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MEDIA RELEASE

For immediate release

**ArcelorMittal South Africa to consult
regarding business restructuring**

15 August 2017: As already reflected in ArcelorMittal South Africa's interim results for six months ended 30 June 2017, lower steel demand due to poor economic activity in South Africa and ongoing imports continue to put the local market under extreme pressure, while export sales are being hampered by weak international prices. The volatility in the rand/US dollar exchange rate and rising input costs also continue to have an impact on ArcelorMittal South Africa's financial results.

"Along with the rest of the South African steel industry, we continue to face serious challenges that are negatively impacting our profitability," said Wim de Klerk, Chief Executive Officer of ArcelorMittal South Africa.

"While we acknowledge and appreciate the steps already taken by government to protect the local steel industry, such as import duties, safeguards and the localisation of steel for state infrastructure projects, these will only assist in the medium- to long-term and, in the meantime, we must focus on the costs that are within our control in the face of this extremely challenging trading environment."

Unfortunately, interventions implemented by the company to improve business performance have not yielded the required results and ArcelorMittal South Africa continues to face sustainability challenges.

To address these serious challenges, ArcelorMittal South Africa is exploring several initiatives to further cut costs and improve efficiencies, including procurement savings, commercial initiatives to enhance sales volumes, and short-term actions such as further productivity improvements, the selling of non-core assets and assessing its footprint.

"We do not believe that the outlook is likely to change in the foreseeable future, especially with regards to the lack of investment in infrastructure development, and we therefore have to consider various synergies that will assist in optimising our operations," said De Klerk. "It is for this reason that we have taken the difficult decision to begin a consultation process with employees regarding a proposed restructuring of ArcelorMittal South Africa."

It is difficult to estimate the number of employees who may eventually be retrenched as a result of the proposed restructuring and efficiency measures as this is subject to the outcome of the consultation process and other avoidance measures. With that in mind, it is estimated that it is possible that more than 50 employees may be retrenched, which means that this will fall within the ambit of a large-scale retrenchment.

ArcelorMittal South Africa continues to engage constructively with government and labour in an effort to reduce the impact of the changes, particularly with regard to potential job losses, and will consider all proposed avoidance measures before forced retrenchments are implemented as a last resort.

As South Africa's leading steel producer, the sustainability of the local steel industry and the prevention of job losses remain ArcelorMittal South Africa's primary concerns and the company will continue to engage all industry stakeholders to find collaborative and lasting solutions to the challenges faced by the local steel industry.

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