

# 3Q 2023 Financial results

November 9, 2023

Mr. Mittal, Executive Chairman  
Aditya Mittal, Chief Executive Officer  
Genuino Christino, Chief Financial Officer



ArcelorMittal

# Disclaimer

## Forward-Looking Statements

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# Devastating accident in Kazakhstan

## **Kostenko coal mine accident:**

- 252 colleagues were working underground. 206 were safely evacuated
- Tragically, we lost 46 colleagues in this accident
- No words can do justice to the pain and heartbreak this devastating accident has caused
- We will always remember October 28, 2023, as the saddest day in our Company's history
- A Special Commission, led by Prime Minister Smailov, has been set up to investigate the accident

## **Our immediate response:**

- We are providing support for the bereaved families, including:
  - covering all funeral and memorial expenses,
  - a one-off payment equivalent to 10 years' salary,
  - purchasing housing,
  - repaying personal loans (deceased and family members),
  - and covering education fees for children up to the age of 23
- Providing post-traumatic psychological support and developing individual health recovery plans
- A full internal review of ArcelorMittal's Group-wide safety program is underway

## We are commissioning a comprehensive 3<sup>rd</sup> party audit of all our safety practices

- Following the devastating accident at the Kostenko mine in Kazakhstan, it is clear that we must do more to ensure that ArcelorMittal is set up to achieve the required safety transformation as swiftly as possible
- The Company is in the process of commissioning a 3<sup>rd</sup> party to undertake a comprehensive audit of all the Group's safety practices
- The scope of the audit will cover our complete management of health and safety: from policies, governance, processes and procedures, standards, in field assessments of both occupational safety and process safety, training, competencies, and our performance
- The recommendations of the audit will be published

## While the audit is underway, we are building on and accelerating our existing safety improvement activities

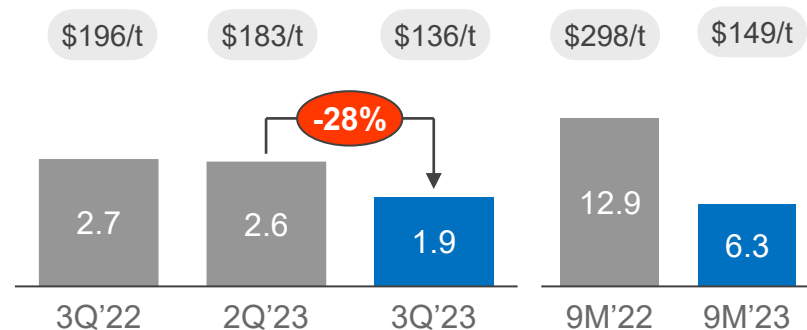
- In recent years, the Company has relaunched its safety strategy with a focus on twin pillars of risk management and cultural change:
  - The Group’s health and safety policy strengthened and relaunched, including enhanced governance at the Board Sustainability Committee, since the beginning of 2022
  - In April 2023, an external consultant conducted a safety perception survey (covering 220,000 personnel including contractors), resulting in new bespoke action plans developed for all sites and segments
  - Leaders have been required to demonstrate more progress in safety culture maturity, with mandatory leadership shop floor presence, and site safety training programs
  - We have intensified training/coaching programs, including with external support, to improve quality of leadership’s safety routines (i.e. shop floor interactions) as well as increased cross training to benchmark and align best practices
  - Fatality Prevention Standards (“FPS”) are internally audited and will now be externally audited
  - Where seriously unsafe incident takes place or a plant is deemed to be at risk of a serious incident or fatality, we have established a ‘quarantine’ process of intensified communication and safety interactions
- The Group’s steel operations (excluding CIS) are fatality free for own employees in 2023 year-to-date<sup>1</sup> and including contractors, the fatality frequency rate (“FFR”) has also considerably improved and is 40% better than the record World Steel Association average

# Financial performance

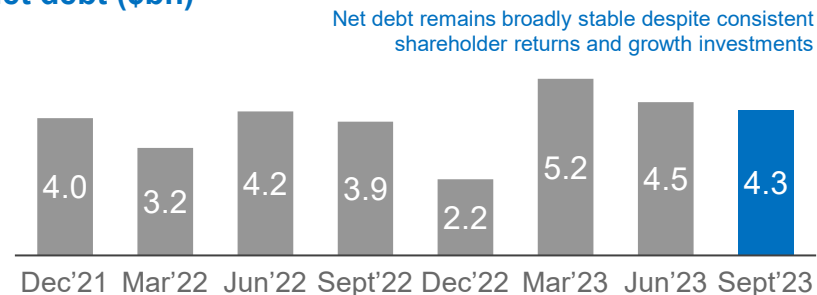
# 3Q'23 financial performance impacted by weaker steel segment results

- **Steel performance:** Negative price-cost effect across all divisions and lower shipments (Europe primarily impacted by seasonality incl. weaker construction-related demand)
- **Mining performance:** Higher iron ore prices (+3.1%) offset by lower iron ore shipments (-1.6%)
- **Solid JV performance:** Includes \$0.3bn share of JV and associates income reflecting good performance at AMNS India
- **Cash-flow performance:** 3Q'23 FCF<sup>1</sup> neutral despite \$0.3bn working capital investment
- **Balance sheet remains strong:** Period end net debt of \$4.3bn (vs. \$4.5bn as at Jun 30, 2023); strong liquidity of \$11.8bn<sup>2</sup>

## EBITDA (\$bn) and EBITDA/t (\$/t)



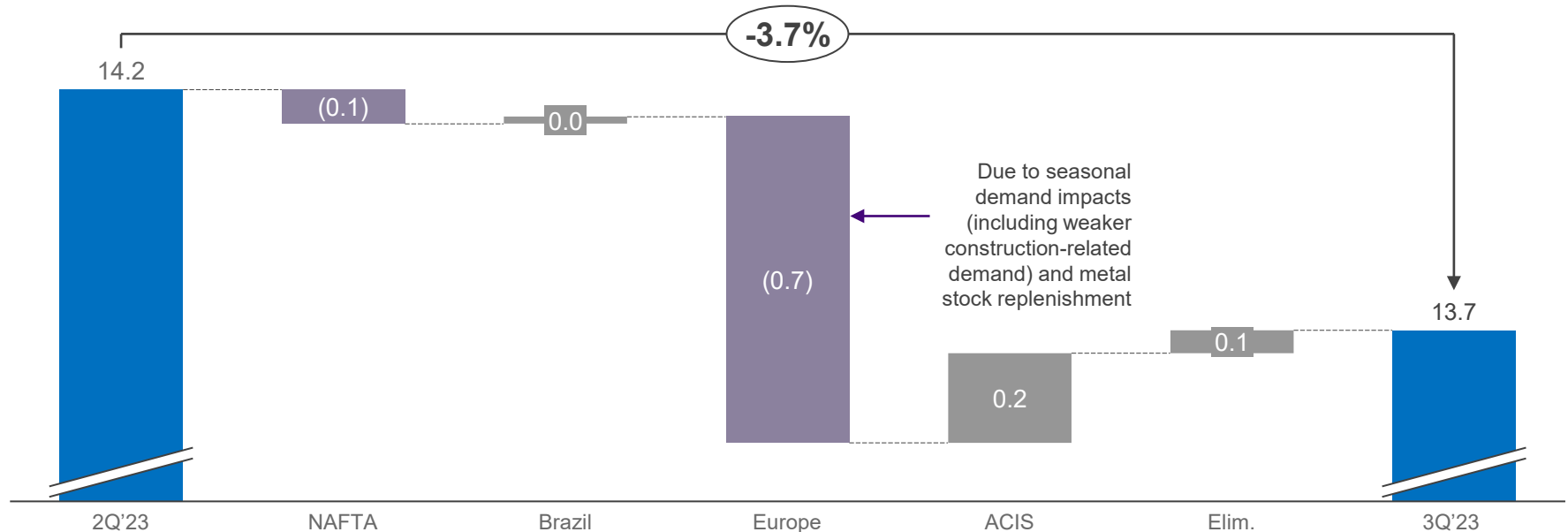
## Net debt (\$bn)



1. Free cash flow defined as cash flow provided by operating activities less capex less dividends paid to minorities; 2. Consisting of cash and cash equivalents of \$6.3bn and \$5.5bn of available credit lines

# Steel shipments decline in 3Q'23 vs 2Q'23 primarily driven by European seasonality (incl. weaker construction demand) and metal stock replenishment

## 3Q'23 vs. 2Q'23 steel shipments (Mt)

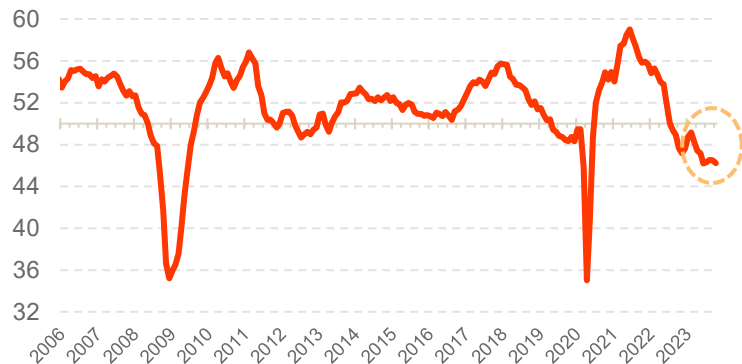




# Challenging market backdrop...Steel spreads unsustainably low

## ArcelorMittal weighted PMI<sup>1</sup>

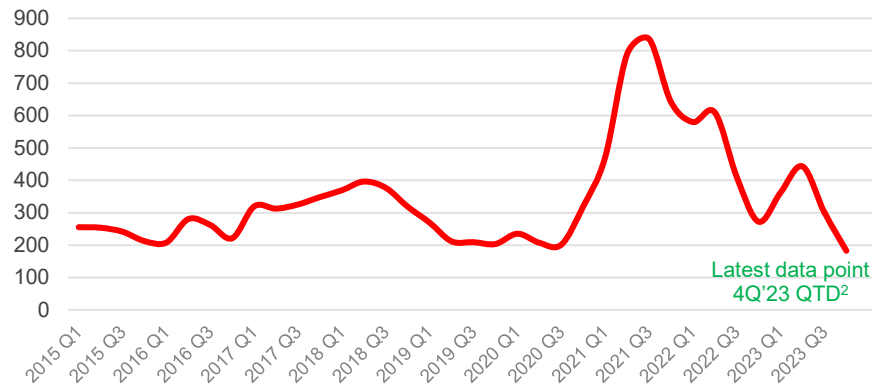
(latest data point: Oct-23)



## We are experiencing real demand weakness

- Business confidence has deteriorated as the year progressed
- Residential construction and machinery end markets are weak
- Automotive relatively better but impacted by US UAW strikes
- System inventories low, but higher imports have impacted the supply/demand equilibrium

## Northern Europe dom. EXW Ruhr \$/t (HRC spread, qtr av.)

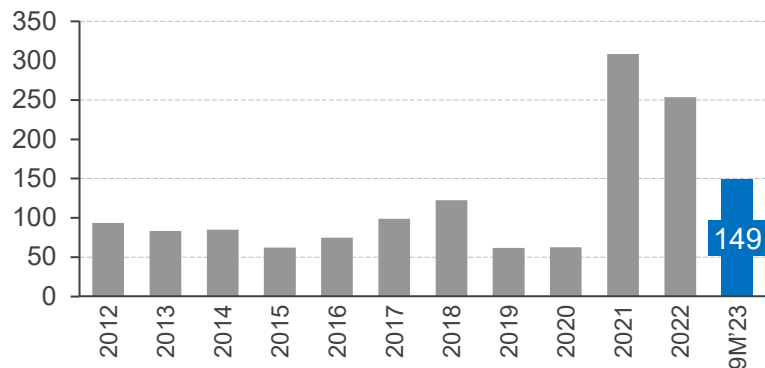


## Spot steel spreads are not sustainable → expected to recover:

- Chinese domestic steel spreads are unsustainably low – according to MySteel data the majority of the China steel industry has been loss making for several months; elevated exports are transmitting this impact onto other regions
- European steel spreads exceptionally low, eating into the cost curve
- Spreads unsustainable, leading to production cuts

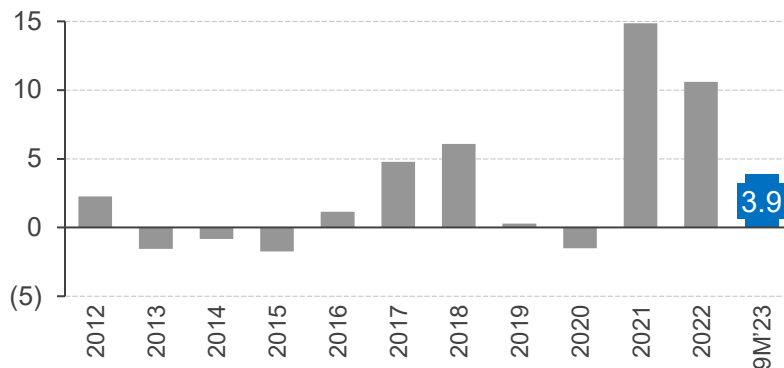
# ArcelorMittal results reflecting structural improvement

## Reported EBITDA/t (\$/t)



- Strengthened asset portfolio and improvements made to the cost base supporting higher per ton profitability
- 9M'23 EBITDA/t is above average levels achieved in the 2012-2022 period, despite the macro environment and company-specific challenges

## Adjusted net income (\$bn)<sup>1</sup>



- 9M'23 net income<sup>1</sup> is more than double the average levels achieved since 2012
- This reflects the growing contribution from JV's and the lower cost balance sheet
- Net income<sup>1</sup> and ROE structurally improved

# Balance sheet and capital allocation

# What is driving ArcelorMittal's future growth?

Population growth  
Driven by emerging markets



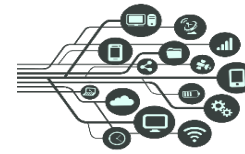
Energy transition  
Steel is a vital enabler



Improving living standards  
Driven by emerging markets



Supply chain security  
Driven by all markets



New mobility systems  
Driven by all markets



Circular economy  
Steel is infinitely recyclable



**300Mt (+35%)**

Ex-China steel demand  
growth over next decade

+100Mt (100%) India

30% growth in Brazil demand

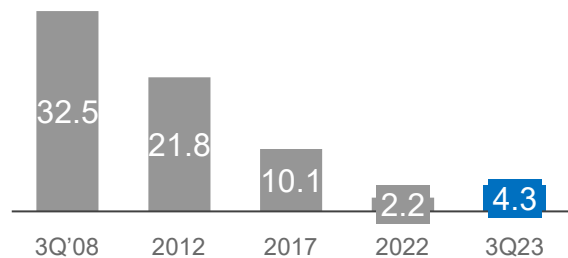
15% growth in Europe and US

US IRA: Equivalent to additional ~5%  
US flat steel demand annually (upside  
potential due to IRA ~9%)

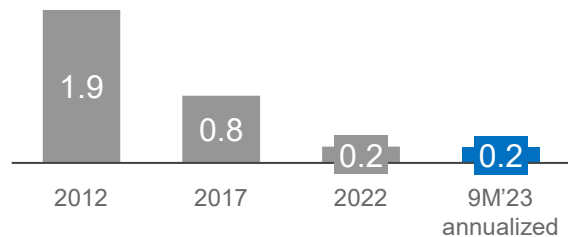
Europe transition to low carbon:  
Equivalent to additional ~4-5%  
European flat steel demand annually

# Our balance sheet is a strong foundation for growth and shareholder returns

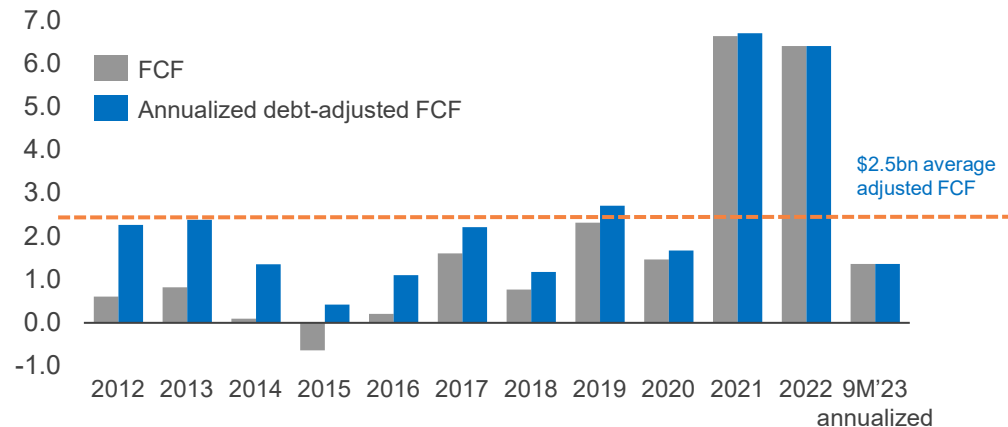
## Strong balance sheet (Net debt, \$bn)



## Lower interest cost supports FCF conversion (annual interest cost, \$bn)



## Debt-adjusted FCF<sup>1,2</sup> (\$bn)



- Adjusting historical reported FCF for (FY'22 interest expense<sup>2</sup>: Business would have been FCF positive in all years since 2012)
- Average annual FCF would have been \$2.5bn

# Strategic update

Key 9M'23 figures:

- \$6.3bn EBITDA
- \$3.9bn net income
- \$4.59 EPS
- \$66/sh book value
- 9.4%<sup>1</sup> ROE

## Decarbonization:

**Targets:** 2030 targets set (25% CO<sub>2</sub>e reduction globally, 35% for Europe)

### Progress:

- **Advancing FEED stage on DRI/EAF projects:** Capex approved to commence onsite preparation works at Dunkirk and Gent and increase the connectivity to 3<sup>rd</sup> party energy supplies
- **Renewables projects progressing well:** India: 1GW project on track for commissioning 1H'24; Brazil: 554MW wind power project JV with Casa dos Ventos; Argentina: 130MW solar and wind project (of which 1/3 commercial operations started Oct'23)

## Strategic growth:

**Acquisitions:** Pecem (1Q'23) and Texas HBI plant (2Q'22) estimated to add normalized EBITDA of ~\$0.5bn

### Organic growth in high value projects:

- Ongoing investments in Mexico, Brazil, Liberia, electrical steel and renewables
- \$3.0bn strategic capex envelope outstanding at 9M'23 (through end of 2026); \$1.0bn additional EBITDA to be captured

### JV growth progressing well:

- AMNS India Hazira plant expansion to ~15Mt capacity by 2026
- EAF in US (Calvert) ongoing

## Capital returns:

**Balanced capital return policy:** minimum 50% of post-dividend annual FCF is returned through buybacks

**9M'23 FCF generation of \$1.0bn** → \$0.2bn dividends paid (further \$0.2bn due in 4Q'23) and \$0.7bn returned through buy backs<sup>2</sup>

**Ongoing buybacks:** Company has repurchased 26.2m shares during 9M'23 including 7.1m from the current 85m share buy back program

**Consistent returns:** 32% reduction in the number of fully diluted shares outstanding since Sept 30, 2020, at average price of €24.49

**Focused on creating sustainable value**

# Decarbonization progress – projects and commercial momentum




## Decarbonization projects advancing

### BF - DRI EAF projects journey to decarbonization

- 2Q'23 status – Finalising pre-FEED (including commitments with core process equipment suppliers (DRI & EAF) to lock schedule for supply)
- Current status – Advancing FEED stage
  - ✓ Capex approved to commence onsite preparation works at Dunkirk (France) and Gent (Belgium) and increase the connectivity to third-party energy supplies in anticipation of future increased requirements

## XCarb RRP gaining commercial momentum

### XCarb® recycled and renewably produced<sup>1</sup>: A broadening range of products

	Product	CO2 emissions reduction <sup>2</sup>
	<b>Magnelis® coated products<sup>3</sup></b> for solar, autos, etc	70%
	<b>Tubular products</b> for building frames, solar structures, windmills, etc	75%
	<b>Heavy plate</b> S355 for civil engineering, wind towers	65%

Global R&D division is working extensively to explore new steel grade feasibilities for XCarb® recycled and renewably produced steel paving the way for XCarb® with DRI

# Our renewable energy projects continue to progress

## Renewable energy a key 'resource' for decarbonized steel making

### Argentina

(4Q 2023)

- \$0.2bn JV with PCR; first hybrid solar and wind energy project in Argentina
- >30% of Acindar's electricity requirements by 2024
- 36MW entered commercial operations in Oct'23; 75MW due by year end

### India

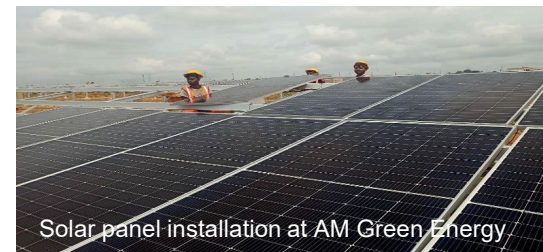
(1H 2024)

- \$0.6bn investment combining solar and wind power (975MW)
- AM Green Energy is expected to provide over 20% of AMNS India's Hazira plant electricity requirements
- On schedule for completion in 1H 2024

### Brazil<sup>1</sup>

(2025)

- 554MW wind power project JV with Casa dos Ventos
- The JV is expected to provide 38% of ArcelorMittal Brazil's future electricity needs in 2030
- Construction starting 4Q 2023; completion expected 2025

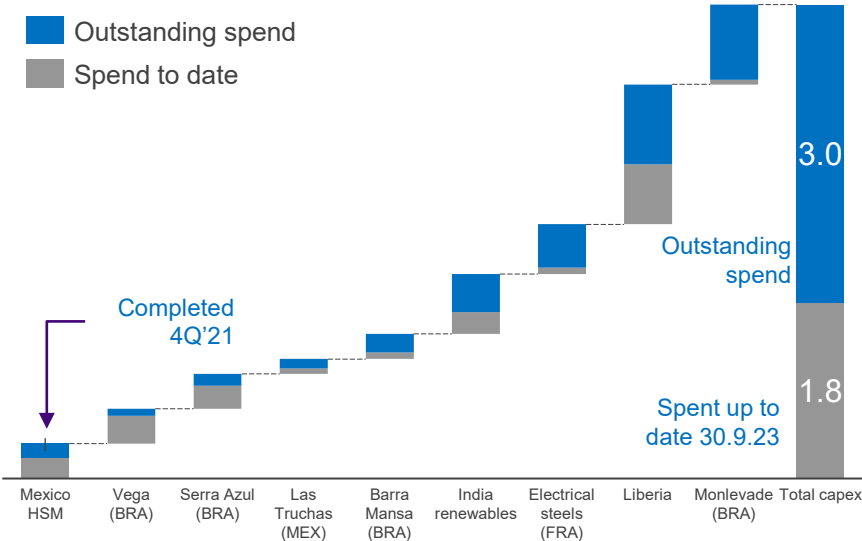




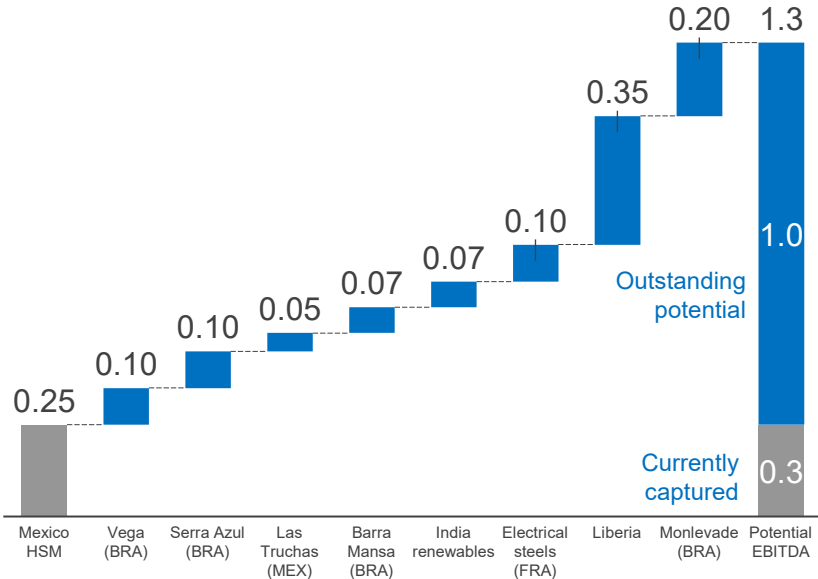
# Organic investment in a portfolio of high return projects

- FY'23 capex to be towards the mid-point of the previously communicated guidance range (\$4.5bn-\$5.0bn)

Strategic capex 2021 – 2026 (\$bn)



Potential EBITDA impacts<sup>1</sup> (\$bn)



1. Estimate of additional contribution to EBITDA, based on assumptions once ramped up to capacity and assuming prices/spreads generally in line with the averages of the period 2015-2020

# AMNS India well positioned to participate in India's forecast demand growth

## Significant steel demand growth

- **Significant steel demand** per capita over the last two decades driven by Government expenditure and steady economic growth
- **Per-capita steel consumption** of 81kgs lower than global average of ~230kgs indicating significant room for growth
- **India steel demand to double** by 2032 from 2022 levels (110Mt to >200Mt)

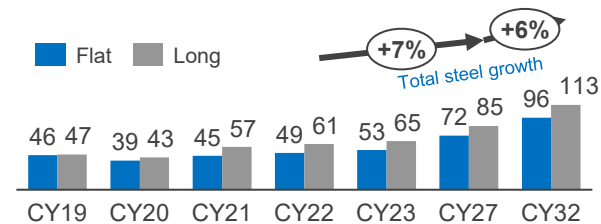
## Strong business performance

- **Established status as a service and quality leader** → Premium supplier of high-quality steel → record shipment in 3Q'23
- **Enhanced profitability** → higher earnings from growing core asset base (steel, mining), supplemented with contribution from stable ancillary assets
- **Strong cashflow:** Cash needs of ~\$0.25bn → business able to consistently generate significant FCF

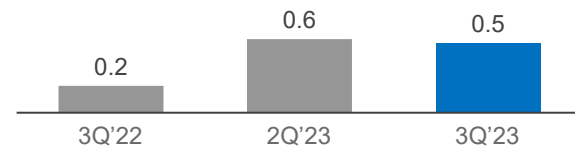
## Significant growth

- **Growth** from 8.6Mt to 15Mt (Phase 1A) by 2026; option to 20Mt (Phase 1B); Phase 2 greenfield (flat/long) in Paradeep / Kendrapara
- **AMNS India expansion plans on track** → Ongoing debottlenecking and Phase 1 upstream/downstream expansion progressing well in Hazira → 20,000 contractors mobilized on the ground

## Indian steel demand (longs/flats) 2019-2032 Mt

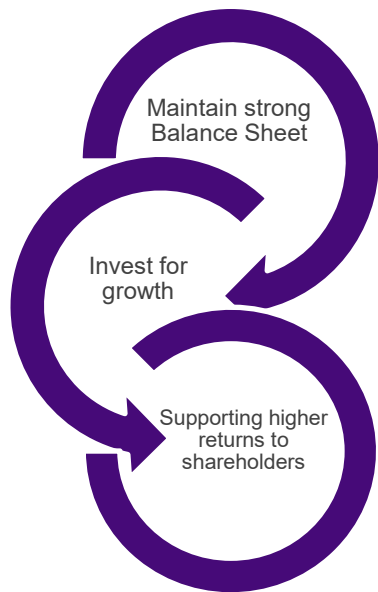


## AMNS India EBITDA (\$bn)



## Consistent capital returned to shareholders

- Having achieved its balance sheet targets, ArcelorMittal adopted a prudent and flexible capital allocation and return policy
- Fixed component: Conservative base dividend to be progressively increased over time
- Variable component: Minimum 50% of post-dividend free cash flow returned to shareholders



**\$1bn FCF  
generated in  
9M'23**

9M'23 FCF has been impacted by \$0.9bn working capital investment; this investment (and more) is expected to be reversed in 4Q'23, providing a support to FCF



**\$0.2bn** dividends paid to ArcelorMittal shareholders with a further \$0.2bn in 4Q'23

**\$0.7bn** returned through buy backs<sup>1</sup>

# Smarter steels for people and planet

## Improving safety

- Safety is our number one value
- Commissioning a comprehensive 3<sup>rd</sup> party audit of all our safety practices
- While the audit is underway, we are building on and accelerating our existing safety improvement activities

## World class operations

- Applying world-class equipment and procedures that achieve our objectives in the safest and most efficient ways
- Delivering innovative solutions with recognised quality and service
- Maintain cost competitiveness

## Driving decarbonization of the steel industry

- Driving decarbonization globally
- Delivering low carbon steel for our evolving customer needs
- Driving technology solutions for low-carbon intensity steel making

## Strategic growth

- Investing in high-return projects to drive higher normalised profitability
- Increasing contribution from JV & Associates as capacity grows
- Strategic capital invested to advance growth and decarbonization strategy
- Healthy consistent returns to shareholders

Building sustainable long term value

# 3Q 2023 Appendix

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# Transfer ownership of ArcelorMittal Temirtau, Kazakhstan

- On October 22, 2023, a preliminary agreement was signed with the Government of Kazakhstan for the transfer of ownership of ArcelorMittal Temirtau<sup>1</sup> to the Republic of Kazakhstan
- The Company is focussed on concluding this transaction as soon as possible
- Additionally, once a binding agreement is entered into and the transactions is closed the net assets will be deconsolidated. It should be noted that:
  - As of September 30, 2023, the current carrying value of the Temirtau assets (steel and mining) is \$1.8bn
  - Functional currency of ArcelorMittal Temirtau is the Tenge and therefore carrying values are subject to FOREX translation gains/losses recognized in equity upon translation into USD
  - Since the acquisition of this asset in 1995, ArcelorMittal has recorded ~\$1.3bn of FOREX losses in equity
  - Upon disposal of the foreign operation, such cumulative FOREX differences are recycled in P&L (i.e. total equity remains unchanged)



## ArcelorMittal Temirtau key facts

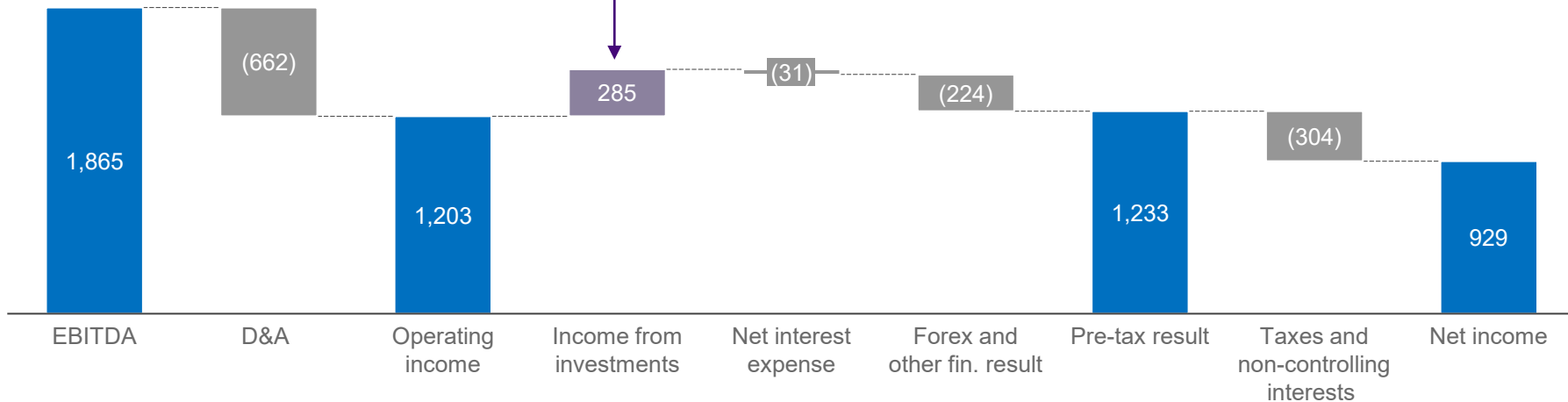
- ~33K own FTE employees
- 3 BF's with production capacity of 4.2Mt; 4 captive iron ore mining operations and 8 captive underground coal mines located in Karaganda
- 2022 crude steel production of 3.4Mt and steel shipments of 3.1Mt
- Average annual capex from 2013-2022 of \$0.25bn (~8% of Group spend)
- Excluding the exceptional period 2021, average EBITDA of \$0.3bn; 9M'23 EBITDA negative

# Financials

## 3Q'23 EBITDA to net result

(\$ million)

Includes contribution from AMNS India and Chinese investees

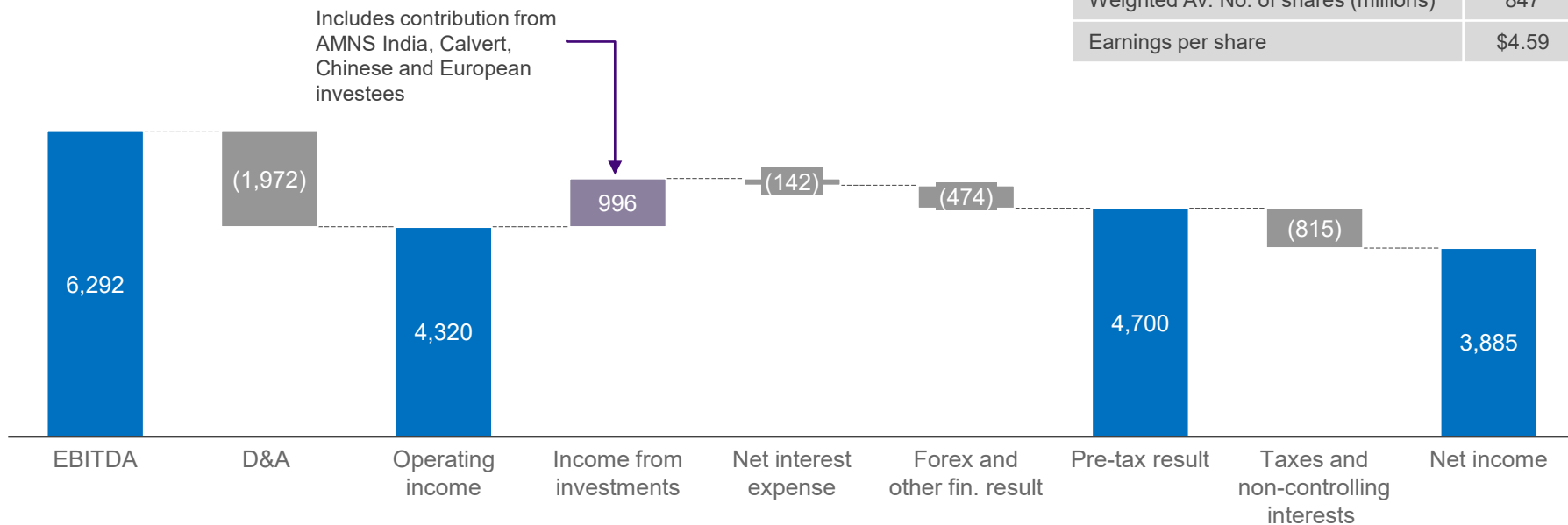


BASIC EPS	
Weighted Av. No. of shares (millions)	838
Earnings per share	\$1.11



# 9M'23 EBITDA to net result

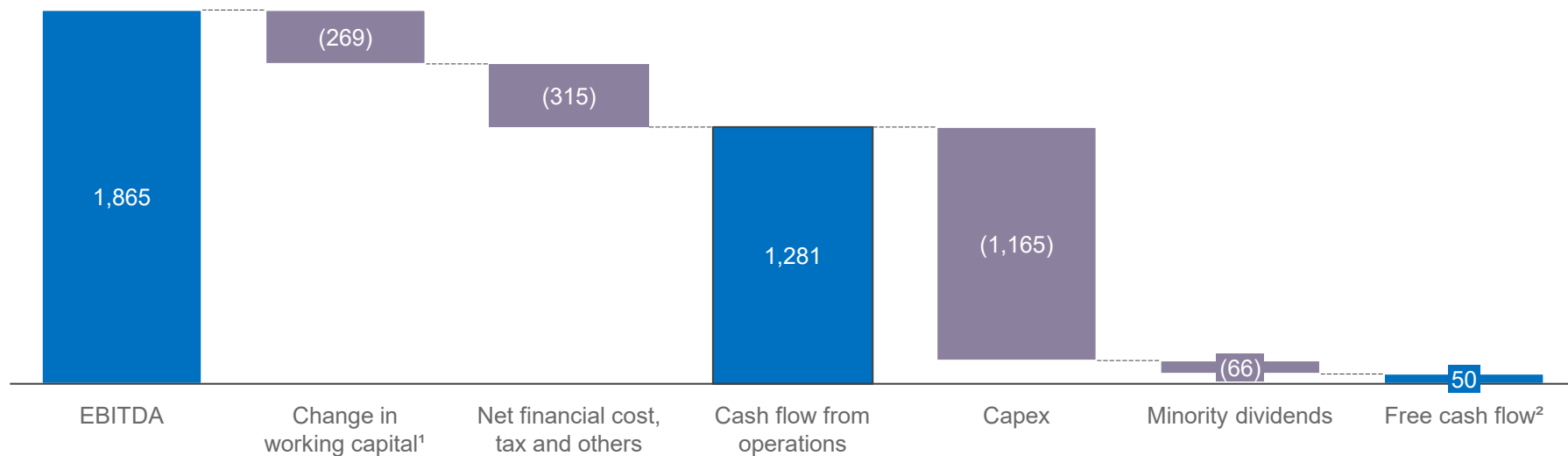
(\$ million)



BASIC EPS	9M'23
Weighted Av. No. of shares (millions)	847
Earnings per share	\$4.59

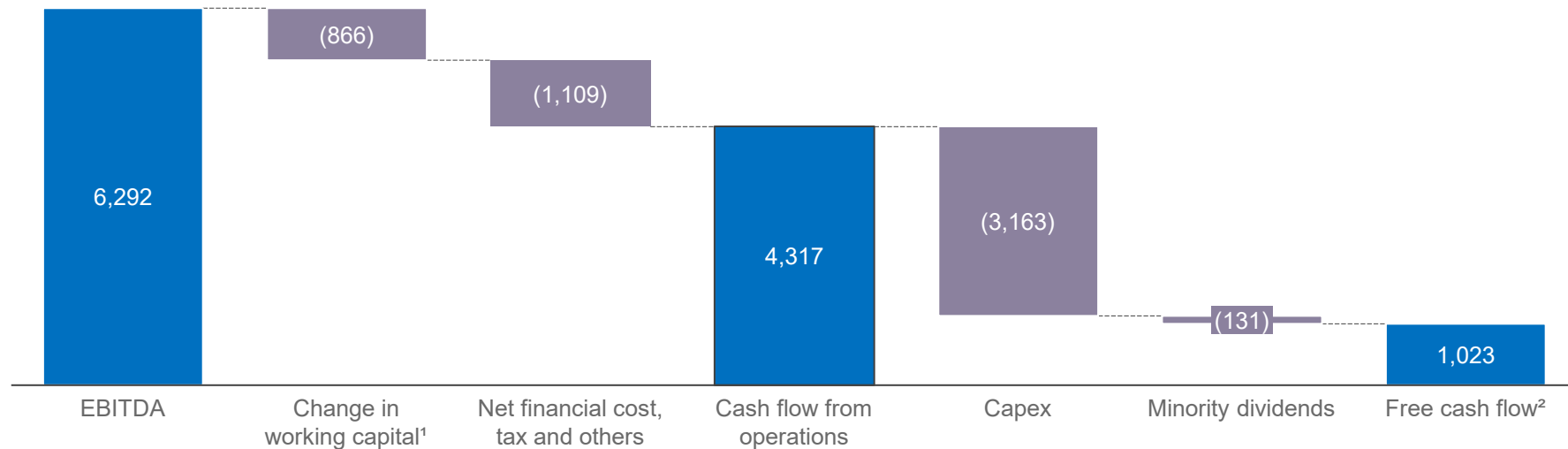
## 3Q'23 EBITDA to free cash flow

(\$ million)



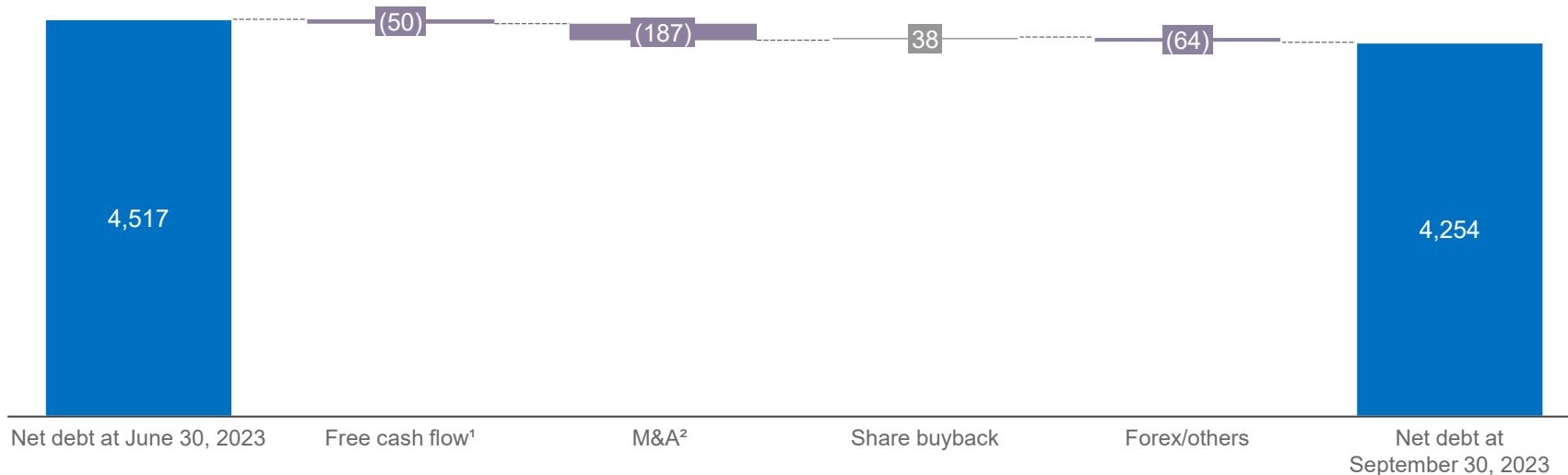
## 9M'23 EBITDA to free cash flow

(\$ million)



# 3Q'23 Net debt analysis

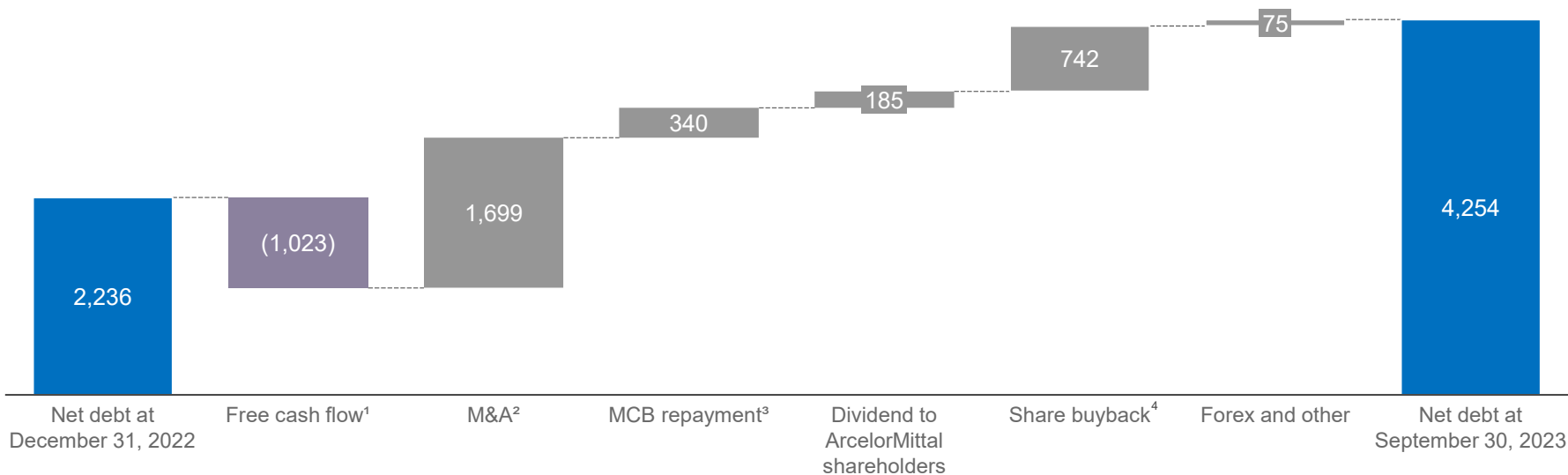
(\$ million)



1. Free cash flow defined as cash flow from operations less capex less dividends to minorities; 2. M&A primarily includes proceeds from asset sales

# 9M'23 Net debt analysis

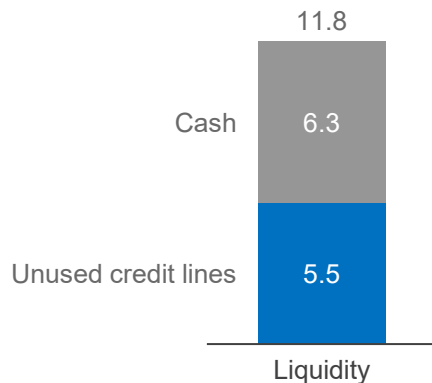
(\$ million)



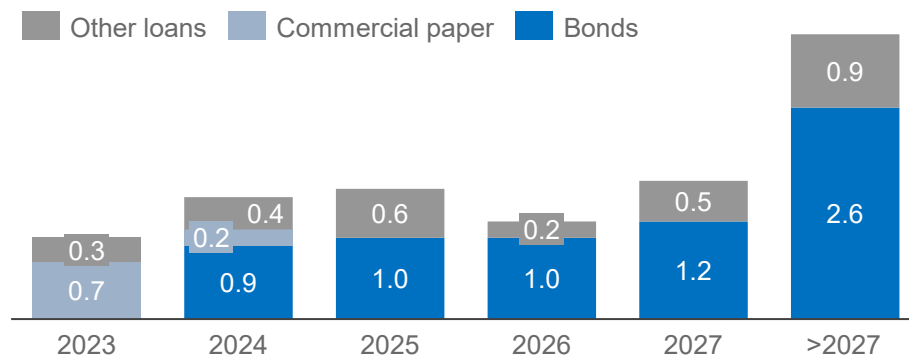
1. Free cash flow defined as cash flow from operations less capex less dividends to minorities; 2. M&A primarily includes \$2.2bn for ArcelorMittal Pecém (Brazil) acquired in March 2023, payment for Votorantim \$0.2bn; offset by Erdemir sale \$0.6bn and proceeds from asset sales; 3. The current outstanding principal amount of the MCBs had been reduced from \$1.0bn to \$660m on March 16, 2023. The maturity date of the MCBs is January 31, 2024; 4. \$0.1bn related to 2022

# Strong balance sheet

## Liquidity<sup>1</sup> at September 30, 2023 (\$bn)



## Debt maturities at September 30, 2023 (\$bn)



## Liquidity lines

- \$5.5bn lines of credit refinanced
  - \$5.4bn maturity Dec 19, 2025, and \$0.1bn maturity Dec 19, 2023
  - On April 30, 2021, ArcelorMittal amended its \$5.5bn RCF to align with its sustainability and climate action strategy

## Debt<sup>2</sup>

- Continued strong liquidity
- Average debt maturity → 5.9 Years

## Ratings

- S&P: BBB-, positive outlook
- Moody's: Baa3, stable outlook

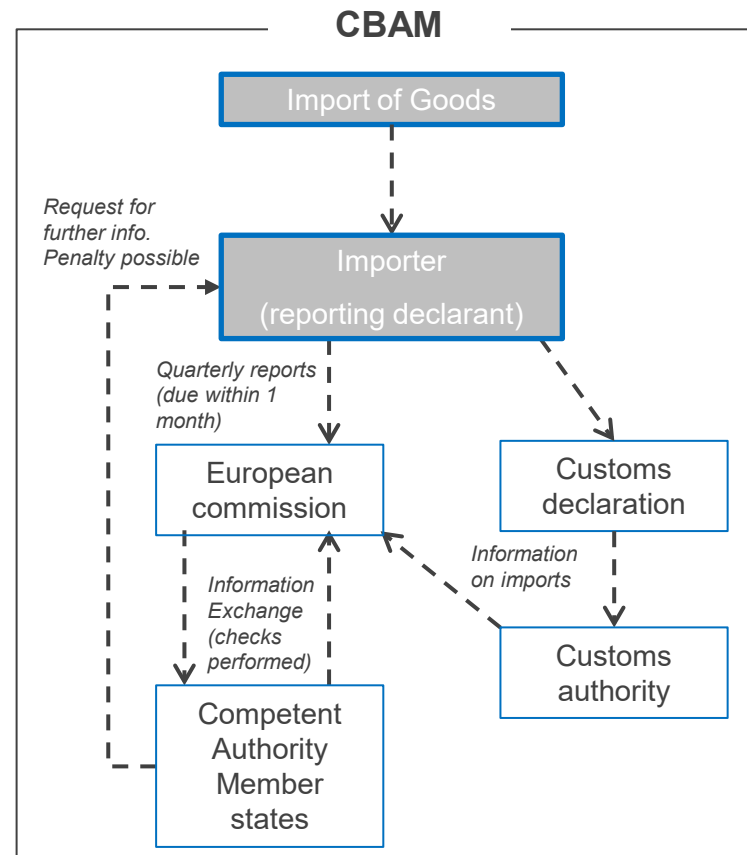
# Trade

# CBAM to level the playing field; transition monitoring underway

CBAM<sup>1</sup> will play an important role to ensure a level playing field on carbon - to equalise the cost of carbon between domestic products and imports, but improvements are needed to achieve this

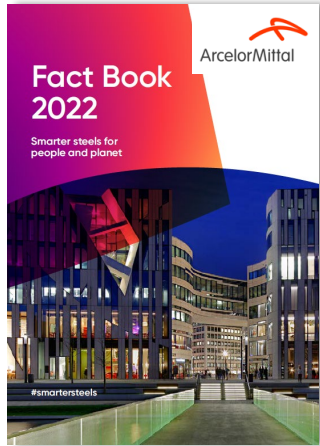
- **EU Importers must report quarterly** on the volume of their imports, total embedded and indirect emissions and carbon costs due in the country of origin for the goods imported
  - Calculation requires splitting the installation into relevant CBAM production processes as different monitoring rules may apply e.g. sinter plant, BF etc
  - **Transition period (Oct 1, 2023 – Dec 31, 2025)** with no financial obligation but penalties maybe imposed for failing to report.
  - **From Jan 1, 2026, financial obligation starts.** Phase out of free allocation (ETS) and phase in of CBAM

In its provisional form CBAM adds friction in the system. Importers are required to submit significant information adding complexity and administrative burden





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