# 2016 Global Steel and Mining Conference

London, 12th September 2016

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# 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 documents filed with or furnished to the Luxembourg Stock Market Authority for the Financial Markets (*Commission de Surveillance du Secteur Financier*) and the U.S. Securities and Exchange Commission (the "SEC"). ArcelorMittal undertakes no obligation to publicly update its forward-looking statements, whether as a result of new information, future events, or otherwise.

**Non-GAAP Measures**

This document may include supplemental financial measures that are or may be non-GAAP financial measures, as defined in the rules of the SEC. They may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable financial measures calculated in accordance with IFRS. Accordingly, they should be considered in conjunction with ArcelorMittal's consolidated financial statements prepared in accordance with IFRS, which are available in the documents filed or furnished by ArcelorMittal with the SEC, including its annual report on Form 20-F and its interim financial report furnished on Form 6-K.  A reconciliation of non-GAAP measures to IFRS is available on the ArcelorMittal website.

# World's Leading Steel and Mining Company

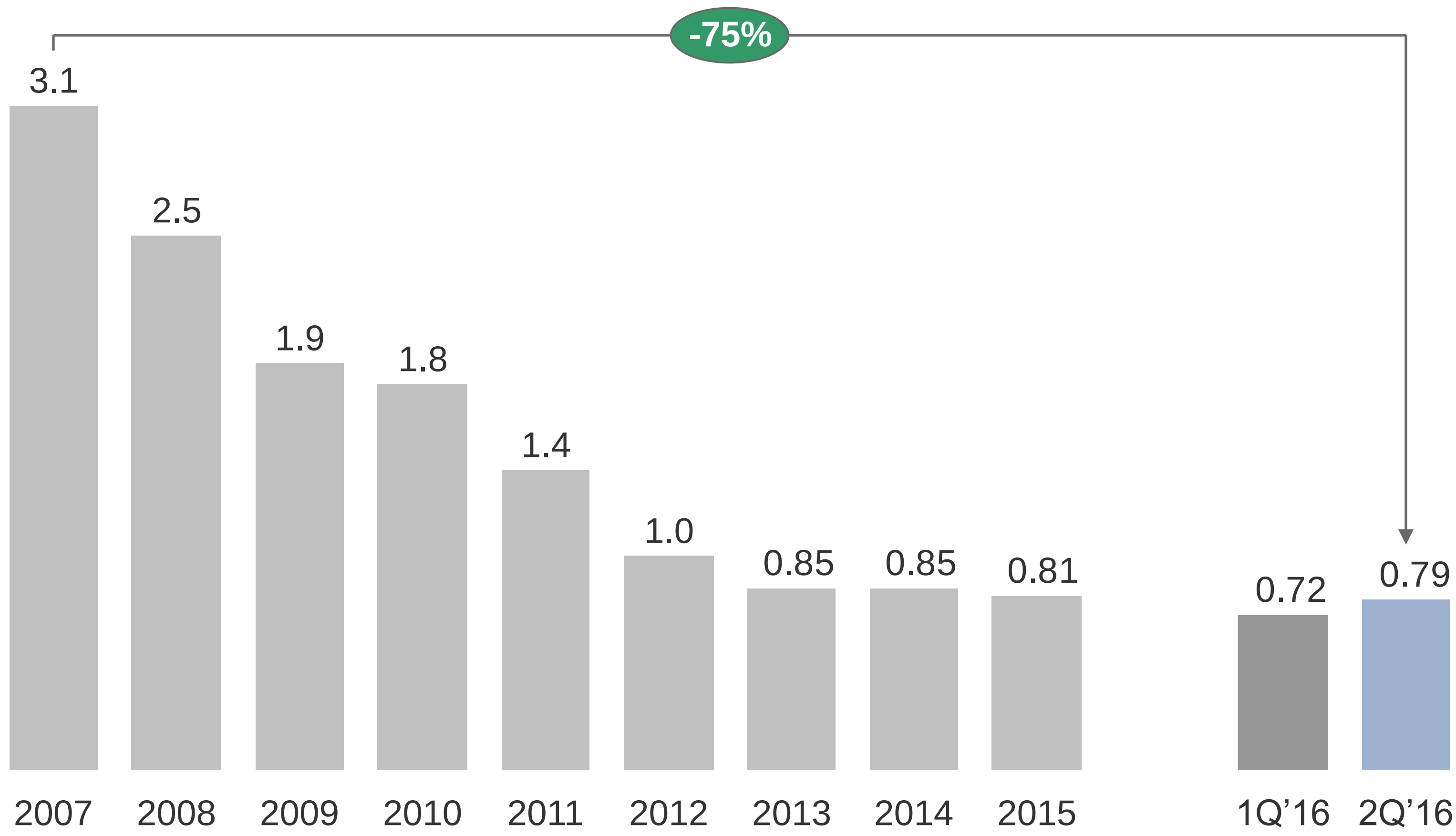
ArcelorMittal

- ✓ **Focussed** on developed markets
- ✓ **Cost competitive**
- ✓ **Primary** position in **premium steel grades**
- ✓ Capacity to **capitalize on continued demand recovery**
- ✓ **Strengthened balance sheet**
- ✓ **Roadmap** to improve annual free cash flow **by >$2 billion**

**World's leading global steel company positioned to deliver value to shareholders**

# Safety focus

**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

# Significant improvement in operating results

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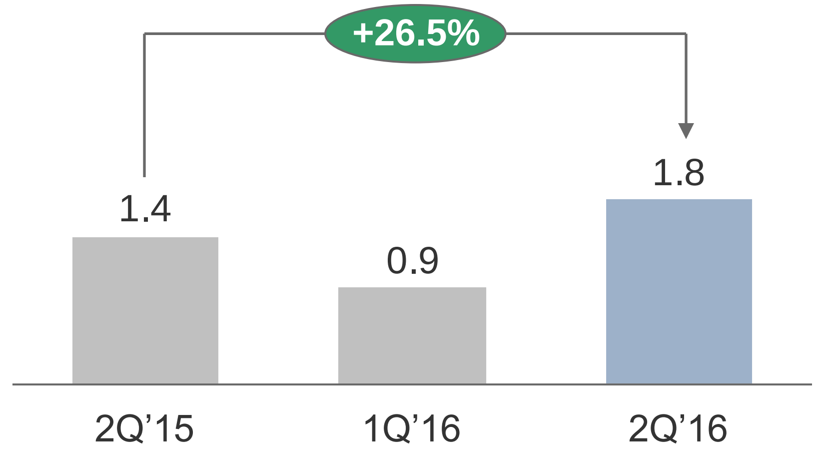
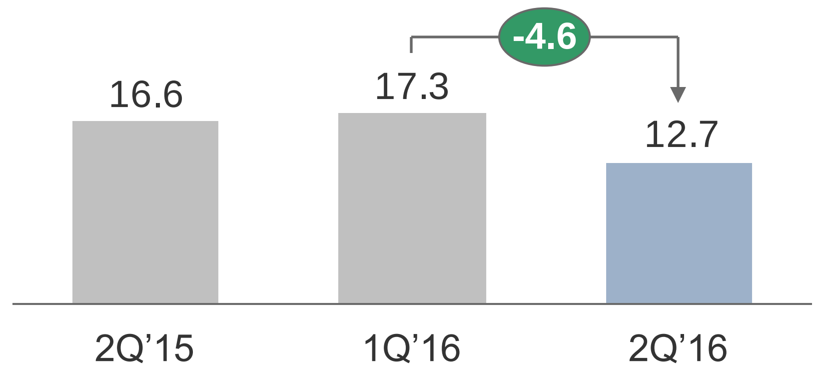
## 2Q'16 financial highlights

- **EBITDA of $1.8bn** double 1Q'16 level and +27% vs. 2Q'15
- **Operating income of $1.9bn** includes one-time $0.8bn gain from employee benefits in US*
  - Steel performance boosted by higher ASP (+7.7% QoQ) and shipments (+2.9% QoQ )
  - Mining EBITDA improvement driven by seasonally higher volumes and iron ore prices
- **Net income of $1.1bn** - comfortably positive, even excluding the impact from the employee benefit gain
- **Net debt of $12.7bn** as of June 30, 2016→ lowest level since the merger

## EBITDA $billion




## Net debt $billion




**2Q'16 EBITDA double 1Q'16 due to higher steel selling prices and volumes**

Note: *Exceptional income for 2Q'16 was $832m relating to a one-time gain on employee benefits following the signing of the new US labour contract

# All steel segments improved in 2Q'16

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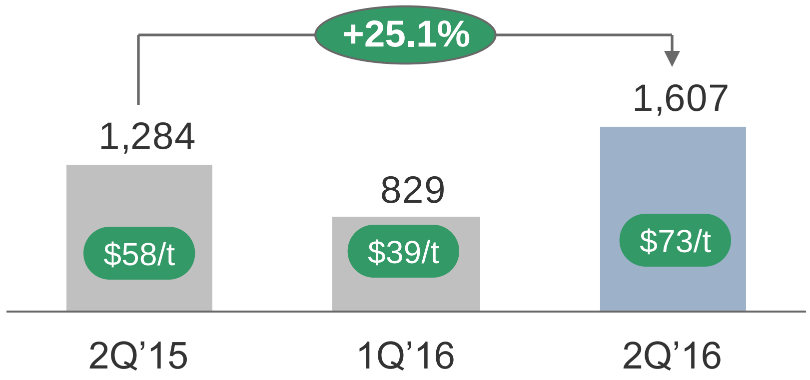
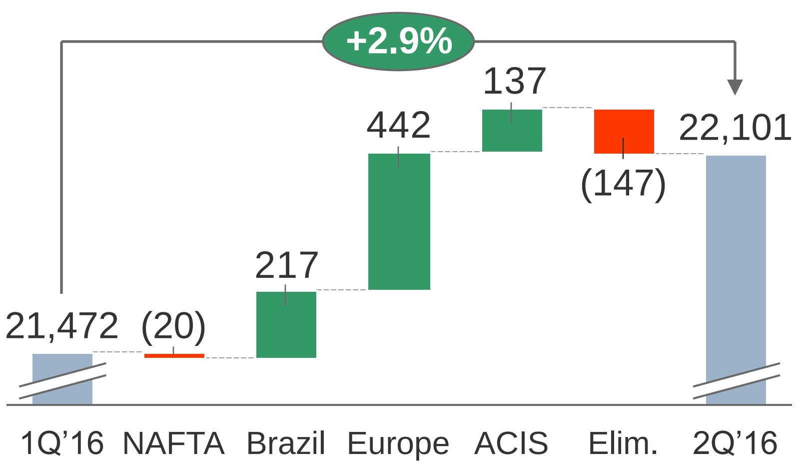
- **Steel-only EBITDA** up **+93.8% QoQ*** to $1.6bn → higher ASP (+7.7%) and seasonally higher volumes (+2.9%)
  - Strong performance in **Europe**: EBITDA double vs. 1Q'16 reflecting improved market fundamentals, prices (+6.0%) and ongoing results of cost optimization
  - **NAFTA**: Performance improved with higher steel prices (+3.9%); full benefit of lagged contract prices not fully captured
  - **Brazil**: Despite ongoing domestic demand weakness performance remains resilient; supported by better prices (+8.8%) and exports
  - **ACIS**: Improvement in performance driven by strong prices (+27.8%) and improved volumes

**Steel-only EBITDA $m / EBITDA/ton $/t**




**Steel shipments 2Q'16 v 1Q'16 (Mt)**




**Solid steel performance during 2Q'16 driven by improving prices and seasonally better volumes**

QoQ refers to 2Q'16 v 1Q'16

# Mining performance improved in 2Q’16

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- **EBITDA:** 2Q’16 EBITDA 67% higher than 1Q’16 → +23.2% higher volumes (mainly AMMC) and +15.2% higher iron ore prices*
- **Production lower in 2016:**

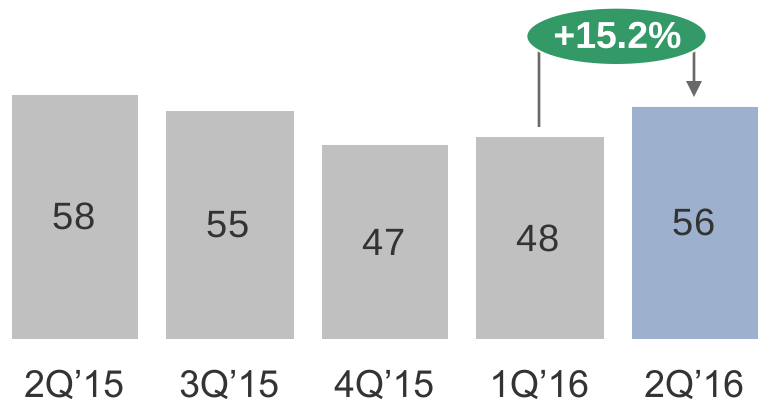
  Liberia:

  – Drilling underway to assess transition mining from ageing Tokadeh iron ore deposit to the nearby DSO Gangra deposit by 3Q’17

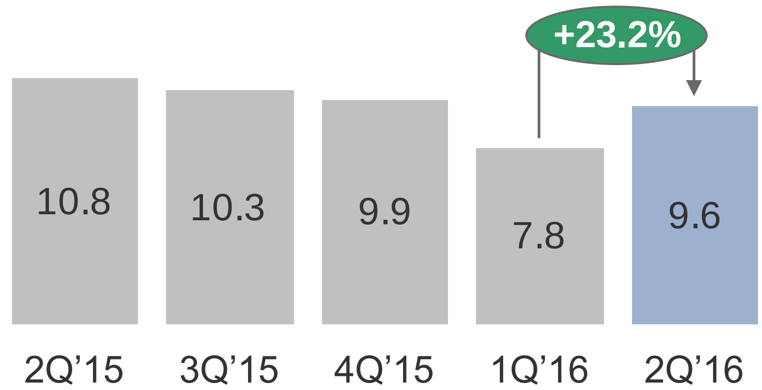
  – Increase from current 2-3Mtpa to 5Mtpa, higher grade DSO, low strip ratio product by 3Q’17 (minimal investment)

  Mexico: Volcan mine closure (2mtpa impact)
- **Shipments:** FY’16 marketable shipments expected to decline by ~10% YoY
- **Ongoing cost reduction:** FY’16 iron ore cash costs expected to be reduced by >10%
- **Cashflow**: FCF** breakeven point $40/t*

**Iron ore 62% Fe Platts (CFR) ($/t)**




**Market price iron ore shipments (Mt)**




**Profitability improved due to seasonally higher volumes, prices and ongoing cost reduction**

YoY refers to FY’16 v FY15;

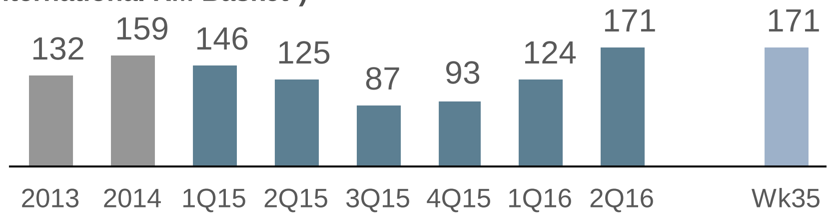
*CFR China 62% Fe; **FCF refers to cash flow from operations less maintenance capex

# Positive industry signals

- **Supply side reforms in China**
  - Government targets to reduce capacity by 100-150Mt; **2016 target** is set as **45Mt** capacity (~25mt achieved YTD) → ~180,000 people impacted and deployed
  - **Central SOE** must cut **at least 10% of capacity** for steel & coal by 2018
  - **Structural reform fund** to be allocated according to the capacity cut volume and timing.
- **Steel price recovery**
  - Stabilization of price environment brought an end to destocking cycle
  - Steel spreads recovered in all key markets from unsustainable low levels of 2H'15
- **Pressure from rising raw material costs**
  - Spot coking coal ~$30/t since beginning of July 2016

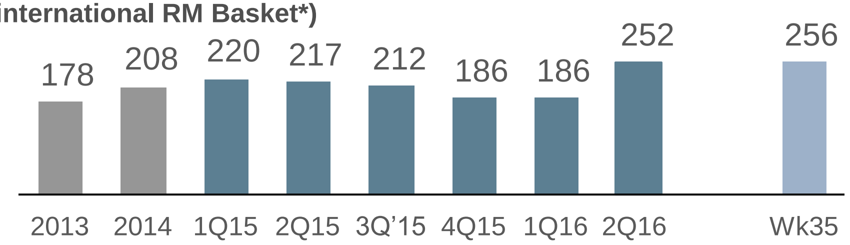
## China steel spreads

**($/t differential between China HRC domestic price ex VAT and international RM Basket*)**



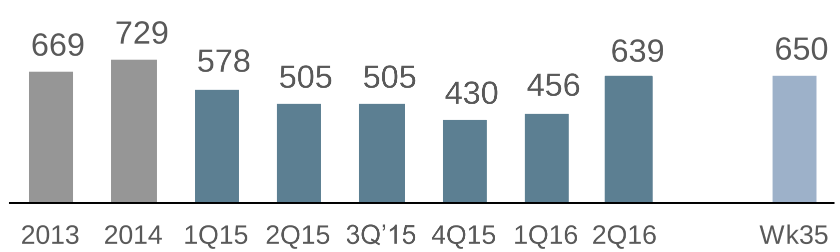

## Europe steel spreads

**(€/t differential between North Europe domestic HRC price and international RM Basket*)**




## US steel price

**($/t US domestic exw Indiana HRC)**

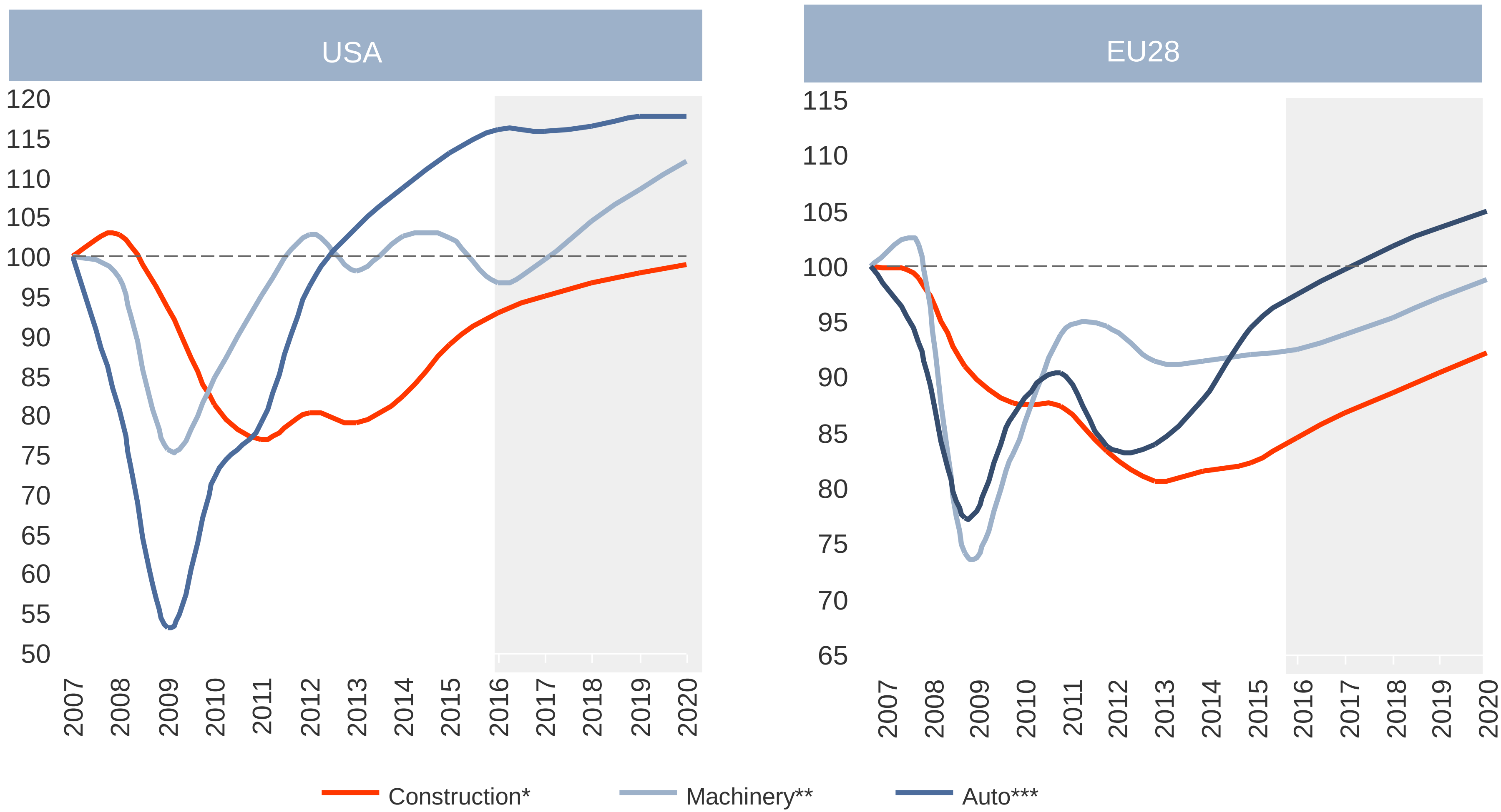



**Steel spreads stable**

Source: Mysteel, CU Steel, Broker Research, Factiva. . * RM basket includes coking coal prices based on quarterly contracts; at spot raw materials, the Chinese spread is at $150/t which is in our expected sustainable range.

# Demand in core markets is growing

**End market growth prospects in US and EU28 (2007=100)**

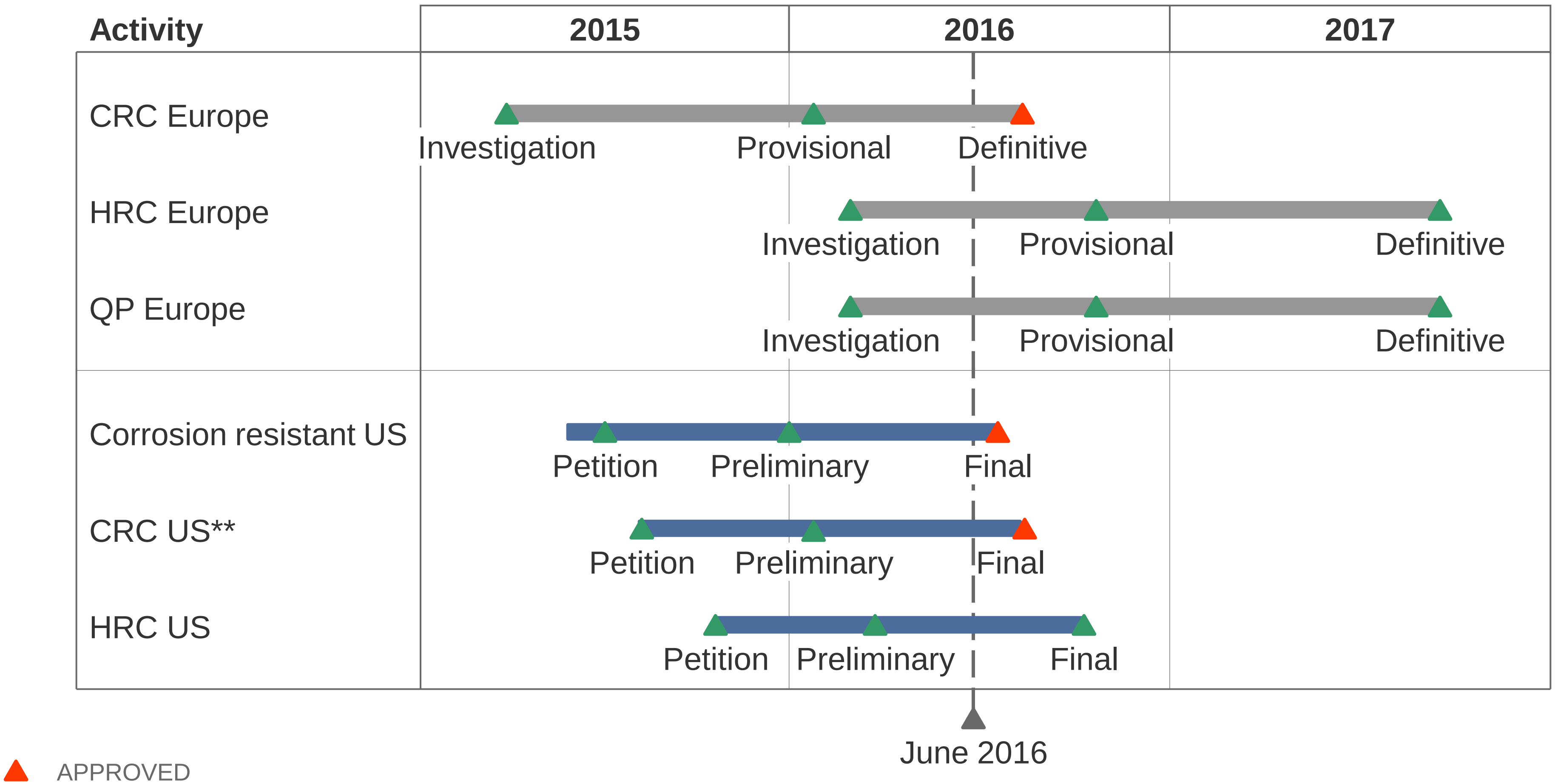



**Demand recovery in core markets has been offset by high imports…**

* Weighted by steel demand, i.e. larger weight given to non-residential; ** Industrial output of machinery and equipment (Source: IHS Global Insight (April 2016) and IHS Global Construction (May 2016))
*** Light vehicle assembly (Source: LMC Automotive (March 2016))

# Trade cases – focus now on Europe

## Summary Europe and US Antidumping/CVD trade case timelines*




**…but trade cases have positive momentum**

* Dates provided for illustrative purposes. See appendix for further details.

# Action 2020 improvement plan

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| | |
|---|---|
| Experience | Return to >$85 EBITDA per tonne |
| Unique | $3bn structural EBITDA improvement |
| Business driven | Support annual FCF >$2bn |

Action 2020

## Good progress to date

- **NAFTA**: USW contract signed → Indiana Harbor "footprint optimization project" initiated
  - #1 aluminize, 84" hot strip mill (HSM), and #5 continuous galvanizing line (CGL) now idled
  - Planned investments ~US$200m: 80" HSM; new caster at No.3 steelshop and IH finishing and logistics
- **Europe**: Transformation plan implemented across operations, procurement, commercial and financial systems

**Roadmap to sustainably improve EBITDA and FCF generation**

# Balance sheet strengthened

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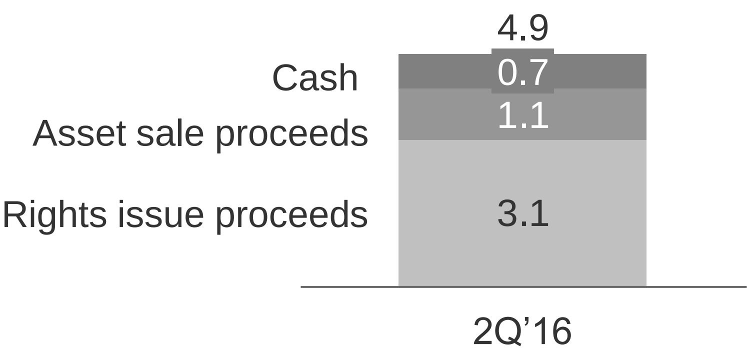
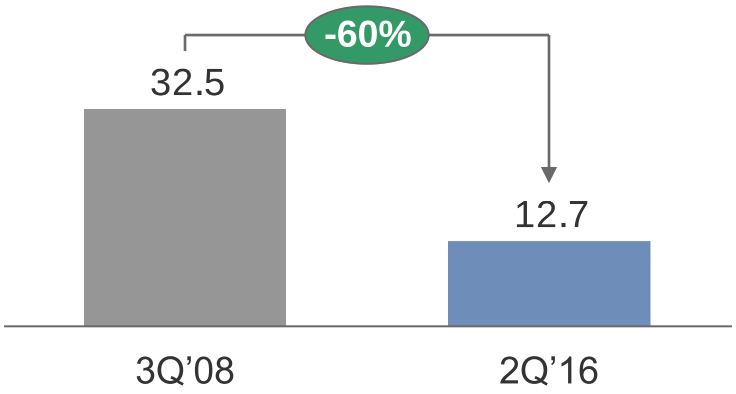
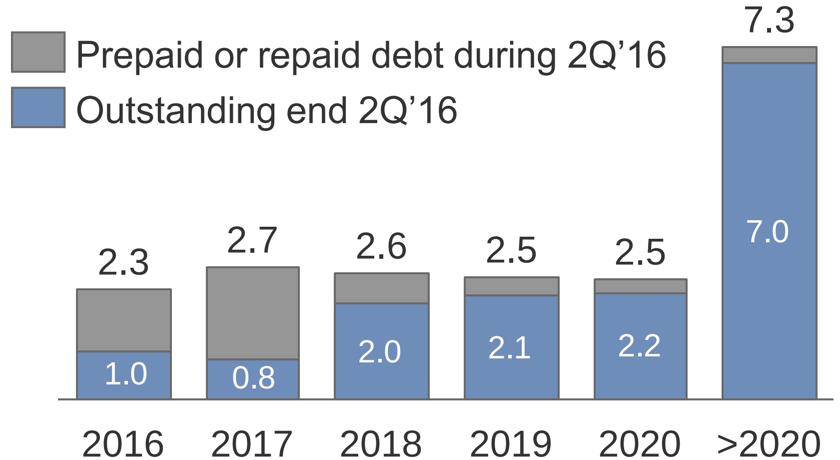
- Rights issue and asset disposal proceeds used to repay/prepay selected near term debt maturities
- Gross debt declined from \$20.2bn as at 1Q’16 to \$15.1bn at 2Q’16
- Average debt maturity increased to 7.1 years
- Moody’s upgrade to stable outlook from negative outlook




**Net debt (\$billion)**




**Debt maturity at 30, June 2016 (\$billion)**




**Action taken to materially strengthen the balance sheet**

* €/\$ exchange rate of 1.1102 (as end of June 30, 2016)

# Maintaining leadership position in automotive steel

- ArcelorMittal is the **global leader** in steel for automotive
- 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:** Break-through for NAFTA automotive franchise
  - **VAMA JV in China:** Auto certifications progressing
  - **Dofasco:** Galvanizing line expansion underway

**S-In-Motion SUV/Mid-Size Sedans**

**AM/NS Calvert**

**Continue to invest and innovate to maintain competitiveness**

# Takeaways

- ArcelorMittal is the global steel industry leader
- Global destock has ended and steel spreads have recovered from unsustainably low levels experienced in 2H'15
- Lower cash requirements will support improved conversion of EBITDA to free cash
- Balance sheet now amongst the strongest in the industry, reinforcing ArcelorMittal's leadership position
- Continuous investment in R&D and production capability to sustain leadership position in automotive steel
- Commitment to Action 2020 and sustainable improvements to drive outperformance

**Taking the right actions to leverage leadership positions to maximise shareholder returns**

# Appendix

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# Significantly reduced cash requirements

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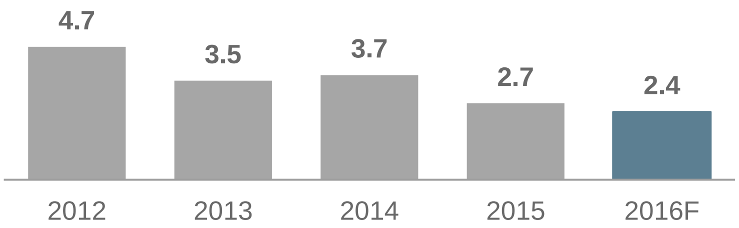
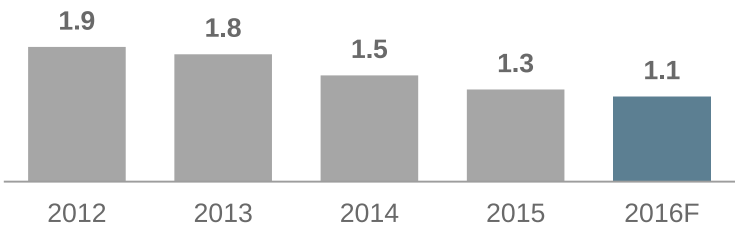
**Capex cut by $2.3bn since 2012**
US$mn




**Net interest reduced by $0.8bn since 2012**
US$mn




Improved ability to translate EBITDA to cash flow.

Facilitated reduction in net financial debt in 2015 despite low level of EBITDA

**Actions taken to reduce cash requirements enabled net debt reduction in 2015**

# Strategic progress in 2016

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- **Balance sheet materially strengthened**
  - ✓ Rights issue complete: $3.1 billion raised
  - ✓ Net debt at end of 2Q'16 of $12.7bn
- **Improved conversion of EBITDA to FCF**
  - ✓ EBITDA "free cash flow breakeven"* point reduced to $4.5bn
- **Focus on capex discipline**
- **Cost control and operational excellence**
  - ✓ Action 2020 plan underway
  - ➢ Footprint optimization Indiana Harbour (US)
  - ➢ Europe transformation plan progressing
- **Portfolio optimization ongoing**
  - ✓ Sale of US long products Vinton and LaPlace
  - ✓ Closure / idling of non-performing assets

**Automotive business development**

- Calvert ramp up progressing :
  - ✓ Automotive certification ongoing and increased utilization
  - ✓ Phase 1: Slab yard expansion complete
- Automotive awards:
  - ✓ General Motors awarded ArcelorMittal its "Supplier of the Year award" for the 3rd consecutive year
  - ✓ Ford gave ArcelorMittal its highest ranking for the 5th consecutive year
- ArcelorMittal and Voestalpine announce global market launch of galvanized, press hardened steels for direct hot forming
- Launch of 2 new project in 2017: Usibor 2000 and Ductibor 1000

**Strategic priorities on track and progressing well**

* Free cash flow breakeven defined as level of EBITDA required to ensure cash flow from operations is =/ > capex

# Key trade case update: EU & US

**Note**: Timelines provided are defined based on regulation maximum limits

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## Europe Flat, Long and Tubes

| Prod | Exporter | Status | Timeline |
|---|---|---|---|
| CRC<br>Approved | **AD**<br>**China**<br>**Russia** | • **Definitive measures and retroactive implementation were voted in favour on July 7:**<br>– China: 19.8% to 22.1%<br>– Russia: 18.7% to 36.1% | • Measures in place for the next 5 years |
| HRC | **AD**<br>**China**<br><br>**CVD**<br>**China**<br><br>**AD**<br>**Iran, Serbia, Ukraine, Russia & Brazil** | • AD China Investigation started Feb 13, 2016<br>• CVD China investigation started May 13, 2016<br>• AD (5 Cs) Investigation started July 7, 2016 | • AD China Provisional measures could be expected not later than 4Q'16<br>• AD China definitive measures could be expected no later than 2Q'17 |
| QP<br>Approved | **AD**<br>**China** | • Investigation initiated Feb 13, 2016 | • Provisional measures could be expected not later than 4Q'16<br>• Definitive measures could be expected not later than 2Q'17 |
| Rebar (HF) | **AD**<br>**China** | • **Definitive measures implementation were voted in favour on the July 7, 2016** – From 18.4% to 22.5% | • Publication of the EU Commission expected by Aug 2016<br>• Measures in place for the next 5 years |
| Rebar (LF) | **AD**<br>**Belarus** | • Investigation initiated March 31, 2016 | • AD provisional measures expected no later than beginning of 1Q'17<br>• Definitive measures expected no later than 2Q'17 |
| Seamless Tubes (Large diameter) | **AD**<br>**China** | • Investigation confirmed on 13 February | • Provisional measures could be expected not later than mid Q4 2016<br>• Definitive measures expected not later than 2Q 2017 |

## US Flat Rolled

| Prod | Exporter | Status | Timeline |
|---|---|---|---|
| Core<br>Approved | **AD/CVD**<br>**China**<br>**India**<br>**Italy**<br>**Korea**<br>**Taiwan** | • **DOC final determination (June 24, 2016- ITC voted unanimously on the measures )**<br>– **CVD**: China: 39.05 – 241.07%, India: 8% - 29.46%; Italy: 0.07 – 38.15%; Korea: 0.72-1.19%; Taiwan – de minimus (no duty imposed)<br>– **AD**: China 209.97%; India 3.05-4.44%; Italy 12.63-92.12%; Korea 8.75-47.8.5%; Taiwan: 3.77% | Measures in place for the next 5 years |
| CRC<br>Approved | **AD/CVD**<br>**Brazil**<br>**China**<br>**India**<br>**Korea**<br><br>**AD only**<br>**Japan**<br>**UK** | • **DOC final determinations:**<br>– **CVD:** Brazil: 11.09%-11.31%; China: 256.44%; India: 10%; Korea: 3.91%-58.36%<br>– **AD:** Brazil:14.35%-35.43%; China: 265.79%; India: 7.6%; Japan: 71.35%; Korea: 6.32%-34.33%; UK: 5.4%-25.56%<br>• ITC voted affirmative on China and Japan (June 22), and on Brazil, India, Korea, UK (Sept 2)<br>• ITC voted negative on Russia AD and CVD (Sept 2) - no orders will be issued | Measures in place for the next 5 years |
| HRC | **AD/CVD**<br>**Korea**<br>**Turkey**<br>**Brazil**<br><br>**AD only**<br>**Japan,**<br>**Netherland,**<br>**Australia , UK** | • **DOC final determination (August 2016):** AD Australia 29.37%, AD Brazil from 33.14% to 34.28%, CVD Brazil from 11.09% to 11.30%. AD Japan from 4.99% to 7.51%, AD Korea from 3.89% to 9.49%, CVD Korea From 3.89% to 57.04%, AD Netherlands 3.73%, AD Turkey from 3.66% to 7.15%, CVD Turkey 6.01%, AD UK 33.06% | ITC final vote expected Sept 12, 2016 |
| QP | **AD/ CVD**<br>China, Korea<br><br>**AD**<br>Austria, Belgium, France, Germany, Italy, Japan, South Africa, Turkey, and Taiwan | • Petition filed March 7, 2016<br>• ITC preliminary vote: affirmative, present material injury, on May 20, 2016 for all countries; imports subsidized by the Brazilian government were found to be negligible so the CVD investigation was terminated<br>• **DOC preliminary determination (7 Sept.'16):** CVD China 210.5%, Korea 0.62% (de minimus)<br>• Prelim. AD for Brazil, Turkey and S. Africa expected 16 September '16. Prelim decisions in remaining AD cases extended until early November**.** | DOC AD preliminary determinations for Brazil, Turkey and S. Africa Sept 2016; all other countries Nov 2016 |

# "Action 2020" plan to deliver significant improvement*

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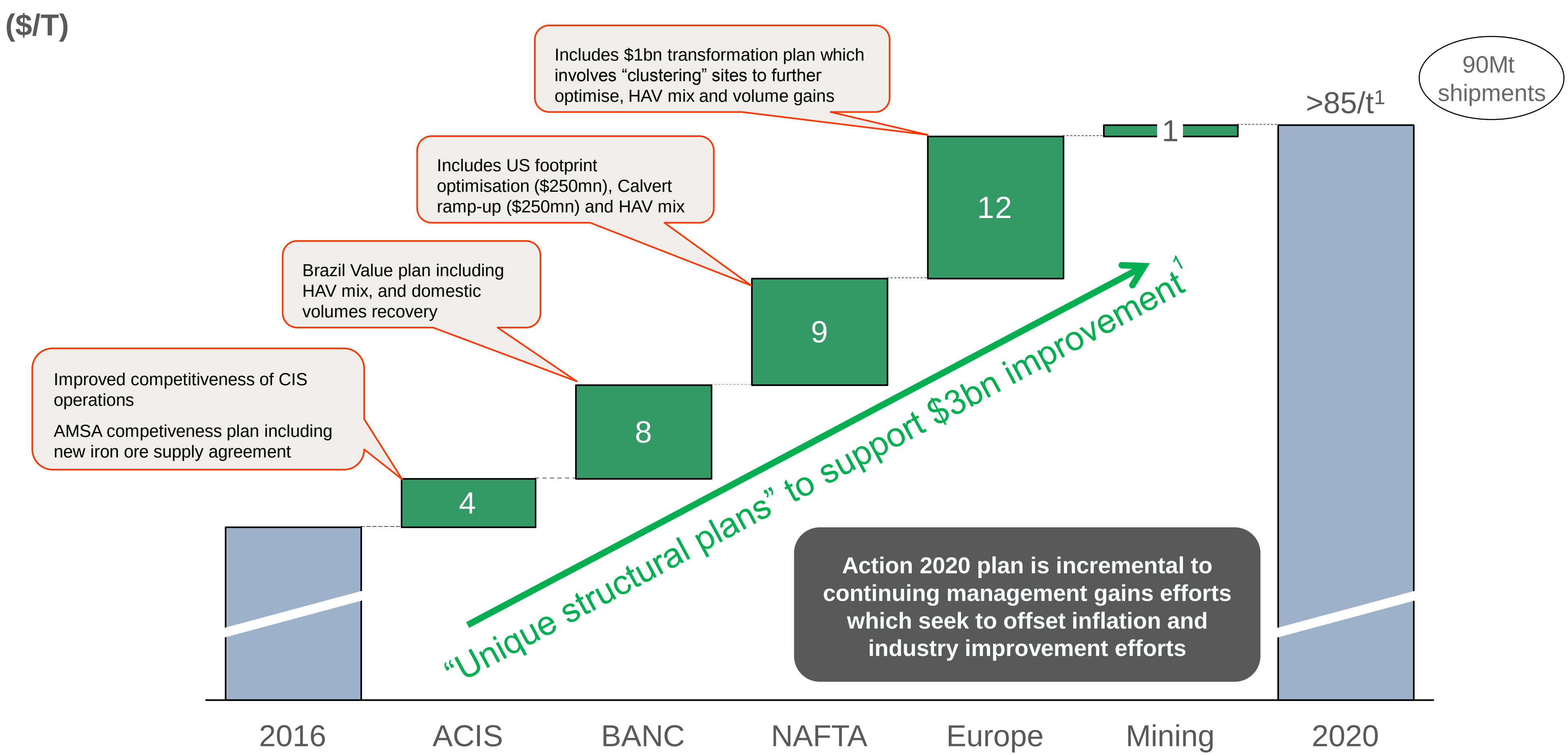


**Action 2020 takes annual FCF generation to >$2bn…with further upside through spread recovery**

* At current prevailing steel spreads (Feb 2016)

# Financial results

# Significant improvement in operating results

- **EBITDA of $1.8bn** is double 1Q'16 level and +27% vs. 2Q'15
- **Operating income of $1.9bn** includes one-time $0.8bn gain from employee benefits in US*
- Steel performance boosted by higher ASP (+7.7% QoQ) and shipments (+2.9% QoQ )
- Mining EBITDA improvement driven by seasonally higher volumes and iron ore prices
- **Net income comfortably positive**, even excluding the impact from the employee benefit gain
- **Net debt of $12.7bn** as of June 30, 2016, a reduction of $4.6bn during the second quarter

| (USDm) unless otherwise shown | 2Q'16 | 1Q'16 | 2Q'15 | 1H'16 | 1H'15 |
|---|---|---|---|---|---|
| Sales | 14,743 | 13,399 | 16,890 | 28,142 | 34,008 |
| Operating income | 1,873 | 275 | 579 | 2,148 | 1,150 |
| Net income/ (loss) | 1,112 | (416) | 179 | 696 | (549) |
| EBITDA | 1,770 | 927 | 1,399 | 2,697 | 2,777 |
| Steel shipments (Mt) | 22.1 | 21.5 | 22.2 | 43.6 | 43.8 |
| Iron ore shipped at market price (Mt) | 9.6 | 7.8 | 10.8 | 17.4 | 20.1 |

**2Q'16 EBITDA double 1Q'16 due to higher steel selling prices and volumes**

Note: QoQ refers to 2Q'16 v 1Q'16. *Exceptional income for 2Q'16 was $832m relating to a one-time gain on employee benefits following the signing of the new US labour contract

# Balance sheet structurally improved

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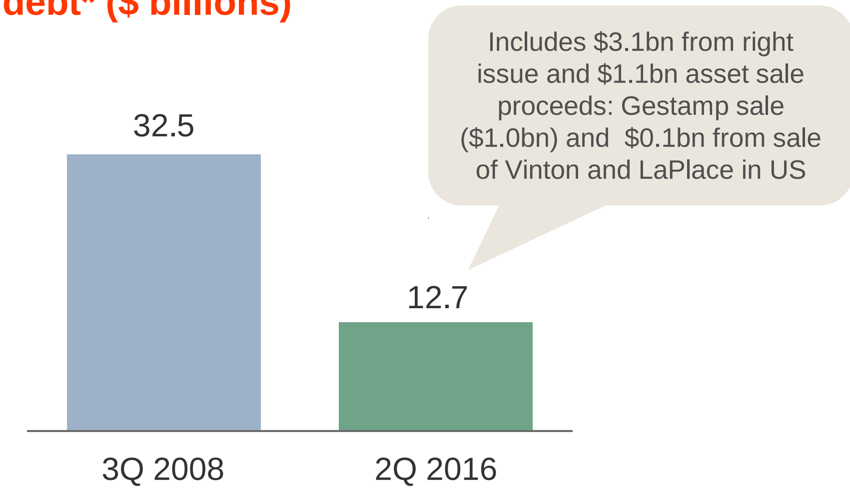
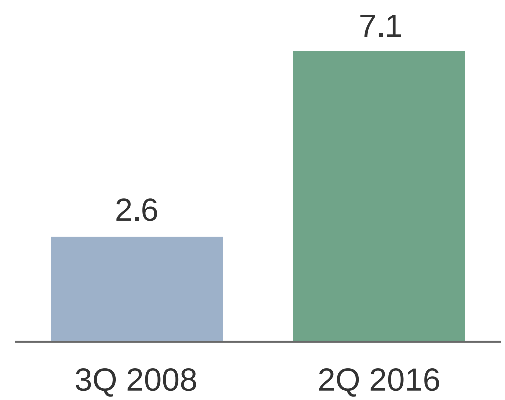
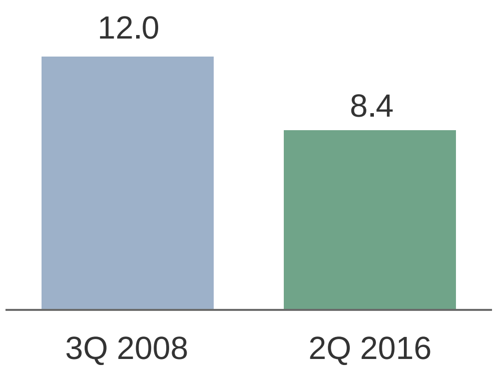
## Net debt* ($ billions)



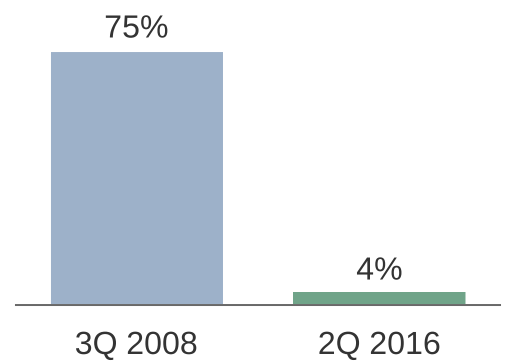

## Average debt maturity (Years)




## Liquidity** ($ billions)




## Bank debt as component of total debt (%)




**Balance sheet fundamentals improved**

* Net debt refers to long-term debt, plus short term debt, less cash and cash equivalents, restricted cash and short-term investments (including those held as part of asset/liabilities held for sale);
** liquidity is defined cash and cash equivalents plus available credit lines including back-up lines for commercial paper program

# Guidance

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- Despite the steel spread recovery losing momentum in recent weeks, the impact of lagged contract prices will be an important support for operating results as we move in to a period of seasonally slower steel demand.

- The Company's cash requirements in 2016 are expected to **total $4.5bn**, a greater than $1bn reduction as compared to 2015. The components of this reduction are:
  - ✓ lower capex spend (FY'16 capex is expected to be ~$2.4bn Vs. $2.7bn in FY'15),
  - ✓ lower interest expenses (FY'16 net interest is expected to be ~$1.1bn Vs. $1.3bn in FY'15);
  - ✓ no dividend in respect of the 2015 financial year; and lower cash taxes.

- The improved market conditions are likely to consume working capital in 2016 (current estimate ~$0.5 billion); the Company nevertheless continues to **expects cash flows from operating activities to exceed capex** in 2016.

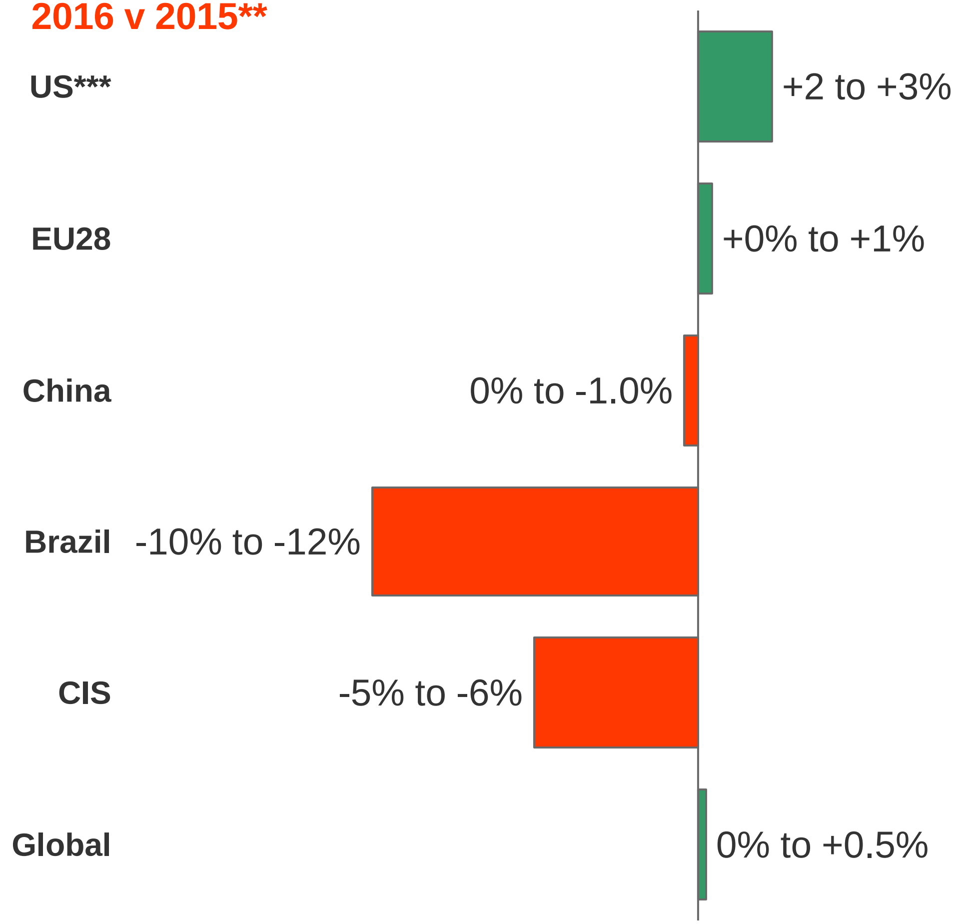
**Company expects cash flows from operating activities to exceed capex in 2016**

# MACRO (highlights)

# Global PMI point to improving manufacturing

- Global manufacturing output growing at an improved rate in Jun (ArcelorMittal PMI 51.3*)
- **US:** Real demand growth continues led by consumer spending and homebuilding, but investment is held back by the strong dollar and depressed oil drilling activity. PMI picking up to 52.2 in Jun’16
- **Europe:** Underlying demand continues to rise led by strong automotive. Mild impact from Brexit to slow European recovery into 2017
- **Brazil:** The economy remains in recession. The pace of decline is moderating, as confidence has improved and the currency strengthened, both from low levels.
- **China:** PMI remains below 50, but industrial output growth stable, supported by strong automotive. Robust infrastructure investment continues to support demand, while growth in real estate moderates as expected.
- **CIS:** Russian economy continues to contract, but at a slower pace. Russia PMI above 50 in Jun’16, first time since Nov’15 as manufacturing output stabilises

**Global apparent steel consumption 2016 v 2015****

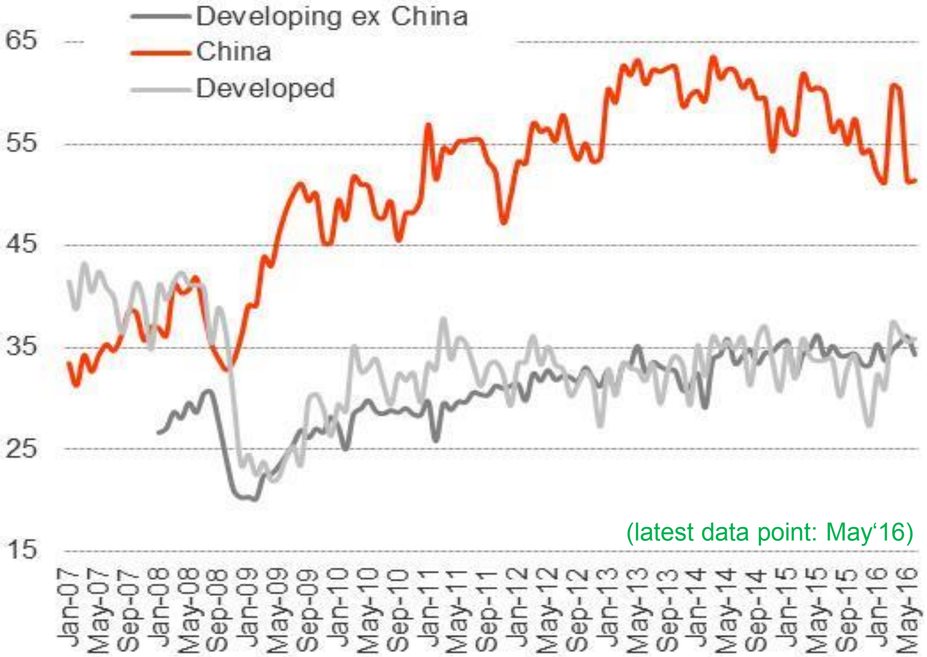



**ArcelorMittal PMI continues to indicate positive (albeit slow) growth in real demand**

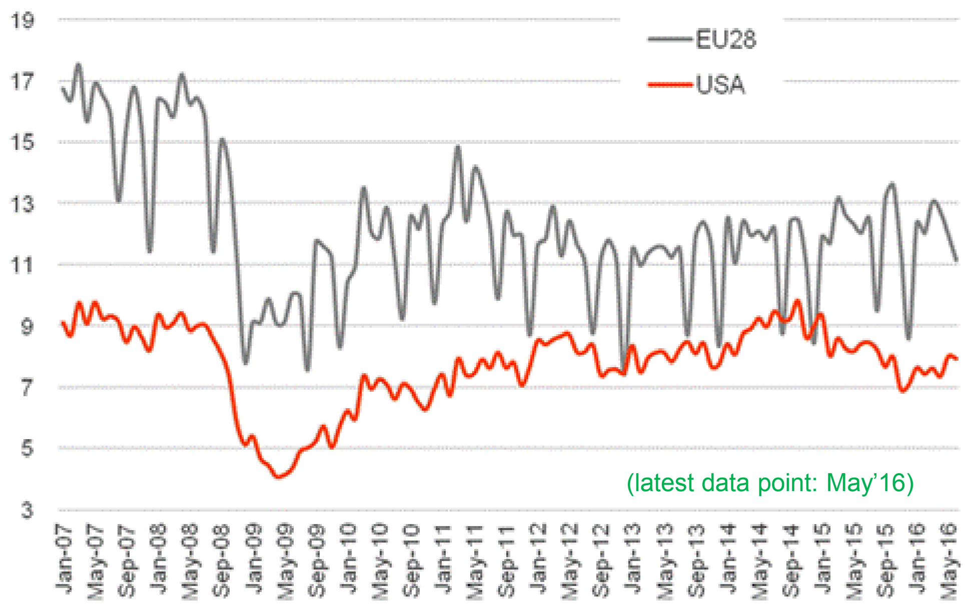
Source: *ArcelorMittal PMIs (weighted by ArcelorMittal steel deliveries) ** ArcelorMittal estimates *** Excludes tubular demand

# Global ASC rates

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




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




- Global ASC +5.3% in 2Q'16 vs. 1Q'16
- Global ASC +0.2% in 2Q'16 vs. 2Q'15
- China ASC +9.5% in 2Q'16 vs. 1Q'16
- China ASC -0.8% in 2Q'16 vs. 2Q'15

- US ASC +4.8% in 2Q'16 vs. 1Q'16
- US ASC -3.4% in 2Q'16 vs. 2Q'15
- US ASC +4.8% in 2Q'16 vs. 1Q'16
- US ASC -3.4% in 2Q'16 vs. 2Q'15

**Global ASC improved in 2Q'16 v 1Q'16 across all major markets**

* ArcelorMittal estimates; AISI, Eurofer and ArcelorMittal estimates

# Construction markets in developed market

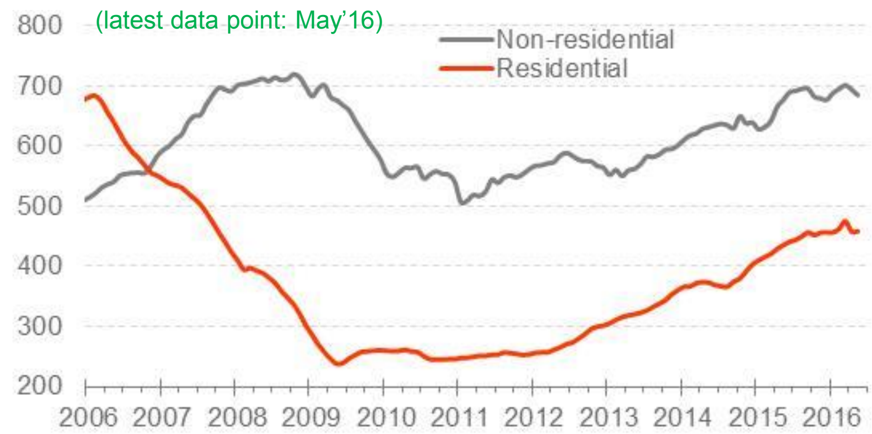
## United States

- Residential construction remains strong supported by low mortgage rates but permits have begun to stabilise after growing strongly in 2015 and Q1'16.
- Non-residential construction continues to grow with the Architecture Billings Index (52.6) in June indicated growing demand (>50) for the 5th month running.

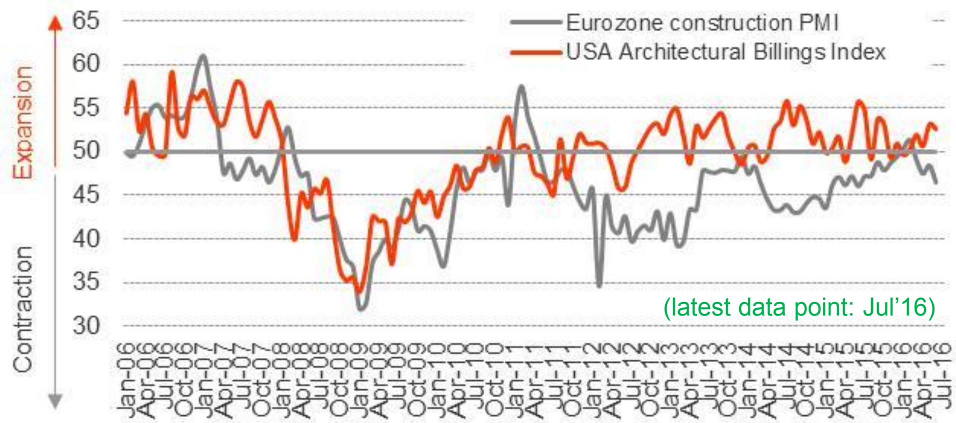
## Europe

- The economic recovery in Europe had been strengthening and broadening, but the UK's vote to Brexit will slow growth.
- The expected pickup in European construction has still not materialised and has become less likely in the current environment.
- Increased uncertainty has knocked confidence, so further policy action (such as a big increase in government infrastructure) spending is needed to support growth, but faces political constraints.

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




**Eurozone and US construction indicators****

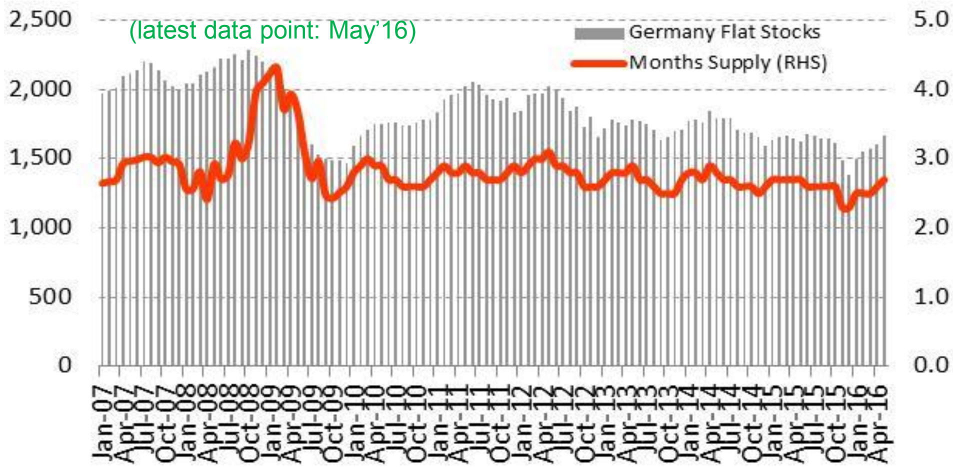



**Construction gradually improving**

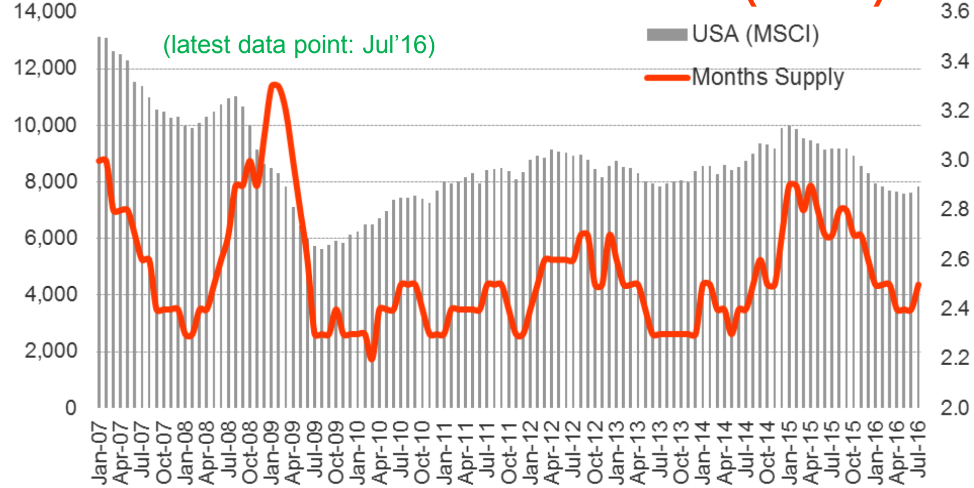
* Source: US Census Bureau; ** Source: Markit and The American Institute of Architects

# Regional inventories

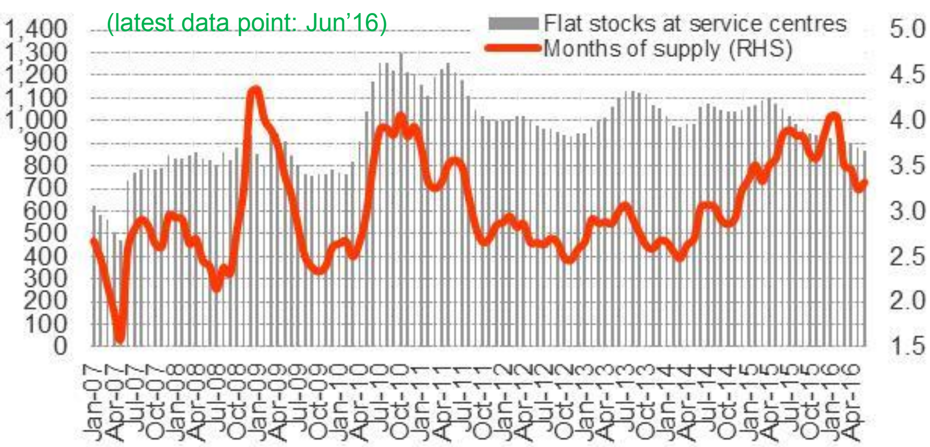
## German inventories (000 Mt)



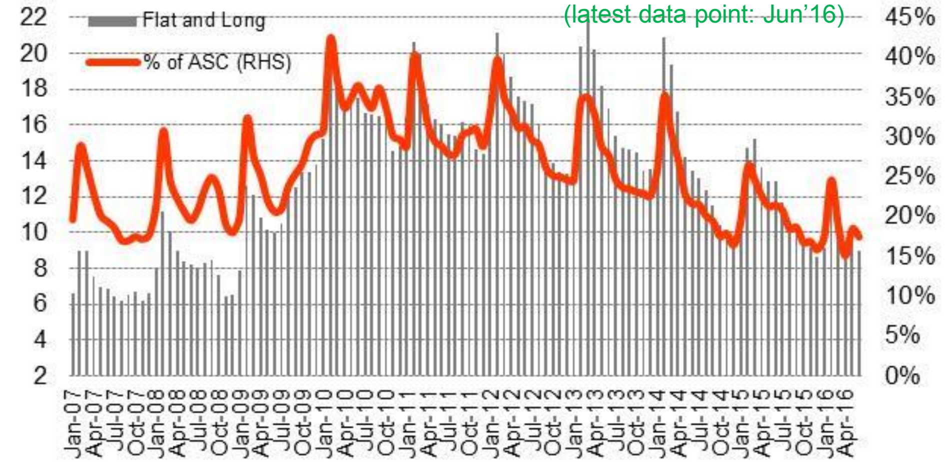

## US service centre total steel inventories (000 Mt)




## Brazil service centre inventories (000 Mt)




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

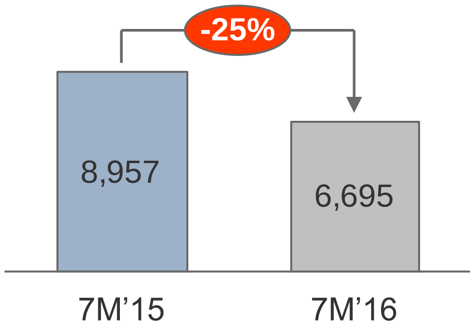



**Inventory trends**

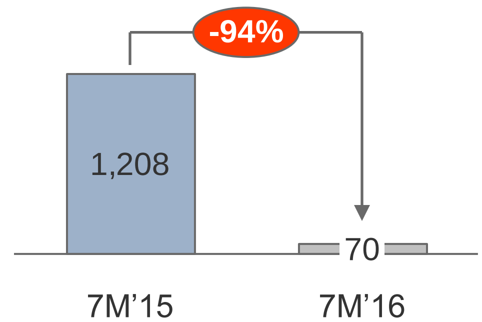
* Source: WSA, Mysteel, ArcelorMittal Strategy estimates

# Lower US imports

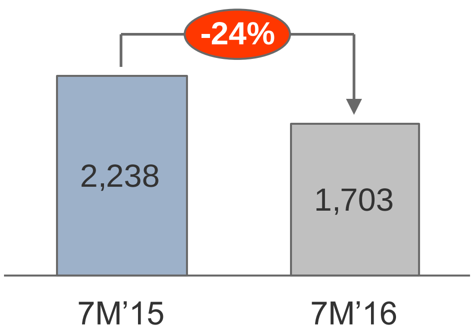
**US Total Carbon Flat roll imports (excl. slab) – YoY '000 tons***



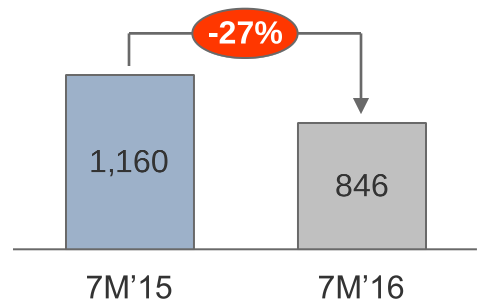

**US Total Carbon Flat roll imports from China (excl. slab) – YoY '000 tons***




**US HRC imports – YoY '000 tons***




**US CRC imports – YoY '000 tons***




- YTD-July carbon flat roll import market share fell to ~<u>**17%**</u> from ~22% in the same period last year
- Domestic producers have been benefiting from the falling imports into the US, with YTD-July domestic shipments up ~2% YoY

**…allowing domestic producers to recover market share**

"Source: US Census Bureau, Dept. of Commerce, short tons

# China overview

# China addressing its excess capacity

| 11th 5-year plan | 2009 | 12th 5-year plan | 2013 September | 2016 February |
|---|---|---|---|---|
| • **Eliminate** capacity below following standard:<br>- BF < 300m³<br>- BOF < 20t<br>- EAF < 20t<br>• By 2005, overall energy consumption < 0.76 tons of coal equivalent; water consumption < 12t per ton<br>• By 2010, overall energy consumption < 0.73 TCE; water consumption < 8t<br>• By 2012, overall energy consumption < 0.7 TCE; water consumption < 6t | • **Eliminate** capacity below following standard by 2011:<br>- BF < 400m³<br>- BOF < 30t<br>- EAF < 30t<br>• By 2011, overall energy consumption < 0.62 TCE; water consumption < 5t per ton; dust emission per ton < 1 kilogram; $CO_2$ emission per ton < 1.8 kilogram | • **Eliminate** capacity below following standard :<br>- BF < 400m³<br>- BOF < 30t<br>- EAF < 30t<br>• By 2015, overall energy consumption < 0.58 TCE; water consumption < 4 m³; $SO_2$ emission per ton < 1 kilogram | • **Reduce** 80mt capacity<br>• Increase **financial incentives** in capacity reduction or volume swap proposals<br>• Implement **penalties** through high electricity & water prices for those companies that fail to meet environmental standard | • **Reduce 100-150mt** capacity over **5 years**<br>• **No projects of new capacity**<br>• There will be a "mandatory" part and a "voluntary" part<br>• The "mandatory" part uses same criteria as earlier policy but adds criteria for **product quality and for safety**<br>• The "voluntary" part will rely upon financial incentives to cut capacity. **Special funds*** will be used for **redeployment incentives and debt restructuring** |

Previous capacity closures more than offset by rapid capacity additions

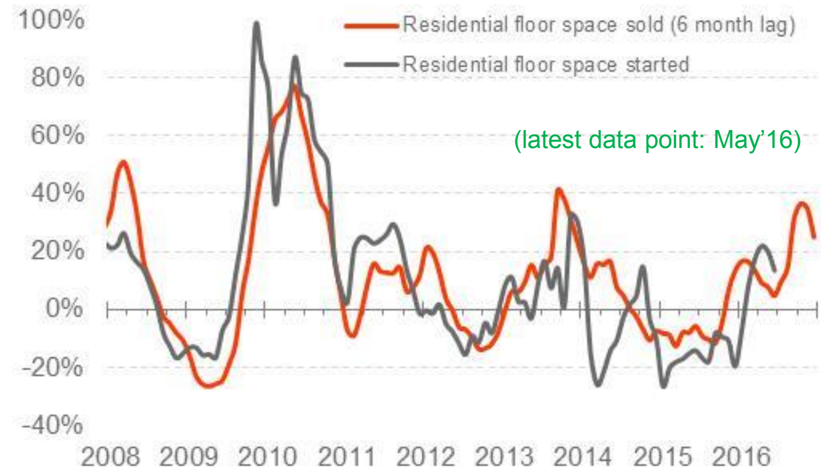
**China steel capacity rationalisation will take time… trade action to protect during this transition**

# China overview

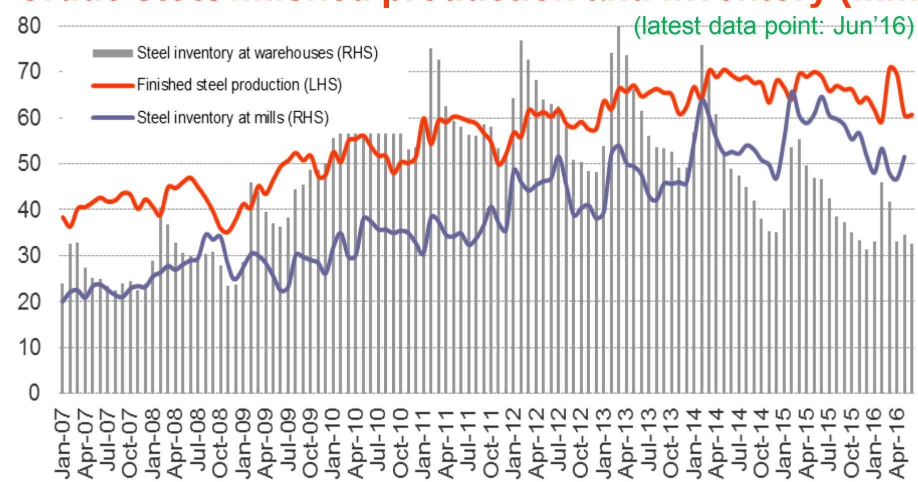
## China

- GDP growth steady at +6.7% y-o-y in Q2'16, as robust infrastructure investment, offset weakening corporate investment and slower real estate growth
- GDP growth likely to slow during H2'16 without further stimulus, but strong credit and state-led growth increases downside risks in the medium-term
- Industrial output growth has picked-up to 6.1% in Q2, up from only 5.9% in Q1. Passenger car sales, particularly SUV's continued to improve, up over 12% y-o-y in Q2'16
- Chinese domestic HRC spread over raw materials, which surged to a peak of $210/t in April, has eased to $150-$160 spread in May/June
- 2016 real demand still expected to decline but ASC will be supported by an end to destocking
- Crude steel production is expected to decline again in 2016, but less than previously expected as export volumes will be higher than forecast at the start of the year

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




## Crude steel finished production and inventory (mmt)



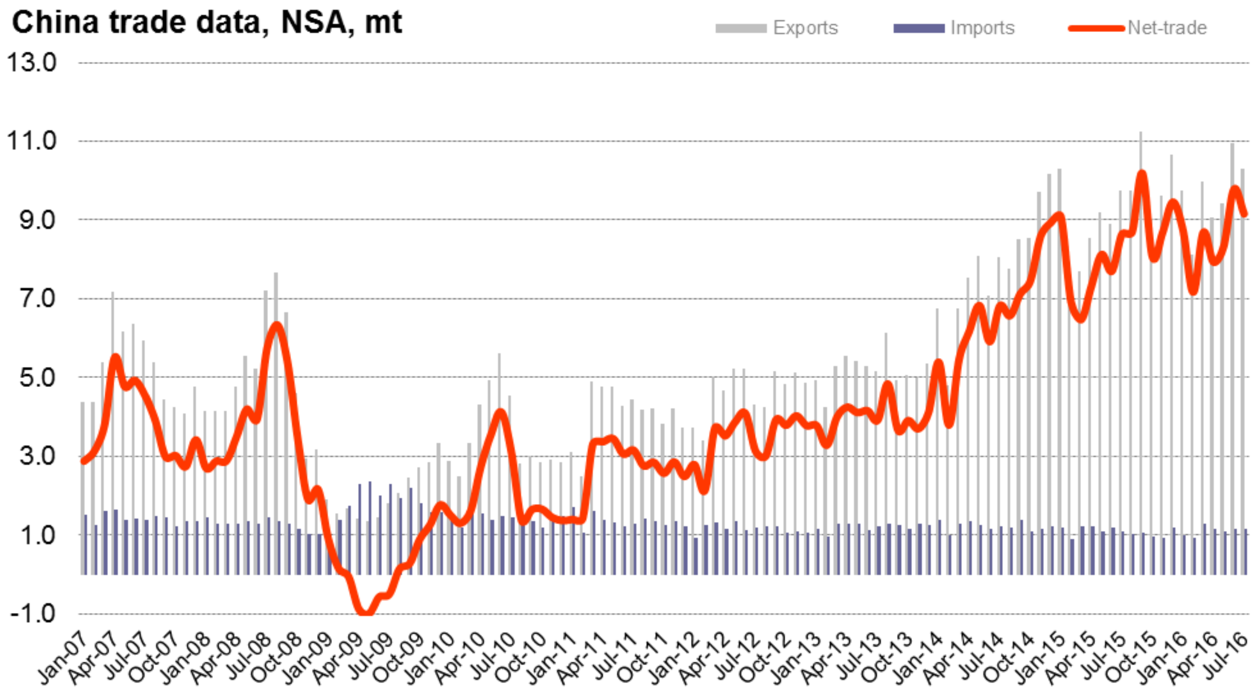

**Economic growth stable supported by state led investment**

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

# China exports expected to decline

ArcelorMittal

## China exports Mt*




- Chinese steel exports for August came in at 9.0M metric tons (vs July at 10.34M metric tons), down 12.5% sequentially and -7% YOY

- Chinese steel exports are tracking +6.5% YTD. On an annualized YTD basis, exports are tracking toward 115M metric tons (+2% above 2015's record of 112.4M metric tons)

**China exports remain at elevated levels**

* Source: Haver

# Steel investments

# Europe: ArcelorMittal Krakow Poland

**On July 7, 2015, ArcelorMittal Poland announced it will restart preparations for the relining of BF#5 in Krakow, which is coming to the end of its lifecycle in mid-2016.**

- Further investments in the primary operations include:
  - The modernization of the BOF #3 → Total expected cost PLN 200m (more than €40m).

- Investment in the downstream operations include:
  - The extension of the hot rolling mill capacity by 0.9Mtpa
  - Increasing the hot dip galvanizing capacity by 0.4Mtpa
  - Expected completion in 2016 → Total capex value of both projects expected to exceed PLN 300m (€90m)



**Investments in excess of €130m in upstream and downstream installations in Krakow**

# Dofasco (NAFTA)

ArcelorMittal

**Cost optimization, mix improvement and increase of shipments of galvanized products:**

- **Phase 1**: New heavy gauge galvanize line (#6 Galvanize Line):
  - Completed construction of heavy gauge galvanizing line #6 (cap. 660ktpy) and closure of line #2 (cap. 400ktpy) → increased shipments of galvanized sheet by 260ktpy, along with improved mix and optimized cost
  - Line #6 will incorporate AHSS capability → part of program to improve Dofasco's ability to serve customers in the automotive, construction, and industrial markets
  - The first commercial coil was produced in April 2015 with ramp up ongoing
- **Phase 2:** Approved galvanize line conversion to Galvalume and Galvanize:
  - Restart conversion of #4 galvanize line to dual pot line (capacity 160ktpy of galvalume and 128ktpy of galvanize products) and closure of line #1 galvanize line (cap.170ktpy of galvalume) → increased shipments of galvanized sheet by 128ktpy, along with improved mix and optimized cost.
  - Expected completion in **2016**


**Expansion supported by strong market for galvanized products**

# VAMA-JV with Hunan Valin

- **VAMA**: JV between ArcelorMittal and Hunan Valin which will produce steel for high-end applications in the automobile industry, supplying international automakers and first-tier Chinese car manufacturers as well as their supplier networks for rapidly growing Chinese market
- Construction of automotive facility : State of the art pickling tandem CRM **(1.5Mt);** Continuous annealing line **(1.0Mt),** and Hot dip galvanizing line **(0.5Mt)**
- Capex **~$832 million** (100% basis) → First automotive coils produced during 1Q 2015
- VAMA recent developments
  - VAMA has completed development of DP780, DP980 and Ductibor and received approval on advanced high strength steel and USIBOR by key auto OEMs.
  - During 1Q'16, VAMA completed homologation of IF, USIBOR and DP600 with tier 1 auto OEMs; also officially homologated by some of the biggest domestic OEM's
  - Obtained ISO/TS16949 certification


CGL furnace


Entry section of Continuous Annealing Line


Automotive packaging line

**Robust Chinese automotive market: growth to ~32 million vehicles by 2022***

* Source: IHC

# AM/NS Calvert JV

**Investment in the existing No.4 continuous coating line:** Project completed 1Q 2015:

- Increases ArcelorMittal's North American capacity to produce press hardenable steels → one of the strongest steels used in automotive applications, Usibor®, a type one aluminum-silicon coated (Al Si) high strength steel
- AM/NS Calvert will also be capable of producing Ductibor®, an energy-absorbing high strength steel grade designed specifically to complement Usibor® and offer ductility benefits to customers
- Modifications completed at the end of 2014 and the first commercial coil was produced in January 2015

**Slab yard expansion to increase Calvert's slab staging capacity and efficiency (capex $40m):**

- To expand the HSM slab yard bays 4 & 5 with overhead cranes and roller table to feed the HSM → production up to 5.3mt/year of coils.
- The current HSM consists of 3 bays with 335kt capacity for incoming slabs → (less than the staging capacity required to achieve 5.3mt target).
  - Phase 1 completed 1Q 2016: Slab yard expansion of Bay 4 and minor installations for Bay 5 → increase coil production up to 4.6mt/pa
  - Phase 2: Slab yard expansion Bay 5 → Increase coil production from 4.6mt/pa to 5.3mt/pa. Completion expected in 2017

**Investment in Calvert to further enhance automotive capabilities**

# Acindar (Brazil segment)

**New rolling mill at Acindar (Argentina):**

- New rolling mill (Huatian) in Santa Fe province to increase rebar capacity by **0.4mt/year** for civil construction market:
  - New rolling mill will also enable Acindar to optimize production at its special bar quality (SBQ) rolling mill in Villa Constitución, which in future will only manufacture products for the automotive and mining industries
- Estimated capital expenditure of ~$100m
- Project completed in 1Q 2016


Plant overview


Hot commissioning


**Expansion supported by construction market in Argentina**

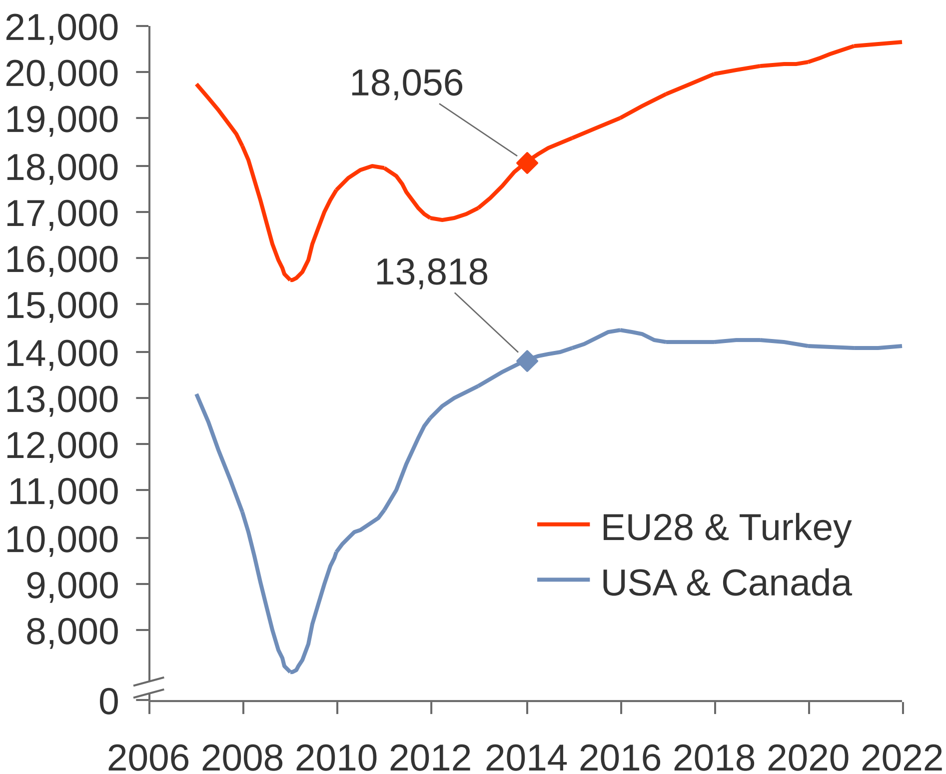
# Automotive

ArcelorMittal

# Automotive growth in developed world

ArcelorMittal

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

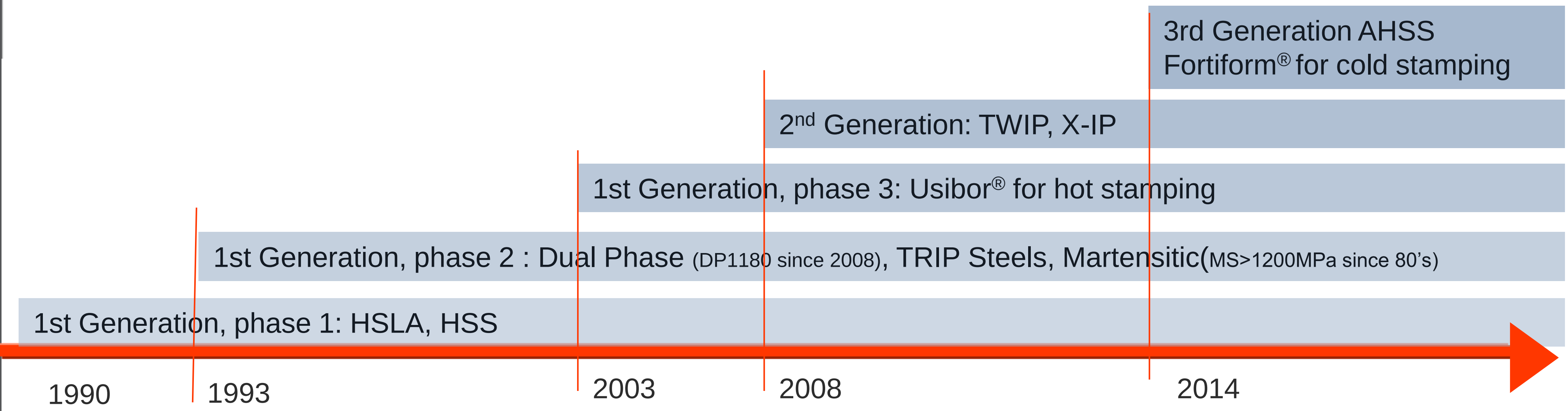



- USA and Canadian automotive production forecast to stabilize at ~14m units level
- EU28 and Turkey recovery ongoing. Expected to return to 2007 level in 2017 with further growth potential beyond

**Developed market vehicle production rates increasing; recovery ongoing**

# Through innovation, steel remains the material of choice

ArcelorMittal




- ArcelorMittal has developed a unique full range of coated Advanced High Strength Steels in the last 25 years
- This has had significant impact on automotive construction:
  - Safety: Most vehicles get 5 stars NCAP rating today
  - Weight saving: Body structures are 25% lighter than in the 1980s
  - Environment: 6% less greenhouse gas emissions than in the 1980s
  - Corrosion protection: 12 years is the mainstream guarantee for corrosion thanks to the huge share of coated products

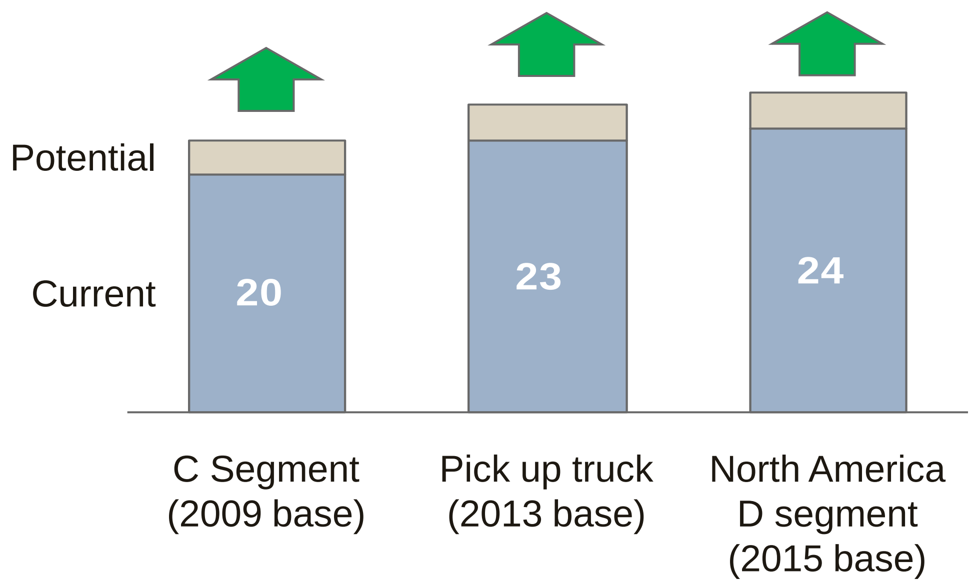
**ArcelorMittal has developed the broadest product offer in the world**

# Further weight reduction potential

ArcelorMittal

- Due to a very aggressive and weight reduction driven product development, ArcelorMittal keeps enhancing:
  - Our portfolio of products for cold stamping with developments like Fortiform®, our family of 3rd Generation AHSS
  - Our portfolio of products for hot stamping with Usibor® 2000 and Ductibor® 1000

**Further potential weight savings with new products (%)**



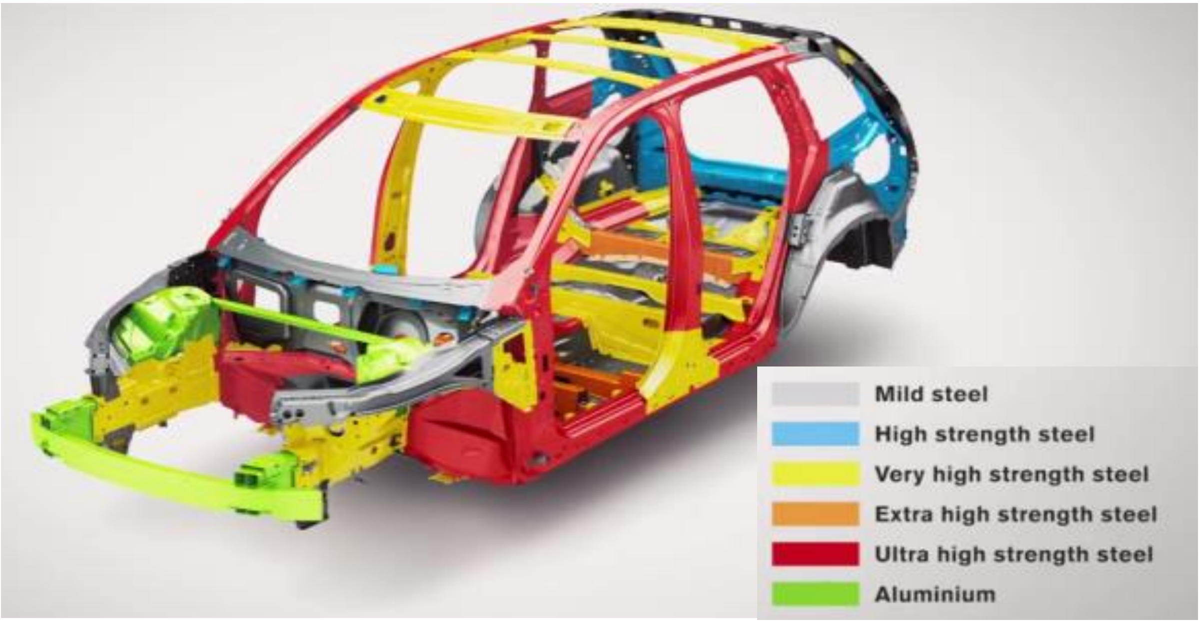

Potential weight savings of additional 3% over the next 2 years across our solutions

**New product developments to offer an additional 3% weight reduction in next 2 years**

# Volvo XC90: Steel provides maximum occupant protection in all crash scenarios

ArcelorMittal

The all-new Volvo XC90 is now made with about 40% of hot-formed boron steel, including the entire safety cage protecting the occupants.




"This [use of hot-formed boron steel] is approximately five times more than the first generation XC90. To our knowledge, this high usage of high-strength steel is unique compared with our competitors."

- *- Prof. Lotta Jakobsson, Senior Technical Specialist Safety,*
- *Volvo Cars Safety Centre in press release about Volvo's new XC90, July 22, 2014*

# Chevrolet Colorado/GMC Canyon utilizes Usibor® to offer full-size capabilities in mid-size truck

ArcelorMittal

The 2015 Chevrolet Colorado and GMC Canyon showcases Usibor® 1500 in their updated body structure to enhance performance, safety and mass reduction without comprised

**Use of Usibor® 1500 in Chevrolet Colorado/GMC Canyon**


Changes to: Windshield Inner Rail ; Windshield Outer Rail ; B-Pillar Outer Reinforcement ; Front Door Beam; and Rear Door Beam

# S-in motion® : Mid-Size Sedan & SUV

ArcelorMittal

- Offers one platform for both the mid-size sedan and SUV
- Official launch 1Q 2016
- Achieves more than 20% weight reduction from a 2015 baseline
- Includes body structures, doors, rear suspension and bumper systems
- Approximately 25% of the underbody mass of the SUV solution is carried over from the sedan solution
  - 86 of 241 vehicle parts were applied to the SUV solution from the sedan
- Representative 2015 baseline vehicles include:
  - Mid-size sedan: Ford Fusion, Honda Accord, Chevrolet Malibu, Toyota Camry and Nissan Altima
  - Mid-size SUV: Ford Explorer, Jeep Grand Cherokee, Chevrolet Traverse, Toyota Highlander, Honda Pilot and Nissan Pathfinder

**S-in motion® Mid-Size Sedan**

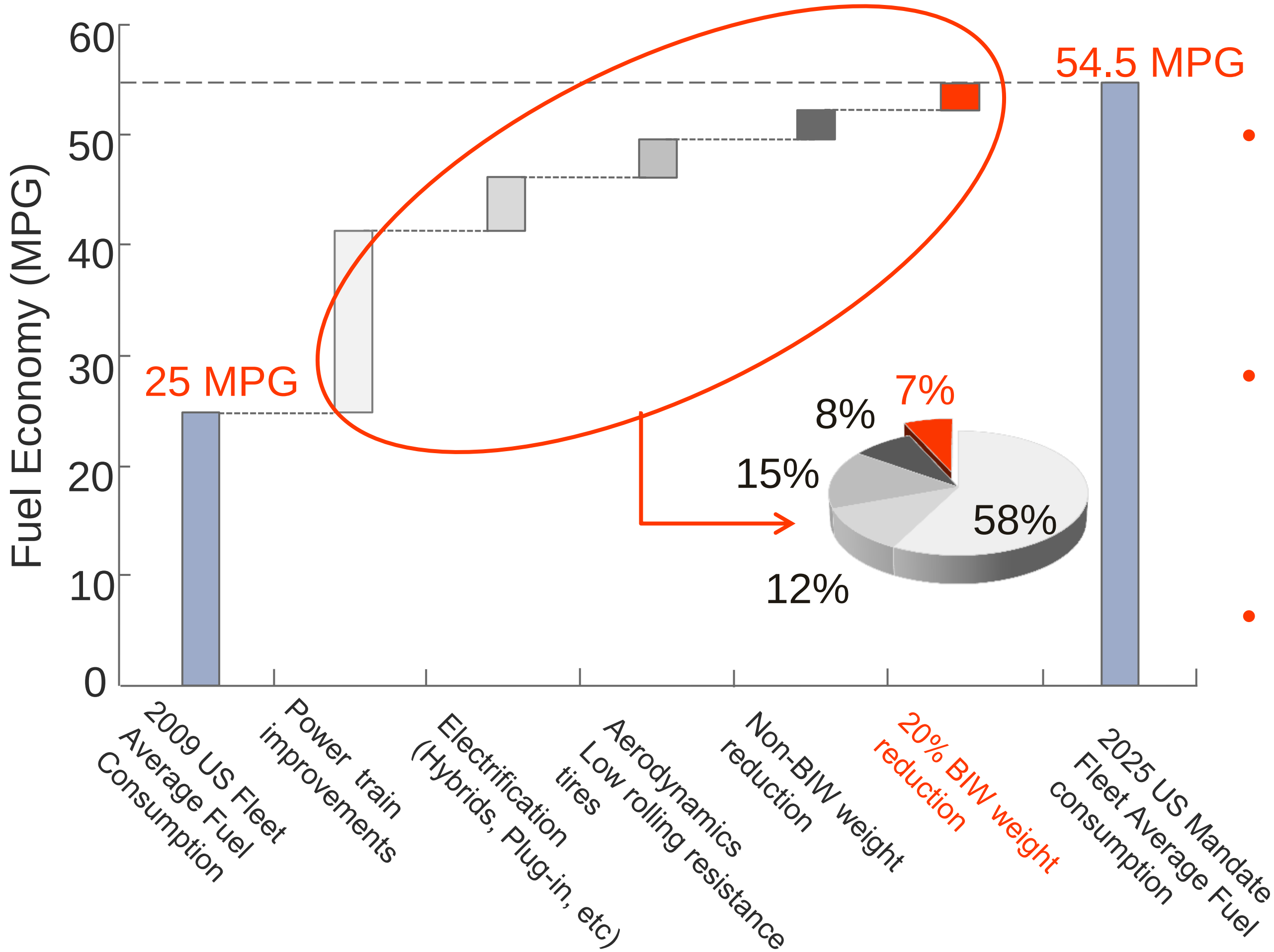
**S-in motion® Mid-Size SUV**

**The S-in motion® Mid-Size SUV was built as an extension of the S-in motion® Mid-Size Sedan**

# Technologies to meet US 2025 fuel economy mandate

ArcelorMittal

US fuel economy breakdown (MPG)




- A range of technologies are being implemented by automakers to reach the 54.5 MPG target
- Power train, electrification, aerodynamics and rolling resistance are the largest contributors
- Weight reduction is necessary to close the gap and compensate for under achievement by other technologies

**20% BIW weight reduction ie required to meet the 54.5 MPG target**

Source: NHTSA Volpe Transportation Research Center CAFE Compliance and Effects Model

# GROUP (highlights)

# Global scale, regional leadership

ArcelorMittal

**Key performance data 12M 2015**

| | NAFTA | Brazil* | Europe | Mining | ACIS |
|---|---|---|---|---|---|
| **Revenues ($bn)** | 17.3 | 8.5 | 31.9 | 3.4 | 6.1 |
| **% Group**** | 27% | 13% | 50% | 5% | 10% |
| **EBITDA ($bn)** | 0.9 | 1.2 | 2.4 | 0.5 | 0.3 |
| **% Group**** | 17% | 24% | 46% | 9% | 6% |
| **Shipments (M mt)** | 21.3 | 11.5 | 40.7 | 62.8*** | 12.5 |
| **% Group** | 25% | 14% | 48% | | 15% |

~209,400 employees serving customers in over 170 countries

**Sales by destination as % of total Group**

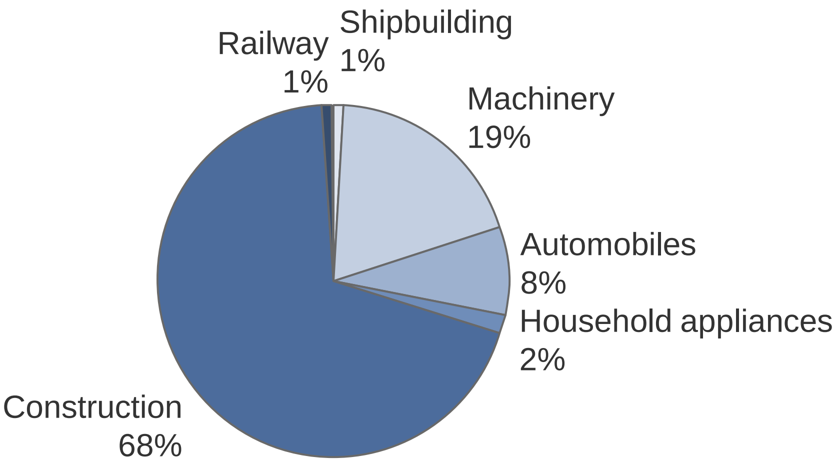
| | |
|---|---|
| CANADA | 4% |
| MEXICO | 3% |
| USA | 20% |
| **NAFTA** | **26%** |
| BRAZIL | 8% |
| ARGENTINA | 2% |
| Others | 3% |
| **LATAM** | **13%** |
| BELGIUM | 2% |
| FRANCE | 6% |
| GERMANY | 9% |
| ITALY | 3% |
| SPAIN | 5% |
| Others | 6% |
| **EU 15** | **30%** |
| CZECH REPUBLIC | 2% |
| POLAND | 4% |
| ROMANIA | 1% |
| Others | 2% |
| **Rest EU** | **9%** |
| **EU** | **39%** |
| Africa | 7% |

**Global scale delivering synergies**

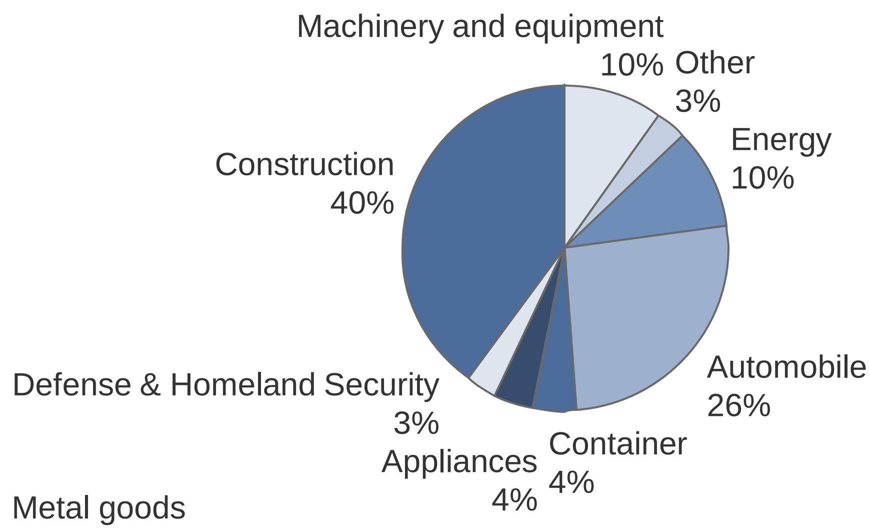
* Brazil includes neighboring countries ** Figures for others and eliminations are not shown; *** Iron ore shipments only (market price plus cost plus tonnage)

# Steel demand by end market

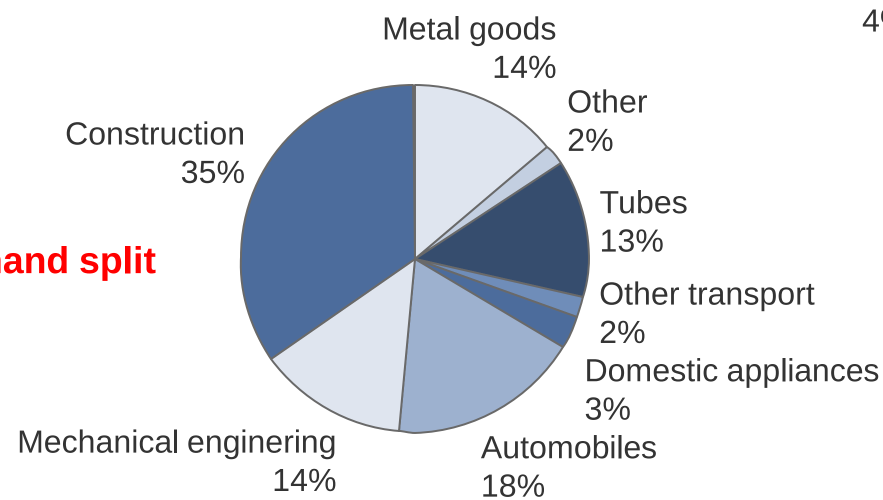
## China steel demand split




## US steel demand split




## Europe steel demand split



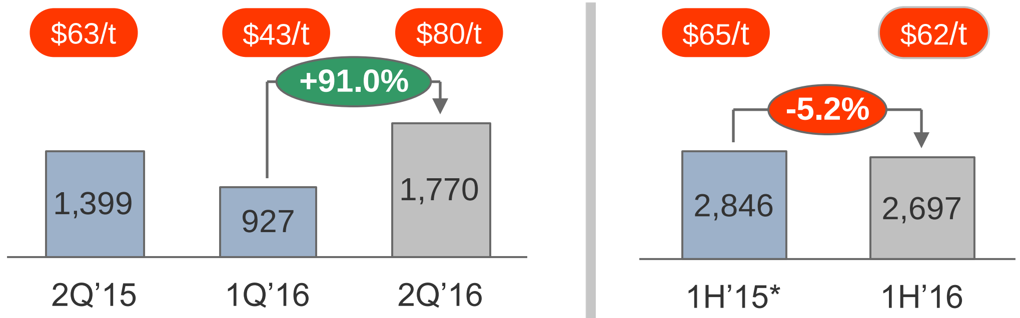

**Regional steel demand by end markets**

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

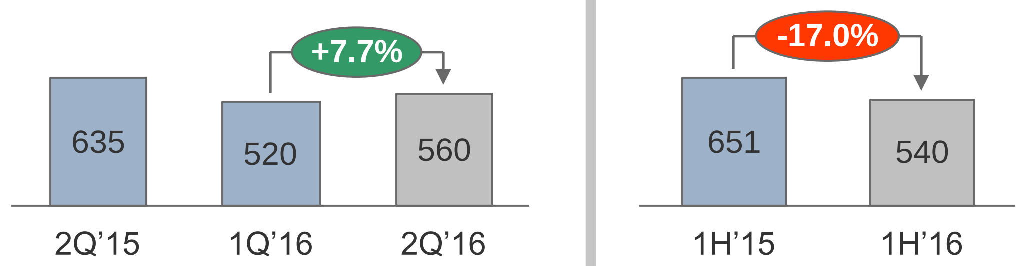
# Group Performance 2Q'16 v 1Q'16

ArcelorMittal

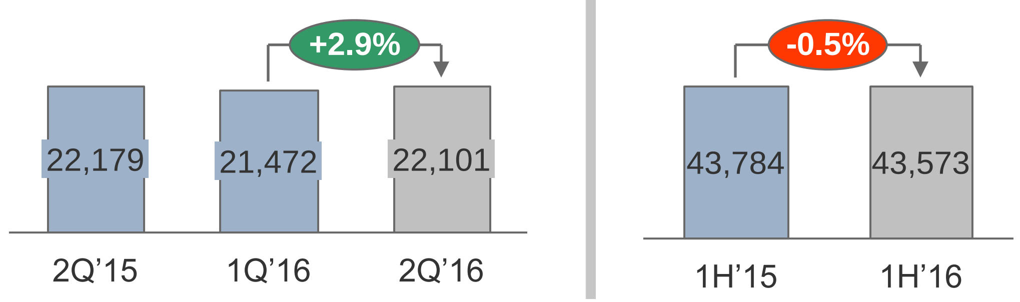
**Underlying EBITDA ($ Millions) and EBITDA/t**




**Average steel selling price $/t**




**Steel shipments (000't)**




**Analysis 2Q'16 v 1Q'16**

- Crude steel production stable at 23.1Mt
- Steel shipments increased 2.9% driven by increases in Brazil +8.8%, Europe +4.2% and ACIS +4.1%.
- Excluding the scope impact from the sale long steel producing subsidiaries in the US, LaPlace and Vinton, total steel shipments for 2Q 2016 improved 3.6% at 22.0 million metric tonnes as compared with 21.3 metric tonnes for 1Q 2016.
- Sales up 10% to $14.7bn, primarily due to higher average steel selling prices (ASP) (+7.7%), steel shipments (+2.9%), seasonally higher market-priced iron ore shipments (+23.2%) and higher iron ore reference prices (+15.2%).
- EBITDA up 91.% primarily reflecting improved prices across all divisions.

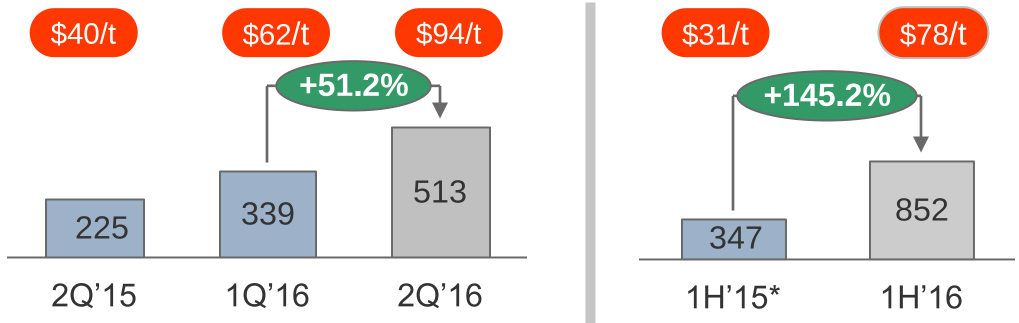
**Group performance improved primarily due to higher volumes and steel prices**

* EBITDA for 1H 2015 was negatively impacted by a $69 million provision primarily related to onerous hot rolled and cold rolled contracts in the US (NAFTA).

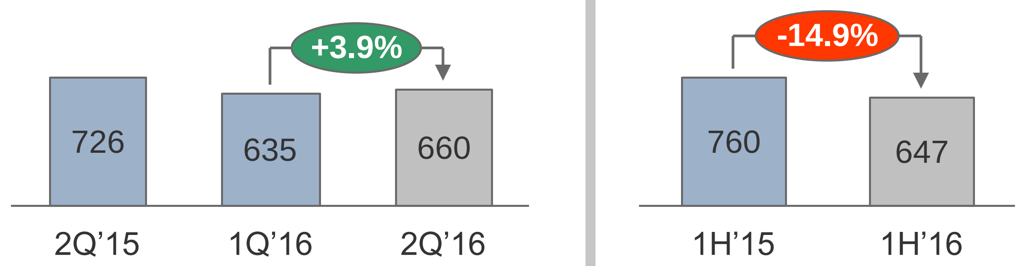
# NAFTA Performance 2Q'16 v 1Q'16

ArcelorMittal

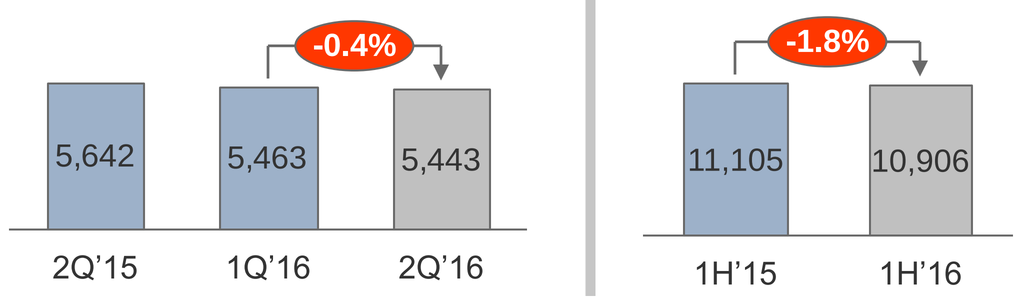
### Underlying EBITDA ($ Millions) and EBITDA/t




### Average steel selling price $/t




### Steel shipments (000't)




### Analysis 2Q'15 v 1Q'15

- Crude steel production increased 1.6% to 5.7Mt
- Steel shipments declined marginally by 0.4% to 5.4Mt, primarily driven by a 7.1% decrease in long product volumes (due in part to a scope change following sale long steel producing subsidiaries in the US, LaPlace and Vinton), offset in part by a 1.6% increase in flat product steel shipments.
- Sales in 2Q'16 increased by 2.6% to primarily due to higher ASP (+3.9%). (ASP for flat products+3.8% and long products +2.8%)
- Operating performance for 2Q'16 was positively impacted by a one-time gain of $0.8bn on employee benefits following the signing of the new US labour contract.
- EBITDA in 2Q'16 increased 51.2% to $513m primarily due to higher ASP.

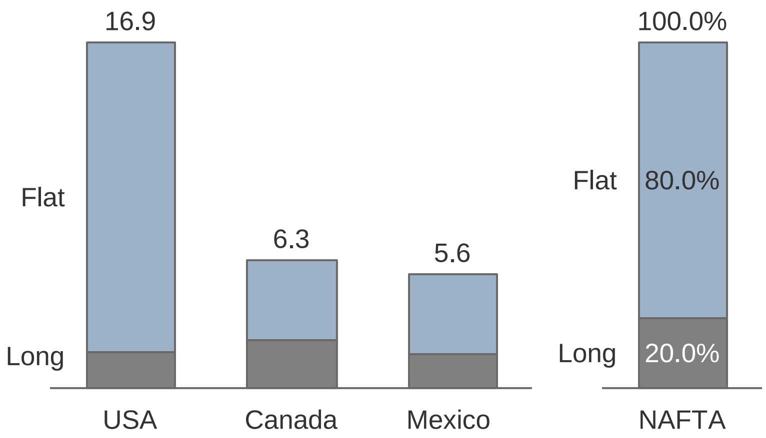
**NAFTA performance improved primarily due to higher steel prices**

* EBITDA for 1H 2015 was negatively impacted by a $69 million provision primarily related to onerous hot rolled and cold rolled contracts in the US (NAFTA).

# NAFTA

ArcelorMittal

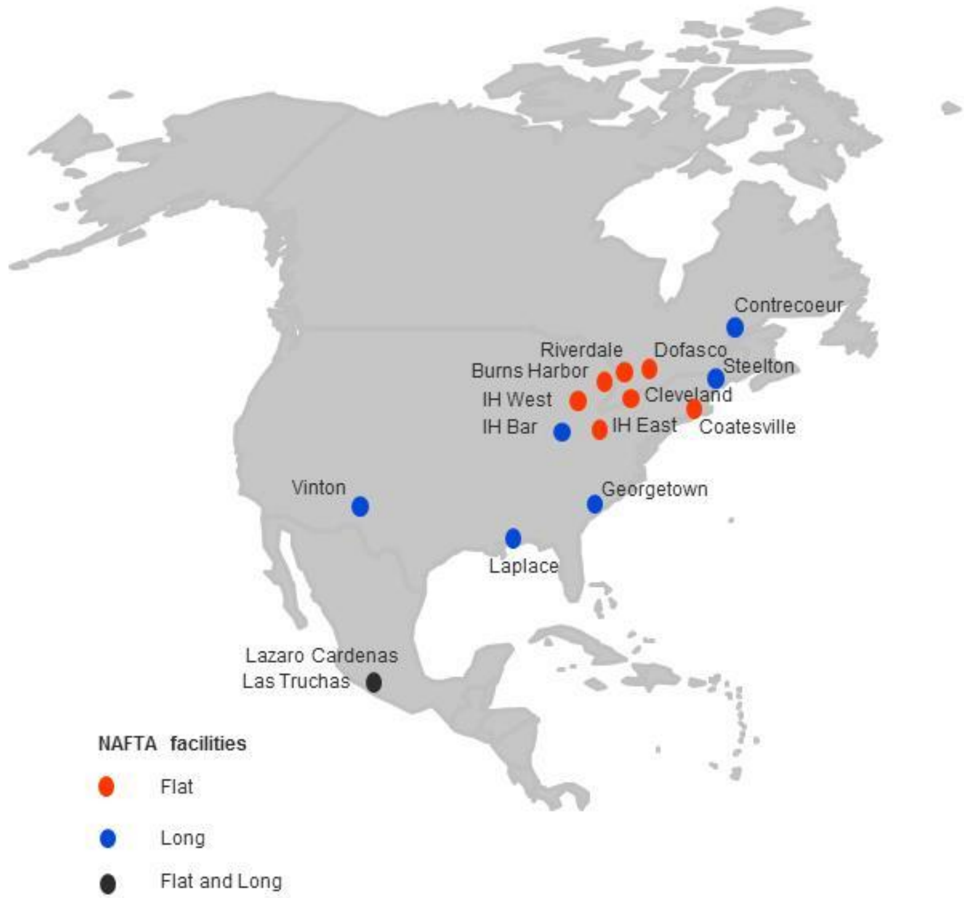
## Crude steel achievable capacity (million Mt)




## Number of facilities (BF and EAF)

| NAFTA | No. of BF | No. of EAF |
|---|---|---|
| USA | 7 | 6 |
| Canada | 3 | 4 |
| Mexico | 1 | 4 |
| Total | 11 | 14 |

## Geographical footprint and logistics




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

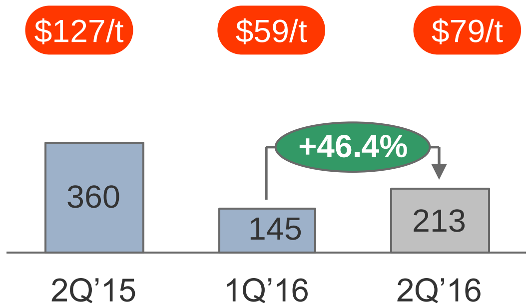
**NAFTA leading producer with 28.7Mt /pa installed capacity**

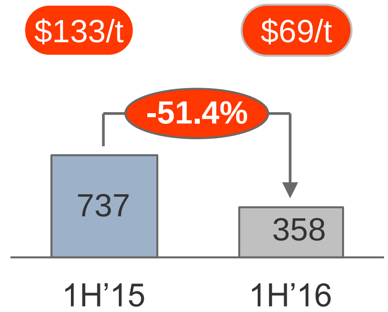
Note: Indiana Harbor West BF #3 temporarily idled; Georgetown wire rod facility closed in August 2015, Vinton and LaPlace sold in 2Q 2016

# Brazil performance 2Q'16 v 1Q'16

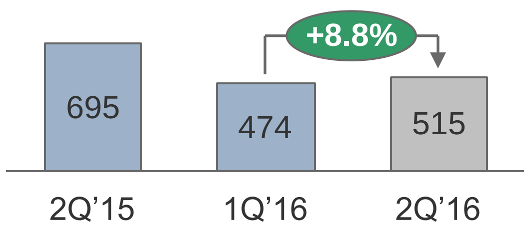
ArcelorMittal

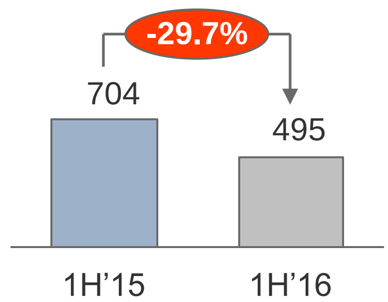
### EBITDA ($ Millions) and EBITDA/t



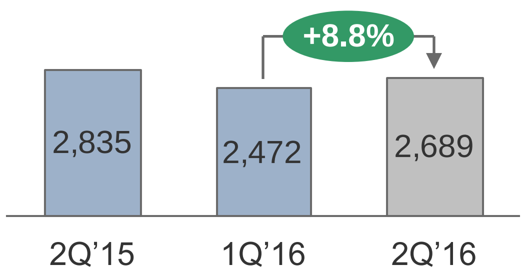



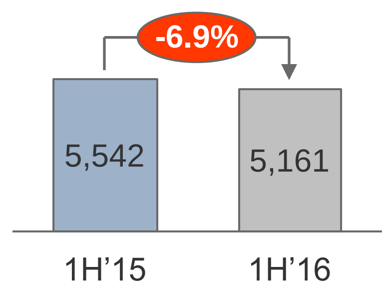

### Average steel selling price $/t




### Steel shipments (000't)



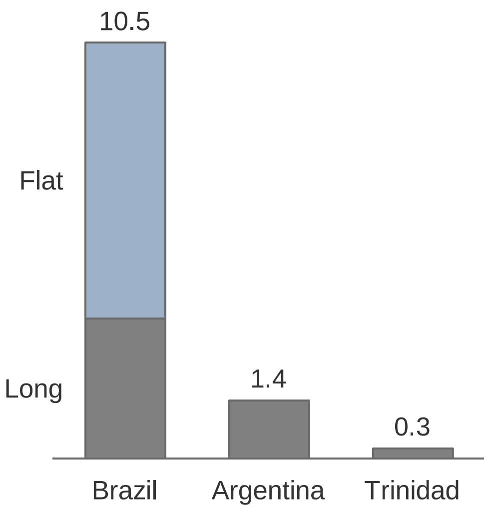

### Analysis 2Q'16 v 1Q'16

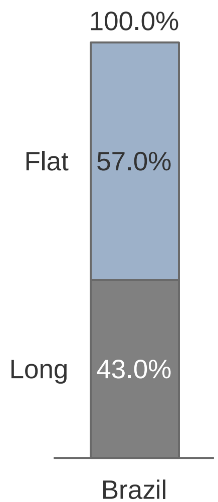
- Crude steel production increased 5% to 2.8Mt.
- Steel shipments in 2Q'16 increased by 8.8% to 2.7Mt primarily due to a 11.8% increase in flat steel shipments (primarily driven by increased slab exports from Brazil) and a 5.6% increase in long product shipments.
- Sales in 2Q'16 increased by 18.6% to $1.5bn, due to higher ASP +8.8% (primarily flat steel prices up 19.0%) and higher steel shipments
- EBITDA in 2Q 2016 increased by 46.4% on account of higher ASP and steel shipment volumes.

**Brazil performance improved primarily due to higher steel prices and volumes**

# Brazil

### Crude steel achievable capacity (million Mt)

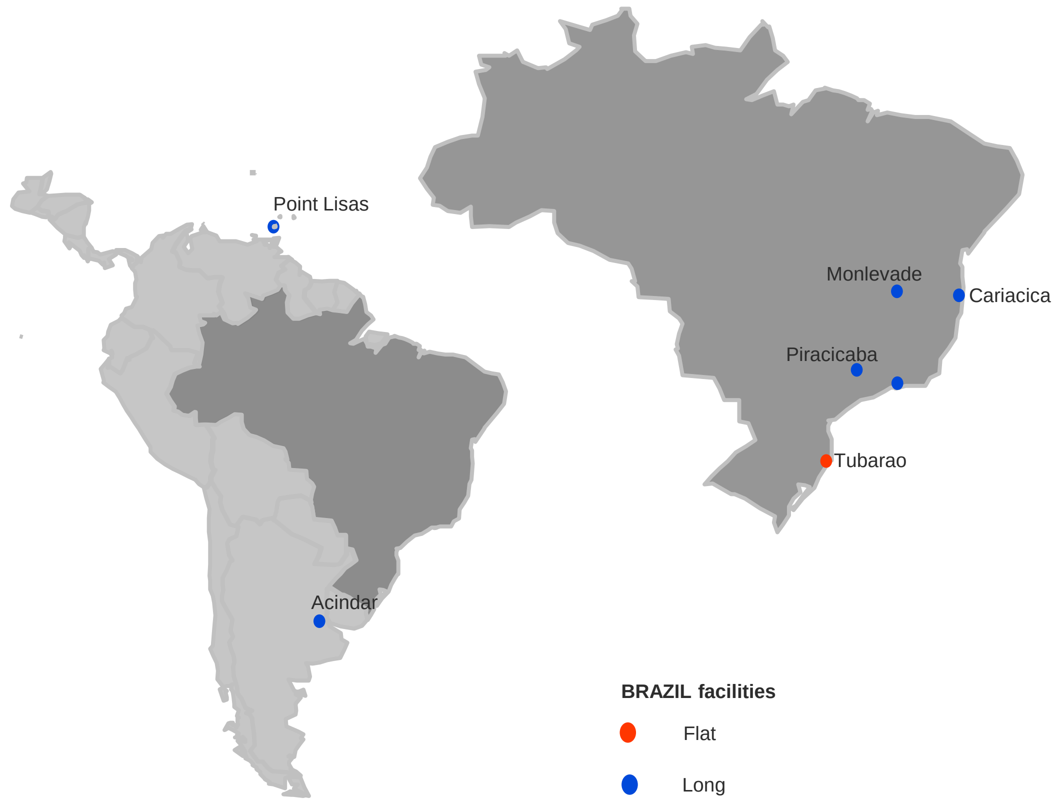



### Number of facilities (BF and EAF)

| | No. of BF | No. of EAF |
|---|---|---|
| Flat | 3 | - |
| Long | 3 | 8 |
| Total | 6 | 8 |

### Geographical footprint and logistics



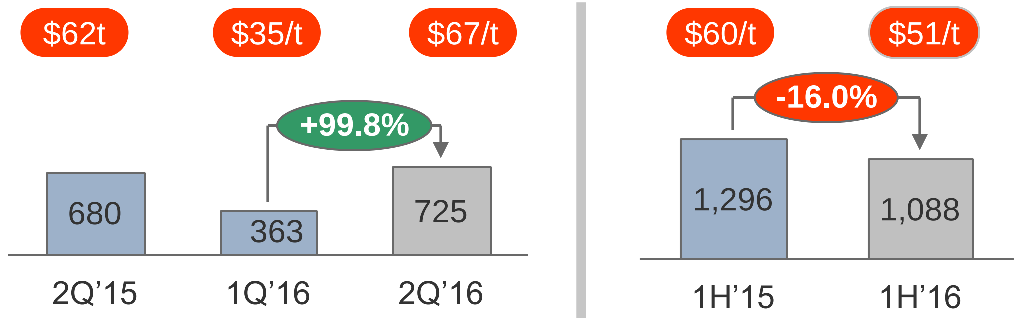

*The map is showing primary facilities excl. Pipes and Tubes.*

**Brazil leading producer with 12.3Mt /pa installed capacity**

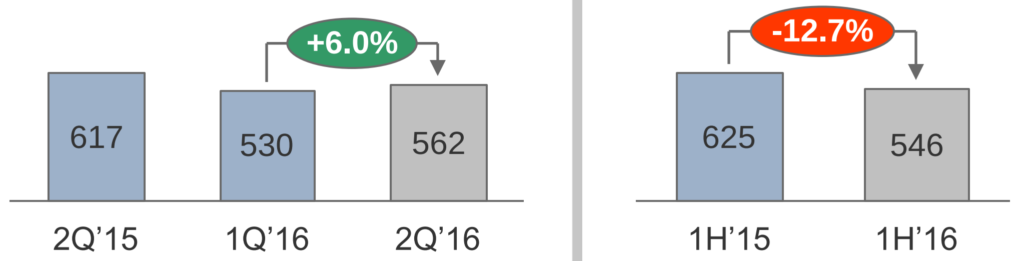
# Europe performance 2Q'16 v 1Q'16

ArcelorMittal

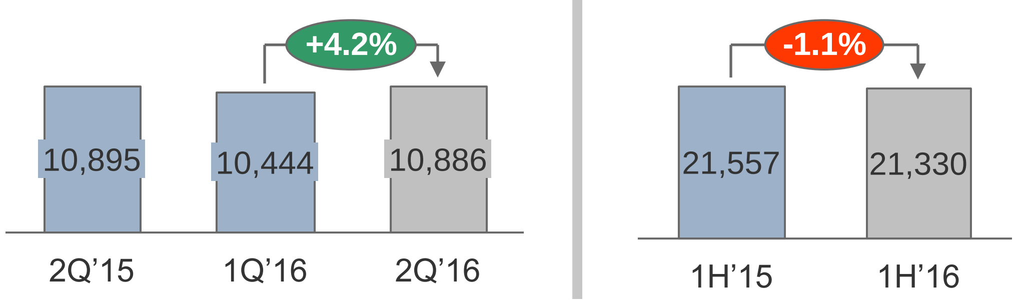
**EBITDA ($ Millions) and EBITDA/t**




**Average steel selling price $/t**




**Steel shipments (000't)**



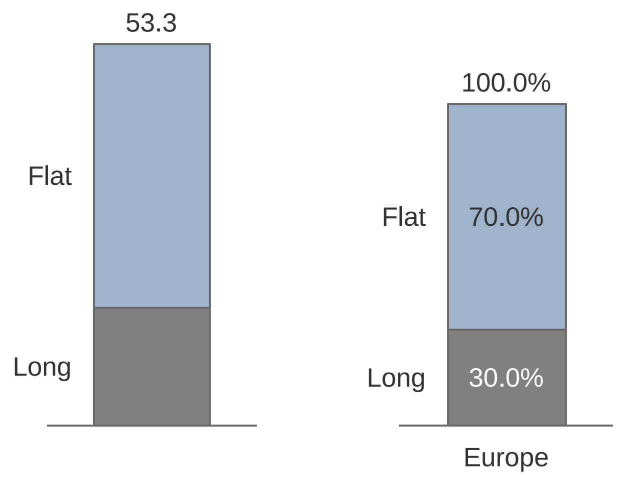

**Analysis 2Q'16 v 1Q'16**

- Crude steel production decreased by 4% to 10.7Mt primarily due to reline extended ramp up at blast furnace #4 Dunkirk (France) and ongoing blast furnace reline at Krakow (Poland).
- Steel shipments in 2Q'16 increased 4.2% to 10.9Mt, primarily due to increase in flat and long product shipments, up +2.8% and +8.2% (benefiting from seasonally improved demand).
- Sales in 2Q'16 increased 9.2% to $7.8bn, due to higher steel shipments and ASP (+6%). (Flat products +6.0% and long products +9.0%)
- Operating performance in 2Q'16 was negatively impacted by $49 million related to the sale of ArcelorMittal Zaragoza facility in Spain.
- EBITDA in 2Q'16 almost doubled to $725m, reflecting improved market conditions with higher ASP and higher steel shipment volumes.

**Europe performance improved significantly primarily due to higher steel prices and volumes**

# Europe

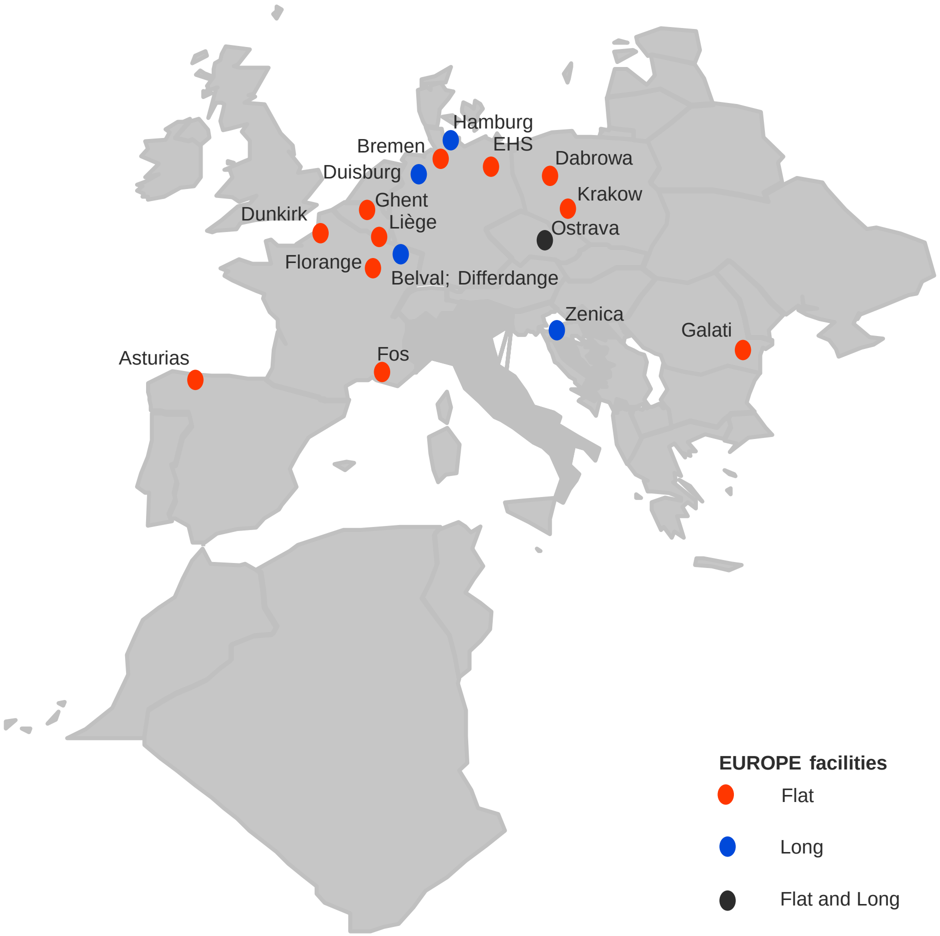
## Crude steel achievable capacity (million Mt)




## Number of facilities (BF and EAF)

| EUROPE | No. of BF | No. of EAF |
|---|---|---|
| Flat (*) | 20 | 5 |
| Long | 5 | 10 |
| Total (*) | 25 | 15 |

## Geographical footprint and logistics



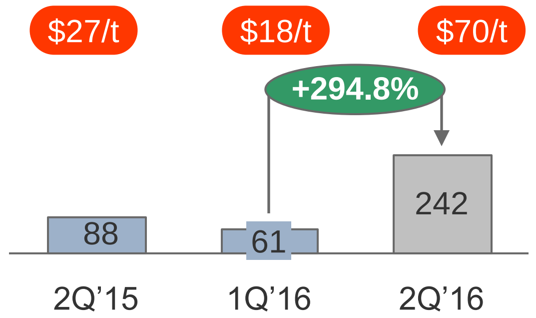

*The map is showing primary facilities excl. Pipes and Tubes.*

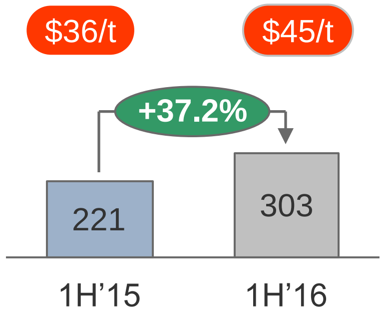
**Europe leading producer with 53.3Mt /pa installed capacity**

(*) Excludes 2BF's in Florange

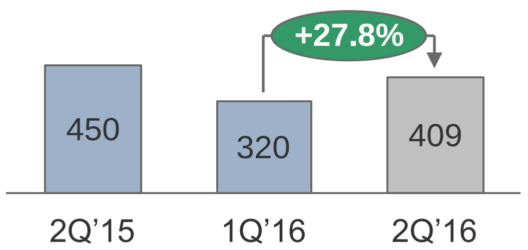
# ACIS performance 2Q'16 v 1Q'16

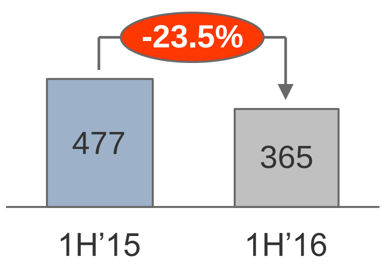
**EBITDA ($ Millions) and EBITDA/t**



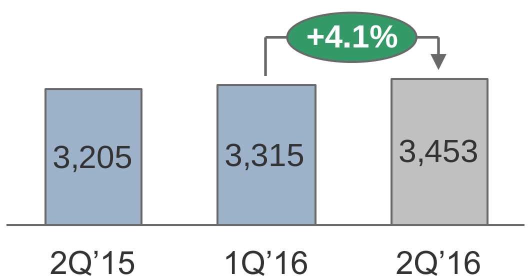



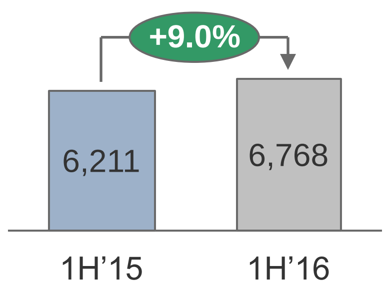

**Average steel selling price $/t**




**Steel shipments (000't)**




**Analysis 2Q'16 v 1Q'16**

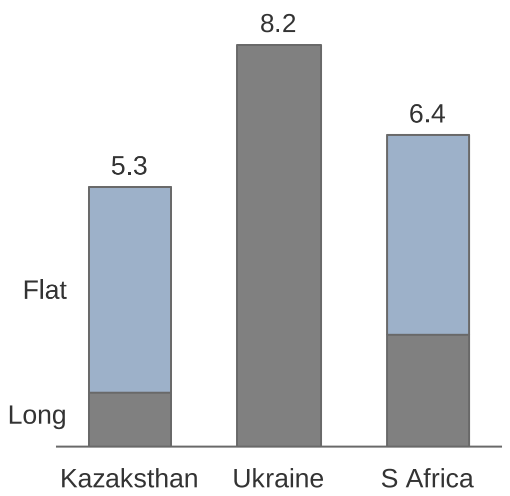
- Crude steel production in 2Q'16 increased by 7% to 3.9Mt driven by higher production at Kazakhstan and Ukraine (benefited from improved operating performance), and South Africa (improved market conditions).
- Steel shipments in 2Q'16 increased by 4.1% to 3.5Mt (primarily in CIS).
- Sales in 2Q'16 increased by 32.7% to $1.6bn due to higher ASP (+27.8%) and steel shipments
- EBITDA in 2Q'16 significantly improved to $242m due to higher ASP and steel shipments

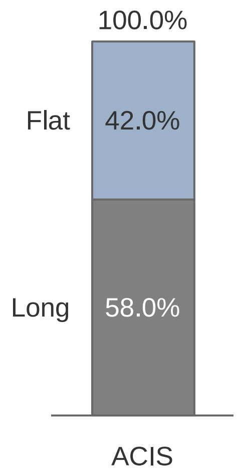
**ACIS performance significantly improved primarily due to higher steel prices and volumes**

# ACIS

ArcelorMittal

## Crude steel achievable capacity (million Mt)

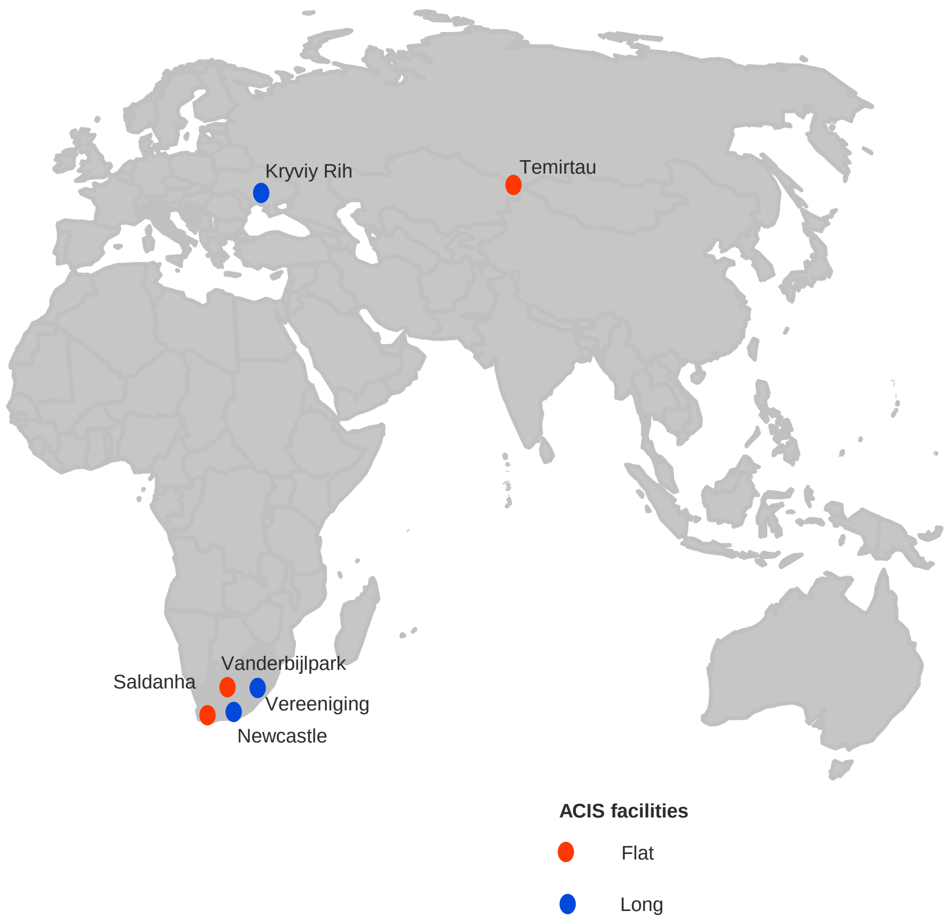



## Number of facilities (BF and EAF)

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

## Geographical footprint and logistics



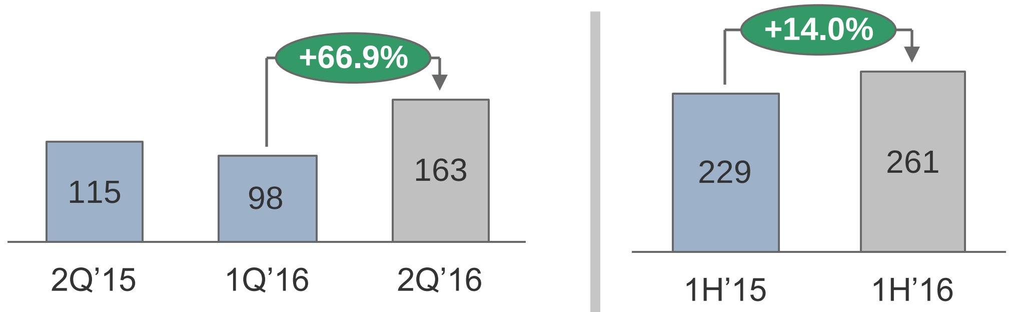

*The map is showing primary facilities excl. Pipes and Tubes.*

**ACIS leading producer with 19.8Mt /pa installed capacity**

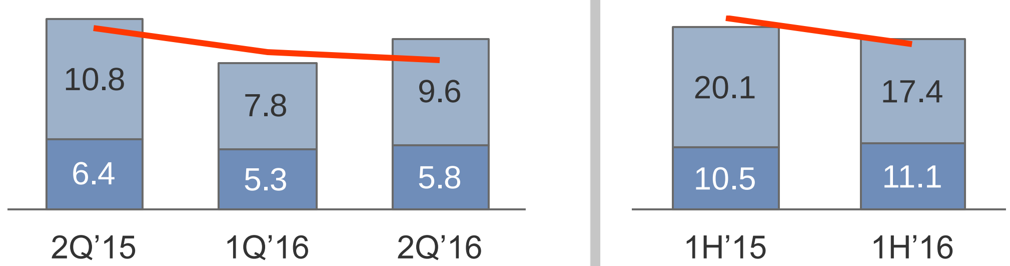
# Mining performance 2Q’16 v 1Q’16

ArcelorMittal

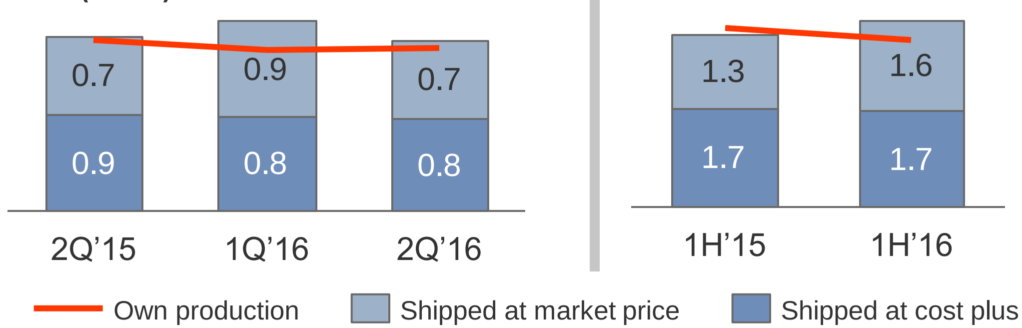
**EBITDA ($ Millions)**




**Iron ore (Mt)**




**Coal (000’t)**



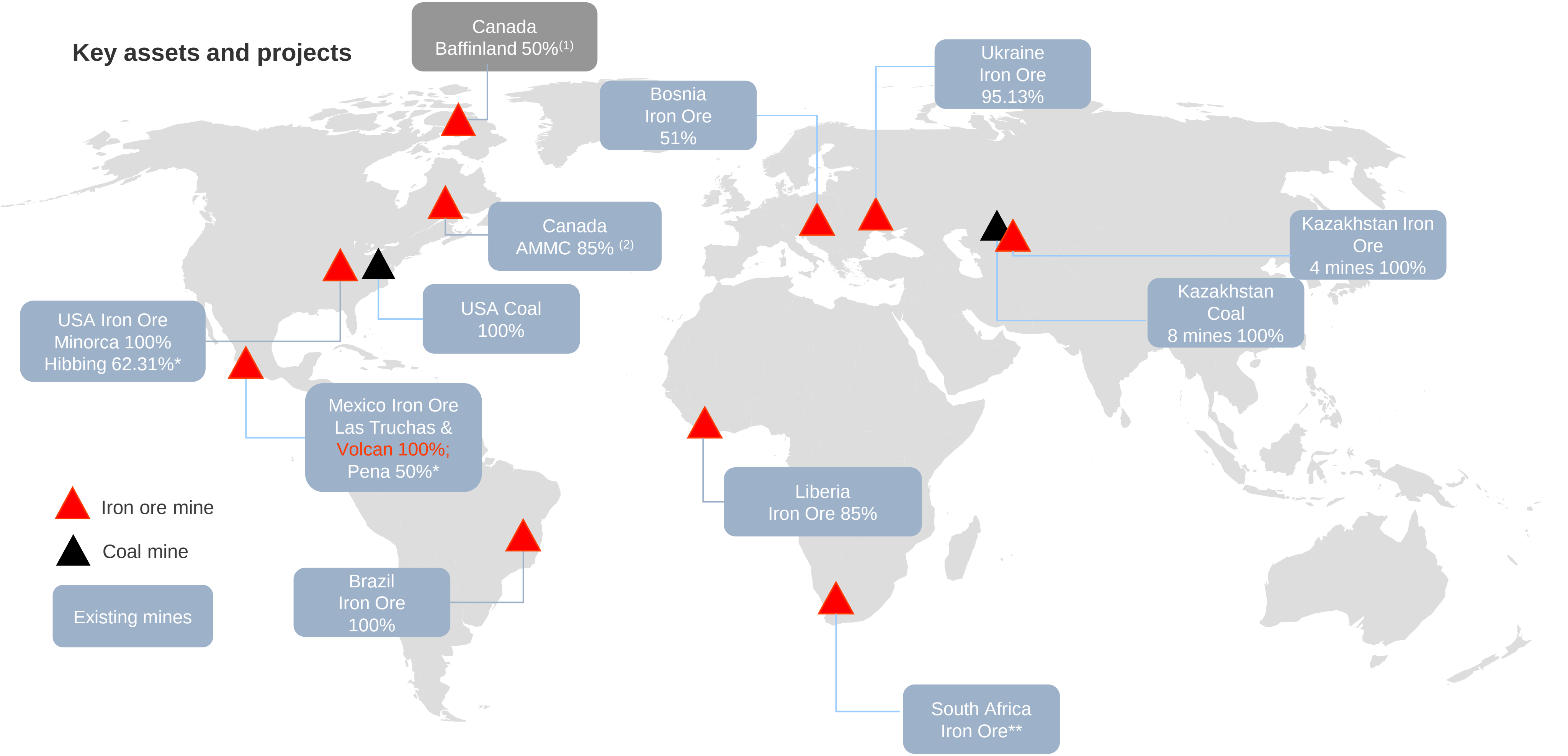

**Analysis 2Q’16 v 1Q’16**

- Own iron ore production in 2Q’16 decreased by 4.8% to 13.5Mt due to lower production at CIS (operational), US (seasonal decline) and Liberia.
- With ongoing focus on our most competitive iron ore operations: Liberia production is currently being maintained at approximately 2-3Mtpa and Mexico (primarily due to suspension of operations in Oct 2015 of the Volcan Mine (annual impact of 2Mtpa))
- Market-priced iron ore shipments in 2Q’16 increased +23.2% to 9.6Mt driven by AMMC (seasonally up) offset by lower Liberia shipments.
- 2Q’16 EBITDA increased 66.9% to $163m due to higher market-priced iron ore shipments (+23.2%) and higher seaborne iron ore market prices (+15.2%).

**Mining performance improved primarily due to seasonally higher volumes and higher prices**

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

ArcelorMittal




**Geographically diversified mining assets**

* Includes share of production

** Includes purchases made under July 2010 interim agreement with Kumba (South Africa)

1) Following an agreement signed off in December 2012, on February 20th, 2013, Nunavut Iron Ore subscribed for new shares in Baffinland Iron Mines Corporation which diluted AM's stake to 50%
2) January 2nd, 2013 AM entered into an agreement to sell 15% of its stake in AM Mines Canada to a consortium lead POSCO and China Steel Corporation (CSC).
3) New exploration projects, Indian Iron Ore & Coal exploration , Coal of Africa (9.71%) and South Africa Manganese (50% ) are excluded in the above .
4) On January 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.

# New ArcelorMittal IR app and contacts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**We have released a new ArcelorMittal investor relations app available for download on IOS or android devices**