

press release

ArcelorMittal and Marcegaglia submit offer for Ilva

6 March 2017

- **Investment commitments of over €2.3 billion in addition to the purchase price**
- **Intention to produce 9.5 million tonnes of finished products**
- **Commitment to build research and development centre in Taranto**
- **Commitment to implement new low-carbon steel-making technologies**
- **Letter of intent to join consortium signed with Banca Intesa SanPaolo**

ArcelorMittal and Marcegaglia announce they have today submitted an offer for Ilva, the Italian steel-making company.

Highlights of the offer are as follows:

Intention to produce 9.5 million tonnes of finished products

- Increase production from current levels to 6 million tonnes a year by 2018 from three blast furnaces currently in operation, in compliance with the AIA
- Maximise finishing capacity by bringing up to 4 million tonnes of slabs and hot rolled coil (HRC) to Ilva
- Intention to increase primary production to 8 million tonnes plus over the longer term, supplemented by 2 million tonnes of additional slabs and HRC
- Utilise new low-carbon technologies including carbon capture and utilisation, and low-impact steelmaking

Investment commitments of more than €2.3 billion in addition to the purchase price

- Environmental capex of more than €1.1 billion, including remediation capex, to reach optimal environmental performance in key areas including air emissions and water treatment
- Industrial capex of more than €1.2 billion, including catch-up capex for delayed maintenance and major capex program for blast furnaces and steel plants, including relining of blast furnace 5
- Supported by significant available credit lines of more than €5 billion

Expand product range with targeted investment in high quality products

- Develop Ilva's product range with high quality products for automotive, construction and energy segments
- Leverage ArcelorMittal's extensive European sales and marketing network
- Leverage ArcelorMittal's technical automotive team to develop homologations for demanding OEM segments
- Strong relationship with key customer guaranteed with Marcegaglia as shareholder
- Restore role of leading supplier of steel to the Italian market and beyond

Invest in new research and development centre in Taranto

- Dedicated R&D centre to be launched with initial investment of €10 million
- First objective will be to focus on environmental, process and product technologies that will help Ilva accelerate the implementation of its environmental, industrial and commercial plans

Programme to reach best-in-class performance levels

- Benchmark against ArcelorMittal plants worldwide to identify areas of largest opportunity and deliver process and productivity improvements
- Inject production know-how and specialist support to improve in priority areas
- Ensure best-in-class production system in place covering competitiveness, quality, safety and environment

Long-term commitment to the community

- Consultation exercise to be run with the local community to understand areas where community would most value support
- Aim to become an active and welcome member of the community, based on a culture of transparent two-way dialogue
- Employment opportunities in the wider ArcelorMittal group

Commenting, Mr Lakshmi N. Mittal, chairman and chief executive, ArcelorMittal, said:

"We believe the ArcelorMittal and Marcegaglia consortium is the best partner for Ilva. Our managers and engineers have been studying the company for some years and well understand what needs to be done to turnaround the performance and ensure a strong, safe and sustainable future for the employees of Ilva and the people of Taranto. We are confident that we have the right industrial plan, the right environmental plan and the right commercial plan to support the transformation of Ilva into a company that will once again be a jewel of the Italian manufacturing landscape, adding value to the Italian economy and all stakeholders."

"In the first instance, primary production is limited to 6 million tonnes until the AIA is fully implemented. However, we recognise the importance of maximising production and maximising employment while minimising the environmental footprint of the plant. That's why we intend to run the finishing capacity full by importing additional slab and, over the longer term, ramp up primary production to 8 million tonnes plus, utilising low impact steelmaking technology."

Aditya Mittal, CEO of ArcelorMittal Europe and group CFO, said:

“We are very excited about this opportunity to partner with Ilva. At the heart of our plan is an investment commitment of more than two billion euros. This will transform Ilva's environmental performance, as well as improve the stability and efficiency of the operations and re-orientate production towards the high added value products that must be Ilva's future. The ArcelorMittal/Marcegaglia consortium brings the benefit of established contacts with European customers which will support Ilva's swift integration into the European customer landscape and re-establish its position as the supplier of choice for Italian customers.”

Antonio Marcegaglia, chairman and CEO, Marcegaglia, said:

“As an Italian, it has been sad to watch the decline of this great company in recent years and we are excited to have the chance to contribute to a new renaissance of this Italian steel icon.”

“Marcegaglia wanted to partner with ArcelorMittal because we were convinced the combination of operational and financial excellence with a deep knowledge of the market represents the most powerful solution for the renaissance of Ilva and its people. Marcegaglia has worked closely with ArcelorMittal over the years – we know how they do business, integrating sustainable development and corporate responsibility into everything they do – and we believe this approach is what Ilva needs. It will be important to re-establish dialogue and trust with the local community and to demonstrate to them that Ilva can operate safely and responsibly within their community. This will be a key priority for us from day one.”

Ends

About ArcelorMittal

ArcelorMittal is the world's leading steel and mining company, with a presence in 60 countries and an industrial footprint in 19 countries. Guided by a philosophy to produce safe, sustainable steel, we are the leading supplier of quality steel in the major global steel markets including automotive, construction, household appliances and packaging, with world-class research and development and outstanding distribution networks.

Through our core values of sustainability, quality and leadership, we operate responsibly with respect to the health, safety and wellbeing of our employees, contractors and the communities in which we operate.

For us, steel is the fabric of life, as it is at the heart of the modern world from railways to cars and washing machines. We are actively researching and producing steel-based technologies and solutions that make many of the products and components people use in their everyday lives more energy efficient.

We are one of the world's five largest producers of iron ore and metallurgical coal and our mining business is an essential part of our growth strategy. With a geographically diversified portfolio of iron ore and coal assets, we are strategically positioned to serve our network of steel plants and the external global market. While our steel operations are important customers, our supply to the external market is increasing as we grow.

In 2016, ArcelorMittal had revenues of \$56.8 billion and crude steel production of 90.8 million tonnes, while own iron ore production reached 55.2 million tonnes.

ArcelorMittal is listed on the stock exchanges of New York (MT), Amsterdam (MT), Paris (MT), Luxembourg (MT) and on the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia (MTS).

For more information about ArcelorMittal please visit: <http://corporate.arcelormittal.com/>

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