



MEDIA RELEASE

06 June 2017

ARCELORMITTAL SOUTH AFRICA AND HIGHVELD STRUCTURAL MILL OFFICIALLY RESTART HEAVY SECTION STEEL MILL IN EMALAHLENI

eMalahleni, 06 June 2017: ArcelorMittal South Africa and Highveld Structural Mill Proprietary Limited (HSM), a subsidiary of Evraz Highveld Steel & Vanadium (Highveld), have officially restarted the heavy section steel mill in eMalahleni after ArcelorMittal South Africa concluded a contract manufacturing agreement in December 2016 with Highveld, which is in business rescue. In terms of the agreement, ArcelorMittal South Africa will supply blooms and slabs to HSM for processing into heavy structural steel.

The Highveld heavy section mill was restarted for production on 1 April 2017 and could be in full production by November 2017, depending on market demand. Highveld started to deliver 4 100 tonnes of prime product to ArcelorMittal South Africa in April and has the ability to ramp up to 18 000 tonnes a month.

A total of 1 000 tonnes of orders have already been invoiced and more than 100 customer orders have been placed to date. The products produced at the heavy section mill are primarily used by the rail, construction, infrastructural, mining and general engineering sectors.

Wim de Klerk, Chief Executive Officer of ArcelorMittal South Africa, said: "The restart of the heavy section mill is a positive development for the local steel industry. Not only will it assist in curbing imports of these products but it has the added benefit of reviving jobs in the struggling steel sector."

Customers that imported heavy structural steel products faced long lead times and difficulty in sourcing some of the profile sizes which are popular in South Africa. These profile sizes will now be readily available and lead times will be much shorter.

South Africa is the only Sub-Saharan country with primary steelmaking capability.

"The Highveld structural mill is the only one of its kind in Africa with the ability to produce large structural steel. The combined capability of ArcelorMittal South Africa and Highveld results in the ability to produce main line rail for the first time in many decades, which will displace imports and puts South Africa in the unique position to supply markets locally and in the region," said Highveld Steel Chief Executive Officer, Johan Burger.

The initiative is part of the ongoing engagement between government and the steel industry aimed at ensuring the sustainability of the local steel sector.

“The viability of the transaction depends heavily on the implementation of duties on the products to be manufactured in the heavy section mill,” explained De Klerk. “Highveld applied to ITAC to introduce import duties at a bound rate of 10% on heavy structural products, pending the restart of the mill, and we look forward to government approval of this application so that imports of these products into the country are deterred.”

Furthermore, the Department of Trade and Industry announced earlier this year that they would regulate the designation of locally produced and locally manufactured steel products and components for the construction sector.

The agreement has received support with a number of stakeholders saying that the restart of the mill would be a boost for the struggling local economy and the Witbank community, following the retrenchments when the mill closed.

The agreement between ArcelorMittal South Africa and Highveld Structural Mill will operate for an initial period of two years with an option to extend for a further one-year period. ArcelorMittal South Africa will also have an option to purchase the business of the Highveld Structural Mill after the initial two-year period, subject to further regulatory and governance approvals that may be required.

Ends

For further information, please contact:

Themba Sepotokele
Corporate Communications Manager
ArcelorMittal South Africa
016 889 2425 / 083 468 1415

Tracey Peterson
Aprio Strategic Communications
(on behalf of ArcelorMittal SA)
011 869 2490 / 083 408 7173