

ArcelorMittal and Subsidiaries
Consolidated Statements of Operations
(millions of U.S. dollars, except share and per share data)

	Notes	Year Ended December 31,		
		2017	2016	2015
Sales	4.1 and 11.1	68,679	56,791	63,578
(including 7,503, 5,634, and 6,124 of sales to related parties for 2017, 2016 and 2015, respectively)				
Cost of sales	4.2 and 11.2	60,876	50,428	65,196
(including 1,033, 1,390 and 1,460 of purchases from related parties for 2017, 2016 and 2015, respectively)				
Gross margin		7,803	6,363	(1,618)
Selling, general and administrative expenses		2,369	2,202	2,543
Operating income (loss)		5,434	4,161	(4,161)
Income (loss) from investments in associates, joint ventures and other investments	2.6	448	615	(502)
Financing costs - net	6.2	(875)	(2,056)	(2,858)
Income (loss) before taxes		5,007	2,720	(7,521)
Income tax expense	9.1	432	986	902
Net income (loss) (including non-controlling interests)		4,575	1,734	(8,423)
Net income (loss) attributable to equity holders of the parent		4,568	1,779	(7,946)
Net income (loss) attributable to non-controlling interests		7	(45)	(477)
Net income (loss) (including non-controlling interests)		4,575	1,734	(8,423)

		Year Ended December 31,		
		2017	2016	2015
Earnings (loss) per common share (in U.S. dollars) ¹				
Basic		4.48	1.87	(10.29)
Diluted		4.46	1.86	(10.29)
Weighted average common shares outstanding (in millions)	10.3			
Basic		1,020	953	772
Diluted		1,024	955	772

1. Following the completion of the Company's share consolidation of each three existing shares into one share without nominal value on May 22, 2017, the earnings (loss) per common share and corresponding basic and diluted weighted average common shares outstanding for prior periods has been recast in accordance with IFRS. Please refer to note 10 for more information.

The accompanying notes are an integral part of these consolidated financial statements.

ArcelorMittal and Subsidiaries
Consolidated Statements of Other Comprehensive Income
(millions of U.S. dollars, except share and per share data)

	Year Ended December 31,		
	2017	2016	2015
Net income (loss) (including non-controlling interests)	4,575	1,734	(8,423)
Items that can be recycled to the consolidated statements of operations			
Available-for-sale investments:			
Gain (loss) arising during the period	497	333	(439)
Reclassification adjustments for (gain) loss included in the consolidated statements of operations	—	(74)	70
	497	259	(369)
Derivative financial instruments:			
Gain (loss) arising during the period	(340)	40	107
Reclassification adjustments for (gain) loss included in the consolidated statements of operations	28	(14)	(93)
	(312)	26	14
Exchange differences arising on translation of foreign operations:			
Gain (loss) arising during the period	2,025	(398)	(7,876)
Reclassification adjustments for (gain) loss included in the consolidated statements of operations	(21)	(13)	(11)
	2,004	(411)	(7,887)
Share of other comprehensive income (loss) related to associates and joint ventures			
Gain (loss) arising during the period	341	(79)	(666)
Reclassification adjustments for (gain) loss included in the consolidated statements of operations	217	86	4
	558	7	(662)
Income tax benefit (expense) related to components of other comprehensive income (loss) that can be recycled to the consolidated statements of operations	167	(26)	79
Items that cannot be recycled to the consolidated statements of operations			
Employee benefits - Recognized actuarial gains (losses)	1,098	9	24
Share of other comprehensive income (loss) related to associates and joint ventures	29	(24)	(36)
Income tax benefit (expense) related to components of other comprehensive income that cannot be recycled to the consolidated statements of operations	42	1	(47)
Total other comprehensive income (loss)	4,083	(159)	(8,884)
Total other comprehensive income gain (loss) attributable to:			
Equity holders of the parent	4,037	(186)	(8,554)
Non-controlling interests	46	27	(330)
	4,083	(159)	(8,884)
Total comprehensive income (loss)	8,658	1,575	(17,307)
Total comprehensive income (loss) attributable to:			
Equity holders of the parent	8,605	1,593	(16,500)
Non-controlling interests	53	(18)	(807)
Total comprehensive income (loss)	8,658	1,575	(17,307)

The accompanying notes are an integral part of these consolidated financial statements.

ArcelorMittal and Subsidiaries
Consolidated Statements of Financial Position
(millions of U.S. dollars, except share and per share data)

		December 31,	
	Notes	2017	2016
ASSETS			
Current assets:			
Cash and cash equivalents	6.1.3	2,574	2,501
Restricted cash	6.1.3	212	114
Trade accounts receivable and other (including 406 and 322 from related parties at December 31, 2017 and 2016, respectively)	4.3 and 11.1	3,863	2,974
Inventories	4.4	17,986	14,734
Prepaid expenses and other current assets	4.5	1,931	1,665
Assets held for sale	2.3	179	259
Total current assets		26,745	22,247
Non-current assets:			
Goodwill and intangible assets	5.1	5,737	5,651
Property, plant and equipment and biological assets	5.2	36,971	34,831
Investments in associates and joint ventures	2.4	5,084	4,297
Other investments	2.5	1,471	926
Deferred tax assets	9.4	7,055	5,837
Other assets	4.6	2,234	1,353
Total non-current assets		58,552	52,895
Total assets		85,297	75,142
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term debt and current portion of long-term debt	6.1.2.1	2,785	1,885
Trade accounts payable and other (including 260 and 179 to related parties at December 31, 2017 and 2016, respectively)	4.7 and 11.2	13,428	11,633
Short-term provisions	8.1	410	426
Accrued expenses and other liabilities	4.8	4,505	3,943
Income tax liabilities		232	133
Liabilities held for sale	2.3	50	95
Total current liabilities		21,410	18,115
Non-current liabilities:			
Long-term debt, net of current portion	6.1.2.2	10,143	11,789
Deferred tax liabilities	9.4	2,684	2,529
Deferred employee benefits	7.2	7,630	8,297
Long-term provisions	8.1	1,612	1,521
Other long-term obligations		963	566
Total non-current liabilities		23,032	24,702
Total liabilities		44,442	42,817
Contingencies and commitments	8.2 and 8.3		
Equity:	10		
Common shares (no par value, 1,151,576,921 and 1,124,093,985 shares authorized, 1,021,903,623 and 1,021,903,623 shares issued, and 1,019,916,787 and 1,019,496,143 shares outstanding at December 31, 2017 and 2016, respectively)		401	401
Treasury shares (1,986,836 and 2,407,480 common shares at December 31, 2017 and 2016, respectively, at cost)		(362)	(371)
Additional paid-in capital		34,848	34,826
Retained earnings		20,635	16,049
Reserves		(16,733)	(20,770)
Equity attributable to the equity holders of the parent		38,789	30,135
Non-controlling interests		2,066	2,190
Total equity		40,855	32,325
Total liabilities and equity		85,297	75,142

The accompanying notes are an integral part of these consolidated financial statements.

ArcelorMittal and Subsidiaries

Consolidated Statements of Changes in Equity

(millions of U.S. dollars, except share and per share data)

	Reserves												
	Items that can be recycled to the Consolidated Statements of Operations							Items that cannot be recycled to the Consolidated Statements of Operations		Recognized actuarial (losses) gains	Equity attributable to the equity holders of the parent	Non-controlling interests	Total Equity
								Unrealized Gains (Losses) on Derivative Financial Instruments	Unrealized Gains (Losses) on Available-for-Sale Securities				
	Shares ¹	Share capital	Treasury Shares	Mandatorily convertible notes	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustments						
Balance at December 31, 2014	552	10,011	(399)	1,838	20,258	22,182	(7,627)	89	405	(4,671)	42,086	3,074	45,160
Net loss (including non-controlling interests)	—	—	—	—	—	(7,946)	—	—	—	—	(7,946)	(477)	(8,423)
Other comprehensive income (loss)	—	—	—	—	—	—	(8,166)	25	(354)	(59)	(8,554)	(330)	(8,884)
Total comprehensive income (loss)	—	—	—	—	—	(7,946)	(8,166)	25	(354)	(59)	(16,500)	(807)	(17,307)
Other changes in non-controlling interests (note 10.5)	—	—	—	—	—	—	—	—	—	—	—	148	148
Recognition of share based payments (note 7.3)	—	—	4	—	16	—	—	—	—	—	20	—	20
Voluntary conversion of mandatorily convertible notes (note 10.2)	1	—	18	(38)	20	—	—	—	—	—	—	—	—
Mandatory convertible bonds extension (note 10.2)	—	—	—	—	—	—	—	—	—	—	—	(20)	(20)
Dividend (note 10.4)	—	—	—	—	—	(331)	—	—	—	—	(331)	(86)	(417)
Other movements	—	—	—	—	—	(3)	—	—	—	—	(3)	(11)	(14)
Balance at December 31, 2015	553	10,011	(377)	1,800	20,294	13,902	(15,793)	114	51	(4,730)	25,272	2,298	27,570
Net income (including non-controlling interests)	—	—	—	—	—	1,779	—	—	—	—	1,779	(45)	1,734
Other comprehensive income (loss)	—	—	—	—	—	—	(471)	28	271	(14)	(186)	27	(159)
Total comprehensive income (loss)	—	—	—	—	—	1,779	(471)	28	271	(14)	1,593	(18)	1,575
Equity offering (note 10.1)	421	144	—	—	2,971	—	—	—	—	—	3,115	—	3,115
Reduction of the share capital par value (note 10.1)	—	(10,376)	—	—	10,376	—	—	—	—	—	—	—	—
Conversion of the mandatorily convertible notes (note 10.2)	46	622	—	(1,800)	1,178	—	—	—	—	—	—	—	—
Recognition of share-based payments (note 7.3)	—	—	6	—	7	—	—	—	—	—	13	—	13
Dividend (note 10.4)	—	—	—	—	—	—	—	—	—	—	—	(63)	(63)
Equity offering in ArcelorMittal South Africa ("AMSA") (note 10.5.2)	—	—	—	—	—	437	(301)	—	—	—	136	(80)	56
Equity share option plan in AMSA (note 10.5.2)	—	—	—	—	—	(36)	21	—	—	—	(15)	15	—
AMSA B-BBEE transaction (note 10.5.2)	—	—	—	—	—	44	—	—	—	—	44	19	63
Other movements	—	—	—	—	—	(77)	—	—	—	54	(23)	19	(4)
Balance at December 31, 2016	1,020	401	(371)	—	34,826	16,049	(16,544)	142	322	(4,690)	30,135	2,190	32,325
Net income (including non-controlling interests)	—	—	—	—	—	4,568	—	—	—	—	4,568	7	4,575
Other comprehensive income (loss)	—	—	—	—	—	—	2,602	(235)	501	1,169	4,037	46	4,083
Total comprehensive income (loss)	—	—	—	—	—	4,568	2,602	(235)	501	1,169	8,605	53	8,658
Recognition of share-based payments (note 7.3)	—	—	9	—	22	—	—	—	—	—	31	—	31
Dividend (note 10.4)	—	—	—	—	—	—	—	—	—	—	—	(145)	(145)
Acquisition of Sumaré (note 2.2.4)	—	—	—	—	—	—	—	—	—	—	—	48	48
Mandatory convertible bonds extension (note 10.2)	—	—	—	—	—	—	—	—	—	—	—	(83)	(83)
Other movements	—	—	—	—	—	18	—	—	—	—	18	3	21
Balance at December 31, 2017	1,020	401	(362)	—	34,848	20,635	(13,942)	(93)	823	(3,521)	38,789	2,066	40,855

1. Amounts are in millions of shares (treasury shares are excluded). On May 22, 2017, ArcelorMittal completed the consolidation of each three existing shares in ArcelorMittal without nominal value into one share without nominal value. As a result of this reverse stock split, the number of outstanding shares decreased from 3,058 to 1,020 and all prior periods have been recast in accordance with IFRS. Please refer to note 10 for further information.

The accompanying notes are an integral part of these consolidated financial statements.

ArcelorMittal and Subsidiaries
Consolidated Statements of Cash Flows
(millions of U.S. dollars, except share and per share data)

		December 31,		
	Notes	2017	2016	2015
Operating activities:				
Net income (loss) (including non-controlling interests)		4,575	1,734	(8,423)
Adjustments to reconcile net income (loss) to net cash provided by operations:				
Depreciation and amortization	5.1 and 5.2	2,768	2,721	3,192
Impairment	5.2 and 5.3	206	205	4,764
Interest expense	6.2	879	1,172	1,383
Interest income	6.2	(56)	(58)	(105)
Income tax expense (benefit)	9.1	432	986	902
Remeasurement gain relating to US deferred employee benefits	7.2	—	(832)	—
Net gain on disposal of subsidiaries	2.3.1	(18)	(23)	(72)
(Income) loss from investments in associates, joint ventures and other investments	2.6	(448)	(615)	502
Provision on pensions and OPEB	7.2	555	439	558
Change in fair value adjustment on call option on mandatory convertible bonds and pellet purchase agreement	6.1.5	(578)	(138)	108
Unrealized foreign exchange effects		(541)	486	425
Write-downs (reversal) of inventories to net realizable value, provisions and other non-cash operating expenses net	4.4	781	(201)	1,420
Changes in assets and liabilities that provided (required) cash, net of acquisitions:				
Trade accounts receivable		(620)	(373)	335
Inventories	4.4	(2,347)	(2,055)	288
Trade accounts payable and other	4.7	1,094	1,405	(1,012)
Interest paid		(947)	(1,354)	(1,561)
Interest received		57	60	89
Income taxes paid		(506)	(296)	(398)
Dividends received from associates, joint ventures and other investments		232	176	227
Cash contributions to plan assets and benefits paid for pensions and OPEB	7.2	(496)	(395)	(556)
VAT and other amounts received (paid) from/to public authorities		(177)	46	166
Other working capital and provisions movements		(282)	(382)	(81)
Net cash provided by operating activities		4,563	2,708	2,151
Investing activities:				
Purchase of property, plant and equipment and intangibles		(2,819)	(2,444)	(2,707)
Disposals of net assets of subsidiaries, net of cash disposed of 13, nil and 10 in 2017, 2016 and 2015, respectively	2.3.1	6	185	—
Acquisitions of net assets of subsidiaries, net of cash acquired of 617, 63 and nil in 2017, 2016 and 2015, respectively	2.2.4	16	7	—
Disposals of associates and joint ventures	2.4.2 and 2.5	—	1,017	23
Disposals of financial assets	2.6	44	165	172
Other investing activities net		(77)	(73)	342
Net cash used in investing activities		(2,830)	(1,143)	(2,170)
Financing activities:				
Disposal of non-controlling interests	10.5.2	—	56	—
Proceeds from short-term debt	6.1.3	1,859	1,516	543
Proceeds from long-term debt	6.1.3	1,407	110	3,256
Payments of short-term debt	6.1.3	(2,102)	(2,721)	(2,490)
Payments of long-term debt	6.1.3	(2,691)	(4,912)	(501)
Equity offering	10.1	—	3,115	—
Dividends paid (includes 141, 61 and 85 of dividends paid to non-controlling shareholders in 2017, 2016 and 2015, respectively)		(141)	(61)	(416)
Other financing activities net	6.1.3	(63)	(29)	3
Net cash (used in) provided by financing activities		(1,731)	(2,926)	395
Net increase (decrease) in cash and cash equivalents		2	(1,361)	376
Effect of exchange rate changes on cash		58	(127)	(267)
Cash and cash equivalents:				
At the beginning of the year		2,501	4,002	3,893
Reclassification of the period-end cash and cash equivalents from (to) held for sale	2.3	13	(13)	—
At the end of the year		2,574	2,501	4,002

The accompanying notes are an integral part of these consolidated financial statements.