Investor Day 2013:
Backing our franchises
Balance sheet and capital allocation

ArcelorMittal

Aditya Mittal, CFO

15 March 2013

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Overview

13:30 / 09.30	"Focussing on value creation"	Lakshmi Mittal
14:00 / 10.00	"Balance sheet and capital allocation"	Aditya Mittal
14:30 / 10.30	Q&A	
15:15 / 11:15	*- Break for 15 mins -*	
15:30 / 11:30	"Creating value from our Mining franchise"	Peter Kukielski
16:00 / 12:00	"Protecting and growing our Automotive franchise"	Brian Aranha
16:30 / 12:30	*- Break for 15 mins -*	
16:45 / 12:45	"AACIS – Focussing on improvement"	Gonzalo Urquijo
17:15 / 13:15	"Enhancing our competitive position"	Lou Schorsch
17:45 / 13:45	*- Close -*	

Balance sheet has been transformed

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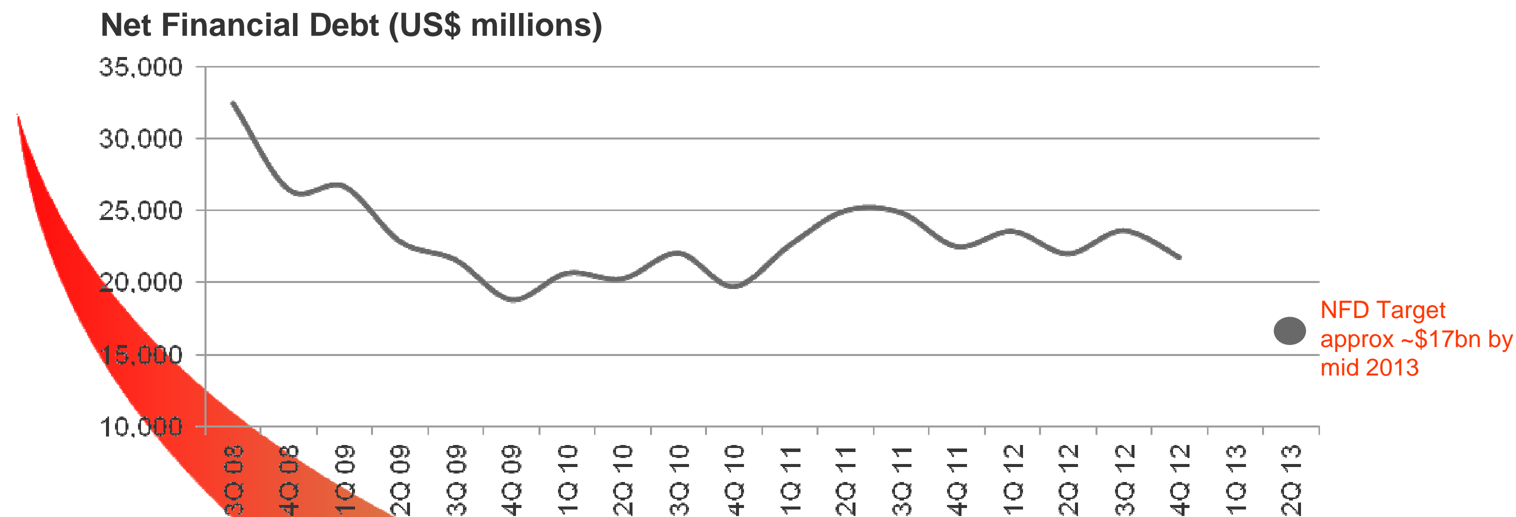

- Net Financial Debt* (NFD) reduced from $32.5bn in 3Q 2008 to $21.8bn at end 2012
- Average debt maturity extended from 2.0 years to >6 years
- Strong liquidity position maintained throughout

The capital raised in January 2013 moves NFD a long way towards $15bn target

* Net debt refers to long-term debt, plus short term debt, less cash and cash equivalents, restricted cash and short-term investments (including those held as part of asset/liabilities held for sale).

Medium term target is $15bn NFD

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- In September 2009 we announced a financial strategy to:
  a) Maintain Net Financial Debt (NFD) within a range of 0.5x – 1.8x average EBITDA (avg. since 2004)
  b) Maintain gearing within a range of 25% - 40%

- Following a period of sub-normal profitability, these ratios have trended towards the upper end of these ranges

- Given the cyclicality of the Steel industry, we believe an absolute target of $15bn NFD is also required

$15bn of Net Financial Debt should be sustainable at ALL points in the cycle

Cash flow priorities

Maintain competitive position → Fund Mining growth plan → Reduce NFD to target level

Strong operations with sustainable balance sheet

- Increase Dividends
- Increase CAPEX
- Further reduce NFD

Dividends and growth capex will only be increased further once NFD ≤$15bn

The path to $15bn net financial debt

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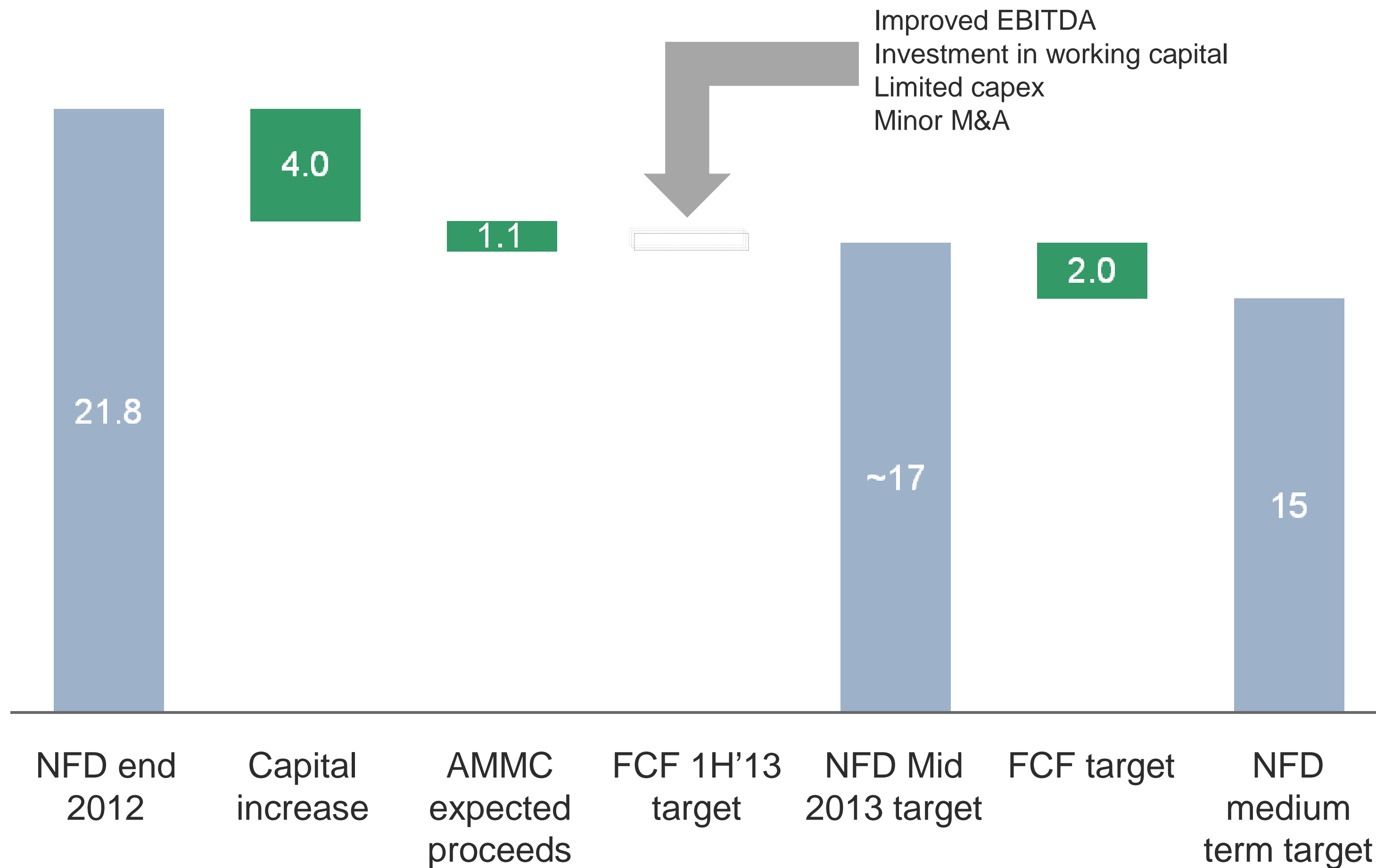

All capital raised in Jan 2013 to be used for NFD reduction

Working capital is fuel for our business

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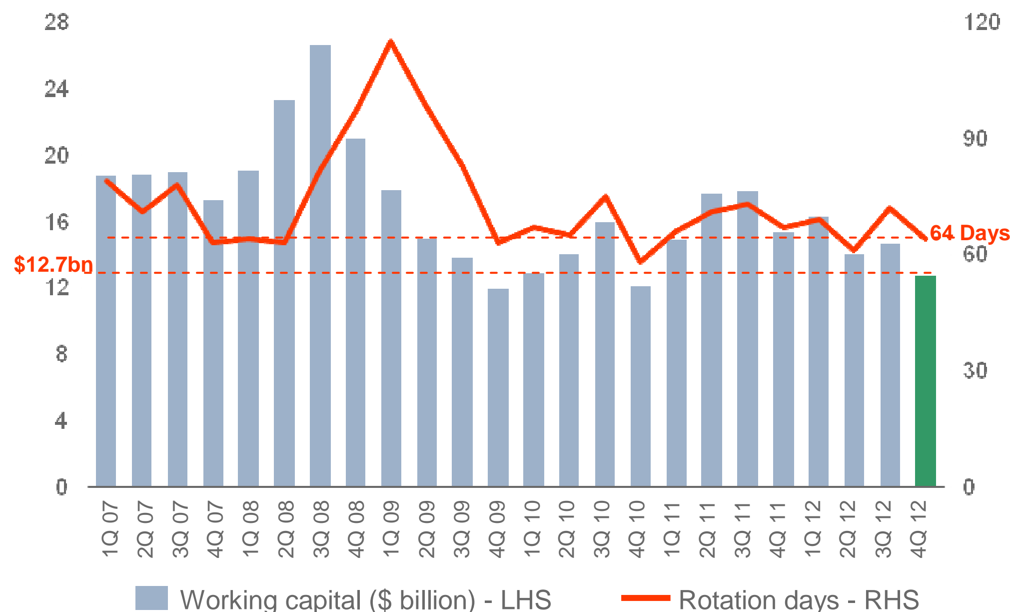
OWCR and rotation days* ($ billion and days)



- Current working capital is lowest absolute level since 4Q'10
- 64 days is slightly below the average of last 3 years (67 days)
- Each day represents ~$200mn

- We will invest in working capital as required
  - Higher sales volumes requires more working capital (but same days)
  - Days can be impacted by price
    - 1/3 of inventory is raw materials, the remainder is mainly metal stock

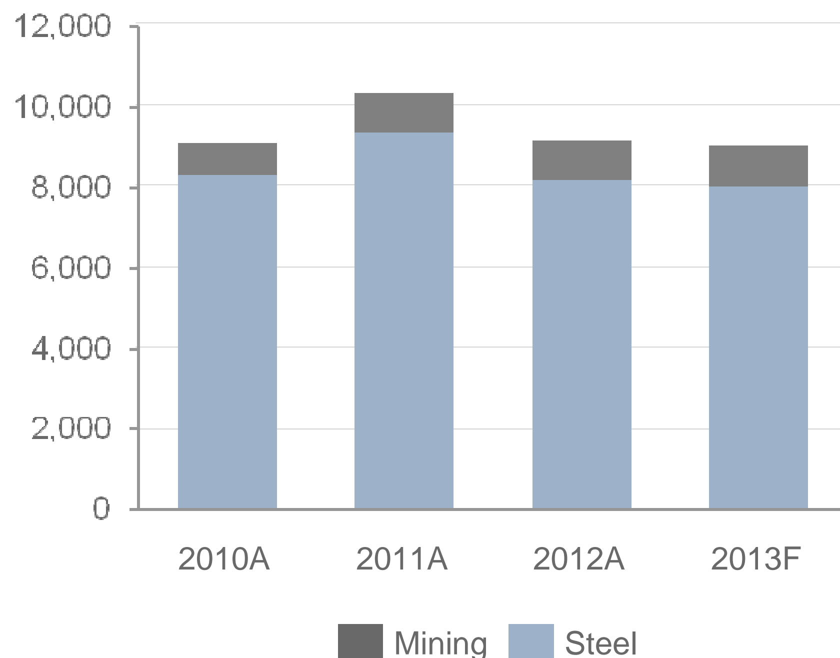
Business will invest in working capital as conditions necessitate

* Rotation days are defined as days of accounts receivable plus days of inventory minus days of accounts payable. Days of accounts payable and inventory are a function of cost of goods sold of the quarter on an annualized basis. Days of accounts receivable are a function of sales of the quarter on an annualized basis.

Maintenance spend is sufficient

- Maintenance capex and R&M are and will remain sufficient to sustain our competitive position

Total of Maintenance Capex plus Repairs & Maintenance Opex spend ($ million)

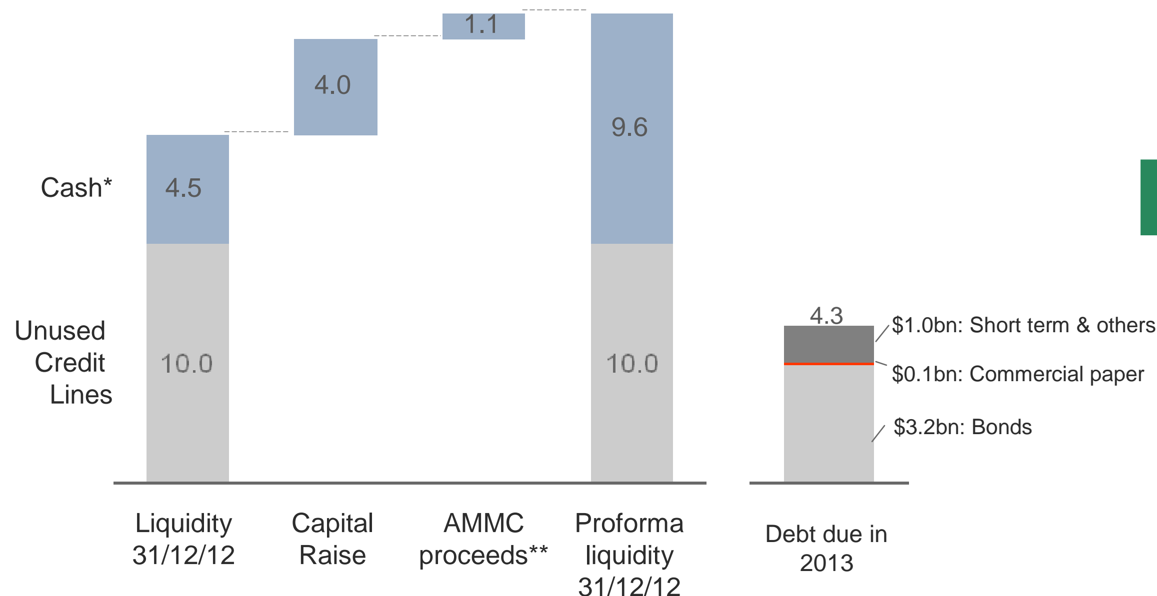


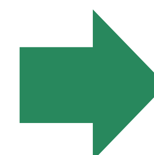
- Total maintenance capex and opex has been quite consistent except catch-up spend in 2011
- 2012 maintenance capex was ~$2.9bn
- This will decline by $0.2bn in 2013 due to smaller steel footprint

Company caught up maintenance capex and R&M in 2011; stable going forward

Maintaining strong liquidity

Liquidity at December 31, 2012 ($ billion)





The recent capital raise together with cash received from the sale of a 15% stake in AMMC gives the group significant liquidity ahead of upcoming maturities in 2013 and 2014

- Proforma liquidity of $19.6bn
- Strong liquidity provides financial flexibility
- Demonstrated access to all major capital markets

$14.5bn of liquidity should be adequate for ALL points in the cycle

* and cash equivalents including restricted cash
** Subject to closing conditions, including regulatory clearance, and expected to close in 2 instalments in the 1st and 2nd quarters of 2013

Managing debt profile and maturities

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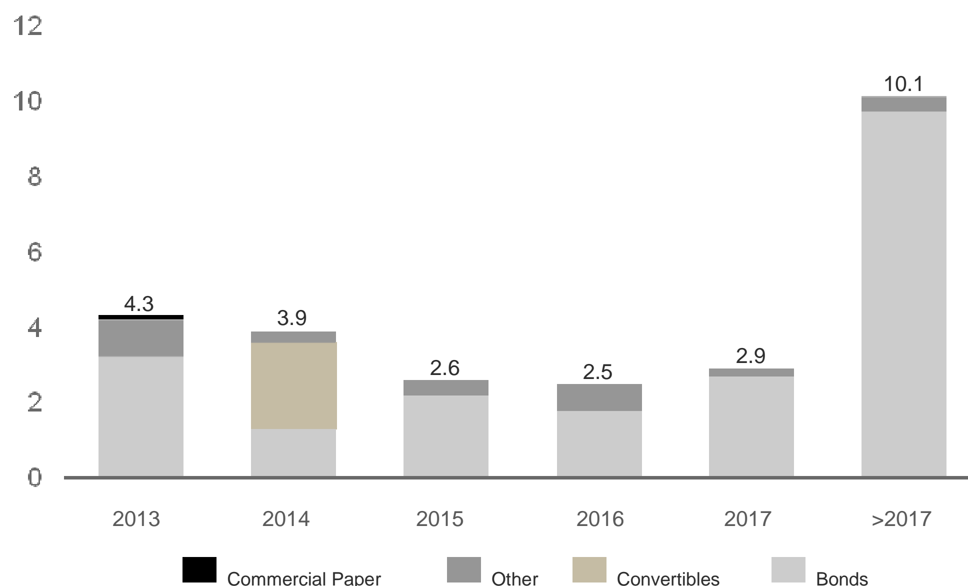
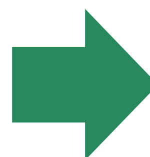
Debt maturities($ billion)



- Average maturity of 6.1 years
- Demonstrated policy of proactively managing debt profile
- Will continue to capitalise on good windows of opportunity
- No structural subordination for creditors
- Assets are unencumbered

Current credit ratings:

- S&P – BB+, negative outlook
- Moody's – Ba1, negative outlook
- Fitch – BB+, stable outlook



- Continued focus on improving credit metrics through the cycle
- "Solid" Investment Grade rating targeted

Upcoming maturities covered by existing liquidity

Asset disposal process has been successful

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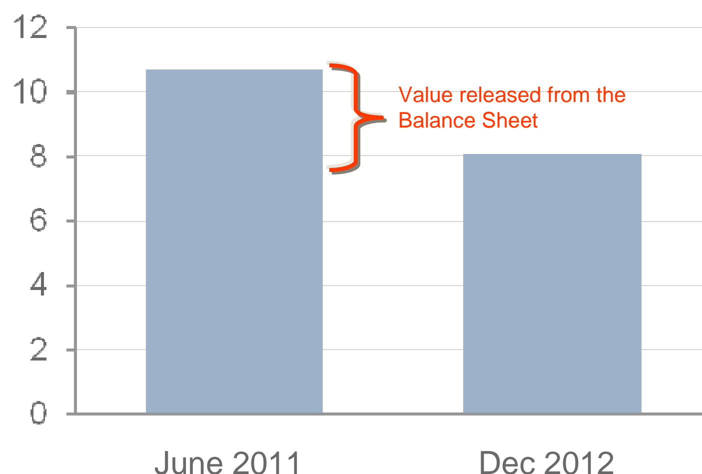
- Since Sept 2011, a range of assets and stakes have been sold at values in line with or at premiums to book value
  - ✓ Macarthur Coal & BNA stakes
  - ✓ Erdemir: 1/4 of 25% stake
  - ✓ Skyline
  - ✓ Enovos stake
  - ✓ Paul Wurth stake
  - ✓ Kalagadi: agreed stake sale*
  - ✓ AMMC: agreed 15% stake sale*

Book value of investments in affiliates & JVs ($ billion)



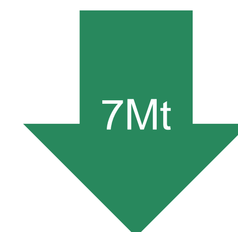
- Significant value released from the balance sheet since June 2011
- Asset sales achieved premiums to book value
- Opportunities for further asset sales but only at the right price

Asset disposal process has released value from the balance sheet

* Not yet closed and subject to closing conditions, including for Kalagadi a financing condition

Asset optimization successful

- Asset Optimization steps taken since Sept 2011:
  - 4Q'11
    - Extended idling of electric arc furnace in Madrid
    - Restructuring costs at certain other Spanish, Czech Republic and AMDS operations
  - 1Q 2012
    - Extended idling of electric arc furnace and continuous caster at the Schifflange site (Luxembourg)
    - Further optimization in Poland and Spain
  - 4Q 2012
    - Closure of two blast furnaces, a sinter plant, a steel shop and continuous casters in Liege, Belgium decided
    - Long term idling of liquid phase at the Florange site in France announced
  - 1Q 2013
    - Announced intention to permanently close the coke plant and six finishing lines in Liege, Belgium



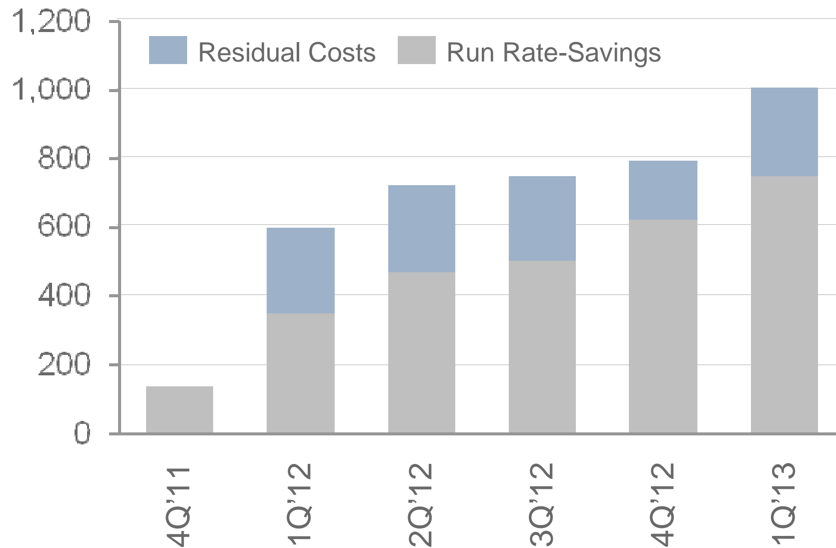
European capacity reduced by 7Mt (11%)

Essential components of Asset Optimization have been announced

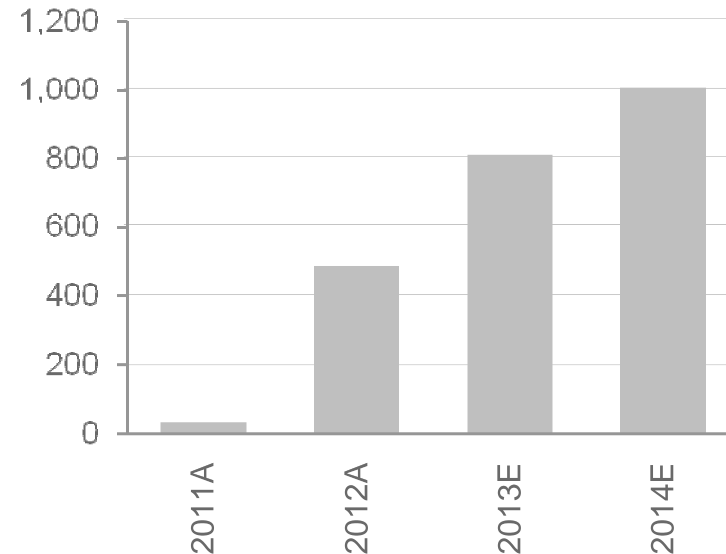
Savings realised from Asset Optimization

- Including "residual costs", the targeted run-rate savings of $1bn has been achieved
- Some residual costs will remain in the system during 2013

Asset Optimization savings achieved ($ million)



Asset Optimization contribution to EBITDA ($ million)



"Residual costs" should disappear from the system by 2014

FCE "focussed" on competitive assets

- ArcelorMittal has been proactive to adjust industrial footprint in core European markets
- Concentrated slab production in 5 coastal sites:
  - Dunkirk
  - Ghent
  - Bremen
  - FOS
  - Asturias
- Idled least competitive rolling & coating lines
- Asset optimization ensures FCE achieves:
  - Savings through fixed cost removal
  - Well loaded assets with stable working points
    - ➢ Lower variable cost
    - ➢ Lower and more stable working capital requirements
    - ➢ Better service and quality
    - ➢ Reduce capex requirements

New "Footprint" in Western Europe*:

	2011	2013
# Blast furnaces	15	11
# Hot strip mills	8	7
# Cold rolling mills	18	16

Post optimization: FCE EBITDA and FCF positive in current market environment

* Note: this is the prospective footprint once all proposals implemented

LCE also optimized for lower demand

- In 2012, ArcelorMittal LCE has idled:
  - EAFs of Madrid and Schifflange
  - Rolling mills of Madrid (sections) and Schifflange (wire rod)
  - Warsaw old mill (bars)
- Besides above, 2 rolling mills in Luxembourg (Mill A and Mill C of Rodange) work at a reduced load with common crews to produce special bars and sections.
- Focus on mix enrichment

New "Footprint" of LCE (EU27 only):

	2011	1Q'2013
# active EAFs	11	9
# active rolling mills	31	28

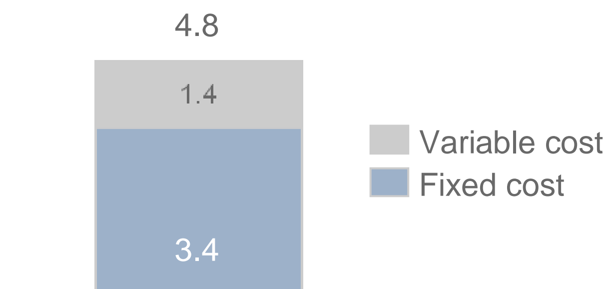
- Concentration of production on core assets with best costs
- Elimination of fixed costs in idled mills
- Working capital requirements reduced together with production concentration

LCE footprint concentrated on most competitive cost assets

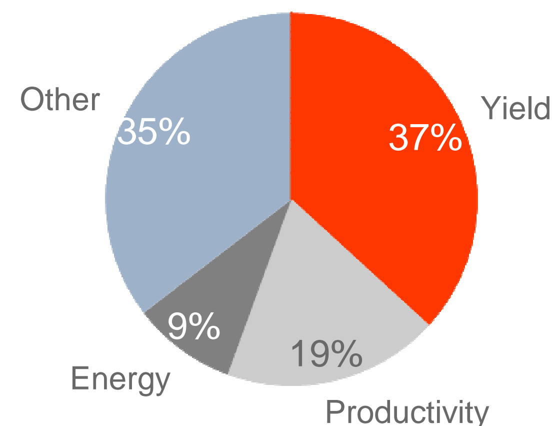
Cost cutting is in our DNA

- In addition to the >$1.6bn merger synergies achieved
- A further $4.8bn of "Management Gains" have been achieved

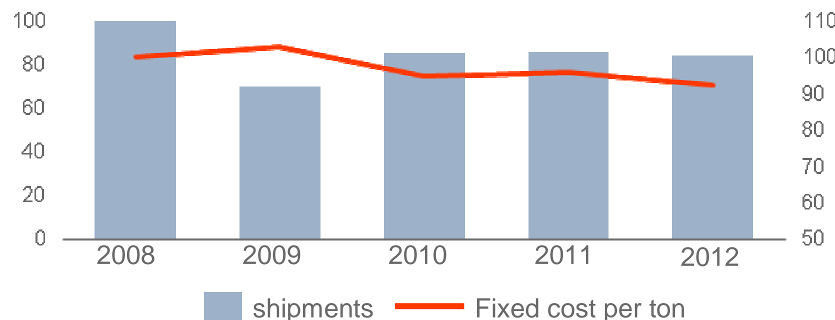
Management gains savings plan achieved since 2008 (USD billion annualized)

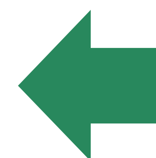


Variable cost savings breakdown



Fixed cost per ton (index 100 = 2008)*





Fixed cost per tonne lower than 2008 levels despite lower shipments

Focus on achieving internal best practice remains a source of opportunity

* On actual dollar basis and excludes mining

New $3bn Management Gains program has been launched

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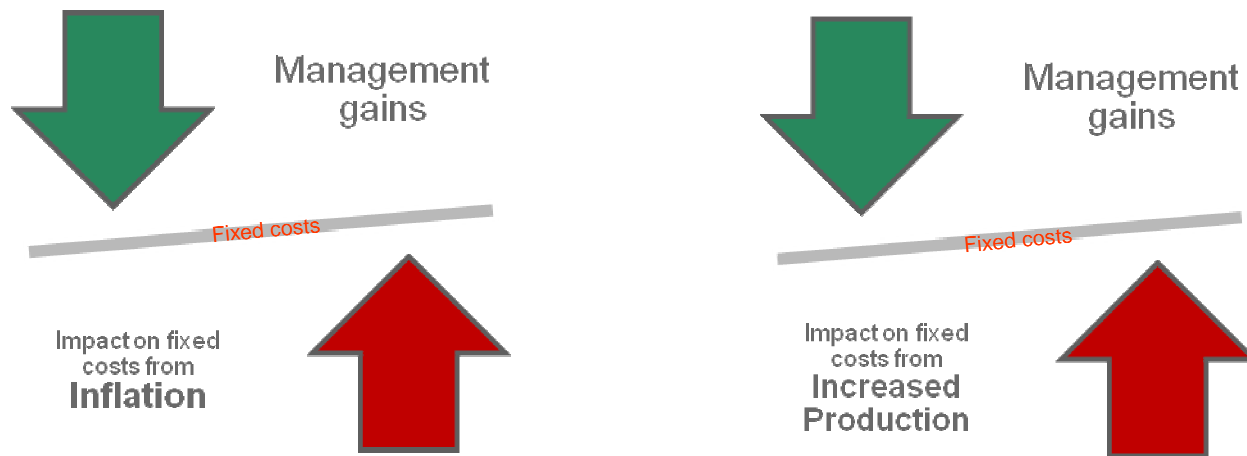
- We have identified a new $3bn of cost savings to be achieved by end 2015



- Through new Management Gains programs we are targeting to:
  - → more than offset the effect of inflation on fixed costs, and
  - → minimise the effect of higher activity (production) on fixed costs
  - → achieve further variable cost efficiencies

New Management Gains programs to offset inflation and minimize activity impact

The marginal tonne is very profitable

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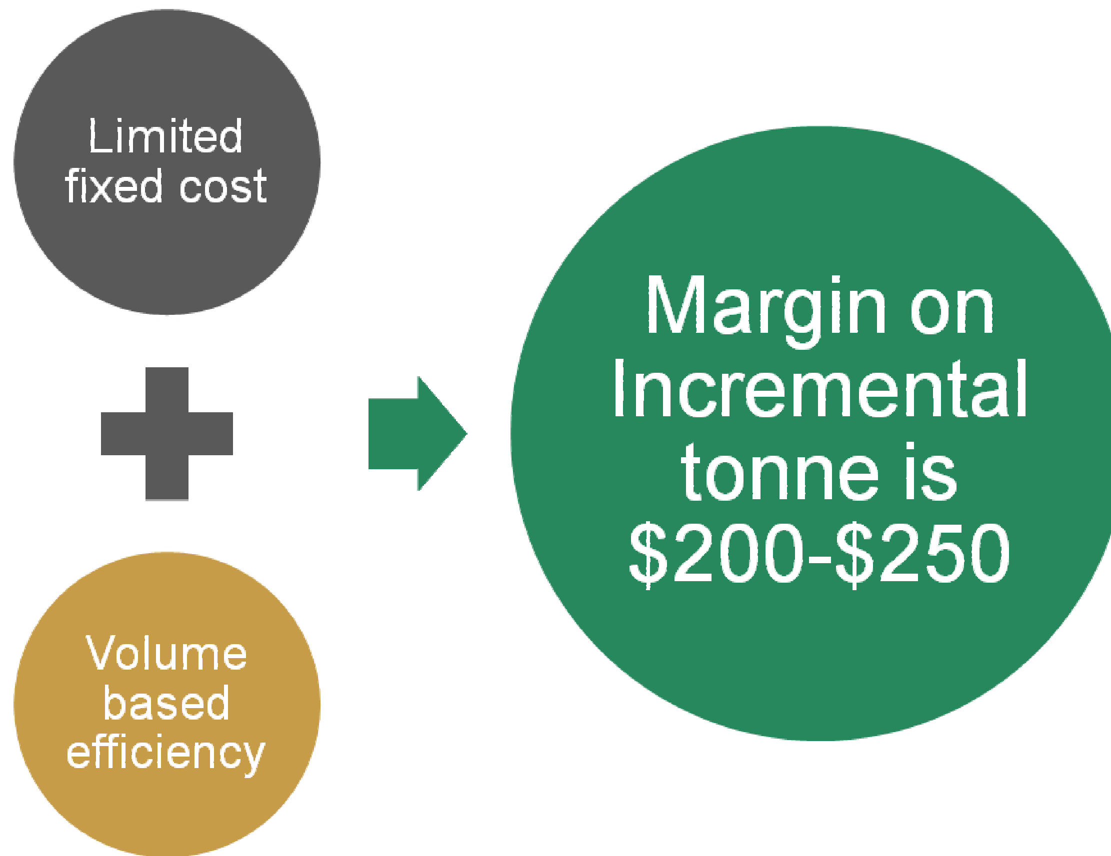
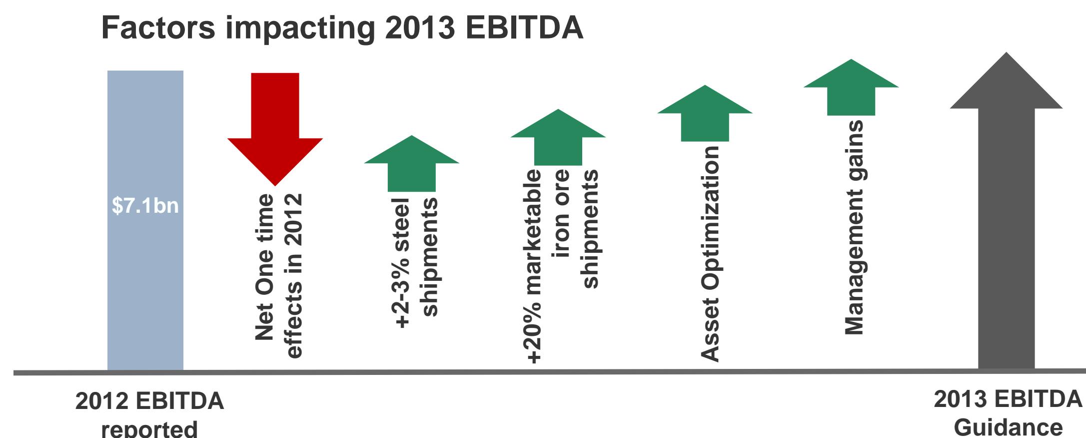


Positive leverage to higher volumes is expected to be significant

New guidance framework

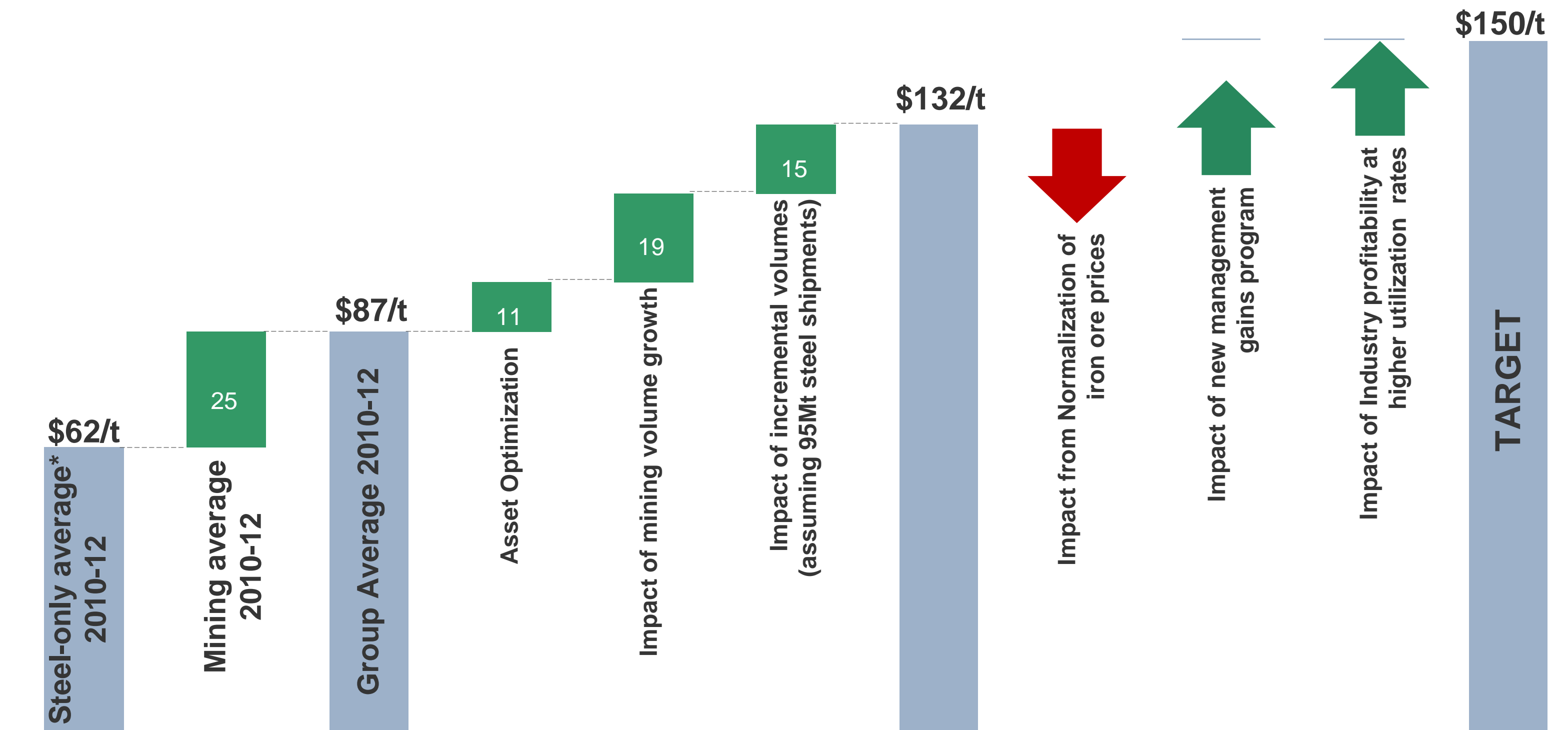
- Our guidance approach has evolved since 2010
- Annual guidance is most appropriate as strips out:
  - Shipments/market seasonality
  - Cost/revenue time lags due to order book and accounting
- 2013 "guidance" is a statement that:
  a) We believe that we are past the low point in this cycle
  b) Margin of steel price over raw material costs should not decline in 2013
  c) We have enough positives to make up the non-recurring positive items in 2012



Company expects 2013 EBITDA to be above the $7.1bn reported in 2012

The path to $150/t group EBITDA

- If our markets expand by ~15% (i.e. global shipments back to >95mt) then we believe $150/t EBITDA is achievable



We believe EBITDA/tonne of $150 is an achievable normalized target

* Note: Steel-only EBITDA is underlying number excluding one-time items, CO2 gains and DDH

Q&A

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