Second Quarter 2019

Questions and Answers

Forward-Looking Statements

This document may contain forward-looking information and statements about ArcelorMittal and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements may be identified by the words “believe”, “expect”, “anticipate”, “target” or similar expressions. Although ArcelorMittal’s management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of ArcelorMittal’s securities are cautioned that forward-looking information and statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond the control of ArcelorMittal, that could cause actual results and developments to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the filings with the Luxembourg Stock Market Authority for the Financial Markets (*Commission de Surveillance du Secteur Financier*) and the United States Securities and Exchange Commission (the “SEC”) made or to be made by ArcelorMittal, including ArcelorMittal’s latest Annual Report on Form 20-F on file with the SEC. ArcelorMittal undertakes no obligation to publicly update its forward-looking statements, whether as a result of new information, future events, or otherwise.

Operating performance:

1. **How did steel shipments change in the current quarter?**

Total steel shipments in 2Q 2019 were 4.3% higher at 22.8Mt as compared with 21.8Mt for 1Q 2019 primarily due to higher steel shipments in ACIS (+19.5%) due to normalization of production in Temirtau (Kazakhstan), seasonally higher shipments in Europe (+2.2%), higher shipments in NAFTA (+2.2%) primarily due to the impact of the ramp up of blast furnace in Mexico, offset by lower shipments in Brazil (-3.3%) due to weaker export conditions.

2. **How did operational performance change in 2Q 2019 as compared to 1Q 2019?**

Group crude steel production decreased to 23.8Mt in 2Q 2019 from 24.1Mt last quarter.
Crude steel production decreased in Brazil (-6.1%) due in part to the decision to stop ArcelorMittal Tubarão's blast furnace #2 in June, two months earlier than its initial maintenance schedule due to deteriorating export market conditions, and lower production in the long business. Crude steel production decreased in Europe (-2.4%) primarily due to weaker than expected market conditions. Crude steel production in ACIS was broadly stable primarily due to normalization of production in Temirtau (Kazakhstan) offset by lower production in Ukraine due to planned blast furnace repair and in South Africa following a scheduled maintenance. Crude steel production in NAFTA increased primarily due to ramp up of the blast furnace in Mexico (which had suffered delays following scheduled maintenance in 3Q 2018).

3. **How did average steel selling prices change this quarter?**

Average steel selling prices (ASP) were -3.9% lower this quarter as compared to 1Q 2019 primarily due to lower prices in NAFTA (-4.3%) with both flat and long products down 3.6% and 5.7%, respectively, and in Europe (-3.5%) with both flat and long products declining 3.5% and 3.7%, respectively. Average steel selling prices in Brazil remained stable as increases in local currency sales prices were offset by currency depreciation.

4. **How did market-priced iron ore shipment volumes change versus previous quarters?**

Market-priced iron ore shipments in 2Q 2019 increased by +7.7% to 9.9Mt as compared to 9.2Mt in 1Q 2019, primarily driven by seasonally higher market-priced iron ore shipments in AMMC offset in part by lower shipments in Liberia and at the Volcan mine in Mexico (which reached end of life in May 2019).

5. **How did operating performance change relative to the prior period?**

Operating loss for 2Q 2019 was $0.2 billion as compared to operating income of $0.8 billion in 1Q 2019 and $2.4 billion in 2Q 2018. Operating loss in 2Q 2019 was primarily as a result of impairment charges of $947 million related to the remedy asset sales for the ArcelorMittal Italia acquisition ($347 million) and impairment of the fixed assets of ArcelorMittal USA ($600 million) following a sharp decline in steel prices and high raw material costs. In addition, results were impacted by weaker operating conditions (negative price-cost effect in the steel segments) reflecting both the impact of the decline in steel prices since 1Q 2019 and higher raw material prices, offset in part by the benefit of higher seaborne iron ore reference prices to mining results. Operating income in 1Q 2019 was impacted by impairment charges of $150 million related to the remedy asset sales for the ArcelorMittal Italia acquisition.

Segment details include:

- NAFTA: Operating loss in 2Q 2019 was $539 million as compared to an operating income of $216 million in 1Q 2019 primarily due to impairment charges of $600 million for 2Q 2019 related to impairment of the fixed assets of ArcelorMittal USA following a sharp decline in steel prices and high raw material costs and negative price-cost effect offset in part by higher steel shipment volumes.
- Europe: Operating loss in 2Q 2019 was $301 million as compared to operating income of $11 million in 1Q 2019. Operating results were impacted by impairment charges for 2Q 2019 and 1Q 2019 of $347 million and $150 million, respectively, related to remedy asset sales required for the ArcelorMittal Italia acquisition. In addition, 2Q 2019 results were also impacted by a negative price-cost effect.
- Brazil: Operating income in 2Q 2019 marginally declined to $234 million as compared to $239 million in 1Q 2019.
- ACIS: Operating income in 2Q 2019 was higher at $114 million as compared to $64 million in 1Q 2019 primarily due to higher steel shipment volumes.

- Mining: Operating income in 2Q 2019 increased by 46.2% to $457 million as compared to $313 million in 1Q 2019 primarily due to the impact of higher seaborne iron ore reference prices (+22.5%) and higher market-priced iron ore shipments (+7.7%).

6. **Why did you take further impairments in the quarter?**

Impairment charges for 2Q 2019 were $947 million as compared to impairment charges for 1Q 2019 of $150 million. Impairment charges of $347 million and $150 million were recorded in 2Q 2019 and 1Q 2019, respectively, related to the remedy asset sales for the ArcelorMittal Italia acquisition. As announced on July 1, 2019, the sale of the remedy assets to Liberty House Group is now complete. In addition, in 2Q 2019 fixed assets of ArcelorMittal USA were impaired by $600 million following a sharp decline in steel prices and high raw material costs.

7. **Why take an impairment given that US pricing seems to be in recovery? Does this imply that you doubt the sustainability of the recovery?**

You are right that steel prices have begun to recover, from a very low base, and we do anticipate continued recovery from the recent unsustainably low levels. When we run our impairment models we use our most realistic expectations on all factors, but unfortunately the impact on our cash flows relative to previous assumptions is already apparent, hence the impairment. Looking forward, the situation is not expected to sustain, and we are encouraged by the recent price increases which were not factored into the near-term forecasts of the impairment models.

8. **How did depreciation change this quarter?**

Depreciation for 2Q 2019 was higher at $766 million as compared to $733 million for 1Q 2019. Depreciation expense for FY 2019 is expected to increase to approximately $3.1 billion.

9. **How did net interest change this quarter and what is the net interest expectation for 2019?**

Net interest expense in 2Q 2019 was $154 million as compared to $161 million in 1Q 2019. Net interest is expected to be approximately $650 million in 2019.

10. **How did the tax change this quarter?**

ArcelorMittal recorded an income tax expense of $14 million in 2Q 2019 as compared to an income tax expense of $135 million for 1Q 2019.

Guidance:

11. **What is the outlook for steel demand in 2019?**

Based on year-to-date growth and the current economic outlook, ArcelorMittal expects global apparent steel consumption ("ASC") to grow further in 2019 by between +0.5% to +1.5% (slightly revised down from previous expectation of +1.0% to +1.5% growth). By region:

- ASC in US is expected to grow marginally by between +0.0% to +1.0% in 2019, with healthy non-residential construction demand offset by ongoing weakness in automotive demand and a slowdown in machinery demand (a moderation of growth versus +0.5% to +1.5% previous estimate).
- In Europe, ASC is expected to contract by between -2.0% to -1.0% with ongoing automotive demand weakness primarily due to lower exports (versus -1.0% to 0.0% previous estimate).
- In Brazil, ASC growth in 2019 is forecasted in the range of +1.5% to +2.5% (a moderation of growth versus +3.0% to 4.0% previous estimate) as domestic GDP has slowed, as well as impacts of Argentinian recession and delayed growth in infrastructure spend until pension reform is passed.
- In the CIS, expected ASC growth is unchanged at +1.0% to +2.0% in 2019.
- Overall, World ex-China ASC is expected to grow by approximately +0.5% to +1.0% in 2019 (a moderation versus previous estimate of +1.0% to +2.0%).
- In China, ASC growth forecast has increased to between +0.5% to +1.5% in 2019 (versus previous estimate of +0.0% to +1.0%) as real estate demand remains resilient.

Given these demand expectations, the positive scope effect of the ArcelorMittal Italia and Votorantim acquisition (net of the remedy assets sales for the ArcelorMittal Italia acquisition now complete), the expectation that operational disruptions (both controllable and uncontrollable) that negatively impacted 2018 shipments will not recur, offset in part by the impact of European production curtailments, the Group's steel shipments are expected to increase in 2019 vs 2018.

12. **What is the expectation for marketable iron ore shipments for 2019?**

Market-priced iron ore shipments for FY 2019 are expected to be broadly stable as compared to FY 2018 with increases in Liberia and AMMC to be offset by lower volume in Mexico (in part due to the end of life of the Volcan mine).

13. **What are your cash needs expectations for 2019?**

The Company expects certain cash needs of the business (including capex, interest, cash taxes, pensions and certain other cash costs but excluding working capital movements) to be approximately $5.4 billion in 2019 versus $6.4 billion previous guidance. Whilst no significant delays to growth investments are expected, the Company has reduced overall expected capex across all segments by $0.5 billion and now expects FY 2019 capex to be $3.8 billion (versus previous guidance of $4.3 billion). Interest expense in 2019 is expected to be $0.65 billion (no change) while cash taxes, pensions and other cash costs are now expected to be $1.0 billion (versus $1.5 billion previously).

14. **What were the working capital movements for 2Q 2019 and what are expectations for 2019?**

During 2Q 2019, ArcelorMittal released $0.4 billion of working capital as compared to a working capital investment of $0.6 billion in 1Q 2019.

As announced with the full year 2018 results in February 2019, the $1.0 billion excess working capital accumulated in 2018 is expected to be released in full over the course of 2019. Given the 1H 2019 working capital investment of $0.2 billion this implies a release of $1.2 billion in 2H 2019.

Raw materials:

15. **What is your outlook for raw materials?**

As a major buyer and seller of steel making raw materials, we do not comment publicly on the outlook for raw material prices. For iron ore, ArcelorMittal is focused on its cost base where it has made significant progress over recent years and looks to maximize value in use through product quality, service and delivery. As a result, the price level at which the Mining business is free cash flow (FCF) breakeven remains at $40/t China CFR 62% Fe.

Balance sheet:

16. **How has net debt changed this quarter as compared to 1Q 2019?**

As of June 30, 2019, net debt decreased by $1.0 billion to $10.2 billion as compared to $11.2 billion as of March 31, 2019. Net debt as of December 31, 2018, was $10.2 billion. Excluding the impact of IFRS 16 leases, net debt was $1.5 billion lower as compared to June 30, 2018, the lowest level since the ArcelorMittal merger.

17. **Can you provide an update on your liquidity position?**

As of June 30, 2019, the Company had liquidity of $9.2 billion, consisting of cash and cash equivalents of $3.7 billion and $5.5 billion of available credit lines. The $5.5 billion credit facility contains a financial covenant not to exceed 4.25x Net debt / LTM EBITDA (as defined in the facility). As of June 30, 2019, the average debt maturity was 4.7 years.

18. **Can you provide more specifics on your asset portfolio optimization initiative?**

In line with our ongoing efforts to optimize our asset portfolio and to complement our FCF driven deleveraging efforts, we have identified opportunities to unlock $2 billion of value from the portfolio over the next 2 years.

Capital allocation:

19. **Can you provide an update on your capital allocation policy and balance sheet targets?**

An investment grade credit rating remains ArcelorMittal's financial priority, with a target to reduce net debt to below $7 billion (previous target of $6 billion was adjusted in May 2019 to reflect the impact of IFRS 16), to support solid investment grade metrics at all points of the cycle.

The Company will continue to selectively invest in high return opportunities to enhance future returns, including ArcelorMittal Italia (asset revitalization), Mexico hot strip mill (mix improvement) and Vega HAV (Brazil mix improvement)

At the Annual General Meeting on May 7, 2019, the shareholders voted in favour of an increase in the base dividend for 2019 (paid from 2018 earnings) to $0.20 per share from $0.10 per share, which was subsequently paid in June 2019. ArcelorMittal intends to progressively increase the base dividend paid to its shareholders, and, on attainment of the net debt target, the Company is committed to returning a portion of annual FCF to shareholders.

20. **Why are you waiting for further deleveraging before a more substantial pay-out is made?**

ArcelorMittal is prioritizing deleveraging so that once it achieves its debt target and begins returning more significant amounts of capital returns to shareholders, the Company believes that shareholders will have greater confidence in the sustainability of those returns.

Market update:

21. **Why did the Group take the decision to idle capacity in Europe?**

Given the weak market environment in Europe we have taken the decision to temporarily reduce our European primary flat steel production. We understand the impact this has on employees and the local communities and will be working to ensure social measures are in place to support them during this period. These actions reflect the weak demand environment in Europe today, a situation further compounded by increased imports despite the safeguard measures introduced by the European Commission. High energy costs and increasing carbon costs are adding to the tough environment.

We are engaging with stakeholders to request that the safeguards are strengthened to prevent a further increase in imports as a result of continued global overcapacity and a weakening economy in neighbouring countries including Turkey. We will also continue to make our case for a green border adjustment to be introduced to ensure that imports into Europe face the same carbon costs as producers in Europe. The steel industry in Europe can have a strong future but there must be a level playing field to ensure that an unfair advantage is not given to competitors outside the region.

22. **Which operations will be idled and what is the impact?**

ArcelorMittal intends to temporarily idle 4.2Mt of annualized production in 2H 2019 at its European operations. These include:

- Reduce steelmaking facilities in Kraków, Poland;
- Reduce production in Asturias, Spain and extend the stoppage planned in 4Q 2019 to repair a blast furnace at its plant in Asturias, Spain;
- Slow down the planned increase of production at ArcelorMittal Italia previously planned for a six million tonne annual run-rate following a decision to optimise cost and quality over volume in the current environment;
- Reduce primary steelmaking production at its facilities in Dunkirk, France and Eisenhüttenstadt, Germany; and
- Reduce primary steelmaking production at its facility in Bremen, Germany in 4Q 2019, where a planned blast furnace stoppage for repair works will be extended

23. **What is the update on the current situation at ArcelorMittal Italia?**

In June 2017, ArcelorMittal signed an agreement for the lease (for a period up to August 2023) and subsequent acquisition of Ilva's business assets, providing for total maximum payments of EUR 1.8

billion. The lease period started on November 1, 2018. According to the legal framework in force at the time of signing and closing of the lease agreement, Ilva's insolvency trustees, as well as the lessee and purchaser of Ilva's assets, were granted protection from criminal liability related to environmental, health and safety, and workplace security issues at Ilva's Taranto plant, pending the timely implementation of the EUR 1.15 billion environmental investment program approved by the Italian Government in September 2017. In September 2017 and then August 2018 the Italian State Solicitor-General issued an opinion confirming that the term of the protection coincided with the term of the Company's environmental plan, namely to August 23, 2023. On June 28, 2019, however, the Italian Parliament ratified a law decree enacted by the Government, which has removed the protection for criminal liability related to public health and safety, and workplace security matters and, as from September 7, 2019, will also remove such protection as it relates to environmental matters. ArcelorMittal considers that the removal of this protection could impair any operator's ability to operate the Taranto plant while implementing the environmental plan. ArcelorMittal remains in discussions with the Italian authorities on this matter, in view of reaching an appropriate solution before September 7, 2019 compatible with the continued operation of the Taranto plant. No assurance can be given at this stage as to the outcome of such discussions.

In addition, on July 9, 2019 the public prosecutor of Taranto ordered the shutdown of blast furnace No. 2 of the Taranto plant. The order was in the context of a procedure dating from a fatality in 2015, as a result of which the blast furnace was put under seizure and improvements were required to be undertaken by the Special Commissioners as a condition to the continued operation of the blast furnace. The timeline of the shutdown of blast furnace No. 2 remains to be determined and will be set forth in a plan the judicial custodian appointed by the public prosecutor of Taranto is currently preparing and whose implementation would take 60 days. ArcelorMittal Italia is assessing technical aspects and is working with the relevant authorities towards an acceptable solution so that the blast furnace (which has an annual production target of 1.5 million tonnes) may remain operational.

24. **What are ArcelorMittal Italia's plans to return to profitability?**

Assuming existing market conditions and no ongoing license to operate issues, an accelerated action plan has been implemented to significantly reduce losses by 4Q'19.

The plan is essentially a combination of fixed and variable cost optimization, with 56 individual projects that will be led by 6 teams that draw on specific expertise from the ArcelorMittal flat Europe organization.

25. **Could you please provide us with an update on the status of your bid for Essar?**

Pursuant to Essar Steel India Limited's ('ESIL') corporate insolvency process, the Company's Resolution Plan, which includes an upfront payment of 42,000 crore rupees (c. $5.7 billion) towards ESIL's resolution debt, with a further 8,000 crore rupees (c. $1.1 billion) of capital injection into ESIL to finance capex to support operational improvement, increased production levels and deliver enhanced levels of profitability, was conditionally approved by India's National Company Law Tribunal ('NCLT') on March 8, 2019. Subsequently, there were several appeals from, among others, the Committee of Creditors and ESIL creditors to the National Company Law Appellate Tribunal ('NCLAT') over how the Committee of Creditors has decided to distribute among creditors the 42,000-crore rupee upfront payment from the Company's Resolution Plan. On July 4, 2019, the National Company Law Appellate Tribunal ("NCLAT") of India disposed of the various appeals pending before it while approving the Company's resolution plan for the acquisition of Essar Steel India Limited. However, several further appeals have been filed before India's Supreme Court challenging the NCLAT's order and on July 22, 2019, India's Supreme Court stayed the implementation of the NCLAT's order pending a hearing of the appeals on August 7, 2019. The transaction closing is now expected in 3Q 2019.

After completion, ArcelorMittal will jointly own and operate ESIL in partnership with Nippon Steel Corp ("NSC"), Japan's largest steel producer and the third largest steel producer in the world, in-line with the joint venture formation agreement signed with NSC on January 22, 2019. ArcelorMittal and NSC expect to finance the joint venture through a combination of partnership equity (one-third) and debt (two-thirds), and ArcelorMittal anticipates that its investment in the joint venture will be equity accounted.

Trade:

26. **What is the current situation regarding trade actions in US?**

In the US, we have Anti-Dumping (AD) and Anti Subsidy (AS) duties in place on all four flat product categories: CORE, CRC, HRC and plate. These measures are in place for five years from determination. The Department of Commerce (DOC) made final affirmative determinations in the anti-circumvention investigations for CRC and CORE imported from China (through Vietnam) in May

2018. On June 12, 2018, the US industry filed anti-circumvention petitions with DOC for CRC and CORE imported from Korea and Taiwan (through Vietnam). DOC initiated the investigation on August 2, 2018. Commerce reached affirmative preliminary determinations in these inquiries on July 3, 2019.

On July 30, 2019, the US ITC voted in favour of extending AD/CVD duties on HRC imports from China, India, Indonesia, Taiwan, Thailand and Ukraine for another 5 years. This is the third 5-year review with these orders having been in place since 2001.

Following its Section 232 investigation, the US imposed a 25% tariff on steel imports from most countries on March 23, 2018. Subsequently the US entered negotiations for exemptions of imports by several countries focusing on quotas that will restrain imports, prevent transhipment, and protect the national security. Effective June 1, 2018, quotas were imposed on certain countries (detailed below) and a 25% tariff was imposed on steel products from Europe, Canada and Mexico. Effective August 13, 2018 the section 232 tariff on imports from Turkey was raised to 50%.

- South Korea: Quota agreed at 70% of 2015-2017 average export volumes into US
- Argentina: Quota agreed at 135% of the 2015-2017 average export volumes into US
- Australia: completely exempt from tariffs and quotas
- Brazil: Quota agreed at 70% of 2015-2017 average export volumes into US for finished products and 100% of 2015-2017 average export volumes into US for semi-finished products
- Turkey: On 16 May 16, 2019, duties lowered back to 25% after having been at 50% since Aug'18
- Canada/Mexico: On May 17, 2019 tariffs removed for Canada and Mexico as well as retaliatory tariffs against the US

27. **What is the current situation regarding trade actions in Europe?**

In Europe, for the key flat product cases we have final AD duties on CRC against China and Russia, final AD and AD\S duties on HRC against China and final AD duties on QP against China. The European Commission announced in October 2017 fixed AD duties on imports of HRC (duties from €17.6/t to €96.5/t) from Brazil, Iran, Ukraine and Russia. HDG non-auto final AD duties against China announced in December 2017 ranging from 17.2% to 27.9%.

On January 17, 2019, EU Member states approved the European Commission's (EC's) final safeguard measures on steel with implementation from February 2, 2019. For phase 2 from July 1, 2019, the quota levels increased by 5% across all product categories.

Despite the introduction of the final EU safeguard tariffs there has been a continued and consistent rise in flat steel imports into Europe. Flat steel imports into Europe are currently at record highs, with imports of hot rolled coil up 24% in 1H 2019 as compared to 2017, on an annualised basis. We are engaging with stakeholders to request that the safeguards are strengthened to prevent a further increase in imports as a result of continued global overcapacity and a weakening economy in neighbouring countries including Turkey.

The European commission initiated a review of current safeguard measures which is expected to conclude no later than Sept 30, 2019.