Steel Market Outlook

ArcelorMittal

AM/NS Calvert

Topics for Discussion

- ArcelorMittal Overview
- Key Economic Indicators
- Key Steel Consuming Markets
- Steel Consumption Trends
- Global Steel Outlook
- Questions

The world's leading steel and mining company

- ArcelorMittal is the world's leading steel and mining company, with around 222,000 employees in more than 60 countries. ArcelorMittal is the leader in all major global steel markets, including automotive, construction, household appliances and packaging, with leading R&D and technology, as well as sizeable captive supplies of raw materials and outstanding distribution networks.

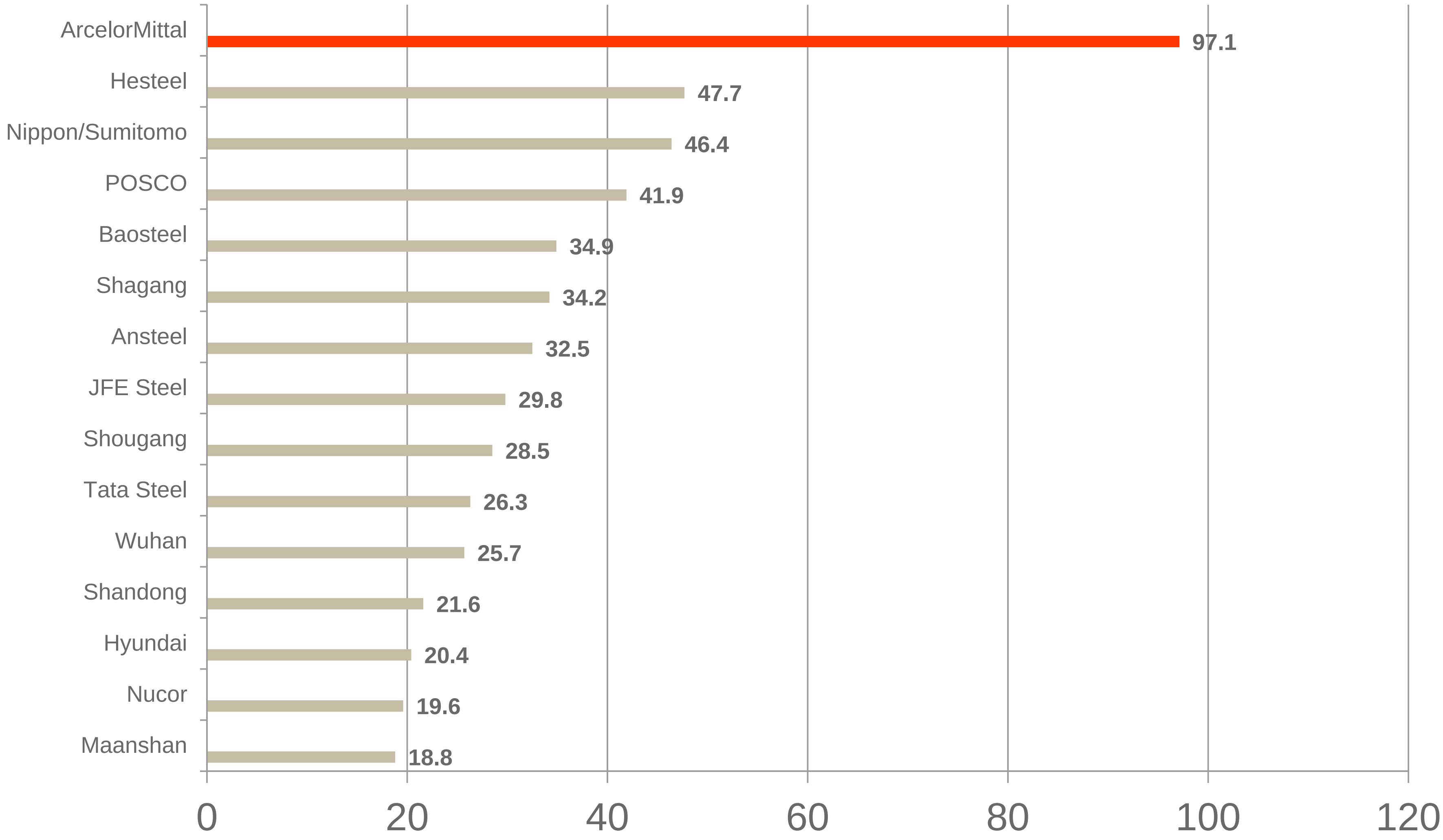
- An industrial presence in 19 countries exposes the company to all major markets, from emerging to mature.

- ArcelorMittal values geographical breadth, product diversity and raw materials security. Around 38% of our steel is produced in the Americas, 47% in Europe and 15% in other countries such as Kazakhstan, South Africa and Ukraine.

Underpinning all our operations is a philosophy to produce safe, sustainable steel

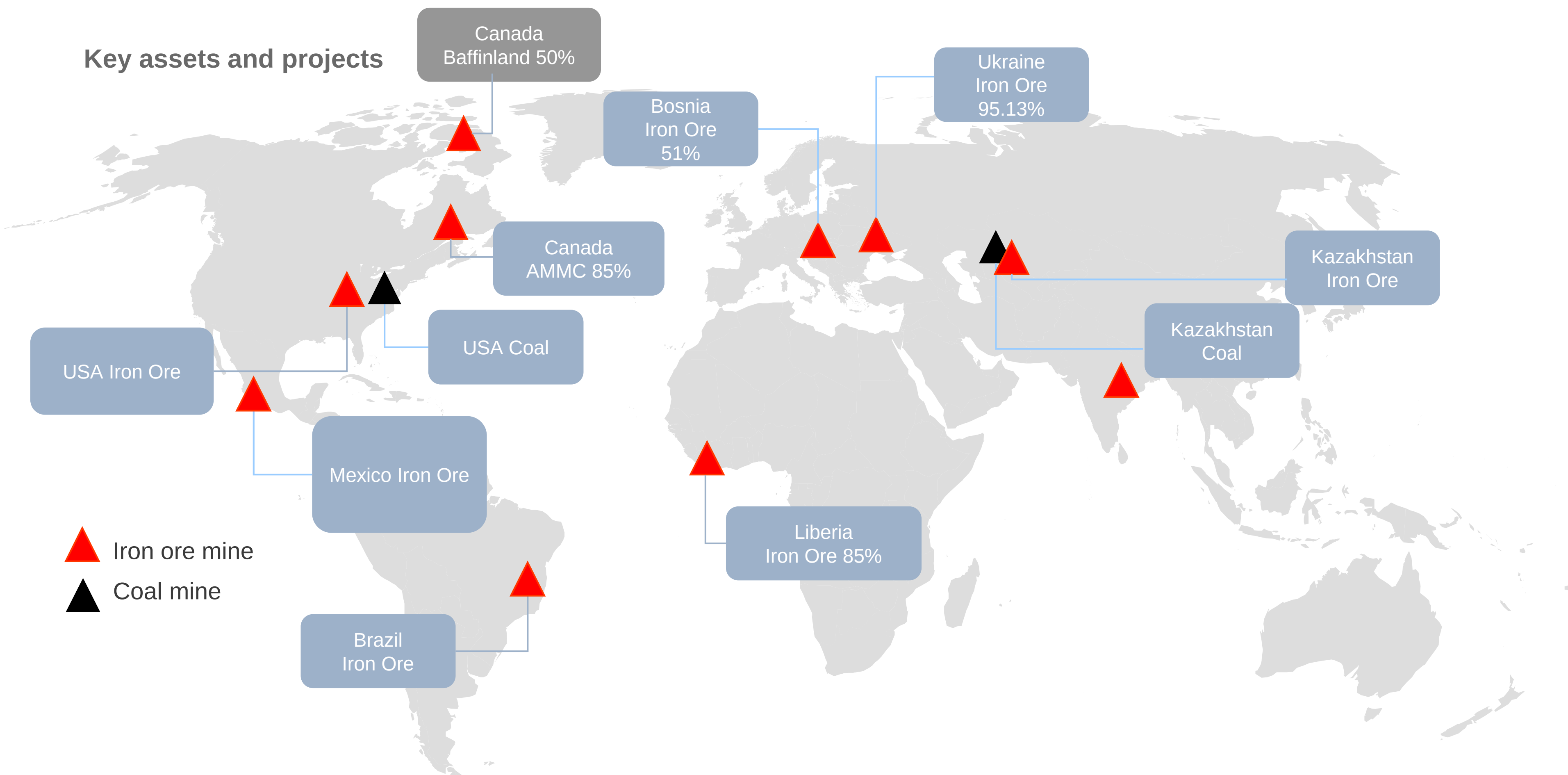
Top Steel-Producing Companies (2015)

millions of metric tons



ArcelorMittal Mining – portfolio

Key assets and projects



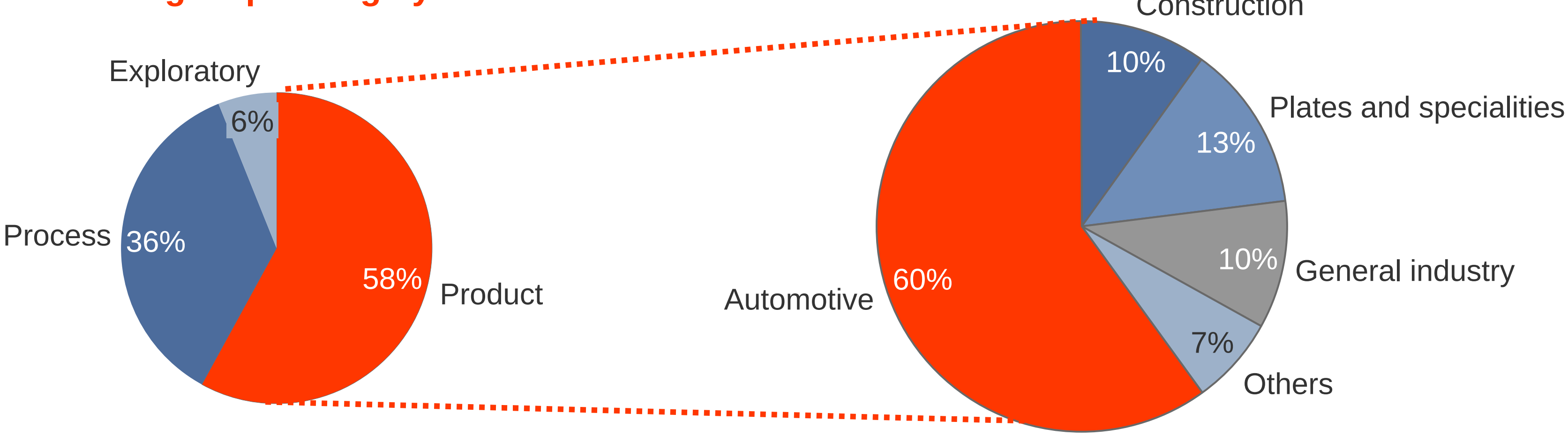
Geographically diversified mining assets

* Includes share of production

Global R&D key facts and figures

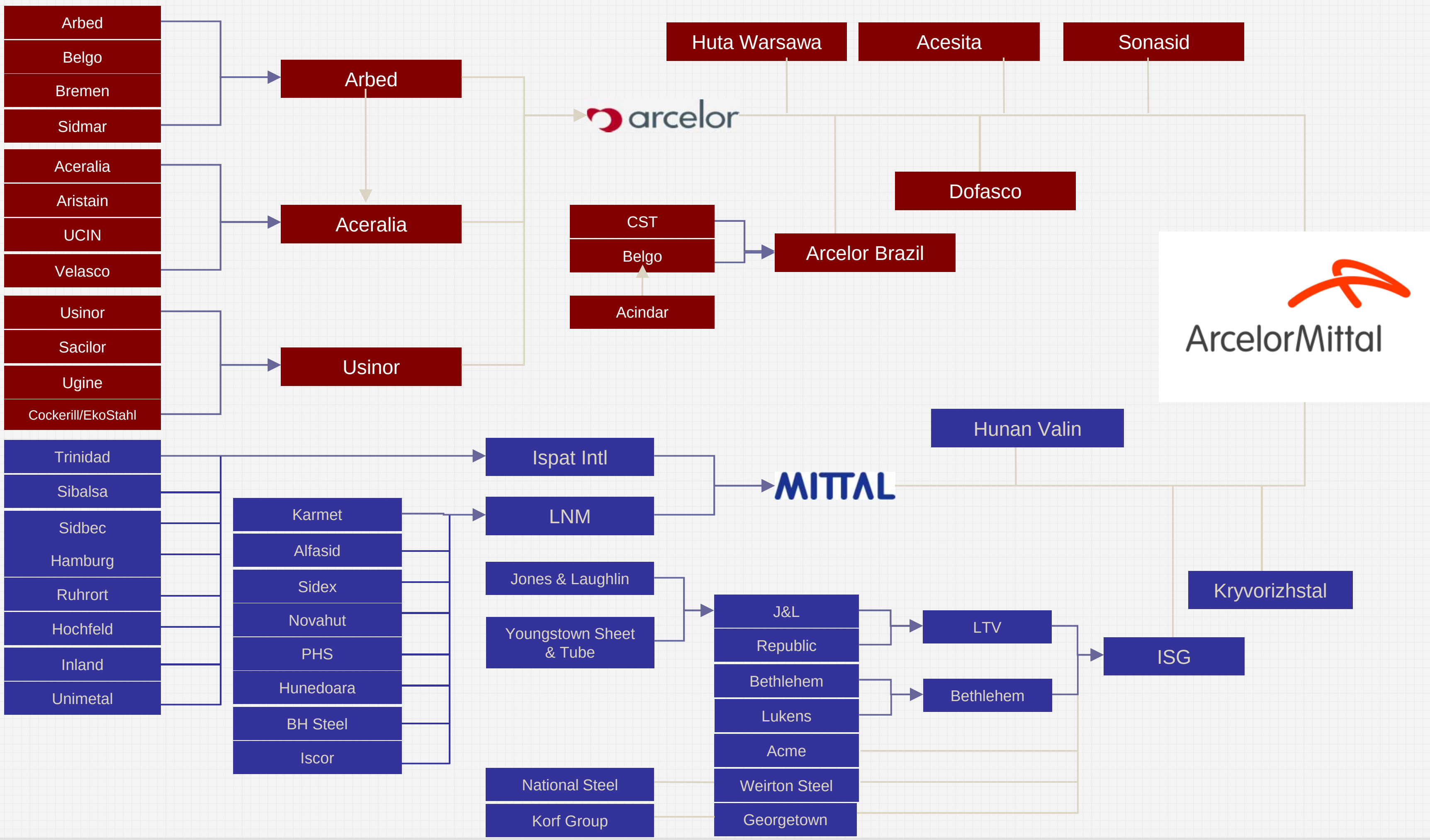
- Over 1,300 full time researchers
- Working on all process and development needs
- Expanding worldwide network of laboratories (currently 12 labs in Europe, North America, and South America)
- Key challenges fully aligned with the group strategy: geography, value chain, product differentiation

R&D budget spending by need



2015 R&D spend of $227m (~1/3 for automotive sector)

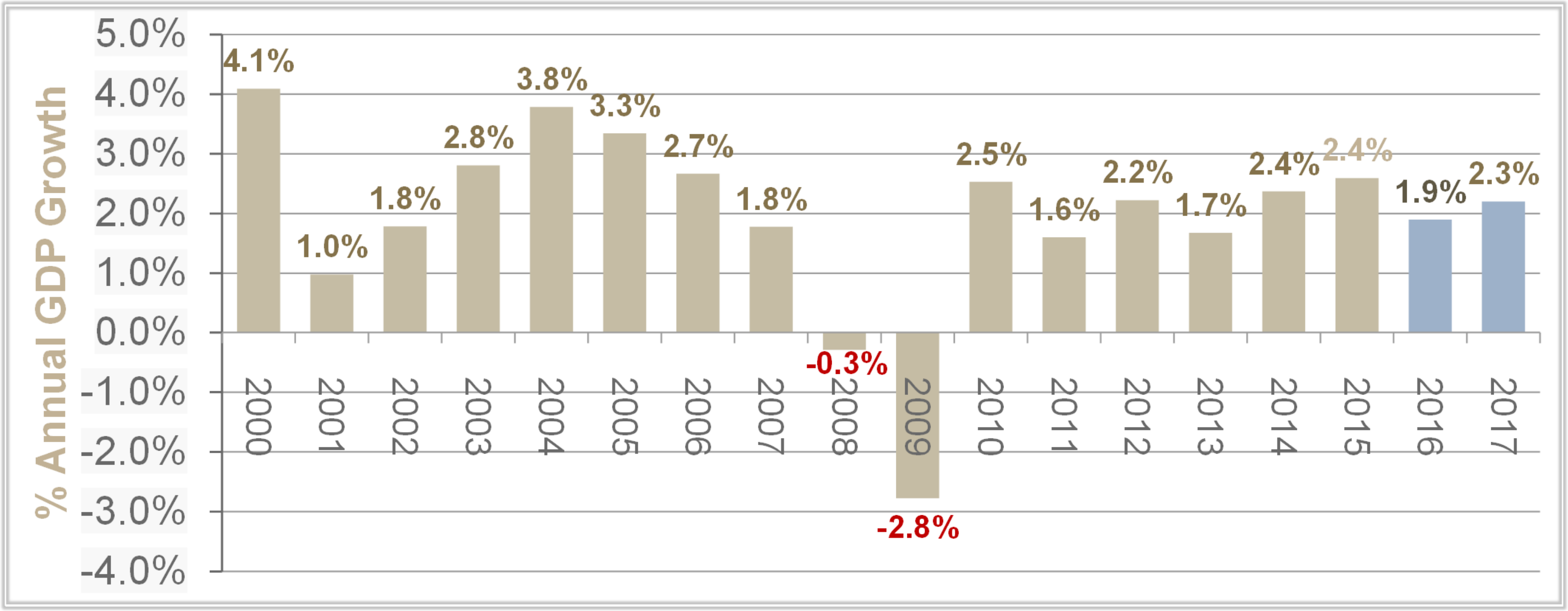
Strong track record of successful integration



Economic indicators

U.S. Gross Domestic Product (GDP)

Real GDP Growth vs. Prior Years 2000-2015, Forecast 2016-2017
Source: U.S. Department of Commerce; June 2016 Blue Chip for 2016-2017 forecasts.



- Real GDP growth has fallen below 2% in each of the last three quarters, measuring 0.9% in Q415, 0.8% in 1Q16 and 1.2% in 2Q16 (advance estimate). Growth in PCE climbed to 4.2% in 2Q16 from 1.6% in 1Q16, while nonresidential fixed investment growth was negative for the 3rd consecutive quarter as investment fell in nonresidential structures (-7.9%) and equipment (-3.5%).
- The June 2016 Blue Chip consensus 2016 full year GDP growth is forecast at 1.9%, close to the average rate seen in the U.S. economy for the past several years. Consumer spending is expected to drive much of the growth, with job gains expected to continue and the unemployment rate to improve.
- 2017 full year GDP growth is forecast at 2.3% with growth driven largely by the same sectors as in 2016, though nonresidential fixed investment and industrial production are expected to make larger contributions, improving upon their 2016 softness.

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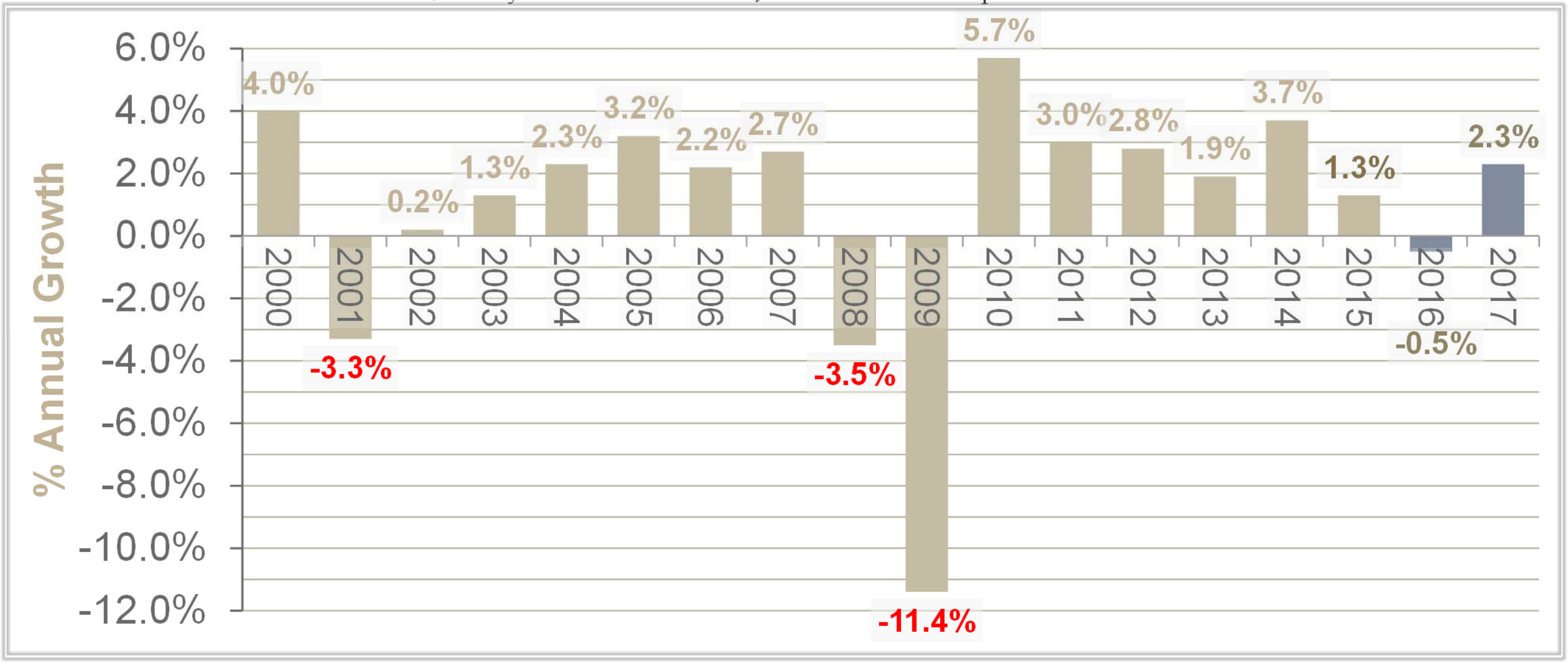
Industrial Production Index (IP)

Percent Change in Index vs. Prior Years 2000-2015, Forecast 2016-2017

Source: U.S. Federal Reserve Board; base year for index 2012: June 2016 Blue Chip for 2016-2017 forecasts.

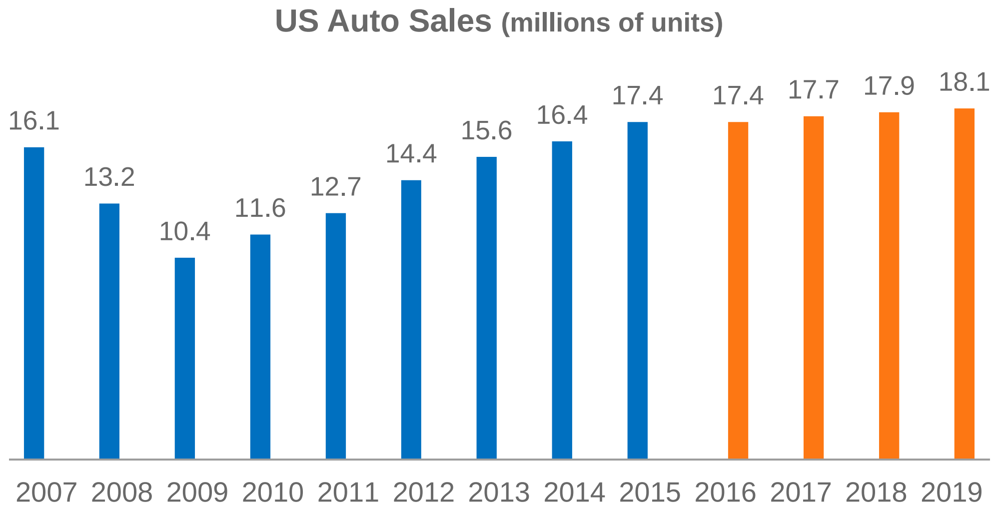


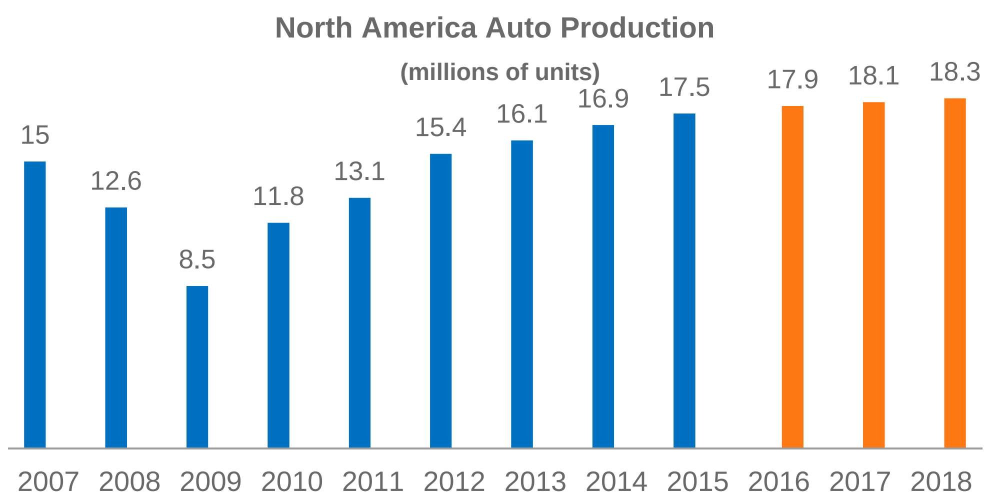
- IP declined by 1.0% in 2Q16, following a 1.8% drop in 1Q16. Mining (which includes crude oil and natural gas production) declined significantly (-15.9%) during the period. Manufacturing output (NAICS basis) fell 0.8%.
- The 2016 forecast for IP is -0.5% as the mining sector will decline further, offsetting marginal gains posted in manufacturing. Weak global conditions and prior appreciation of the U.S. dollar will limit exports.
- IP is seen returning to growth in 2017 at 2.3% as headwinds slowly dissipate for the manufacturing and upstream energy sectors.

Key steel markets

The ArcelorMittal Orbit

Automotive



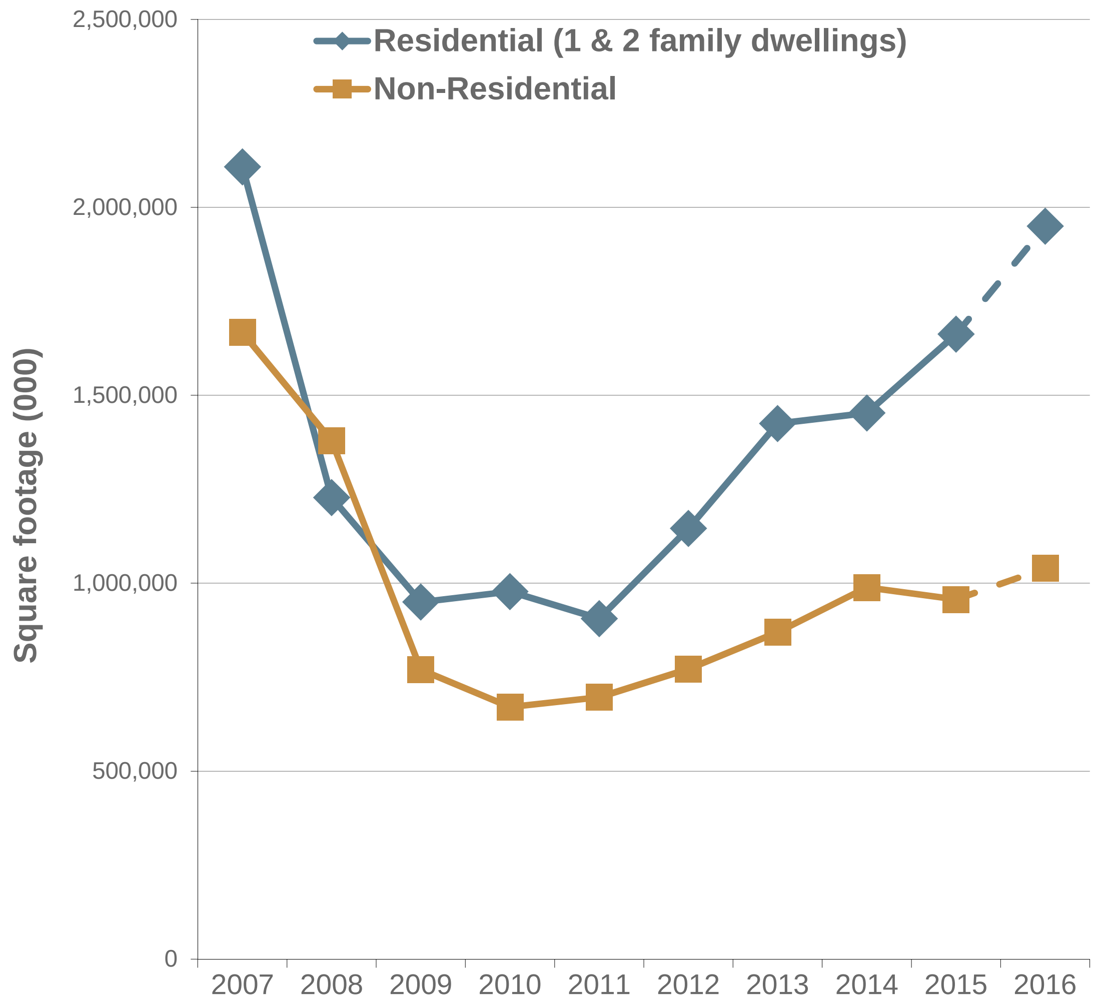


- Pent-up demand from the recession is exhausted on the retail side of the market. Replacement is now the biggest driver of retail sales.
- The average age of vehicles on the road is now over 11.5 years. The fleet is old and needs to be replaced.
- There is still some pent up demand left on the fleet side of the market. Fleet sales are now increasing as a percent of total sales.
- As the housing market improves demand for pickup trucks is improving.
- Low gasoline prices are also increasing demand for trucks.
- Trucks achieved record market share in 2015 at 57%. Through 2016 trucks are running at 61% market share.
- Although the rate of increase will slow as long as demographics & economics remain positive sales will continue to increase, unless there is a change in lifestyle and behavior. There is no peak in sales until we go into a recession.

Source: LMC & AM USA Marketing

Building construction

Some growth in private construction



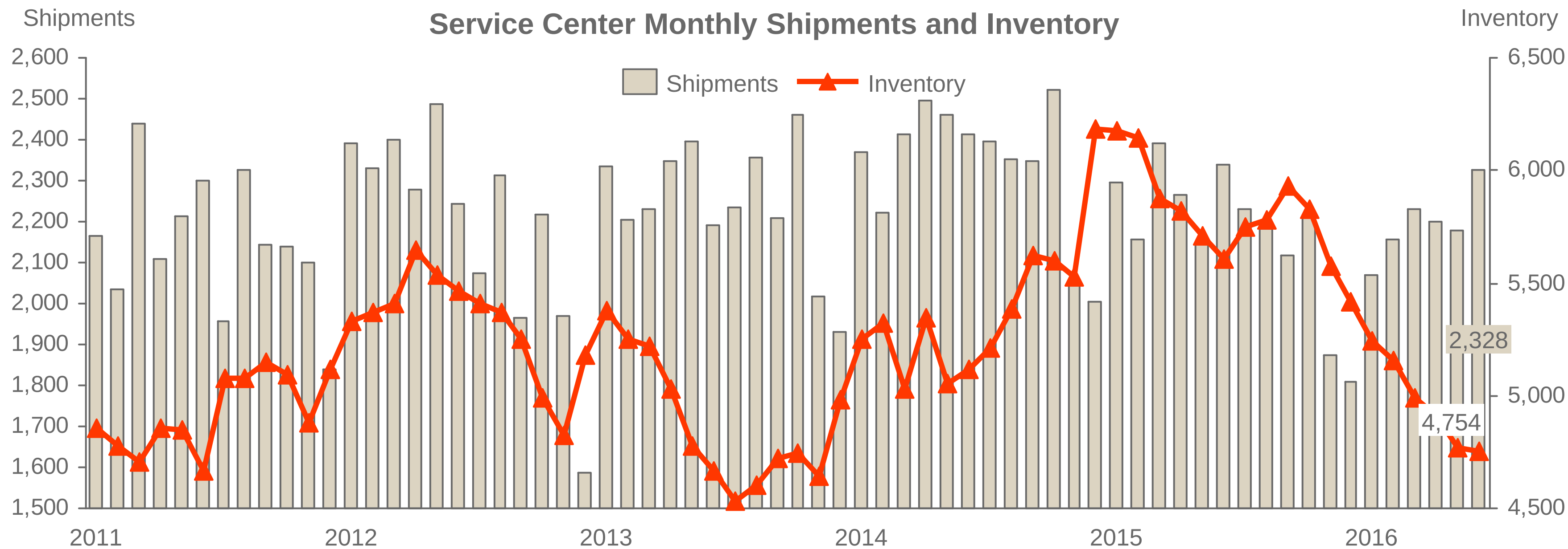
* Non-building structures (e.g. infrastructure) not included

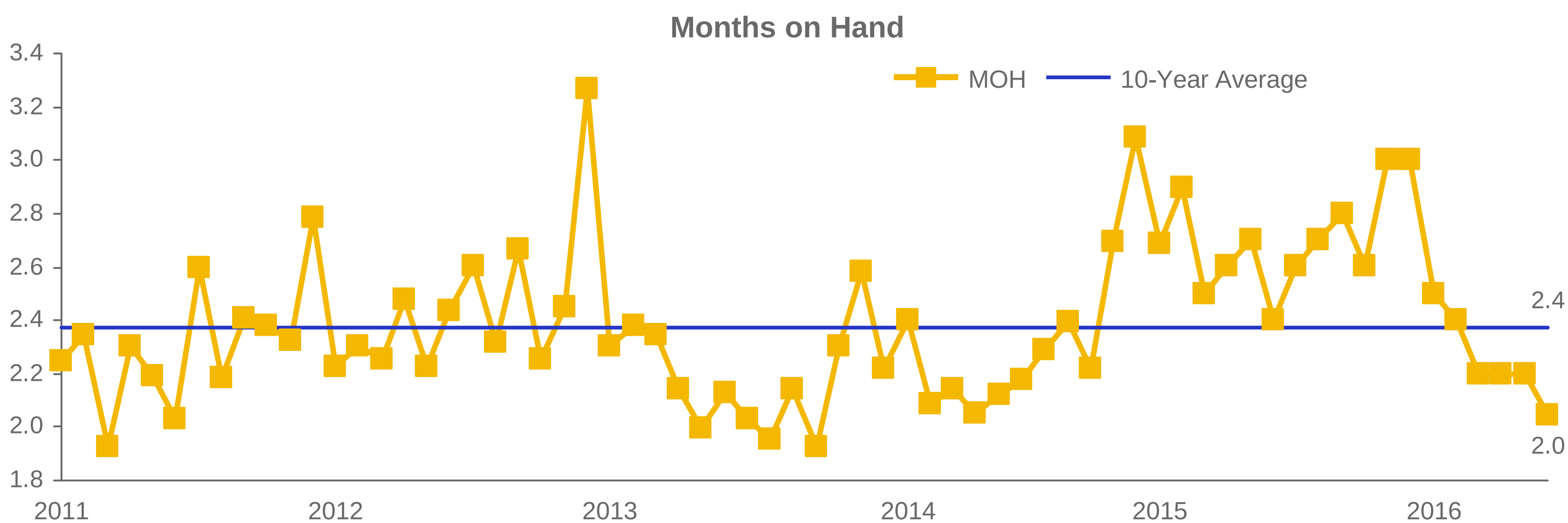
- Economic conditions continue to support steady improvement in 2016, but not robust recovery.
- The residential construction recovery that began in 2012 should continue its momentum in 2016 & 2017 prompted by improving labor markets, demographics, affordability, and mortgage availability. Homeownership rates remain historically low; however, growth in multifamily construction is expected to slow in 2016.
- The non-residential construction sector weakened in 2015, however market fundamentals suggest return to modest growth across both commercial and institutional sectors in 2016 & 2017.
- Growth in the residential sector should continue to provide a catalyst for growth in several nonresidential segments in 2016 & 2017.

*Source: McGraw-Hill (Dodge)**

U.S. Service Center Data: Carbon Flat Roll

Shipments, Inventory, and Months-on-Hand: Source: MSCI





Steel markets direction in 2017

Auto	→
Residential Construction	↑
Non-residential Construction	↑
Machinery	↓
Appliance	↑
Infrastructure	→
Energy	↑
Steel Inventories	↑

Source: AMUSA analysis

- There is no expectation that we will see robust growth any time soon. Steel markets are still slowly recovering from the recession.
- Auto growth is in Mexico in 2017. USA market is flat.
- Non-res construction will add about 1 million tons of demand in 2016.
- Energy activity will continue to be soft but recovers off the bottom in 2017.
- Steel inventories will add some demand in 2016 but will end low in 2016 and will be rebuilt in 2017.

USA apparent steel consumption

	Short tons (in millions)	% change
2013	106	1%
2014	118	12%*
2015	106	-11%
2016	105	-1%
2017	108	3%

**About 3 million tons of the 2014 increase was an inventory overbuild due to a late year surge in imports.*

Steel consumption trends and global markets

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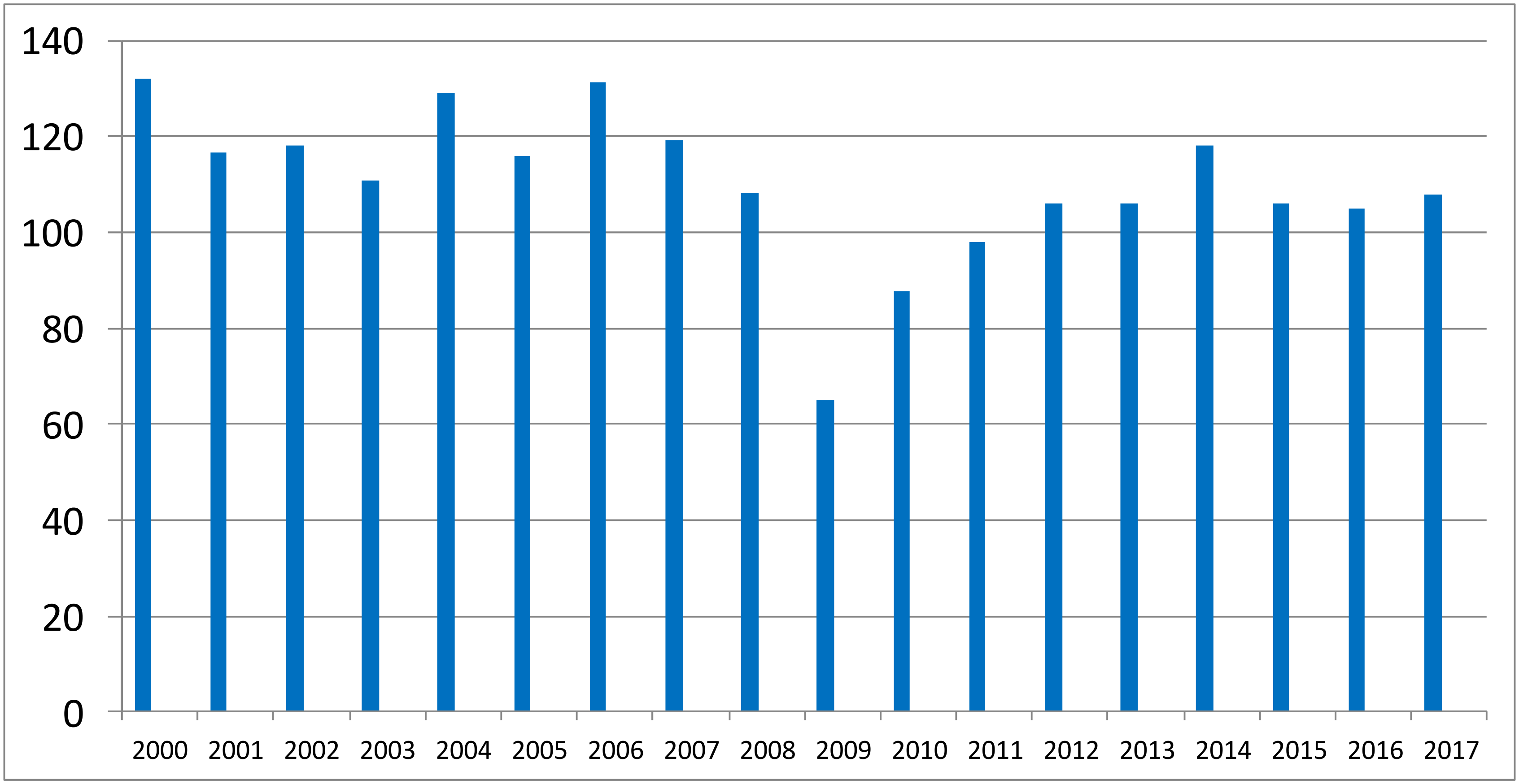
Weekly US raw steel production
Capacity utilization

Source: American Iron & Steel Institute

USA Apparent Steel Consumption

million of short tons

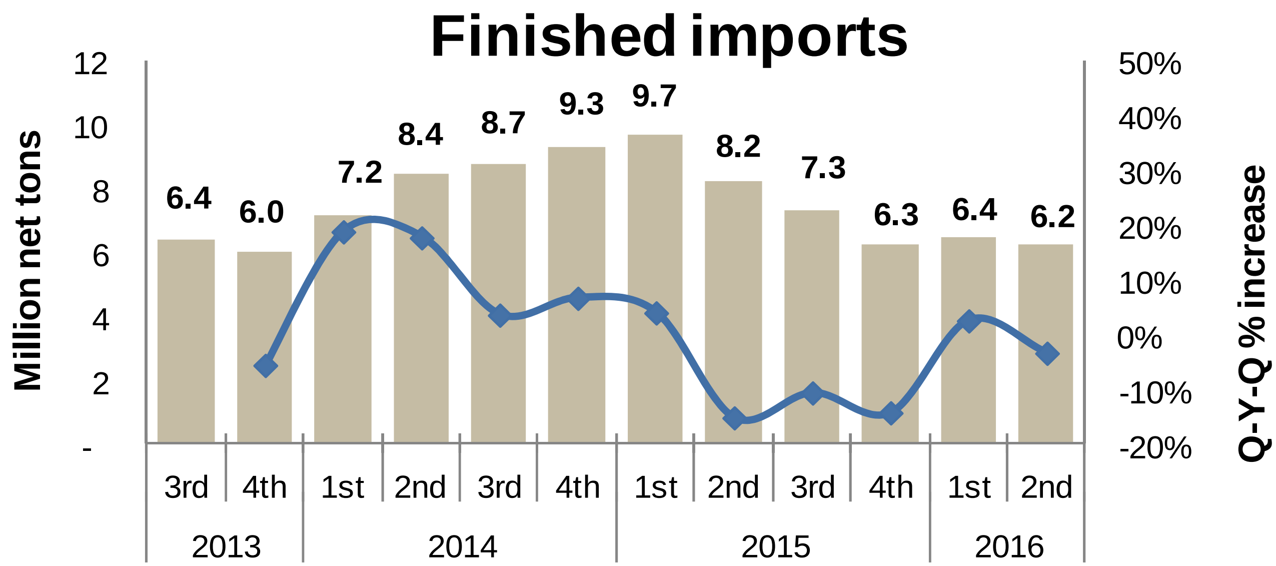


Source: AISI, AM Marketing

Drop in ASC in select recessions

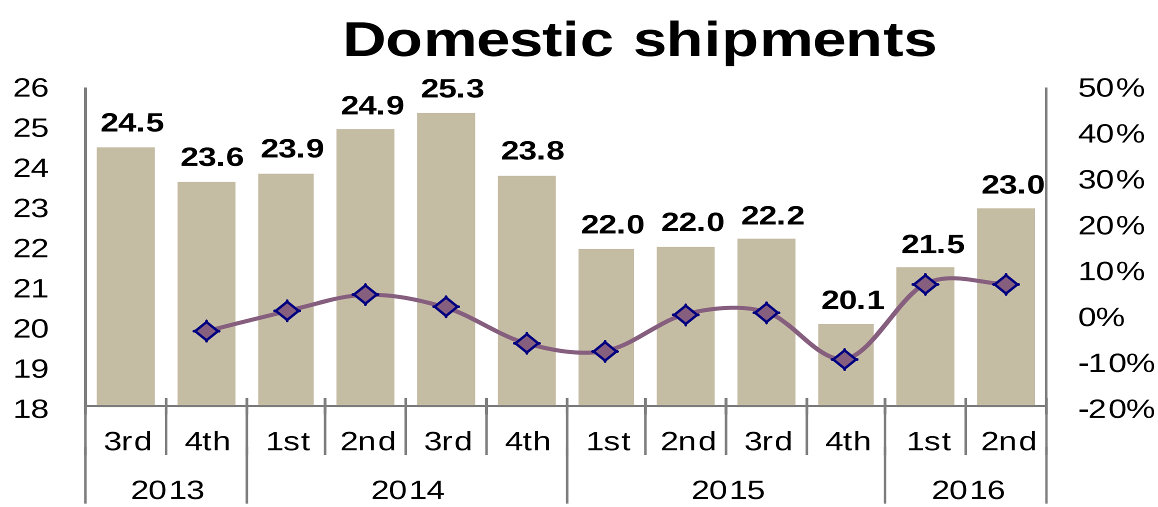
1953 – 22%
1957 – 22%
1973 – 23%
1981 – 27%
2009 – 41%

USA imports and shipments



Imports market share
2015 & 2016

Q1 - 34%
Q2 - 30%
Q3 - 27%
Q4 - 26%
Q1 – 25%
Q2 – 23%



Source: American Iron & Steel Institute

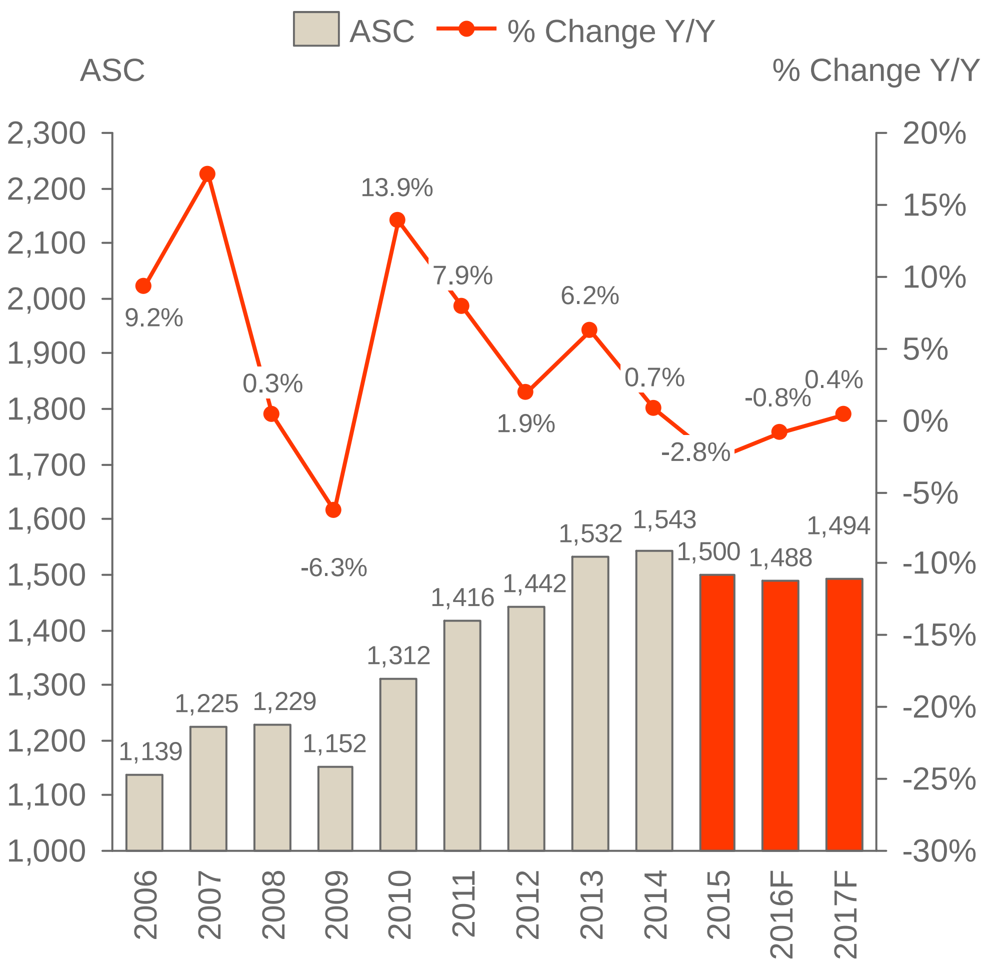
Trade Cases

Dumping Margins and Subsidy Rates								
Countries	**CTD (CORE)**		**CR**		**HR**		**CTL Plate**	
	Final AD Assessments	Final Subsidy Rates	Final DoC AD Assessments	Final Doc Subsidy Rates	Preliminary AD Assessments	Preliminary Subsidy Rates	AD margins alleged	Subsidy programs #
Austria	NA	NA	NA	NA	NA	NA	158.27	NA
Australia	NA	NA	NA	NA	23.25%	NA	NA	NA
Belgium	NA	NA	NA	NA	NA	NA	75.27	NA
Brazil	NA	NA	14.35-35.43%	11.09-11.31%	33.91-34.28%	7.42%	93.32	NA
China	209.97%	39.05-241.07%	265.79% (final)	256.44% (final)	NA	NA	76.58	NA
France	NA	NA	NA	NA	NA	NA	28.84 – 121.62	44
Germany	NA	NA	NA	NA	NA	NA	43.09 - 194.50	NA
India	3.05-4.44%	8.0-29.46%	7.60%	10.00%	NA	NA	NA	NA
Italy	12.63-92.12%	De minimis-38.15%	NA	NA	NA	NA	127.04	NA
Japan	NA	NA	71.35% (final)	NA	6.79-11.29%	NA	187.70	NA
Netherlands	NA	NA	NA	NA	5.07%	NA	NA	NA
Russia	NA	NA	1.04-13.36%	0.62-6.65%	NA	NA	NA	NA
South Korea	8.75-47.8%	De minimis-1.19%	6.32-34.33%	3.91-58.36%	3.97-7.33%	NA	42.59 – 244.19	46
South Africa	NA	NA	NA	NA	NA	NA	109.09	NA
Taiwan	10.34%	De minimis	NA	NA	NA	NA	6.53 – 74.24	NA
Turkey	NA	NA	NA	NA	5.24-7.07%	NA	36.09 – 52.09	NA
UK	NA	NA	5.40-25.56%	NA	49.05%	NA	NA	NA

Global steel consumption

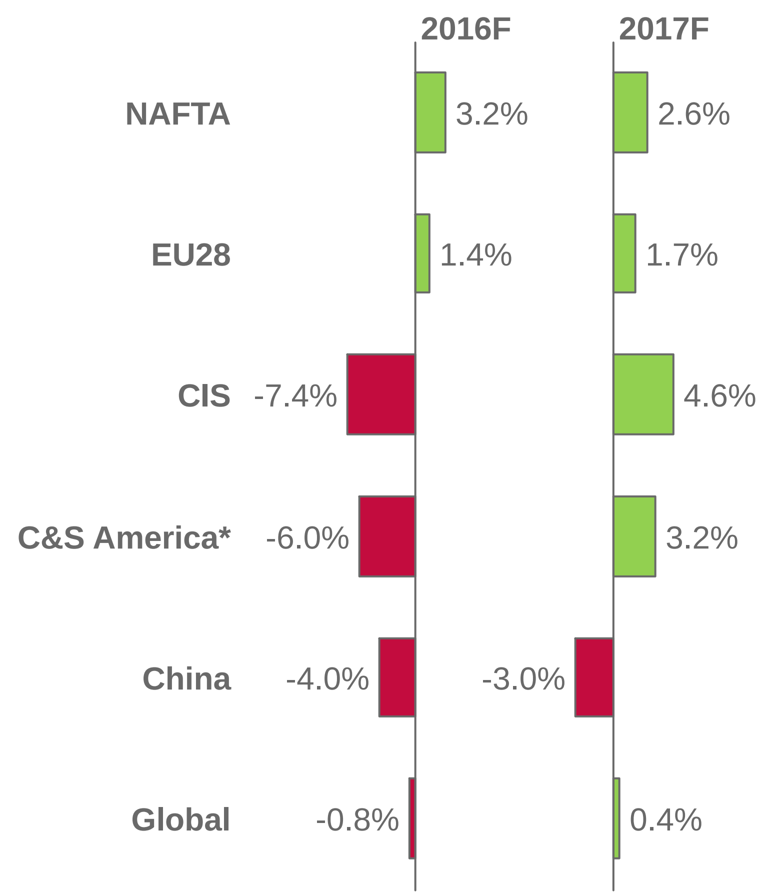
WSA - Global Apparent Steel Consumption

million metric tons



WSA - Global ASC Growth Forecast by Region

% Change Y/Y



* Central and South America

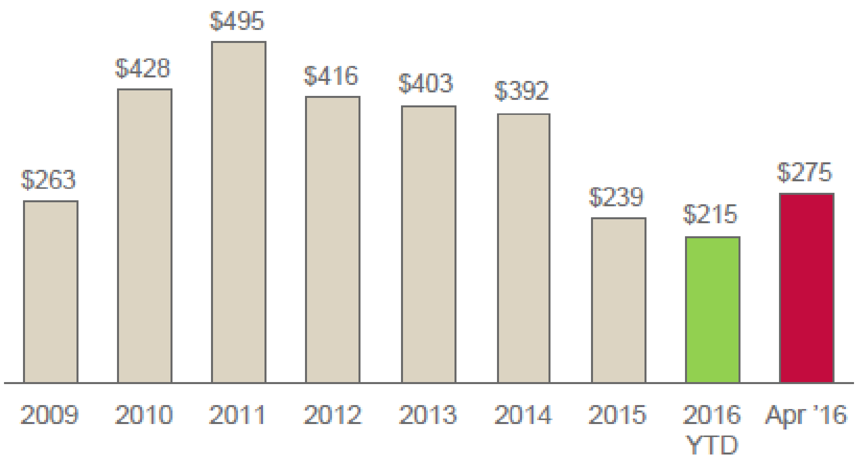
Source: World Steel Association – Short Range Outlook (April 2016)

Steelmaking Raw Material Input Costs

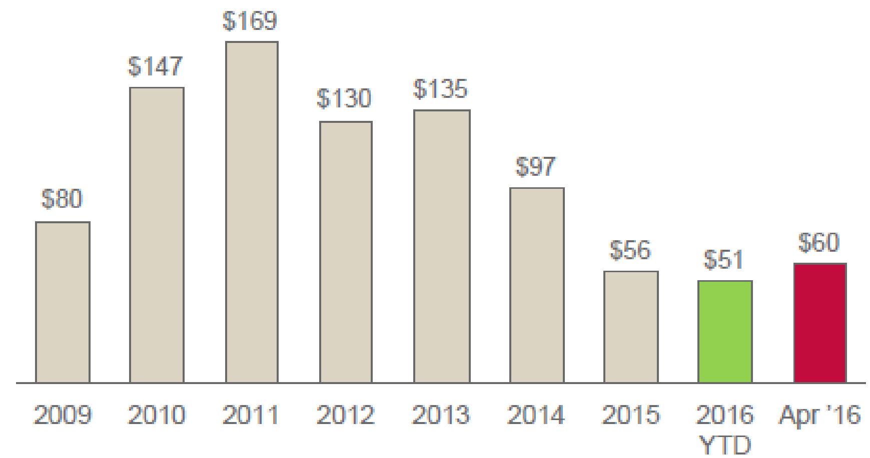
2009-2015 Averages and April/May 2016

All charts in $ per metric ton except for Scrap

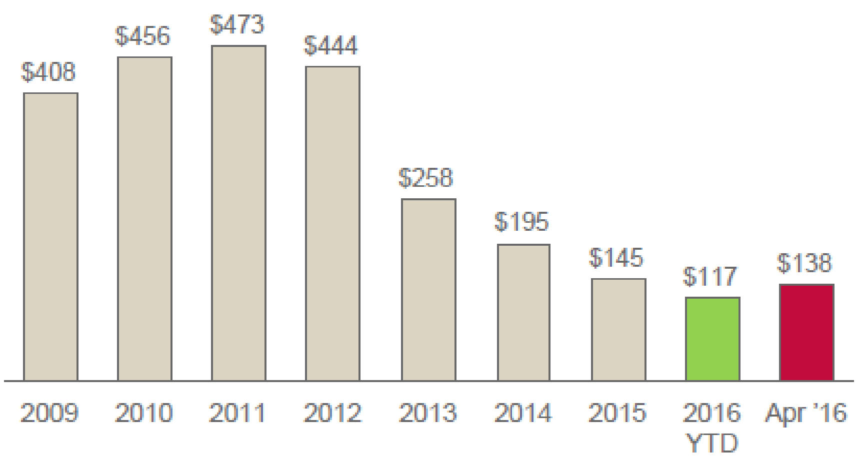
#1 Busheling Chicago Scrap AMM ($/GT)



Platts IODEX 62%CFR China

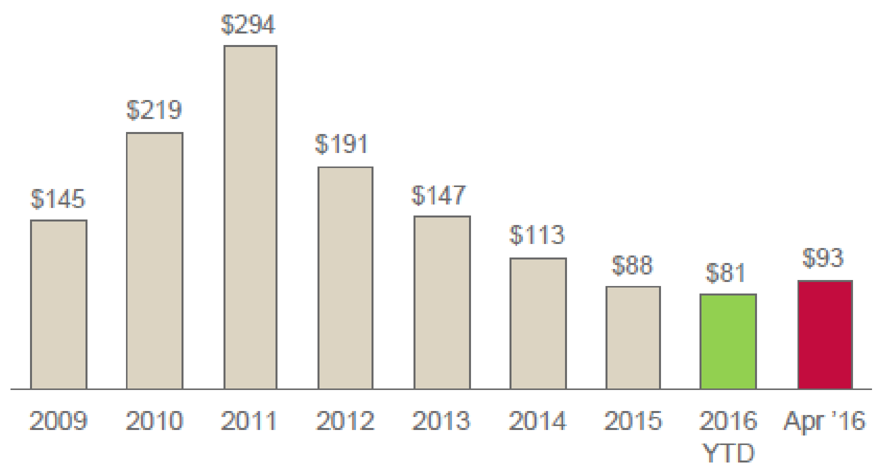


Metallurgical Coke SBB/Platts



2009 – June 2012 = SBB, July 2012 - Present = Platts

Australian Hard Coking Coal CRU/SBB



Summary

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- Industrial markets continue to be soft but should improve in 2017
- Auto continues to be strong but is nearing its peak
- Housing and construction remain solid
- Energy market will increase after contracting for a few years
- Trade issues will continue to evolve

Questions?

Contact ArcelorMittal USA

usa.arcelormittal.com

@ArcelorMittalUS

@ArcelorMittalUSA

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