U.S. sales up 210 percent.

Net debt increased 1.5 percent to $3.55 billion from the end of 2009, it said.

Earnings before interest, taxation, depreciation and amortization in the period reached $415 million, up 185 percent year on year.

"Given the current positive momentum in oil and gas infrastructure investments, the company expects pipe demand to continue to increase in the second half of the year," TMK said. "Management expects second–half financial performance to improve as compared with the first half."

The company will hold a conference call to discuss the results Monday.

*(Reuters, Bloomberg)*