

## Ukrainian market of commercial products – first priority for Metinvest

Metinvest will become the first and only company in Ukraine to offer clients a maximum wide product range of structural shapes. Starting Q2 of 2011 the network of service metal centers will be able to offer a full product range of structurals for their clients, including items that were not available before (angle 75, 63, 45, channel №8). The output of new products in commercial volumes will be launched this July at rolling mills of Yenakievo Iron and Steel Works.

The expansion of product range is a part of client-oriented sales policy of Metinvest. The policy includes, first of all, improvement of the steel product and services quality based on thorough analysis of market trends and feedback from consumers. Metinvest was able to attract best market researchers and traders who trace changes and latest market trends for timely satisfaction of clients' needs. Due to vertical integration as well as non-stop intercommunication between the market and production enterprises, the Company has an opportunity to effectively load its production facilities and flexibly react to changes in demand.

The equipment installation process will be finalized in the immediate future, following which pilot lots of new products are to be tested. The start of commercial volumes production is planned since this July. Mills 360 & 550 will be adjusted for the production of five new items: angles 75, 63 and 45, channel №8 and newly-shaped clamp for rail fastenings. Therefore, starting second quarter of 2011 Metinvest will become the only Ukrainian Company to offer the most comprehensive product range for angles and channels (№8 to №30).

«Needs of our clients is a basic element of the production strategy. Due to a vertical integration, Metinvest is the only Company in Ukraine combining an exceptional services and convenient location of metal centers. Vertical integration of our Company and high-level client servicing enables us to reach maximum simplification of the procedure of booking the entire required product range from one metal center while the geography of their location will help in reducing logistics expenses to the minimum», - said Albert Avanesov, acting Director of Metinvest-SMC.

Reference:

**Sales Organization includes following Companies:** Metinvest International SA — export of steel products outside Ukraine and to CIS, Metinvest SMC – sales of steel products through service metal centers in Ukraine and South-East Europe, Metinvest Eurasia - export of steel product to Russia, Metinvest Ukraine – sales of commercial steel product in Ukraine and CIS countries in batches from 65 tons and more.

**YENAKIEVO IRON AND STEEL WORKS** is a fully integrated iron and steel producer consisting of OJSC Yenakiievo Iron and Steel Works and JV Metalen LLC which jointly operate at a single production site. It is one of the world's leading concast billet producers. The enterprise produces cast billets, rod products as well as various profiles (beams, channels, angles etc.). The mill is a part of Steel and Rolled Product Division in Metinvest Group. Starting 2nd quarter the mill will produce angles 75x75x6-7, 63x63x4-6 и 45x45x4-5 mm, channel №8 using carbon steel of 3SP grade as per DSTU 2651-2005 (ГОСТ 380-2005). The above products are of high demand in the construction and machine-building as well as are widely used for the production of steel structures. Newly-shaped clamp for rail fastening is also a new item made of Cт4cn steel grade, which was not produced before by metallurgical assets of Metinvest. The clamp's shape is a raw item for the production of clamps for separate rail fastenings of railway track, intended for fastening of rails on concrete and wooden sleepers. It is planned to produce the clamps at the rail fastening shop of Makeevka Iron and Steel Works. The material is intended for railways mainly.

**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. The major shareholders of Metinvest are SCM Group (75% ownership) and Smart-Holding (25% ownership) partnering in Company's management.

**Metinvest Holding** is the managing company of Metinvest Group.

