



ArcelorMittal



**Shaping the future of steel**

Integrated annual review 2017

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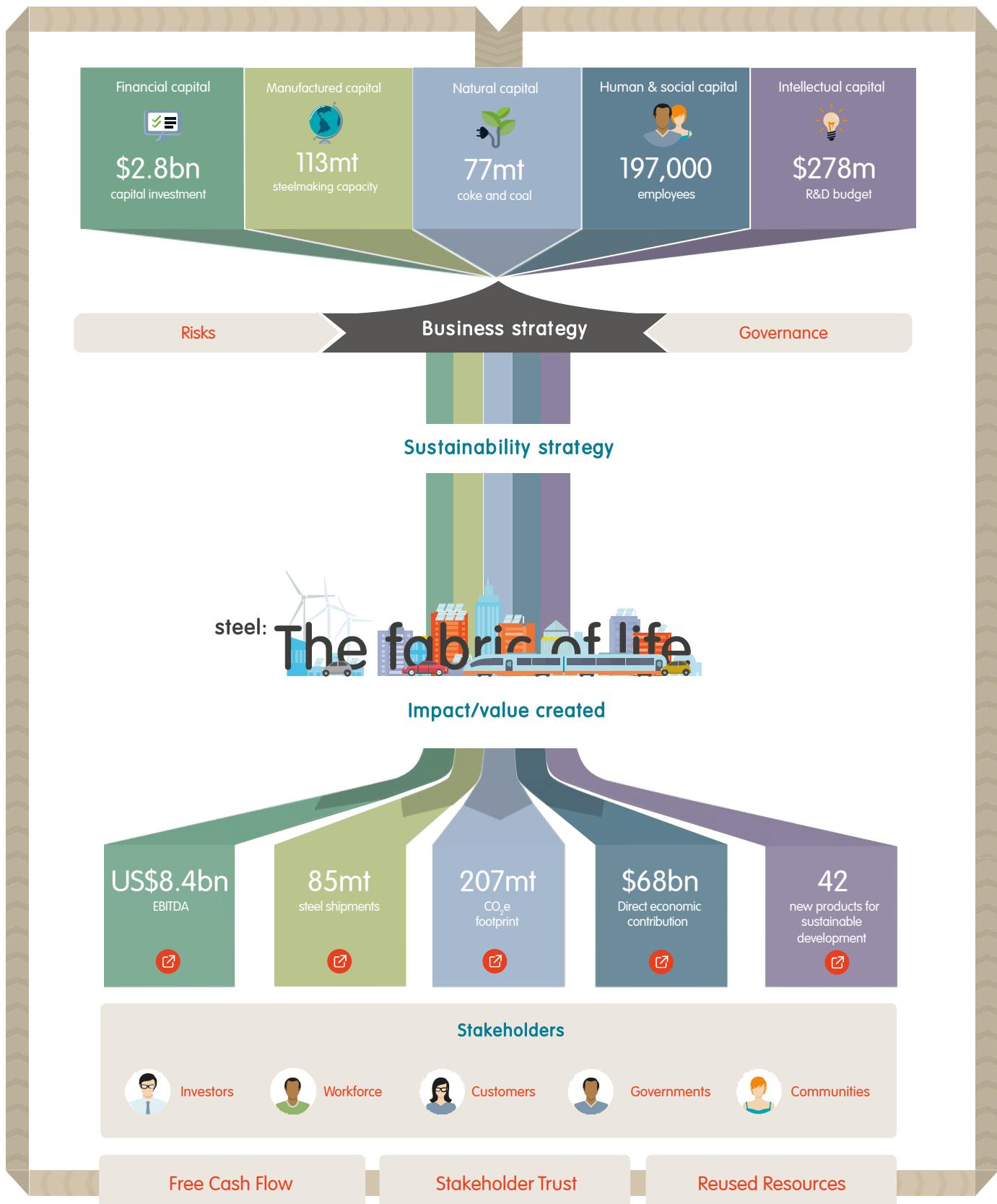


## Our value creation model

Our value creation model shows the critical resources we rely on in order to produce steel, and create value for our stakeholders. It highlights the importance of our workforce, of natural resources and our capacity to innovate, for example, in producing over 90 million tonnes of steel each year, and at the same time creating different forms of value for society.

These forms of value are of course intimately related. As we develop more integrated thinking within the company, we will be better able to demonstrate how these forms of value relate to each other. This is the rationale behind integrated reporting.

The model is interactive – click to discover more about how we are ‘creating value for society’, and to link with relevant parts of this Annual Review.





# Strategy

ArcelorMittal's success is built on our core values of sustainability, quality and leadership and the entrepreneurial boldness that has empowered our emergence as the first truly global steel and mining company.

Acknowledging that a combination of structural issues and macroeconomic conditions will continue to challenge returns in our sector, we have adapted our footprint to the new demand realities, intensified our efforts to control costs and repositioned our operations to outperform our competitors.

Against this backdrop, our strategy is to leverage five distinctive attributes that will enable us to capture leading positions in the most attractive areas of the steel industry value chain, from mining at one end to distribution and first-stage processing at the other:

- Global scale and scope
- Unmatched technical capabilities
- Diverse portfolio of steel and related businesses, particularly mining
- Financial capability
- Leadership in sustainable development

## The three themes:

### Steel

ArcelorMittal looks to expand our leadership role in attractive markets and segments by leveraging our technical capabilities and our global scale and scope. These are critical differentiators for sophisticated customers that value the distinctive technical and service capabilities our business offers, including our ability to support their sustainable development objectives through innovation. Such customers are typically found in the automotive, energy, infrastructure and a number of smaller markets where ArcelorMittal is a market

leader. In addition, we are present in, and will further develop, attractive steel businesses that benefit from favourable market structures or geographies. In developing attractive steel businesses, our goal is to be the supplier of choice by anticipating customers' requirements and exceeding their expectations. We will invest to develop and grow these businesses and enhance our ability to serve our customers. Given our bias towards further deleveraging,, that investment will be highly disciplined. Commodity steel markets will inevitably remain an important part of ArcelorMittal's steel portfolio. Here, a lean cost structure should limit the downside in weak markets while allowing us to capture the upside in strong markets.

## Mining

ArcelorMittal is working to continue to create value from our world-class mining business. Mining forms part of the steel value chain but typically enjoys a number of structural advantages, such as a steeper cost curve. Our strategy is to create value from our most significant assets, through selective expansion/de-bottlenecking, by controlling cost and capital expenditure, and by supplying products that are highly valued by steel producers. ArcelorMittal's financial capability has allowed us to continue to invest in key mining assets, while the diversity of our steel and mining portfolio facilitates the ability of the mining business to optimise the value of our products in the steelmaking process. Our mining business aspires to be the supplier of choice for a balanced mix of both internal and external customers, while at the same time providing a natural hedge against market volatility for our steel operations.

## All operations

ArcelorMittal strives to achieve best-in-class competitiveness. Operational excellence, including health and safety, our number one priority, is at the core of our strategy in both steel and mining. We steadily optimise our asset base to ensure we are achieving high operating rates at our best assets. Our technical capabilities and the diversity of our portfolio of businesses underpin a strong commitment to institutional learning and continuous improvement through measures such as benchmarking and best-practice sharing. Innovation in sustainable products and processes plays a key role in capturing market share while supporting our overall competitiveness.

## Five key strategic enablers

Critical to implementing this strategy are five key enablers:



### 1. A clear licence to operate

We recognise that we have an obligation to act responsibly towards all stakeholders. Sustainability is a core value that underlies our efforts to be both the world's safest steel and mining company and a responsible environmental steward. Our sustainable development strategy outlines the 10 Outcomes our business needs to achieve to meet our commitment to contribute to a sustainable future for steel, and society.



### 2. A strong balance sheet

We have made good progress in recent years in strengthening our balance sheet. Although further deleveraging remains a priority, the progress achieved to date means that we are now in a position to have more balance and flexibility in our capital allocation and can, on a selective basis, pursue organic or acquisitive growth opportunities.



### 3. A decentralised organisational structure

ArcelorMittal's scale and scope are defining characteristics that give us a competitive advantage. They also introduce complexity and the risks of inefficiency, bureaucracy and diffuse accountability. To manage these risks, the Company favours a structure in which the responsibility for profit and loss is focused on business units aligned with markets.



### 4. Active portfolio management

Throughout our history, we have sought to grow and strengthen our business through acquisitions. That remains the case. The acquisition of existing assets and businesses is typically seen as a more attractive growth path than greenfield investment. We are, however, also willing to dispose of businesses that cannot meet our performance standards or that have more value to others.



### 5. The best talent

ArcelorMittal's success will depend on the quality of our people, and our ability to engage, motivate and reward them. We are committed to investing in our people to develop a safe, high performing culture, and to ensuring a strong leadership

pipeline. We will continue to improve our processes to attract, develop and retain the best talent.

## Action 2020 Plan

On February 5, 2016, we announced our Action 2020 plan, which represents a strategic roadmap for each of ArcelorMittal's main business segments.

The Action 2020 plan is over and above the Company's ongoing management gains plan and seeks to deliver real structural improvements unique to our business. The Action 2020 plan targets to improve our operating income by \$3 billion, absent any recovery in steel spreads and raw materials prices from the levels at the beginning of 2016.

**Our Action 2020 performance**

**How we're moving towards our future goals**

**Read more →**

## Our segments

Some of the key segment initiatives included in the Action 2020 plan at the time of launch were as follows:

### NAFTA

The downstream footprint optimization in the U.S. has been completed and targets yielding a minimum of \$250 million improvement in operating income. We intend to continue to ramp-up Calvert to full capacity and this is anticipated to deliver a minimum of \$250 million operating income improvement. Other projects are expected to boost the HAV mix and generate further improvement.

### Europe

We plan to continue our successful asset optimisation as an ongoing transformation plan, involving continued optimisation, and the clustering of finishing sites to remove substantial overhead, centralise activities (including procurement) and improve logistics and service. Together with expected higher added value (HAV) mix and volume gains, this targets delivering a \$1 billion improvement in operating income over the period.

### ACIS

We plan to continue our strategic focus on operational excellence to deliver volumes that will leverage the new competitive cost base it has in the CIS (following competitive currency devaluation) and execute on the improved competitiveness plan in South Africa.

### Brazil

We plan to execute our value plan and target an improvement in sales mix including a recovery of a share of higher margin domestic volumes and improved HAV mix by the end of 2020.

## Sustainable development strategy

Long-term success, for us and for steel, depends on creating value for all stakeholders by actively contributing to society's needs, now and in the future. Our aim is to make steel the material of choice for sustainable development, and ArcelorMittal the supplier of choice for steel.

### Framed by 10 sustainable development outcomes

Our 10 sustainable development (SD) outcomes are designed to describe the business we need to become if we are to bring optimal value to all stakeholders. They provide the framework to embed SD across all our operations, and support the development of sustainability as part of our segmental planning process, based on market and stakeholder context. This approach is underpinned by a commitment to transparent good governance, and informed through two key channels:

- Listening to, understanding and engaging on stakeholder expectations
- Identifying and preparing our business for long-term trends in order to provide leadership

Rising to the sustainability challenge

Our sustainable development framework and identified material issues

[Read more →](#)

### Creating positive change

Our success depends on creating positive change in two, interdependent ways:

- Business-level SD plans to target progress within segments, countries and sites, using shared knowledge and investment to drive continuous improvement
- Transformational initiatives that address global issues and opportunities and can be leveraged across the Group

See our Sustainability Review

Our 2017 performance against our 10 outcomes

[Read more →](#)

### Our core goals

We have identified three core goals which will drive business, social, and environmental value:

- Accelerating steel's role in the low-carbon, circular economy
- Innovating to support a sustainable future
- Building trusted supply chains that meet our customers' needs

We describe these themes further in our [Sustainability Review](#)



# Risks

Good risk management is about having the right measures and systems in place to recognise, manage and mitigate our risks, in light of our responsibilities to all of our stakeholders.

Our [Audit and Risk Committee](#) assists the board of directors by overseeing risk and monitoring and reviewing our risk management framework and process.

On this page we list the key risks and uncertainties to our business, our financial health, our operations, our reputation and our prospects. For full details, download the risk section from our [20-F](#).

Global economy and the mining and steel industry

- Excess capacity, oversupply and destocking cycles in the steel industry and in the iron ore mining industry may weigh on the profitability of steel producers, including ArcelorMittal
- Protracted low steel and iron ore prices may have an adverse effect on ArcelorMittal's operational results
- 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 operational results
- ArcelorMittal's business and results are substantially affected by regional and global macroeconomic conditions. Recessions or prolonged periods of weak growth in the global economy, or the economies of ArcelorMittal's key selling markets, may have a material adverse effect on the mining and steel industries and on ArcelorMittal's operational results and financial health

## Competition

- Unfair trade practices in ArcelorMittal's home markets could negatively affect steel prices and reduce ArcelorMittal's profitability
- Developments in the competitive environment in the steel industry could have an adverse effect on ArcelorMittal's competitive position and hence its business, financial health, operational results or prospects
- Competition from other materials could reduce market prices and demand for steel products and thereby reduce ArcelorMittal's cash flows and profitability

## Regulation

- ArcelorMittal is subject to regulatory and compliance risks, which may expose it to investigations by government authorities, litigation and fines, in relation, among other things, to its pricing and marketing practices or other antitrust 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 is subject to an extensive, complex and evolving regulatory framework and its governance and compliance processes may fail to prevent regulatory penalties and reputational harm, whether at operating subsidiaries, joint ventures or associates
- ArcelorMittal is subject to strict environmental laws and regulations that could give rise to a significant increase in costs and liabilities. 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 operational results and financial health
- ArcelorMittal is subject to stringent health and safety laws and regulations that give rise to significant costs and could give rise to significant liabilities

## Finance

- 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. 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
- 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 lossmaking subsidiaries may drain cash flow necessary for such needs or distributions

- 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
- The Company's investment projects may add to its financing requirements and adversely affect its cash flows and operational results
- ArcelorMittal's operational results could be affected by fluctuations in foreign exchange rates, particularly the euro to US dollar exchange rate, as well as by exchange controls imposed by governmental authorities in the countries where it operates

## Acquisitions

- 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 operational results, financial health and prospects
- ArcelorMittal may fail to realise the acquisition of the Italian steel-making company, Ilva, and, if the acquisition is completed, ArcelorMittal may fail to implement its strategy with respect to Ilva

## Taxation

- ArcelorMittal's ability to fully utilise its recognised deferred tax assets depends on its profitability and future cash flows
- 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

## Mining

- ArcelorMittal's mining operations are subject to hazards and risks usually associated with the exploration, development and production of natural resources, any of which could result in production shortfalls, damage to persons or property. These include, for example, the collapse of tailing ponds dams, underground fires and explosions, and cave-ins
- ArcelorMittal's reserve estimates may materially differ from mineral quantities that it may actually be able to 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
- Drilling and production risks could adversely affect the mining process
- ArcelorMittal faces rising extraction costs over time as reserves deplete
- 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 greenfield and brownfield investment projects are inherently subject to financing, execution and completion risks

## Joint ventures

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

## Personnel

- A Mittal family trust has the ability to exercise significant influence over the outcome of shareholder votes
- 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

## Pensions

- 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

## Employment

- ArcelorMittal could experience labour disputes that may disrupt its operations, and its relationships with its customers and its ability to rationalise operations and reduce labour costs in certain markets may be limited in practice or encounter implementation difficulties

## Emerging markets

- 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 health, operational results or prospects

## Operational disruption

- Disruptions to ArcelorMittal's manufacturing processes could adversely affect its operations, customer service levels and financial results
- Natural disasters or severe weather conditions could damage ArcelorMittal's production facilities or adversely affect its operations

## Insurance

- ArcelorMittal's insurance policies provide limited coverage, potentially leaving it uninsured against some business risks
- Product liability claims could have a significant adverse financial impact on ArcelorMittal

## Litigation

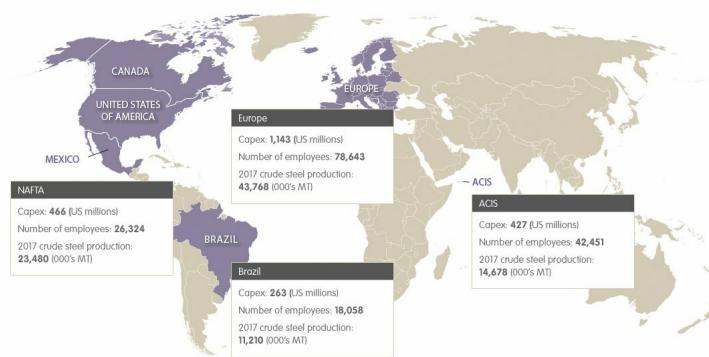
- ArcelorMittal is currently and in the future may be subject to legal proceedings, the resolution of which could negatively affect the Company's profitability and cash flows in a particular period
- US investors may have difficulty enforcing civil liabilities against ArcelorMittal and its directors and senior management

## Cyber security

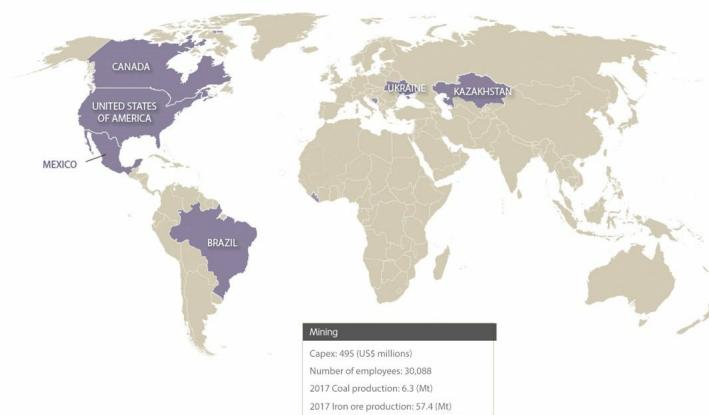
- ArcelorMittal's reputation and business could be materially harmed as a result of data breaches, data theft, unauthorised access or successful hacking

# Operations

## Steel



## Mining





## External context

3.2%  
increase in global  
apparent steel  
consumption in 2017

### Overview of 2017: Growth in all markets, and increasing stakeholder expectations

The recovery in the global economy helped feed growing demand in all our markets, and the year ended with steel prices up year-on-year. Global GDP growth is estimated to have been 3% in 2017, the best year since 2011, with growth increasing in more than half of the world's economies and with both Brazil and Russia emerging from recession. Global apparent steel consumption (ASC) is estimated to have risen 3.2% year-on-year. Overall, market conditions were favourable.

Stakeholders continued to take an interest in the role of business in responding to climate change, creating social value, and supply chain assurance. Through initiatives such as the Task Force on Climate-related Disclosures (TCFD), stakeholders across society have increased their focus on how businesses demonstrate their approach to the risks and opportunities of climate change, and specifically how they will contribute to a low-carbon future. Social media continued to increase the ability of all stakeholders, including consumers and communities, to engage and challenge businesses on issues of concern to them.

## Steel demand

Global ASC grew robustly in 2017 for the first time since 2014, reflecting increased demand in China and developed markets and rebounding demand in Brazil and Russia.

Chinese demand was stronger than anticipated, growing approximately 3.5%, supported by the strength of the machinery market and a better than expected real estate market. Growth returned to NAFTA (5%), CIS (4%) and Latin America (5%) after declining in 2016. Growth was slower in the EU (almost 2%), developed Asia (1%) and Middle East (1.5%).

## Steel production and pricing

Global crude steel output rose significantly in 2017 to a record 1.69 billion tonnes, up 5.4% from 2016. This reflects a strengthening global economy and rising momentum in trade.

Steel spreads – the difference between the basket of raw materials (iron ore, coal and scrap) used to make steel, and steel selling prices – remained at healthy levels at the end of 2017.

## Excess capacity in China

Overcapacity in China has had a strong negative influence on market conditions in recent years. By the end of 2017, however, China had delivered capacity cuts of around 115 million tonnes from its 140 million-tonne reduction target, with a further 25 million tonnes expected to be cut in 2018.

In addition, 120 million tonnes of induction furnace capacity has been closed, although these induction furnaces were not included in China's steelmaking capacity figures.

## Imports to Europe

Despite a decline in the second half, overall imports into Europe rose by around 6% year-on-year, to almost 29 million tonnes. This represented almost 19% of the European market, a new record high.

Imports into the EU from China fell from 4.9 million tonnes in 2016 to 2.9 million tonnes in 2017, due to higher than anticipated domestic Chinese demand, the ongoing Chinese capacity closure programme, and measures taken to prevent dumping in EU markets. However, these imports are being replaced by imports from other countries on which anti-dumping duties have not been imposed. South Korean imports rose by 30% in 2017, and Turkish and Indian imports rose by over 50% and 100% year-on-year respectively.

## Disclosure expectations on risk

As companies improve their sustainability performance, stakeholders are shifting their focus from disclosures on performance to disclosures on governance: that is, how are company boards deepening their understanding of social and environmental risk, and through what systems do they manage them?

An example is the growing expectation that companies demonstrate that they employ the OECD due diligence guidance to prevent or mitigate adverse impacts in their supply chains.

There has also been a rapid growth of expectations from financial stakeholders around the disclosures companies make on climate change. The Task Force on Climate-related Financial Disclosures (TCFD), led by the financial community, published its final recommendations in June 2017. The financial community wants to understand better how companies are assessing and managing the financial risks associated with climate change so that they can better manage climate change risks in their own portfolios.

## EU Emissions Trading Scheme (ETS)

Reforms to the ETS for the period after 2020 were agreed in 2017. These provided a marginal improvement over the original proposal. For example, the share of free allowances has been increased by up to 3.5%. However, the reality is that even the most efficient steel plants in Europe are going to see cost increases because of the scheme, and many of the European Parliament's more supportive proposals were not included in the final policy. The final agreement only partially reflects the concerns that European steelmakers have made. It doesn't provide a level playing field, exposes European steelmakers to costs that will not have to be borne by our global peers, and will not prevent higher carbon steel imports into the EU.

How will the ETS affect us?

[Read more →](#)

## Collaboration on supply chain standards

The trend towards greater scrutiny and transparency around social and environmental standards in supply chains also continued. Steel customers from several sectors continued to develop their own sustainability requirements and, in some cases, came together to develop standards and goals for their sector. In December 2017, for example, the Automotive Industry Action Group (AIAG) and Drive Sustainability announced an updated version of the "Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain".

# Priorities for our business and our stakeholders

This report aims to meet the needs of a wide range of stakeholders, covering many aspects of our financial and non-financial performance.

There are many SD challenges and opportunities for our business highlighted by both our leadership and our stakeholders, and these are captured in 10 SD outcomes, which were the result of our strategic **materiality** process undertaken in 2014 with a 5 year outlook. However, there are three that we prioritise as key to the resilience of our business:

- Safety
- Financial health
- Climate change

These three have been identified through an ongoing and iterative process based on:

1. Our core business priorities, communicated to all employees and updated to investors through our **earnings release** – safety, financial performance, strategic progress, and sustainable development.
2. Regular leadership reviews of SD trends, published **quarterly**.
3. Quarterly reports on SD trends made internally, to our board of directors.
4. Tracking of stakeholder expectations, reported to our Sustainable Development Committee.

These three priorities are discussed on a regular basis by our senior leadership. Our approach to them is outlined below in such a way that responds to key questions that we and our stakeholders need to ask ourselves.

## Key issue 1: Preventing fatalities

Safety is our highest priority, and essential to our aim of building a high-performing team that will drive our efforts to create value. Improving safety, and specifically preventing fatalities, is a key focus for everyone in the company. It is also highly material to the communities in which we operate, and important to all stakeholders, including investors.



"Working safely is a matter of choice – one that we make every time we act, at every level in the company. We make safety the priority, and it requires boldness to make this priority real. Every person in ArcelorMittal – each employee, temporary worker, contractor – has the responsibility to lead, empower and engage every other person to make sure everybody goes home safe, every day."

Lakshmi N Mittal,  
Chairman and CEO

### What are you doing to prevent fatalities?

It is not acceptable for our employees to leave home in the morning and not return home that evening. We will build our culture of vigilance, improve our reporting of near misses and our analysis and understanding of the root causes and share the lessons within the steel and other heavy industries. We have focused both on training, and on improving a culture of vigilance: for example, this means every employee developing the skills to recognise, log and analyse potentially serious incidents which could have led to a fatality or grave injury, alongside serious occurrences themselves. And we also continue to work closely with trade unions, including through our Global Health and Safety Committee.

### How does this relate to your overall safety performance?

Our lost-time injury frequency rate (LTIFR) has improved significantly over the last decade, driven by our Company-wide safety programme, Journey to Zero, which aims to create a culture of shared vigilance in which risks and hazards are understood and monitored, best practices are shared, and appropriate action is taken at every level. The LTIFR was 0.78 incidents per million hours worked in 2017, compared with 0.82 in 2016, and in marked contrast with the 3.1 recorded in 2007, the first year in which the Company recorded safety data.

This has not achieved our aim of eliminating fatalities, however, which is why we have introduced the measures specifically designed to prevent serious occurrences, described above.

### Your lost time injury rates are improving yet you are still having fatalities. Why is this?

We believe a key reason for the disparity between trends in LTIFR and fatalities is the information LTIFR gives us. LTIFR only records lost-time injuries after they've happened – what is known as a lagging indicator. We recognise the need to focus more on leading indicators, which is why we have renewed our focus on recording potential serious injuries and fatalities (PSIFs) – those incidents that could have resulted in very severe or fatal injuries, but did not. Our analysis shows that where PSIFs are not well recorded, there tends to be a higher risk of fatalities. By improving our understanding of all serious and potentially serious occurrences, we can better build systems and cultures that will prevent them.

## Key issue 2: Sustainable financial health

Our ability to create value for our stakeholders and for society at large depends on delivering a positive financial performance. We need to maintain a demonstrably healthy business that generates free cash flow and has strong financial foundations, so that investors, employees, regulators and other stakeholders can trust in our ability to make a long-term contribution.

Within our overall strategic plan, Action 2020 is our commitment to structurally improving profitability and cash flow generation. It continues to differentiate us from our competitors and focuses on delivery against key targets, including cost optimisation, volume growth and increasing the proportion of high-added value products we sell.

This provides a platform for strategic, long-term transformational initiatives. While our priority for surplus cash continues to be debt reduction, we are investing with focus and discipline where we see opportunities to create value. Examples in 2017 include our proposed acquisition of Ilva, Italy's largest steel producer, and our proposed merger of our long products business in Brazil with the Brazilian producer Votorantim. We also announced a \$1 billion, three-year investment in Mexico, which will increase our capability to serve the Mexican industry and contribute to our drive to increase the proportion of high-added value products in our portfolio.

In 2018 we announced that we were reinstating our base dividend, and intend to increase capital returns once we achieve our targets for net debt.



Our financial and non-financial performance

[Read more >](#)

How did the business perform financially in 2017?

We delivered Ebitda of \$8.4 billion, a 34% improvement on 2016. In Ebitda terms, it is our best performance since 2011, when we delivered Ebitda of \$10.1 billion. Our free cash flow generation of \$1.7 billion was also strong, and our net income of \$4.6 billion was much improved compared to \$1.8 billion in 2016. For more details, see [Group Performance](#).

### How are you strengthening the financial foundations of the business?

We have transformed our balance sheet and reduced our net debt to \$10.1 billion, driven by strong free cash flow generation of \$1.7 billion. Our net debt to Ebitda ratio is now 1.2x. To put this in context, two years ago this ratio was 3.0x.

Over the past six years, we have reduced net debt by over half, from \$21.8 billion to \$10.1 billion. We have maintained strong liquidity and utilised our available cash to repay and pre-pay near- and medium-term bond maturities. We will continue to prioritise deleveraging and believe that \$6 billion is an appropriate net debt target that will sustain investment grade metrics even at the low point of the cycle. An investment grade balance sheet will support positive free cash flow in any market environment and ultimately provide the strongest foundation from which to make sustainable returns to shareholders and create value for society.

For more details, see this message from our [CFO](#)

### What contribution is Action 2020 making to long-term performance?

Action 2020 contributed \$0.6 billion to Ebitda in 2017. Two years into the five-year programme, the total benefits from Action 2020 have been \$1.5 billion, which is halfway to our \$3 billion target. The benefits in 2017 include volume contributions (\$0.3 billion) and a combination of cost and product mix improvements (\$0.3 billion). Volume is a key component of Action 2020 and we expect to see more progress in this area in 2018 and beyond. For more details, see [Action 2020](#).

## Key issue 3: Climate-change

Climate change poses a significant threat to the health of the planet and the livelihoods of millions of people. Steelmaking chemistry uses carbon, and while other materials are more carbon-intensive, because steel is so widespread, our industry currently makes a significant contribution to CO<sub>2</sub> emissions.

Investors, customers, regulators and other stakeholders in civil society are seeking reassurance from us that we are taking action to reduce our impact, and that we understand the risks and opportunities for our business associated with climate change and the drive for a low-carbon economy.

We see steel as a vital element in the circular, low-carbon economies of the future – and we see many market opportunities, both from steel's contributions to sustainable lifestyles and infrastructure, and from re-using carbon, rather than emitting it.



"Even before the recommendations from the Task Force on Climate-related Disclosures (TCFD) were announced in June, we were seeing the level of interest from investors in carbon escalating significantly. Towards the end of the year, this interest started to be channelled through our customers too, as they prepared their own responses to the TCFD. This is a frequent line of stakeholder enquiry."

**Daniel Fairclough,**  
Vice-president, corporate finance and head of investor relations

### What is your response to the recommendations of the Task Force on Climate-related Disclosures (TCFD)?

We know that investors are increasingly aware of the risks and opportunities that climate change presents to all businesses, and that the publication of the TCFD guidelines has accelerated investor interest, including in our carbon footprint. We are supportive of the TCFD's recommendations to disclose how our governance, strategy, risk management, and measurement processes address financial risks and opportunities relating to climate change. In 2017, we established a cross-functional task-force to better understand where the gaps lie between our current reporting and the recommendations of the TCFD, and to evaluate what further disclosure we should be making in this area.

We have started to respond to the recommendations on this page, and discuss them further in [outcome 6](#) and [Our future](#).

### How do you assess the risks of climate change to your business?

At a corporate level we have developed a workstream assessing the implications of megatrends, including a number of climate-related trends such as the transition to a zero-carbon economy, the growth of renewable energy, electric and autonomous vehicles. Each of our sites also assesses its risks on a quarterly basis. The outcomes of these processes come together in the development of a five-year rolling strategy at segment level.

Overall, our assessment is that our biggest risk is not carbon itself – we have developed a number of technologies to reduce our carbon emissions – but carbon policy that does not incentivise investment in long-term solutions. We consider the EU Emissions Trading Scheme (ETS) an example of a system that is not delivering the climate change progress for which it was designed – as discussed below.

What is your strategy for reducing your CO<sub>2</sub> emissions? Does it take into account a '2 degree scenario'?

We're continuing to make steady progress towards our [target](#) of reducing our carbon emissions per tonne by 8% by 2020. However, since the majority of our emissions come from the chemical reaction required to make primary steel, rather than our use of energy, achieving our current target means operating at the limits of the technology that is currently available. We are not allowing this to limit our thinking though. We're actively working on new breakthrough technologies and processes that apply circular approaches to the whole life cycle of steel and its production, and seek to create value from the carbon and other by-products we create. This gives us an optimistic outlook on the prospects for low-emissions steelmaking. See Outcome 6: [Carbon and energy](#), and [Our future](#). We are also working with the International Energy Authority (IEA) on a 2 degree roadmap for the steel industry, which is due to be completed at the end of 2019.

Real progress in low-emissions steelmaking needs three conditions: firstly, a balanced and reliable regulatory environment to ensure a level playing field, so that low-emissions steel can compete in a fair market in particular with respect to imported steel; secondly, development of new technologies and the incentive structures to support this; thirdly, the rapid growth of cheap and abundant renewable energy, since many breakthrough technologies depend on the availability of large amounts of clean electricity.

In the very long term beyond 2050, substantial increases in the availability of scrap steel will enable further decarbonisation of steel.

### What low-carbon steel products does ArcelorMittal make?

Steel is endlessly recyclable and therefore has lower carbon intensity over its life cycle compared to competitor materials. We're working with customers to develop products and processes that specifically contribute to a lower carbon economy during their use phase. We also assess all new R&D projects to ensure they will provide benefits to sustainable development, including carbon reduction.

Steel already plays a crucial role in sustainable infrastructure and sustainable lifestyles and will continue this role will continue to grow – including in wind power, solar power, electric vehicles and other new forms of sustainable transport. Our lightweight, strong steels have been helping carmakers build safe, lighter vehicles with lower emissions for many years, and we offer a similar range of solutions to enhance the sustainability of buildings. Highly specialised, high-added value products such as these are at the heart of our [Action 2020](#) business plan, creating a strong link between our financial performance and our contribution to low- carbon approaches. More details can be found in [outcome 2](#): Products that accelerate more sustainable lifestyles, and [outcome 3](#): Products that create sustainable infrastructure.

## How will EU ETS phase 4 affect your business?

We support the EU's climate goals and believe the European steel industry should play its part in reducing emissions. We are concerned, however, that the EU's Emissions Trading System (ETS), as currently outlined, will not address those emissions at the global level.

We support policy that incentivises long-term investment in carbon efficiency and low-carbon technology. As currently configured, the EU-ETS does not do this in our view – one shared by a number of stakeholders, including many investors and NGOs.

The design of the EU-ETS system's benchmarks means that the steel industry is one of the most under-allocated industries in Europe. We therefore expect to start phase 4 without any surplus carbon allocation, unlike many other industrial sectors. Even the most efficient steel plants in Europe are likely to face significant costs resulting from the system – costs that producers importing steel into Europe do not have to bear. The result could make the European industry, which employs 320,000 people and is at the forefront of sustainable steel-making, less competitive against steel imported from regions where producers may face less incentive to reduce emissions. The danger is that this will mean Europe is in effect importing carbon and exporting jobs.

If Europe is to lead the way on lower carbon steel, we believe policy-makers must take this danger into account. If the carbon price within Europe were applied instead as a border adjustment on the carbon content of imported steel, there would be less concern about carbon leakage, and fairer competition between European-made steel and imports to the European market. Most importantly, it would incentivise the development of lower-carbon steel everywhere, with a real effect on global emissions. We continue to advocate such a policy.

### Do you use an internal price on carbon?

For our European sites, where we bear the greatest risk from carbon pricing, we have modelled the potential impact of ETS phase 4 under different price scenarios. We are also developing a tool to ensure that all capital expenditure proposals to our Investment Allocation Committee project their CO<sub>2</sub> impact. This will be able to apply regional carbon prices to project the potential savings, depending on where in our portfolio the investment is allocated. We are also in the process of charting the economic viability of our low-carbon technologies under different price scenarios.

# Group performance

Revenue (Group)

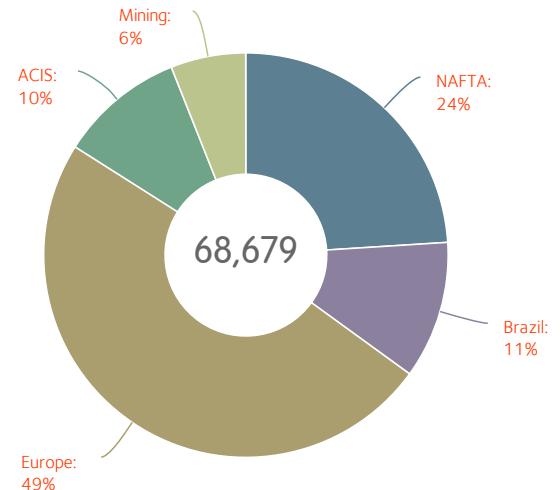
68,679

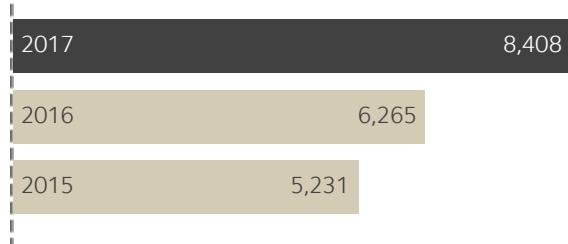
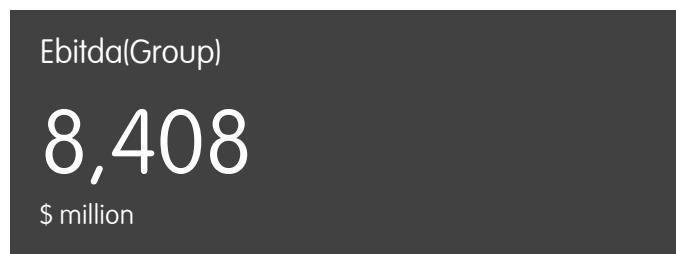
\$ million

2017	68,679
2016	56,791
2015	63,578

## Revenue by segment 2017 (US\$ millions)

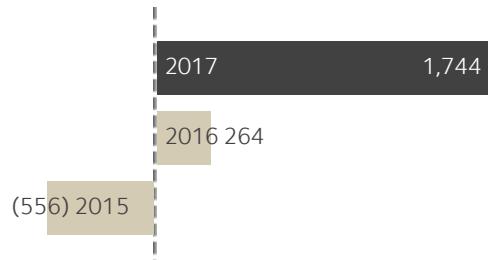
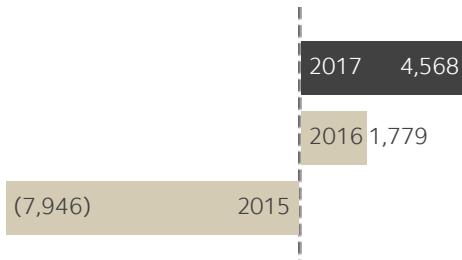
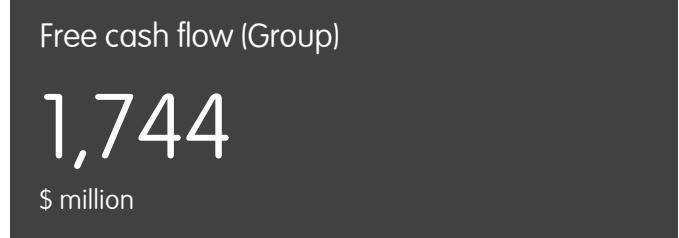
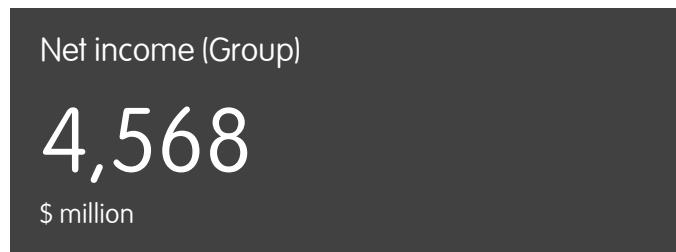
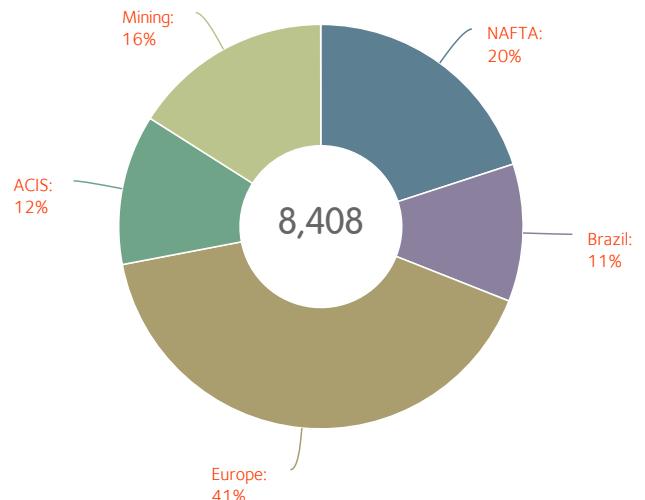
% figures presented exclude holding and service companies and eliminations (4,935); group figure is after eliminations

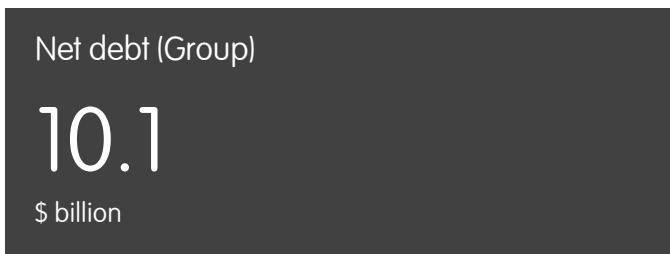




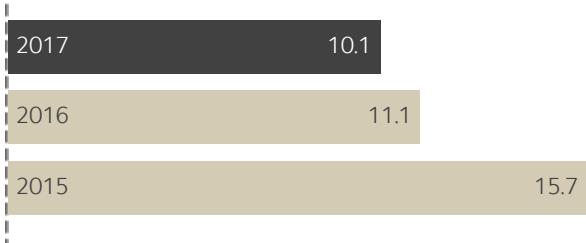
Ebitda by segment 2017 (US\$ millions)\*

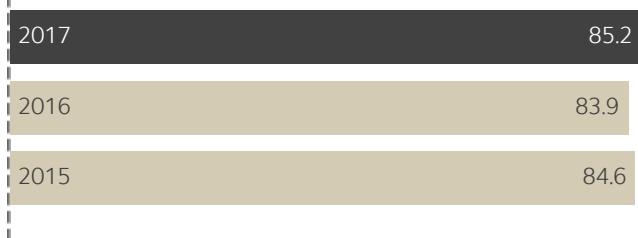
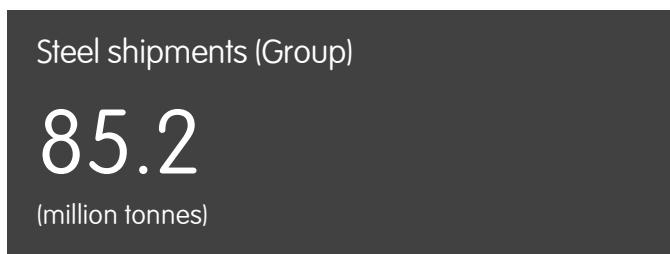
% figures presented exclude holding and service companies and eliminations





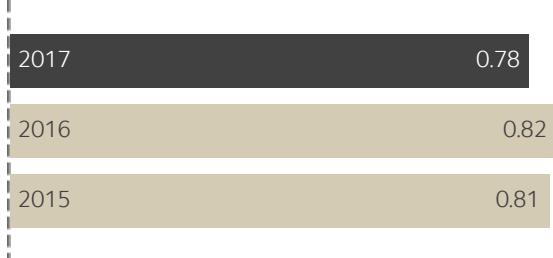
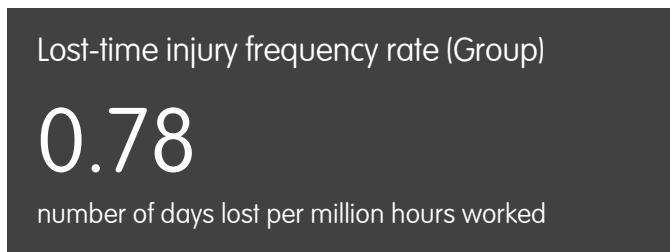
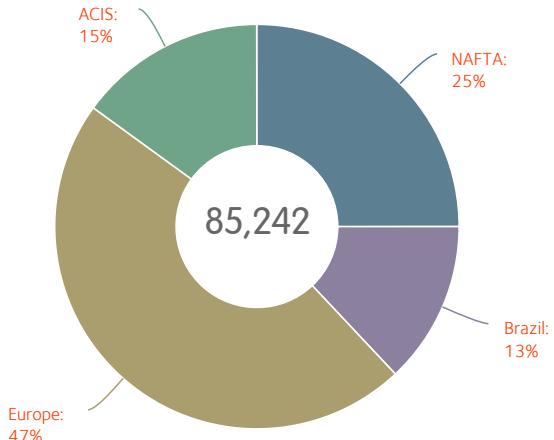
2017	10.1
2016	11.1
2015	15.7



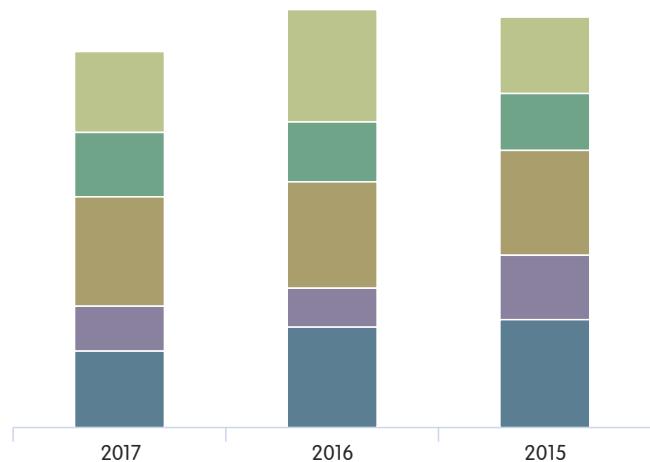


Steel shipments by segment 2017 (000's MT)

% figures presented exclude eliminations (1,467)

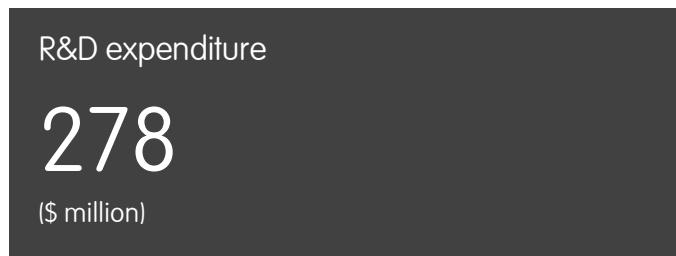


LTIFR Broken down by segment





2017	68,143
2016	56,222
2015	63,297

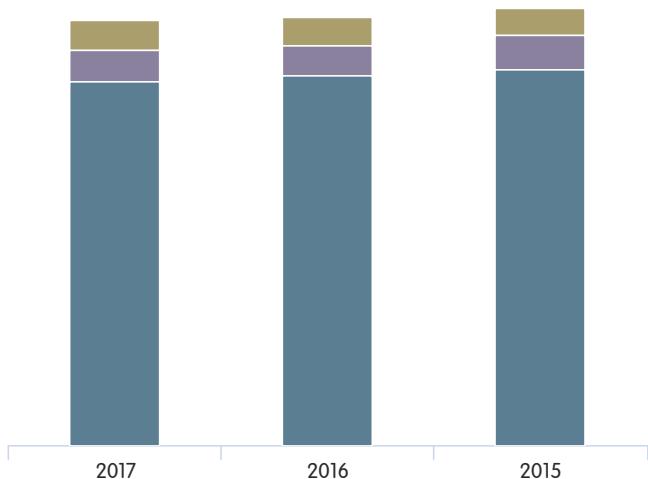


2017	278
2016	239
2015	227



2017	207
2016	204
2015	208

Carbon emissions broken down by scope



2017	5.8
2016	5.2
2015	4.0

CO<sub>2</sub> emissions avoided through recycling of  
scrap and slag (Group – steel)

46.3

million tonnes CO<sub>2</sub>

2017	46.3
2016	40.0
2015	42.6

Dust emissions (Group – steel)

0.68

kg per tonne of crude steel

Production residues to landfill (Group – steel)

7.6

% of residues

2017	0.68
2016	0.67
2015	0.65

2017	7.6
2016	7.8
2015	7.9



## Action 2020

**\$0.6 billion**

2017 Action 2020 Ebitda  
contribution

## Action 2020

Action 2020 is our five-year strategic plan that aims to deliver \$3 billion of structural Ebitda improvement, and annual free cash flow in excess of \$2 billion, by 2020. It was launched in 2016, and by the end of 2017 had delivered a cumulative \$1.5 billion of Ebitda.

	2016	2017	Total Action 2020 Ebitda contribution to date	Target by 2020
Cost and product mix improvement	\$0.9bn	\$0.3bn	\$1.2bn	\$2.0bn
Volume improvement	\$0bn	\$0.3bn	\$0.3bn	\$1.0bn
Total	\$0.9bn	\$0.6bn	\$1.5bn	\$3.0bn

## NAFTA

Our footprint optimisation programme at Indiana Harbor is now complete, and has delivered asset and cost optimisation improvements. At Calvert, capacity utilisation is improving, increasing c. 10% year-on-year (from 79% to 88%). Auto volumes at Calvert were up 30% year-on-year, and are expected to grow by a further 30% in 2018.

## Europe

Our Transformation Programme has progressed well, and has made an important contribution. It has delivered improvements in operating performance in terms of maximising reliability, improving quality and enhancing service levels, in part due to our new, centrally co-ordinated operating model. We are making further savings through digitalisation initiatives in our manufacturing processes, supply chain and commercial activities.

## Brazil

Our Value Plan continues to deliver structural cost reductions and our performance has been enhanced by a better product mix contribution as auto sales have increased.

## ACIS

In Kazakhstan we achieved record steel production in 2017 and structural savings from the benefits of the new coke oven battery in the Ukraine.

# Our future

## Leading our industry into a sustainable future - built with steel

We asked leaders from across our business to identify a key strategic area for ArcelorMittal – one that will shape what we do and who we are in the years to come.

We then asked them to explore the opportunities and challenges their chosen area presents – now, in the medium term, and into the future. Here are the main opportunities and challenges they identified:

- Sustained value creation ➤
- Digitalisation ➤
- Low-carbon steelmaking ➤
- Supply chain assurance and certification ➤
- Innovation ➤

# 1. Sustained value creation

Aditya Mittal

President, Group CFO, and CEO ArcelorMittal Europe

What is the business doing to respond to the main opportunities and challenges for sustained value creation now?

The combination of improving market fundamentals and delivery against our strategic objectives contributed to a successful year in 2017. We need to build on that success and capitalise on a positive market environment by focusing on operational delivery, continuing to meet our Action 2020 objectives and ensuring that our business continues to outperform its competitors, even if the market environment becomes less supportive. At the same time, it is vital that we act now to build strong foundations both in the way we work and our innovation programme to ensure we are well-positioned to respond to the changing context over the years to come.

## **Building a high-performance culture**

We are putting huge efforts into building the high-performance organisation we'll need for the future. That is about ensuring our people get the training they need as our business adapts to new ways of working; recruiting the very best talent; and making sure we have a culture that motivates people to achieve outstanding results.

## **Sustainable development and innovation for customers**

Our leadership in R&D and our sustainable development strategy both put us in a good position to innovate continually and stay ahead of what our customers expect. Our focus on higher added value products will play a crucial role in the future of our business. Our research into low-carbon technology is preparing us for the changes ahead in our markets. And our work to reassure our customers that our steel upholds robust social and environmental standards will ensure that steel is the material of choice in a future sustainable economy and ArcelorMittal is the preferred supplier. All of these themes are expanded on by my colleagues.

...over the next 1-2 years?

We've got a clear trajectory on both further strengthening our balance sheet and improving the structural profitability of our business through our Action 2020 initiatives. Action 2020 is covered elsewhere in this [Annual Review](#) but in summary it represents a strategic roadmap for each of ArcelorMittal's main business segments to deliver real structural improvements. It targets improved Ebitda of \$3 billion between 2016 and 2020 through cost optimisation, volume growth and increasing the share of high added value (HAV) products. By the end of 2017, we were halfway towards our target, having delivered \$1.5 billion of Ebitda from Action 2020.

### **Structural improvements for resilience**

Challenges can always come from the market environment. As I said earlier, our Action 2020 objectives are designed to be structural, so they bring benefits in any market conditions and ensure we are financially sustainable. In fact, our forecast for apparent steel consumption in 2018 points to a favourable demand environment, and growth in each of our markets. Steel spreads remain at healthy levels. So the outlook is positive, and we intend to continue to focus on our priorities: improving our safety performance; achieving our financial targets, which include a continued bias towards deleveraging until we reach our \$6 billion net debt target; delivering our strategic plan and Action 2020; and making sure we're adapting our organisation to meet the needs of customers and other stakeholders, including through innovation of the products and technologies that our customers need.

### **Addressing overcapacity and unfair trade**

At the same time, I do see areas that present both challenges and opportunities – my colleagues in this section of this Review identify several of the issues that investors and other stakeholders are interested in, and I would add two more: overcapacity and unfair trade. These confront the sector as a whole, and we continue to address them by advocating policies that will support jobs in Europe's efficient steelmaking industry.

## ...to 2023 and beyond?

As economies and populations grow, steel will play a vital role in more people's lives, and we need to ensure that we maintain the strength of our foundations in order to be able to respond. My colleagues describe below how we are preparing for key trends like digitalisation, emissions reduction and the circular economy. What will sustain our ability to create value in this context is a continuous focus on two fundamentals: a deleveraged, resilient financial position, and successfully delivering on our investments to generate more free cash flow. With these, we can continue to innovate, to respond and exceed our customers' expectations and to adapt to succeed.

### Balance sheet strength

Our success over the last two years in transforming the Company's balance sheet has already given us a strong foundation. Our net debt to Ebitda ratio is now 1.2x - two years ago this ratio was 3.0x. We are now trading with credit metrics in line with an investment grade rating, and Standard & Poor's has upgraded its rating on ArcelorMittal to investment grade. This reduces interest costs which will help to increase free cash flow further. We've set a net debt target of \$6 billion as the right landing point to support investment grade ratings through the cycle, and beyond that we will need to maintain nominal levels of debt to ensure we can adapt even when the market environment is not favourable.

### Delivering on investment

Our progress on reducing net debt puts us in a position to deploy capital in order to increase future returns. So, while we continue through our deleveraging bias, we will invest selectively in opportunities that will enhance our ability to generate Ebitda and free cash flow - we are already increasing capex in 2018 by \$1 billion to \$3.8 billion. Recent examples include our proposed acquisition of Ilva, Italy's largest steel producer, and our proposed merger of our Long products business in Brazil with Votorantim. We also announced a \$1 billion, three-year investment in Mexico, and \$0.3 billion in additional strategic capex. This will enhance downstream optimisation in Europe; increase our high added value capacities; and reduce costs. Ultimately, these investments are aimed at creating the foundations for sustained value creation.

## 2. Digitalisation

Geert van Poelvoorde

Executive vice president, CEO ArcelorMittal Europe Flat Products

**What is the business doing to respond to the main opportunities and challenges now?**

Digitalisation isn't new, of course – it's part of everyday life. Ours is a highly automated business and we have been digitalised in many areas for years. The pace of digitalisation and the scope of what it offers us, though, is accelerating enormously. The remarkable growth in data volumes, computational power, and connectivity, and the emergence of new types of analytics, business-intelligence capabilities, and technologies are creating a huge opportunity which we, as a business, are embracing.

### **Safer, more efficient, and better for customers**

My first example is in safety – by using drones to inspect potentially hazardous areas, for example, or by using big data to identify situations which could lead to incidents, we reduce the risk to employees. We're also trialling wearable technology to make access to machinery safer.

A second is the gain in visibility we have made through sensors and the data they give us. We can now predict and prevent more technical issues, which not only reduces disruptions, but means we can also react faster when they do occur. And if we can prevent disruptions, we can use resources more efficiently.

A third example is about creating 'one virtual supply chain' system, by connecting all our assets into one unique web-enable digital system, thus acting as effectively 'one virtual mill' despite our big footprint in Europe. This will allow our customer service teams to have almost instant and uniform information on the order and production status in each of our production lines in Europe, thus allowing to give preciser and faster answers to customers questions about their order status.

Another important target of our digital transformation is of course also to improve the interaction with our customers, by further improving our online Steeluser webplatform and by offering further automation and intelligence in the commercial administration

processes, leading to less manual interaction, less risk on mistakes, more efficient and faster data communications with the customers.

### ...in the next 1-2 years?

Through the use of analytics and big data, we're expecting to achieve progress in a number of key areas: reduced stoppages, which means higher volumes and a better yield; a better-quality product thanks to the early detection of defects; better service for our customers; and lower spending on spare parts, as issues are fixed early on.

#### **Big data and new technologies**

We've already started to deploy big data applications in our manufacturing sites – and as the information we gather from sensors and cameras increases, we expect the benefits to continue to grow. This has direct benefits for our customers – by using sensors and data analysis, we can improve quality in our steel shop. Algorithms and sensors are also helping us predict and prevent failures in major industrial machinery, such as motors and gear boxes, and enabling us to plan maintenance more accurately. This has considerable potential cost benefits. The ability of artificial intelligence to apply 'deep learning' and help our decision-making is accelerating rapidly, and will bring further gains in both safety and productivity.

Our R&D teams are constantly on the watch for new technologies and companies, and where we see a clear competitive advantage, we'll invest in the development of proprietary solutions.

#### **New skills, new opportunities**

The opportunity created by digitalisation does come with challenges. We need to help our existing employees to learn new skills and adapt, and we need to add employees with different skill sets to our teams. We've developed a strategy to help people learn the new skills they need as top managers, as people involved in digitalisation projects, and as employees in a digitalising business – and we're already recruiting people with new skill sets. We're also innovating ways to identify new ideas and new people – for example, we held a 36 hour open hackathon at our site in Gent, Belgium, awarding prizes to contestants whose ideas had the potential to create value for our business by helping us predict and prevent disruptions on our processing lines.

### ...up to 2023 and beyond?

Ultimately, our vision is to have a fully digitalised enterprise where everything is connected, bringing benefits to our production, our customers and our employees – and giving us a competitive advantage.

We expect rapid progress in areas we're already working in – the use of virtual reality in engineering to enable better design and planning, for example, and the use of robotics. We're heading towards the 'smart factory' which, using artificial intelligence, will bring machines, objects and people together to self-organise in the most efficient manner.

#### **Seizing the potential of 3D**

We also see huge potential in 3D printing. Within our own operations we will be able to 'print' spare parts when our analytics tell us that equipment needs replacing, for instance, reducing disruptions. And, as 3D technology matures, it will have a far wider impact on the way we and our customers do business. Our R&D teams are exploring our opportunities in this area now. Already, we have developed steel powder which specialist companies can use to create 3D printed structures such as bridges.

#### **Staying ahead, maintaining competitiveness**

As with any rapid development, our challenge is to read the trends, understand customer needs, and stay ahead of our competition. I believe our strategy, our scale, and the talent we have in R&D will enable us to continue to lead in this field – with great results for our business.

### 3. Low-carbon steelmaking

Carl de Maré

Vice president, head of technology strategy

What is the business doing to respond to the main opportunities and challenges now?

We have always used carbon to create value through steelmaking. So how can we keep creating that value in a lower-carbon world?

To answer the question, it is important to remember this: carbon itself is not a bad thing. Carbon emissions into the atmosphere are the problem. And the best approach to reducing carbon emissions is to stop thinking about carbon as waste at all – and to see it as a valuable resource. I believe our future will be based on converting waste carbon into high value products that will benefit customers and society, thus reducing net emissions. That means carbon is, for us, a huge opportunity.

#### Circular approaches to drive lower carbon

Converting waste carbon into forms that are commercially attractive, such as bio-alcohols, chemicals, plastics and fuels, is the focus of our work on a number of carbon capture and utilisation (CCU) technologies. These new products can be used in place of ones made from new fossil fuels, with the net effect of reducing greenhouse gas emissions. These are very exciting opportunities for us and for customers and I'll talk more about them later in this section.

They are part of a strategy of adopting more circular approaches to all materials, to make significant gains in carbon efficiency. Some of the ways we do this are long-standing – by recycling scrap steel, for example, by using our waste gases to generate energy for us and our neighbours, or by selling the by-products we create to **other industries**. And we also make an important contribution to lower-carbon approaches through innovation of new products and processes, as my colleagues describe elsewhere on this page.

#### Creating the conditions for success

Of course, there are some challenges we need to overcome to move to low-carbon steel. Some of the technologies we're trialling are at relatively early stages – so we need to ensure that we're advancing the right ones and looking out for others. Then we need to help build

the regulatory, market, and financial environment that is needed to make such technologies viable at scale. Encouraging more investment in carbon-efficient steel is one of the reasons our business advocates a border adjustment as part of the EU's Emissions Trading Scheme – see priorities for [our business and our stakeholders](#). Our work with customers, regulators and other stakeholders will be crucial – including our contribution to the International Energy Agency (IEA)'s roadmap to a 2 degree world for steel.

### ...in the next 1-2 years?

The next few years will be extremely exciting, as we start seeing results from some of the CCU technologies we're pursuing, and particularly from our two world-first demonstration projects.

#### **Carbon as a resource, not waste**

Our most advanced CCU project is a partnership with LanzaTech which uses a biological conversion process to produce ethanol from carbon monoxide. We've tested the technology extensively in pilots – and now we're able to demonstrate it at industrial scale. In 2017 we obtained the funding and permits to build an industrial plant at our mill in Gent, Belgium. We expect the plant to be producing ethanol by the middle of 2019, and to yield an annual CO<sub>2</sub> saving equivalent to 600 Boeing 747 flights between London and New York.

In France, our Dunkerque site has started work on a project in which CO<sub>2</sub> is captured and reformed with plasma torch technology into a hot reductant gas which is injected in the blast furnace. By doing this we will reduce our use of coal and subsequent CO<sub>2</sub> emissions.

We'll also know much more about other technologies and CCU projects we have in the pipeline. There are several of these at present – for example, we're currently conducting an experiment to test the viability of using flue gases to grow microalgae which could be converted to bio-crude or valuable chemicals at Fos-sur-Mer in France.

#### **Thinking ahead: making CCU viable**

As CCU begins to produce results – or new technologies emerge – questions will intensify about how these low-carbon approaches can be made financially viable. How should investment in them be

incentivised – and specifically, how will policy-makers ensure they accelerate this process? What are the markets for the new products CCU can produce, and how will we adapt to make the most of these opportunities? We're already talking to potential customers about this, and exploring opportunities to attract investment. At the same time, we'll keep embedding the circular approaches that underpin our strategy, laying the foundations for a business model that turns waste carbon into useful carbon.

### ...up to 2023 and beyond?

I have no doubt that in the low-carbon economy of the future, carbon and other materials will be treated as resources, not waste. That means that what is currently seen as a risk to our business – the use of carbon – will be recognised as an opportunity. Our steelmaking will be at the centre of a circular economy approach to materials, with enormous benefits to society and our customers.

### Engines of change

There is a great deal of work to be done before we know which mix of technologies will achieve this. But we have clear signs of progress with CCU. As it scales up in line with our plans, it has the potential to be the engine of change for the whole way many materials are made, used, and disposed of. I would argue that we are already more than a steel and mining company, as the by-products from our steelmaking are currently used by the cement, fertiliser, and glass industries, among others. In the future, our sites could be producing valuable resources in even greater volume and variety: bio-alcohols that, unlike current bio-fuels, produce no impacts on forest or agricultural land; plastics and chemicals that require lower carbon inputs than existing alternatives. Already one of the world's biggest recyclers because of our use of scrap steel, we could become even more efficient hubs for used materials, including plastic and wood, or municipal waste – channels we have begun exploring already.

### Infrastructure that supports the circular economy

To embrace that opportunity, there will have to be changes to our business and to the economy more widely. As the energy sector decarbonises, we expect renewable energy to become more affordable, which will accelerate many of the technologies we're working on. At the same time, this wider decarbonisation will

increase the expectation on the steel industry. We will need to demonstrate that we are closing the carbon loop on steel. I believe that with our strategy and the technologies and mindsets it includes, we'll have changed the way we and others see carbon – and that it will be a very exciting time for steelmaking.

## 4. Supply chain assurance and certification

Alan Knight

General manager, head of corporate responsibility

What is the business doing to respond to the main opportunities and challenges now?

What's the story behind this product? Where does it come from – and what impacts has it had? Across sectors, consumers and other stakeholders are increasingly asking these kinds of questions about the goods that reach the marketplace. Manufacturers need to know, and be able to tell, their story – showing how it fits with their own sustainability agenda, with their customers' needs, and with regulatory and reporting requirements.

### Supply chain focus across industries

Like us, our customers want to know that our steel – and the raw materials it is made from – is the result of a value chain in which all key stakeholders' expectations are met in terms of the law, human rights, and social and environmental standards. Alongside a steady increase in individual surveys and engagements with us, our customers are joining together in single-sector or cross-sector collaborations to shape and drive common objectives. In 2017, for example, DRIVE Sustainability, Electronic Industry Citizen Coalition, Railspossible, EcoVadis and the Green Building Council, among others all engaged in supply chain standard-setting. There are two areas of focus: the sites that make steel, which for us means our operations; and the mine sites where our raw materials come from. Giving customers assurance in these areas in ways they can trust and validate is, I believe, a key competitive advantage, both for steel as a material, and for us as a business. The challenges today are: what are the right standards, and how do we prove they are met? Do they involve trade-offs – and how and when do we drive for further improvement?

### Piloting independent assurance standards

Customers and sectors currently vary widely in terms of their expectations and assurance methodology. But the underlying trend towards greater reassurance is clear – and we believe one of the best ways to meet it is through standards set and agreed by all the key stakeholders, and against which every steelmaking site and mine site

can be certified. We have taken leadership roles in the formation of ResponsibleSteel™, and IRMA (Initiative for Responsible Mining Assurance), which are working to establish multi-stakeholder standards for steel production and mines. This year, we also made an important commitment to assessing our marketable mines against Towards Sustainable Mining (TSM), the Mining Association of Canada's responsible mining programme. In 2017, we ran pilot projects to test ResponsibleSteel™'s evolving audit process at three of our steel sites, and we learnt that our best plants would meet the required standard. There are challenges still to address – mining and steel supply chains are complex, and we need to keep working on identifying risks and opportunities in our raw material supply chain as well as how this complexity is reflected in standards as they evolve. Nonetheless, we think programmes like these are leading the way.

### ...in the next 1-2 years?

I mentioned earlier that different customers have different levels of expectation, and require different degrees of reassurance. We're seeing that. As customers learn more about the complexity of their raw material supply chains, they shift their expectations – for example, from asking us to complete questionnaires, to expecting us to take the lead in identifying the right standards in our sectors and the right interventions to address critical issues.

### Meeting four levels of assurance

As a supplier to many different customers we have to accommodate these different levels of scrutiny and reassurance. Some customers currently do not ask us anything in this area. Many other customers simply ask us to affirm that we comply with their standards, through a code of conduct – this is what I think of as the first level of assurance. At the second level, customers require us to show data and evidence to support compliance – a stage that an increasing number of customers have already reached.

What we are seeing now is a trend towards a third level: that is, customers seeking assurance through multi-stakeholder standards and site-based certification. We've already seen this in other sectors – such as forestry, jewellery and seafood. In my view, more and more of our steel customers will seek this more sophisticated level of assurance – and this trend will accelerate in the short to medium term.

### Staying ahead of the certification curve

This desire for greater assurance is what is driving momentum behind certification – momentum which we have helped build, and which I believe will keep growing over the next two years.

The expansion of the ResponsibleSteel™ standard once it is formally launched in 2018 will be a big step forward. We are beginning pre-audits of all our European integrated sites, so that we can identify and remedy any issues and ensure we're among the first to achieve ResponsibleSteel™ certification when it becomes available. At the same time, we are talking to customers – exploring what they need from us, and how site-level certification will work within their supply chain.

### Focus on mined raw materials

Of course, customers are not looking only at our steelmaking sites. In addition to reassuring customers about standards in our operations, we're also already working on standards for our mined raw materials. Work began in early 2018 on our plan to achieve TSM standards at our marketable mines in Liberia, and at Serra Azul in Brazil and Princeton in the US. We decided to commit to this four-year roll-out having seen the benefits of TSM in Canada. I see programmes like TSM and ResponsibleSteel™ as meeting what I described above as the third level of assurance. So what is the fourth level? In my view, it is pro-active engagement with issues in the field. An example is our support of a multi-stakeholder working group on sustainable tin production in Indonesia. In 2017, the group developed good practice principles for worker safety and land reclamation – the aim is that these will start to be implemented with local stakeholders in 2018.

...up to 2023 and beyond?

Over the next few years, in my view, we're going to enter a new era for responsibly produced steel. If the trends we see now continue, assurance standards could shape the way our industry works very quickly.

There are challenges - we need to reach a consensus with all stakeholders over what standards for steel should include, and in particular on what part low-carbon steel will play. Nonetheless, it is easy to imagine a near future in which certification for most high added-value steel products is a normal expectation from many customers, rather than the exception. This has already happened in other sectors, with initiatives such as the Forest Stewardship Council (FSC). In such a market, I expect us to have benefited significantly from our leadership in these areas.

#### **Embedding certification in customer supply chains**

As the standards in our industries become established, we'll want to see them used to the greatest benefit of our customers, the people in our supply chain, and ourselves. Policy makers and the market will both play important roles here - for example, encouraging customers to communicate their ResponsibleSteel™ credentials to consumers and others, or demonstrating the merits of certification to regulators who stipulate standards for public buildings and similar projects. Policy frameworks will also be important in ensuring a fair competitive environment for those steelmakers who can demonstrate they have met standards for responsible production.

#### **Building a system that works efficiently**

We also need to ensure that the standards within - and between - industries are as integrated as possible. This creates synergies and, crucially for us and for our suppliers, helps eliminate duplication. We are already working with customers and suppliers in this area, and engaging with standards-setters at ResponsibleSteel™, IRMA and TSM, among others. There's a consensus that the more efficient and effective the system we arrive at, the better for all stakeholders - and ultimately, for the people who live and work in our shared value chains.

## 5. Innovation

Greg Ludkovsky

Vice president, head of global R&D

What is the business doing to respond to the main opportunities and challenges now?

Where will the products and infrastructure come from to support sustainable lifestyles in a low-carbon economy? Some of them are already with us – and it's fair to say they are the result of our excellence in R&D.

### Making transport more sustainable

If you drive a car in Europe, it probably contains our advanced high strength steels (AHSS), designed to provide safety and strength but reduce weight – helping carmakers hit emissions targets or, in the case of electric vehicles, extend battery range. If you prefer to take the train, we may well have made the steel in the rails it is running on: we have a rail excellence centre where we work closely with customers on research into new products for the rail sector, and a number of our sites make specialist steel for rails. In 2017, engineers began testing Africa's first-ever high-speed railway line, between Tangiers and Kenitra. We're the sole rails supplier for the first phase of this project, and provided 46,000 tonnes of rails.

### Supporting renewables

In fact our breakthrough technologies are supporting sustainable infrastructure in a number of ways, including renewable energy. Our Magnelis® technology is being used in 50% of all new major solar farm structures produced in Europe, and at Al Maktoum Solar Park in Dubai, the world's largest single-site renewable-energy project. If your renewable energy comes from wind power, there's a good chance the heavy plate in the wind towers or, in offshore installations, the jackets that keep the turbine stable on the sea floor, contain our steel – and we also supply the electrical steels for wind tower generators.

### Innovation is key

Innovation is key to producing these steels and processes, which in turn form a major element in achieving our 10 Sustainable Development outcomes, especially **outcome 2** and **outcome 3**. They are also the kind of high added value product – ones based on true

insight into customers' needs – that are at the heart of our business strategy. The challenge for us is to make sure we're reading the long-term trends right, so we can keep our market leadership position.

### ...in the next 1-2 years?

I've already described some of the ways that our products help our customers, and society, drive sustainability improvements. We have a pipeline of products and innovations in place that will continue to serve customers who are leading their sectors in these areas.

#### Helping to drive electric vehicles

Electric vehicles (EVs), for example, are being rapidly developed by carmakers. We're working closely with them and aim to maintain our leading position in providing innovative steel solutions for electric and hybrid vehicles. Having launched two further second generation iCARe® specialist steels for electric motors in 2017, we are already working on a third generation of electrical steels. What is more, we're offering steel solutions tailored to the specific designs required by EVs – to house and protect the battery in the event of a crash, for example, or improve the stiffness of the chassis and wheels of electric vehicles to enhance handling performance.

#### Pipeline of breakthroughs

We've taken steps to ensure that this pipeline not only continues, but expands. In 2017 we piloted our Sustainable Innovation (SI) tool, created by R&D to ensure that all research projects have sustainable development as a core design principle. Over the next two years, we expect to see more and more projects formally assessed against the key social and environmental trends identified by our 10 outcomes, and given ratings, including on their CO<sub>2</sub> emissions.

This includes products for the construction sector, where we're working closely with customers as they seek to achieve higher and higher environmental standards. We need to support them with new products and processes, and with tools that help them choose and deploy materials in the most sustainable and cost-effective way.

#### A reusable future?

In 2017, our R&D teams worked with architects Wilmette &

Associés on the design of our new Luxembourg headquarters. The 'cradle to cradle' design ensures that the building can be dismantled, and nearly all the steel products re-used in a new building. Steel is already one of the most recycled materials; making it more reusable as well will, with the right market and regulatory conditions, create whole new opportunities, both commercial and environmental.

### ...up to 2023 and beyond?

Industries and economies are evolving fast. The requirement to transition to a lower-carbon economy coupled with Industry 4.0, will stimulate real change. Looking ahead, we know a low-carbon, circular economy will need products that use natural resources in ways that are ultra-efficient. Through innovation, we need to keep developing products and processes that enable both sustainable lifestyles for a growing population, and a successful future for a business committed to adding value for our customers.

#### What we need to succeed

Elsewhere in this section, Carl and Geert describe two of the biggest, most transformative areas where we're innovating – low-carbon technologies, and in digitalisation. Innovating new products and processes that support our customers will be equally important. So what do we have to do to achieve this?

We have to make sure we keep identifying long-term trends and anticipating our customers' needs. We are well placed to do this through, on the one hand, our network of R&D centres and resident engineers working closely with academic institutions and others, and, on the other, our close relationships with customers. The model we've established with the automotive sector in particular, of collaboration and co-engineering from an early stage, will be just as important in other sectors too.

#### The people who will invent the future

We also have to make sure that we have the right people, and the right kind of organisation, to meet these needs. We're already recruiting people with skill-sets very different from those that were common in the steel industry a decade ago, because our needs have expanded to include the data and robotics skills that Geert describes elsewhere. In many countries where we operate, some of the skills

we need – broadly, science, technology, engineering and mathematics (STEM) – are in short supply. Building a pipeline of people with those skills – a process that starts in the primary school classroom – is a key way in which we will both secure the future of our business, and help society more widely find solutions to the challenges of a resource-constrained world. Our work to support STEM education is described in [outcome 9](#).

# Financial highlights

Highlights for 2013, 2014, 2015, 2016 and 2017

	2013	2014	2015	2016	2017
<b>Health and safety</b>					
Lost time injury frequency rate (LTIF) <sup>1</sup>	0.85	0.85	0.81	0.82	0.78
<b>ArcelorMittal steel operations (millions of metric tonnes)</b>					
Production of steel products	91.2	93.1	92.5	90.8	93.1
Change year/year	3.3%	2.1%	(0.7)%	(1.9)%	2.6 %
Shipments of steel products	82.6	85.1	84.6	83.9	85.2
Change year/year	0.5%	3.0%	(0.6)%	(0.8)%	1.6 %
<b>ArcelorMittal mining operations (millions of metric tonnes)</b>					
<b>Mining production</b>					
<i>Iron ore:</i>					
Own production	58.4	63.9	62.8	55.2	57.4
Long-term contract	11.7	13.1	10.9	6.9	0.9
<b>Total iron ore production</b>	<b>70.1</b>	<b>77.0</b>	<b>73.7</b>	<b>62.1</b>	<b>58.3</b>
<i>Coal:</i>					
Own production	8.1	7.0	6.1	6.3	6.3
Long-term contract	0.8	0.7	0.1	-	-
<b>Total coal production</b>	<b>8.8</b>	<b>7.7</b>	<b>6.2</b>	<b>6.3</b>	<b>6.3</b>
<b>Mining shipments</b>					
<i>Iron ore:</i>					
External sales - Third party	11.6	14.4	13.7	12.3	11.7
Internal sales - Market-priced	23.5	25.4	26.7	21.3	24.0
Internal sales - Cost-plus basis	24.4	23.9	22.1	22.3	22.2
Strategic contracts	11.7	13.1	11.4	6.9	0.9
<b>Total iron ore shipments</b>	<b>71.3</b>	<b>76.8</b>	<b>73.9</b>	<b>62.8</b>	<b>58.8</b>
<i>Coal:</i>					
External sales - Third party	3.3	1.8	1.5	1.4	1.1
Internal sales - Market-priced	1.6	2.1	1.3	2.0	1.7
Internal sales - Cost-plus basis	2.9	3.3	3.2	3.4	3.5
Strategic contracts	0.8	0.7	0.1	-	-
<b>Total coal shipments</b>	<b>8.5</b>	<b>7.9</b>	<b>6.1</b>	<b>6.8</b>	<b>6.3</b>
<b>ArcelorMittal financials (US\$ millions)</b>					
Sales	79,440	79,282	63,578	56,791	68,679
EBITDA <sup>2</sup>	6,888	7,237	5,231	6,255	8,408
Operating income/(loss)	1,197	3,034	(4,161)	4,161	5,434
Net income/(loss) attributable to equity holders of the parent	(2,545)	(1,086)	(7,946)	1,779	4,568
Net cash provided by operating activities	4,296	3,870	2,151	2,708	4,563

	2013	2014	2015	2016	2017
Net cash used in investing activities	(2,877)	(3,077)	(2,170)	(1,143)	(2,830)
Net cash (used in) provided by financing activities	241	(2,750)	395	(2,926)	(1,731)
Cash and cash equivalents and restricted cash	6,232	4,016	4,102	2,615	2,786
Property, plant and equipment	51,364	46,593	35,780	34,831	36,971
Total assets	112,308	99,179	76,846	75,142	85,297
Short-term debt and current portion of long-term debt	4,092	2,522	2,308	1,885	2,785
Long-term debt, net of current portion	18,219	17,275	17,478	11,789	10,143
Equity attributable to the equity holders of the parent	49,793	42,086	25,272	30,135	38,789
Net debt <sup>3</sup>	16,079	15,781	15,684	11,059	10,142
<b>ArcelorMittal financials per share (US\$)</b>					
ArcelorMittal average share price <sup>4</sup>	43.16	43.94	25.42	16.54	25.80
Book value per share <sup>4</sup>	65.02	54.61	32.73	31.61	38.03
Basic earnings/(loss) per share <sup>4</sup>	(3.40)	(1.43)	(10.29)	1.87	4.48
<b>ArcelorMittal ratios</b>					
EBITDA margin	8.7%	9.1%	8.2%	11.0%	12.2 %
Operating margin	1.5%	3.8%	(6.5)%	7.3%	7.9 %
EBITDA per tonne	83	85	62	75	99

Sources: ArcelorMittal and NYSE

1 LTIF refers to lost time injury frequency rate defined as lost time injuries per 1.000.000 worked hours; based on own personnel and contractors.

2 EBITDA defined as operating income plus depreciation, impairment expenses, restructuring and exceptional charges/ (income).

3 Net debt: long-term debt, plus short term debt, less cash and cash equivalents, restricted cash and short-term investments (excluding those held as part of assets/liabilities held for sale).

4 Following the Company's equity offering in April 2016, the earnings (loss) per share for prior periods have been recast in accordance with IFRS for the years ended December 31, 2015, 2014 and 2013, respectively, to include the bonus element derived from the 35% discount to the theoretical ex-right price included in the subscription price. 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 share, corresponding basic and diluted weighted average common shares outstanding, book value per share and average share price for the years ended December 31, 2016, 2015, 2014 and 2013, respectively, have been recast in accordance with IFRS.

# Key operational overview

Segment annually (2013 - 2017) and quarterly (2016 - 2017)

	2013	2014	2015	2016	2017	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
<b>Crude steel production (000's MT)</b>													
NAFTA	24,914	25,036	22,795	22,208	23,480	5,644	5,735	5,632	5,197	6,216	5,762	5,904	5,598
Brazil	9,987	10,524	11,612	11,133	11,210	2,667	2,800	2,888	2,778	2,710	2,714	2,797	2,989
Europe	41,923	43,419	43,853	42,635	43,768	11,171	10,720	10,571	10,173	11,212	10,997	11,248	10,311
ACIS	14,362	14,148	14,219	14,792	14,678	3,668	3,926	3,552	3,646	3,492	3,685	3,669	3,832
<b>Total</b>	<b>91,186</b>	<b>93,127</b>	<b>92,479</b>	<b>90,767</b>	<b>93,136</b>	<b>23,150</b>	<b>23,181</b>	<b>22,643</b>	<b>21,793</b>	<b>23,630</b>	<b>23,158</b>	<b>23,618</b>	<b>22,730</b>
<b>Steel shipments* (000's MT)</b>													
NAFTA	22,500	23,074	21,306	21,281	21,834	5,463	5,443	5,364	5,011	5,610	5,419	5,655	5,150
Brazil	9,797	10,376	11,540	10,753	10,840	2,472	2,689	2,751	2,841	2,226	2,622	2,940	3,052
Europe	38,269	39,639	40,676	40,247	40,941	10,444	10,886	9,382	9,535	10,208	10,466	10,116	10,151
ACIS	12,422	12,833	12,485	13,271	13,094	3,315	3,453	3,408	3,095	3,221	3,257	3,362	3,254
<b>Total</b>	<b>82,610</b>	<b>85,125</b>	<b>84,586</b>	<b>83,934</b>	<b>85,242</b>	<b>21,472</b>	<b>22,101</b>	<b>20,316</b>	<b>20,045</b>	<b>21,058</b>	<b>21,483</b>	<b>21,705</b>	<b>20,996</b>
<b>Average steel selling price (US\$/tonne)</b>													
NAFTA	829	843	732	672	742	635	660	715	681	719	760	741	748
Brazil	940	867	647	536	667	474	515	582	565	678	655	651	685
Europe	804	773	609	568	702	530	562	596	590	649	698	723	736
ACIS	613	576	432	395	515	320	409	419	432	502	499	515	546
<b>Total</b>	<b>799</b>	<b>775</b>	<b>623</b>	<b>567</b>	<b>682</b>	<b>520</b>	<b>560</b>	<b>601</b>	<b>589</b>	<b>649</b>	<b>680</b>	<b>690</b>	<b>709</b>
<b>Revenue (US\$ millions)</b>													
NAFTA	19,645	21,162	17,293	15,806	17,997	3,822	3,920	4,269	3,795	4,458	4,607	4,636	4,296
Brazil	10,148	10,037	8,503	6,223	7,755	1,255	1,488	1,729	1,751	1,610	1,834	2,059	2,252
Europe	40,507	39,552	31,893	29,272	36,208	7,151	7,810	7,172	7,139	8,222	9,180	9,196	9,610
ACIS	8,419	8,268	6,128	5,885	7,621	1,192	1,581	1,586	1,526	1,807	1,834	1,941	2,039
Mining	5,766	4,970	3,387	3,114	4,033	600	809	809	896	1,030	1,015	1,029	959
Holding and service companies and eliminations	(5,045)	(4,707)	(3,626)	(3,509)	(4,935)	(621)	(865)	(1,042)	(981)	(1,041)	(1,226)	(1,222)	(1,446)
<b>Total</b>	<b>79,440</b>	<b>79,282</b>	<b>63,578</b>	<b>56,791</b>	<b>68,679</b>	<b>13,399</b>	<b>14,743</b>	<b>14,523</b>	<b>14,126</b>	<b>16,086</b>	<b>17,244</b>	<b>17,639</b>	<b>17,710</b>
<b>EBITDA (US\$ millions)</b>													
NAFTA	1,397	1,206	891	1,719	1,703	339	513	566	301	524	506	381	292
Brazil	1,895	1,845	1,231	872	990	145	213	301	213	246	201	202	341
Europe	1,621	2,304	2,393	2,503	3,560	363	725	717	698	909	942	848	861
ACIS	314	620	317	678	1,027	61	242	233	142	191	174	239	423
Mining	1,980	1,331	462	762	1,407	98	163	204	297	480	319	341	267
Holding and service companies and eliminations	(319)	(69)	(63)	(279)	(279)	(79)	(86)	(124)	10	(119)	(30)	(87)	(43)

	2013	2014	2015	2016	2017	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	4Q 17
Total	6,888	7,237	5,231	6,255	8,408	927	1,770	1,897	1,661	2,231	2,112	1,924	2,141
Operating income/(loss) (US\$ millions)													
● NAFTA	630	386	(705)	2,002	1,185	205	1,209	424	164	396	378	256	155
● Brazil	1,204	1,388	628	614	697	89	149	233	143	175	128	128	266
● Europe	(985)	737	171	1,270	2,359	86	383	414	387	636	652	546	525
● ACIS	(457)	95	(624)	211	508	(15)	162	156	(92)	116	51	159	182
● Mining	1,176	565	(3,522)	366	991	(2)	62	103	203	378	216	238	159
Holding and service companies and eliminations	(371)	(137)	(109)	(302)	(306)	(88)	(92)	(126)	4	(125)	(35)	(93)	(53)
Total	1,197	3,034	(4,161)	4,161	5,434	275	1,873	1,204	809	1,576	1,390	1,234	1,234
Steel EBITDA/tonne (US\$/tonne)													
● NAFTA	62	52	42	81	78	62	94	106	60	93	93	67	57
● Brazil	193	178	107	81	91	59	79	109	75	110	77	69	112
● Europe	42	58	59	62	87	35	67	76	73	89	90	84	85
● ACIS	25	48	25	51	78	18	70	68	46	59	53	71	130
Total**	59	69	56	65	82	39	73	83	68	83	83	73	89
EBITDA/tonne (US\$/tonne)													
● NAFTA	62	52	42	81	78	62	94	106	60	93	93	67	57
● Brazil	193	178	107	81	91	59	79	109	75	110	77	69	112
● Europe	42	58	59	62	87	35	67	76	73	89	90	84	85
● ACIS	25	48	25	51	78	18	70	68	46	59	53	71	130
Total***	83	85	62	75	99	43	80	93	83	106	98	89	102

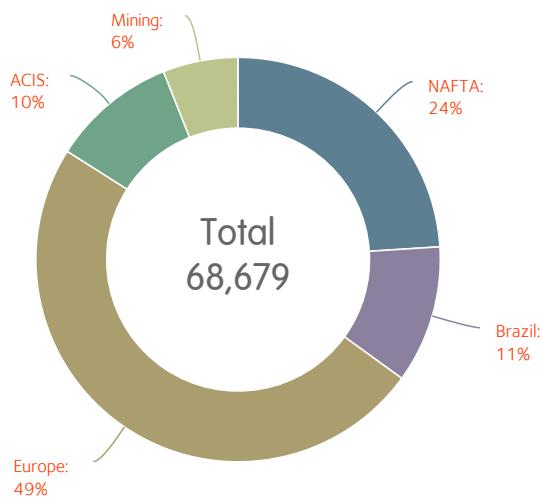
\* ArcelorMittal Downstream Solutions shipments are eliminated in consolidation as they primarily represent shipments originating from other ArcelorMittal operating subsidiaries.

\*\* Average steel EBITDA/tonne is calculated as group EBITDA less mining divided by total steel shipments.

\*\*\* EBITDA/tonne is calculated as group EBITDA divided by total steel shipments.

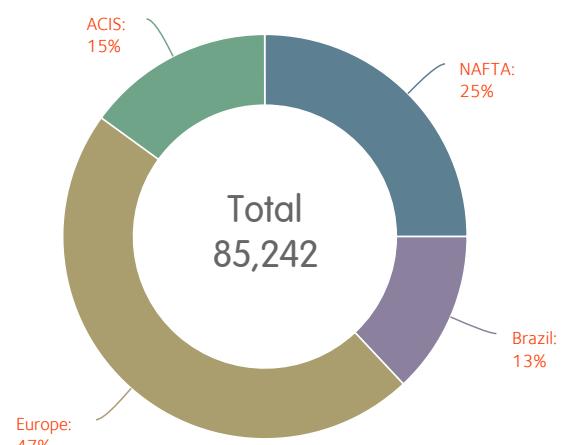
## Revenue by segment 2017 (US\$ millions)

% figures presented exclude holding and service companies and eliminations (4,935)



## Steel shipments by segment 2017 (000's MT)

% figures presented exclude eliminations (1,467)

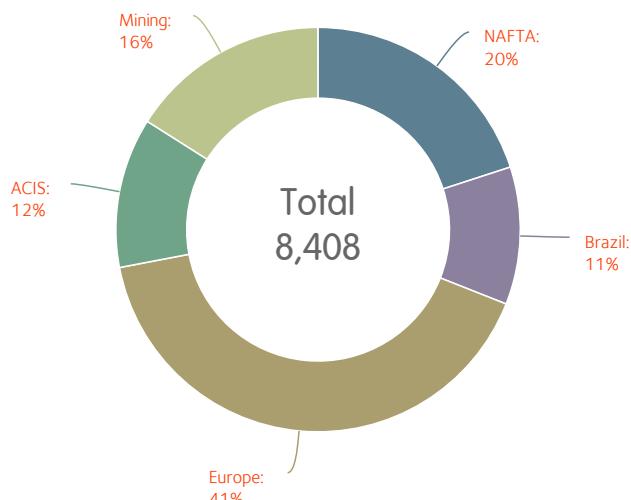


(US\$ millions)	2017	%
NAFTA	17,997	24
Brazil	7,755	11
Europe	36,208	49
ACIS	7,621	10
Mining	4,033	6

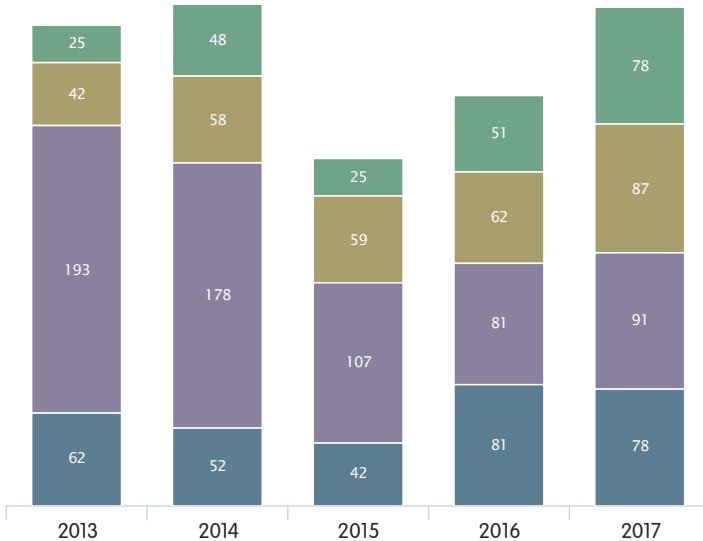
000's MT	2017	%
NAFTA	21,834	25
Brazil	10,840	13
Europe	40,941	47
ACIS	13,094	15
Mining	1,467	1

## EBITDA by segment 2017 (US\$ millions)\*

% Figures presented exclude holding and service companies and eliminations



## EBITDA/tonne by segment 2013-2017 (US\$/tonne)



US\$ millions	2017	%
NAFTA	1,703	20
Brazil	990	11
Europe	3,560	41
ACIS	1,027	12
Mining	1,407	16

US\$/tonne	2013	2014	2015	2016	2017
NAFTA	62	52	42	81	78
Brazil	193	178	107	81	91
Europe	42	58	59	62	87
ACIS	25	48	25	51	78
<b>Total</b>	<b>83</b>	<b>85</b>	<b>62</b>	<b>75</b>	<b>99</b>

# Crude steel production quarterly by segment

Segment annually and quarterly (2016 and 2017)

000's MT	2016	2017	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	4Q 17
● NAFTA	22,208	23,480	5,644	5,735	5,632	5,197	6,216	5,762	5,904	5,598
● Brazil	11,133	11,210	2,667	2,800	2,888	2,778	2,710	2,714	2,797	2,989
● Europe	42,635	43,768	11,171	10,720	10,571	10,173	11,212	10,997	11,248	10,311
● ACIS	14,792	14,678	3,668	3,926	3,552	3,646	3,492	3,685	3,669	3,832
<b>Total</b>	<b>90,767</b>	<b>93,136</b>	<b>23,150</b>	<b>23,181</b>	<b>22,643</b>	<b>21,793</b>	<b>23,630</b>	<b>23,158</b>	<b>23,618</b>	<b>22,730</b>

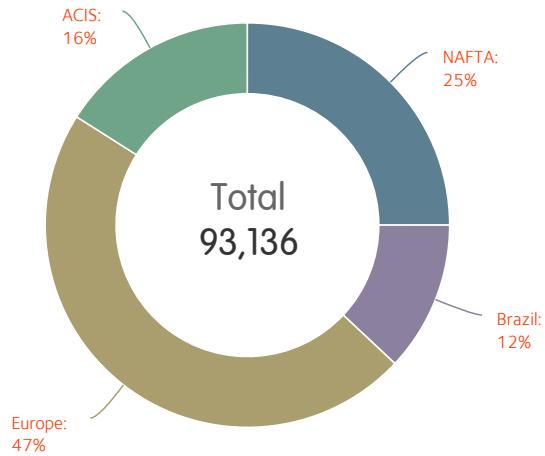
Source: ArcelorMittal estimates.

Crude steel production by process and segment 2017

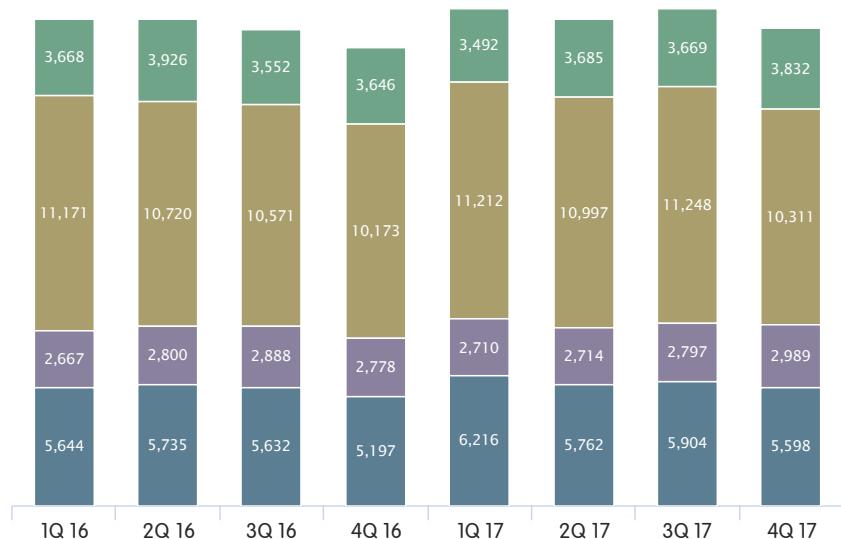
000's MT	Blast oxygen furnace	Electric arc furnace	Open hearth furnace	Total crude steel
● NAFTA	17,237	6,243	-	23,480
● Brazil	8,176	3,034	-	11,210
● Europe	35,691	6,278	1,799	43,768
● ACIS	12,529	1,099	1,050	14,678
<b>Total</b>	<b>73,632</b>	<b>16,656</b>	<b>2,849</b>	<b>93,136</b>

Source: ArcelorMittal estimates.

Crude steel production by segment 2017  
(000's MT)



Crude steel production by segment (2016 and 2017 quarterly) (000's MT)

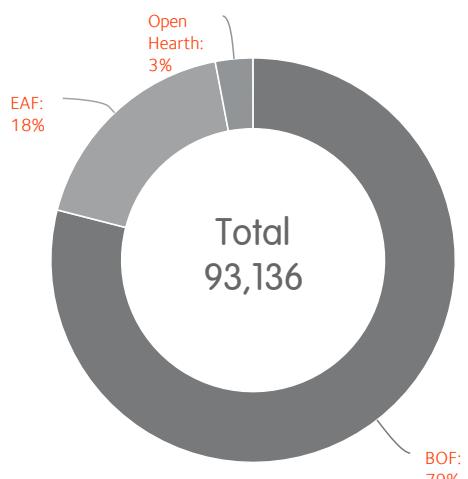


000's MT	2017	%
NAFTA	23,480	25
Brazil	11,210	12
Europe	43,768	47
ACIS	14,678	16
<b>Total</b>	<b>93,136</b>	<b>100</b>

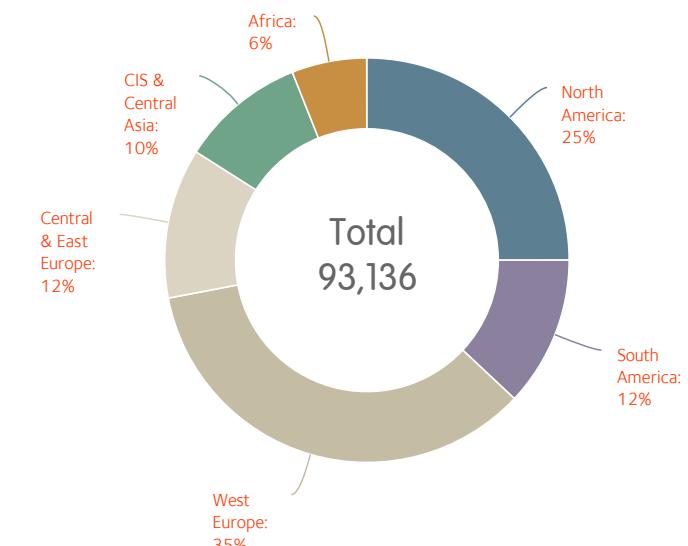
000's MT	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	4Q 17
NAFTA	5,644	5,735	5,632	5,197	6,216	5,762	5,904	5,598
Brazil	2,667	2,800	2,888	2,778	2,710	2,714	2,797	2,989
Europe	11,171	10,720	10,571	10,173	11,212	10,997	11,248	10,311
ACIS	3,668	3,926	3,552	3,646	3,492	3,685	3,669	3,832
<b>Total</b>	<b>23,150</b>	<b>23,181</b>	<b>22,643</b>	<b>21,793</b>	<b>23,630</b>	<b>23,158</b>	<b>23,618</b>	<b>22,730</b>

Source: ArcelorMittal estimates.

### Crude steel production by process 2017 (000's MT)



### Crude steel production by region 2017 (000's MT)



	2017	%
Blast oxygen furnace (BOF)	73,632	79
Electric arc furnace (EAF)	16,656	18
Open hearth furnace	2,849	3
<b>Total</b>	<b>93,136</b>	<b>100</b>

	2017	%
North America	23,480	25
South America	11,211	12
West Europe	32,297	35
Central and East Europe	10,969	12
CIS and Central Asia	9,847	10
Africa	5,332	6
<b>Total</b>	<b>93,136</b>	<b>100</b>

Source: ArcelorMittal estimates.

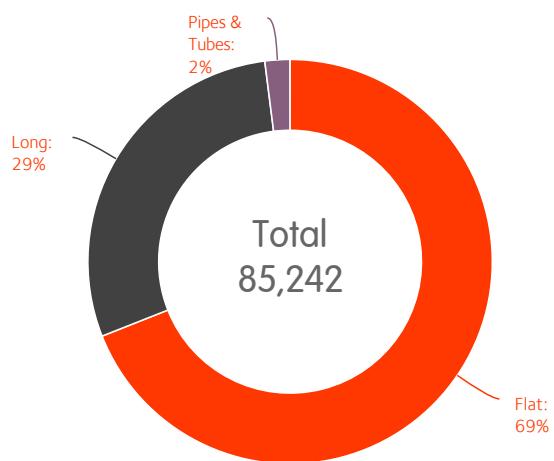
# Steel shipments

Segment and product types annually and quarterly (2016 and 2017)

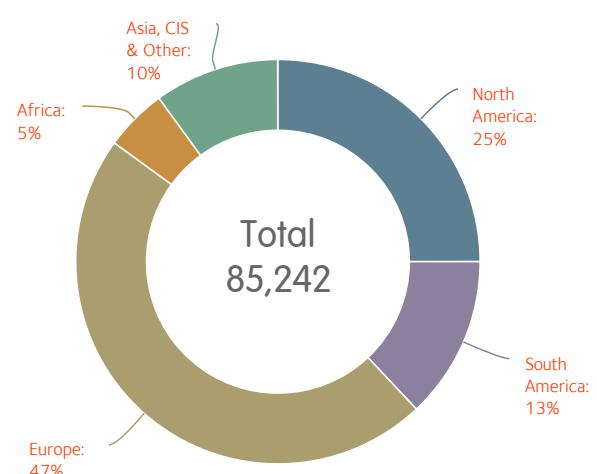
000's MT	2016	2017	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	4Q 17
● Flat	18,207	18,926	4,567	4,641	4,698	4,301	4,944	4,748	4,820	4,414
● Long	3,647	3,530	1,037	964	829	817	829	845	984	872
● NAFTA	21,281	21,834	5,463	5,443	5,364	5,011	5,610	5,419	5,655	5,150
● Flat	6,689	6,762	1,455	1,627	1,730	1,877	1,364	1,682	1,766	1,950
● Long	4,064	4,100	1,009	1,065	1,026	964	866	945	1,181	1,108
● Brazil	10,753	10,840	2,472	2,689	2,751	2,841	2,226	2,622	2,940	3,052
● Flat	27,971	29,255	7,332	7,536	6,562	6,541	7,377	7,482	7,098	7,298
● Long	12,114	11,494	3,064	3,316	2,767	2,967	2,806	2,913	2,954	2,821
● Europe	40,247	40,941	10,444	10,886	9,382	9,535	10,208	10,466	10,116	10,151
● CIS	9,181	8,837	2,202	2,322	2,459	2,198	2,119	2,212	2,297	2,209
● South Africa	4,087	4,256	1,112	1,130	950	895	1,102	1,045	1,065	1,044
● ACIS	13,271	13,094	3,315	3,453	3,408	3,095	3,221	3,257	3,362	3,254
Total	83,934	85,242	21,472	22,101	20,316	20,045	21,058	21,483	21,705	20,996

Note: Others and eliminations line are not presented in the table.

Steel shipments by product 2017 (000's MT)



Steel shipments by region 2017 (000's MT)



	2017	%
● Flat Products	59,026	69
● Long Products	24,843	29
● Pipes and Tubes	1,373	2
<b>Total</b>	<b>85,242</b>	<b>100</b>

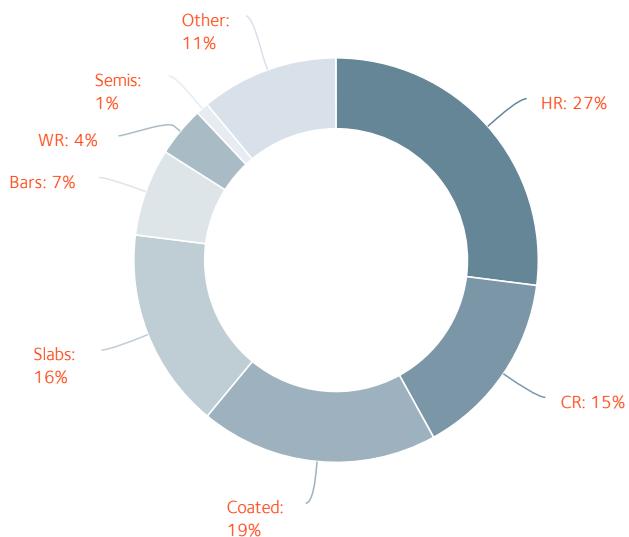
	2017	%
● North America	21,834	25
● South America	10,840	13
● Europe	40,941	47
● Africa	4,256	5
● Asia CIS and Other	8,837	10
<b>Total*</b>	<b>85,242</b>	<b>100</b>

\*Total group shipments include intersegment elimination

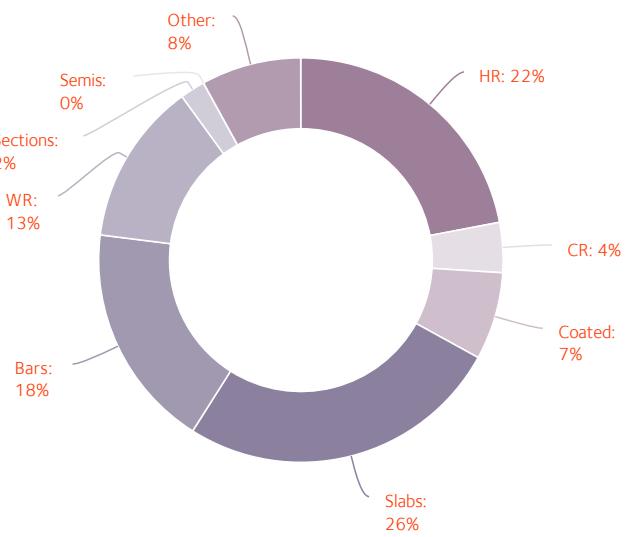
Source: ArcelorMittal estimates.

## Product type and segment

NAFTA steel shipments by product type 2017



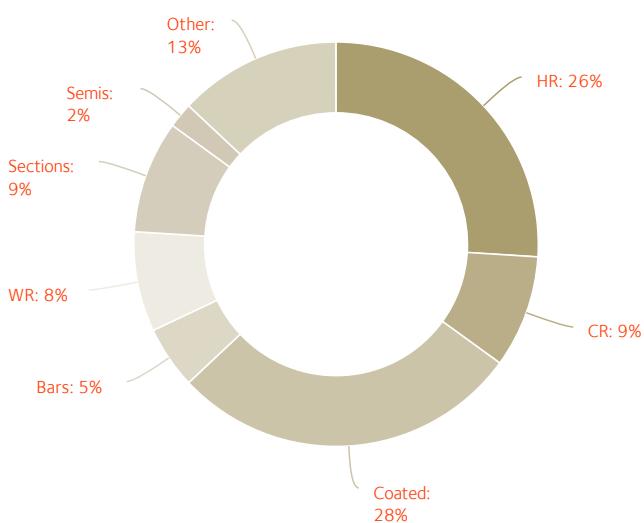
Brazil steel shipments by product type 2017



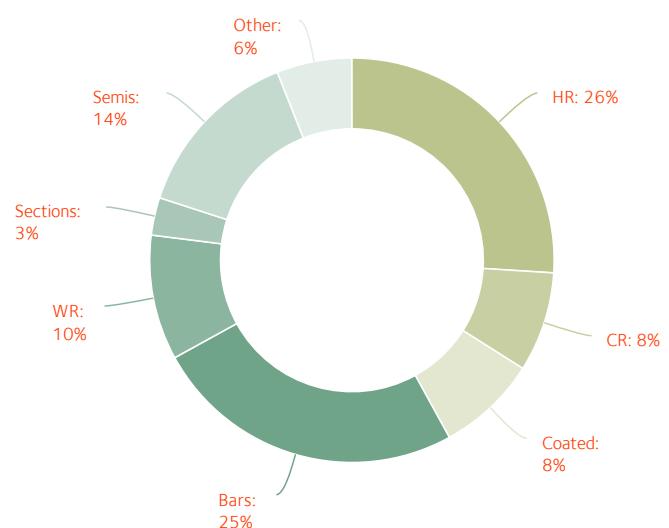
Product type	%
Hot rolled products (HR)	27
Cold rolled products (CR)	15
Coated	19
Slabs	16
Bars & rebars (Bars)	7
Wire rod/wire products (WR)	4
Semis	1
Other products	11
<b>Total NAFTA</b>	<b>100</b>

Product type	%
Hot rolled products (HR)	22
Cold rolled products (CR)	4
Coated	7
Slabs	26
Bars & rebars (Bars)	18
Wire rod/wire products (WR)	13
Sections	2
Semis	-
Other products	8
<b>Total Brazil</b>	<b>100</b>

Europe steel shipments by product type 2017



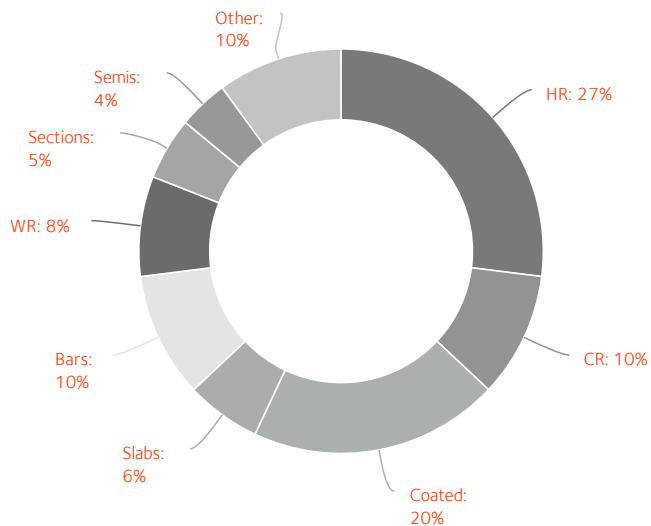
ACIS steel shipments by product type 2017



Product type	%
Hot rolled products (HR)	26
Cold rolled products (CR)	9
Coated	28
Bars & rebars (Bars)	5
Wire rod/wire products (WR)	8
Sections	9
Semis	2
Other products	13
<b>Total Europe</b>	<b>100</b>

Product type	%
Hot rolled products (HR)	26
Cold rolled products (CR)	8
Coated	8
Bars & rebars (Bars)	25
Wire rod/wire products (WR)	10
Sections	3
Semis	14
Other products	6
<b>Total ACIS</b>	<b>100</b>

### Group steel shipments by product type 2017



Product type	%
Hot rolled products (HR)	27
Cold rolled products (CR)	10
Coated	20
Slabs	6
Bars & rebars (Bars)	10
Wire rod/wire products (WR)	8
Sections	5
Semis	4
Other products	10
<b>Group Total</b>	<b>100</b>

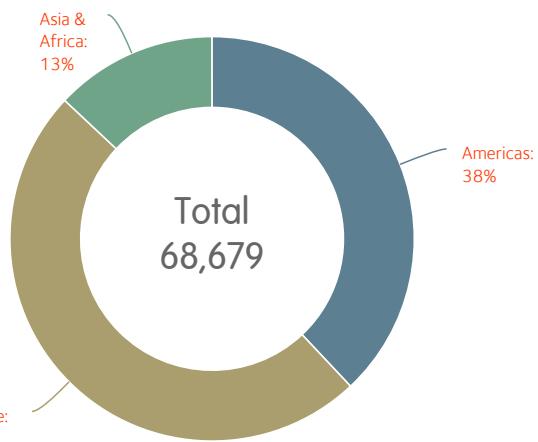
# Sales by destination

(US\$ millions)	2015	2016	2017
<b>Americas</b>			
United States	13,619	12,284	14,367
Brazil	3,809	3,506	4,149
Canada	2,913	2,818	3,034
Mexico	1,913	1,806	2,251
Argentina	1,370	858	1,230
Venezuela	1,334	105	68
Others	951	830	937
<b>Total Americas</b>	<b>25,909</b>	<b>22,207</b>	<b>26,036</b>
<b>Europe</b>			
Germany	5,473	4,768	5,933
France	3,743	3,655	4,051
Spain	3,406	3,015	3,751
Poland	3,023	2,997	3,746
Italy	2,278	2,067	2,711
Turkey	1,962	1,789	1,937
United Kingdom	1,246	1,159	1,370
Czech Republic	1,476	1,107	1,400
Netherlands	867	1,030	1,117
Belgium	1,108	929	1,129
Russia	638	688	1,204
Romania	583	526	621
Others	4,024	3,886	4,948
<b>Total Europe</b>	<b>29,827</b>	<b>27,616</b>	<b>33,918</b>
<b>Asia &amp; Africa</b>			
South Africa	2,111	2,026	2,560
Egypt	404	499	310
Morocco	533	498	596
Rest of Africa	945	658	1,033
China	557	549	622
Kazakhstan	456	350	392
South Korea	242	184	259
India	197	85	163
Rest of Asia	2,397	2,119	2,790
<b>Total Asia &amp; Africa</b>	<b>7,842</b>	<b>6,968</b>	<b>8,725</b>

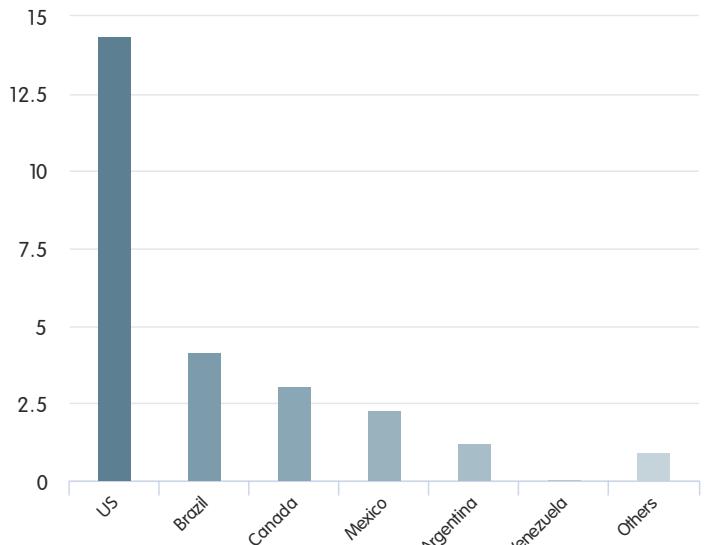
(US\$ millions)	2015	2016	2017
Total	63,578	56,791	68,679

Sources: ArcelorMittal estimates.

### Sales by destination group (US\$ millions)



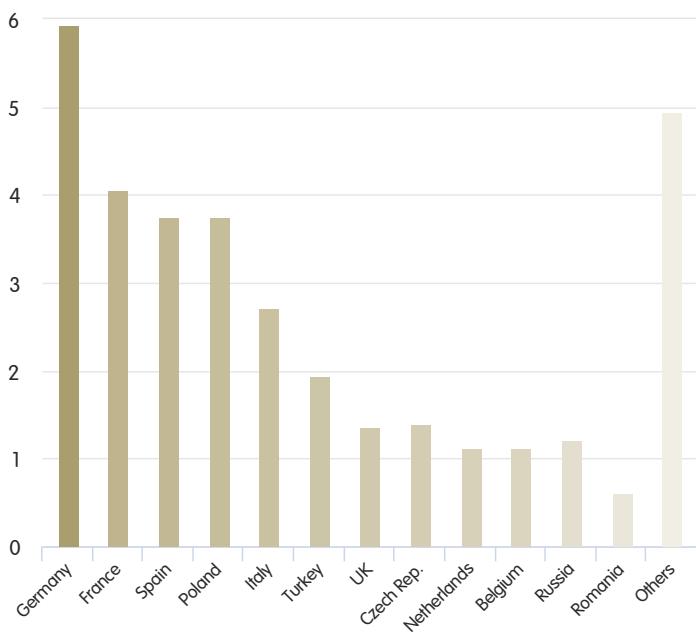
### Sales by destination – Americas (US\$ billions)



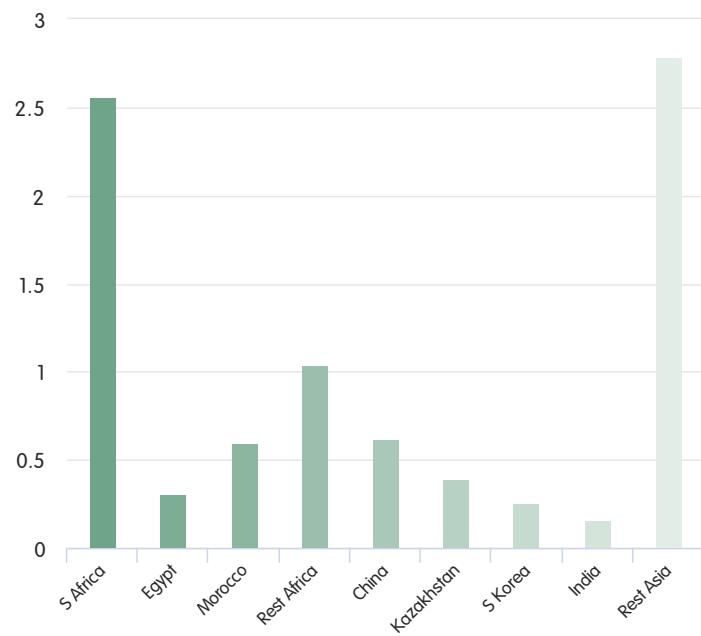
(US\$ millions)	2017	%
Americas	26,036	38
Europe	33,918	49
Asia & Africa	8,725	13

(US\$ millions)	2017
United States (US)	14,367
Brazil	4,149
Canada	3,034
Mexico	2,251
Argentina	1,230
Venezuela	68
Others	937
<b>Total Americas</b>	<b>26,036</b>

### Sales by destination - Europe (US\$ billions)



### Sales by destination - Asia & Africa (US\$ billions)



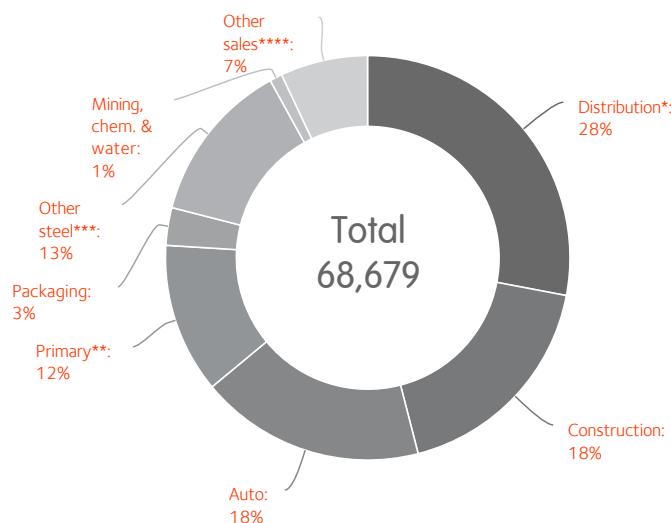
(US\$ millions)	2017
Germany	5,933
France	4,051
Spain	3,751
Poland	3,746
Italy	2,711
Turkey	1,937
United Kingdom (UK)	1,370
Czech Republic	1,400
Netherlands	1,117
Belgium	1,129
Russia	1,204
Romania	621
Others	4,948
<b>Total Europe</b>	<b>33,918</b>

(US\$ millions)	2017
South Africa	2,560
Egypt	310
Morocco	596
Rest of Africa	1,033
China	622
Kazakhstan	392
South Korea	259
India	163
Rest of Asia	2,790
<b>Total Asia &amp; Africa</b>	<b>8,725</b>

## Group sales by market

As shown by the following graph, ArcelorMittal has a diversified portfolio of steel and mining engineering, construction, energy and machinery products to meet a wide range of customer needs across many steel-consuming industries, including automotive, appliance, engineering, construction, energy and machinery. The table below presents sales to external customers.

### Group sales by market (US\$ millions)



Market sectors (US\$ millions)	%
Distribution*	28
Construction	18
Automotive	18
Primary transformation**	12
Packaging	3
Other steel sales***	13
Mining, chemicals and water	1
Other sales****	7
<b>Total</b>	<b>100</b>

\*Distribution represents the Company's sales to external distributors and processing facilities.

\*\*Primary Transformation includes steel production, re-rollers and pickling, coaters, pipes and tubes and wire and cable.

\*\*\*Other steel sales mainly represents metal processing, machinery, electrical equipment and domestic appliances.

\*\*\*\*Other sales mainly represent slag, waste, sale of energy and transport services.

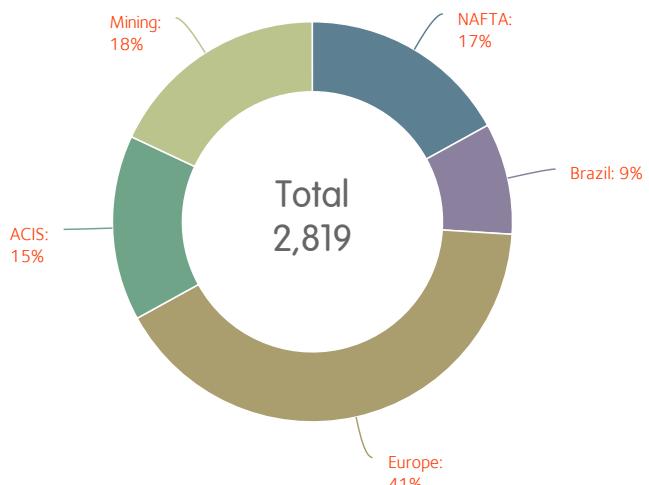
# Capital expenditure

Segment annually and quarterly (2016 and 2017)

(US\$ millions)	2016	2017	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	4Q 17
NAFTA	445	466	106	103	98	138	97	90	95	184
Brazil	237	263	64	48	44	81	57	55	79	72
Europe	951	1,143	275	192	171	313	252	248	213	430
ACIS	397	427	63	101	105	128	73	75	114	165
Mining	392	495	71	71	113	137	90	94	132	179
<b>Group</b>	<b>2,444</b>	<b>2,819</b>	<b>586</b>	<b>521</b>	<b>535</b>	<b>802</b>	<b>580</b>	<b>566</b>	<b>637</b>	<b>1,036</b>

Note: Others and eliminations line are not presented in the table

## Capital expenditure 2017 by segment



(US\$ millions)	2017	%
NAFTA	466	17
Brazil	263	9
Europe	1,143	41
ACIS	427	15
Mining	495	18
<b>Group</b>	<b>2,819</b>	<b>100</b>

## Capital expenditure projects

The Company's capital expenditures were \$2.8 billion, \$2.4 billion and \$2.7 billion for the years ended December 31, 2017, 2016 and 2015, respectively. The following tables summarize the Company's principal investment projects involving significant capital expenditure completed in 2017 and those that are currently ongoing.

## Completed projects in most recent quarters

Region	Site	Project	Capacity/particulars	Actual completion	Note #
● NAFTA	AM/NS Calvert	Phase 2: Slab yard expansion (Bay 5)	Increase coil production level from 4.6 million tonnes/year to 5.3 million tonnes/year coils	Q2 2017	
● NAFTA	ArcelorMittal Dofasco (Canada)	Phase 2: Convert the current galvanizing line #4 to a Galvalume line	Allow the galvaline #4 to produce 160 thousand tonnes galvalume and 128 thousand tonnes galvanize and closure of galvanize line #1 (capacity 170 thousand tonnes of galvalume)	Q2 2017	
● Europe	ArcelorMittal Krakow (Poland)	HSM extension	Increase HRC capacity by 0.9 million tonnes/year	Q2 2017	
		HDG increase	Increasing HDG capacity by 0.4 million tonnes/year	Q2 2017	

## Ongoing projects<sup>3</sup>

Region	Site	Project	Capacity/particulars	Forecast completion	Note #
● Europe	Gent & Liège (Europe Flat Automotive UHSS Program)	Gent: Upgrade HSM and new furnace Liège: Annealing line transformation	Increase ~400 thousand tonnes in Ultra High Strength Steel capabilities	Q1 2018	
● Europe	ArcelorMittal Differdange	Modernisation of finishing of "Grey rolling mill"	Revamp finishing to achieve full capacity of Grey mill at 850 thousand tonnes per year	Q1 2018	
● ACIS	ArcelorMittal Kryvyi Rih	New LF&CC 2&3	Facilities upgrade to switch from ingot to continuous caster route. Additional billets of 290 thousand tonnes over ingot route through yield increase	Q4 2018	
● NAFTA	Indiana Harbor	Indiana Harbor "footprint optimization project"	Restoration of 80" HSM and upgrades at Indiana Harbor finishing	2018	2
● Europe	Sosnowiec (Poland)	Modernization of Wire Rod Mill	Upgrade rolling technology improving the mix of HAV products and increase volume by 90 thousand tonnes	2019	
● NAFTA	Mexico	Build new HSM	Production capacity of 2.5 million tonnes per year	2020	5
● NAFTA	Burns Harbor	New walking beam furnaces	Two new walking beam reheat furnaces bringing benefits on productivity, quality and operational cost	2021	
● Brazil	ArcelorMittal Vega Do Sul (Brazil)	Expansion project	Increase hot dipped galvanizing (HDG) capacity by 0.6 million tonnes/year and cold rolling (CR) capacity by 0.7 million tonnes/year	On hold	
● Brazil	Juiz de Fora (Brazil)	Melt shop expansion	Increase in melt shop capacity by 0.2 million tonnes/year	On hold	1
● Brazil	Monlevade (Brazil)	Sinter plant, blast furnace and melt shop	Increase in liquid steel capacity by 1.2 million tonnes/year; Sinter feed capacity of 2.3 million tonnes/year	On hold	
● Mining	Liberia	Phase 2 expansion project	Increase production capacity to 15 million tonnes/year	Under review	4

1 Although the Monlevade wire rod expansion project and Juiz de Fora rebar expansion were completed in 2015, and Juiz de Fora melt shop is currently on hold and is expected to be completed upon Brazil domestic market recovery, the Company does not expect to increase shipments until domestic demand improves.

2 In support of the Company's Action 2020 program that was launched at its fourth quarter and full-year 2015 earnings announcement, the footprint optimization project at ArcelorMittal Indiana Harbor is now complete, which has resulted in structural changes required to improve asset and cost optimization. The plan involved idling redundant operations including the #1 aluminize line, 84" hot strip mill ("HSM"), and #5 continuous galvanizing line ("CGL") and No.2 steel shop (idled in the second quarter of 2017) whilst making further planned investments totaling ~\$200 million including a new caster at No.3 steelshop (completed in the fourth quarter of 2016), restoration of the 80" HSM and Indiana Harbor finishing are ongoing. The full project scope is expected to be completed in 2018.

3 Ongoing projects refer to projects for which construction has begun (excluding various projects that are under development), even if such projects have been placed on hold pending improved operating conditions.

4 ArcelorMittal Liberia is moving ore extraction from its depleting DSO (direct shipping ore) deposit at Tokadeh to the nearby, low strip ratio and highergrade DSO Gangra deposit where planned ramp up has progressed, reaching a 5 million tonnes run rate at the end of December 2017. Following a period of exploration cessation caused by the onset of Ebola, ArcelorMittal Liberia recommenced drilling for DSO resource extensions in late 2015. During 2016, the operation at Tokadeh was right-sized to focus on its "natural" Atlantic markets. The nearby Gangra deposit has been developed as part of the staged approach as opposed to the originally planned phase 2 step up to 15Mtpa of concentrate sinter fine ore product that was delayed in August 2014 due to the declaration of force majeure by contractors following the Ebola virus outbreak, and then reassessed following rapid iron ore price declines over the period since. The Gangra mine, haul road and related existing plant and equipment upgrades are nearing completion. ArcelorMittal remains committed to Liberia where it operates a full value chain of mine, rail and port and where it has been operating the mine on a DSO basis since 2011. The Company believes that ArcelorMittal Liberia presents a strong, competitive source of product ore for the international market based on continuing DSO mining and then moving to a long-term sinter feed concentration phase.

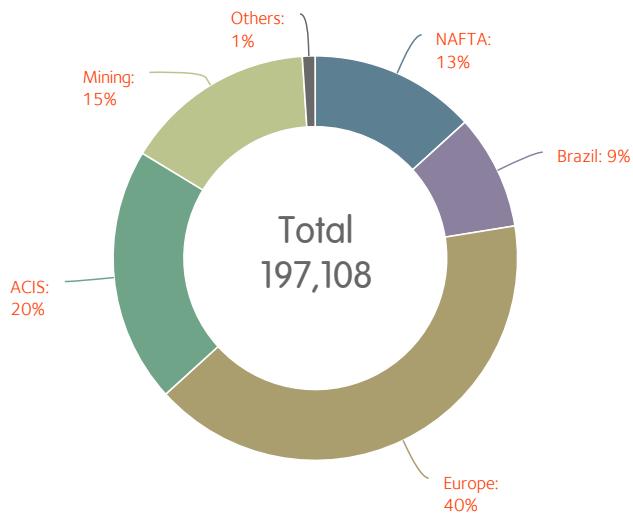
5 On September 28, 2017, ArcelorMittal announced a major \$1 billion, three-year investment program at its Mexican operations, which is focused on building ArcelorMittal Mexico's downstream capabilities, sustaining the competitiveness of its mining operations and modernizing its existing asset base. The program is designed to enable ArcelorMittal Mexico to meet the anticipated increased demand requirements from domestic customers, realize in full ArcelorMittal Mexico's production capacity of 5.3 million tonnes and significantly enhance the proportion of higher-value added products in its product mix, in-line with the Company's Action 2020 strategic plan. The main investment will be the construction of a new HSM. Construction will take approximately three years and, upon completion, will enable ArcelorMittal Mexico to produce approximately 2.5 million tonnes of flat rolled steel, approximately 1.8 million tonnes of long steel and the remainder made up of semi-finished slabs. Coils from the new HSM will be supplied to domestic, non-auto, general industry customers. The project commenced late in the fourth quarter of 2017 and is expected to be completed in the second quarter of 2020. The Company expects capital expenditures of approximately \$350 million with respect to this program in 2018.

# Key financial and operational information

2017

US\$ millions unless otherwise stated	NAFTA	BRAZIL	EUROPE	ACIS	Mining	Total
<b>FINANCIAL INFORMATION (AUDITED)</b>						
Sales	17,997	7,755	36,208	7,621	4,033	68,679
Depreciation	(518)	(293)	(1,201)	(313)	(416)	(2,768)
Impairments <sup>1</sup>	—	—	—	(206)	—	(206)
Operating income	1,185	697	2,359	508	991	5,434
Operating margin (as a percentage of sales)	6.6 %	9.0 %	6.5 %	6.7 %	24.6 %	7.9 %
EBITDA	1,703	990	3,560	1,027	1,407	8,408
EBITDA margin (as a percentage of sales)	9.5 %	12.8 %	9.8 %	13.5 %	34.9 %	12.2 %
Capital expenditure	466	263	1,143	427	495	2,819
<b>OPERATIONAL INFORMATION (UNAUDITED)</b>						
Crude steel production (thousand metric tonnes)	23,480	11,210	43,768	14,678	—	93,136
Steel shipments (thousand metric tonnes)	21,834	10,840	40,941	13,094	—	85,242
Average steel selling price (US\$/t)	742	667	702	515	—	682
Employees (Full-Time equivalent)	26,324	18,058	78,643	42,451	30,088	197,108

## Number of employees at 2017



	Number of employees	%
NAFTA	26,324	13
Brazil	18,058	9
Europe	78,643	40
ACIS	42,451	20
Mining	30,088	15
Others	1,544	1
<b>Total</b>	<b>197,108</b>	<b>100</b>

Full-time equivalent (excludes others)

Impairment charges for 12M 2017 were \$206 million related to a downward revision of cash flow projections across all steel facilities in ArcelorMittal South Africa.

## 2016

US\$ millions unless otherwise stated	NAFTA	BRAZIL	EUROPE	ACIS	Mining	Total
<b>FINANCIAL INFORMATION (AUDITED)</b>						
Sales	15,806	6,223	29,272	5,885	3,114	56,791
Depreciation	(549)	(258)	(1,184)	(311)	(396)	(2,721)
Impairments <sup>1</sup>	—	—	(49)	(156)	—	(205)
Exceptional income <sup>2</sup>	832	—	—	—	—	832
Operating income/(loss)	2,002	614	1,270	211	366	4,161
Operating margin (as a percentage of sales)	12.7 %	9.9 %	4.3 %	3.6 %	11.8 %	7.3 %
EBITDA	1,719	872	2,503	678	762	6,255
EBITDA margin (as a percentage of sales)	10.9 %	14.0 %	8.6 %	11.5 %	24.5 %	11.0 %
Capital expenditure	445	237	951	397	392	2,444
<b>OPERATIONAL INFORMATION (UNAUDITED)</b>						
Crude steel production (thousand of metric tonnes)	22,208	11,133	42,635	14,792	n/a	90,767
Steel shipments (thousand of metric tonnes)	21,281	10,753	40,247	13,271	n/a	83,934
Average steel selling price (US\$/t)	672	536	568	395	n/a	567
Employees (Full-Time equivalent)	27,233	18,380	80,975	41,989	28,455	198,517

1. Impairment charges for 12M 2016 were \$205 million of which \$49 million related to the sale of ArcelorMittal Zaragoza in Spain and \$156 million mainly related to the Vanderbijlpark plant in South Africa

2. Exceptional income for 12M 2016 was \$832 million relating to a one-time gain on employee benefits following the signing of the new US labour contract

## 2015

US\$ millions unless otherwise stated	NAFTA	BRAZIL	EUROPE	ACIS	Mining	Total
<b>FINANCIAL INFORMATION (AUDITED)</b>						
Sales	17,293	8,503	31,893	6,128	3,387	63,578
Depreciation	(616)	(336)	(1,192)	(408)	(614)	(3,192)
Impairments <sup>1</sup>	(526)	(176)	(398)	(294)	(3,370)	(4,764)
Exceptional charges <sup>2</sup>	(454)	(91)	(632)	(239)	—	(1,436)
Operating income/(loss)	(705)	628	171	(624)	(3,522)	(4,161)
<i>Operating margin (as a percentage of sales)</i>	(4.1)%	7.4 %	0.5 %	(10.2)%	(104)%	(6.5)%
EBITDA	891	1,231	2,393	317	462	5,231
<i>EBITDA margin (as a percentage of sales)</i>	5.2 %	14.5 %	7.5 %	5.2 %	13.6 %	8.2 %
Capital expenditure	392	422	1,045	365	476	2,707
<b>OPERATIONAL INFORMATION (UNAUDITED)</b>						
Crude steel production (thousand of metric tonnes)	22,795	11,612	43,853	14,219	n/a	92,479
Steel shipments (thousand of metric tonnes)	21,306	11,540	40,676	12,485	n/a	84,586
Average steel selling price (US\$/t)	732	647	609	432	n/a	623
Employees (Full-Time equivalent)	28,861	19,816	83,825	45,291	30,047	209,404

1. Impairment charges for 12M 2015 were \$4.8 billion relating to:

Mining segment (\$3.4 billion): consisting of \$0.9 billion with respect to goodwill and \$2.5 billion primarily related to fixed assets mainly due to a downward revision of cash flow projections relating to the expected persistence of a lower raw material price outlook at:

ArcelorMittal Liberia (\$1.4 billion);

Las Truchas in Mexico (\$0.2 billion);

ArcelorMittal Serra Azul in Brazil (\$0.2 billion); and

ArcelorMittal Princeton coal mining operations in the United States (\$0.7 billion)

Steel segments (\$1.4 billion): consisting of fixed asset impairment charges of \$0.2 billion related to the intended sale of the Long Carbon facilities in the US (ArcelorMittal La Place, Steelton and Vinton within the NAFTA segment), \$0.4 billion primarily in connection with the idling for an indefinite time of the ArcelorMittal Sestao plant in Spain (Europe segment), and \$0.8 billion related to:

NAFTA: Deployment of asset optimization programs at Indiana Harbor East and West in the United States (\$0.3 billion);

Brazil: ArcelorMittal Point Lisas in Trinidad and Tobago (\$0.2 billion) currently idled; and

ACIS: Saldanha plant in South Africa as a result of its revised competitive outlook (\$0.3 billion)

2. Exceptional charges for 12M 2015 were \$1.4 billion primarily including \$1.3 billion inventory related charges following the rapid decline of international steel prices and litigation and other costs in South Africa (\$0.1 billion).

## 2014

US\$ millions unless otherwise stated	NAFTA	BRAZIL	EUROPE	ACIS	Mining	Total
<b>FINANCIAL INFORMATION (AUDITED)</b>						
Sales	21,162	10,037	39,552	8,268	4,970	79,282
Depreciation and impairment	(820)	(457)	(1,567)	(525)	(766)	(4,203)
Operating income	386	1,388	737	95	565	3,034
<i>Operating margin (as a percentage of sales)</i>	1.8 %	13.8 %	1.9 %	1.1 %	11.4 %	3.8 %
EBITDA	1,206	1,845	2,304	620	1,331	7,237
<i>EBITDA margin (as a percentage of sales)</i>	5.7 %	18.4 %	5.8 %	7.5 %	26.8 %	9.1 %
Capital expenditure	505	497	1,052	573	993	3,665
<b>OPERATIONAL INFORMATION (UNAUDITED)</b>						
Crude steel production (thousand of metric tonnes)	25,036	10,524	43,419	14,148	n/a	93,127
Steel shipments (thousand of metric tonnes)	23,074	10,376	39,639	12,833	n/a	85,125
Average steel selling price (US\$/t)	843	867	773	576	n/a	775
Employees	31,410	20,860	86,054	47,445	34,876	222,327

EBITDA defined as operating income plus depreciation, impairment expenses, restructuring and exceptional charges/(income).

Sales amounts are prior to inter-segment eliminations (except for total) and includes non-steel sales.

Steel shipments are prior to inter-segment eliminations (except for total).

Margin analysis calculated on the unrounded values.

Total column includes holding and service companies and eliminations.

**ArcelorMittal**  
24-26, Boulevard d'Avranches  
L-1160 Luxembourg  
Grand Duchy of Luxembourg  
Tel: +352 4792 3198

[www.arcelormittal.com](http://www.arcelormittal.com)

