

SCM Announces Financial Results for 2011

SCM keeps demonstrating good progress despite the continuing economic downturn affecting much of Europe. SCM's financial results for 2011 give clear evidence of that.

The Group says that business growth has been driven by the return on investment in organic development and upgrade of the existing businesses as well as continued consolidation of new businesses under the Group's steel and energy holdings, Metinvest and DTEK.

In addition, its improved financial performance also comes from better results achieved by Metinvest and DTEK.

SCM believes that the results will enable the Group to ramp up investment in production, modernisation and social projects in those regions in which it operates. Before the

Indicator	2011	2010
Assets	28.466	22.675
Gross revenue	19.542	12.819
Profit	3.128	1.299
Profit tax	0.870	0.449

► Consolidated financial performance of the SCM Group, U.S.\$ billion

end of this year there are plans to invest \$2bn and \$20m in modernisation and social projects respectively.

The IFRS financial statements for 2011 were audited by PricewaterhouseCoopers, the eighth successive year SCM's financial data have been overseen by an

international audit company.

The financial results show that the Group's assets totalled some \$28.466bn compared with \$22.675bn in 2010.

Consolidated gross revenue came to \$19.542bn compared to \$12.819bn in 2010, with SCM's steel business showing a 51.6% revenue growth and

energy business' revenue going up 63%.

SCM CEO Oleg Popov welcomed the results, saying the good progress in 2011 came partly from a favourable market environment and continued consolidation of new businesses under the management companies, Metinvest and DTEK.

He added, "Along with that we enjoyed a strong return on our multi-million investment in development and upgrade of our companies in 2011. We are happy with last year's performance and plan to re-invest our profit to further modernise businesses, ensure the professional development of our employees and improve social infrastructure in the regions of our operations. These efforts will make SCM even more competitive domestically and internationally."

DTEK Purchases Russian Coal Mines

DTEK, SCM's energy holding, has made its first coal acquisitions outside Ukraine by closing a deal in Rostov Oblast (Russia) to buy three mines

and a coal processing plant.

Sales of high-sulfur coal from Ukrainian mines mixed with low-sulfur coal from the acquired Russian mines will


ensure the exportable quality of the coal portfolio in line with EU sulfur content standards (less than 1%). Thus, Ukraine can help fill the annual 2.5m-tonne

shortage of anthracite supply in the European market caused by mine closures in England and Germany.


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DTEK Purchases Russian Coal Mines

DTEK CEO Maxim Timchenko said, "The acquisition of the companies in the Rostov region will expand DTEK's resource base and improve the quality of the coal supplied to Ukrainian thermal power plants (TPPs).

This will help prevent fuel shortages in winter. We will be able to enhance the efficiency of electricity generation by TPPs and significantly reduce hazardous emissions."

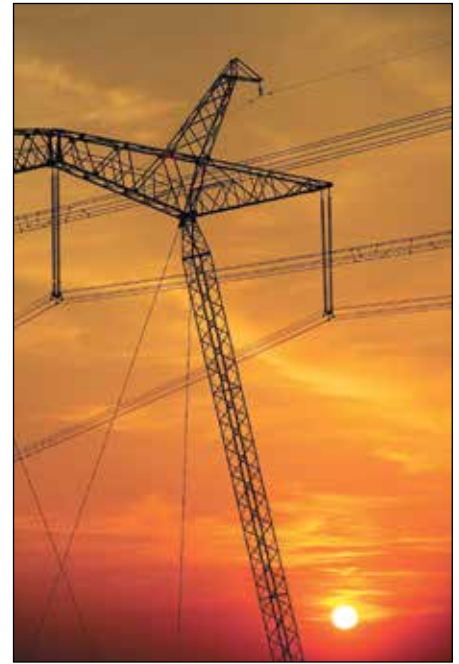
DTEK Signs Framework Agreement for Electricity Supplies to the Russian Federation

DTEK, the largest Ukrainian energy company, has signed a framework agreement with Russian INTER RAO UES for electricity supplies to the Russian Federation.

Under the deal, the company will have the ability to commence cross-border power supplies to INTER RAO UES, a leader in the Russian power market.

Reaction to the deal came from Andrey Favorov, DTEK's Commercial Director, who commented, "This agreement

opens a new chapter in the history of cooperation between our companies. DTEK has started a new era in the history of the Ukrainian power industry. As of today, after a long break, our country is supplying electricity to all neighbouring countries where such deliveries are technologically possible. The growth of Ukrainian electricity exports facilitates the development of Ukrainian generation and coal industries."



► DTEK power lines

DTEK COAL ACQUISITION

FUIB BEST BANKING GROUP

FUIB Named Best Ukrainian Banking Group

First Ukrainian International Bank (FUIB), a part of SCM Group, has been awarded first place in the Best Banking Groups category in Ukraine in the 2012 Banking Awards.

The award was made by the prestigious international business publication, World Finance. The World Finance Banking Awards are known throughout the financial press as the pinnacle of recognition for major banks.

"The World Finance award is an important recognition of our performance by the international community", said Konstantin Vaysman, Chairman of FUIB's Management Board. "FUIB consistently strengthens its leading positions in the local market as one of the best banks by sustainability, reliability and profitability, which is repeatedly recognised by both investment analysts and the media."

Separately, another important industry benchmark publication, The Banker, ranked FUIB as one of the largest world banks for the third year running. In The Banker's TOP 1000 World Banks 2012 FUIB climbed 53 positions to 926th place and significantly improved its previous year results.

Commenting on this achievement, Mr Vaysman went on to say, "FUIB's accomplishments are recognised globally, which reaffirms our competitive stance and is beneficial for reinforcing our foreign partnerships."

DTEK Takes Step into the Future

SCM's energy holding, DTEK, has taken a step into the future by partnering with NIKO Trade House, the official importer of Mitsubishi in Ukraine, to explore the outlook of the electric vehicles (EV) industry in Ukraine.

The first three Mitsubishi innovative electric vehicles (i-MiEV) were handed over to the company in Donetsk as part of the deal.

A charging infrastructure will be built to support their day-to-day use. The joint project will collect practical information on EVs and infrastructure operation in

Ukrainian cities and in the long term design a concept to introduce individual electric cars in large Ukrainian cities.

The move was welcomed by Alexander Tolkach, DTEK's Director for External Affairs, who said, "DTEK strives to develop new energy technologies and the use of EVs in Ukraine fits well into the concept. Use of EVs is still a pilot project but, if it proves to be a success, this will become a part of our environmental programme and may lead to changes not only in the current car and petrol station model, but in the whole electricity network."



► One of the Mitsubishi electric vehicles in DTEK's corporate car fleet

New Metinvest Group Supervisory Board Chairman Appointed

On 13 June 2012 Amir Aisautov, SCM's Director of Mining & Metals Business Development, was appointed the Chairman of the Supervisory Board of the Metinvest Group. Previously he served as a member of the Metinvest Group Supervisory Board. Since November 2009 Amir Aisautov has been responsible for the development of the SCM Group's mining and metals business dealing with strategy, investment, finance and risks.

Currently, the Supervisory Board of the Metinvest Group has ten members including three independent directors. SCM CEO Oleg Popov, the outgoing Chairman, will remain

a Supervisory Board member. According to Oleg Popov, "There are two main reasons that stand behind decisions for SCM's directors to chair Supervisory Boards of our key businesses. First, it is SCM's commitment to keeping focus in every core business of the Group's portfolio that has grown considerably. Second, it's a strong team of directors that SCM has built over the past few years. The move will help me as the chief executive of the management company to concentrate on management of SCM's whole business portfolio and keep strategic focus of the Group."



► Amir Aisautov, SCM Director of Mining & Metals Business Development

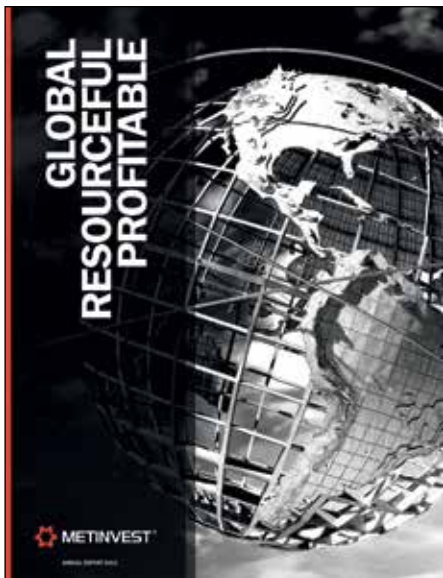
Metinvest Annual Report 2011

Last year was another extremely successful one for SCM's metal and mining business Metinvest, as the Group delivered solid results across all business lines despite the economic challenges faced worldwide.

Metinvest's strong financial performance resulted from a measured approach to conducting mergers and acquisitions, an increase in capital expenditure while maintaining operational efficiency and a continued conservative borrowing policy.

Please read and download Metinvest's Annual Report 2011 at:

www.metinvestholding.com/en/investors/reports



SCM to Build International School in Donetsk

The first international school in Donetsk will open its doors on 1 September 2014 thanks to a new initiative from SCM.

SCM announced on 9 August 2012 the plans to build the first international school in Donetsk - Grigorivska International School.

The project will be realised without governmental funding with investor contributions that will amount to at least \$15m. SCM Group (75%) and Ukrinvest (25%) are shareholders of Grigorivska School on a partnership basis.

Grigorivska will be the first school in Donetsk to teach Ukrainian and international curricula. School graduates will get Ukrainian and international diplomas.

Grigorivska will create more than a hundred of jobs, with a mixture of new international and Ukrainian appointments (over 50%) to be made. Enrolment of students from ages 3 to 18 will be on a fee paying basis, but with a reserve to provide some discounted places and grants. The capacity of the school will be 600 students.

"We believe in the huge potential of Ukraine. To unleash it, Ukrainian children should receive top-class education in Ukraine, and not only in the capital but in other regions as well," said Project Manager Natalia Gnilitkaya.

The official website of the Grigorivska International School can be found here: www.grigorivska.com



► An artists' impression of the Grigorivska International School

NEW APPOINTMENT

SCM TO BUILD SCHOOL

Metinvest Repays Record Loan

Metinvest B.V., the parent company of the international vertically integrated steel and mining group (further – “Metinvest”), has fully repaid a U.S.\$1.5bn facility arranged by a syndicate of 16 banks in July 2007.

It was the record ever borrowed in the credit history of Metinvest and the largest loan attracted by a private firm in Ukraine in 2007.

Sergiy Novikov, Metinvest’s Chief Financial Officer, said, “We managed to raise the facility on favourable terms, which was acknowledgement of investors’

strong confidence in Metinvest’s business case and financial position. The annual instalments including interest expenses were accurately paid by Metinvest throughout the crisis of 2008-2009 and up to now. By repaying the loan in full and on time, Metinvest reaffirmed its reputation as a sustainable business and a highly reliable borrower.”

Deutsche Bank AG (Amsterdam), ING Bank N.V., ABN Amro Bank N.V. and BNP Paribas (Suisse) SA acted as Lead Managers and Bookrunners of the syndicate.

METINVEST REPAYS LOAN



► Donbass Palace and Pushkinsky Complex in Donetsk

ESTA - SCM’s Real Estate Holding

► ESTA Group is a group of companies that manages real properties of the SCM Group.

► ESTA Holding, the management company of ESTA Group, is one of the most successful players in Ukraine’s real estate market, investing annually more than \$100m in development of its real estate portfolio.

► ESTA’s core businesses are premium commercial property, hotel management and real property management and operation.

► Hotel business includes five-star hotels Donbass Palace in Donetsk and Opera in Kyiv, which are both listed as The Leading Hotels of the World and regularly win awards, including the Best Hotel in Ukraine, the Best Business Hotel in Ukraine and the Best Hotel in Eastern Europe. The hotel portfolio also includes medium-price Park Inn by Radisson Donetsk, which opened in spring 2012.

► Reconstruction of Kyiv TSUM shopping mall is one of the ESTA’s most promising projects. The architectural design is developed by Benoy, a renowned UK-based architectural firm. TSUM opening is scheduled for spring 2015.

► Commercial property owned and managed by ESTA Group includes the second stage of Leonardo Business Centre with an area of more than 38,000 sq m located in Kyiv city centre and Pushkinsky Complex mixed-use development in Donetsk city centre.

► In 2011, the total assets of ESTA Group grew 42% year on year to \$526.6m.

www.estaholding.com

Follow SCM Directors insights at blog.scm.com.ua

GROWTH AND AUSTERITY: A COMPLEX POLICY MIX

Jock Mendoza-Wilson, Director of International and Investor Relations, provides his insights from the World Economic Forum on the Middle East, North Africa and Eurasia 2012.



“How does uncertainty in the Eurozone impact the countries outside? Well, Ukraine for instance is a very open economy with significant trade with the EU and Eurozone countries. If growth in these countries remains low then it will have an impact here as there will be weaker export demand for Ukrainian produced goods and services that could slow growth.

“If the EU does pull off the complex trick of Growsterity (the phrase comes from the joining of two words, growth and austerity) then its neighbours, including countries such as Ukraine will also be the winners.” ... Read more

URBANISATION 2040

Natalia Yemchenko, Director of Public Relations and Communications, shares her impressions on the Rio+20 Corporate Sustainability Forum organised by the United Nations Global Compact.



“The ability of people to urbanise in a smart and sustainable way is a part of efficient use of the Earth’s resources. Urban development will see more investment – hundreds of billions of dollars – over the next thirty years than it has witnessed in its entire history. In the modern world this huge market should work in the legal landscape that is absolutely different from the one available today.” ... Read more

FAIR PLAY, BUSINESS ETHICS AND SPORTING SPIRIT

Sergey Zuzak, Director of Agricultural Business Development, writes on a transparent choice of supplier.



“Technical directors of HarvEast decided to replace the desk study of machinery suppliers by a serious ‘entertainment’ – a machinery race. Not the Olympics but also quite spectacular, the race consists of several events. Thus, in July we watched some harvesters at work: on a signal, the high-power machinery of 350+ hp started a drag race followed by

serious representatives of suppliers who recorded losses in their notebooks and examined cleanliness of track left by the competitors’ harvesters.” ... Read more

SCM CORPORATE BLOGS