

SCM and Smart-Holding announce completion of the merger of their metals and mining assets under Metinvest B.V.

The transaction between SCM and Smart-Holding on the merger of their metals and mining assets under jointly managed company Metinvest B.V. was closed on 14 July 2014.

At the last stage of the transaction, Smart Group contributed 100% of the shares in Trosilia Holdings Limited (Cyprus) to the statutory capital of Metinvest B.V. Trosilia Holdings Limited indirectly owns 46.15% of the shares in PJSC Southern Iron Ore Enrichment Works.

Completion of the merger of the metals and mining assets of SCM and Smart-Holding was formalized by the signing of the Shareholders' Agreement that regulates the contribution by the parties of their assets to Metinvest B.V. and sets out the relevant corporate governance rights of each party in Metinvest B.V. The Shareholders' Agreement was signed on 7 July 2014 between SCM (System Capital Management) Limited (100% owned by SCM Group) and Smart Group companies.

In accordance with this Agreement, in exchange for the contribution of Trosilia Holdings Limited into the statutory capital of Metinvest B.V., Smart Group received a number of additional rights with respect to Metinvest Group, namely a veto right in respect of certain matters within the scope of authority of the Supervisory Board and the General Shareholders' Meeting of Metinvest B.V. Of the 10 Supervisory Board members of Metinvest B.V., seven members will be appointed by SCM and three by Smart-Holding. The CEO of Metinvest B.V. and Metinvest Group will be appointed by SCM; Smart-Holding will receive the right to appoint the second director (management board member) of Metinvest B.V.

In addition, as part of the completion of the transaction, one additional share of Metinvest B.V. was issued for the benefit of Smart Group. As a result, SCM's interest in Metinvest B.V. will now be 71.24%, Smart-Holding's interest will be 23.76%, and Clarendale Limited's (affiliated with the former owners of PJSC Ilyich Iron & Steel Works of Mariupol) interest will be 5%.

SCM and Smart started to gradually combine their metals and mining assets in 2007. In 2014, SCM and Smart reached a definitive agreement regarding Metinvest B.V.'s asset composition and the volume of the corporate governance rights of each party.