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Investor and Media interaction following announcements

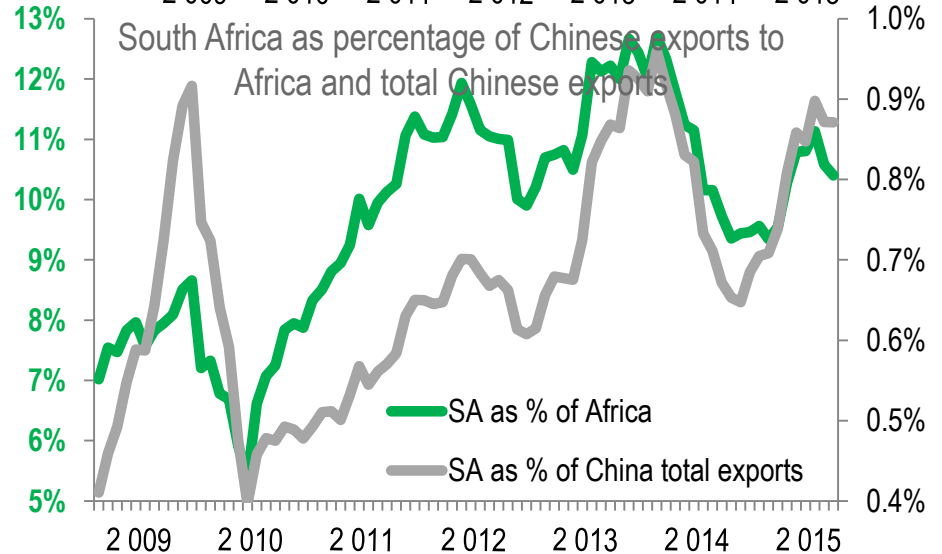
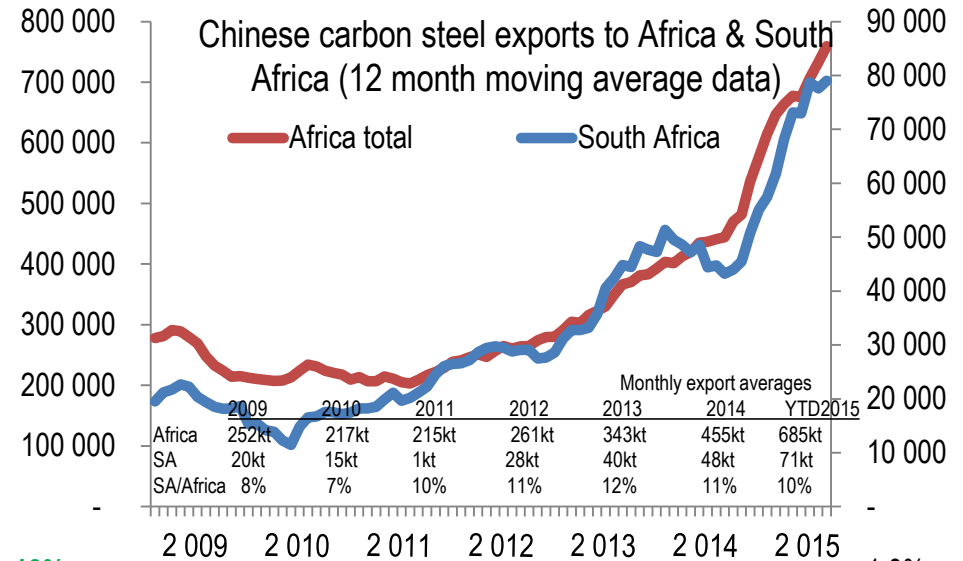
6 November 2015

Agenda

- Global steel supply and China pricing
- Operational results
- Update on BU sustainability
- Update on initiatives
- Update on Kumba
- Trading update
- Rights offer
- Proposed BEE transaction
- Outlook for Q4 2015

Global steel supply

- Global steel output has reduced from 135.6mtpm in 2014 to the current level of 134.5mtpm, while China has curtailed its output from 68.2mtpa to 67.4mtpa respectively
- China now constitute 50.2% of global production volume, down from 50.3% in 2014
- China has increased its carbon steel exports to Africa by 26%pa since 2010 while ramping at 36%pa its export effort into South Africa over the same period
- South Africa has traditionally sourced around 30% of its carbon steel imports from China, but since 2014 (49%) and 2015YTD (64%) the Chinese has flooded this market
- Trade protection should start to show effect from Q4 onwards



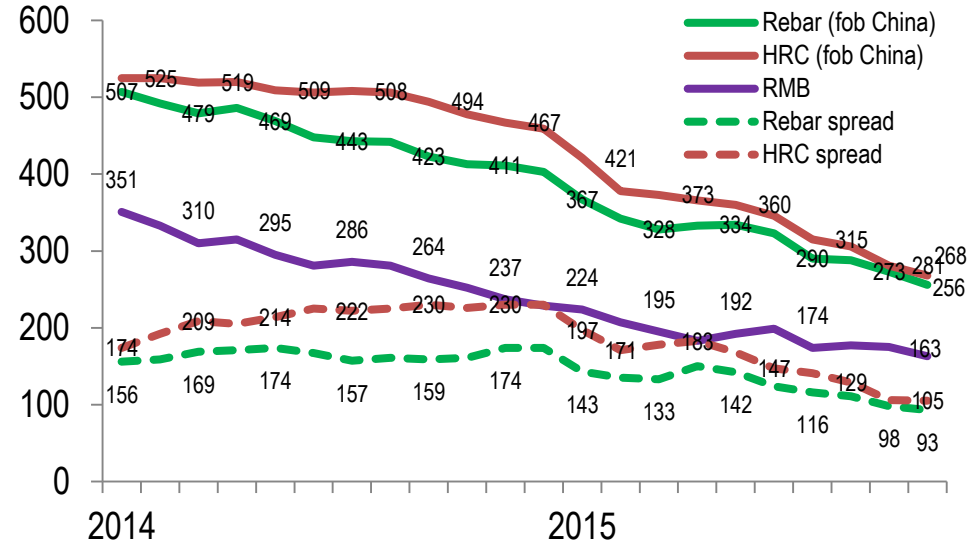
China pricing and its impact



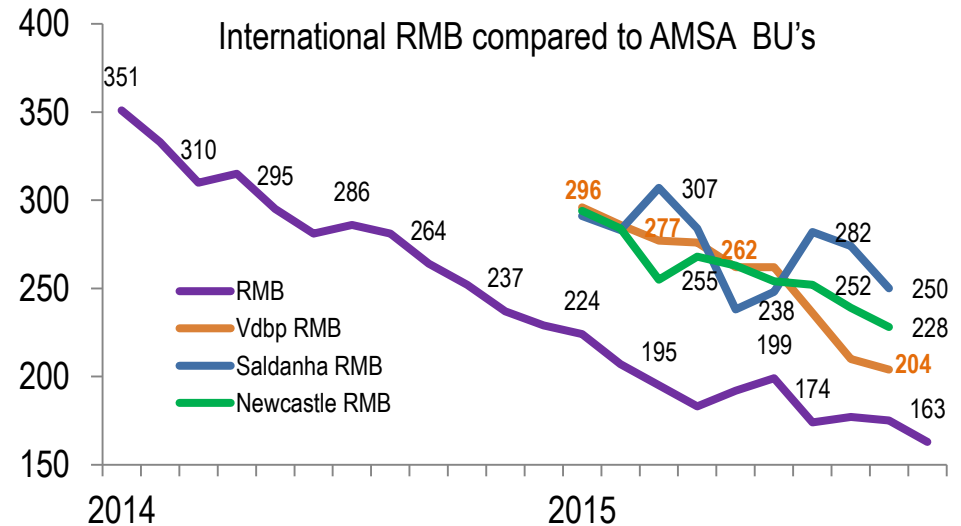
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- Global steel prices lost some 50% of its value over the past 20 months with the real damage been done since December 2014 to date with a loss of almost 40%
- Raw material basket fell 54% over the 20 months and again it was accentuated over the past nine months falling almost 30%
- AMSA domestic prices showed a similar trend and fell almost 40% over the same period, with almost 90% of the contraction vesting since December 2014
- AMSA RMB showed similar trend than that of the international basket although remaining at a higher level as result of cost of iron ore and coal

Chinese steel prices compared to RMB



International RMB compared to AMSA BU's



Source: Morgan Stanley data base

Operational results

- Steel production 16% higher at 1.2mt compared to Q3 2014 (1.0mt) only due to the reline of the blast furnace in 2014
- Capacity utilisation up from 62% in Q3 2014 to 72% due to reline in 2014 but lower than planned levels of 95% because of depressed trading conditions
- Steel sales 13% higher when compared to Q3 2014 with domestic despatches adding 6% and exports advancing 32%, the latter as result of more normal trading conditions following the completion of the reline
- Commercial coke sales declined by 15kt as result of lower output from the Newcastle batteries

Update on BU sustainability

- Vereeniging – Vaal Meltshop and Forge plant
 - Meltshop only will be placed under care and maintenance
 - Meltshop to cease output by end December 2015 (380ktpa)
 - Some 283 employees affected for whom we are seeking solutions
- Vanderbijlpark – footprint study
 - Only model is “run full” with all assets; no smaller version possible
 - Cost savings initiatives identified will be implemented over next two years
 - Need labour support and flexibility to improve productivity
 - Highly dependent on trade remedies
- Corporate services
 - Ongoing with several savings initiatives being implemented

Update on initiatives

- Trade protection
 - Import tariffs
 - Safe guard duties
 - Anti-dumping duties
- Competition Commission
- Fair pricing model
- Designation of steel
- Current plans assume that all the initiatives undertaken with Government will be in place in Q1 2016

Update on Kumba

- Kumba agreed to amend the pricing mechanism from cost-based EPP
 - EPP to use Platts 62% Fe CFR China Fines Index
 - At certain price levels a discounted price will be applicable
 - At a price US\$60/t - US\$70/t (EPP -5%)
 - At a price US\$70/t - US\$80/t (EPP - 6.25%)
 - Above US\$80/t (EPP - 7.5%)
 - Pricing amendment is in the best interests of the industry and country
- Thabazimbi mine
 - Kumba provided AMSA opportunity to investigate the viability of the mine
 - No viable option available and hence the mine will be closed

- Loss per share and headline loss per share for the year ended 31 December 2015 is expected to be higher by more than 600 cents or 11 times (1100 %) when compared to the year ended 31 December 2014
 - Depressed trading conditions in the local steel industry which has adversely affected by record low steel prices and a surge of cheap imports
 - Pre-tax adjustment of R 1 529m relating to:
 - Thabazimbi - retrenchment costs (R350m) and inventory (R233m)
 - Impairment of R378m related to the Meltshop at Vereeniging
 - A write-off of R568m relating to deferred stripping at Sishen

Rights offer

- Reasonable certainty that “holistic” solution will be in place by 31 March 2016
- Balance sheet and future funding needs for additional capital programme of R4.6bn to be dealt with
- *Step 1: Rights Offer*
- *Step 2: BBBEE ownership transaction*
- *Step 3: Potential bond/ commercial paper transaction*

Rights offer (cont)

- Size: R4.0 bn to R 4.5 bn; fully underwritten by AM Group
- Application of funds
 - Reduce AM Group debt of R3.2 bn
 - Assist to fund the capital expenditure programme
- General meeting is convened for 11 December 2015 to allow the passing of a special resolution for AMSA to issue more than 30% of its current issued shares
- Shareholder support received in excess of 75%
- Circular containing detail about the offer to follow in January 2016

Proposed BEE transaction

- AMSA transforming the company to maximise its B-BBEE score
- Ownership transaction of approximately 23% being considered
- Engaging with shortlisted potential BEE investors
 - Preference is for prospective B-BBEE investors to provide own funds
 - Also consider opportunity to further increase the participation of ESOP
- In case of shortfall between capital committed and funding required it is anticipated that Funders will be invited to participate in the B-BBEE SPV
- All Funders should be able to subscribe for preference shares (similar to a rights offer) at an attractive return for a period of 10 years guaranteed by AMSA

Outlook for Q4

- Market conditions are expected to remain tough and all our units are expected to maintain their current below capacity production levels however; we expect that sales will decrease due to the seasonal impact



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Thank you