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PRESS RELEASE

METINVEST ANNOUNCES CONSOLIDATED FINANCIAL RESULTS FOR THE FULL YEAR 2010

Donetsk, Ukraine – July 5, 2011 – Metinvest, the international vertically integrated steel and mining group of companies, today announced its audited consolidated IFRS financial results for the full year ended December 31, 2010.

Financial Highlights

- Consolidated revenues up 55.3% year-on-year to US$ 9,358 million
- Adjusted EBITDA[1] up 82.3% year-on-year to US$ 2,552 million with the margin increasing from 23.2% to 27.3%
- Operating Profit up 56.1% year-on-year to US$ 943 million
- Net Profit up 30.8% year-on-year to US$ 437 million
- Capital expenditures up to 79.6% year-on-year to US$ 582 million
- Cash and cash equivalents of US$ 449 million at the end of the period (vs. US$159 million as of 31 December 2009)

Operating Highlights

- Crude steel production up 24.4% year on year to 8,744 thousand tonnes
- Coking and steam coal (mined) up 3.7% year on year to 12,989 thousand tonnes
- Iron ore concentrate production up 16.6% year on year to 35,726 thousands tonnes

Corporate Highlights

- Acquisition of a 99% effective interest in the share capital of PJSC Ilyich Iron and Steel Works (“Ilyich Steel”)
- Debut on the Eurobond market with a US$ 500 million five-year issue
- Issue of a 3-year US$ 700 million syndicated pre-export finance facility
- Receipt of a C4Gas SA’s Supplier Certificate and inclusion in the Gaz de France’s list of trusted suppliers

Igor Syry, Chief Executive Officer of Metinvest, commented: “In 2010, Metinvest continued to deliver growth and strengthening its market position across all target segments. Our efforts to introduce cost-control measures, increase efficiency and expand the share of higher-value steel products in the sales mix were generously paid off. Metinvest’s revenues

[1] - Adjusted EBITDA is calculated as profits before Income tax before 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

were up by 55.3% year-on-year and the Company demonstrated one of the highest EBITDA profitability levels among regional steel and mining players. We successfully dealt with volatility in the global steel business and managed to generate strong cash flows.

One of the last year's key achievements was the development of a long-term strategy aimed at maximizing potential of our business through greater vertical integration, improving our sales function and increasing productivity. Our goals are to process all of our iron ore in our own steel plants and improve the efficiency of our steelmaking. The acquisition and integration of PJSC Ilyich Iron and Steel Works was fully in line with the new strategy and allowed us to boost our annual steelmaking capacity to 15 million tonnes.

The year 2010 saw our successful debut on the Eurobond market. Our five-year US$ 500 million issue was several times oversubscribed, proving a high level of interest to Metinvest's investment story in international markets. Later in the year, we raised a three-year US$ 700 million pre-export finance facility which became the largest loan facility to be secured by a Ukrainian private company for the last several years. Our ability to attract financing on favorable terms so quickly after the economic slow-down demonstrates the strength of our business and underlines investor confidence in our corporate governance and risk management.

Our primary goal for 2011 is to boost steel output organically by improving technology at existing plants. We are planning to implement further investments in order to reinforce our vertical integration and increase output of finished products. We are fully focused on efficient implementation of our strategy and committed to delivering value for all our stakeholders."

GROUP FINANCIAL REVIEW

US$, million	FY 2010	FY 2009	∆, y-o-y
Sales - external	**9,358**	**6,026**	**55.3%**
Steel	5,708	3,990	43.1%
Coke and Coal	1,149	737	55.9%
Iron ore	2,501	1,299	92.5%
Sales - intersegment	**2,083**	**1,177**	**77.0%**
Steel	68	49	38.8%
Coke and Coal	1,052	602	74.8%
Iron ore	963	526	83.1%
Adjusted EBITDA	**2,552**	**1,400**	**82.3%**
Steel	112	407	-72.5%
Coke and Coal	447	244	83.2%
Iron ore	2,097	811	158.6%
Eliminations and corp. overheads	-104	-62	-
EBITDA margin,%	**27.3%**	**23.2%**	**4.1 pp**
Steel	1.9%	10.1%	-8.2 pp
Coke and Coal	20.3%	18.2%	2.1 pp
Iron ore	60.5%	44.4%	16.1 pp

Revenues

In 2010, Metinvest's consolidated revenues amounted to US$9,358 million, 55.3% higher than the US$6,026 million in 2009. The Steel and Rolled Products division accounted for 61.0% of external revenues (compared with 66.2% in 2009), the Iron Ore division for 26.7% (21.6% in 2009) and the Coal and Coke division for 12.3% (12.2% in 2009). The key revenue drivers were resurgent demand for steel and higher, if volatile, prices of steel, iron ore and coking coal.

The Steel and Rolled Products division accounted for 51.6% of the increase in consolidated revenues in 2010. This was driven primarily by a year-on-year increase of 27.9% in sales volumes, as well as a 23.7% rise in average steel prices. Alongside the broader global economic recovery, this was helped by the start, from July, of sales of the products from Ilyich Iron and Steel Works, which was consolidated from 17 November 2010.

Iron ore sales were responsible for 36.1% of the rise in consolidated revenues in 2010. This was driven primarily by a year-on-year increase of 7.9% in sales volumes, as well as a 28.4% rise in average iron ore prices. The volume of iron ore products sold to external customers increased primarily due to a recovery in key sales markets and thus overall demand for the products. In particular, with the average price of iron ore products having been increasing, the Company’s three main iron ore plants have been operating at full capacity since July 2009.

Coke and Coal sales accounted for 12.3% of the increase in consolidated revenues last year. Higher prices of coking coal drove external revenue growth in the segment, particularly to customers in Ukraine, where overall production of high-grade coking coal fell.

Ukraine accounted for 36.9% of Metinvest’s total revenues in 2010 (compared with 27.1% in 2009), reflecting the economic rebound in the country, as well as associated strong demand for the Company’s products across its three production divisions. The rest of Europe accounted for 24.2% of revenues (18.7% in 2009) and South East Asia for 15.8% (23.0% in 2009). Please see Appendix 1 for further details on sales by region.

Cost of sales

Last year, the cost of sales amounted to US$6,372, 46.0% higher than the US$4,365 million in 2009. As a share of consolidated revenues, however, the cost of sales fell to 68.1%, down from 72.4% in 2009.

This drop was partly attributable to greater sales volumes and prices for Metinvest’s products, as certain elements of fixed costs remained relatively unchanged year-on-year. Importantly, there was a time lag between the rise in prices of products and of raw materials and other inputs, such as natural gas and electricity.

The results of the anti-crisis programme implemented during the economic turbulence in the second half of 2008 and throughout 2009 continued to deliver cost reductions in 2010.

Other expenses

Distribution costs rose to US$820 million, 17.8% higher than the US$696 million in 2009, primarily due to the increase in transportation costs as a result of higher sales volumes.

General and administrative expenses came to US$296 million, representing 3.2% of consolidated revenues and an increase of 10.9% compared with the US$267 million in 2009, which was driven mainly by higher salaries.

Other operating expenses stood at US$252 million, representing 2.7% of consolidated revenues, compared with US$94 million in 2009.

During 2010, an impairment charge of goodwill of USD 675 million has been recorded against The Steel and Rolled Products division mainly in relation to the Group's European assets acquired in 2008. The main reason for this impairment charge is the prolonged decline in margins of steel producers due to significantly increased prices for iron ore and coke and coal.

EBITDA

Metinvest's consolidated adjusted EBITDA amounted to US$2,552 million in 2010, 82.3% higher than the US$1,400 million in 2009. The EBITDA margin increased to 27.3%, 4.1 percentage points above the 23.2% in 2009. The Iron Ore division accounted for 82.2% of Metinvest's adjusted EBITDA, the Coal and Coke division for 17.5%, and the Steel and Rolled Products division for 4.4%.

Operating profit

Operating profit increased to US$943 million in 2010, 56.1% higher than the US$604 million in 2009. The operating margin stood at 10.1% (2009: 10.0%).

Finance income and costs

Finance income totalled US$45 million in 2010, representing 0.5% of consolidated revenues and a rise of 4.7% above the US$43 million in 2009.

Finance costs climbed by 47.3% to US$246 million, compared with US$167 million in 2009, amounting to 2.6% of consolidated revenues. The increase was primarily due to greater interest expenses on bonds issued and on long-term bank loans in 2010. In addition, interest rates on bank loans increased and a US$30 million loss was recognized on origination of financial receivables from related parties. Those components of finance costs were partly offset by lower net foreign-exchange losses from financing activities compared with 2009.

Income tax expense

In 2010, income tax expense rose by 91.5% to US$270 million, compared with US$141 million in 2009. This was primarily due to a 48.8% increase in pre-tax profit to US$707 million, compared with US$475 million in 2009. The effective tax rate applicable to the Company's operations was 38.2%, compared with 29.7% in 2009. This change was mainly due to the 2010 pre-tax profit reflecting the US$675 million goodwill impairment loss as well as changes in the Tax Code of Ukraine.

Net profit

Metinvest remained profitable during the financial crisis and continued to deliver solid bottom-line growth in 2010. Net profit climbed by 30.8% to US$437 million in 2010, compared with US$334 million in 2009, resulting in a net profit margin of 4.7%.

Dividends

In 2010, dividends paid to shareholders amounted to US$685 million, an increase of more than 10-fold compared with the US$58 million paid in 2009.

Consolidated cash flow

Cash generated from operations rose by 4.2% to US$1,696 million in 2010, compared with US$1,628 million in 2009. Net cash from operating activities was US$1,035 million, compared with US$1,210 million in 2009.

Net cash used in investing activities climbed by 51.0% to US$740 million in 2010, compared with US$490 million in 2009. The increase was mainly attributable to the purchase of property, plant and equipment as part of the investment programmes at the main production enterprises as well as the acquisition of Ilyich Iron and Steel Works.

Liquidity and capital resources

The Company seeks to maintain an optimal capital structure to reduce the cost of raising capital and ensure its long-term stability and ability to deliver returns to shareholders.

Metinvest's cash balances stood at US$449 million as at 31 December 2010, compared with US$159 million a year earlier. Proceeds from bank loans and bond issued increased more than 10-fold to US$1,351 million during the reporting period, compared with US$115 million in 2009, while repayments of loans and borrowings totalled US$624 million, versus US$719 million in 2009.

Net debt (loans, borrowings and sellers' notes less cash and cash equivalents) stood at US$2,715 million as at 31 December 2010, compared with US$2,275 million a year earlier.

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

CAPEX

Metinvest's capital expenditure climbed by 79.6% to US$582 million in 2010, compared with US$324 million in 2009. The Iron Ore division accounted for 43.6% of CAPEX, the Steel and Rolled Products division for 32.6%, and the Coke and Coal division for 23.0%. Corporate overheads accounted for less than 1%. Major capital investments last year included spending on plant and equipment at Ingulets GOK, Northern GOK, Central GOK, Yenakiieve Steel, United Coal and Krasnodon Coal.

Significant events after the end of the Reporting Period

- **On January 12, 2011,** SCM's facility, under which the Group had pledged 60% plus 1 share of each of PJSC Central Iron Ore Enrichment Works and PJSC Northern Iron Ore Enrichment Works was repaid in full. The pledges were released in March 2011.
- **On February 14, 2011,** Metinvest issued US$ 750 million 7-year Eurobond with a coupon of 8.75% and maturity on February 14, 2018. The placement was implemented within the framework of a US$ 1 billion Euro Medium Term Notes (EMTN) programme.
- **On February 17, 2011,** Metinvest secured US$ 75 million 2-year pre-export loan facility from Rabobank Group.
- **On February 28, 2011,** Metinvest's subsidiary, PJSC Azovstal Iron and Steel Works, the second largest Ukrainian steel producer, has made the last coupon payment and redeemed 100% of its 5-year USD denominated debut Eurobond issue.
- **On March 9, 2011,** Metinvest secured US$ 175 million 3-year amortized stand-by credit line from Sberbank of Russia.
- **On March 9, 2011,** Metinvest's subsidiary, PJSC Khartsyzsk Pipe Plant, a producer of large diameter pipes for oil and gas industry, has fully repaid a US$ 39.5 million credit facility provided by VTB Bank (Ukraine) in June 2010.
- **On April 12, 2011,** Metinvest secured a US$ 100 million 3-year pre-export loan facility from UniCredit.

APPENDIX 1

SALES BY REGIONS	FY 2010 000 t	FY 2010 US$ m	FY 2009 000 t	FY 2009 US$ m	∆ %, y-o-y
Steel		**5,708**		**3,990**	**43.1%**
Ukraine	1,715	1,282	801	536	139.2%
Europe	2,960	1,898	1,671	963	97.1%
Middle East & North Africa	1,381	729	1,290	543	34.3%
CIS (except Ukraine)	1,079	880	1,182	908	-3.1%
South east Asia	1,504	855	2,123	994	-14.0%
North America	15	10	-	-	-
Other regions	94	54	129	46	17.4%
Coal and coke		**1,149**		**737**	**55.9%**
Ukraine	3,204	681	2,905	377	80.6%
Europe	148	17	132	13	30.8%
Middle East & North Africa	162	37	183	31	19.4%
CIS (except Ukraine)	119	34	88	28	21.4%
South east Asia	2	3	4	3	0.0%
North America	3,247	358	2,277	285	25.6%
Other regions	77	19	-	-	-
Iron ore		**2,501**		**1,299**	**92.5%**
Ukraine	18,849	1,490	14,133	719	107.2%
Europe	3,168	348	2,310	150	132.0%
Middle East & North Africa	285	38	584	43	-11.6%
CIS (except Ukraine)	60	0	-	-	-
South east Asia	5,722	625	5,813	387	61.5%
North America	-	-	-	-	-
Other regions	-	-	-	-	-

APPENDIX 2

SALES BY PRODUCTS	FY 2010 000 t	FY 2010 US$ m	FY 2009 000 t	FY 2009 US$ m	∆ %, y-o-y
Steel		**5,708**		**3,990**	**43.1%**
Pig iron	62	25	69	20	25.0%
Semi-finished products	**3,073**	**1,582**	**3,000**	**1,191**	**32.8%**
Slabs	2,087	1,098	1,593	655	67.6%
Square billets	986	484	1,407	536	-9.7%
Finished products	**5,613**	**4,101**	**4,127**	**2,779**	**47.6%**
Flat products	2,762	2,005	1,470	1,064	88.4%
Long products	2,153	1,324	1,807	894	48.1%
Railway products	203	171	143	105	62.9%
Tubular products	304	366	534	643	-43.1%
Other products	191	72	173	73	-1.4%
Other services	-	163	-	-	-
Coal and coke		**1,149**		**737**	**55.9%**
Coking coal concentrate	3,090	491	2,560	337	45.7%
Steam coal concentrate	1,739	118	1,319	92	28.3%
Coke	1,291	351	762	123	185.4%
Other products	839	171	948	135	26.7%
Other services	-	18	-	50	-64.0%
Iron ore		**2,501**		**1,299**	**92.5%**
Concentrate	19,083	1,780	14,691	870	104.6%
Pellets	5,172	626	5,180	365	71.5%
Other products	3,829	73	2,969	64	14.1%
Other services	-	22	-	-	-

Conference call

Sergiy Novikov, Chief Financial Officer of Metinvest, will host a conference call for investors on Tuesday 5 July 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 Wednesday 13 July 2011, with access details as follows:

Dial in: +44 (0) 20 8196 1998
Access PIN: 8529727#

For editors:

METINVEST is an international vertically integrated mining and steel group of companies, operating assets in each link of the production chain from iron ore and coal mining and coke production, through to semi-finished and finished steel production, pipe rolling and coil production and production of other value-added products. The Group comprises mining and steel production facilities located in Ukraine, Europe and the USA and has a sales network covering all key global markets. Metinvest 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.

METINVEST HOLDING, LLC is the managing company of Metinvest Group.

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For further information

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