PRESS RELEASE

METINVEST ANNOUNCES INTERIM CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST SIX MONTHS OF 2011

Donetsk, Ukraine – 18 October, 2011 – Metinvest ("the Company"), the international vertically integrated steel and mining group of companies, today announced its financial results for the first six months of 2011 ended 30 June 2011.

SIX MONTHS FINANCIAL HIGHLIGHTS

- Consolidated revenues up 71.5% year-on-year to US$6,991 million
- Adjusted EBITDA[1] up 67.6% year-on-year to US$2,000 million with margin stable at 28.6%
- Operating Profit up 105.4% year-on-year to US$1,571 million
- Net Profit up 117.7% year-on-year to US$1,141 million
- Capital expenditures up 202.2% year-on-year to US$559 million
- Cash and cash equivalents of US$724 million at the end of the period (vs. US$449 million as at 31 December 2010)

SIX MONTHS OPERATING HIGHLIGHTS

- Crude steel production up 77.6% year-on-year to 7,345 thousand tonnes
- Coking coal (mined) up 10.6% year-on-year to 5,488 thousand tonnes
- Iron ore concentrate production down 1.5% year-on-year to 17,777 thousand

CORPORATE HIGHLIGHTS

- Issued US$750 million 7-year Eurobond with coupon of 8.75% maturing on February 14, 2018
- Secured US$75 million 2-year pre-export loan facility from Rabobank Group, US$100 million 3-year pre-export loan facility from UniCredit and US$175 million 3-year amortized stand-by credit line from Sberbank of Russia
- Open hearth furnaces at Azovstal Iron and Steel Works (Azovstal) successfully decommissioned
- Ilyich Iron and Steel Works (Ilyich Steel) fully integrated into the Metinvest Group following its acquisition in November 2010

[1] - Adjusted EBITDA is calculated as profits before income tax, financial income and costs, depreciation and amortization, impairment and devaluation of property, plant and equipment, sponsorship and other charity payments, corporate overheads (except for periods following 1 January 2010), share of results of associates and other non-core expenses

Igor Syry, Chief Executive Officer of Metinvest, commented:

"Metinvest's performance over the first half of the year once again reflects our ability to deliver sustained growth and profitability in line with our revised strategy. We have demonstrated an increase in steel sales volumes, and expanded the share of sales to European countries and our close neighbours in the CIS. Our consolidated revenues increased by 71.5% year-on-year to US$7.0 billion, with our operating profit increasing by more than two-fold to US$1.6 billion. This strong performance was supported by positive price trends in the global steel, iron ore and coking coal markets as well as an increased level of demand for our steel products.

We have continued to implement our long-term strategy focused on enhancing Metinvest's vertical integration. As a result, we expanded our steel capacity, and increased our share of finished steel products sales volumes by 13.4pp to 77.0% in the first half of the year."

Sergiy Novikov, Chief Financial Officer of Metinvest, commented:

"We maintained a strong financial position in the first half of the year, with Metinvest achieving one of the highest EBITDA margins in the industry, supported by our cost-control measures and increased operational efficiency. In addition, we have continued to demonstrate solid bottom-line growth, with net profit increasing more than two-fold year-on-year to US$1.1 billion for the first six months of 2011.

We have also adopted a capital expenditure programme to the amount of US$1.0 billion for the full year 2011. Approximately US$560 million of this has been capitalized in the first half of the year to expand our steel making capacity, implement efficiency measures at the Iron Ore division and increase production at the Coke & Coal division. We intend to finance this programme using mostly the funds generated by our successful US$750 million Eurobond issue, as well as a number of loan facilities and credit lines secured at attractive market terms during the first half of the year."

GROUP FINANCIAL REVIEW

US$ m	1H 2011	1H 2010	Δ, y-o-y
Sales - external	**6,991**	**4,076**	**71.5%**
Steel	5,120	2,376	115.5%
Coke and Coal	491	587	-16.4%
Iron ore	1,380	1,113	24.0%
Sales - intersegment	**2,201**	**1,066**	**106.5%**
Steel	44	53	-17.0%
Coke and Coal	1,024	505	102.8%
Iron ore	1,133	508	123.0%
Adjusted EBITDA	**2,000**	**1,193**	**67.6%**
Steel	230	82	180.5%
Coke and Coal	266	236	12.7%
Iron ore	1,652	926	78.4%
Eliminations and corp. overheads	-148	-51	-
EBITDA margin,%	**28.6%**	**29.3%**	**-0.7pp**
Steel	4.5%	3.4%	1.1pp
Coke and Coal	17.6%	21.6%	-4.0pp
Iron ore	65.7%	57.1%	8.6pp

Revenues

In the first half of 2011, Metinvest's consolidated revenues amounted to US$6,991 million, an increase of 71.5% compared with US$4,076 million in 1H2010. The Steel segment accounted for 73.2% (compared with 58.3% in 1H2010) of external revenues, Iron Ore for 19.8% (compared with 27.3% in 1H2010) and Coke and Coal for 7.0% (compared with 14.4% in 1H2010).

The Steel segment accounted for 94.0% of the increase in consolidated revenues, driven primarily by a year-on-year increase of 71.0% in sales volumes of own products and a 23.0% rise in average steel prices. The increase in sales volumes consisted primarily of rises in volumes of plates and coils (56.3%), pipes (9.3%) and long products (3.6%).

The rise in sales volumes of plates and coils was supported by the acquisition of Ilyich Steel (55.2%) and active demand in Western European markets for flat products, with a recovery in the Ukrainian, Kazakh and Russian markets contributing to the increase in sales volumes of pipes.

The rise in sales volumes of long products was due to a combination of factors including an increase in capacity output at Mill 390 at Makiivka Steel, a new product (shapes) launch at Yenakiieve Steel and an increase in orders for long products produced by Promet Steel Plant and Azovstal.

The primary markets for our steel products are Ukraine, the CIS, Europe, Middle East and North Africa. In the first half of 2011, there was a restructuring of our sales geography due to the expansion of the flat product mix with Ilyich Steel's existing markets. As a result, the share of sales to European markets increased by 7.1pp to 40.6%, while the share of sale to the CIS market rose to 18.9%, an increase of 5.9pp year-on-year. The latter increase was primarily due to the expansion of the CIS market for pipes, long and flat products.

In line with Metinvest's strategy of focusing on the production of finished products, and increasing the share of rolled products in the Company's sales mix, the share of finished steel products sales volumes rose by 13.4pp year-on-year to 77.0%. This was as a result of an increase in finished products sales volumes added by Ilyich Steel, and a reduction in sales volumes of square billets due to a combination of factors including the decommissioning of the open hearth furnaces at Azovstal, an increase of re-rolling at Metinvest Group's plants, and the product mix development for long products (shapes) at Yenakiieve Steel.

Iron ore sales accounted for 9.0% of the rise in consolidated revenues in the first half of the year. This was primarily driven by an increase of 17.9% in average iron ore prices, which offset a fall of 8.9% in sales volumes as a result of increased levels of internal consumption at Ilyich Steel. This also accounted for a 4.7pp fall in the share of our sales to the Ukrainian market in favor of European and South East Asian[2] markets.

Lower levels of sales in the Coke and Coal segment accounted for a 3.0% decrease in consolidated revenue year-on-year. While higher prices (+0.4%) of segments products drove external revenue growth in the segment, overall external sales volumes were lower due to the increased internal consumption of coke at Ilyich Steel.

The primary markets for the Coke and Coal segment were Ukraine and North America, with the share of coal concentrate sold to these markets decreasing by 2.6% and 3.6%, respectively. The decrease at the Ukrainian market was due to the increased consumption at Ilyich Steel, as previously mentioned, while the share of sales at the US market declined as a result of the shipment of high-grade coking coal from our US mines to the Group's Ukrainian coking facilities.

Cost of sales

In 1H2011, cost of sales amounted to US$4,663 million, an increase of 74.2% compared with US$2,677 million in 1H2010. Cost of sales as a share of consolidated revenues was broadly in line with the previous year, at 66.7% in 1H2011 against 65.4% in 1H2010.

The increase in cost of sales was attributable to greater sales volumes and increased prices for raw materials, partially offset by the effect of fixed costs as they remained relatively unchanged year-on-year.

Other expenses

Distribution costs rose to US$464 million compared with US$372 million in 1H2010, an increase of 24.7%. This was primarily due to an increase in higher sales volumes of steel products to Europe and the CIS.

General and administrative expenses for the first half of 2011 were US$237 million, representing 3.4% of consolidated revenues. This was an increase of 94.3%, compared with

[2] - Includes China

US$122 million in 1H2010, and was primarily driven by general and administrative expenses at Ilyich Steel (28.7%) as well as higher salaries (22.6%).

Other operating expenses decreased by 60.0% to US$56 million, against US$140 million in 1H2010.

EBITDA

Metinvest's consolidated adjusted EBITDA amounted to US$2,000 million in 1H2011. This represented an increase of 67.6% compared with US$1,193 million in 1H2010, with the EBITDA margin relatively stable at 28.6%. The Iron Ore segment accounted for 76.9%[3] of Metinvest's adjusted EBITDA, Coke and Coal for 12.4%[3] and Steel for 10.7%[3].

Operating profit

Operating profit increased to US$1,571 million in 1H2011, an increase of 105.4% compared with US$765 million in 1H2010. The operating margin rose from 18.8% in 1H2010 to 22.5% in 1H2011.

Finance income and costs

Finance income totalled US$39 million in 1H2011, representing 0.6% of consolidated revenues, broadly the same level as in 1H2010.

Finance costs rose by 33.0% to US$133 million against US$100 million in 1H2010, accounting for 1.9% of consolidated revenues. This increase resulted from an additional amount of interest expenses on the new bond issued in February 2011 and long-term bank loans secured during the first six months of 2011.

Income tax expense

In 1H2011, Metinvest's income tax expenditure rose by 83.2% to US$337 million, compared with US$184 million in 1H2010. This was primarily due to a 108.8% increase in pre-tax profit to US$1,478 million as compared with US$708 million in 1H2011. However, the effective tax rate applicable to the Company's operations declined from 26.0% to 22.8% in 1H2011. This was primarily due to the reduction of corporate income tax from 1 April 2011 in accordance with the Tax Code of Ukraine.

Net profit

Metinvest continued to deliver solid bottom-line growth in 1H2011 with net profit climbing by 117.7% to US$1,141 million in 1H2011, against US$524 million in 1H2010, resulting in a net profit margin of 16.3%.

Dividends

In 1H2011, dividends paid to shareholders amounted to US$442 million, a larger than two-fold increase compared with US$140 million in 1H2010.

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[3] - Contributions by segments are based on the gross EBITDA, before deduction of corporate overheads and eliminations

Consolidated cash flow

Cash generated from operations rose by 157.6% to US$1,641 million in 1H2011, compared with US$637 million in 1H2010, while net cash from operating activities was US$1,150 million in 1H2011 compared with US$463 million in 1H2010, an increase of 148.4%

Net cash used in investing activities rose by 197.6% to US$491 million against US$165 million in 1H2010. This increase was mainly attributable to the purchase of property, plant and equipment conducted as part of the investment programmes at the Group's main production enterprises (see CAPEX).

Liquidity and capital resources

The Company seeks to maintain an optimal capital structure in order to reduce the cost of financing, thereby ensuring its long-term stability and ability to deliver returns to shareholders.

Metinvest's cash balances stood at US$724 million at 30 June 2011 against US$449 million at 31 December 2010. Proceeds[4] from bank loans secured and bonds issued increased 38.6% to US$912 million during the reporting period against US$658 million in 1H2010. Repayments[4] of bank loans, bonds and sellers notes totalled US$489 million against US$378 million in 1H2010.

Net debt (loans, borrowings and sellers' notes less cash and cash equivalents) stood at US$2,576 million at 30 June 2011 compared with US$2,715 million at 31 December 2010.

Metinvest's credit is rated by two international ratings agencies, Fitch ('B') and Moody's ('B2'), and its ratings are currently capped by Ukraine's sovereign rating.

CAPEX

Metinvest's capital expenditure rose by 202.2% to US$559 million against US$185 million in 1H2010. The Iron Ore division accounted for 44.5% of CAPEX, Steel and Rolled Products for 31.3%, and Coke and Coal for 23.1%. Major capital investments for the first half included spending on plant and equipment at business divisions for the following key projects:

Steel and Rolled Products division

- Yenakiieve Steel – reconstruction and upgrading of the blast furnace No. 3
- Azovstal – construction of accelerated cooling system at the plate mill
- Ilyich Steel – construction of the unit for pulverized coal preparation and injection (PCI) into the blast furnaces Nos. 1, 2, 3, 4, 5

Iron Ore division

- Northern GOK – 2nd phase of production growth of iron-ore raw materials that includes the following modules: reconstruction of the 15th and 16th sections of ore-dressing plant No. 1, modernization of the roasting machine OK-306-1, reconstruction of the roasting machine LURGI 278-B; and construction of rock crushing-transferring complex
- Ingulets GOK – the 2nd module of magnetic and flotation concentrate refining

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[4] - Excludes trade finance

Coke and Coal division

- United Coal - construction of Affinity mining complex

Significant events after the end of the Reporting Period

- **On 13 July, 2011,** Metinvest B.V. entered the Industrial Group's steel and mining business, which involves, among other things, the management and ownership by the parties of more than 50% of PJSC Zaporizhstal Integrated Iron and Steel Works' shares.
- **On 15 July, 2011,** United Coal Company LLC (USA), a subsidiary of Metinvest B.V., commissioned Affinity Mine. The planned capacity of this coal mining unit will amount to 1.9 million tonnes of the high-grade coking coal, with the mine expected to achieve the production targets by 2012.
- **On 10 August, 2011,** Metinvest B.V. secured a US$850 million 5-year amortizing loan coordinated by Deutsche Bank AG. The deal was signed with 5 Mandated Lead Arrangers and Bookrunners: Deutsche Bank AG, ING Bank N.V., Natixis, UniCredit Bank AG, WestLB AG and one Mandated Lead Arranger: BNP Paribas
- **On 15 September, 2011**, Metinvest won the tender to supply 150,000 tonnes of pipes to Turkmengaz. The pipes produced by Khartsyzsk Tube Works will be used for the East-West gas pipeline construction.

APPENDIX 1

SALES BY REGIONS	1H 2011 000 t	1H 2011 US$ m	1H 2010 000 t	1H 2010 US$ m	∆ %, y-o-y
Steel	**6,644**	**5,120**	**4,000**	**2,376**	**115.5%**
Ukraine	1,034	870	667	439	98.2%
Europe	2,763	2,080	1,353	796	161.3%
Middle East & North Africa	789	509	702	354	43.8%
CIS (except Ukraine)	1,061	966	396	309	212.6%
South East Asia[5]	904	624	820	443	40.9%
Other regions	93	71	62	35	102.9%
Coke and Coal	**2,558**	**491**	**3,813**	**587**	**-16.4%**
Ukraine	1,040	255	1,649	320	-20.3%
North America	1,359	163	1,866	216	-24.5%
Other regions	159	73	298	51	43.1%
Iron Ore	**10,776**	**1,380**	**13,894**	**1,113**	**24.0%**
Ukraine	6,613	764	9,350	668	14.4%
Europe	1,815	248	1,767	186	33.3%
South East Asia[5]	2,348	366	2,752	257	42.4%
Other regions	0	2	25	2	0.0%

[5] - Includes China

APPENDIX 2

SALES BY PRODUCTS	1H 2011 000 t	1H 2011 US$ m	1H 2010 000 t	1H 2010 US$ m	∆ %, y-o-y
Steel	**6,644**	**5,120**	**4,000**	**2,376**	**115.5%**
Pig iron	150	78	0	0	-
Semi-finished products	**1,466**	**955**	**1,579**	**752**	**27.0%**
Slabs	1,209	794	1,097	524	51.5%
Square billets	257	161	482	228	-29.4%
Finished products	**4,901**	**3,942**	**2,236**	**1,511**	**160.9%**
Flat products	3,319	2,615	1,087	769	240.1%
Long products	1,164	864	987	581	48.7%
Tubular products	311	363	87	104	249.0%
Railway products	107	100	75	57	75.4%
Other products & services	-	145	-	113	28.3%
Coke and Coal	**2,558**	**491**	**3,813**	**587**	**-16.4%**
Coking coal concentrate	1,151	205	1,158	201	2.0%
Steam coal concentrate	731	54	1,013	69	-21.7%
Coke	6	2	308	87	-97.7%
Other products & services	-	230	-	230	0.0%
Iron Ore	**10,776**	**1,380**	**13,894**	**1,113**	**24.0%**
Iron ore concentrate	6,359	877	9,689	812	8.0%
Pellets	2,904	433	2,439	265	63.4%
Other products & services	-	70	-	36	94.4%

Notes:

Flat products include hot rolled quarto plates and hot rolled heavy plates, hot rolled, cold rolled and hot-dip galvanized sheets and coils

Long products include hot rolled sections (light, medium, heavy), debars, merchant bars and wire rods

Tubular products include LSAW (longitudinal submerged arc welded) large diameter pipes, ERW (electric resistance welded) pipes and seamless pipes

Railway products include light and heavy rails, rail fasteners

Conference call

Sergiy Novikov, Chief Financial Officer of Metinvest, will host a conference call for investors on Tuesday 18 October 2011 at 2:00pm London time (4:00pm Kyiv time) with access details as follows:

Participant dial in: +44 (0) 203 003 2666
Please quote 'Metinvest' when prompted by the operator

There will be a replay facility available until Tuesday 25 October 2011, with access details as follows:

Dial in: +44 (0) 20 8196 1998
Access PIN: 2002834#

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For editors:

METINVEST GROUP is an international vertically integrated steel and mining group of companies, managing every link of the value chain, from mining and processing iron ore and coal to making and selling semi-finished and finished steel products. The Group comprises steel and mining production facilities located in Ukraine, Europe and the USA and has a sales network covering all key global markets. Metinvest Group is structured into three operating divisions: Coke and Coal Division, Iron ore Division, Steel and Rolled Products Division and has a strategic vision to become the leading vertically integrated steel producer in Europe, delivering sustainable growth and profitability resilient to business cycles and providing investors with returns at above the industry benchmarks.

The major shareholders of the Company **METINVEST B.V.** (a holding company of Metinvest Group) are SCM Group (71.25% ownership) and Smart-Holding (23.75% ownership) partnering in Company's management.

METINVEST HOLDING LLC is the managing company of Metinvest Group.

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