ArcelorMittal

El Romero solar farm using ArcelorMittal's Magnelis® coated steel.

CREDIT SUISSE

# 31st Annual Basic Materials Conference

September 2018

Daniel Fairclough, Member of the Management Committee, Head of IR
Lisa Fortuna, Manager IR

# Disclaimer

ArcelorMittal

**Forward-Looking Statements**

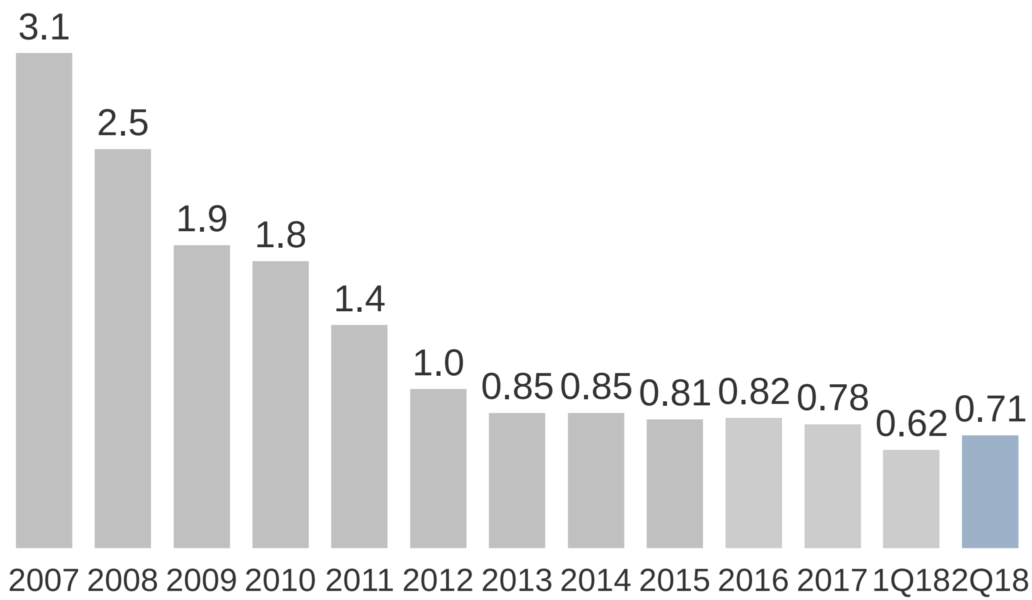
This document may contain forward-looking information and statements about ArcelorMittal and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements may be identified by the words “believe”, “expect”, “anticipate”, “target” or similar expressions. Although ArcelorMittal’s management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of ArcelorMittal’s securities are cautioned that forward-looking information and statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond the control of ArcelorMittal, that could cause actual results and developments to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the filings with the Luxembourg Stock Market Authority for the Financial Markets (Commission de Surveillance du Secteur Financier) and the United States Securities and Exchange Commission (the “SEC”) made or to be made by ArcelorMittal, including ArcelorMittal’s latest Annual Report on Form 20-F on file with the SEC. ArcelorMittal undertakes no obligation to publicly update its forward-looking statements, whether as a result of new information, future events, or otherwise.

# Safety is our priority

- **Safety is ArcelorMittal's priority →** Company focused on further reducing the rate of severe injuries & fatality prevention

  - Build a culture of vigilance
  - Improve reporting of near misses
  - Understand root causes and share knowledge
  - Focus on training

**Health & Safety Lost time injury frequency (LTIF) rate***
Mining & steel, employees and contractors




**Our goal is to be the safest Metals & Mining company**

* LTIF = Lost time injury frequency defined as Lost Time Injuries per 1.000.000 worked hours; based on own personnel and contractors

# Sustainable development - key to our resilience

ArcelorMittal

- **Sustainable Development** is driven by our vision to make steel the material of choice for the low carbon and circular economy

  – Product **innovation** (e.g. S-in-motion solutions for automotive)

  – **Contribution** to low carbon and circular economy (e.g. LanzaTech project on Carbon Capture and utilisation)

  – Drive the **development** of environmental and social certification schemes for steel and mining

Responsible Steel standards & certification

Sustainability CHAMPIONS worldsteel ASSOCIATION

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

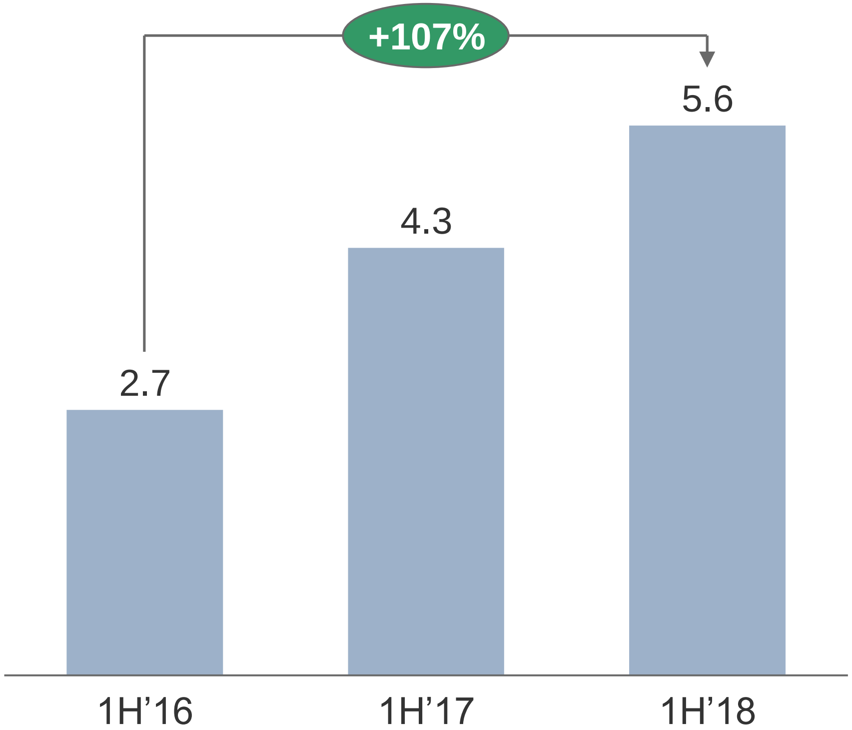
**Leadership in response to long term trends**

# Performance significantly improved

ArcelorMittal

- **Operating results are beginning to reflect the structural improvements to the business and the industry**
  - ROE* of 14.7% in 1H'18
  - ROCE** of 13% in 1H'18
  - Best performing first half EBITDA since 2011
  - All segments supporting the improved Group performance

**EBITDA (US$ billion)**




**Significant EBITDA improvement**

* Return on equity (ROE) is defined as net income divided by total shareholder equity; **Return on capital employed (ROCE) is defined as operating income plus impairments, income from equity method investments and other income minus tax (20% rate) divided by capital employed (defined as total equity plus net debt); Both ROE and ROCE calculated 1H'18 annualised basis

# Disciplined capital allocation

ArcelorMittal

- **Deleveraging remains our priority → building the strongest platform for consistent capital returns to shareholders**

| | |
|---|---|
| Robust balance sheet | Targeting $6bn net financial debt (NFD) to ensure lowest cost balance sheet → **Maximise** FCF potential |
| Invest in strengths | Investing in opportunities with focus and discipline → **Grow** FCF potential of the business |
| Returns to shareholders | Base dividend reinstated → **Capital returns** to shareholders will increase to a portion of FCF once NFD target achieved |

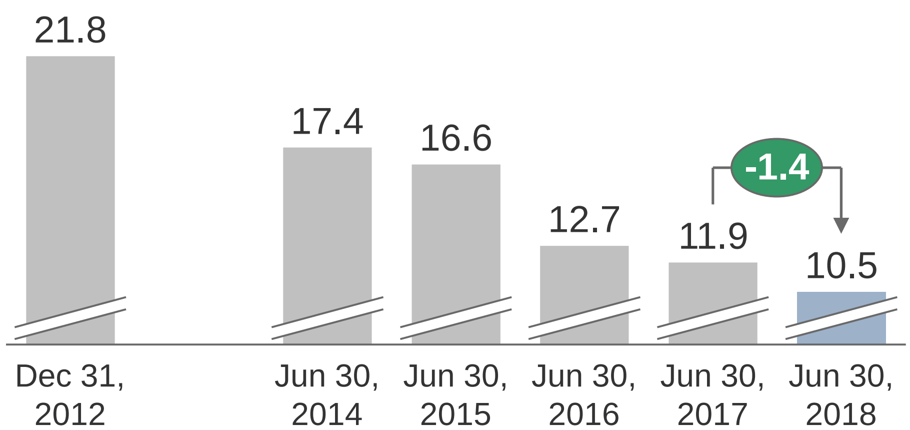
**Capital allocation policy to maximise value for shareholders**

# Balance Sheet: deleveraging ongoing priority

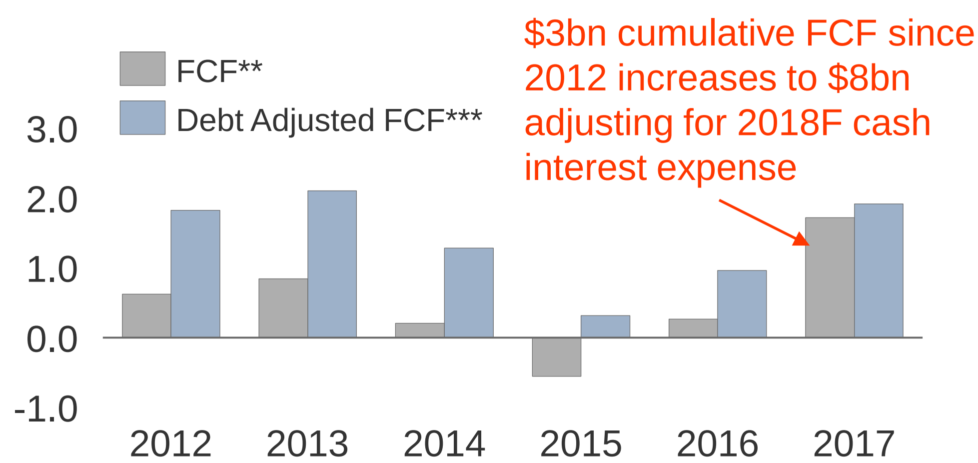
ArcelorMittal

- Investment grade rating achieved from all 3 rating agencies*
- 1H'18 interest costs ~65% lower than 1H'12
- Lower interest costs will ensure greater translations of EBITDA to FCF

**Net debt ($billion)**




**Debt adjusted FCF** ($billion)**




**Investment grade rating achieved from all 3 rating agencies**

* Investment grade credit rating upgrades: S&P in February 1, 2018, Moody's in June 22, 2018 and Fitch in July 13, 2018; ** Free cash flow refers to cash flow from operations less capex; *** Debt adjusted FCF refers to historical FCF adjusted to reflect 2018 forecast interest expense of $0.6bn

# Disciplined growth→ Prioritising deleveraging and balance sheet strength

ArcelorMittal

**Brazil: Votorantim acquisition strengthens long products business in Brazil**

- Minimal initial balance sheet impact from debt assumed
- Value to be created from significant synergies

**Italy: Restore ILVA as leading Italian steel supplier**

- Acquisition cost spread over several years*

**India: Essar Steel; a high growth market**

- Joint Venture with Nippon Steel
- ArcelorMittal to finance its share of the equity component of the JV finance structure

**Deleveraging is our priority…**

**… creating the strongest foundation for sustainable returns**

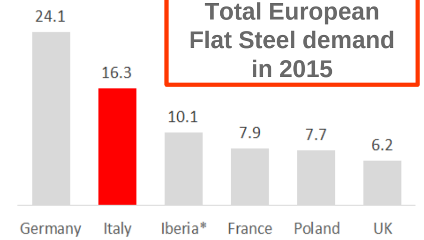
**Capturing the best opportunities for growth whilst maintaining strict balance sheet discipline**

* Purchase price of €1.8bn will be reduced by annual instalments of €180m for a minimum of 2 years

# ILVA – a tier 1 steel asset

- **ILVA is the perfect opportunity for ArcelorMittal →** Ilva will be re-established as a tier one supplier to European & Italian customers
  - Large scale, underperforming asset **requiring turnaround**
  - Significant **cost improvement potential** and synergies identified
  - Opportunity to **leverage AM strengths in R&D** and **product leadership and service**
- **Minimal Balance sheet impact**, EBITDA accretive Yr1
- **Provisional labour agreement with Ilva's trade unions** on Sept 6, 2018
- **Completion** expected Nov 1, 2018
- **No change to economics of the deal**

**97Mt** Total European Flat Steel demand in 2015





**Novi Ligure:** **Cold rolling mill** to serve **end-users customers** (e.g. packaging, white goods)

**Genova:** **Cold rolling, hot dip galvanising and tin plate** capacities

**Taranto:** **Integrated plant** for production and sale of **HRC, plates, pipes and tubes**

**ILVA is a strong fit within ArcelorMittal's existing business & strategy**

Source: World Steel, Steel Statistical Yearbook 2015; Notes: *Iberia defined as Spain + Portugal

# Selective organic growth opportunities

- **Company investing with focus and discipline**

**Mexico: $1.0bn 3Yr investment for new 2.5Mt HSM**

- Downstream investment to add value to our low-cost slab
- Increase capability to serve domestic Mexican industry

**Brazil: 3Yr investment to expand rolling capacity**

- Increase Hot dipped and cold rolled coil capacity and construction of a new 700kt continuous annealing line (CAL) & continuous galvanising line (CGL) combiline
- Strengthen ArcelorMittal's position in automotive and construction through Advanced High Strength Steel products

**High return opportunities given the attractive market dynamics in both Mexico and Brazil**

**Investing in high return opportunities**

# Industry leadership

- **Industry awards for service, quality, technology, innovation leadership**

  - Honda R&D Americas Inc. awarded ArcelorMittal with its Excellence in Innovation Award.

  - General Motors awarded ArcelorMittal's AM/NS Calvert with its Supplier Quality Award and ArcelorMittal with its Supplier Diversity Award

  - Ford ranked ArcelorMittal #1 amongst its five main suppliers for the seventh consecutive year

  - Jaguar Land Rover awarded ArcelorMittal Europe a bronze Supplier Excellence Award, recognizing the high-quality of ArcelorMittal's products, our outstanding delivery performance

The 2019 Acura RDX features a 50% increase in the use of UHSS steel over the previous model, including the first outer and inner door ring system.

**ArcelorMittal recognised at automotive steel leader → Steel to remain material of choice**

# Steligence® - the intelligent construction choice

ArcelorMittal

## A radical new concept for the use of steel in construction

- Steligence® is based on extensive scientific research, independently peer-reviewed
- Makes the case for a holistic approach to construction that breaks down barriers, encouraging collaboration between construction industry professionals
- Designed to resolve the competing demands of creativity, flexibility, sustainability and economics
- Delivers efficiencies, benefits and cost savings to architects, engineers, construction companies, real estate developers, building owners, tenants and urban planners
- Will facilitate the next generation of high performance buildings and construction techniques, and create a more sustainable life cycle for buildings
- Our new Headquarters building is designed to showcase the Steligence® concept


**Social, economic and environmental benefits**

# Transformation technologies: LanzaTech installation, Gent (Belgium)

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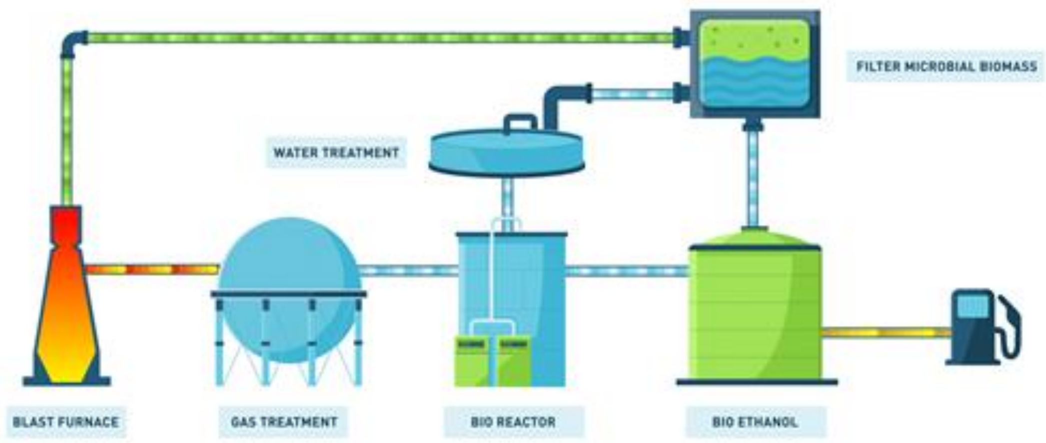
- €150million project between ArcelorMittal & LanzaTech in Gent, Belgium, broke ground June 2018
- Technology to potentially revolutionise the capture of BF carbon gas and convert it into bioethanol
- Licensed by LanzaTech, a proprietory microbe feeds on carbon monoxide to produce bioethanol, to be used as transport fuel or potentially in the production of plastics
- Annual production of bioethanol from this demonstration expected to reach around 80m litres, which will yield an annual CO2 saving equivalent to 600 flights from London to New York
- The new installation will create up to 500 construction jobs over the next two years and 20 to 30 new permanent direct jobs. Commissioning and first production is expected by mid-2020



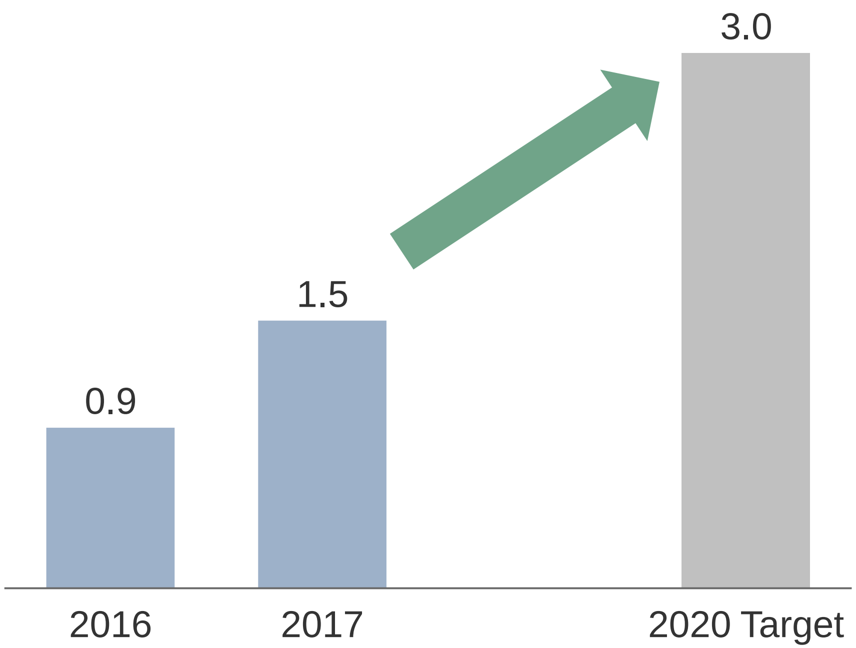

**Technology to potentially revolutionise the capture of BF carbon gas and convert it into bioethanol**

# Structural improvement: ArcelorMittal

- **Transformation of the business ongoing → Action 2020 drives sustainable performance improvement**

  - Unique to ArcelorMittal
  - Business driven improvements
  - Across 3 axes: cost optimisation, volume gains, mix improvement

**Action 2020 cumulative EBITDA improvement achievement vs. targets ($billion)**




**Action 2020 driving structural EBITDA improvement**

# Steel industry reform

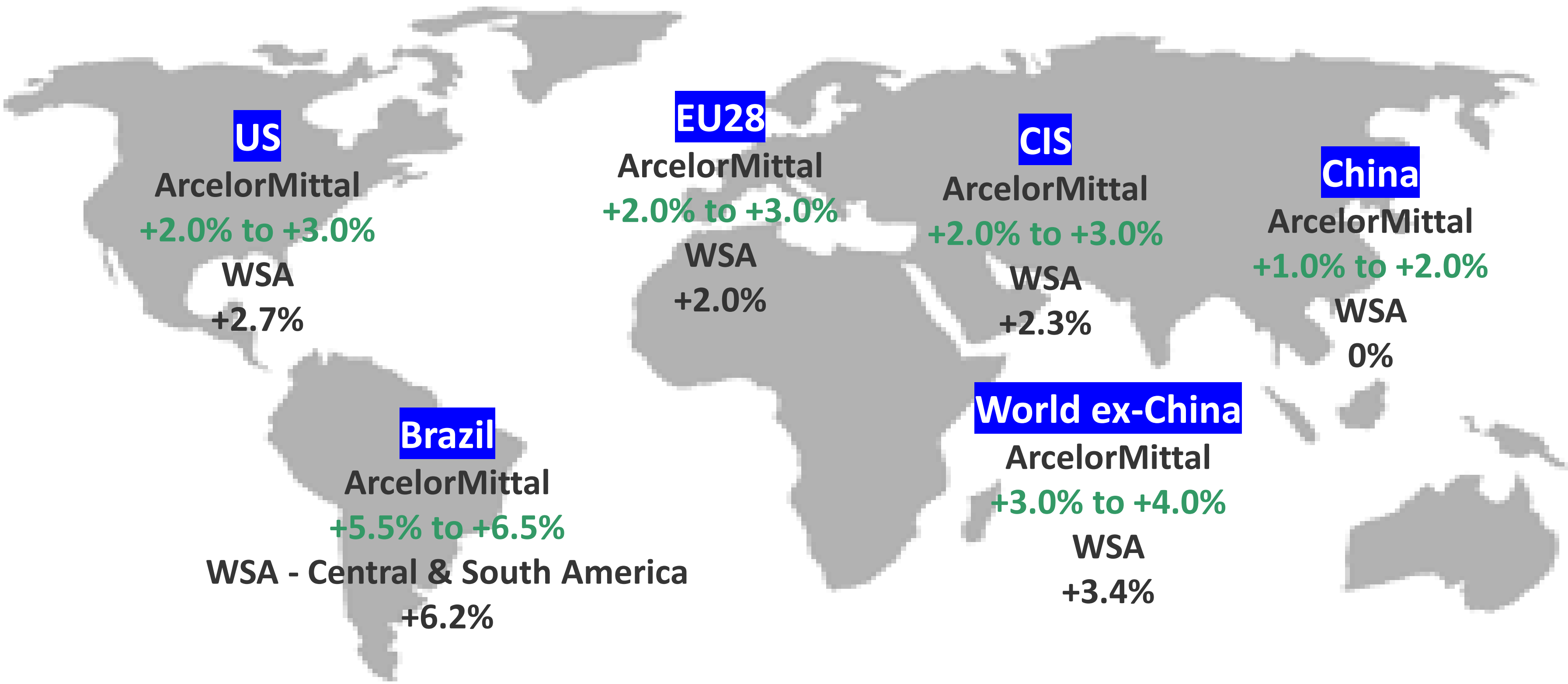
- **Several government initiatives to protect against global unfair trade**
  - Global steel industry operating at high rates of capacity utilisation
  - More effort required in the ongoing government support to protect against global unfair trade
  - Section 232 and provisional European safeguard measures in place → **insulate ArcelorMittal's core operations from unfairly traded imports**

**There is still more to be done to thoroughly address the issue of global excess capacity**

# Demand outlook remains favourable

- **Global steel outlook remains positive → Growing demand in ArcelorMittal's core markets**

**ArcelorMittal & WSA demand forecasts 2018**




**Strong global economic fundamentals support further expected steel demand expansion in 2018**

ArcelorMittal estimates; Worldsteel Association (WSA) Short range outlook, April 17, 2018

# Positioned to deliver value

- Continued improvement in results, reflecting structurally improved industry backdrop and Action 2020 benefits
- Unique global portfolio of competitive well-invested assets
- Industry leader in product and process innovation
- Action 2020 continues to structurally improve profitability
- Investing with focus and discipline
- Investment grade balance sheet, progress towards net debt target to accelerate
- Base dividend reinstated with intention to increase capital returns once net debt target achieved

**Capital allocation policy to maximise value for shareholders**

Section 1

# APPENDIX

# Focused investment

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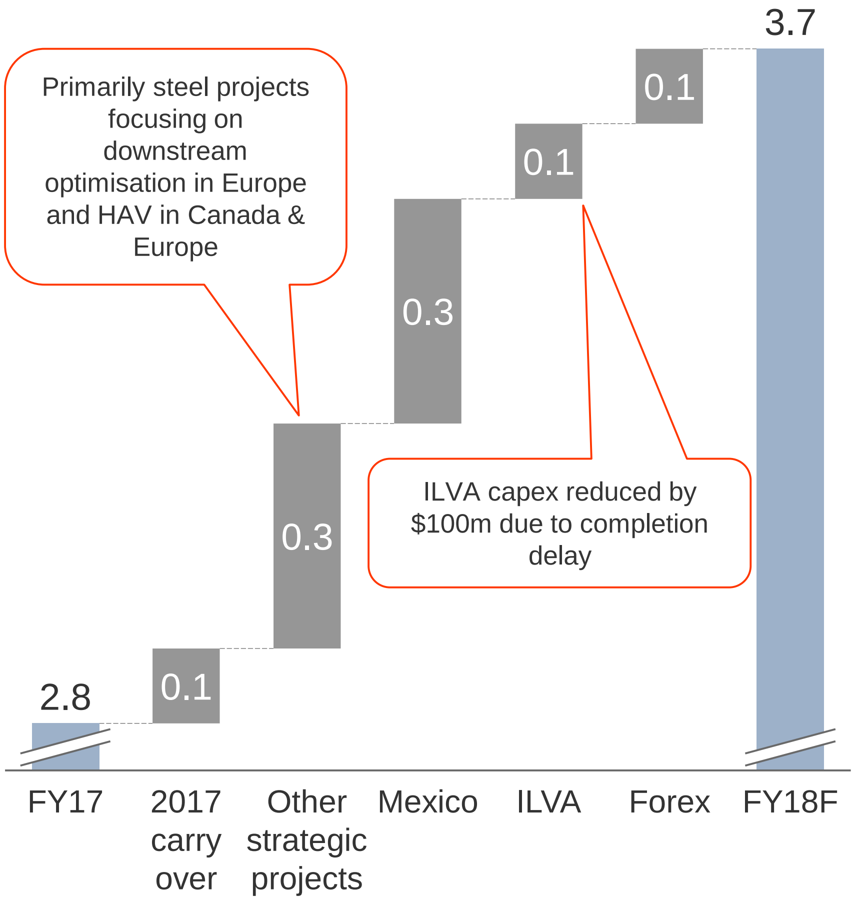
**Capex in 2018 ($ billion)**




- **Italy: Restore ILVA as leading Italian steel supplier**
  - Expanded product range with new HAV steel grades
  - Synergies €310m of which €50m to benefit ArcelorMittal's existing operations
  - 2018 investment of ~$0.3bn for environmental capex (FY basis) - ~$0.1bn in 2018
  - EC approval May 2018; Completion extended to Sept 2018
- **Mexico: $1.0bn three-year investment for construction of a new 2.5Mt HSM**
  - High value return project → improved HAV mix
  - Capex investment of ~$350m in 2018 commenced
  - Increase capability to serve domestic Mexican industry

**<u>Project to start in 2019</u>**

- **Brazil: 3Yr investment to expand rolling capacity → construction of a new 700kt CAL and CGL combi-line**
  - Investment to serve domestic/Latin American markets
  - Strengthening ArcelorMittal's position in automotive and construction through Advanced High Strength Steel products (AHSS)
  - Project completion expected 2021

**Capitalising on high-return opportunities; Capex of $3.7bn in 2018**

Note: HD refers to hot dipped; CR refers to cold rolled coil; CAL refers to continuous annealing line and CGL refers to continuous galvanising line

Section 2

# FINANCIALS

# Significantly improved results in 1H’18

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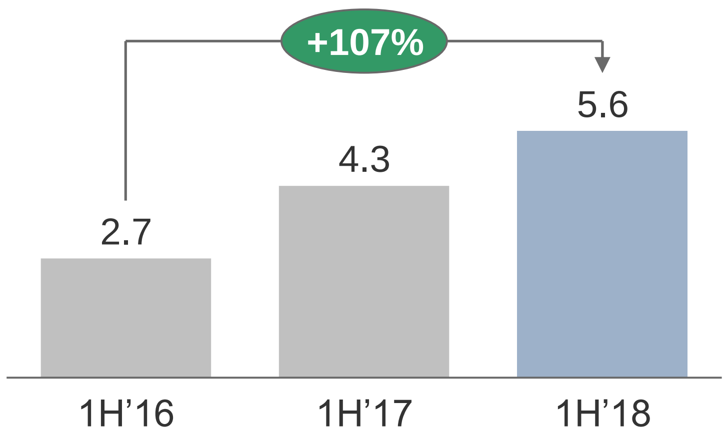
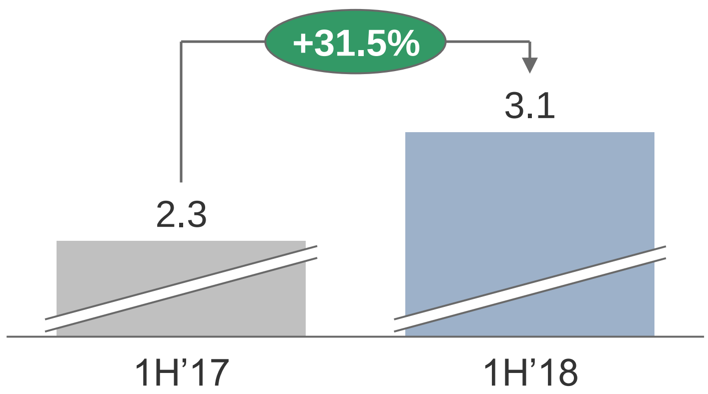
- EBITDA +28.6% YoY to $5.6bn
- Steel shipments +1.3% YoY to 43.1Mt
- Marketable iron ore shipments +5.4% YoY to 19.1Mt
- Net income +31.5% YoY to $3.1bn
- Working capital investment of $3.1bn reflecting stronger markets
- Net debt down to $10.5bn

**EBITDA progression ($ billion)**




**Net income ($ billion)**




**Significantly improved results**

Note: YoY refers to 1H’18 vs. 1H’17

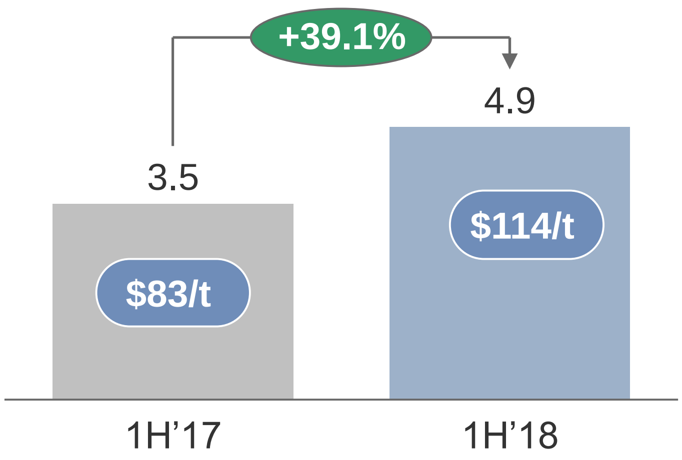
# Improved steel segments performance YoY

- **Steel-only EBITDA** up +39.1% YoY primarily due to positive price-cost effect (PCE) and higher steel shipment volumes (+1.3%)
- 1H'18 steel-only EBITDA/t increased to $114/t from $83/t in 1H'17

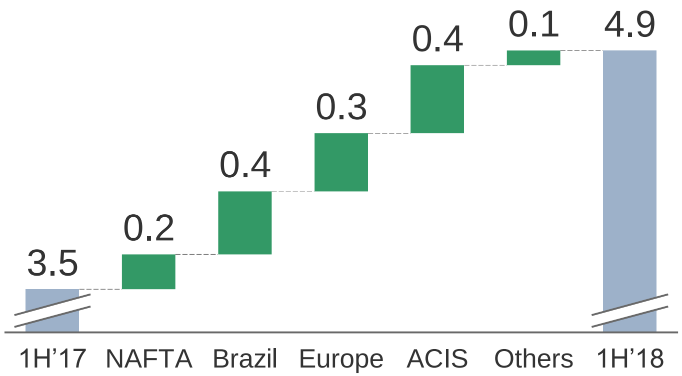
**1H'18 vs. 1H'17 highlights**

- **ACIS:** EBITDA doubled YoY → Positive PCE offset in part by lower volumes (-6.1%) (Ukraine planned and unplanned maintenance)
- **Brazil:** EBITDA +81.9% YoY → Positive PCE and higher volumes (+9.6%)
- **NAFTA:** EBITDA +19.6% YoY → Positive PCE and higher volumes (+3.0%)
- **Europe:** EBITDA +18.3% YoY → Positive PCE and higher volumes (+2.6%)

**Steel-only EBITDA ($bn) and EBITDA/t ($/t)**




**1H'17 to 1H'18 steel-only EBITDA ($bn)**



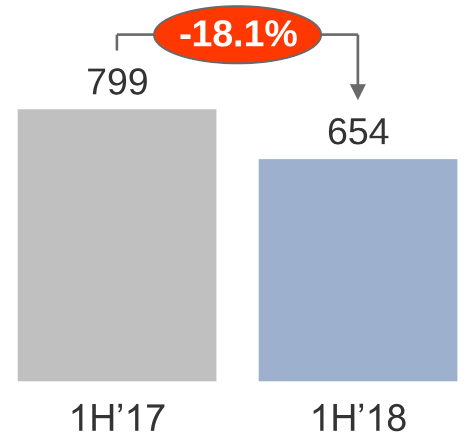

**Steel-only EBITDA improvement across all segments**

Note: YoY refers to 1H'18 vs. 1H'17

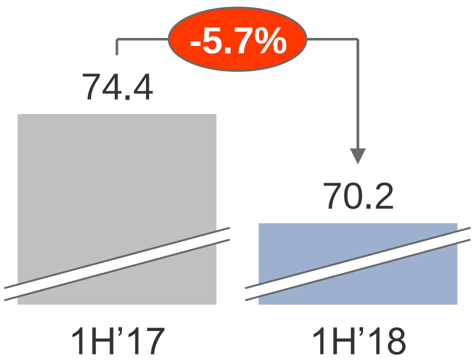
# Mining performance

- **Performance:** 1H’18 EBITDA declined 18.1% YoY due to lower seaborne iron ore market prices (-5.7%) and lower market priced coal shipments offset in part by higher market priced iron ore shipments (+5.4%)
- **Growth:** Market priced iron ore shipments volume on track to grow ~10% in 2018
  - Liberia: Feasibility study launched to identify the optimal concentration solution in a phased approach for utilising Tokadeh ores; result expected by the end of 2018
- **Focus on quality:** Strategy to maximise value in use through product quality, service and delivery
- **Cost:** FCF breakeven point maintained at $40/t*

**EBITDA ($m)**




**Iron ore price ($/t)****




**Mining profitability positively impacted by higher shipments; focus on quality and cost**

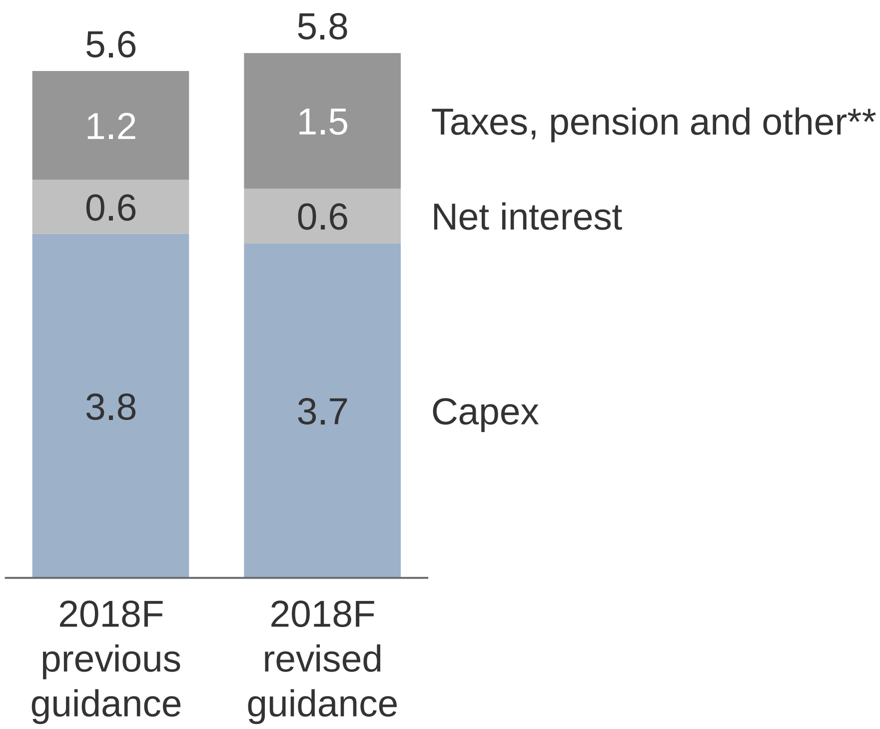
* CFR China 62% Fe ** Index of spot market Iron Ore prices delivered to China, normalized to Qingdao and 62% Fe US $ per tonne Daily

# Cash needs of the business

- **Cash needs of business* in 2018 of $5.8 billion → increase of $0.2 billion vs. previous estimate driven by:**
  a) Lower CAPEX (decrease from $3.8bn to $3.7bn reflecting delay in anticipated ILVA capex)
  b) Other cash needs to increase by $0.3bn** due to expected increases in cash taxes driven by improved earnings

→ Working capital requirements to be driven by market conditions

**Cash needs of business ($ billion)**



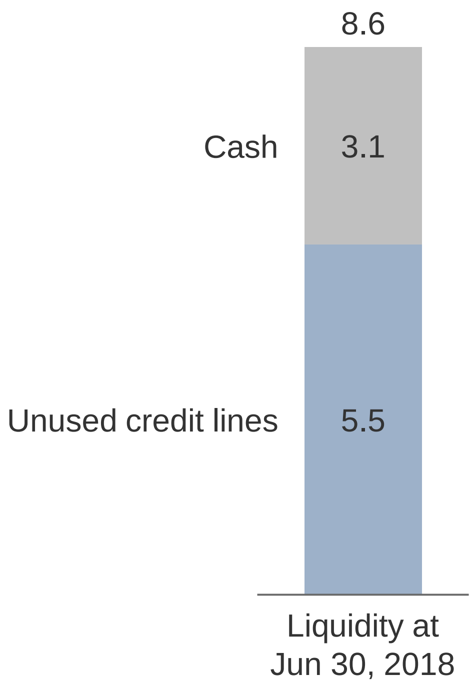

**ArcelorMittal remains focussed on controlling its cash requirements**

* Cash needs of the business defined as: capex, net interest, cash taxes, pensions and other cash costs but excluding working capital investment and exceptional items. (Exceptional items: In July 2018, as a result of a settlement process, the Company and the Federal Cartel Office reached agreement as to a €118 million ($146 million) fine to be paid by ArcelorMittal Commercial Long Deutschland GmbH ending the investigation as concerns the ArcelorMittal entities ** Estimates for cash taxes in 2018 have been updated to reflect latest consensus forecast (previous estimate based on 2017 taxable profit)

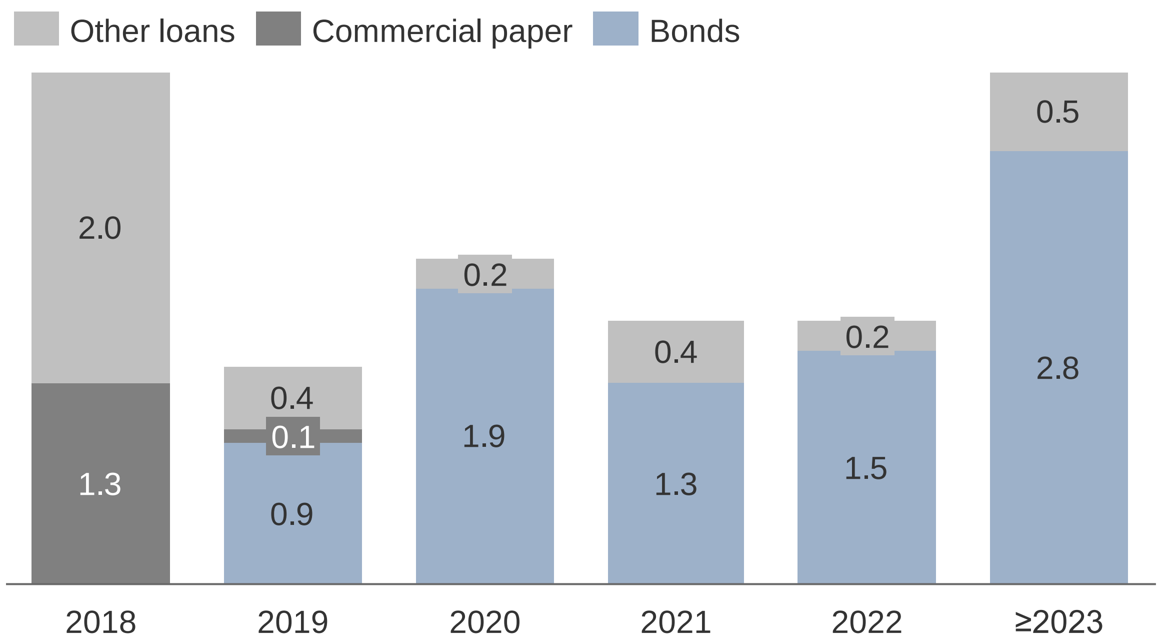
# Liquidity and debt maturity profile

ArcelorMittal

### Liquidity at Jun 30, 2018 ($ billion)




### Debt maturities* at Jun 30, 2018 ($ billion)




### Liquidity lines:

- $5.5bn lines of credit refinanced and extended in Dec 2016; two tranches:
  - $2.3bn matures Dec 2019
  - $3.2bn matures Dec 2021

### Debt maturity:

- Continued strong liquidity
- Average debt maturity → 4.9 Yrs

### Ratings**:

- S&P: BBB-, stable outlook
- Moody's: Baa3, stable outlook
- Fitch: BBB-, stable outlook

**Investment grade rated by all three rating agencies**

* Debt maturities chart excludes recent tender offer for a combined aggregate purchase price of up to $750m for outstanding 7.000% notes due 2039 and 6.750% notes due 2041

** Investment grade credit rating upgrades: S&P in February 2018, Moody's in June 2018 and Fitch in July 2018

Section 3

# ILVA

# ILVA – a tier 1 steel asset

- ILVA is the **perfect opportunity** for ArcelorMittal
  - Italy: Europes **2nd largest steel** consuming country
  - Large scale, underperforming asset **requiring turnaround**
  - Significant **cost improvement potential** and synergies identified
  - Opportunity to **leverage AM strengths in R&D** and **product leadership and service**
  - Ilva will be re-established as a tier one supplier to European & Italian customers
- **Minimal Balance sheet impact**, EBITDA accretive Yr1
- ArcelorMittal **reached a provisional labour agreement with Ilva's trade unions on Sept 6, 2018**
  - Committed to initially hire **10,700** workers based on existing contractual terms of employment
  - Between **2023-2025** committed to hire any workers who remain under Ilva's extraordinary administration
  - Legal completion of the transaction and formal commencement of AM Investco's lease and purchase agreement now expected **Nov 1, 2018**


**ILVA is a strong fit within ArcelorMittal's existing business & strategy**

Source: World Steel, Steel Statistical Yearbook 2015; Notes: *Iberia defined as Spain + Portugal

# Our vision for ILVA

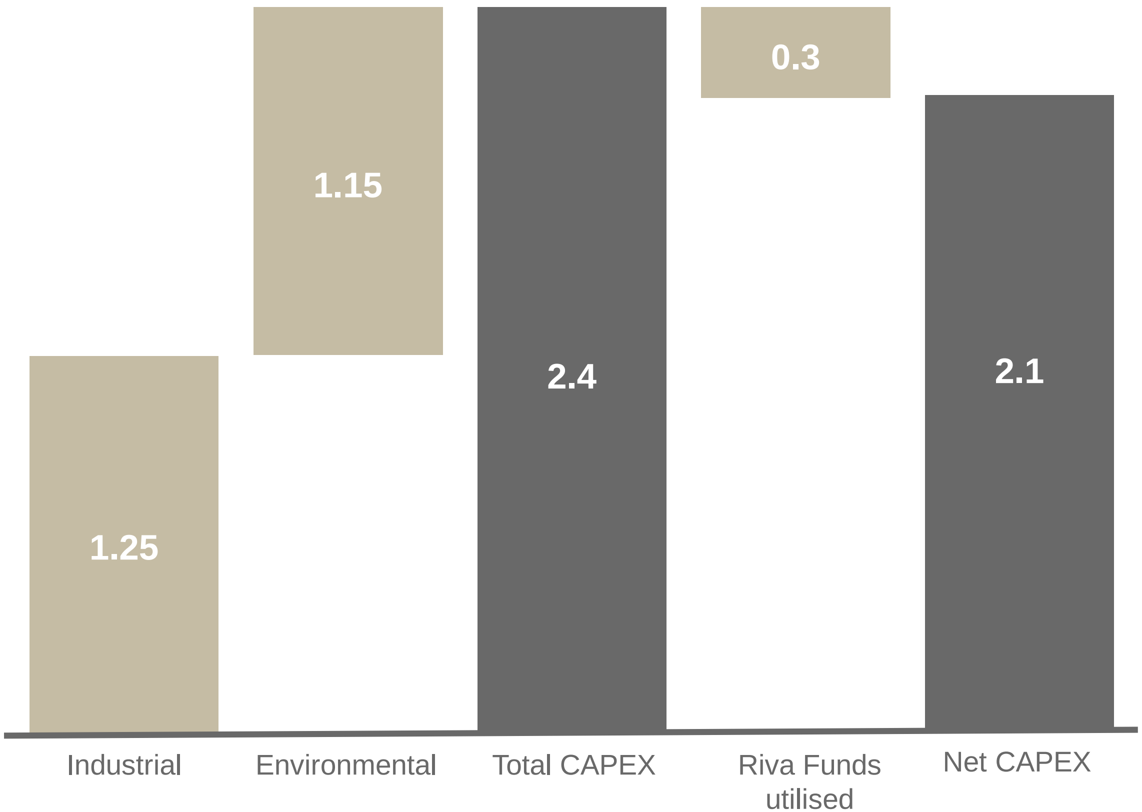
ArcelorMittal

| ILVA Today | ILVA's Future |
|---|---|
| • **Significant environmental issues** – need to bring ILVA up to and beyond EU environmental standards<br>• **Industrial challenge:** investment and expertise to improve operational performance of ILVA's assets<br>• **Poor financial performance:** material decline in revenue since 2011, loss-making for the past 4 years<br>• **Low share of high-value added steels** in the portfolio of ILVA<br>• **Need to rebuild client confidence:** product quality, innovation, supply chain | • **Become a world-class player** in terms of competitiveness, sustainability, environmental performance, value-add<br>• **Leading presence in Italy,** adding value to the Italian industrial fabric<br>• **A company recognised for environmental performance excellence:** emissions to be reduced to best practice levels, in line with and beyond European environmental standards and legislation<br>• **A sustainably profitable company:** one that creates value for all stakeholders, and the Italian economy |

**A clear vision of long-term, sustainable success for ILVA**

# Investment plan to revitalise ILVA

**CAPEX commitments (€bn)**




- **€1.15bn environmental investment plan to materially improve performance, including**:
  - €0.3bn stock pile coverage
  - €0.2bn investment at coke ovens
  - €0.2bn in waste water treatment
  - €0.3bn environmental remediation (clean-up) which will be financed with funds seized from the Riva Group
- **€1.25bn industrial investment plan to rapidly restore and improve:**
  - 'catch-up' capex for delayed maintenance
  - capex program for blast furnaces and steel plants
  - includes full €0.2bn re-vamping of BF#5

**Commitment to invest €2.4 billion**

# ILVA impact on ArcelorMittal financials

ArcelorMittal

- Following completion of transaction, ArcelorMittal will fully consolidate ILVA
- Purchase price of €1.8bn, will be recognized on the BS as a payable, reduced by the quarterly instalments of €45mn that will flow through investing activities in CF
- New ILVA will be transferred with circa €1bn of net working capital and free of long term liabilities and financial debt
- New ILVA will be transferred to ArcelorMittal with a re-calibrated labor force
- ArcelorMittal will immediately commence the environmental capex plan and other investments
- **ILVA is expected to be accretive to ArcelorMittal EBITDA in Year 1 and accretive to ArcelorMittal cash flow in Year 3 (based on 2016 steel spreads)**

**On completion ILVA will be fully consolidated by ArcelorMittal**

Section 4

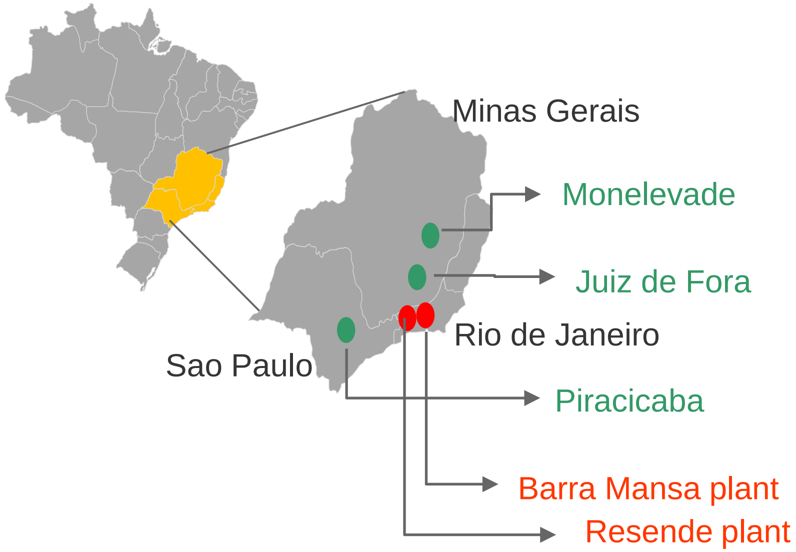
# STEEL INVESTMENTS

# Votorantim acquisition completed - creates new Brazil Longs market leader

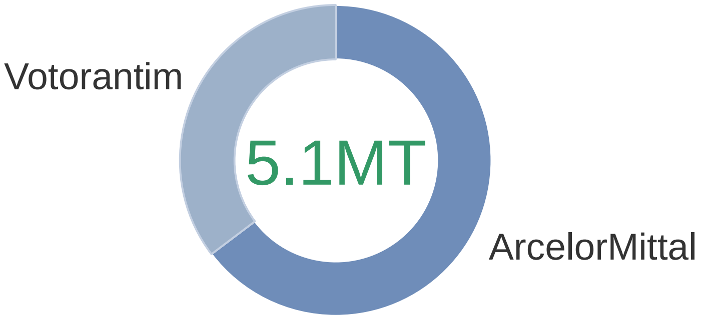
- Consolidating the long products market in Brazil by combining Votorantim into our business with combined annual crude steel capacity of 5.1Mt.
- ArcelorMittal becomes long product market leader in Brazil absorbing 12% market share
- Combined businesses production facilities are geographically complementary, enabling higher service level to customers, economies of scale, higher utilization and efficiencies.
- ~$110m of identified synergies to drive value creation



**ArcelorMittal & Votorantim long businesses**




**Combined operating footprint crude steel capacity (Mt)**




**~$110m synergies**

- ✓ Commercial
- ✓ Manufacturing
- ✓ Procurement
- ✓ Logistics
- ✓ SG&A

**Unique opportunity to strengthen AM's presence in one of the premier emerging markets**

# Disciplined capital allocation focused on value driven strategic initiatives: Mexico HSM

ArcelorMittal

- **US$1.0bn 3Yr investment commitment →** Construction of a **new 2.5Mt hot strip mill**
  - Investments to sustain the competitiveness of mining operations
  - Modernizing its existing asset base
  - Expected capex of ~350m in 2018
  - In-line with Action 2020 plan → **Project completion expected in 2020**
- **Current Status:**
  - OEM long lead equipment purchasing complete
  - Fabrication proceeding on schedule
  - Site handover to OEM complete. Deep foundation works ongoing.
  - OEM basic engineering 100% complete
  - Detail engineering proceeding on schedule


**ArcelorMittal Mexico:**

- Current production 4Mt increasing to ~5.3Mt (2.5Mt flat; 1.8Mt long and 1Mt semi-finished slabs)
- Vertically integrated with flat and long product capabilities
- ArcelorMittal Lazaro Cardenas's raw materials and slabs shipped through a dedicated port facility (Mexico's largest bulk handling port)

**Mexico currently heavily reliant on imports of value-added steel; high growth expected**

# ArcelorMittal Vega: strengthening our position in Brazilian value-added flat steel market

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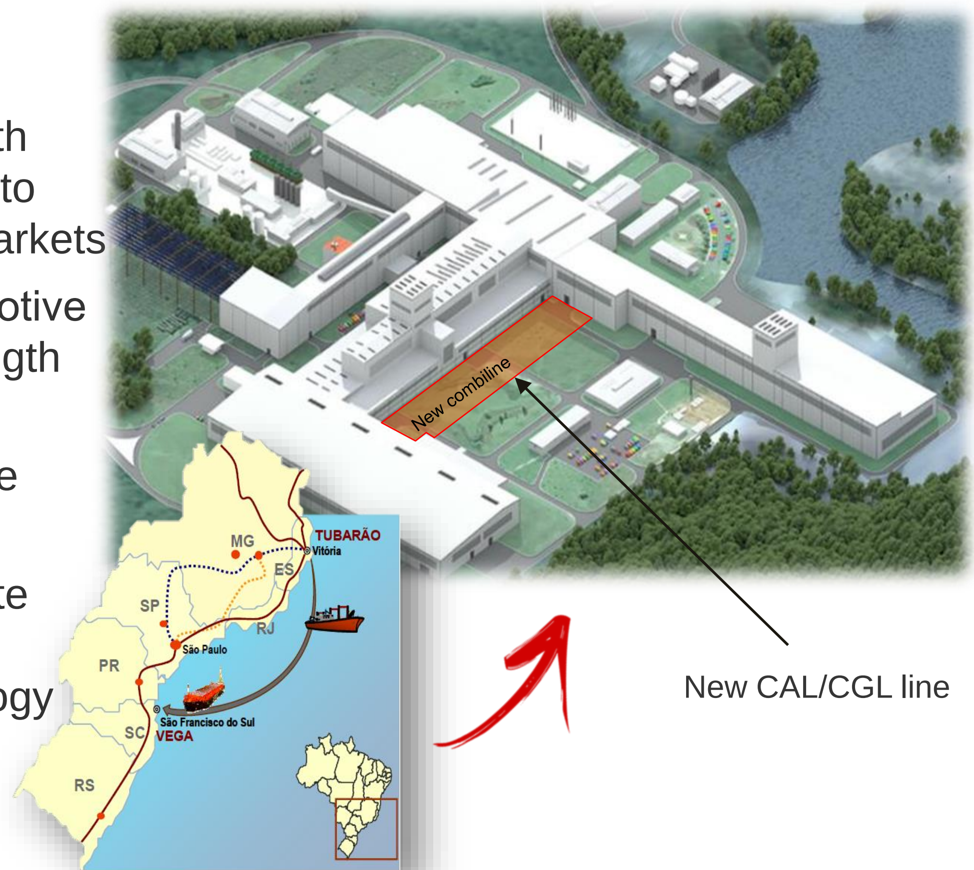
- **3 year investment to expand rolling capacity → increase hot dipped / cold rolled coil capacity and construction of a new 700kt continuous annealing line (CAL) and continuous galvanising line (CGL) combiline**
- **Project scope**
  - Investment to sustain ArcelorMittal Brazil growth strategy in cold rolled and coated flat products to serve domestic and broader Latin American markets
  - Strengthening ArcelorMittal's position in automotive and construction through Advanced High Strength Steel products (AHSS)
  - New CAL and CGL combiline to address a wide range of products and applications
  - Optimization of current facilities to maximize site capacity and competitiveness; utilizing comprehensive digital and automation technology
  - Project completion expected 2021




**Growing high added value products in one of the most promising markets**

Section 5

# MACRO HIGHLIGHTS

# Trade cases: Ongoing focus

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**US**

- All key flat rolled steel products AD/CVD cases **have been implemented**
- The DOC made final affirmative determinations in the anti-circumvention investigations for CRC & CORE imported (through Vietnam) on May 16, 2018
- On June 12, 2018, the US industry filed anti-circumvention petitions with DOC for CRC and CORE imported from Korea and Taiwan (through Vietnam)

**Section 232**

- **25% tariffs** imposed on all steel product categories began on March 23, 2018
- 25% tariffs imposed on steel products in **Europe, Canada & Mexico** effective June 1, 2018 with following exceptions:
- ***South Korea:*** *Quota of 70% of 2015-2017 average export volumes into US*
- ***Brazil:*** *Quota of 2015-2017 average export volumes into US → 70**% for finished products;*** *100% for* ***semi-finished products***
- ***Argentina:*** *Quota of 135% of 2015-2017 average exports*
- ***Australia*** *completely exempt from tariffs and quotas*

**EUROPE**

- All key flat rolled steel products Anti-dumping and countervailing duty cases **have been implemented**
- **Ongoing monitoring** - safeguard investigation to determine whether final measures will be implemented

**Safeguard duties**

- On July 19, 2018 EU commission initiated provisional safeguard duties on 23 products (5 excluded from original investigation) with a maximum duration of 200 days
- 100% quota based on average imports between **2015-2017** export volumes implemented
- The tariff rate quotas in operation for 200 calendar days (Feb 4, 2019) → set at pro-rata level to the annual figure
- Imports exceeding the quotas face a 25% tariff
- For countries which have AD/CVD duties in place, will continue to be imposed during the quota period; Once quota reached → higher of AD/CVD or 25% tariffs will apply
- Certain 'developing' countries* with a share of imports of <3% are exempt
- EEA countries (Norway, Iceland, Liechtenstein) exempt

**Comprehensive solution for unfairly traded imports across geographies still required**

*List of products originating in developing countries to which the provisional measures apply: Brazil, China, Egypt, India, Malaysia, Moldova, Saudi Arabia, SA, Macedonia, Turkey, UKR, Vietnam. All other developing countries exempt

# Global ASC rates

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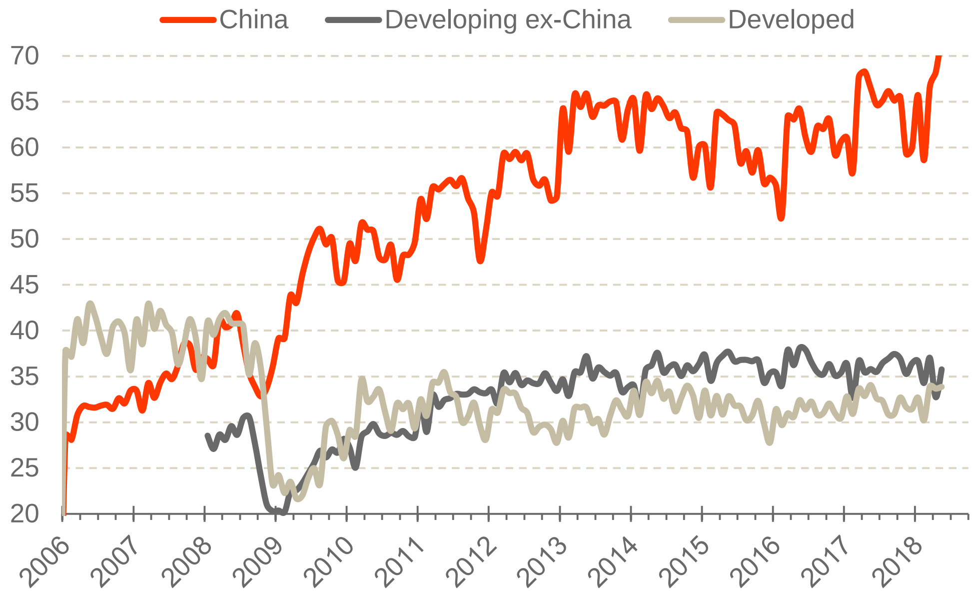
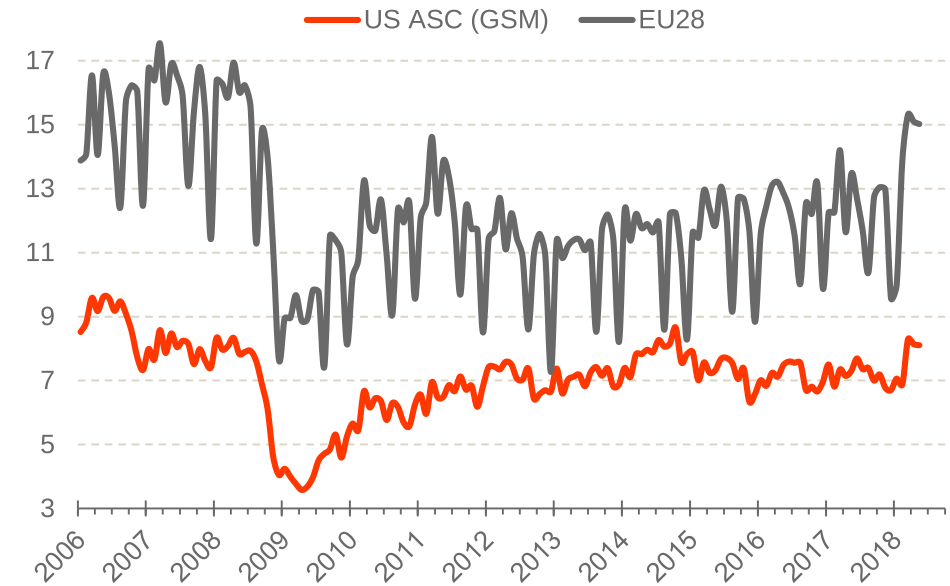
## Global apparent steel consumption (ASC)* (million tonnes per month)




- Global ASC +6.6% in 2Q’18 vs. 1Q’18
- Global ASC +4.6% in 2Q’18 vs. 2Q’17
- Global ASC +2.7% in 1H’18 vs. 1H’17

- China ASC +10.7% in 2Q’18 vs. 1Q’18
- China ASC +6.0% in 2Q’18 vs. 2Q’17
- China ASC +3.1% in 1H’18 vs. 1H’17

## US and European apparent steel consumption (ASC)* (million tonnes per month)




- US ASC +4.5% in 2Q’18 vs. 1Q’18
- US ASC +3.0% in 2Q’18 vs. 2Q’17
- US ASC +2.9% in 1H’18 vs. 1H’17

- EU ASC -3.5% in 2Q’18 vs. 1Q’18
- EU ASC +3.0% in 2Q’18 vs. 2Q’17
- EU ASC +3.4% in 1H’18 vs. 1H’17

**Global ASC improvement of +2.7% 1H’18 vs 1H’17**

* Source: AISI, Eurofer and ArcelorMittal estimates

# Construction markets in developed market

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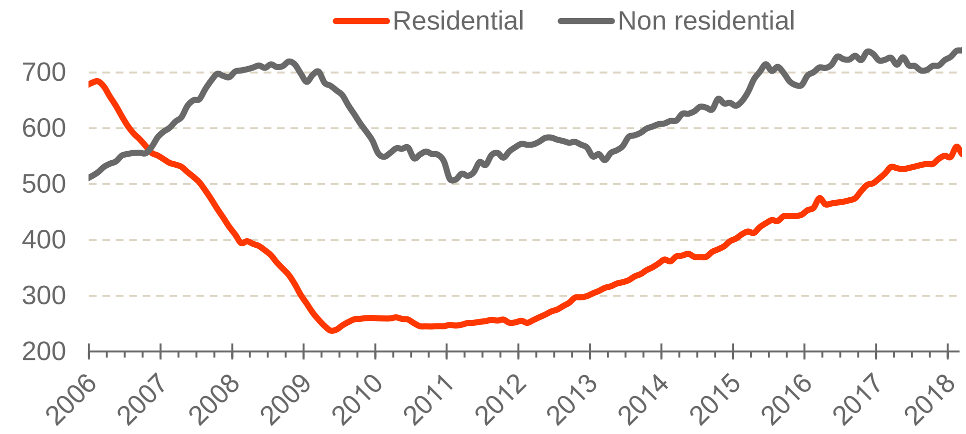
## United States

- Construction spending has maintained its strong start since the beginning of the year. As of May 2018, construction spending reached a record high seasonally adjusted annual rate (SAAR), up +5.2% over 2017 average (SAAR)
- Residential construction spending was up +7.2% vs. 2017 average and +21.1% vs. 2016, while non-residential construction spending reached a record high in May 2018 up +3.7% vs. 2017 average
- The American Institute of Architects are projecting a +4% increase in total construction spending in 2018

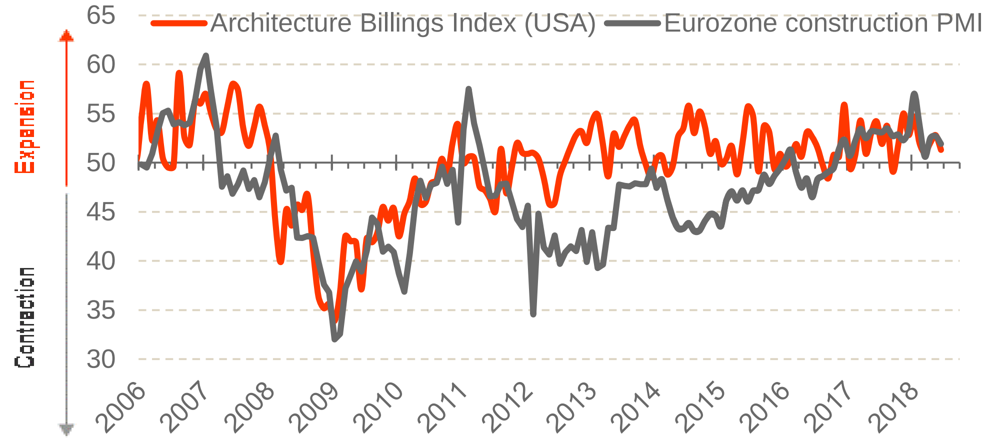
## Europe

- Construction increased 2.6% YoY in May 2018 after a +3.5% increase in 2017 and +1.8% in 2016
- Growth in construction was led by Eastern European countries, particularly Poland, Hungary and Slovenia, all growing double digits in May, YoY
- Overall, construction activity in H1'18 was supported by robust GDP growth at +2.3% YoY
- Eurozone construction PMI remained >50 since end-2016

**US residential and non-residential construction indicators (SAAR) $bn***




**Eurozone and US construction indicators****




**Construction growth continues during H1 2018**

* Source: US Census Bureau; ** Source: Markit and The American Institute of Architects

# China overview

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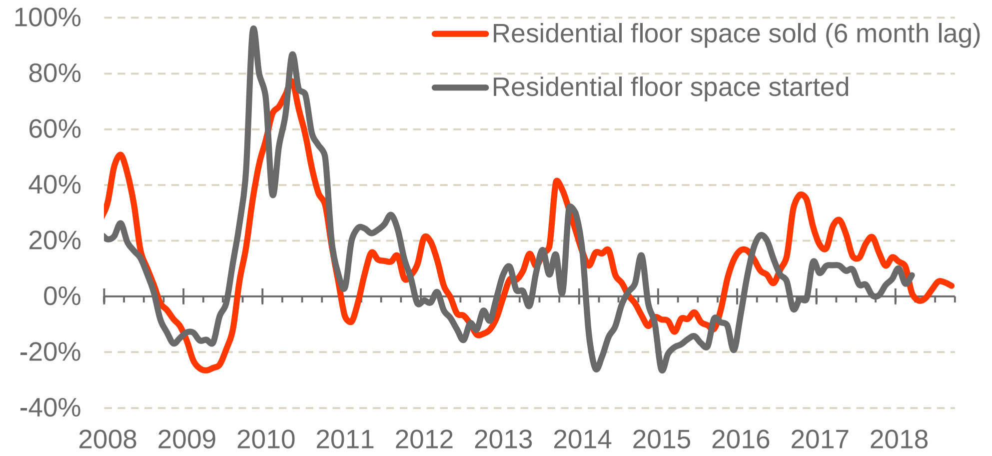
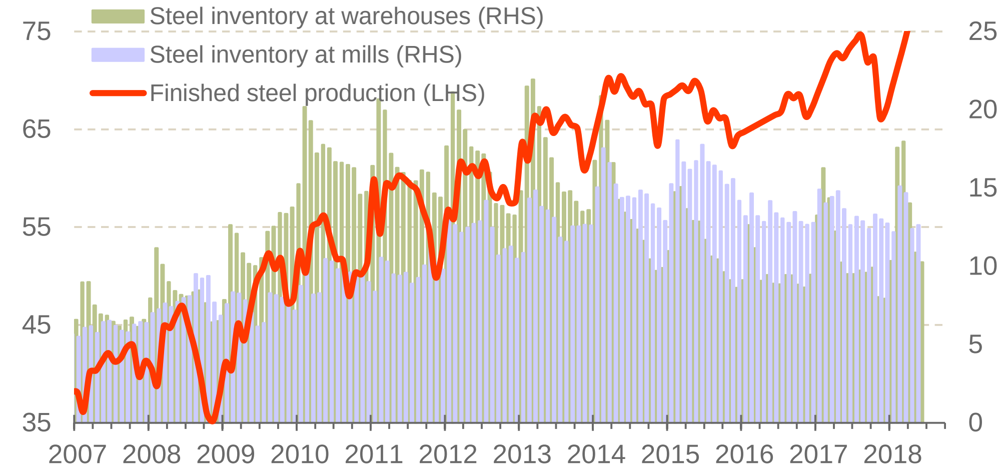
## China

- Economic growth has begun to gradually decelerate to 6.7% YoY in 2Q'18 reflecting the impacts of tighter domestic financial policy
- Any disruptions to US-China trade has the potential to negatively impact Chinese steel demand given that ~20% of the ca. 40Mt of steel contained in metal product exports (machinery, domestic appliances) from China goes to the US
- However, real estate sales and new housing starts have continued to grow (+3.3% and +11.8% YoY 1H'18 respectively). While sales should moderate in time, the strength of new starts should keep construction demand robust during 2H'18
- Supported by growth in auto, domestic appliances and machinery and without a drag from real estate, ASC forecast to continue to grow in 2018 within a range of +1% to +2% YoY
- Chinese steel production has been strong during May/June, but there is no evidence of over-production in the inventory data (both warehouse and mills inventory continue to decline) suggesting that real demand has been robust

## China construction % change YoY, (3mth moving av.)*




## Crude steel finished production and inventory (mmt)




**2018 China ASC demand growth increased to +1% to +2% (from -0.5% to +0.5%)**

* Source: China National Bureau of Statistics, China Real Estate Index System (via Haver) and ArcelorMittal estimates; Source: NBS, CISA, WSA, Mysteel, ArcelorMittal Strategy estimates

# Regional inventories

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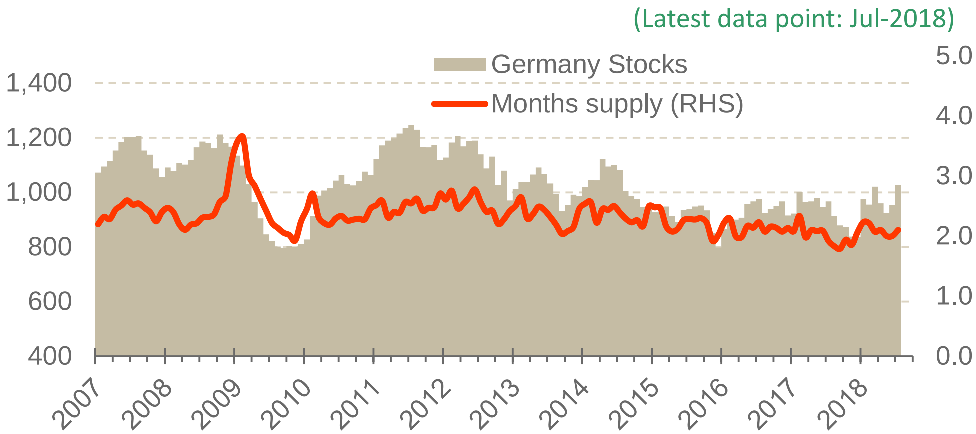
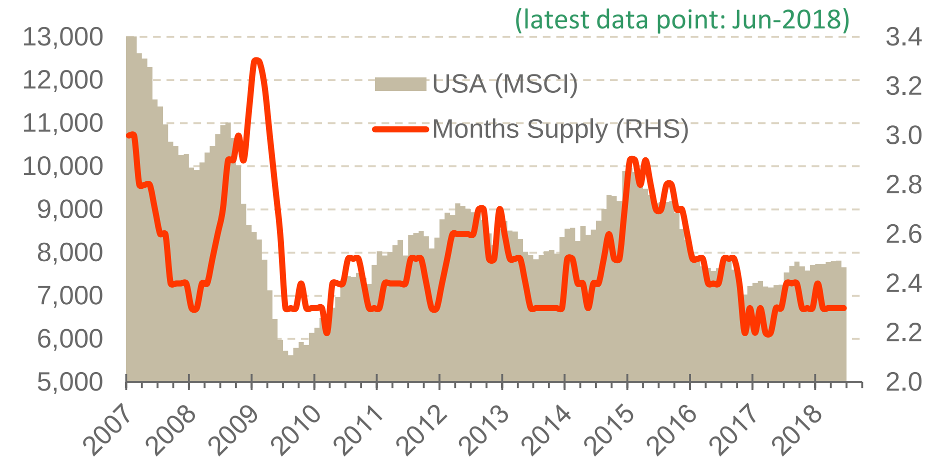
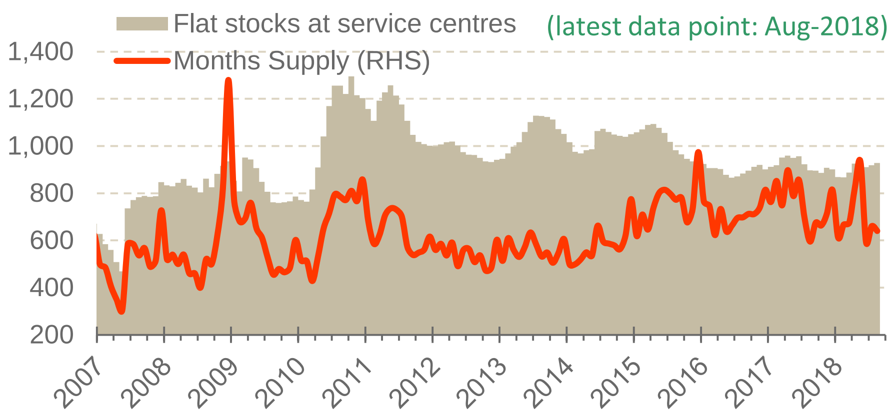
## German inventories (000 Mt)



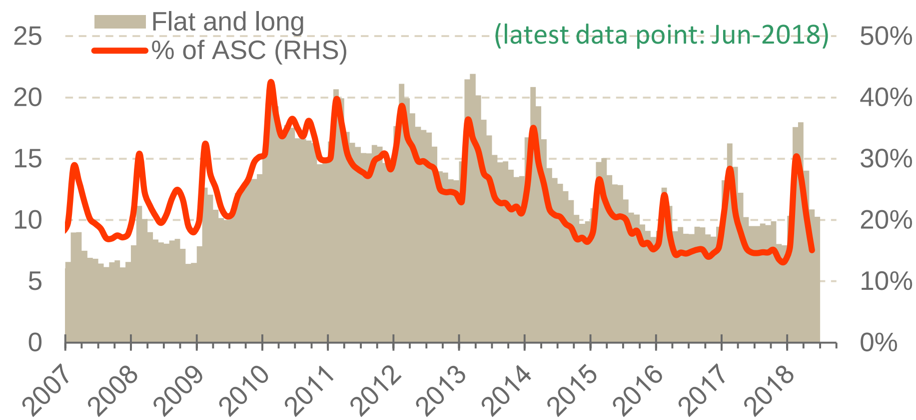

## US service centre total steel inventories (000 Mt)




## Brazil service centre inventories (000 Mt)




## China service centre inventories* (Mt/mth) with ASC%




**Low/balanced inventory levels in key regions**

*Source: WSA, Mysteel, ArcelorMittal Strategy estimates

# Global steel demand for 2018 remains solid

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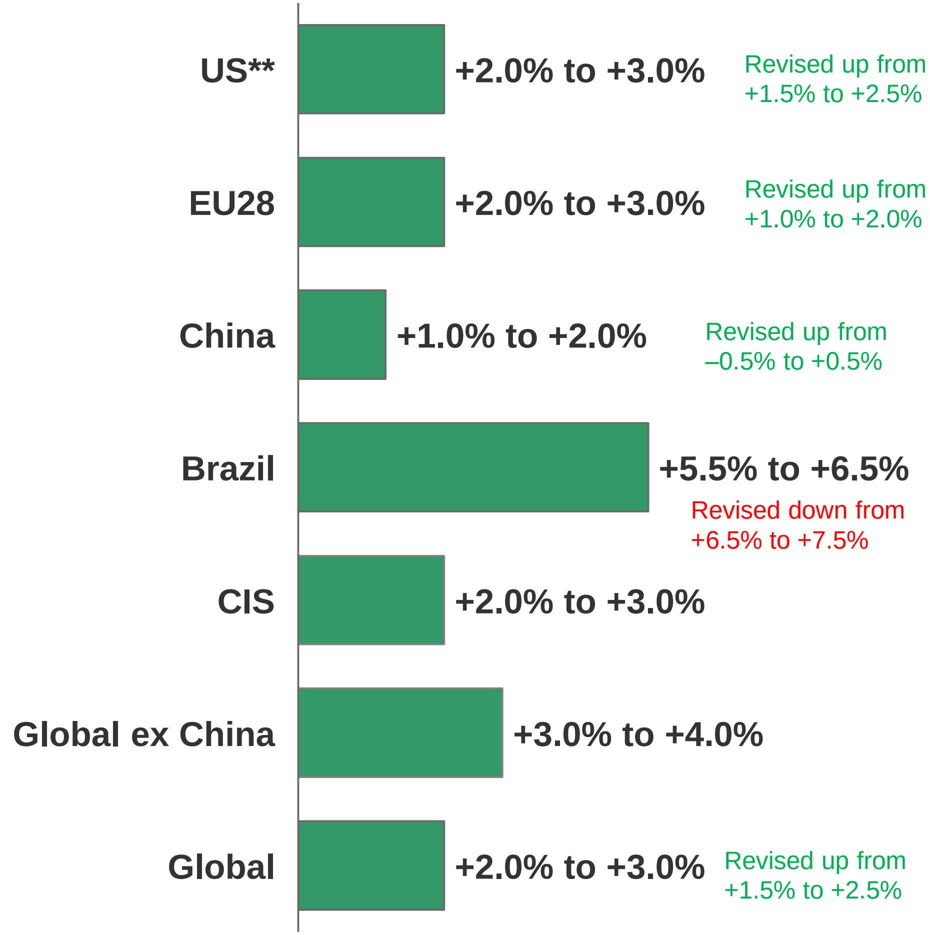
## Global ASC 2018 vs. 2017*

- **Global apparent steel consumption to grow by +2.0% to +3.0%** in 2018 vs. 2017
- Healthy demand backdrop maintained in **Europe and US**
- **China:** Positive demand growth due to better than expected real estate demand, ongoing strength in machinery and automotive offset by slowdown in infrastructure
- **Brazil:** Demand slightly moderated to reflect impacts of nationwide truck strike and cautions sentiment ahead of elections
- **CIS:** Reflecting strong consumption, particularly a rebound in auto sales and production in Russia

## ArcelorMittal ASC demand estimates 2018




**2018 Global ASC growth expectation increased to +2.0% to +3.0%; positive outlook for 2018**

Source: *ArcelorMittal estimates ** Includes tubular demand.

# China addressing excess capacity; more needs to be done

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- Chinese government committed to tackle overcapacity and environmental issues
- Capacity reduction ahead of expectations: net capacity reduction achieved vs. 140Mt target
- Steel replacement policy in favour of EAF v BF; no new capacity to be built → ratio 1:1 for EAF and 1:1.25 for BF-BOF
- Industry operating at high rates of capacity utilisation → higher domestic steel spreads
- Stronger domestic fundamentals plus global trade restrictions → reduced incentive to export
- “Winter shutdowns” supporting fundamentals through seasonally weaker demand period
- **3yr “Blue Sky Defense War”** should have similar impact to winter 2017/2018 constraints

**115Mt permanent capacity closed → further 25Mt targeted in 2018**

**Additional ~120Mt illegal induction furnace capacity closed**

**Industry capacity utilization ~85-90% today**

**Steel exports reduced**

**Supply side reform progressing yet global overcapacity still a concern**

# Lower Chinese exports

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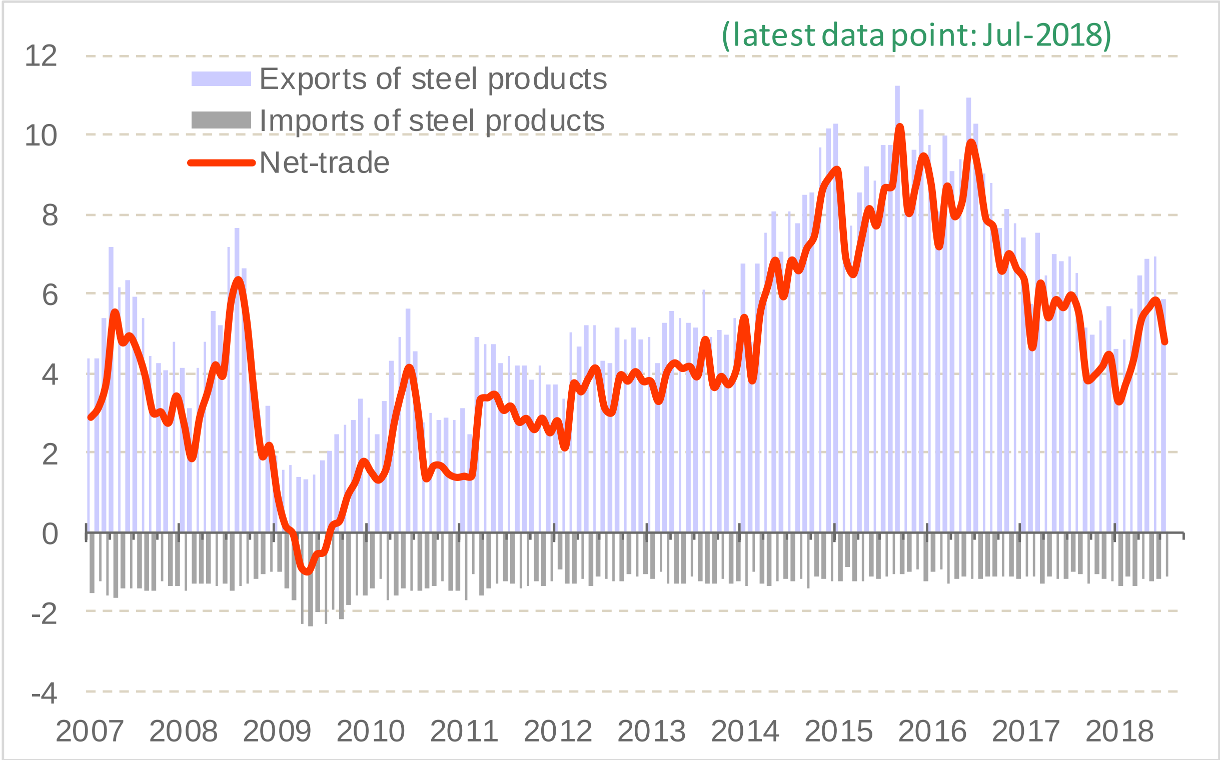


- Jul’18 finished steel exports of 5.9Mt (~71Mt YTD annualized), down ~15% MoM, down ~15% vs Jul’17 of 7.0Mt
- Production cuts should constrain exports in short term

**7M’18 annualized Chinese exports ~71Mt vs 76Mt in 2017**

Source: ArcelorMittal Corporate Strategy team analysis

Section 6

# AUTOMOTIVE

# No1 in automotive steel: Maintaining leadership position

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- ArcelorMittal is the **global leader** in steel for automotive →40% market share in our core markets
- Global R&D platform sustains a material **competitive** advantage
- Proven record of developing new products and affordable solutions to meet OEM targets
- Advanced high strength steels used to make vehicles **lighter, safer and stronger**
- Automotive business **backed with capital** with ongoing investments in product capability and expanding our geographic footprint:
  - **AM/NS Calvert JV:** Enhancing our NAFTA automotive franchise
  - **VAMA JV in China:** Auto certifications progressing
  - **Dofasco:** Galvanizing line expansion
  - **Europe:** AHSS investments

**Tesla Model 3**

**AM/NS Calvert**

**Group continues to invest and innovate to maintain leadership**

# Global presence and reach

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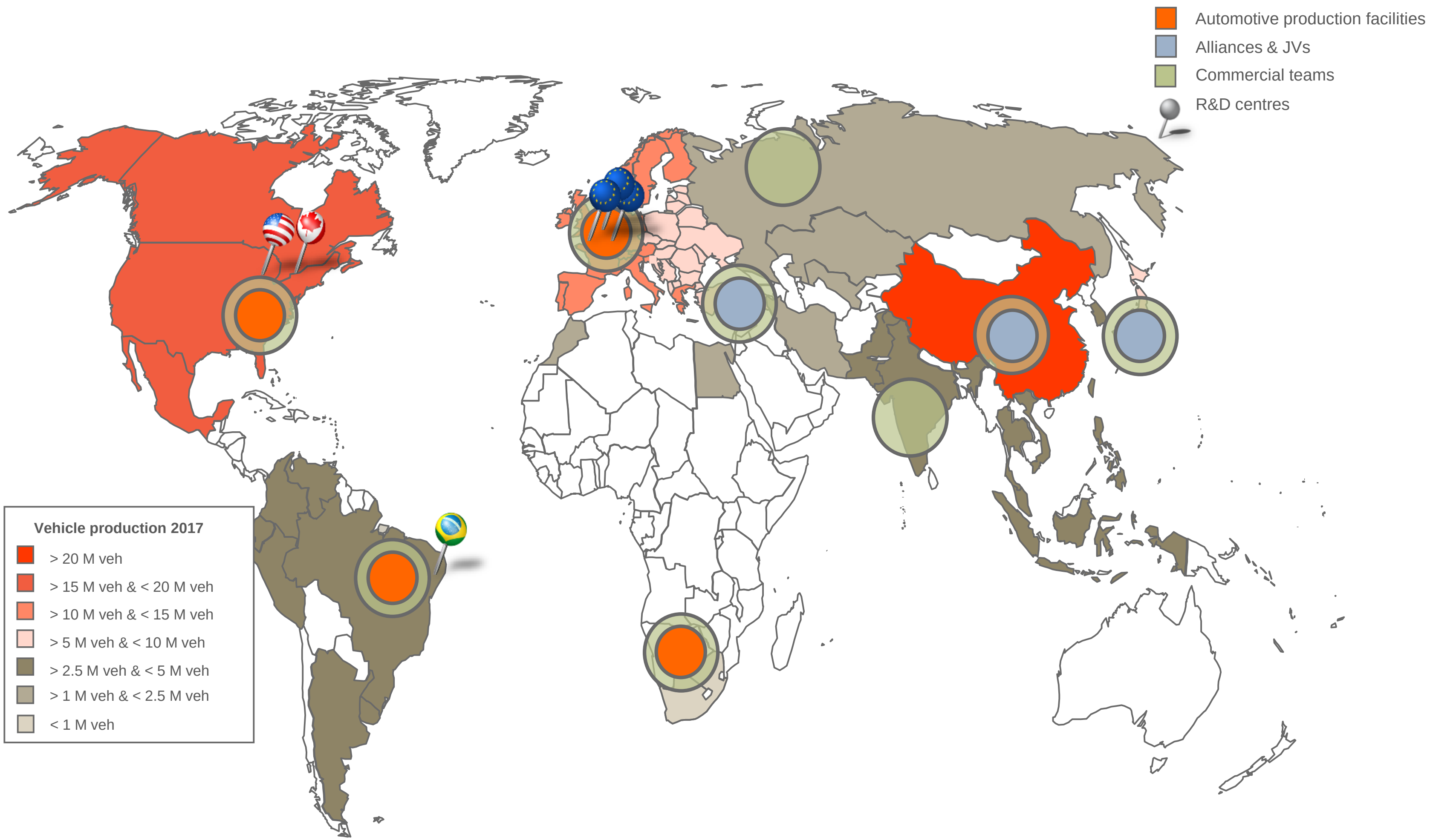


**Global supplier with increasing emerging market exposure**

Source: LMC figures for Western and Eastern Europe and Russia; IHS figures for all other regions; personal cars and light commercial vehicles < 6t

# Automotive growth in developed world

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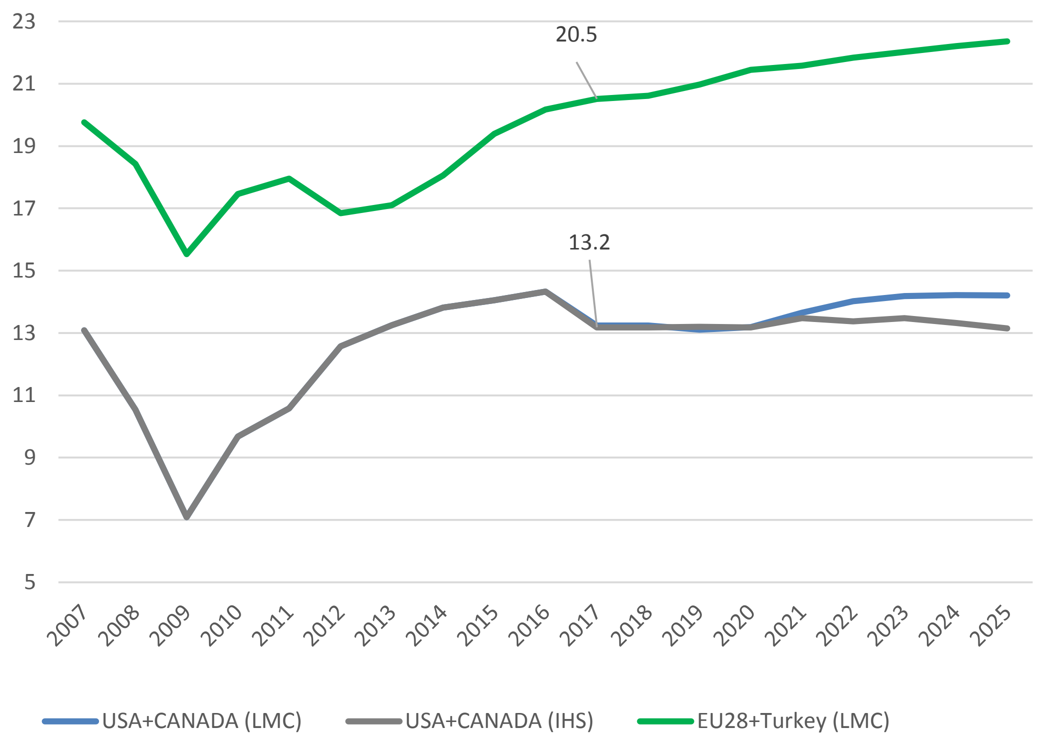
**USA / Canada and EU28 + Turkey vehicles production**
**million units**

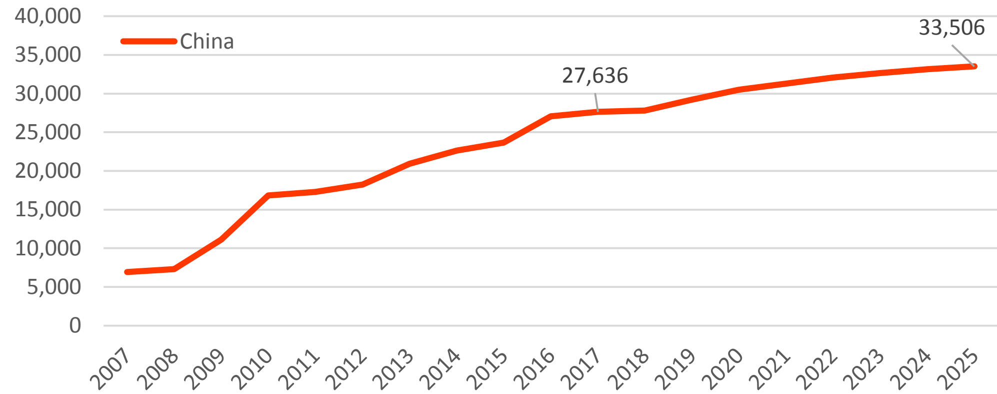



- USA and Canadian automotive production stabilized
  - Stability supported by replacement (average age of fleet 11.5 years), continued economic and population growth
- EU28 and Turkey production reached record highs in 2017 and further growth expected

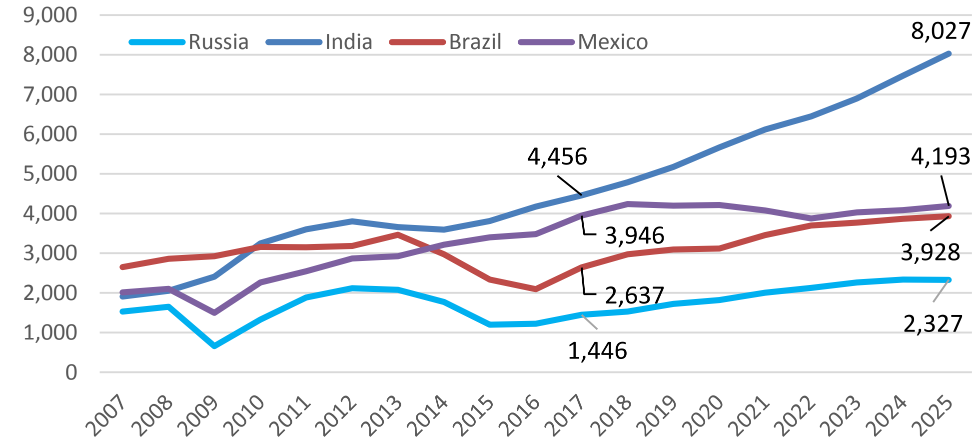
**USA/Canadian production stable, EU28 & Turkey continue to recover**

# Automotive emerging market growth

### China vehicle production ('000s)




### Brazil, India, Russia & Mexico vehicle production ('000's)




- China production to grow steadily by +6mvh in 2017 to ~33mvh by 2025
- India production to increase ~80% by 2025 (from 4.5mvh in 2017 to 8mvh in 2025)
- Mexico production is expected to increase by 6.3% (2017 vs 2025)
- Brazil production growth expected to continue and reach 3.9mvh in 2025
- Russia production is expected to recover and reach 2013 level in 2022

**Strong growth expected in India, China and Brazi**

Source: IHS

# ArcelorMittal's S-in motion®
## Demonstrating the weight saving potential of new products

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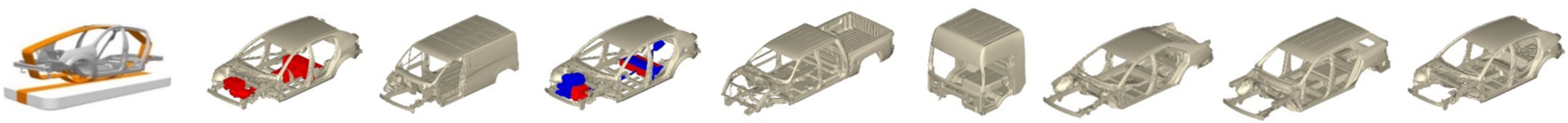
ArcelorMittal generic steel solutions includes body-in-white, closures, and chassis parts



2010 — 2011 — 2012 — 2013 — 2014 — 2015 — 2016 →

| S-in motion® ICE C-Segment *Upgraded in 2015* | S-in motion® Electric C-Segment | S-in motion® Light Commercial | S-in motion® Plug-in Hybrid C-Segment | S-in motion® Pick-up Trucks | S-in motion® Truck Cabs | S-in motion® Mid-size Sedan *NA market* | S-in motion® Mid-size SUV | S-in motion® D-Segment *EU market* |
|---|---|---|---|---|---|---|---|---|
| -70kg (-18%) vs current ICE baseline | -60kg (-15%) vs current ICE baseline | -45kg (-20%) About 140 parts upgraded | -50 kg (-16%) vs current PHEV baseline | -174 kg (-23%) vs current Pick-up baseline | -54 kg (-17%) vs current cab baseline | -86 kg (-23%) vs current Mid-size sedan baseline | -102 kg (-20%) vs current SUV baseline | -87 kg (-23%) vs BIW and closures current baseline |

| Twist beam | Suspension | Control arms | Front subframes | Pick-up frame | NA rear subframe |
|---|---|---|---|---|---|
| Up to 17% of mass-savings for C-segment vehicles | -4 kg (-18%) using flat and long products | Mono & Double shell concepts: 10 to 23% of potential weight-savings | Up to 15% of mass-savings on C-segment vehicles | -55 kg (-23%) vs current Pick-up frame baseline | -5.9 kg (-20%) vs current D-segment baseline |

**From steel provider to global automotive solutions provider**

# Continuous innovation

Jet Vapor Deposition (JVD) line : Jetgal ®

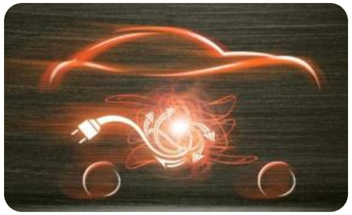
- JVD line is a breakthrough technology to produce Jetgal®, a new coating for AHSS steels for automotive industry

New press hardenable steels (PHS) Usibor®2000 & Ductibor®1000

- Bring immediate possibilities of 10% weight saving on average compared to conventional coated PHS produced by ArcelorMittal

3rd Generation AHSS products
CR980HF & CR1180HF

- HF / Fortiform® provide additional weight reduction due to enhanced mechanical properties compared to conventional AHSS



Electrical steels
iCARe®, 2nd Generation

- Family of electrical steels for electrified powertrain optimization and enhanced machine performance, Save*, Torque** and Speed*** are specifically designed for a typical electric automotive application.

## Steel remains material of choice

- Electric vehicles (EV) to favour lightweight designs (similar to traditional vehicles)
- EV employ AHSS to achieve range goals

The mass-market **Tesla Model 3** body and chassis is a blend of steel and aluminium, unlike the Tesla Model S which is an aluminium body (Source: Tesla website+)

+ https://www.tesla.com/compare

http://automotive.arcelormittal.com/ElectricVehiclesImpactOnSteel

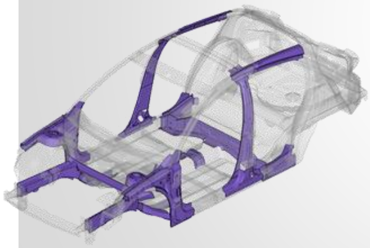
**Steel to remain material of choice for automotive**

* Save (Steels with very low losses): Ideal for the efficiency of the electrical machine. Their key role is maximize the use of the current coming from the battery.
** Torque (Steels with high permeability): They achieve the highest levels of mechanical power output for a motor or current supply for a generator
*** Speed (Steels for high speed rotors): Specific high strength electrical steels which maintain high level of magnetic performance. They allow the machine to be more compact and have a higher power density.

# Continued investment in R&D supports Portfolio of Next Generation Auto Steels

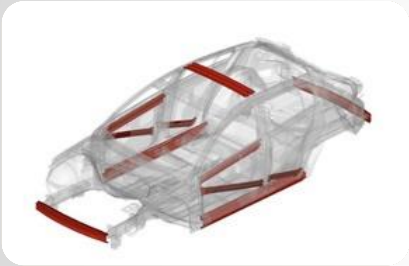
ArcelorMittal

## Fortiform® HF Grades



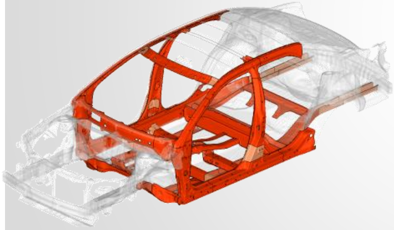
Third-generation UHSS for cold stamping. Fortiform® and HF steel grades allow OEMs to realize lightweight high-strength structural elements using cold forming methods such as stamping. Commercially launched in Europe in 2014 and available in North America at Calvert undergoing customer qualifications

## MartINsite®



A family of cold rolled fully martensitic steels with current tensile strengths from 900 to 1700 MPa. ArcelorMittal's martINsite® cold roll family of fully martensitic steels is perfect for anti-intrusion parts such as bumper and door beams. Some are also available in with an electrogalvanized coating (ArcelorMittal's Electrosite® family of martensitic steels) or with Jetgal®.

## Usibor® 2000 Ductibor®1000



Press hardenable steels (PHS) / hot stamping steels offer strengths up to 2000 MPa. Usibor® 2000 and Ductibor® 1000 can also be combined thanks to laser welded blanks (LWB) to reduce weight while achieving optimal crash behavior. Both currently available in Europe; Usibor ® 2000 is commercially available in Europe and available for qualification testing in North America ; Ductibor® 1000 is commercially available in Europe and Nafta

## JVD® -Jetgal® Jetskin™

JVD is a breakthrough process, In production and product development.

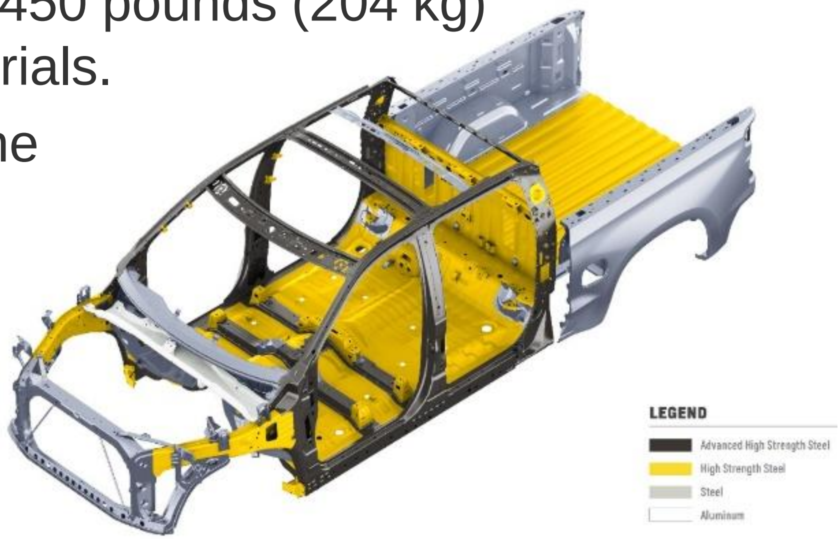
Jetgal®: JVD zinc coating applied to steel grades for the automotive industry. Developed for steels including UHSS Fortiform®; Jetskin™: JVD zinc coating applied to steel grades for industrial applications such as household appliances, doors, drums and interior building applications.

**Widest offering of AHSS steel grades which can be implemented into production vehicles**

# 2019 CHEVY SILVERADO REDUCES WEIGHT AND INCREASES STRENGTH WITH AHSS

Chevrolet claims its all-new 2019 Silverado is 450 pounds (204 kg) lighter due to the extensive use of mixed materials.

For example, a higher-grade alloy is used in the roll-formed, high-strength-steel bed floor, contributing to a bed that is more functional and lighter weight.




The safety cage features significant use of advanced high strength steels, each tailored for the specific application.

*"This use of mixed materials and advanced manufacturing is evident throughout the Silverado, resulting in a significant reduction in total vehicle weight and improved performance in many measures."*

*Source: Chevrolet's press release about its all-new Silverado, December 2017.*

**2019 Chevrolet Silverado reduces weight through AHSS**

# AUTOMOTIVE INDUSTRY LEADERSHIP: AUDI SWITCHED BACK TO STEEL FOR ITS NEW A8 MODEL

ArcelorMittal

- Audi switched back to steel for its 2018 A8 model, with a body structure made up of more than 40% steel including 17% PHS

New Audi A8 2018 model

“There will be no cars made of aluminium alone in the future.
Press hardened steels (PHS) will play a special role in this development.
PHS grades are at the core of a car’s occupant cell, which
protects the driver and passengers in case of a collision.
If you compare the stiffness-weight ratio,
PHS is currently ahead of aluminium.”

*Dr Bernd Mlekusch, head of Audi’s Leichtbauzentrum*

**Leveraging R&D for new products, solutions and processes**

# VOLVO XC40, 2018 EUROPEAN CAR OF THE YEAR, MAKES USE OF AHSS AND BORON STEELS FOR SAFETY

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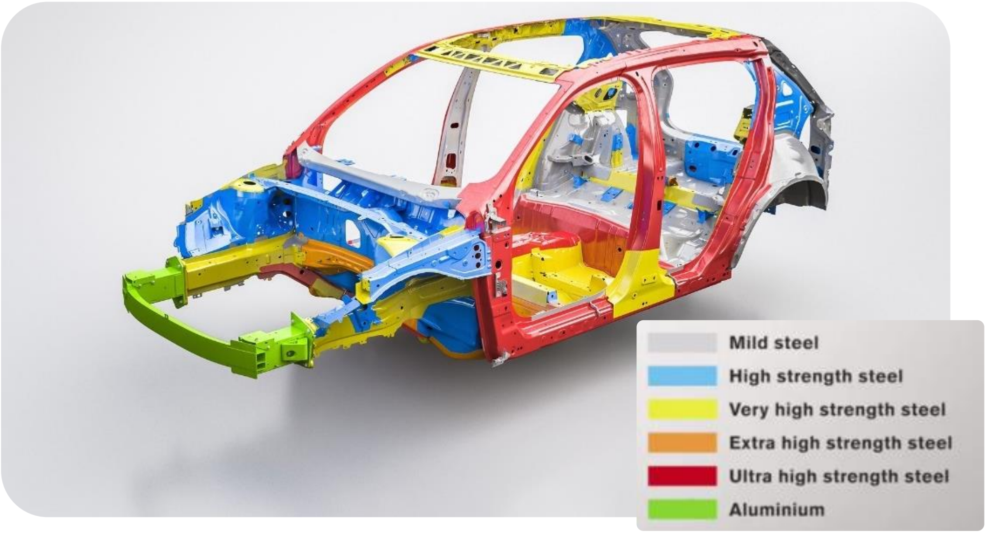
The safety cage around the occupants of Volvo's new XC40 is almost entirely made from steel including hot-formed boron grades.

The steel cage provides maximum occupant protection in all types of crash scenarios.


*Volvo Car Group President & CEO Håkan Samuelsson at the European Car of the Year award ceremony*




***AHSS makes up most of the XC40's safety cage***
[Images courtesy Volvo Car Group]

**Hot-formed boron steel accounts for 20% of the XC40's total body weight**

# VAMA greenfield JV facility in China

- 1.5 MT state-of-the-art production facility
- Well-positioned to serve growing automotive market
- China 2017 output 27.6mvh (IHS) +3.2% YoY
- VAMA has successfully completed homologation on UHSS/AHSS with key tier 1 auto OEMs (~60% complete)

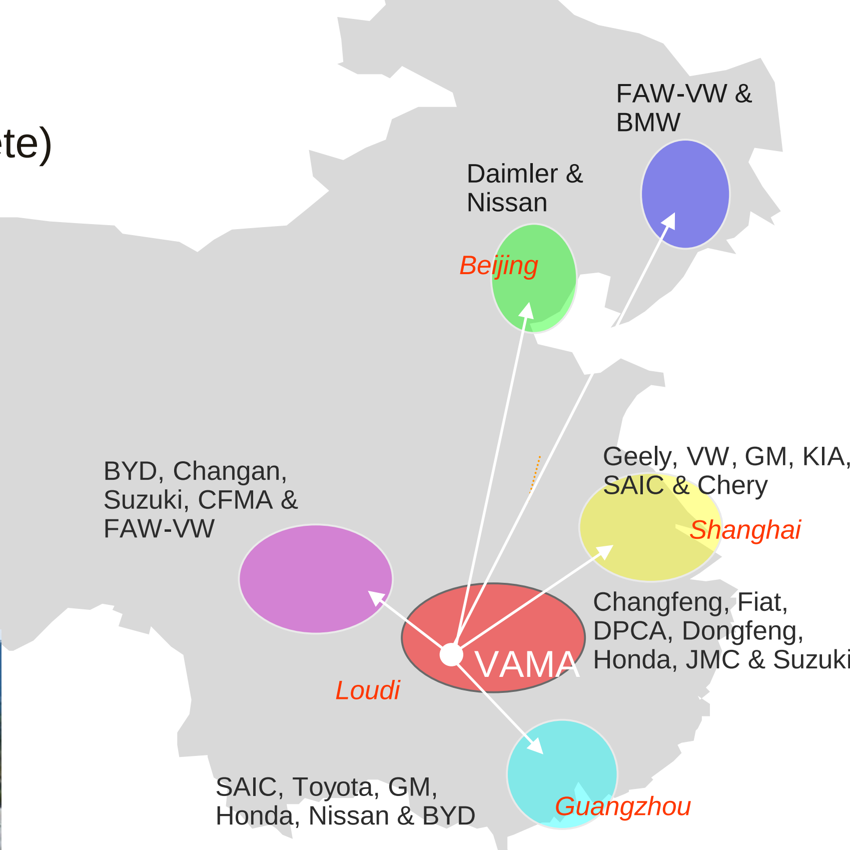
Latest development:

- Strong sales & order book for licensed USIBOR 1500
- VAMA started the first commercial supply of exposed products in 4Q 2017
- Start of production ceremony for downstream ATSs project in 4Q 2017


Furnace of CGL and CAL on both sides


VAMA HQ in Loudi city, Hunan Province

VAMA: Valin ArcelorMittal Automotive target areas and markets

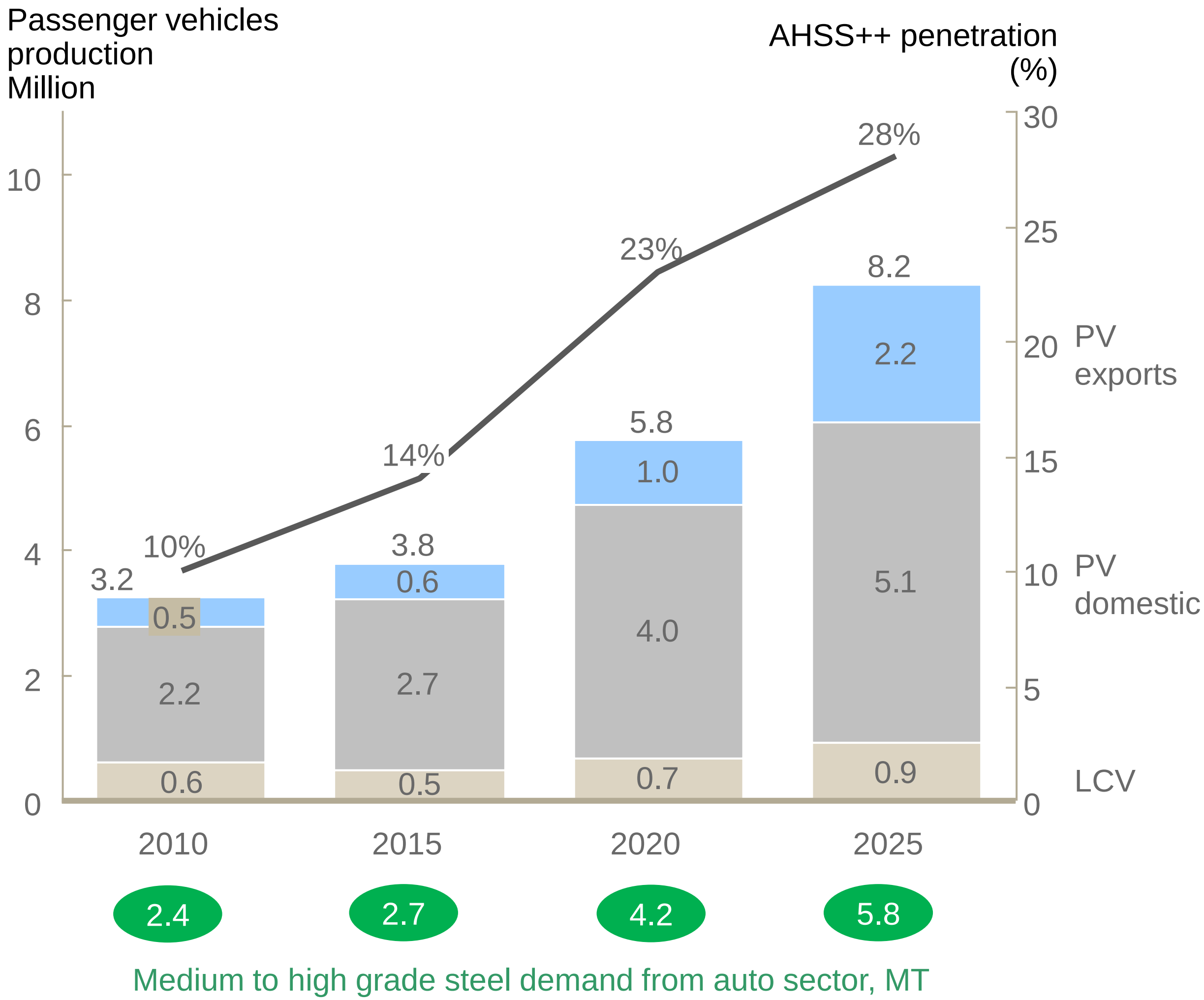



- Central office in Changsha with satellite offices in proximity to decision making centers of VAMA's customers

**VAMA well positioned to supply growing Chinese auto market**

BYD: Build Your Dreams; CFMA: Changan Ford Mazda Automobile; SAIC: Shanghai Automotive Industry Corporation; JMC: Jiangling Motors Corporation

# INDIA auto JV with SAIL




## INDIA AUTO OUTLOOK

- 2017-2025: India passenger vehicle segment is expected to grow at 8-8.5% CAGR
- New safety regulation would accelerate penetration of AHSS+ UHSS steel in passenger vehicles and LCV to meet safety norms*

## INDIA AUTO JV with SAIL

- ArcelorMittal & SAIL entered into a MoU on May 22, 2015 for setting up an automotive steel facility under a joint venture agreement.
- Venture to offer technologically advanced steel products to rapidly growing automotive industry in India.
- Feasibility study currently underway for 1.5Mtpa in phase 1 incl. PLTCM, CAL & CGL (Pickling Line & Tandem Cold Mill, Continuous Annealing Line, Continuous Galv. Line)

**Robust automotive growth / new regulation will drive demand for high grade automotive steel**

*(BNVSAP) & emission standards (BS VI): Bharat New Vehicle Safety Assessment Program is a proposed new car assessment program for India; BS-VI is the last norm on emission standard (Bharat Stage Emission Standards BSES)

Section 7

# GROUP HIGHLIGHTS

# Positioned to deliver value

ArcelorMittal

| | |
|---|---|
| Strategy delivering | • Continued improvement in results<br>• Reflects strengthening market backdrop and Action 2020 delivery |
| Industry outlook improving | • Ex-China demand growth forecast to continue<br>• Global capacity utilization improving<br>• S232 and European safeguards insulating the business from unfair trade |
| Investing with focus & discipline | • Leveraging strengths to grow returns<br>• Capitalizing on M&A opportunities whilst maintaining strict balance sheet discipline |
| Transformed balance sheet | • Net debt / EBITDA of 1.1x for 1H'18<br>• Investment grade achieved<br>• Deleveraging to continue |
| Commitment to return cash to shareholders | • Dividends reinstated<br>• Commitment to increase capital returns to shareholders once NFD target achieved |

**Building the strongest foundations for sustainable value creation**

**Capital allocation policy to maximise value for shareholders**

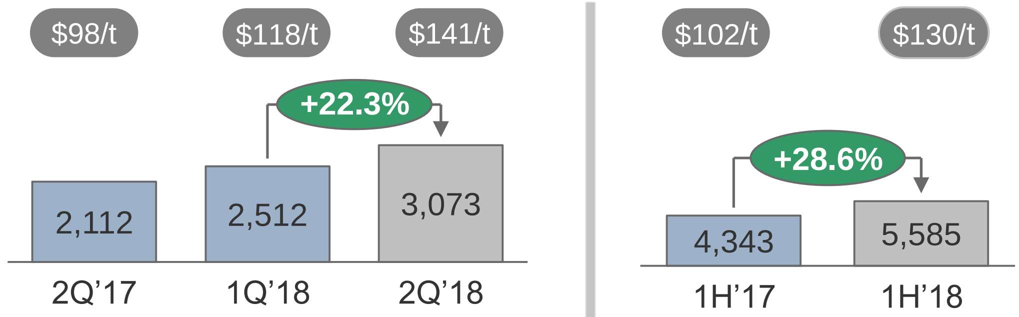
# Group performance 1H’18 v 1H’17

ArcelorMittal

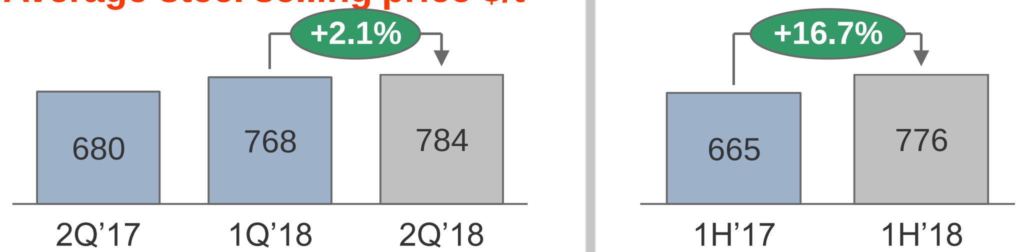
## 1H’18 v 1H’17 analysis:

- Crude steel production decreased by 0.6% to 46.5 Mt with decreases in ACIS (-9.6%) and NAFTA (-1.4%) offset in part by increase in BRAZIL (+9.0%). Europe remained stable YoY.
- Steel shipments for 1H’18 increased 1.3% to 43.1Mt, primarily due to higher steel shipments in Brazil (+9.6%), NAFTA (+3.0%), and Europe (+2.6%) offset by ACIS (-6.1%) (impacted by planned and unplanned maintenance in Ukraine).
- Sales for 1H’18 increased by 17.6% to $39.2bn, primarily due to higher average steel selling prices (+16.7%) and higher steel shipments (+1.3%).
- EBITDA improved 28.6% primarily due higher volumes and ASP in the steel businesses.

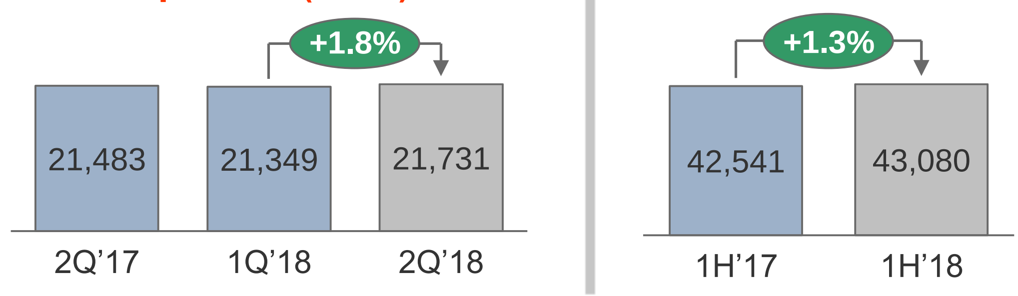
## EBITDA ($ Millions) and EBITDA/t




## Average steel selling price $/t




## Steel shipments (000’t)




**Group profitability increased YoY**

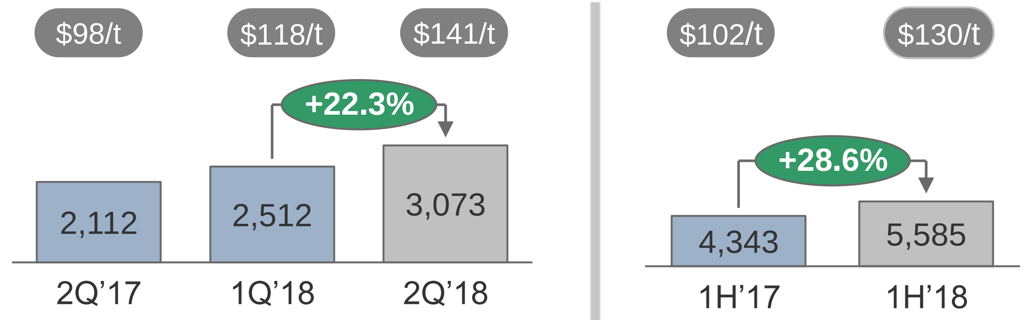
# Group performance 2Q’18 v 1Q’18

ArcelorMittal

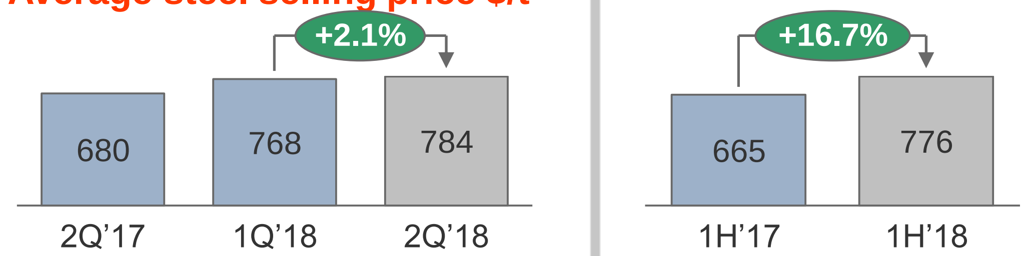
## 2Q’18 v 1Q’18 analysis:

- Crude steel production decreased by 0.6% to 23.2Mt with decreases in Europe (-2.0%) and ACIS (-9.2%) offset in part by increases in NAFTA (+1.4%) and Brazil (+11.1%).
- Steel shipments in 2Q’18 were 1.8% higher at 21.7Mt primarily due to higher steel shipments in Brazil (+14.0%) (including the scope effect of the Votorantim acquisition net of divestments (+0.2Mt) an adversely impacted from a nationwide truck strike (0.1Mt)), NAFTA (+4.4%), and ACIS (+1.0%) (despite negative impact of unplanned maintenance in Ukraine), offset in part by lower steel shipments in Europe (-1.7%)
- Sales in 2Q’18 were 4.2% higher at $20bn primarily due to higher ASP (+2.1%), higher steel shipments (+1.8%), and higher market-priced iron ore shipments (+9.3%), offset in part by lower seaborne iron ore reference prices (-11.3%).
- EBITDA improved 22.3% primarily due to positive price cost effect and higher steel volumes.

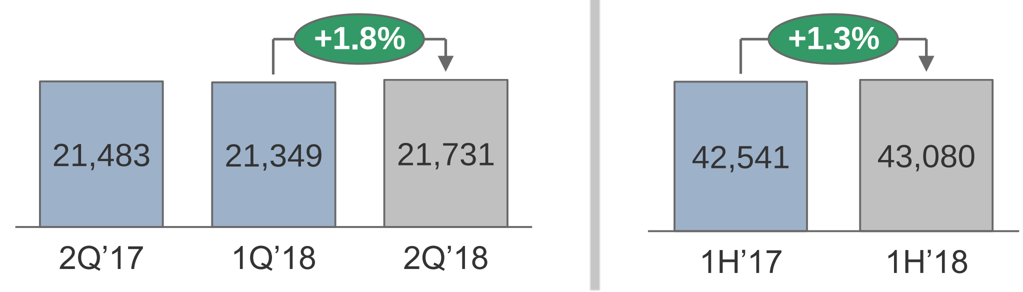
## EBITDA ($ Millions) and EBITDA/t




## Average steel selling price $/t




## Steel shipments (000’t)



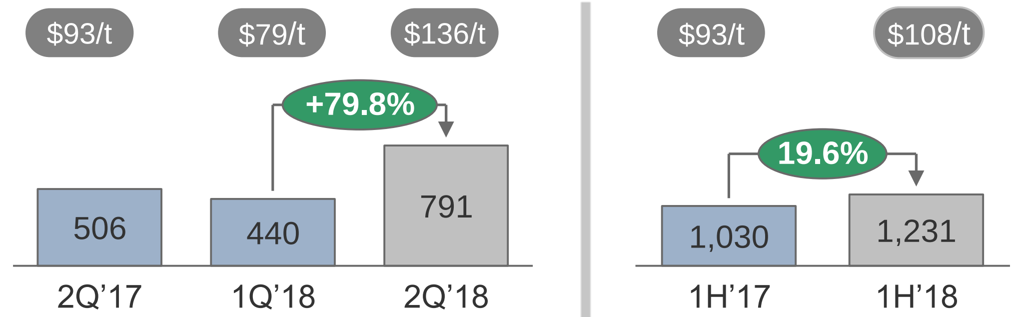

**Group profitability increased QoQ**

# NAFTA performance 2Q'18 v 1Q'18

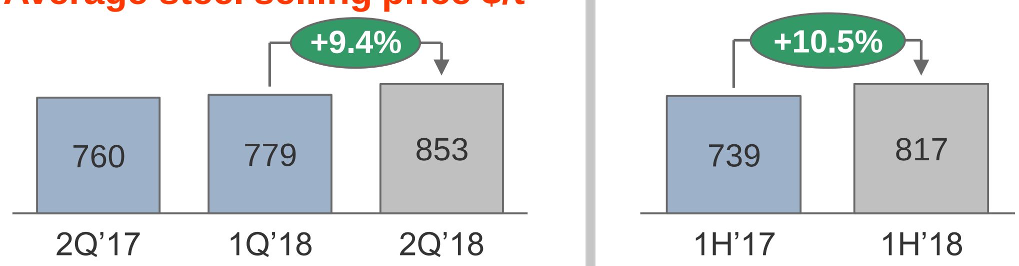
## 2Q'18 v 1Q'18 analysis:

- NAFTA segment crude steel production increased by 1.4% to 5.9Mt in 2Q'18.
- Steel shipments increased by 4.4% to 5.8Mt, driven primarily by improved market demand in the US.
- Sales in 2Q'18 increased by 12.7% to $5.4bn, primarily due to higher steel shipment volumes and higher ASP +9.4% (for both flat products +10.0% and long products +7.9%).
- EBITDA in 2Q'18 increased by 79.8% to $791m primarily due to significant positive price-cost effect driven by higher ASP (+9.4%) and higher steel shipment volumes (+4.4%).

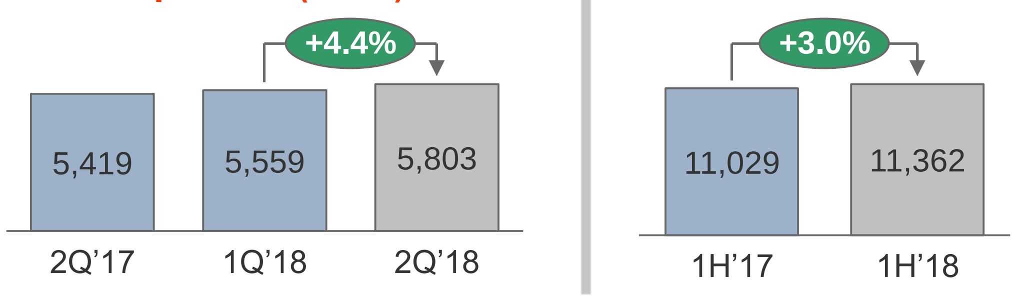
## EBITDA ($ Millions) and EBITDA/t




## Average steel selling price $/t



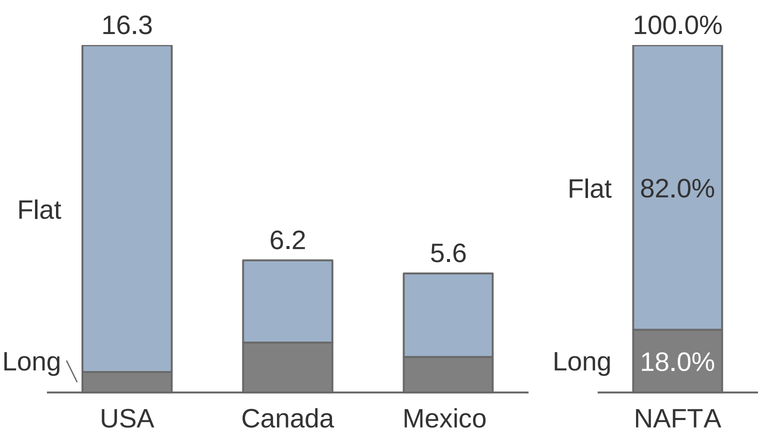

## Steel shipments (000't)




**Performance improved due to significant positive price-cost effect and higher volumes**

# NAFTA

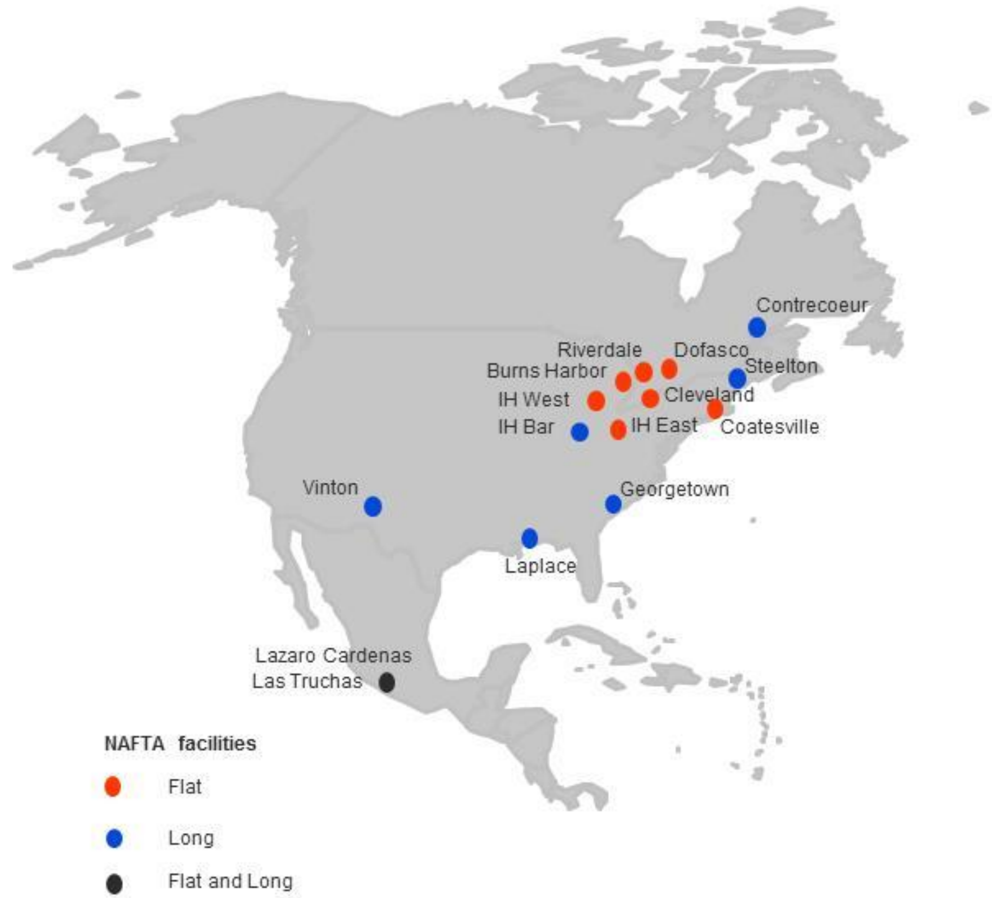
**Crude steel achievable capacity (million Mt)**




**Number of facilities (BF and EAF)**

| NAFTA | No. of BF | No. of EAF |
|---|---|---|
| USA | 7 | 2 |
| Canada | 3 | 4 |
| Mexico | 1 | 4 |
| Total | 11 | 10 |

**Geographical footprint and logistics**




*The map is showing primary facilities excl. Pipes and Tubes.*

**NAFTA leading producer with 28.1Mt /pa installed capacity**

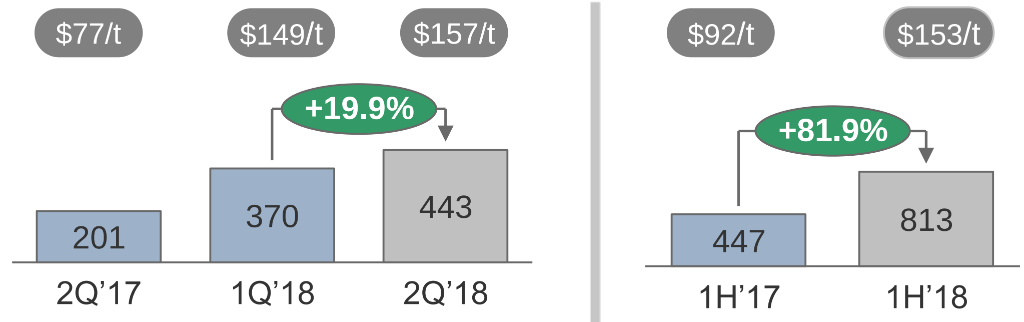
Note: IH Bar facility closed in June 2015; Georgetown wire rod facility closed in August 2015, Vinton and LaPlace sold in 2Q 2016

# BRAZIL performance 2Q’18 v 1Q’18

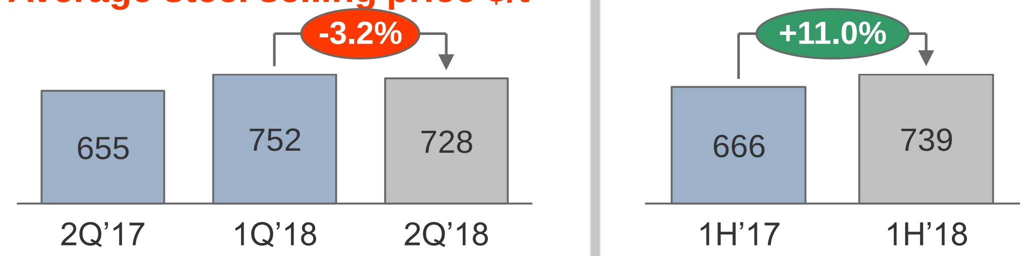
## 2Q’18 v 1Q’18 analysis:

- Brazil segment crude steel production increased by 11.1% to 3.1Mt in 2Q’18 primarily due to an increase in long products resulting from the integration of Votorantim.
- Steel shipments in 2Q’18 increased by 14.0% to 2.8Mt, primarily due to a seasonal increase in flat product steel shipments (primarily export) and long products.
- 2Q’18 steel shipments were positively impacted by the scope effect of the Votorantim acquisition net of divestments (+0.2Mt), and adversely impacted by a nationwide truck strike (0.1Mt).
- Sales increased by 10.2% to $2.2bn, due to higher steel shipments (+14.0%), offset in part by lower ASP (-3.2% due primarily to exchange effects).
- EBITDA in 2Q’18 increased by 19.9% to $443m due to a positive price-cost effect and higher steel shipment volumes.

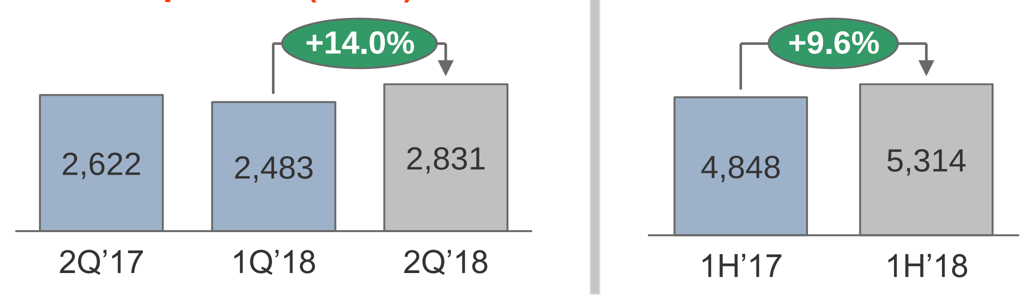
## EBITDA ($ Millions) and EBITDA/t




## Average steel selling price $/t



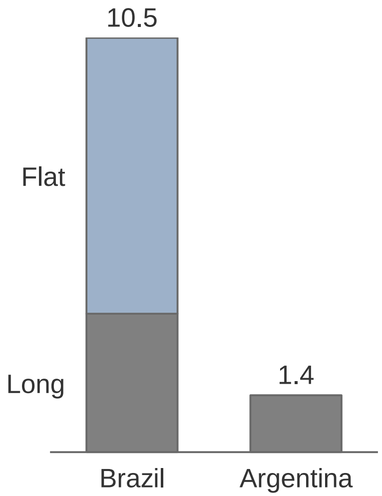

## Steel shipments (000’t)

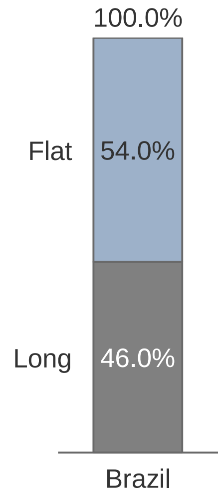



**Performance improved primarily due to positive price-cost effect and higher volumes**

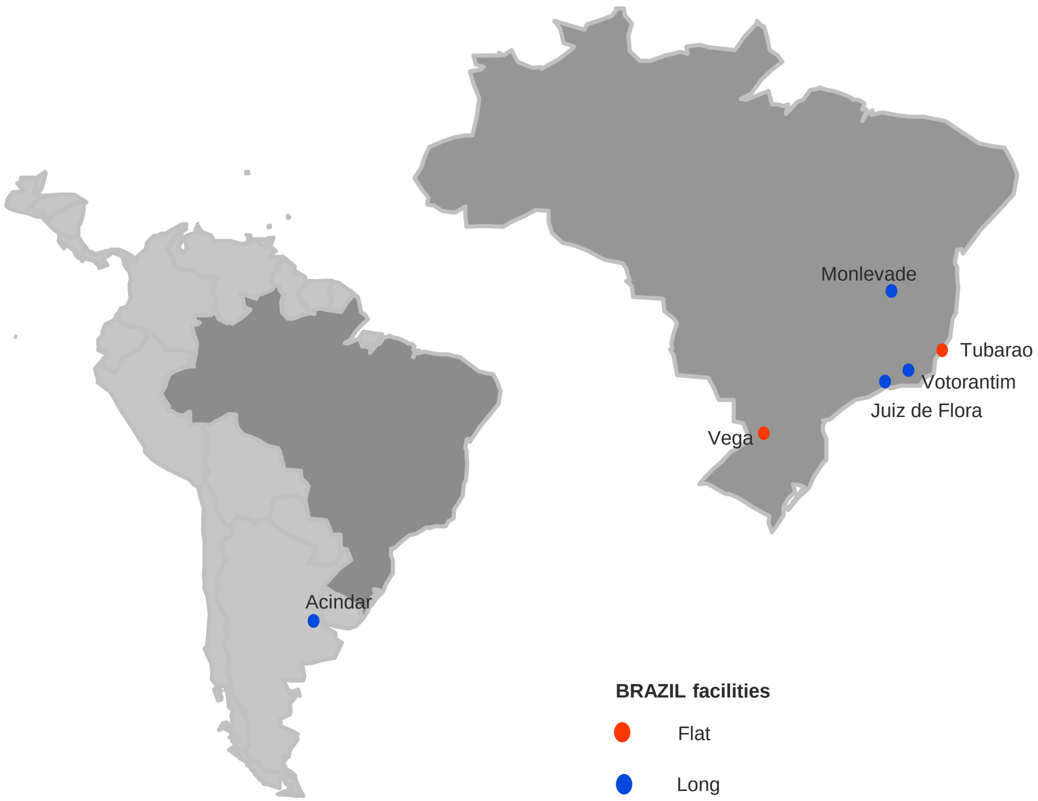
# Brazil

## Crude steel achievable capacity (million Mt)




## Geographical footprint and logistics




*The map is showing primary facilities excl. Pipes and Tubes.*

## Number of facilities (BF and EAF)

| | No. of BF | No. of EAF |
|---|---|---|
| Flat | 3 | - |
| Long | 3 | 6 |
| Total | 6 | 6 |

**Brazil leading producer with 13.3t /pa installed capacity**

Note: The figures in the tables do not reflect Votorantim scope inclusion net of remedy assets sold - this change will be updated at 2018 year end.

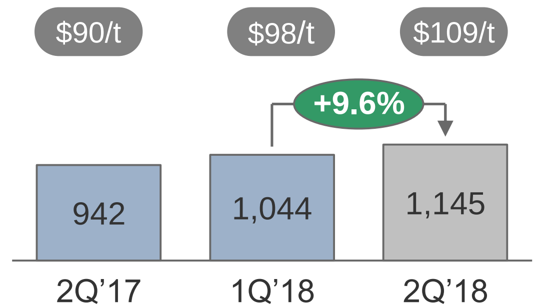
# EUROPE performance 2Q'18 v 1Q'18

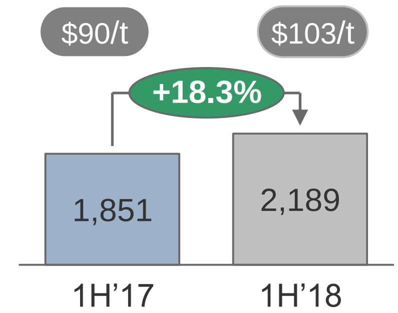
ArcelorMittal

## 2Q'18 v 1Q'18 analysis:

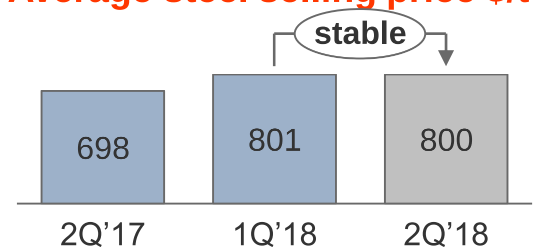
- Europe segment crude steel production decreased by 2.0% to 11.0Mt in 2Q'18 primarily on account of the impact of floods in Asturias, Spain and blast furnace reline in ArcelorMittal Zenica, Bosnia.
- Steel shipments in 2Q'18 decreased by 1.7% to 10.5Mt primarily on account of floods in Asturias, Spain and impact from rail strikes in France.
- Sales in 2Q'18 were $10.5bn, 1.1% lower as compared to 1Q'18, with lower steel shipments. (Selling prices in local currency increased by 3.1%).
- EBITDA in 2Q'18 increased by 9.6% to $1,145m primarily due to a positive price-cost effect offset in part by lower steel shipment volumes and foreign exchange translation impact.

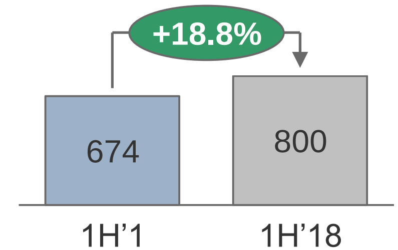
## EBITDA ($ Millions) and EBITDA/t



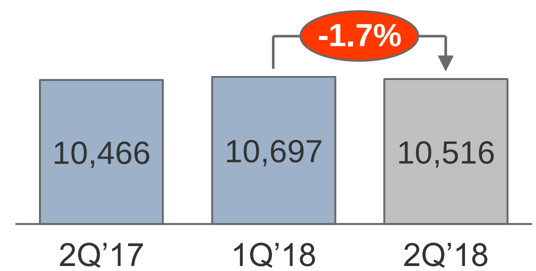



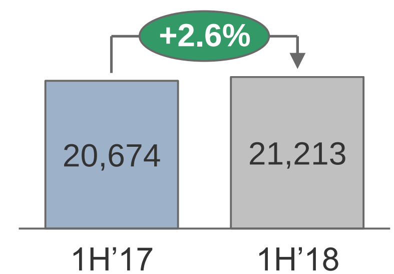

## Average steel selling price $/t




## Steel shipments (000't)



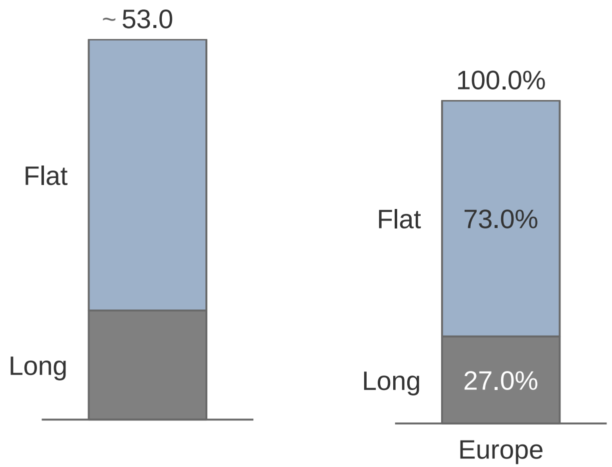




**Performance improved due to positive price-cost effect offset in part by lower volumes**

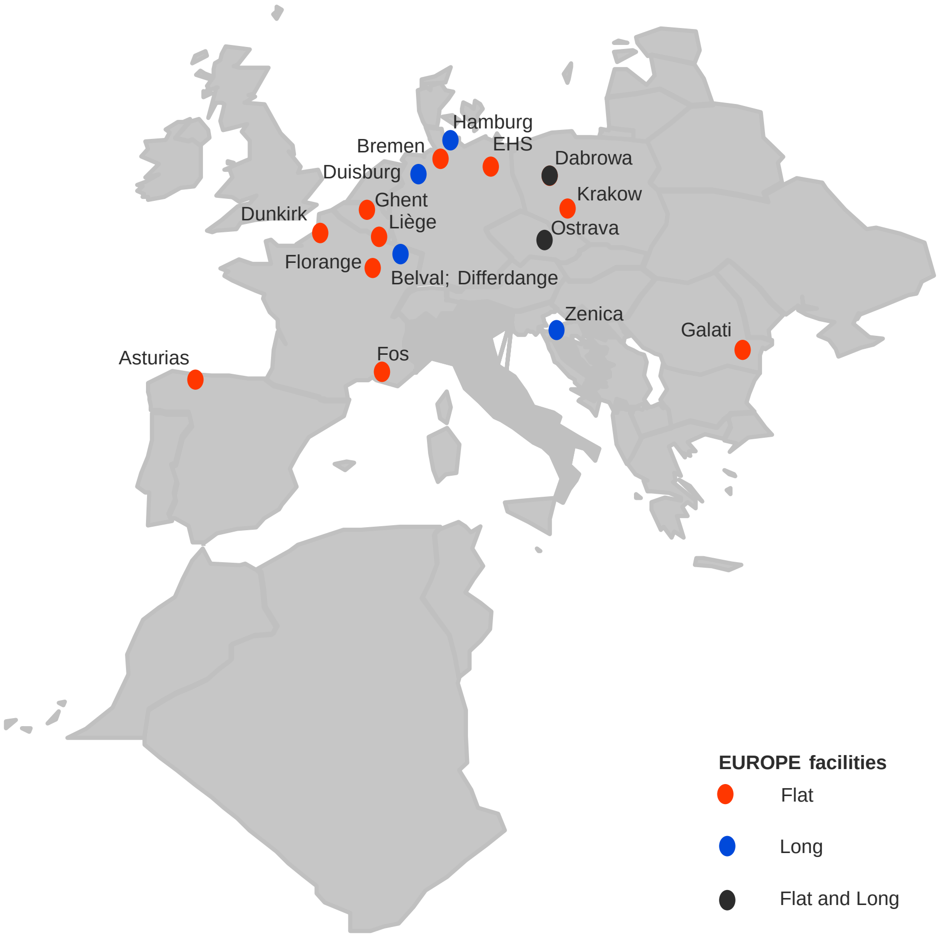
# Europe

ArcelorMittal

## Crude steel achievable capacity (million Mt)




## Geographical footprint and logistics




*The map is showing primary facilities excl. Pipes and Tubes.*

## Number of facilities (BF and EAF)

| EUROPE | No. of BF | No. of EAF |
|---|---|---|
| Flat (*) | 20 | 5 |
| Long | 5 | 8 |
| Total (*) | 25 | 13 |

(*) Excludes 2BF's in Florange

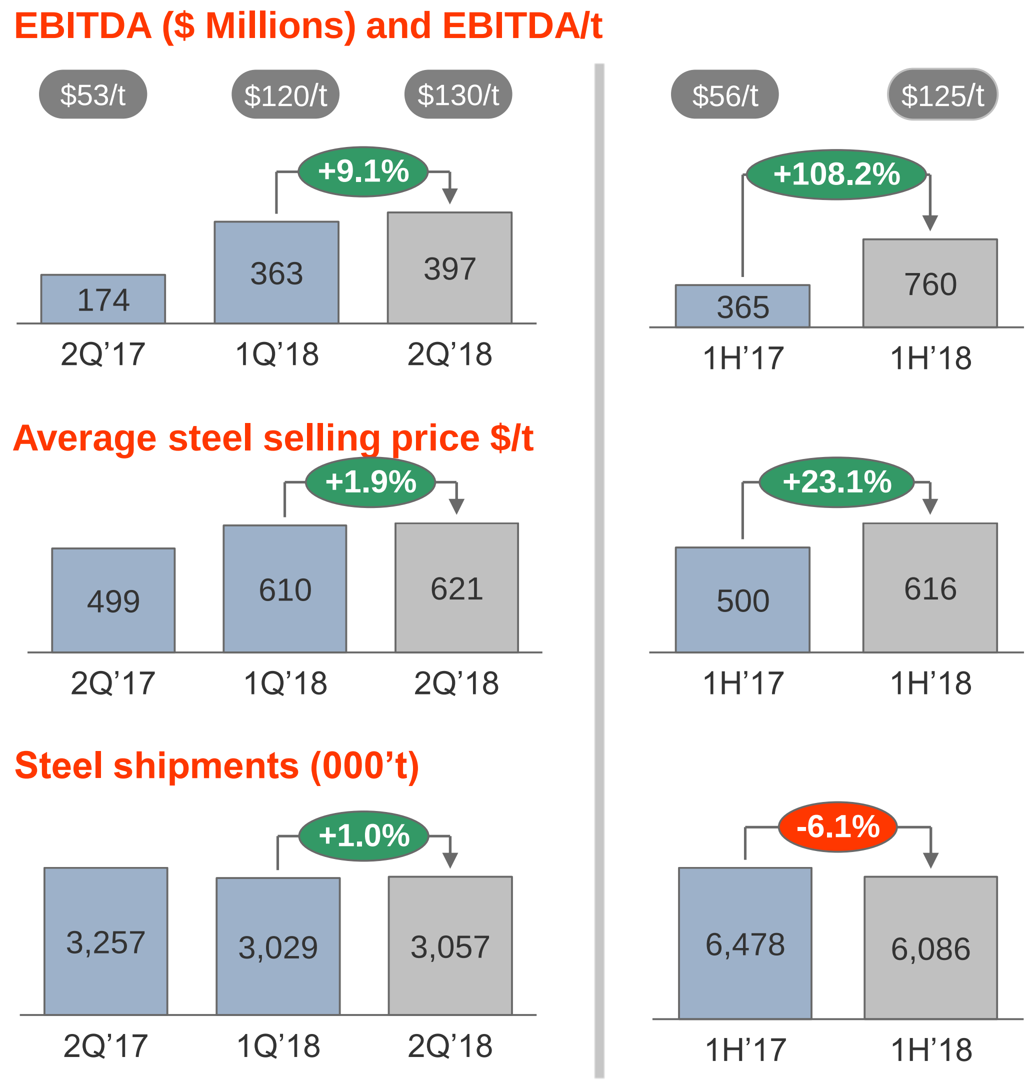
**Europe leading producer with ~53.0Mt /pa installed capacity**

Note: Following merger clearance granted by EC on May 7, 2018 for the companies acquisition if ILVA in Italy, the Company has committed to dispose of assets in the divestment package in Italy, Romania, Macedonia, Czech Republic, Luxembourg and Belgium). The deal is expected to be concluded September 15,, 2018 an as such not reflected in the map or figures represented on the slide (to be updated as part of the full year 2018 reporting).

# ACIS performance 2Q’18 v 1Q’18

## 2Q’18 v 1Q’18 analysis:

- ACIS segment crude steel production in 2Q’18 decreased by 9.2% to 3.1Mt primarily due to operational issues in Ukraine.
- Steel shipments in 2Q’18 increased by 1.0% to 3.1Mt, primarily due to higher steel shipments in Kazakhstan offset in part by lower Ukrainian steel shipments.
- Sales in 2Q’18 increased by 2.3% to $2.1bn, primarily due to higher ASP (+1.9%) and higher steel shipments (+1.0%).
- EBITDA in 2Q’18 increased by 9.1% to $397m, primarily due to positive price-cost impact.

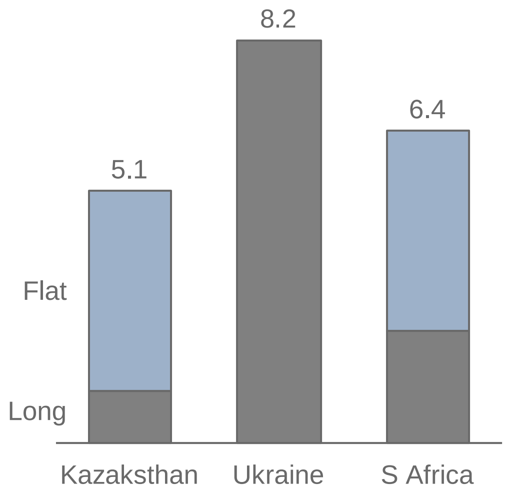


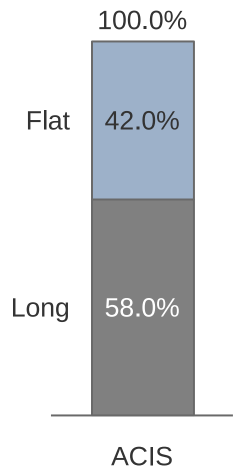

**Improvement primarily due to positive price-cost effect**

# ACIS

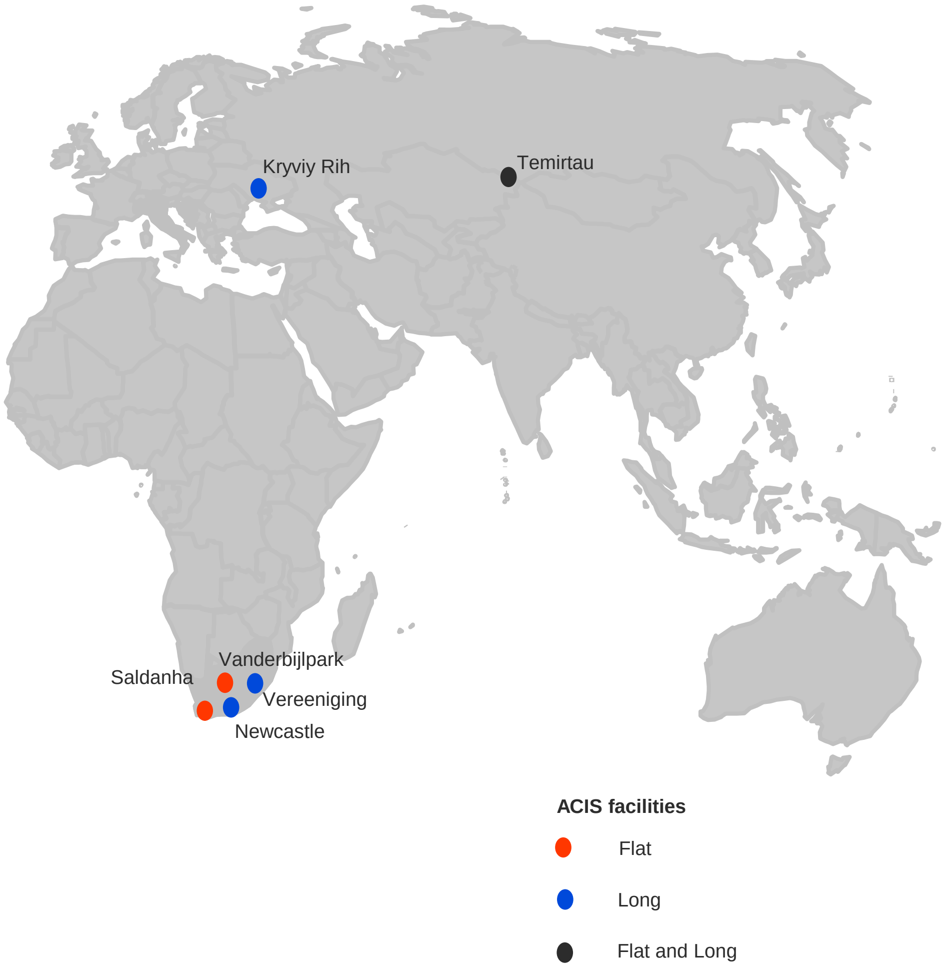
ArcelorMittal

## Crude steel achievable capacity (million Mt)




## Geographical footprint and logistics




*The map is showing primary facilities excl. Pipes and Tubes.*

## Number of facilities (BF and EAF)

| ACIS | No. of BF | No. of EAF |
|---|---|---|
| Kazakhstan | 3 | - |
| Ukraine | 5 | - |
| South Africa | 4 | 2 |
| Total | 12 | 2 |

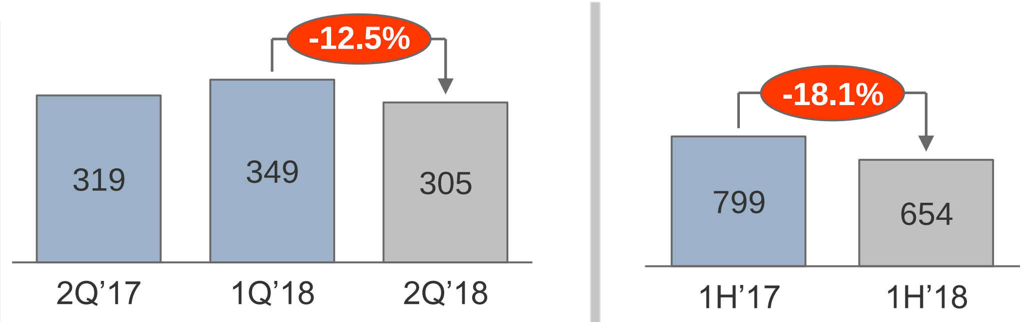
**ACIS leading producer with 19.7Mt /pa installed capacity**

# Mining performance 2Q’18 v 1Q’18

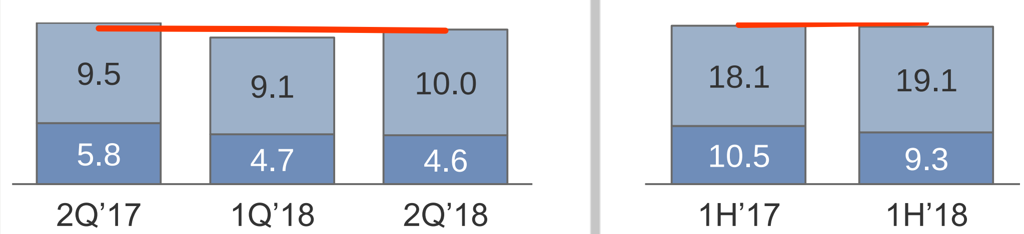
## 2Q’18 v 1Q’18 analysis:

- Own iron ore production in 2Q’18 decreased by 1.0% to 14.5Mt, due to lower production in Ukraine offset in part by seasonally higher production at ArcelorMittal Mines Canada (AMMC).
- Market-priced iron ore shipments in 2Q’18 increased by 9.3% to 10.0Mt, primarily driven by higher shipments in AMMC and Ukraine.
- Market-priced iron ore shipments are expected to grow 10% in 2018 compared to 2017.
- Own coal production in 2Q’18 increased by 4.3% to 1.6Mt primarily due to higher production at Kazakhstan, offset in part by lower Princeton (US) mines production.
- Market-priced coal shipments in 2Q’18 increased significantly to 0.7Mt with increases at both Princeton and Kazakhstan.
- EBITDA in 2Q’18 decreased by 12.5% to $305m, primarily due to lower seaborne iron ore reference prices (-11.3%) offset in part by higher market-priced iron ore shipments (+9.3%) and higher market-priced coal shipments.

## EBITDA ($ Millions) and EBITDA/t




## Iron ore (Mt)



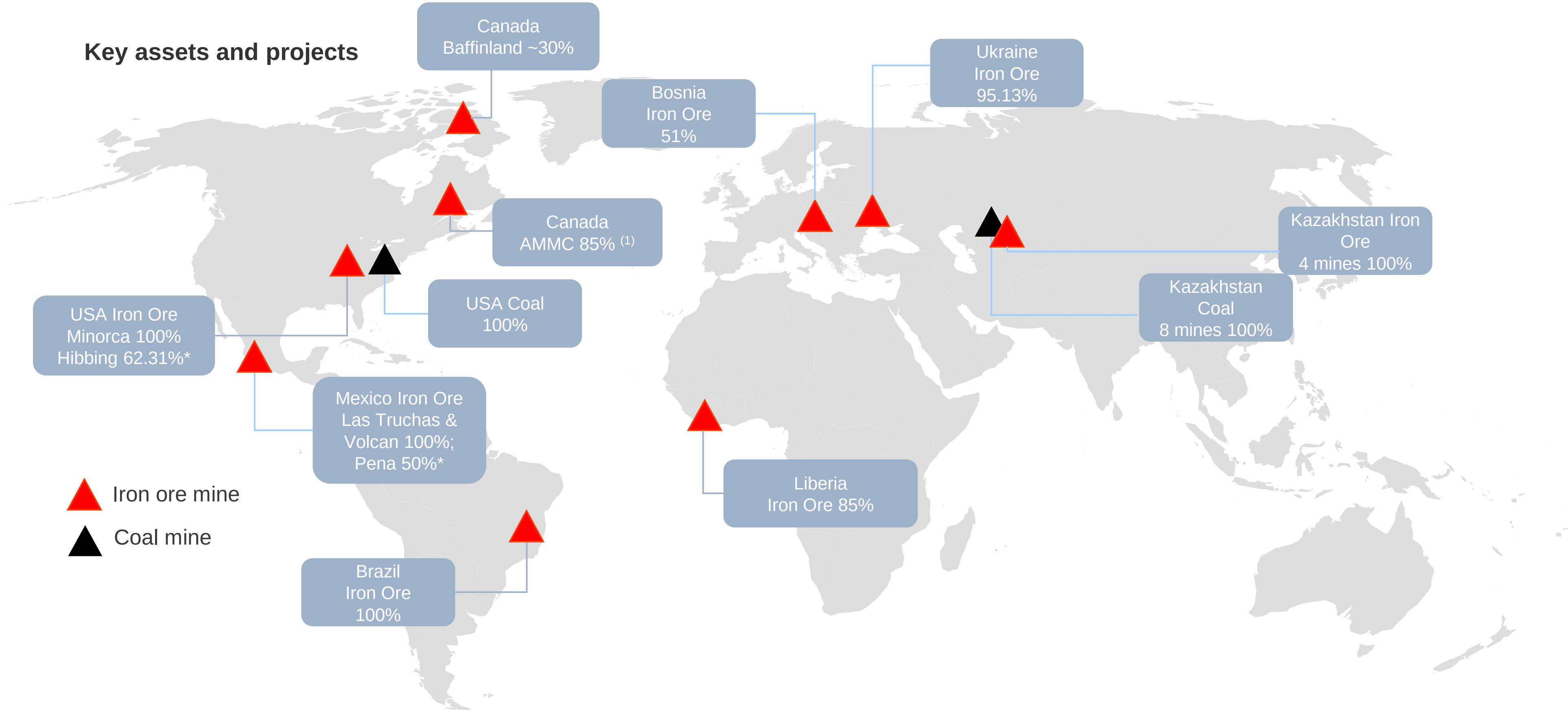

## Coal (Mt)


**Mining performance declined QoQ primarily due to lower iron ore prices offset by higher volumes**

# A global mining portfolio addressing Group steel needs and external market

ArcelorMittal

**Key assets and projects**




## Geographically diversified mining assets

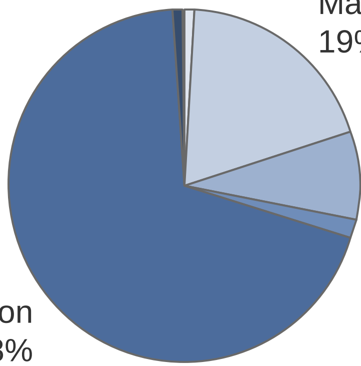
* Includes share of production

1) ArcelorMittal entered into an agreement to sell 15% of its stake in AM Mines Canada to a consortium lead POSCO and China Steel Corporation (CSC).
2) New exploration projects, Indian Iron Ore & Coal exploration, Coal of Africa (9.71%) is excluded in the above .
3) On Jan 19, 2015, ArcelorMittal announced the sale of its interest in the Kuzbass Coal mines in the Kemerovo region of Siberia, Russia, to Russia's National Fuel Company (NTK). This transaction closed on December 31, 2014.

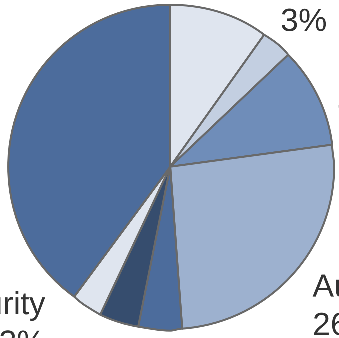
# Steel demand by end market

ArcelorMittal

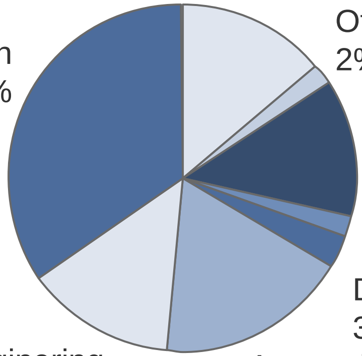
**China steel demand split**




**US steel demand split**




**Europe steel demand split**




**Regional steel demand by end markets**

Sources: China-Bloomberg, Europe: Eurofer, US: AISI

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