

D. Risk factors

ArcelorMittal's business, financial condition, results of operations, reputation or prospects could be materially and adversely affected by one or more of the risks and uncertainties described below.

Risks related to the global economy and the mining and steel industry

Prolonged low steel and (to a lesser extent) iron ore prices would likely have an adverse effect on ArcelorMittal's results of operations.

As an integrated producer of steel and iron ore, ArcelorMittal's results of operations are sensitive to the market prices of steel and iron ore in its markets and globally. The impact of market steel prices on its results is direct while the impact of market iron ore prices is both direct, as ArcelorMittal sells iron ore on the market to third parties (in which case it benefits from higher iron ore market prices), and indirect as iron ore is a principal raw material used in steel production and fluctuations in its market price are typically and eventually (with the timing dependent on steel market conditions) passed through to steel prices (with any lags in passing on higher prices "squeezing" steel margins, as discussed below). Steel and iron ore prices are affected by supply and demand trends and inventory cycles. In terms of demand, steel and iron ore prices are sensitive to trends in cyclical industries, such as the automotive, construction, appliance, machinery, equipment and transportation industries, which are significant markets for ArcelorMittal's products. More generally, steel and iron ore prices are sensitive to macroeconomic fluctuations in the global economy which are impacted by many factors ranging from trade and geopolitical tensions to global and regional monetary policy. In the past, substantial price decreases during periods of economic weakness have not always been offset by commensurate price increases during periods of economic strength. In addition, as further discussed below, excess supply relative to demand for steel in local markets generally results in increased exports and drives down global prices. In terms of inventory, steel stocking and destocking cycles affect apparent demand for steel and hence steel prices and steel producers' profitability. For example, steel distributors may accumulate substantial steel inventories in periods of low prices and, in periods of rising real demand for steel from end-users, steel distributors may sell steel from inventory (destock), thereby delaying the effective implementation of steel price increases. Conversely, steel price decreases can sometimes develop their own momentum, as customers adopt a "wait and see" attitude and destock in the expectation of further price decreases.

As a result of these factors, steel and iron ore prices have come under pressure at various points in recent periods. For example, in 2015, both steel and iron ore prices recorded historical lows, which led to significant declines in ArcelorMittal's revenues and operating income for 2015. Moreover, the particularly sharp decline in steel prices in the second half of 2015 triggered inventory related losses of \$1.3 billion, and the significant decline in iron ore and coal prices led to a \$3.4 billion impairment of mining assets and goodwill in the fourth quarter of 2015. More recently, in 2019, steel market conditions deteriorated significantly as a result of a negative price-cost effect due to a decline in steel prices (lower demand in Europe and the U.S., higher imports in Europe and additional domestic supply and the effect of customer destocking in the U.S.) and higher raw material costs (particularly in iron ore due to supply-side developments in Brazil and Australia). As a result, ArcelorMittal's steel segments recorded significantly lower operating income, including charges of \$0.8 billion primarily related to inventory and impairment charges of \$1.9 billion in 2019.

Steel and iron ore price trends are difficult to predict, particularly in the current geopolitical and economic environment. For example, while the imposition of tariffs in the United States and Europe at a rate of 25% supported local market steel prices in 2018, further tariffs on a widening list of imported products and retaliatory protectionist measures by other countries may have a significant negative impact on global trade and ultimately economic growth, steel demand and steel and iron ore prices. Management currently considers it likely that, while stabilization is possible, steel prices will not increase substantially in 2020, given expectations regarding economic conditions and demand. A scenario of prolonged low steel and (to a lesser extent or if simultaneous) iron ore prices, including as a result of negative geopolitical or macroeconomic trends, would have a material adverse effect on ArcelorMittal's results of operations and financial condition.

Volatility in the supply and prices of raw materials, energy and transportation, and volatility in steel prices or mismatches between steel prices and raw material prices could adversely affect ArcelorMittal's results of operations.

The prices of steel, iron ore, coking coal and scrap have been highly volatile in recent years. Volatility in steel and raw material prices can result from many factors including: trends in demand for iron ore in the steel industry itself, and particularly from Chinese steel producers (as the largest group of producers); industry structural factors (including the oligopolistic nature of the seaborne iron ore industry and the fragmented nature of the steel industry); the expectation or imposition of corrective trade measures such as tariffs; massive stocking and destocking activities (sudden drops in prices can lead end-users to delay

orders pushing prices down further)); speculation; new laws or regulations; changes in the supply of iron ore, in particular due to new mines coming into operation; business continuity of suppliers; changes in pricing models or contract arrangements; expansion projects of suppliers; worldwide production, including interruptions thereof by suppliers; capacity-utilization rates; accidents or other similar events at suppliers' premises or along the supply chain as occurred in 2019; wars, natural disasters, public health epidemics (such as the outbreak of the coronavirus epidemic in early 2020, which is likely to decelerate expected growth in China's steel demand in 2020 and has already impacted steel and iron ore prices), political disruption and other similar events; fluctuations in exchange rates; the bargaining power of raw material suppliers and the availability and cost of transportation. For further information on the movement of raw material prices in recent years, see "Item 5—Operating and financial review and prospects—Key factors affecting results of operations—Raw materials."

As a producer and seller of steel, the Company is directly exposed to fluctuations in the market price for steel, iron ore, coking coal and other raw materials, energy and transportation. In particular, steel production consumes substantial amounts of raw materials including iron ore, coking coal and coke, and the production of direct reduced iron, the production of steel in EAFs and the re-heating of steel involve the use of significant amounts of energy, making steel companies dependent on the price of and their reliable access to supplies of raw materials and energy. Although ArcelorMittal has substantial sources of iron ore and coal from its own mines (the Company's self-sufficiency rates were 52% for iron ore and 12% for PCI and coal in 2019), it nevertheless remains exposed to volatility in the supply and price of iron ore and coking coal given that it obtains a significant portion of such raw materials under supply contracts from third parties. For additional details on ArcelorMittal's raw materials supply and self-sufficiency, see "Item 4.B—Information on the Company—Business overview—Mining products—Other raw materials and energy".

Furthermore, while steel and raw material (in particular iron ore and coking coal) price trends have historically been correlated, a lack of correlation or an abnormal lag in the corollary relationship between raw material and steel prices may also occur and result in a "price-cost effect" in the steel industry. ArcelorMittal has experienced negative price-cost effects (or "squeezes") at various points in recent years including in 2019 and may continue to do so. In some of ArcelorMittal's segments, in particular Europe and NAFTA, there are several months between raw material purchases and sales of steel products incorporating those materials, rendering them particularly susceptible to price-cost effect. For example, coking coal sourced from Australia takes several weeks to reach Europe (e.g. ~4 weeks sailing time, plus loading/unloading time at ports), creating a structural lag. Sudden spikes in raw materials, such as coking coal, have occurred in the past and may occur in the future. Because ArcelorMittal sources a substantial portion of its raw materials through long-term contracts with quarterly (or more frequent) formula-based or negotiated price adjustments and as a steel producer sells a substantial part of its steel products at spot prices, it faces the risk of adverse differentials between its own production costs, which are affected by global raw materials and scrap prices, on the one hand, and trends for steel prices in regional markets, on the other hand. In 2019, the significant decline in steel prices (due to lower demand and higher imports, among other things) and significant increase of iron ore prices among other trends due in part to supply shocks following the collapse of the Brumadinho dam owned by Vale in Brazil and a heavy cyclone season in Australia weighed heavily on the profitability of the Company's steel business.

Another area of exposure to price volatility is transportation. Freight costs (i.e., shipping) are an important component of ArcelorMittal's cost of goods sold. In particular, if freight costs were to increase before iron ore or steel prices, this would directly and mechanically weigh on ArcelorMittal's profitability (although it would make imports less competitive).

Excess capacity and oversupply in the steel industry and in the iron ore mining industry have in the past and may continue in the future to weigh on the profitability of steel producers, including ArcelorMittal.

The steel industry is affected by global and regional production capacity and fluctuations in steel imports and exports, which are themselves affected by the existence and amounts of tariffs and customer stocking and destocking cycles. The steel industry has historically suffered from structural overcapacity globally, and the current global steelmaking capacity exceeds the current global consumption of steel. This overcapacity is affected by global macroeconomic trends and amplified during periods of global or regional economic weakness due to weaker global or regional demand. In particular, China is both the largest global steel consumer and the largest global steel producer by a large margin, and the balance between its domestic production and consumption has been an important factor influencing global steel prices in recent years, such as in 2015, when Chinese domestic steel demand weakened resulting in a surge in Chinese steel exports. While the structural imbalance between Chinese supply and demand has been reduced by capacity eliminations in recent years, less strict capacity constraints and capacity creep may result in increasing overcapacity. In addition, a significant increase in Chinese capacity and/or a significant decrease in Chinese demand could lead to a renewed flood of Chinese steel exports. In the long-term, Chinese steel demand is expected to decline, as the economy slows, the need for large infrastructure projects wanes and pace of urbanization moderates. In addition, other developing markets (such as Brazil, Russia and Ukraine) continue to show structural overcapacity after

experiencing decreased domestic demand as a result of weakening economic conditions, and developed Asia continues to exhibit overcapacity and the need to export significant volumes. Regional steel markets are also vulnerable at times of economic crisis in countries with significant steelmaking capacity. One such example is Turkey where a currency crisis caused domestic demand to decline sharply during the second half of 2018 and led to an increase in exports, particularly long steel products. The European steel market is particularly sensitive to decreases in demand as well as supply spikes from imports due to remaining structural overcapacity. For example, in response to a weak demand environment in Europe in the first half of 2019, the Company announced that it would temporarily reduce its European steelmaking capacity with total annualized production cuts of 4.2 million tonnes. Should demand not improve and/or exports be curtailed and/or supply increased, European steel market conditions could remain weak against the backdrop of continued structural overcapacity. Finally, in the United States, improved economic conditions and pricing support from the Section 232 tariffs led to new capacity being built and previously idled capacity being re-opened during 2018. However, apparent steel consumption for flat products ("ASC") declined by over 4% in 2019, due not only to a downturn in real steel consumption ("RSC") but also significant destocking at both stockists and end-users. The reduction in inventories was amplified by steel prices falling from high levels, meaning stockists reduced purchases to rebuild stocks at lower prices. Such was the impact of destocking that changes in inventories directly accounted for over 50% of the decline in flat products apparent demand in the United States and for almost 50% in the EU 28 last year. Although the Company expects ASC to grow in 2020, as it becomes more closely aligned to RSC, there is a continued risk of further weakness in underlying real demand which may affect the Company's deliveries and profitability.

The overcapacity of steel production in the developing world and in China in particular has weighed on global steel prices at times over the past decade, as exports have surged to Europe and NAFTA, ArcelorMittal's principal markets, often at low prices that may be at or below the cost of production, depressing steel prices in regional markets world-wide. See "Unfair trade practices, import tariffs and/or barriers to free trade could negatively affect steel prices and ArcelorMittal's results of operations in various markets." If global demand continues to weaken, the effects of such a phenomenon could increase.

Finally, excess iron ore supply coupled with decreased demand in iron ore consuming industries, such as steel, led to a prolonged depression of iron ore prices at various points in recent years, for example in 2015, which in turn weighed on steel prices as iron ore is a principal raw material in steelmaking. While the iron ore supply/demand balance has been more favorable more recently and iron ore prices have been strong in 2019, no assurance can be given that it will not deteriorate again, particularly if Chinese steel demand declines or worldwide capacity increases due to new construction or the restart of production. A renewed phase of steel and iron ore oversupply would likely have a material adverse effect on ArcelorMittal's results of operations and financial condition.

Unfair trade practices, import tariffs and/or barriers to free trade could negatively affect steel prices and ArcelorMittal's results of operations in various markets.

ArcelorMittal is exposed to the effects of "dumping" and other unfair trade and pricing practices by competitors. Moreover, government subsidies to the steel industry remain widespread in certain countries, particularly those with centrally-controlled economies such as China. In periods of lower global demand for steel, there is an increased risk of additional volumes of unfairly-traded steel exports into various markets, including North America and Europe and other markets such as South Africa, in which ArcelorMittal produces and sells its products. Such imports have had and could in the future have the effect of further reducing prices and demand for ArcelorMittal's products.

An increase in exports of low-cost steel products from developing countries, along with a lack of effective remedial trade policies, could depress steel prices in various markets globally, including in ArcelorMittal's key markets. Conversely, ArcelorMittal is exposed to the effects of import tariffs, other trade barriers and protectionist policies more generally due to the global nature of its operations. Various countries have instituted, and may institute import tariffs and barriers that could, depending on the nature of the measures adopted, adversely affect ArcelorMittal's business by limiting the Company's access to or competitiveness in steel markets. While such protectionist measures can help the producers in the adopting country, they may be ineffective, raise the risk of exports being directed to markets where no such measures are in place or are less dissuasive and/or result in retaliatory measures. For example, the adoption of steel and aluminum tariffs in the United States in March 2018 under "Section 232" led to a surge of steel imports in other markets and consequently provoked retaliatory safeguard measures by other countries, including the European Union, Canada and Mexico. With regard to ArcelorMittal in particular, the positive effect of the Section 232 tariffs in the United States in 2018 on its U.S. sales was partially offset by the negative effects on ArcelorMittal's exports from Canada and Mexico into the United States. While on May 17, 2019, the United States, Canada and Mexico reached an agreement to remove the 25% tariffs on aluminum and steel products, it remains unclear what impact these and other protectionist measures (including additional European import quotas adopted in August 2019) will have and whether

they will be effective in increasing or maintaining steel prices in the adopting country or countries or adversely impact global macroeconomic conditions.

In February 2019, President Trump received from the U.S. Department of Commerce the findings of another Section 232 investigation into whether imported vehicles pose a national security threat to the United States. On May 15, 2019, the Trump administration announced its intention to defer a decision on whether to impose tariffs on cars and auto parts by up to six months, but no such decision has yet been taken. The imposition of such tariffs could weigh significantly on U.S. demand for imported vehicles (particularly from Europe) and could therefore impact demand for steel from European auto manufacturers who are among ArcelorMittal Europe's principal clients. The overall adverse impact on ArcelorMittal would depend in part on the extent to which this decrease in demand is offset by an increase in demand from U.S. auto manufacturer clients (who would benefit from the protectionist tariffs) as well as from ones based in Canada and Mexico, all of which would benefit ArcelorMittal's NAFTA operations.

More generally, the current state of trade relations globally with trade disputes leading to the imposition of tariffs and then retaliatory measures, as seen in the recent period in various markets (U.S./China, U.S./Europe, etc.) has and could continue to directly (in the case of tariffs) or indirectly (in the case of economic growth generally) have a significant adverse effect on demand for and the price of steel and hence on ArcelorMittal's results of operations and financial condition.

Developments in the competitive environment in the steel industry could have an adverse effect on ArcelorMittal's competitive position and hence its business, financial condition, results of operations or prospects.

The markets in which steel companies operate are highly competitive. Competition—in the form of established producers expanding in new markets, smaller producers increasing production in anticipation of demand increases or amid recoveries, or exporters selling excess capacity from markets such as China—could cause ArcelorMittal to lose market share, increase expenditures or reduce pricing. For example, in NAFTA, competition in the form of significant new U.S. mini-mill capacity could impact pricing and in the CIS, as regional competitors improve operational efficiency and increase capacity, ArcelorMittal's market share may be affected. Any of these developments could have a material adverse effect on its business, financial condition, results of operations or prospects.

Competition from other materials and alternative steel based technologies could reduce market prices and demand for steel products and thereby reduce ArcelorMittal's cash flows and profitability.

In many applications, steel competes with other materials that may be used as substitutes, such as aluminum, concrete, composites, glass, plastic and wood. In particular, as a result of increasingly stringent regulatory requirements, as well as developments in alternative materials, designers, engineers and industrial manufacturers, especially those in the automotive industry have increased their use of lighter weight and alternative materials, such as aluminum and plastics in their products.

In the automotive area, ArcelorMittal has introduced new advanced high-strength steel products, such as Usibor® 2000, Ductibor® 1000 and Fortiform® a new 3rd generation advanced high strength steel for cold stamping, new engineering S-in motion® projects and a dedicated electric iCARE® range to respond to the shift toward electric cars. In the construction area, ArcelorMittal has launched Steligence®, a unique holistic commercial approach to serve this market with a complete set of products, services and solutions. See "Item 4.B—Information on the Company—Business overview—Competitive strengths—Research and development". Despite these product innovations, a loss of market share to substitute materials, increased government regulatory initiatives favoring the use of alternative materials, as well as the development of additional new substitutes for steel products could significantly reduce market prices and demand for steel products and thereby reduce ArcelorMittal's cash flows and profitability.

In addition, new technologies such as carbon free steelmaking or additive manufacturing could result in a loss of market share if competitors develop and deploy this kind of technology before ArcelorMittal.

Risks related to ArcelorMittal's operations

ArcelorMittal's level of profitability and cash flow currently is and, depending on market and operating conditions, may in the future be, substantially affected by its ability to reduce costs and improve operating efficiency.

The steel industry has historically been cyclical, periodically experiencing difficult operating conditions. In light of this, ArcelorMittal has historically and increasingly in recent periods, taken initiatives to reduce its costs and increase its operating efficiency. These initiatives have included various asset optimization and other programs throughout the Company. The most

recent of these programs is the Action 2020 plan announced in February 2016 that includes, among other aspects, several efficiency improvement initiatives, the next phase of the Transformation Plan that was announced in March 2019 aiming for further gains through 2023, driven by digitalization, positioning the Company to increase the performance gap compared to competitors in Europe for flat carbon and additional cost improvement plans announced in February 2020. While the Company has partially implemented the Action 2020 plan across all segments, continued implementation of cost saving and efficiency improvement initiatives is subject to operational challenges and limitations. For example, the volume gains achieved in 2017 were reversed in 2018 due to operational disruptions. Failure to implement fully such initiatives would prevent the attainment of announced profitability or cash flow improvement targets, and more generally could have a material adverse effect on the Company's profitability and cash flow.

ArcelorMittal has incurred and may incur in the future operating costs when production capacity is idled or increased costs to resume production at idled facilities.

ArcelorMittal's decisions about which facilities to operate and at which levels are made based upon customers' orders for products as well as the capabilities and cost performance of the Company's facilities. Considering temporary or structural overcapacity in the current market situation, production operations are concentrated at several plant locations and certain facilities are idled in response to customer demand, although operating costs are still incurred at such idled facilities. When idled facilities are restarted, ArcelorMittal incurs costs to replenish raw material inventories, prepare the previously idled facilities for operation, perform the required repair and maintenance activities and prepare employees to return to work safely and resume production responsibilities. Such costs could have an adverse effect on its results of operations or financial condition. See "Item 4.A—Information on the Company—History and development of the Company—Key transactions and events in 2019" for information about production cuts.

ArcelorMittal could experience labor disputes that may disrupt its operations and its relationships with its customers and its ability to rationalize operations and reduce labor costs in certain markets may be limited in practice or encounter implementation difficulties.

A majority of the employees of ArcelorMittal and of its contractors are represented by labor unions and are covered by collective bargaining or similar agreements, which are subject to periodic renegotiation. Strikes or work stoppages could occur prior to, or during, negotiations preceding new collective bargaining agreements, during wage and benefits negotiations or during other periods for other reasons, in particular in connection with any announced intentions to adapt the footprint. ArcelorMittal may experience strikes and work stoppages at various facilities. Prolonged strikes or work stoppages, which may increase in their severity and frequency, may have an adverse effect on the operations and financial results of ArcelorMittal. The risk of strikes and work stoppages is particularly acute during collective bargaining agreement negotiations. For example, in March 2019, industrial action was initiated in South Africa by NUMSA, the largest union operating at ArcelorMittal South Africa. They demanded the insourcing and/or the equalization of the remuneration and benefits of the employees of a service provider to ArcelorMittal South Africa, which led to a two-month strike from March to May 2019.

Faced with temporary or structural overcapacity in various markets, particularly developed ones, ArcelorMittal has in the past sought and may in the future seek to rationalize operations through temporary or permanent idling and/or closure of plants. For example, on May 6, 2019 and May 29, 2019, ArcelorMittal announced a series of temporary production cuts in steelmaking operations in Europe, totaling 4.2 million tonnes in annualized production for 2019. These initiatives have in the past and may in the future lead to protracted labor disputes and political controversy. In a depressed economic environment in South Africa, ArcelorMittal South Africa initiated a Business Transformation project in 2018 and a strategic workforce planning process that started in January 2019 and led to the announcement of a workforce reorganization and reduction in July 2019. As a result, ArcelorMittal South Africa engaged in consultations with employee representatives which concluded in November 2019. In addition, ArcelorMittal South Africa announced in November 2019 its intention to cease operations at Saldanha which led to a consultation process with employee representatives that concluded on January 7, 2020.

Disruptions to ArcelorMittal's manufacturing processes caused for example by equipment failures, natural disasters or extreme weather events could adversely affect its operations, customer service levels and financial results.

Steel manufacturing processes are dependent on critical steel-making equipment, such as furnaces, continuous casters, rolling mills and electrical equipment (such as transformers), and such equipment may incur downtime as a result of unanticipated failures or other events, such as fires, explosions, furnace breakdowns or as a result of natural disasters or severe weather conditions. ArcelorMittal's manufacturing plants have experienced, and may in the future experience, plant shutdowns or periods of reduced production as a result of such equipment failures or other events, one example being the collapse of the

oxygen and nitrogen pipelines in November 2018 at ArcelorMittal Temirtau or the fire in a conveyor belt of the coke plant in ArcelorMittal Asturias in Aviles in October 2018. An electrical failure in the third quarter of 2019 resulted in a temporary stoppage of the concentrator at AMMC, impacting iron ore production. To the extent that lost production as a result of such a disruption cannot be compensated for by unaffected facilities, such disruptions could have an adverse effect on ArcelorMittal's operations, customer service levels and results of operations.

In addition, natural disasters and severe weather conditions could lead to significant damage at ArcelorMittal's production facilities and general infrastructure. For example, ArcelorMittal Mexico's production facilities located in Lázaro Cárdenas, Michoacán, Mexico are located in or close to areas prone to earthquakes. The Lázaro Cárdenas area has, in addition, been subject to a number of tsunamis in the past. The site of the joint venture AM/NS Calvert ("Calvert") in the United States is located in an area subject to tornados and hurricanes. ArcelorMittal also has assets in locations subject to bush fires, specifically in Kazakhstan and South Africa, and to Arctic freeze. More generally, changing weather patterns and climatic conditions in recent years, possibly due to the phenomenon of global warming, have added to the unpredictability and frequency of natural disasters.

For example, on July 10, 2019 an extreme storm disabled a crane that unloads from ships iron ore used in the blast furnaces at the Taranto plant in Italy, causing a fatality and subsequently affecting a portion of its raw material supply. Severe weather conditions can also affect ArcelorMittal's operations in particular due to the long supply chain for certain of its operations and the location of certain operations in areas subject to harsh winter conditions (i.e., the Great Lakes Region, Canada and Kazakhstan) or areas that are susceptible to droughts (i.e., South Africa, Brazil). Flooding has also affected ArcelorMittal's operations, including at ArcelorMittal Asturias in Aviles, Spain in June 2018 and in Liberia in the third quarter of 2018, when heavy rains during the wet season caused handling and logistic constraints that impacted shipment volumes. Damage to ArcelorMittal production facilities due to natural disasters and severe weather conditions could, to the extent that lost production cannot be compensated for by unaffected facilities, adversely affect its business, results of operations or financial condition.

ArcelorMittal's insurance policies provide limited coverage, potentially leaving it uninsured against some business risks.

The occurrence of an event that is uninsurable or not fully insured could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects. ArcelorMittal maintains insurance on property and equipment in amounts believed to be consistent with industry practices, but it is not fully insured against all such risks. ArcelorMittal's insurance policies cover physical loss or damage to its property and equipment on a reinstatement basis as arising from a number of specified risks and certain consequential losses, including business interruption arising from the occurrence of an insured event under the policies. Under ArcelorMittal's property and equipment policies, damages and losses caused by certain natural disasters, such as earthquakes, floods and windstorms, are also covered.

ArcelorMittal also purchases worldwide third-party public and product liability insurance coverage for all of its subsidiaries. Various other types of insurance are also maintained, such as comprehensive construction and contractor insurance for its greenfield and major capital expenditures projects, directors and officers liability, transport, and charterers' liability, as well as other customary policies such as car insurance, travel assistance and medical insurance.

In addition, ArcelorMittal maintains trade credit insurance on receivables from selected customers, subject to limits that it believes are consistent with those in the industry, in order to protect it against the risk of non-payment due to customers' insolvency or other causes. Not all of ArcelorMittal's customers are or can be insured, and even when insurance is available, it may not fully cover the exposure.

Notwithstanding the insurance coverage that ArcelorMittal and its subsidiaries carry, the occurrence of an event that causes losses in excess of limits specified under the relevant policy, or losses arising from events not covered by insurance policies, could materially harm ArcelorMittal's financial condition and future operating results.

ArcelorMittal's reputation and business could be materially harmed as a result of data breaches, data theft, unauthorized access or successful hacking.

ArcelorMittal's operations depend on the secure and reliable performance of its information technology systems. An increasing number of companies, including ArcelorMittal, have recently experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. ArcelorMittal's corporate website was the target of a hacking attack in January 2012, which brought the website down for several days, and phishing, ransomware and virus attacks have been increasing in more recent years through 2019,

with WannaCry impacting the Company in March 2018. Implementation of digitalization, Industry 4.0 and Cloud computing result in new risks with increasing threats to ArcelorMittal's operations and systems.

Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures.

If unauthorized parties attempt or manage to bring down the Company's website or force access into its information technology systems, they may be able to misappropriate confidential information, cause interruptions in the Company's operations, damage its computers or process control systems or otherwise damage its reputation and business. In such circumstances, the Company could be held liable or be subject to regulatory or other actions for breaching confidentiality and personal data protection rules. Any compromise of the security of the Company's information technology systems could result in a loss of confidence in the Company's security measures and subject it to litigation, civil or criminal penalties, and adverse publicity that could adversely affect its reputation, financial condition and results of operations.

Risks related to ArcelorMittal's Mining activities

ArcelorMittal's mining operations are subject to risks associated with mining activities.

ArcelorMittal's mining operations are subject to the hazards and risks usually associated with the exploration, development and production of natural resources, any of which could result in production shortfalls or damage to persons or property. In particular, the hazards associated with open-pit mining operations include, among others:

- flooding of the open pit;
- collapse of the open-pit wall;
- accidents associated with the operation of large open-pit mining and rock transportation equipment;
- accidents associated with the preparation and ignition of large-scale open-pit blasting operations;
- production disruptions or difficulties associated with mining in extreme weather conditions;
- hazards associated with the disposal of mineralized waste water, such as groundwater and waterway contamination; and
- collapse of tailings ponds dams or dams.

Hazards associated with underground mining operations, of which ArcelorMittal has several, include, among others:

- underground fires and explosions, including those caused by flammable gas;
- gas and coal outbursts;
- cave-ins or falls of ground;
- discharges of gases and toxic chemicals;
- flooding;
- sinkhole formation and ground subsidence; and
- blasting, removing, and processing material from an underground mine.

ArcelorMittal is exposed to all of these hazards. The occurrence of any of the events listed above could delay production, increase production costs and result in death or injury to persons, damage to property and liability for ArcelorMittal, some or all of which may not be covered by insurance, as well as substantially harm ArcelorMittal's reputation, both as a company focused on ensuring the health and safety of its employees and more generally.

ArcelorMittal's reserve estimates may materially differ from mineral quantities that it may be able to actually recover; ArcelorMittal's estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain ore reserves uneconomical to mine.

ArcelorMittal's reported reserves are estimated quantities of the ore and metallurgical coal that it has determined can be economically mined and processed under present and anticipated conditions to extract their mineral content. There are numerous uncertainties inherent in estimating quantities of reserves and in projecting potential future rates of mineral production, including factors beyond ArcelorMittal's control. The process of estimating reserves involves estimating deposits of minerals that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment. As a result, no assurance can be given that the estimated amounts of ore or coal will be recovered or that it will be recovered at the anticipated rates. Estimates may vary, and results of mining and production subsequent to the date of an estimate may lead to revisions of estimates. Reserve estimates and estimates of mine life may require revisions based on actual market conditions, production experience and other factors. Fluctuations in the market prices of minerals and metals, reduced recovery rates or increased operating and capital costs due to inflation, exchange rates, mining duties, changes in regulatory requirements or other factors may render proven and probable reserves uneconomic to exploit and may ultimately result in a revision of reserves. In particular, a prolonged period of low prices or other indicators could lead to a review of the Group's reserves. Such review would reflect the Company's view based on estimates, assumptions and judgments and could result in a reduction in the Group's reported reserves. The Group's reserve estimates do not exceed the quantities that the Company estimates could be extracted economically if future prices were at similar levels to the average contracted price for the previous three years. As a result, if the average contracted prices decline in the subsequent period, including sharply (given the historical volatility and wide swings in iron ore prices), the Company's estimates of its reserves at year-end may decline.

In addition, substantial time and expenditures are required to:

- establish mineral reserves through drilling;
- determine appropriate mining and metallurgical processes for optimizing the recovery of saleable product from iron ore and coal reserves;
- obtain environmental and other licenses or securing surface rights with local communities;
- construct mining and processing facilities and the infrastructure required for greenfield properties;
- extract the saleable products from the mined iron ore or coal; and
- maintain the appropriate blend of ore to ensure the final product qualities expected by the customer are achieved.

If a project proves not to be economically feasible by the time ArcelorMittal is able to exploit it, ArcelorMittal may incur substantial losses and be obliged to recognize impairments. In addition, potential changes or complications involving metallurgical and other technological processes that arise during the life of a project may result in delays and cost overruns that may render the project not economically feasible.

ArcelorMittal faces rising extraction costs over time as reserves deplete.

Reserves are gradually depleted in the ordinary course of a given mining operation. As mining progresses, distances to the primary crusher and to waste deposits become longer, pits become steeper and underground operations become deeper. As a result, ArcelorMittal usually experiences rising unit extraction costs over time with respect to each of its mines.

Risks related to ArcelorMittal's planned acquisitions and investments

ArcelorMittal has grown through acquisitions and may continue to do so. Failure to manage external growth and difficulties completing planned acquisitions or integrating acquired companies could harm ArcelorMittal's future results of operations, financial condition and prospects.

The Company was formed and subsequently grew through mergers and acquisitions. After curtailing its large-scale M&A activity for several years following the 2008 financial crisis, it has made several large acquisitions in recent years, including its acquisition (via a joint venture) of Calvert in 2014, its acquisitions of Votorantim S.A.'s long steel business (renamed

ArcelorMittal Sul Fluminense "AMSF") and Ilva renamed ArcelorMittal Italia (via a long-term lease) in 2018 and Essar Steel India Limited ("ESIL") renamed AMNS India Limited ("AMNS India") via a joint venture in 2019.

To the extent ArcelorMittal continues to pursue significant acquisitions, financing of such acquisitions may (depending on the structure) result in increased debt, leverage and gearing. Acquisitions also entail increased operating costs, as well as greater allocation of management resources away from daily operations. Managing acquisitions requires the continued development of ArcelorMittal's financial and management information control systems, the integration of acquired assets with existing operations, the adoption of manufacturing best practices, handling any labor disruptions that may arise, attracting and retaining qualified management and personnel (particularly to work at more remote sites where there is a shortage of skilled personnel) as well as the continued training and supervision of such personnel, and the ability to manage the risks and liabilities associated with the acquired businesses. Failure to manage acquisitions could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects.

ArcelorMittal may fail to implement its strategy with respect to ArcelorMittal Italia or encounter difficulties and incur further losses in connection with its integration.

The Company has encountered and may continue to encounter difficulties in integrating ArcelorMittal Italia or in implementing its strategy with respect to ArcelorMittal Italia. In particular, pursuant to the initial agreement for the lease and subsequent conditional purchase of the business and subject to the ongoing negotiations discussed below, ArcelorMittal is implementing a major improvements project involving substantial capital expenditures designed to bring ArcelorMittal Italia up to and beyond EU environmental standards, to improve the operational performance of its assets, to rebuild client confidence and to integrate personnel and apply the Company's best practices and expertise. There is no guarantee that the Company will be successful in implementing its strategy or in realizing the expected benefits of this project in full or at all. Delays and cost overruns in the execution of the project are possible for various reasons, including the unexpected legal, regulatory and operational developments encountered in 2019. Any such delays are particularly costly as ArcelorMittal Italia has been and remains loss-making since its consolidation in ArcelorMittal's results in November 2018, particularly in light of the recent and current market environment.

On November 4, 2019, AM InvestCo Italy S.p.A ("AM InvestCo") sent to the Commissioners governing the insolvency procedures of the former business units of ArcelorMittal Italia (the "Commissioners") a notice to withdraw from or terminate the agreement. AM InvestCo's decision to withdraw from or terminate the agreement was based, among others, on provisions of the agreement that allow withdrawal in the event that a new law affects AM InvestCo's environmental plan for the Taranto plant in such a way that materially impairs the ability of AM InvestCo to operate the plant or implement its industrial plan; these provisions were triggered following the Italian Parliament's removal, on November 3, 2019, of the legal protection necessary for AM InvestCo to implement its environmental plan without risk of criminal liability. In response, the Commissioners filed suit in Milan seeking an injunction to prevent AM InvestCo's withdrawal and termination of the agreement. The parties have subsequently agreed to postpone the hearing pending ongoing negotiations and, in the meantime, ArcelorMittal has continued the operations at ArcelorMittal Italia. No assurance can be given as to the outcome of these negotiations or when an agreement will be reached, if at all. Failure to reach an agreement would likely lead to the continuation of the currently stayed litigation proceedings (and, potentially, a criminal investigation that had been launched) and could result in ArcelorMittal's continued exposure to or obligations in respect of ArcelorMittal Italia which has been loss-making since its consolidation by ArcelorMittal and the payment of substantial damages by AM InvestCo or criminal charges against AM InvestCo and its officers and directors. See "Item 4.A—Information on the Company—History and development of the Company—Key transactions and events in 2019" and note 9.3 to the consolidated financial statements for additional information.

ArcelorMittal faces risks associated with its acquisition, via a joint venture, of AMNS India.

As discussed in "Item 4.A—Information on the Company—History and development of the Company—Key transactions and events in 2019", ArcelorMittal acquired, via a Luxembourg based joint venture with Nippon Steel Corporation ("NSC"), AMNS India on December 16, 2019 in a bankruptcy resolution process. The joint venture's proposal, set out in a resolution plan (the "Resolution Plan") that detailed among other things the amount to be paid to existing creditors and towards capital infusion (totaling \$7.1 billion and including \$417 million of guaranteed working capital adjustment) and the improvements and related capital expenditures (totaling \$2.6 billion) to be made over the medium-term, was approved by the Indian Supreme Court on November 15, 2019. In connection with the execution of the Resolution Plan, the Company provided a \$0.6 billion performance guarantee which terminated on December 31, 2019.

The implementation of the Resolution Plan subjects ArcelorMittal to various risks. On the operational front, the industrial project to turnaround AMNS India and further improve operational profitability is large-scale and ambitious. While ArcelorMittal has substantial experience in turnaround situations, the scale of this one is particularly large and it is the Company's inaugural large-scale acquisition in India, an emerging market. In addition, AMNS India's assets do not include certain assets that are ancillary to the steel plant, such as the slurry pipeline, power plants and port facilities and certain mines. The joint venture partners are assessing various options to secure the availability of such assets, including additional acquisitions that would likely be financed in a manner similar to that of the AMNS India acquisition and subject the Company to similar risks. Capital expenditure in excess of budgeted amounts, delays and difficulties in achieving commercial objectives therefore cannot be ruled out. The risks in this respect are compounded to an extent by the fact that AMNS India is emerging from bankruptcy (meaning, among other things, that maintenance capital expenditures were deferred) and is owned and operated by a joint venture with attendant risks around strategic alignment, potential discord and deadlock. On the financial front ArcelorMittal is exposed to the extent of its guarantee of any amounts drawn by the joint venture under the bridge financing pending the implementation of long-term financing and up to its pro rata share of the joint venture's debt when the final funding will be in place. ArcelorMittal and NSC financed the joint venture for the acquisition of AMNS India through an initial combination of partnership equity of \$2,253 million and debt of \$3,679 million, including \$2,204 million drawn (and guaranteed by ArcelorMittal) under a \$7 billion term facility agreement (or "bridge financing") by AMNS Luxembourg Holding S.A. ("AMNS Luxembourg"), the parent company of the joint venture, which was outstanding on December 31, 2019 (see note 6.1.2 to the consolidated financial statements) and \$1,475 million shareholder loan from NSC. On February 10, 2020, in order to complete the \$840 million follow-on equity funding of AMNS India, NSC provided a \$325 million shareholder loan and an additional \$475 million was drawn under the bridge financing by AMNS Luxembourg (and guaranteed by the Company). The outstanding amount under the bridge financing as of such date was \$3,046 million.

ArcelorMittal's greenfield, brownfield and other investment projects are subject to financing, execution and completion risks.

The Company has announced a number of greenfield or brownfield development projects, in addition to ArcelorMittal Italia and AMNS India, as well as other significant investment projects which are capital intensive. See "Item 4.D—Information on the Company—Property, plant and equipment—Capital expenditure projects—Updates on previously announced investment projects" for further information on projects the Company has announced. To the extent these projects go forward, they would entail substantial capital expenditures, and their timely completion and successful operation may be affected by factors beyond the control of ArcelorMittal. These factors include receiving financing on reasonable terms, obtaining or renewing required regulatory approvals and licenses, securing and maintaining adequate property rights to land and mineral resources, local opposition to land acquisition or project development, managing relationships with or obtaining consents from other shareholders, revision of economic viability projections, demand for the Company's products, local environmental or health-related conditions, and general economic conditions. Any of these factors may cause the Company to delay, modify or forego some or all aspects of its development projects. For investment projects that the Company expects to fund primarily through internal sources, these sources may prove insufficient depending on the amount of internally generated cash flows and other uses of cash, and the Company may need to choose between incurring external financing or foregoing the investment. The Company cannot guarantee that it will be able to execute its greenfield, brownfield or other investment projects, and to the extent that they proceed, that it will be able to complete them on schedule, within budget, or achieve an adequate return on its investment. Conversely, should the Company decide to postpone or cancel development projects, it could incur various negative consequences such as litigation or impairment charges.

ArcelorMittal faces risks associated with its investments in joint ventures and associates.

ArcelorMittal has investments in various joint ventures and associates. See note 2.4 to ArcelorMittal's consolidated financial statements. Joint ventures and associates may be controlled and managed by joint venture or controlling partners that may not fully comply with ArcelorMittal's standards, controls and procedures, including ArcelorMittal's health, safety, environment and community standards, which could lead to higher costs, reduced production or environmental, health and safety incidents or accidents, which could adversely affect ArcelorMittal's results and reputation. Joint ventures are also subject to the risk of dead-lock and/or coordination issues affecting the implementation of strategy.

In addition, certain of these joint ventures and associates are currently experiencing, or may in the future experience, difficult operating conditions and/or incur losses. Difficult operating conditions in joint ventures and associates in which ArcelorMittal has invested may expose it to loss of its investment, requirements for additional investments or calls on guarantees. For example, ArcelorMittal's joint venture Al Jubail's financial situation has been negatively impacted by a slower than expected ramp-up of operations and required further funding in 2018 and 2019 and may require additional funding in the

future. ArcelorMittal has provided shareholder loans to assist with funding and additional equity funding from the other partners was completed in the fourth quarter of 2019. ArcelorMittal's loans and receivables to the joint venture were \$131 million at December 31, 2019. The Company has also guaranteed \$346 million of Al Jubail's external debt (including shareholder loan). Due to the failure of other shareholders to provide requisite equity funding by December 31, 2018, the joint venture's indebtedness became technically in default as of such date. ArcelorMittal's guarantee of such indebtedness has not been called by the lenders, and ArcelorMittal does not currently expect it to be called. As of December 31, 2019, the technical default remains pending completion of formalities even though the joint venture completed the conditions necessary to clear the default, including the capital increase, prior to year end. The technical default relates only to the indebtedness of the joint venture and is not expected to affect the availability or maturity of any borrowings of ArcelorMittal. As of December 31, 2019, ArcelorMittal had given \$3.8 billion in guarantees on behalf of associates and joint ventures including \$2.6 billion issued on behalf of AMNS India (\$3.1 billion in February 2020 following the completion of the follow-on funding), \$288 million issued on behalf of Calvert and the above mentioned Al Jubail guarantee. See notes 2.4.1, 2.4.2 and 9.4 to ArcelorMittal's consolidated financial statements.

ArcelorMittal's investments in joint ventures and associates may also result in impairments. For example, in May 2018, the Company announced the sale of its 50% shareholding in its joint venture investment in Macsteel Holdings Luxembourg S.à r.l and recorded an impairment of \$132 million to adjust the carrying amount of the investment to the expected sale proceeds. As of December 31, 2019, ArcelorMittal's investments accounted for under the equity method had a book value of \$6.5 billion, including AMNS India (\$1.5 billion), DHS Group (\$965 million), China Oriental (\$999 million), Gonvarri (\$547 million), Calvert (\$575 million) and Baffinland (\$348 million).

Risks related to ArcelorMittal's financial position and organizational structure

Changes in assumptions underlying the carrying value of certain assets, including as a result of adverse market conditions, could result in the impairment of such assets, including intangible assets such as goodwill.

At each reporting date, in accordance with the Company's accounting policy described in note 5.3 to ArcelorMittal's consolidated financial statements, ArcelorMittal reviews the carrying amounts of its tangible and intangible assets (goodwill is reviewed annually or whenever changes in circumstances indicate that the carrying amount may not be recoverable) to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset (or cash generating unit) is reviewed in order to determine the amount of the impairment, if any.

If certain of management's estimates change during a given period, such as the discount rate, capital expenditures, expected changes to average selling prices, growth rates, shipments and direct costs, the estimate of the recoverable amount of goodwill or the asset could fall significantly and result in impairment. While impairment does not affect reported cash flows, the decrease of the estimated recoverable amount and the related non-cash charge in the consolidated statements of operations could have a material adverse effect on ArcelorMittal's results of operations. For example, in 2017, the Company recorded impairment charges as a result of the annual impairment test of \$160 million related to tangible assets in the ACIS segment. In 2019, the Company recognized \$1.3 billion of impairments on the fixed assets of ArcelorMittal USA (\$600 million in the first half and \$700 million in the second half) and a \$75 million in impairment at ArcelorMittal South Africa following downward revisions of cash flow projections. The Company also recognizes impairment in connection with intended sales, when the carrying amount of the disposal group is higher than the fair value less cost to sell. In this context, the Company recognized a total impairment charge of \$994 million (including \$888 million in connection with the intended sale of the ArcelorMittal Italia remedies and \$86 million in relation to the sale of the Votorantim remedies) in 2018 and additional impairment of \$497 million in 2019 related to the remedy asset sales for the ArcelorMittal Italia acquisition. Following these impairment charges, substantial amounts of goodwill, tangible and intangible assets remain recorded on the Company's balance sheet. As of December 31, 2019, the Company's balance sheet included \$5.1 billion of goodwill. As of the same date, the Company's balance sheet also included \$6.0 billion and \$3.8 billion of tangible assets and \$2.2 billion and \$1.0 billion of goodwill for NAFTA and ACIS, respectively. No assurance can be given as to the absence of significant further impairment losses in future periods, particularly if market conditions deteriorate. In particular, changes in the key assumptions (sales volumes, prices and discount rates) utilized in the impairment test would cause an additional impairment loss to be recognized in respect of the NAFTA and ACIS segments.

ArcelorMittal has a substantial amount of indebtedness, which could make it more difficult or expensive to refinance its maturing debt, incur new debt and/or flexibly manage its business and the market's perception of ArcelorMittal's leverage may affect its share price.

As of December 31, 2019, ArcelorMittal had total debt outstanding of \$14.3 billion, including \$2.9 billion of short-term indebtedness (including payables to banks and the current portion of long-term debt) and \$11.5 billion of long-term indebtedness. As of December 31, 2019, ArcelorMittal had \$5.0 billion of cash and cash equivalents, including restricted cash of \$0.1 billion, and \$5.5 billion available to be drawn under existing credit facilities. The Company also relies on its true sale of receivables programs (\$4.4 billion of trade receivables sold and outstanding at December 31, 2019), as a way to manage its working capital cycle.

An increase in ArcelorMittal's level of debt outstanding could have adverse consequences, including impairing its ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes, and limiting its flexibility to adjust to changing market conditions or withstand competitive pressures, resulting in greater vulnerability to a downturn in general economic conditions. Substantial increases in the Company's gearing could affect its ability to, and the conditions under which it might, access financial markets to refinance maturing debt on acceptable terms. ArcelorMittal's access to financial markets for refinancing also depends on the conditions in the global capital and credit markets, which are volatile.

Moreover, ArcelorMittal could, in order to increase its financial flexibility and strengthen its balance sheet, implement capital raising measures such as equity offerings (as was done in May 2009, January 2013 and April 2016), which could (depending on how they are structured) dilute the interests of existing shareholders or require them to invest further funds to avoid such dilution. In addition, ArcelorMittal has undertaken and may undertake further asset disposals in order to reduce debt. For example, ArcelorMittal announced in August 2019 that it has identified opportunities to unlock up to \$2 billion in value from its asset portfolio over the next two years. These asset disposals are subject to execution risk and may fail to materialize, and the proceeds received from such disposals may not reflect values that management believes are achievable and/or cause substantial accounting losses (particularly if the disposals are done in difficult market conditions). In addition, to the extent that the asset disposals include the sale of all or part of core assets (including through an increase in the share of non-controlling interests), this could reduce ArcelorMittal's consolidated cash flows and/or the economic interest of ArcelorMittal shareholders in such assets, which may be cash-generative and profitable ones.

In addition, credit rating agencies could downgrade ArcelorMittal's ratings either due to factors specific to ArcelorMittal, a prolonged cyclical downturn in the steel industry and mining industries, macroeconomic trends (such as global or regional recessions) or trends in credit and capital markets more generally, and any future downgrades could lead to an increase in its cost of borrowing. The margin under ArcelorMittal's principal credit facilities and certain of its outstanding bonds is subject to adjustment in the event of a change in its long-term credit ratings, and downgrades that occurred in 2012 and 2015 resulted in increased interest expense. In October 2019, S&P Global Ratings changed the outlook of ArcelorMittal's long-term issuer credit rating from stable to negative while affirming its rating of BBB-; S&P cited as the basis for its change deteriorating conditions in the European steel market and the effects of recent and proposed acquisitions as weighing heavily on ArcelorMittal's profitability and credit metrics in 2019, and noted that a downgrade could be triggered by further deteriorated credit metrics resulting, among other things, from prolonged very weak steel market conditions and inability to deleverage. In November 2019, Moody's Investors Service and Fitch Ratings also changed the outlook of ArcelorMittal's long-term issuer credit rating from stable to negative while Moody's affirmed its rating of Baa3 and Fitch affirmed its rating of BBB; Moody's cited the Group's sharp earnings decline this year in the context of sluggish end-market demand and deteriorating steel spreads, and noted that a downgrade could be triggered by further deteriorated credit metrics resulting, among other things, from longer than anticipated market weakness leaving the group's-initiated self-help measures insufficient to restore credit metrics. Fitch cited worsening steel market conditions amid decreasing industrial production, weak automotive demand, trade tensions and pressures from elevated raw material costs and lower steel prices leading to a squeeze of ArcelorMittal's margins as the basis for its change, and noted that a downgrade could be triggered by further deteriorated credit metrics resulting, among other things, from the Group's failure to carry out planned debt reduction measures due to large debt-funded mergers and acquisitions activity, aggressive capital expenditures or increased shareholder distributions.

ArcelorMittal's principal credit facilities contain restrictive covenants. These covenants limit, inter alia, encumbrances on the assets of ArcelorMittal and its subsidiaries, the ability of ArcelorMittal's subsidiaries to incur debt and the ability of ArcelorMittal and its subsidiaries to dispose of assets in certain circumstances. ArcelorMittal's principal credit facilities also include the following financial covenant: ArcelorMittal must ensure that the "Leverage Ratio", being the ratio of "Consolidated Total Net Borrowings" (consolidated total borrowings less consolidated cash and cash equivalents) to "Consolidated

EBITDA" (the consolidated net pre-taxation profits of the ArcelorMittal group for a Measurement Period, subject to certain adjustments as defined in the facilities), at the end of each "Measurement Period" (each period of 12 months ending on the last day of a financial half-year or a financial year of ArcelorMittal), is not greater than a ratio of 4.25 to one. As of December 31, 2019, the Company was in compliance with the Leverage Ratio.

These restrictive and financial covenants could limit ArcelorMittal's operating and financial flexibility. Failure to comply with any covenant would enable the lenders to accelerate ArcelorMittal's repayment obligations. Moreover, ArcelorMittal's debt facilities have provisions whereby certain events relating to other borrowers within the ArcelorMittal group could, under certain circumstances, lead to acceleration of debt repayment under the credit facilities. Any invocation of these cross-acceleration clauses could cause some or all of the other debt to accelerate, creating liquidity pressures. In addition, the mere market perception of a potential breach of any financial covenant could have a negative impact on ArcelorMittal's ability to refinance its indebtedness on acceptable conditions.

Furthermore, some of ArcelorMittal's debt is subject to floating rates of interest and thereby exposes ArcelorMittal to interest rate risk (i.e., if interest rates rise, ArcelorMittal's debt service obligations on its floating rate indebtedness would increase). Depending on market conditions, ArcelorMittal from time to time uses interest-rate swaps or other financial instruments to hedge a portion of its interest rate exposure either from fixed to floating or from floating to fixed. ArcelorMittal had exposure to 88% of its long-term debt at fixed interest rates and 12% at floating rates as of December 31, 2019.

In addition to the foregoing specific risks relating to ArcelorMittal's indebtedness, its share price is affected by the markets' perception of its leverage. Announcements relating to growth or expansion initiatives, depending in part on their financing structure, could affect this perception and hence weigh on ArcelorMittal's share price.

For further information on ArcelorMittal's indebtedness see "Item 5.B—Operating and financial review and prospects—Liquidity and capital resources" and note 6.1.2 to the consolidated financial statements.

ArcelorMittal's ability to fully utilize its recognized deferred tax assets depends on its profitability and future cash flows.

At December 31, 2019, ArcelorMittal had \$8.7 billion recorded as deferred tax assets on its consolidated statement of financial position, of which \$0.6 billion was recorded in 2019 and \$1.4 billion was recorded in 2018 primarily due to the expectation of higher future profits mainly in Luxembourg, including the impact of the share capital conversion in 2018. Following the approval of the extraordinary general meeting held on May 16, 2018 to change the share capital of ArcelorMittal S.A. from euro to U.S. dollar, the parent company files consolidated tax returns in U.S. dollars for the main Luxembourg tax integration going forward, and the related euro denominated tax losses and deferred tax asset were translated into U.S. dollars effective as of January 1, 2018. The deferred tax assets can be utilized only if, and only to the extent that, ArcelorMittal's operating subsidiaries generate adequate levels of taxable income in future periods to offset the tax loss carry forwards and reverse the temporary differences prior to expiration. At December 31, 2019, the amount of future income required to recover ArcelorMittal's deferred tax assets of \$8.7 billion was at least \$34 billion at certain operating subsidiaries.

ArcelorMittal's ability to generate taxable income is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. If ArcelorMittal generates lower taxable income than the amount it has assumed in determining its deferred tax assets, then the value of deferred tax assets will be reduced. In addition, assumptions regarding the future recoverability of deferred tax assets depend on management's estimates of future taxable income in accordance with the tax laws applicable to ArcelorMittal's subsidiaries in the countries in which they operate. If in the course of its assessments management determines that the carrying amount of any of its deferred tax assets may not be recoverable pursuant to such prevailing tax laws, the recoverable amount of such deferred tax assets may be impaired.

Underfunding of pension and other post-retirement benefit plans at some of ArcelorMittal's operating subsidiaries could require the Company to make substantial cash contributions to pension plans or to pay for employee healthcare, which may reduce the cash available for ArcelorMittal's business.

ArcelorMittal's principal operating subsidiaries in Brazil, Canada, Europe, South Africa and the United States provide defined benefit pension and other post-retirement benefit plans to their employees. Some of these plans are currently underfunded, see note 8.2 to ArcelorMittal's consolidated financial statements for the total value of plan assets and any deficit.

ArcelorMittal's funding obligations depend upon future asset performance, which is tied to equity and debt markets to a substantial extent, the level of interest rates used to discount future liabilities, actuarial assumptions and experience, benefit plan changes and government regulation. Because of the large number of variables that determine pension funding requirements, which are difficult to predict, as well as any legislative action, future cash funding requirements for ArcelorMittal's pension plans and other post-employment benefit plans could be significantly higher than current estimates. Increases in the general life expectancy assumption have contributed to increases in the defined benefit obligation. ArcelorMittal also makes contributions to a multi-employer pension plan in the U.S. (the Steelworkers Pension Trust) for which it is one of the largest employers. If the other contributors were to default on their obligations, ArcelorMittal would become liable for the plan. In these circumstances, funding requirements could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects.

ArcelorMittal's results of operations could be affected by fluctuations in foreign exchange rates, particularly the euro to U.S. dollar exchange rate, as well as by exchange controls imposed by governmental authorities in the countries where it operates.

ArcelorMittal operates and sells products globally and as a result, its business, financial condition, results of operations or prospects could be adversely affected by fluctuations in exchange rates. A substantial portion of ArcelorMittal's assets, liabilities, operating costs, sales and earnings are denominated in currencies other than the U.S. dollar (ArcelorMittal's reporting currency). Accordingly, its results of operations are subject to translation risk (i.e., the USD value of the revenues and profits generated in other currencies and its debt denominated in other currencies) and transaction risk (i.e., a mismatch between the currency of costs and revenues). Foreign exchange gains for the year ended December 31, 2019 were \$4.0 million, while foreign exchange losses for the year ended December 31, 2018 were \$235 million. The losses in 2018 were primarily related to the effect of the depreciation of the U.S. dollar against the euro on the Company's euro denominated debt in the first quarter of 2018. As of April 1, 2018, the Company's statement of operations no longer includes foreign exchange exposure on the euro denominated debt following the designation of the euro denominated debt as a hedge of certain euro denominated net investments in foreign operations. See note 6.3 to ArcelorMittal's consolidated financial statements.

Moreover, ArcelorMittal operates in several countries whose currencies are, or have in the past been, subject to limitations imposed by those countries' central banks, or which have experienced sudden and significant devaluations. In emerging countries where ArcelorMittal has operations and/or generates substantial revenue, such as Argentina, Brazil, Venezuela, Kazakhstan and Ukraine, the risk of significant currency devaluation is high. For example, the Argentinian peso substantially depreciated during the third quarter of 2018 versus the U.S. dollar. and the three-year cumulative inflation rate has exceeded 100% causing Argentina to be now considered as a hyperinflationary economy. The peso continued to depreciate significantly in 2019 and, in September 2019, the Argentine government enacted a series of currency controls which require central bank permission to exchange pesos for foreign currency and make transfers abroad in response to the economic situation.

Currency devaluations, the imposition of new exchange controls or other similar restrictions on currency convertibility, or the tightening of existing controls in the countries in which ArcelorMittal operates could adversely affect its business, financial condition, results of operations or prospects. See "Item 4.B—Information on the Company—Business overview—Government regulations—Key currency regulations and exchange controls" and "Item 5—Operating and Financial Review and Prospects—Impact of exchange rate movements".

The Significant Shareholder has the ability to exercise significant influence over the outcome of shareholder votes.

As of December 31, 2019, a trust (HSBC Trustee (C.I.) Limited, as trustee), of which Mr. Lakshmi N. Mittal, Mrs. Usha Mittal and their children are the beneficiaries (referred to as the "Significant Shareholder"), beneficially owned (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) shares amounting (when aggregated with ordinary shares of ArcelorMittal and options to acquire ordinary shares held directly by Mr. and Mrs. Mittal) to 382,277,751 shares, representing 37.41% of ArcelorMittal's outstanding shares. As a result, the Significant Shareholder has the ability to significantly influence the decisions adopted at the ArcelorMittal general meetings of shareholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, issuances of equity and the incurrence of indebtedness. The Significant Shareholder also has the ability to significantly influence a change of control of ArcelorMittal. For further information on the Company's major shareholders, see "Item 7.A—Major shareholders and related party transactions—Major shareholders".

The loss or diminution of the services of the Chairman of the Board of Directors and Chief Executive Officer of ArcelorMittal could have an adverse effect on its business and prospects.

The Chairman of the Board of Directors and Chief Executive Officer of ArcelorMittal, Mr. Lakshmi N. Mittal, has for over 30 years contributed significantly to shaping and implementing the business strategy of Mittal Steel and subsequently ArcelorMittal. His strategic vision was instrumental in the creation of the world's largest and most global steel group. The loss or any diminution of the services of the Chairman of the Board of Directors and Chief Executive Officer could have an adverse effect on ArcelorMittal's business and prospects. ArcelorMittal does not maintain key person life insurance on its Chairman of the Board of Directors and Chief Executive Officer.

ArcelorMittal is a holding company that depends on the earnings and cash flows of its operating subsidiaries, which may not be sufficient to meet future operational needs or for shareholder distributions, and loss-making subsidiaries may drain cash flow necessary for such needs or distributions.

As a holding company, ArcelorMittal is dependent on the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses, meet its debt service obligations, pay any cash dividends or distributions on its ordinary shares or conduct share buy-backs. Significant cash or cash equivalent balances may be held from time to time at the Company's international subsidiaries, including in particular those in France and the United States, where the Company maintains cash management systems under which most of its cash and cash equivalents are centralized, and in Brazil, Canada, Kazakhstan, South Africa and Ukraine. Some of these operating subsidiaries have debt outstanding or are subject to acquisition agreements that impose restrictions on such operating subsidiaries' ability to pay dividends, but such restrictions are not significant in the context of ArcelorMittal's overall liquidity. These subsidiaries may also experience operating difficulties that impact their cash flows. For example, ArcelorMittal South Africa has been experiencing significant difficulties in recent years. In order to decrease its significant outstanding debt, in January 2016, ArcelorMittal South Africa conducted a rights offering entirely underwritten by ArcelorMittal that resulted, via the repayment of an intragroup loan of R3.2 billion (R4.2 billion or \$0.3 billion outstanding as of December 31, 2019 following an increase in the fourth quarter of 2019) and an additional cash injection by ArcelorMittal of R0.5 billion, in ArcelorMittal's shareholding in ArcelorMittal South Africa increasing from 52% to 71%. For additional information on current ownership, see note 2.2.1 to the consolidated financial statements.

Repatriation of funds from operating subsidiaries may also be affected by tax and foreign exchange policies in place from time to time in the various countries where the Company operates, though none of these policies are currently significant in the context of ArcelorMittal's overall liquidity. Under the laws of Luxembourg, ArcelorMittal will be able to pay dividends or distributions through income from industrial franchise fees or to the extent that it is entitled to receive cash dividend distributions from its subsidiaries, recognize gains from the sale of its assets or record share premium from the issuance of shares.

If the earnings and cash flows of its operating subsidiaries are substantially reduced, ArcelorMittal may not be in a position to meet its operational needs or to make shareholder distributions in line with announced proposals.

Legal and regulatory risks

ArcelorMittal is subject to strict environmental, health and safety laws and regulations that could give rise to a significant increase in costs and liabilities.

ArcelorMittal is subject to a broad range of environmental, health and safety laws and regulations in each of the jurisdictions in which it operates. These laws and regulations impose increasingly stringent standards regarding general health and safety, air emissions, wastewater storage, treatment and discharges, the use, handling and transportation of hazardous, toxic or dangerous materials, waste disposal practices and the remediation of environmental contamination, and health and safety matters, among other things. The costs of complying with, and the imposition of liabilities pursuant to these laws and regulations can be significant, and compliance with new and more stringent obligations may require additional capital expenditures or modifications in operating practices. Failure to comply can result in civil and or criminal penalties being imposed, the suspension of permits, requirements to curtail or suspend operations and lawsuits by third parties.

Despite ArcelorMittal's efforts to comply with environmental, health and safety laws and regulations, and monitor and reduce accidents at its facilities, health, safety and environmental incidents or accidents do occur, some of which may result in costs and liabilities and negatively impact the Company's reputation or the operations of the affected facility. Such accidents could include explosions or gas leaks, fires or collapses in underground mining operations, vehicular accidents, and other

accidents involving mobile equipment, or exposure to radioactive or other potentially hazardous, toxic or dangerous materials, which could have significant adverse consequences for the Company's workers and facilities, as well as the environment. Such accidents could lead to production stoppages, loss of key personnel, the loss of key assets, or put at risk employees (and those of sub-contractors and suppliers) or persons living near affected sites.

ArcelorMittal also incurs costs and liabilities associated with the assessment and remediation of contaminated sites, and in its mining activities, those resulting from tailings and sludge disposal, effluent management, and rehabilitation of land disturbed during mining processes. In addition to the impact on current facilities and operations, environmental remediation obligations can give rise to substantial liabilities in respect of divested assets and past activities. This may also be the case for acquisitions when liabilities for past acts or omissions are not adequately reflected in the terms and price of the acquisition. ArcelorMittal could become subject to further remediation obligations in the future, as additional contamination is discovered or cleanup standards become more stringent.

ArcelorMittal could become subject to unidentified liabilities in the future, such as those relating to uncontrolled tailings breaches or other future events or to underestimated emissions of polluting substances. For example, the failure of a tailings ponds dam at ArcelorMittal's mines could cause significant damage, including death, injury and environmental harm. While the Company carries out assessments of its facilities, it cannot guarantee that failures or breaches of a tailings ponds dam will not occur in the future. In February 2019, the Company decided as a precautionary measure to implement its plan to evacuate the community situated downstream of its dormant Serra Azul tailing dam with a 5.8Mm³ tailings volume in Brazil. The decision was based on an updated site-based assessment following recent incidents in the Brazilian mining sector pending further testing and implementation of any necessary mitigation measures. In August 2019, ArcelorMittal Burns Harbor experienced a failure at the pump station for the blast furnace process water recycle system, which is believed to have contributed to the reported exceedances of Ammonia-N and cyanide at two outfalls and impacted aquatic wildlife near those outfalls. See "Item 4.B–Information on the Company–Business overview–Sustainable development–Management Theme #4: Environment –Responsible water use".

ArcelorMittal's operations may also be located in areas where individuals or communities could regard its activities as having a detrimental effect on their natural environment and conditions of life. Any actions taken by such individuals or communities in response to such concerns could compromise ArcelorMittal's profitability or, in extreme cases, the viability of an operation or the development of new activities in the relevant region or country.

For further information, see "Item 4.B–Information on the Company–Business overview–Government regulations–Health and safety laws and regulations" and "Item 4.B–Information on the Company–Business overview–Government regulations–Environmental laws and regulations" and note 9.3 to ArcelorMittal's consolidated financial statements.

Laws and regulations restricting emissions of greenhouse gases could force ArcelorMittal to incur increased capital and operating costs and could have a material adverse effect on ArcelorMittal's results of operations, financial condition and reputation.

Compliance with new and more stringent environmental obligations relating to greenhouse gas emissions may require additional capital expenditures or modifications in operating practices, as well as additional reporting obligations. The integrated steel process involves carbon and creates carbon dioxide ("CO₂"), which distinguishes integrated steel producers from mini-mills and many other industries where CO₂ generation is primarily linked to energy use. The EU has established greenhouse gas regulations and has revised its emission trading system for the period after 2020 in a manner that may require ArcelorMittal to incur additional costs to acquire emissions allowances. Delegated regulations in this regard are expected. Other jurisdictions have also started to enact similar regulations, including South Africa, where a CO₂ tax system was introduced in 2019 and in Kazakhstan, where the Emission Trading Scheme restarted operation on January 1, 2018 with new trading procedures and allocation methods supported by an online platform for monitoring, reporting and verifying emission sources and greenhouse gases (GHG).

In the United States, reporting of greenhouse gas emissions from certain large sources has been required since 2011. Although the current administration is seeking to delay further regulation of greenhouse gas emissions at the federal level, emissions trading regimes and other initiatives are continuing to be pursued in various states. Other regulations have been implemented in Argentina, Ukraine and Canada and additional measures may be enacted in the future in other jurisdictions, further increasing the complexity of compliance with environmental laws and regulations.

Following the international agreement reached by the United Nations Framework Convention on Climate Change in December 2015 with the aim to implement the necessary drivers to achieve drastic reductions of carbon emissions (the "Paris Agreement"), the environmental regulatory system has become more complex worldwide and the Company has taken steps to reduce its emission footprint, which in 2018 totaled approximately 203 million tonnes through various research and development initiatives. Whether in the form of a national or international cap-and-trade emissions permit system, a carbon tax or acquisition of emission rights at market prices, emissions controls, reporting requirements, or other regulatory initiatives, such environmental regulations could have a negative effect on ArcelorMittal's production levels, income and cash flows. These laws could also negatively affect the Company's suppliers and customers, which could translate into higher costs and lower sales. In particular, the EU Commission's decision to further reduce the allocation of CO₂ emission rights to companies could negatively impact the global steel industry, as the amount of such rights is currently at the edge of covering technically achievable operating conditions. CO₂ emissions regulations have already resulted in increased costs in Europe, and ArcelorMittal expects costs will continue to increase with the implementation of Phase IV of the European Union's Emission Trading Scheme ("ETS") starting in 2021.

Furthermore, many developing nations have not yet instituted significant greenhouse gas regulations, and the Paris Agreement specifically recognizes that greenhouse gas emissions will peak later in developing countries. As the Intended Nationally Determined Contributions ("INDC") for developing nations under the Paris Agreement may be less stringent than for developed nations in light of different national circumstances, ArcelorMittal may be at a competitive disadvantage relative to steelmakers having more or all of their production in developing countries. Depending on the extent of the difference between the requirements in developed regions (such as Europe) and developing regions (such as China or the CIS), this competitive disadvantage could be severe and render production in the developed region structurally unprofitable. High carbon costs in combination with weakening demand, rising imports, high energy costs and high iron ore prices was one of the factors underlying the Company's decision to implement production cuts in Europe in 2019. To address the resulting competitive disadvantage compared to imports, which is expected to increase in the future absent government intervention, the Company has lobbied the European Commission to introduce a carbon border adjustment to the safeguard measures on steel imports in order to ensure that imports into Europe face the same carbon costs as producers in Europe.

In addition, as regulators and investors increasingly focus on climate change issues, the Company is exposed to the risk of frameworks and regulations being adopted that are ill-adapted to its operations. For example, the most established framework for carbon pricing and emissions trading schemes is currently the European Union's ETS discussed above. As mentioned above, the Company has highlighted the importance that a carbon border adjustment be included in this system in order to avoid competitive distortions such as European steel becoming overpriced due to European carbon policy, prompting the market to outsource its steel from other regions where carbon is less expensive. With respect to investors, the European Commission has presented a package of measures to implement key actions with respect to its sustainable finance plan, including a proposed regulation to create a unified classification system ("taxonomy") on what can be considered an environmentally sustainable economic activity, as a step in the efforts to channel investments into sustainable activities. If the metrics adopted in the taxonomy are not appropriate for the Company or if investors begin to view investments in steel and mining as undesirable, it may become more difficult and/or more expensive for the Company to obtain financing. While the Company has taken significant steps and continues to adapt its operations in light of climate change and the need for sustainability, such steps may not be in line with future frameworks or regulations or market views of investment suitability.

For further information on environmental laws and regulations and how they affect the Company's operations, see "Item 4.B–Information on the Company–Business overview–Government regulations–Environmental laws and regulations" and note 9.3 to ArcelorMittal's consolidated financial statements.

The income tax liability of ArcelorMittal may substantially increase if the tax laws and regulations in countries in which it operates change or become subject to adverse interpretations or inconsistent enforcement.

Taxes payable by companies in many of the countries in which ArcelorMittal operates are substantial and include value-added tax, excise duties, profit taxes, payroll-related taxes, property taxes, mining taxes and other taxes. Tax laws and regulations in some of these countries may be subject to frequent change, varying interpretation and inconsistent enforcement. Ineffective tax collection systems and national or local government budget requirements may increase the likelihood of the imposition of arbitrary or onerous taxes and penalties, which could have a material adverse effect on ArcelorMittal's financial condition and results of operations. In addition to the usual tax burden imposed on taxpayers, these conditions create uncertainty as to the tax implications of various business decisions. This uncertainty could expose ArcelorMittal to significant fines and penalties and to enforcement measures despite its best efforts at compliance, and could result in a greater than expected tax burden. See note 10 to ArcelorMittal's consolidated financial statements.

In addition, many of the jurisdictions in which ArcelorMittal operates have adopted transfer pricing legislation. If tax authorities impose significant additional tax liabilities as a result of transfer pricing adjustments, it could have a material adverse effect on ArcelorMittal's financial condition and results of operations.

It is possible that tax authorities in the countries in which ArcelorMittal operates will introduce additional revenue raising measures. The introduction of any such provisions may affect the overall tax efficiency of ArcelorMittal and may result in significant additional taxes becoming payable. Any such additional tax exposure could have a material adverse effect on the Company's financial condition and results of operations.

ArcelorMittal may face a significant increase in its income taxes if tax rates increase or the tax laws or regulations in the jurisdictions in which it operates, or treaties between those jurisdictions, are modified in an adverse manner. This may adversely affect ArcelorMittal's cash flows, liquidity and ability to pay dividends.

ArcelorMittal is subject to economic policy, political, social and legal risks and uncertainties in the emerging markets in which it operates or proposes to operate, and these uncertainties may have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects.

ArcelorMittal operates, or proposes to operate, in a large number of emerging markets. In recent years, many of these countries have implemented measures aimed at improving the business environment and providing a stable platform for economic development. ArcelorMittal's business strategy has been developed partly on the assumption that this modernization, restructuring and upgrading of the business climate and physical infrastructure will continue, but this cannot be guaranteed. Any slowdown in the development of these economies could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects, as could insufficient investment by government agencies or the private sector in physical infrastructure. For example, the failure of a country to develop reliable electricity and natural gas supplies and networks, and any resulting shortages or rationing, could lead to disruptions in ArcelorMittal's production.

Moreover, some of the countries in which ArcelorMittal operates have been undergoing substantial political transformations from centrally-controlled command economies to market-oriented systems or from authoritarian regimes to democratically-elected governments and vice-versa. Political, economic and legal reforms necessary to complete such transformation may not progress sufficiently. On occasion, ethnic, religious, historical and other divisions have given rise to tensions and, in certain cases, wide-scale civil disturbances and military conflict. The political systems in these countries are vulnerable to their populations' dissatisfaction with their government, reforms or the lack thereof, social and ethnic unrest and changes in governmental policies, any of which could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects and its ability to continue to do business in these countries. For example, in Ukraine, political unrest and intermittent combats between the Ukrainian army and pro-Russian rebels in the Donbass region have occurred since Russia's purported annexation of Crimea in March 2014. In addition, certain of ArcelorMittal's operations are also located in areas where acute drug-related violence (including executions and kidnappings of non-gang civilians) occurs and the largest drug cartels operate, such as the states of Michoacan, Sinaloa and Sonora in Mexico.

Certain emerging markets where ArcelorMittal has operations have experienced or are experiencing particularly difficult operating conditions. Brazil, for example, is emerging from a period of severe recession and political uncertainty. South Africa entered a recession in the second quarter of 2018, and prior to this recession, the South African steel and mining industries have been subject to a challenging operating environment characterized by lower local demand, increased cheap imports and higher costs, resulting in losses in recent years for ArcelorMittal South Africa. Many emerging markets are also at risk of economic crises (be it external debt, currency, domestic corporate, household or public debt crises) usually brought on by an economic or political shock which can exacerbate existing domestic structural imbalances. Crises in Argentina and Turkey in 2018/19 were examples and had negative impacts on the Company's core markets in Brazil and the EU, respectively. Other countries at risk of further economic crises include, for example, South Africa (in relation to its public debt), Ukraine (in relation to its external debt) and to a lesser extent India (in relation to its public debt).

In addition, epidemics may affect ArcelorMittal's operations in certain regions. For example, ArcelorMittal operates in Liberia, which underwent an Ebola virus disease epidemic in 2014 and 2015. This affected ArcelorMittal's operations and projects in Liberia. There can be no assurance that other epidemics, including the recent outbreak of the coronavirus in China, will not adversely affect ArcelorMittal's ongoing operations, production targets and expansion plans, if any, in other markets in which it operates.

In addition, the legal systems in some of the countries in which ArcelorMittal operates remain less than fully developed, particularly with respect to the independence of the judiciary, property rights, the protection of foreign investment and bankruptcy proceedings, generally resulting in a lower level of legal certainty or security for foreign investment than in more developed countries. ArcelorMittal may encounter difficulties in enforcing court judgments or arbitral awards in some countries in which it operates because, among other reasons, those countries may not be parties to treaties that recognize the mutual enforcement of court judgments. Assets in certain countries where ArcelorMittal operates could also be at risk of expropriation or nationalization, and compensation for such assets may be below fair value. For example, the Venezuelan government has implemented a number of selective nationalizations of companies operating in the country to date. Although ArcelorMittal believes that the long-term growth potential in emerging markets is strong, and intends them to be the focus of the majority of its near-term growth capital expenditures, legal obstacles could have a material adverse effect on the implementation of ArcelorMittal's growth plans and its operations in such countries.

ArcelorMittal is subject to an extensive, complex and evolving regulatory framework which may expose it and its subsidiaries, joint ventures and associates to investigations by governmental authorities, litigation and fines, in relation, among other things, to antitrust and compliance matters. The resolution of such matters could negatively affect the Company's profitability and cash flows in a particular period or harm its reputation.

ArcelorMittal's business encompasses multiple jurisdictions and complex regulatory frameworks, including in relation to antitrust, and economic sanctions, anti-corruption and anti-money laundering matters. Laws and regulations in these areas are complex and constantly evolving and enforcement of them continues to increase. ArcelorMittal may as a result become subject to increasing limitations on its business activities and to the risk of fines or other sanctions for non-compliance. As a result of its position in the steel industry and its historical growth through acquisitions, ArcelorMittal could be subject to governmental investigations and lawsuits by private parties based on antitrust laws. These could require significant expenditures and result in liabilities or governmental orders that could have a material adverse effect on ArcelorMittal's business, operating results, financial condition and prospects. ArcelorMittal and certain of its subsidiaries are currently under investigation by governmental entities in several countries, and are named as defendants in a number of lawsuits relating to various antitrust matters. See note 9.3 to ArcelorMittal's consolidated financial statements. Antitrust proceedings, investigations and follow-on claims involving ArcelorMittal subsidiaries are also currently pending in various countries including Brazil and Germany. Because of the fact-intensive nature of the issues involved and the inherent uncertainty of such litigation and investigations, the nature of the resolutions of such proceedings are difficult to forecast but negative outcomes are possible. An adverse ruling in the proceedings described above or in other similar proceedings in the future could subject ArcelorMittal to substantial administrative penalties and/or civil damages.

ArcelorMittal's governance and compliance processes, which include the review of internal controls over financial reporting as well as a Code of Business Conduct and other rules and protocols for the conduct of business, may not prevent breaches of laws and regulations or internal policies relating to compliance matters at ArcelorMittal or its subsidiaries, as well as to instances of non-compliant behavior by its employees, contractors or other agents. This risk is also present at ArcelorMittal's joint ventures and associates where ArcelorMittal has a non-controlling stake and does not control governance practices or accounting and reporting procedures. Unfavorable outcomes in current and potential future litigation and investigations relating to anti-trust and compliance matters could reduce ArcelorMittal's liquidity and negatively affect its profitability, cash flows, results of operations and financial condition, as well as harm its reputation.

ArcelorMittal is currently and in the future may be subject to legal proceedings or product liability claims, the resolution of which could negatively affect the Company's profitability and cash flows in a particular period.

ArcelorMittal's profitability or cash flows in a particular period could be affected by adverse rulings in current and future legal proceedings against the Company. See note 9.3 to ArcelorMittal's consolidated financial statements.

In addition, ArcelorMittal sells products to major manufacturers engaged in manufacturing and selling a wide range of end products, including products used in certain safety-critical applications, such as, for example, pipes used in gas or oil pipelines and in automotive applications. ArcelorMittal also from time to time offers advice to these manufacturers. There could be significant consequential damages resulting from the use of or defects in such products. While ArcelorMittal has a limited amount of product liability insurance coverage, a major claim for damages related to ArcelorMittal products sold and, as the case may be, advice given in connection with such products, could leave ArcelorMittal uninsured against a portion or the entirety of such an award and materially harm its financial condition and future operating results.