

Major International Steel Trader Leman Commodities Changes its Name to Metinvest International

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Incorporated in Geneva in 1997, Leman Commodities, a major international trader of steel and other metals, unveiled its new name to the press in Geneva on 4th December 2007. Leman Commodities is a member of the Metinvest Group, which itself belongs to System Capital Management, a holding company which is one of the Ukrainian economy's driving forces, with some 160,000 employees.

Why create a Swiss-based trading company? Andrey Parkhomchuk, Chairman and CEO of Leman Commodities, pointed out that Ukraine (Europe's largest country in terms of surface area) had important mining and industrial resources, but his country does not offer the same advantages in terms of international trade as Geneva, a global trade centre. Hence the will of this Group to establish itself at the heart of the market. With success.

Ten years later, Leman Commodities employs more than 200 people, including 57 (of 18 different nationalities) at its Geneva head office and around 150 in a network which already covers 14 countries. At 30 September, Leman Commodities had already sold some 7.2 million tons of metal, mainly steel, for the year to date, including 86% of semi-finished products, in 75 countries. At the same date 2007 revenues were already at US\$2.5 billion (compared to US\$2.9 billion for the whole of 2006), and the balance sheet exceeded US\$1.1 billion (compared to US\$1.05 billion for the whole of 2006).

Leman Commodities handles 9% of the world market for tubes and pipes, and respectively 8% for merchant slabs and merchant square billets, and 5% for heavy plates. Its product range covers steel sheet coils, rails and concrete reinforcing bars, as well as tubes for oil and gas pipelines.

Leman Commodities also helps its clients in finding appropriate financing for their purchases (this service represented over US\$800 million this year). The Group adopts a rigorous commercial approach, and 95% of its sales are made through bankers' acceptances, thereby reducing debtor risk significantly.

Leman Commodities has also continuously widened its range of services, especially in logistics, shipping and cargo insurance, by maximizing synergies between its activities and those of the Group's other companies.

Unlike other traders, Leman Commodities' key advantage is that it has access to the full range of the Ukraine-based Metinvest Group's production, which guarantees a high level of stability for its sourcing and its trading activities.

Metinvest is European no.3 and world-wide no.7 in plate production, world-wide no.6 in iron ore production and no.18 in steel production. The Group comprises 19 entities, including the Azovstal foundry and steel works (30,000 people), but also a number of mines, plants and shipping companies.

Metinvest's declared strategy is one of rapid growth and development, having already acquired two plants in Italy, one in the UK and one in Bulgaria. Its expansion also includes the recent acquisition of the port of Sebastopol, a major infrastructure in the Black Sea.

Having devoted billions of dollars to a thorough modernization of its industrial resources (Metinvest is Ukraine's biggest investor), the Group has re-organized its structures and carried out an in-depth vertical integration of its activities. The role of each entity has been strictly defined, within an overall strategy which includes a common marketing approach.

So it is that Leman Commodities, with its successful track record and its know-how, has been entrusted with the international management of sales for all the Metinvest Group, except the Commonwealth of Independent States (CIS) members. As part of this integration process, Leman Commodities is going to change its name to Metinvest International.

In addition to its mining and metal processing activities via the Metinvest Group, the System Capital Management holding company is also active in banking, insurance, electricity production and distribution, telecommunications, machines-tools, brewing, the hotel industry and sport (as owner of the Shakhtar Donetsk soccer club). System Capital Management employs a total of 160,000 people.

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Leman Commodities and Metinvest International