



MEDIA RELEASE

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ARCELORMITTAL SOUTH AFRICA CONCLUDES B-BBEE TRANSACTION THAT WILL ENSURE BROAD-BASED PARTICIPATION IN THE COMPANY

HIGHLIGHTS

- ArcelorMittal South Africa introduces new B-BBEE ownership
- Employees and communities to participate in ownership of the company
- B-BBEE transaction confirms ArcelorMittal South Africa's commitment to transformation and to the South African Government's B-BBEE objectives

Johannesburg, 28 September 2016: ArcelorMittal South Africa today announced the terms of its broad-based black empowerment transaction, which takes the company another step closer to compliance with the requirements of the country's B-BBEE Codes of Good Practice.

This follows the announcement by ArcelorMittal South Africa in the first quarter of 2016 that Likamva Resources, a 100% black-owned and 58% black women-owned company, was selected as its preferred partner.

The company has considered a number of options to ensure 25% +1 B-BBEE ownership on a sustainable basis.

"As a leader in the steel industry we have a significant role to play in ensuring the long-term sustainability of the local steel sector, and our recent discussions with Government have focused on a number of key initiatives that are necessary to ensure a successful steel industry that can continue contributing to the economic development of the country in the future," says Wim de Klerk, chief executive officer of ArcelorMittal South Africa. "Maintaining our licence to operate is a strategic objective and these initiatives all play an important part of our efforts to position ArcelorMittal South Africa as a transformed and responsible business."

The B-BBEE transaction, worth over R2,2 billion, introduces a broad-based shareholding by various B-BBEE parties in ArcelorMittal South Africa as follows:

- A 17% interest through a special purpose vehicle (B-BBEE CO)
- B-BBEE CO has been established as a ring-fenced special purpose vehicle with the sole purpose of holding an investment in ArcelorMittal South Africa and whose shareholders will be Likamva and, eventually, a broad-based partner whose primary beneficiaries will be the major communities in which ArcelorMittal operates

- The initial 17% interest in ArcelorMittal South Africa will be acquired by Likamva through notionally funded ordinary shares (A1 ordinary shares) to be issued by ArcelorMittal South Africa to the value of R1.75 billion. The costs for the introduction of the broad-based community partner will be for Likamva's account but ArcelorMittal South Africa will provide a loan for this purpose which will also be capitalised to equity
- A 5.1% interest held by a new employee share scheme which will be managed through the ArcelorMittal South Africa (AMSA) Employee Empowerment Share Trust, to be established for this purpose, and which is in addition to the existing Ikageng Employee Share Option Scheme
- The AMSA Employee Empowerment Share Trust will acquire its interest in ArcelorMittal South Africa through notionally funded shares (A2 ordinary shares) to be issued by the company to the value of approximately R525 million. The cost will be amortised over the scheme period as with Likamva.

“This structure allows for more effective broad-based participation in the steel industry and facilitates a greater share in the business for our employees,” explains De Klerk.

B-BBEE CO and the New Employee Empowerment Share Trust, as holders of ArcelorMittal South Africa ordinary shares, will be prohibited from trading these shares during the 10-year lock-in scheme period in order for the company to maintain the required B-BBEE level.

The New Employee Empowerment Share Trust will allow employees and management to participate in the transaction and benefit from the success of the company. In order to ensure that the new employee share scheme is fair, inclusive and equitable, all employees will participate in the scheme. Employees will be issued units based on employment band and EE status. However, to ensure that the scheme impacts favourably on the company's B-BBEE score, African, Coloured and Indian (ACI) employees will participate at a minimum level of 60%. The current proposed split is 60.7% ACI and 39.3% non-ACI, which achieves above 25%+1 ownership on day one on a total basis.

Furthermore, the ArcelorMittal South Africa board has the discretion to issue more units to ACI employees in order to give the company flexibility to increase its B-BBEE ownership if it drops below 25%+1.

“Likamva Resources is thrilled to be partnering with ArcelorMittal South Africa, with whom we share a joint vision of being a catalyst for the rapid industrialisation of South Africa,” said Noluthando Gosa, founding principal and chairperson of Likamva Resources. “The Likamva principals are committed to bringing this vision to fruition. We are well aware of the importance of a primary steel market in developing economies and we look forward to deploying our skills towards this objective with the primary goal of creating employment and wealth creation for all South Africans. This asset, if effectively managed, is the perfect tool for this mammoth undertaking.”

“This transaction is a further commitment by ArcelorMittal South Africa to transform the local steel industry while ensuring its long-term sustainability and remaining aligned to government's transformation imperatives,” concluded De Klerk.

Note for editors:

About ArcelorMittal South Africa:

ArcelorMittal South Africa is Africa's largest steel producer with a production capacity, in a normal year, of 6.5 million tonnes of liquid steel. The company's primary goal is to sell into local and nearby markets and it currently supplies approximately 60% of the steel used in South Africa while exporting the balance into sub-Saharan African and elsewhere. With operations in Vanderbijlpark, Vereeniging, Pretoria, Saldanha and Newcastle, the company employs over 9 000 employees and has an estimated economy-wide employment creating impact of over 100 000 jobs. The company contributes 1.1% to the country's GDP.

About Likamva Resources:

Likamva is a 100% black-owned company, with a black women shareholding of 58% and is comprised of a diverse and broad spectrum of business leaders, black industrialists and new entrants. Key members of the Likamva Resources consortium include chairperson and founding principal, Noluthando Gosa, the founder of the Akhona Group Proprietary Limited invested in the property and energy sectors; Leslie Maasdorp, the Vice President of the BRICS New Development Bank; Jabu Maloketi, Chairman of the Harith Fund Management Company, Brait SE and the Development Bank of Southern Africa; Themba Hlengani, the Chairman of the Xitsavi Group; Tshepo Mahloele, Chief Executive of the Harith Fund Management; and Warren Wheatley, the Chief Investment Officer of TSS Capital. The shareholders of Likamva include individuals and companies involved in the engineering, construction, energy, environmental and automotive sectors.

The full terms of the agreement are contained in the ArcelorMittal South Africa SENS announcement dated 28 September 2016 and can be found on the company's website <http://arcelormittalsa.com/>

For further information, please contact:

Themba Sepotokele
Manager: Corporate Communications and Branding
ArcelorMittal South Africa
Tel: (016) 889 2425 / 083 468 1415