



ArcelorMittal

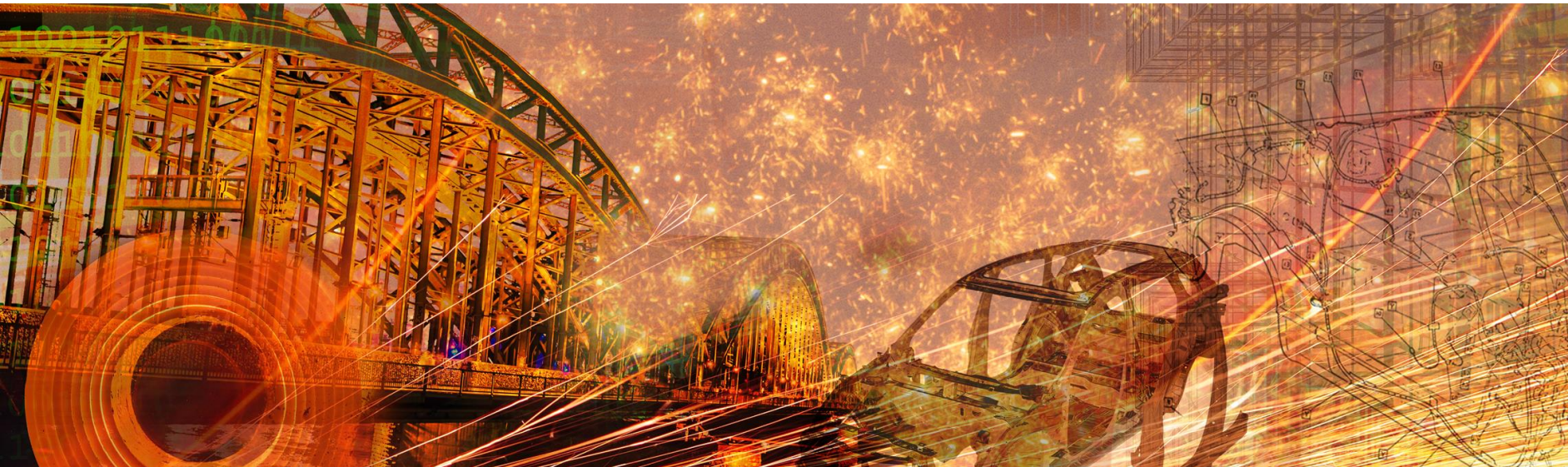


U.S. Steel Market Update

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ArcelorMittal USA
December 13, 2019

Agenda

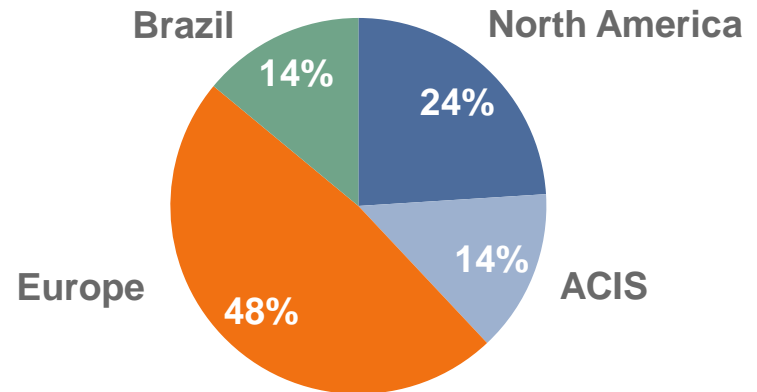
- ArcelorMittal introduction
- U.S. steel industry performance and trade
- Review of steel markets and 2020 outlook



About ArcelorMittal

- World's leading steel and mining company with about **209,000 employees in more than 60 countries**
- Recognized **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
- **Values geographical breadth, product diversity and raw material security**
- 2018 crude steel production of **92.M metric tons**

Crude steel production by region



ArcelorMittal in the United States

- Operates **26 facilities** including mines, integrated operations, mini-mills and finishing facilities
- Industrial presence in **12 states**
- Employs more than **18,000** in the United States



Steelmaking

- 1 Burns Harbor/
Burns Harbor Plate
- 2 Cleveland
- 3 Coatesville
- 4 Indiana Harbor
- 5 Riverdale
- 6 Steelton

Cokemaking

- 7 Monessen
- 8 Warren

Mining

- 9 Hibbing*
- 10 Minorca
- 11 Princeton

Finishing

- 12 AM/NS Calvert*
- 13 Columbus
- 14 Conshohocken
- 15 Double G Coating:
- 16 Gary Plate
- 17 I/N Tek and
I/N Kote*
- 18 Piedmont
- 19 Weirton

Tailored Blanks

- 20 Dearborn*
- 21 Detroit
- 22 Pioneer**
- 23 Montezuma*
- 24 Tonawanda*

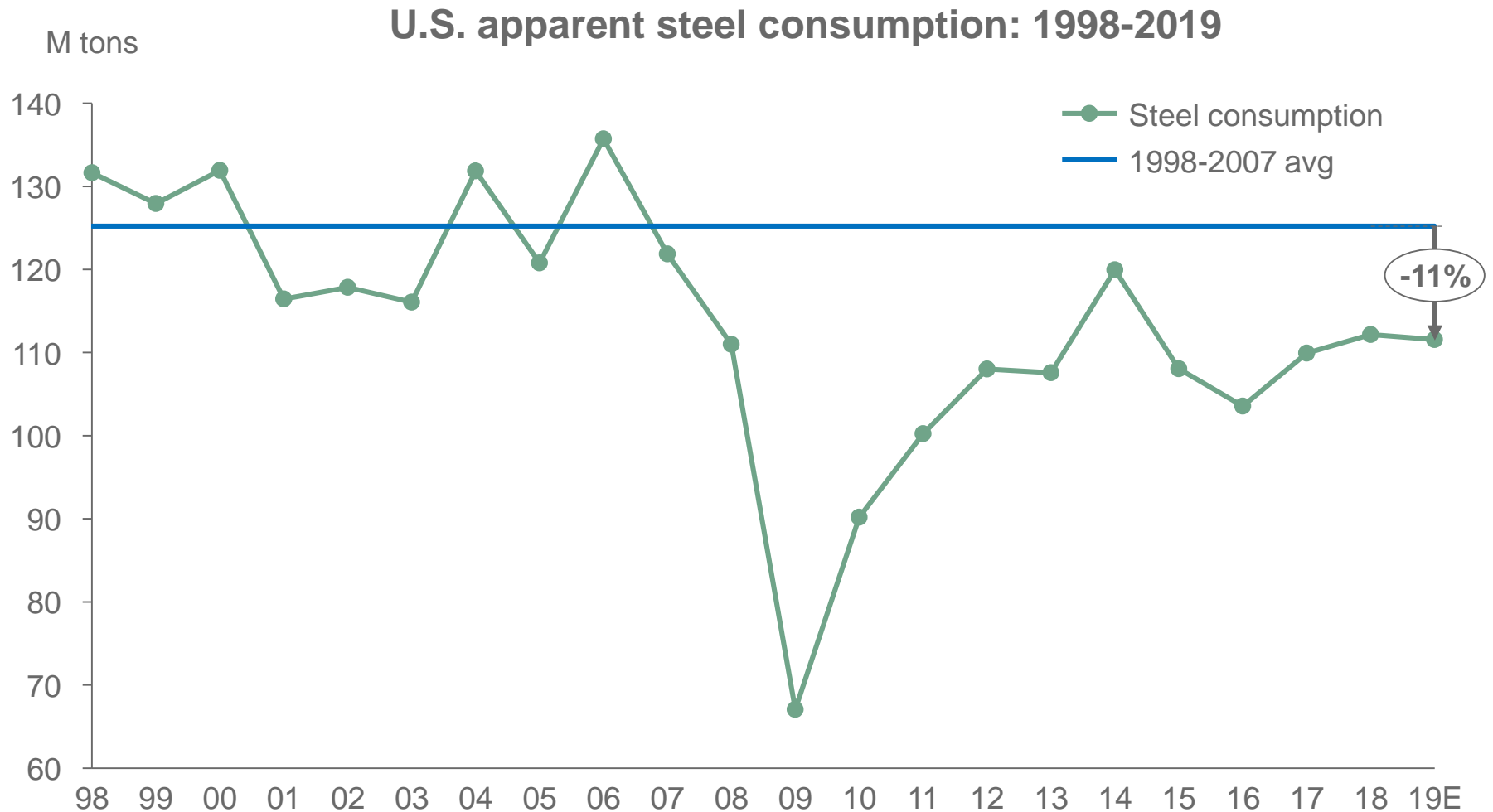
Tubular

- 25 Marion
- 26 Shelby

Offices

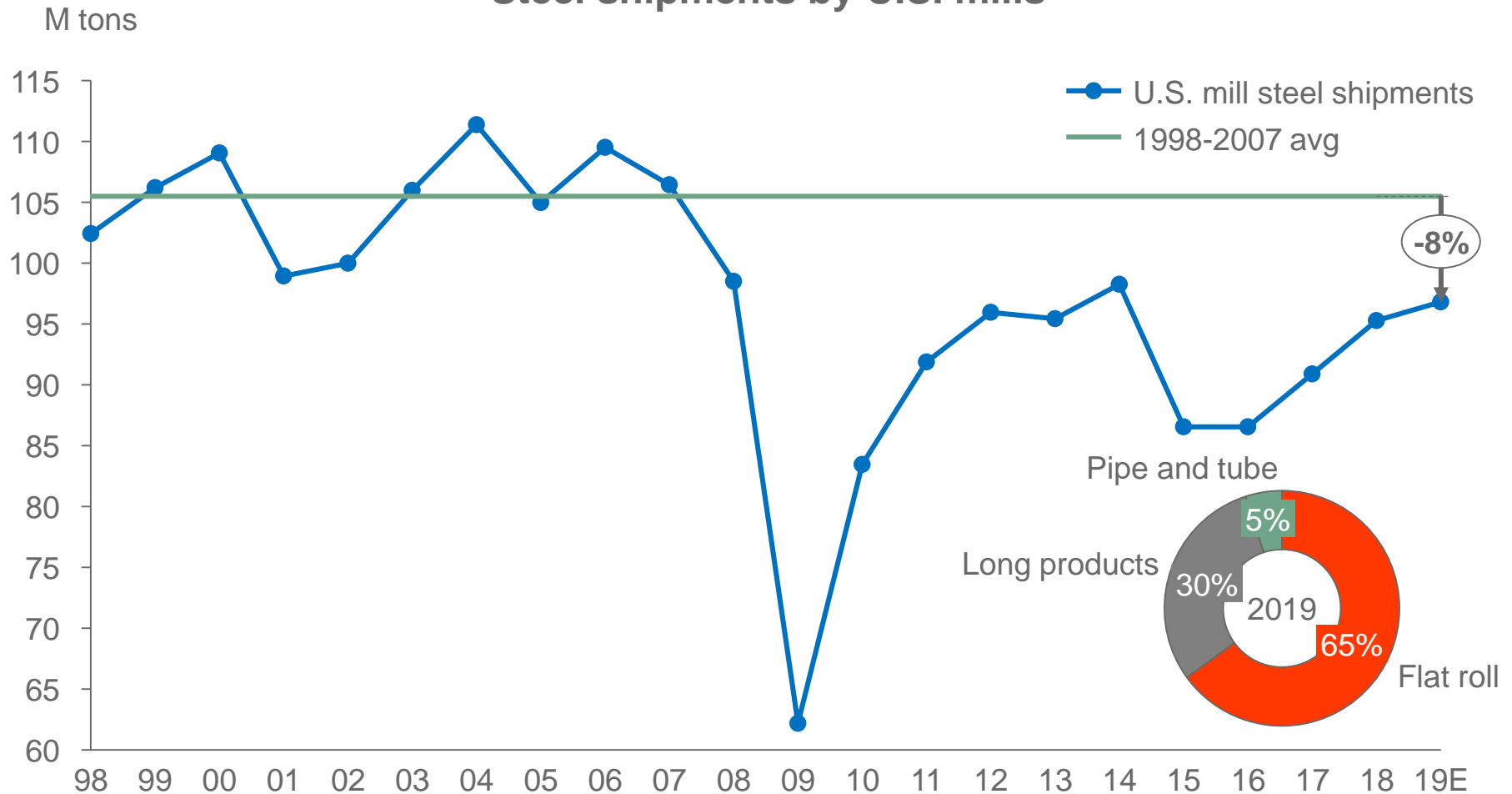
- 27 Chicago
corporate office
- 28 Nashville
- 29 Detroit/Southfield
- 4 East Chicago R&D
- 30 Richfield
- 31 Houston
- 32 The Woodlands
- 33 Washington, D.C.
(Government relations)
- 34 Exosun

Steel demand in the U.S. has stagnated and remains below pre-recession levels



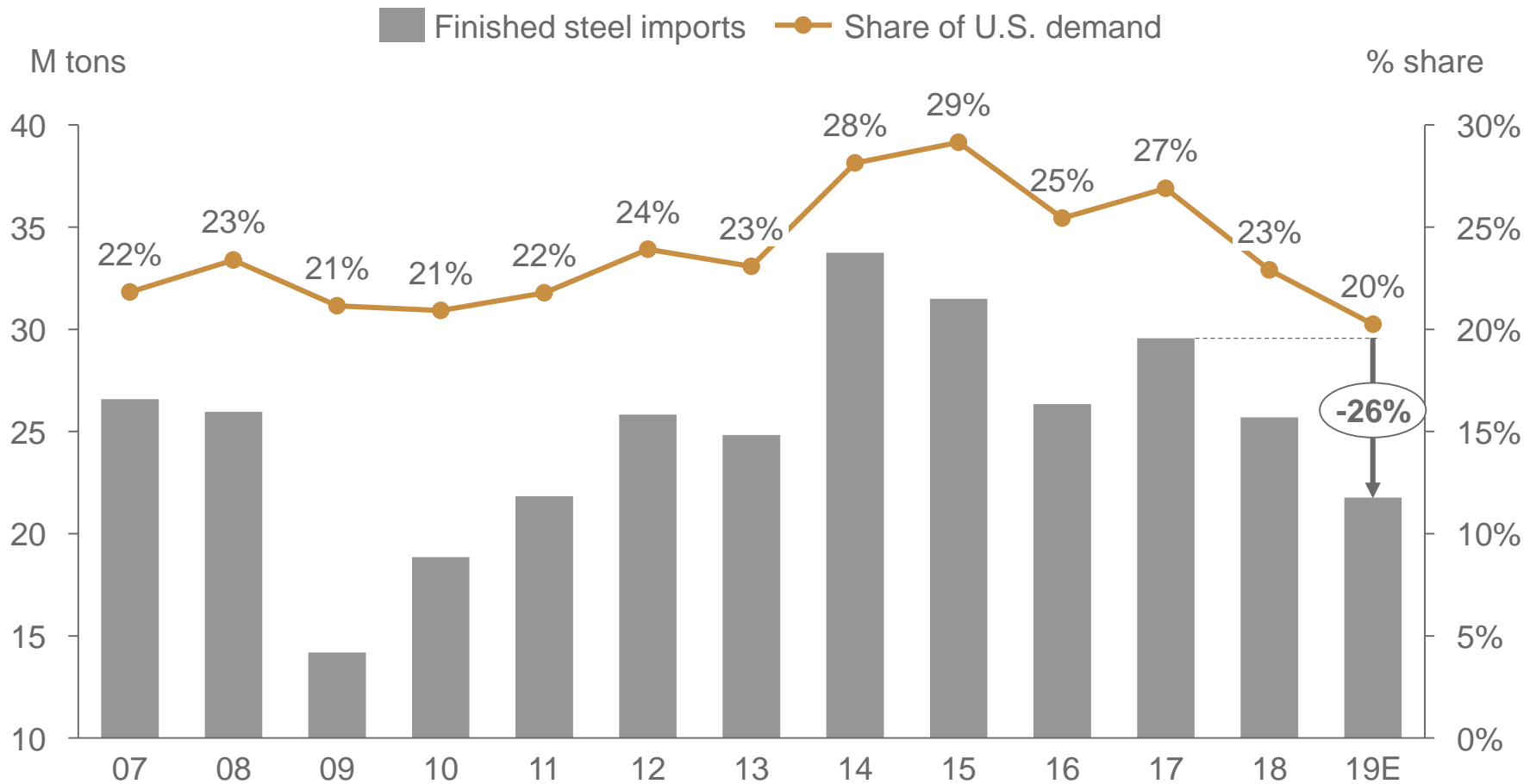
Shipments by U.S. steel mills have improved as market share has been regained from imported steel

Steel shipments by U.S. mills



Trade restrictions have led to meaningful decline in steel imports to lowest level since 2011

U.S. finished steel imports and share



Section 232 update

- **April 19, 2017:** Commerce initiates 232 investigation
- **March 23, 2018:** 25% tariff on all steel product categories applied to most countries; Canada, Mexico, EU exempt temporarily while negotiations continue (Turkey at 50% from Aug 2018-May 2019)
- **June 1, 2018:** 25% tariffs imposed on Europe, Canada and Mexico
- **Country-level exemptions:**
 - Korea, Argentina and Brazil agree to quotas in place of tariffs; Australia given full exemption with no quota
 - Canada and Mexico: **May 17, 2019** announced that tariffs removed for Canada and Mexico as well as retaliatory tariffs against the U.S.
- **Product exemptions:** process put in place for U.S. manufacturers to apply for one-year waiver

THE EFFECT OF IMPORTS OF STEEL ON THE NATIONAL SECURITY

AN INVESTIGATION CONDUCTED UNDER SECTION 232 OF THE
TRADE EXPANSION ACT OF 1962, AS AMENDED

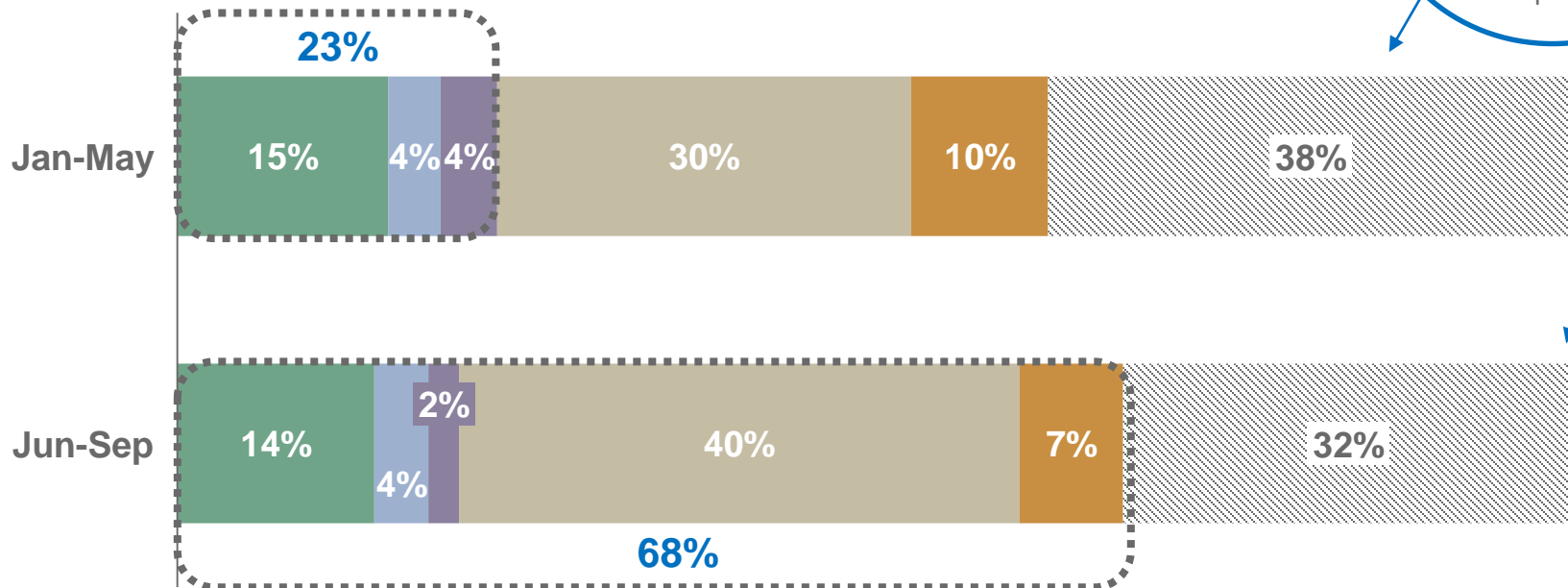


Section 232 impact continues to fade as more tons are exempt from the 25% tariff

2019 Flat roll imports by country (carbon and alloy)

Share of volume from S232 exempt countries

■ Korea* ■ Brazil* ■ Mexico
■ Australia ■ Canada Other



Some portion of this volume not subject to 25% tariff from granted product exclusions to individual companies.

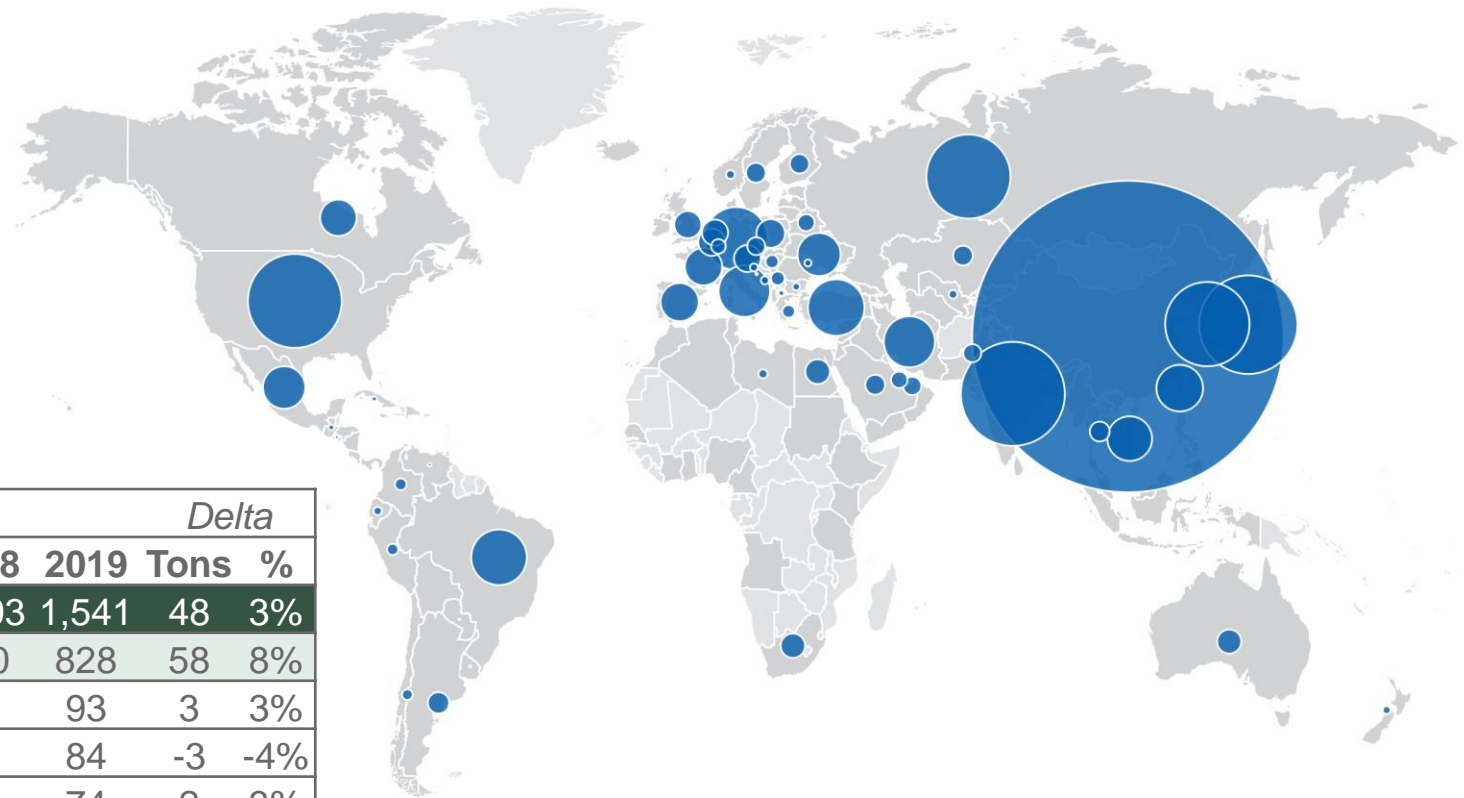
Note: Canada and Mexico exemption on 5/17/19

*Quota in place

Global steel supply continues to grow at a strong pace

Oct 2019

Crude steel production monthly (thousand tonnes)

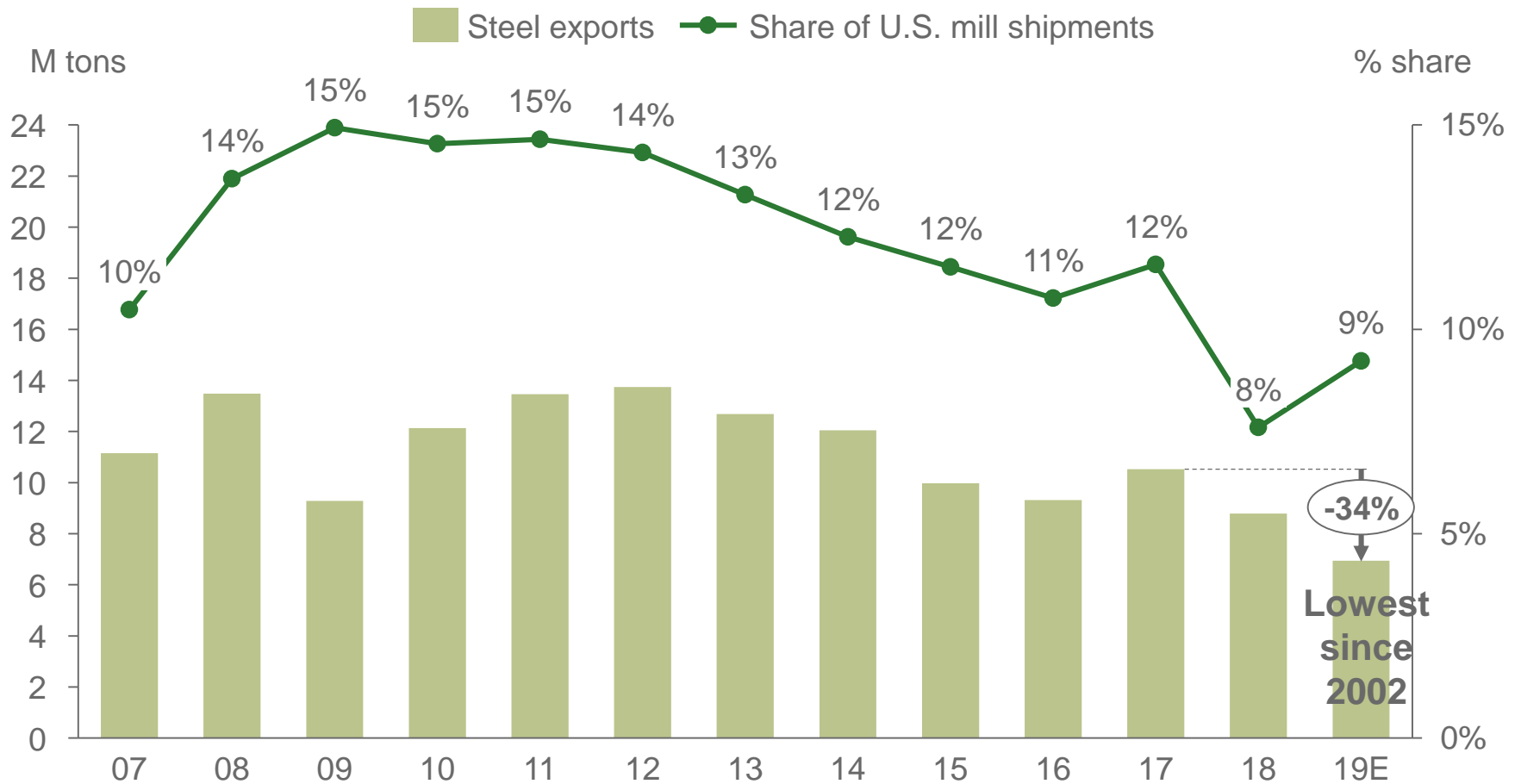


<i>in M metric tons</i>		<i>Delta</i>		
Jan-Oct YTD	2018	2019	Tons	%
World	1,493	1,541	48	3%
China	770	828	58	8%
India	91	93	3	3%
Japan	87	84	-3	-4%
USA	72	74	2	3%
S. Korea	60	60	0	0%
Russia	59	59	0	0%

© 2019 World Steel Association

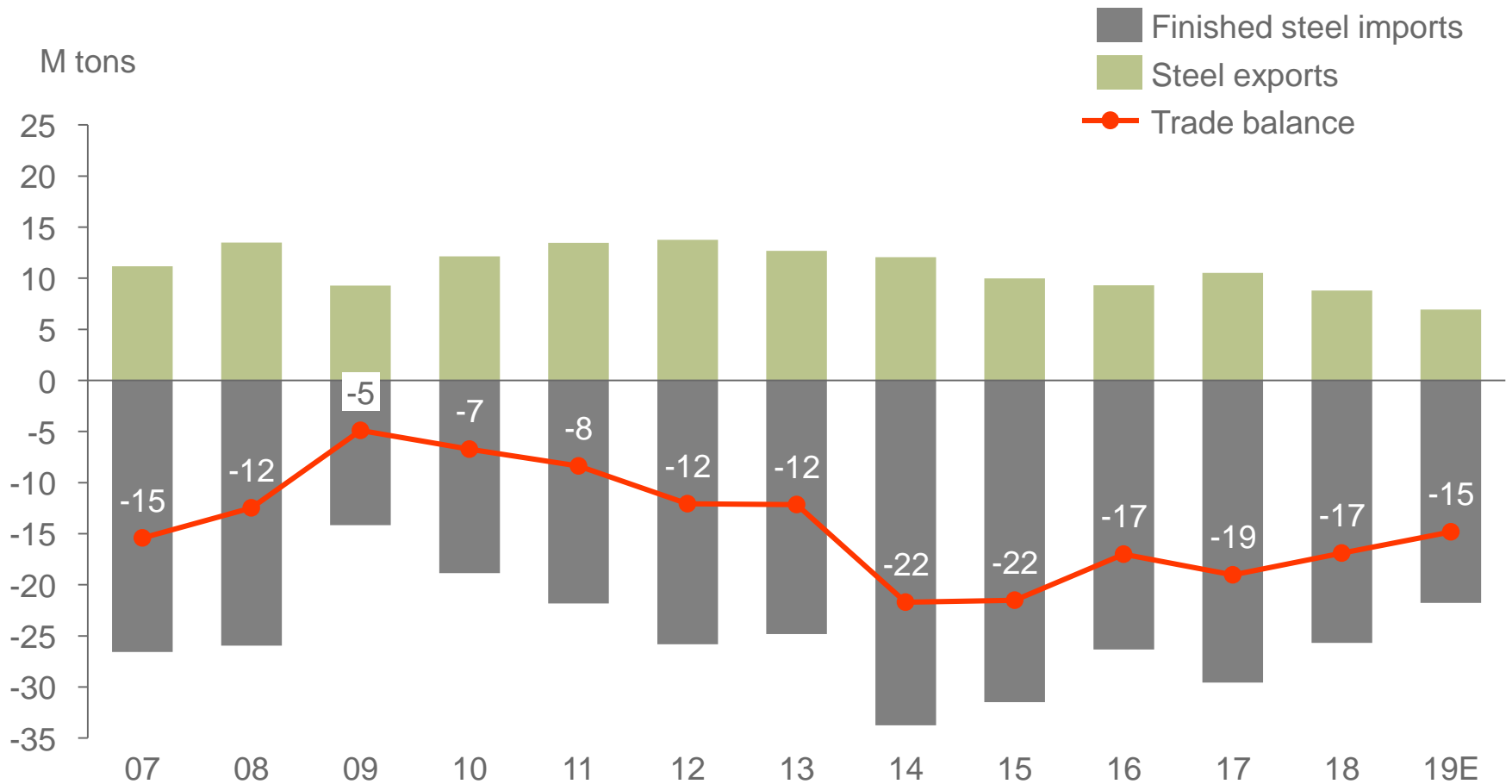
Lower export opportunities have impacted domestic mill shipments

U.S. steel exports and share



Steel trade balance has improved but has failed to return to pre-2014 import surge position

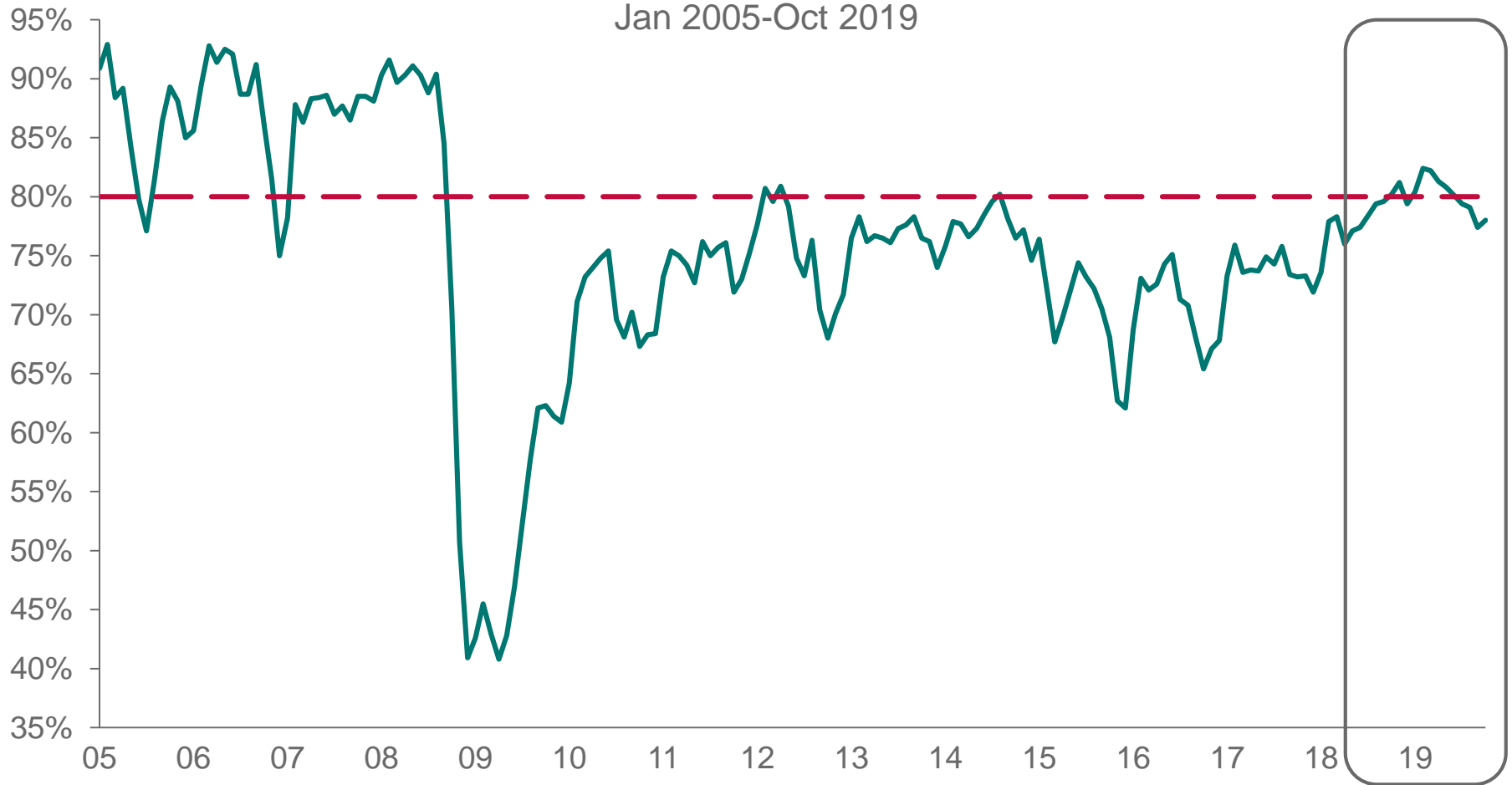
U.S. steel trade balance



Capacity utilization has not sustained 80% threshold given in Section 232 report

U.S. monthly raw steel capacity utilization

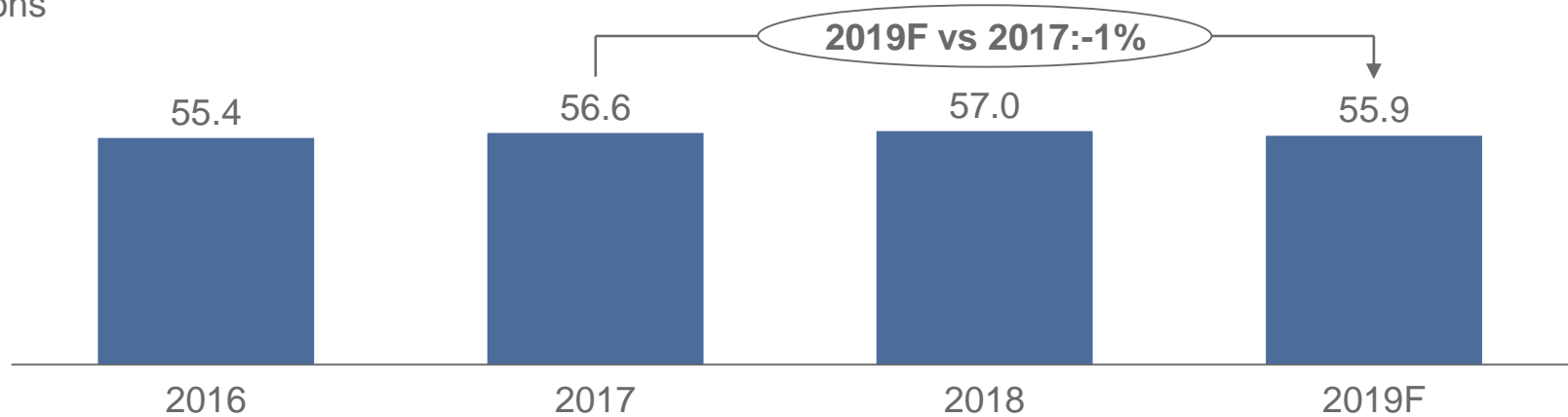
Jan 2005-Oct 2019



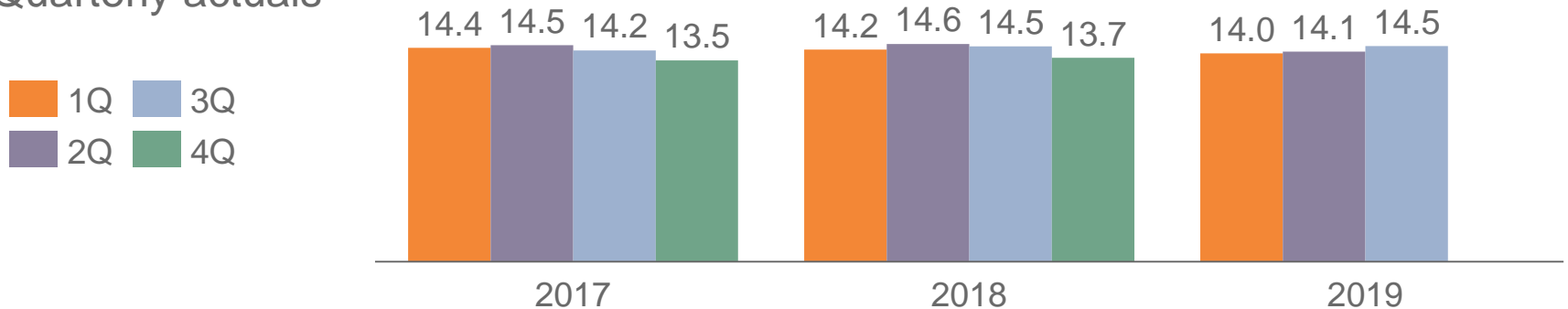
Flat roll product shipments, the biggest segment for U.S. mills, are worse this year than before Section 232 was introduced

Shipments by U.S. steel mills – carbon flat roll

M tons



Quarterly actuals

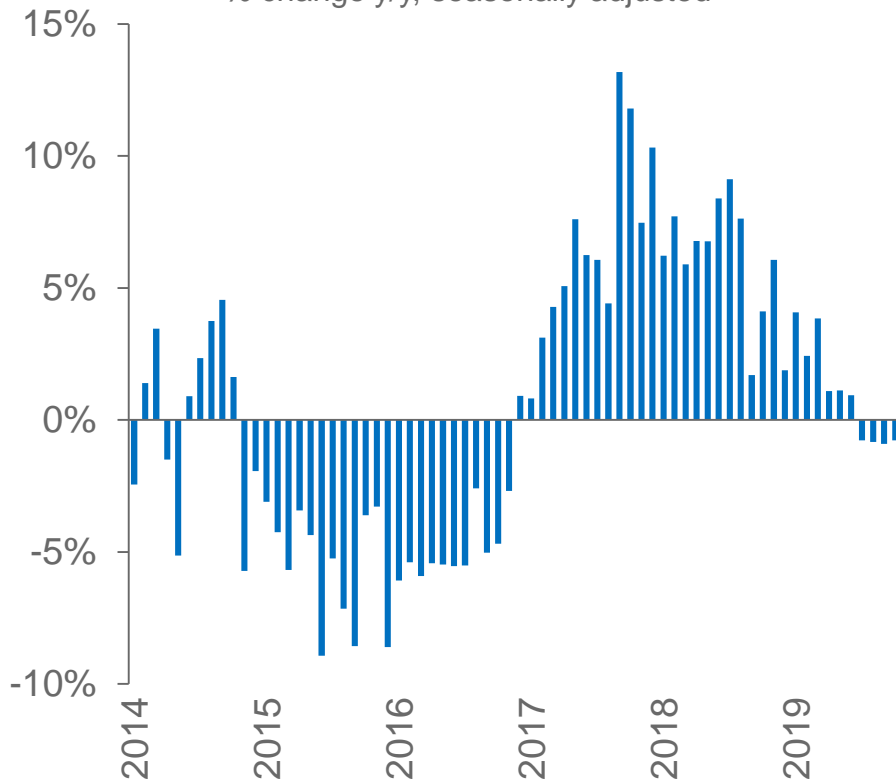


Weaker manufacturing environment weighs heavily on steel demand and buyer behavior in 2019

Manufacturers' new orders: Core capital goods

Jan 2014- Oct 2019

% change y/y, seasonally adjusted



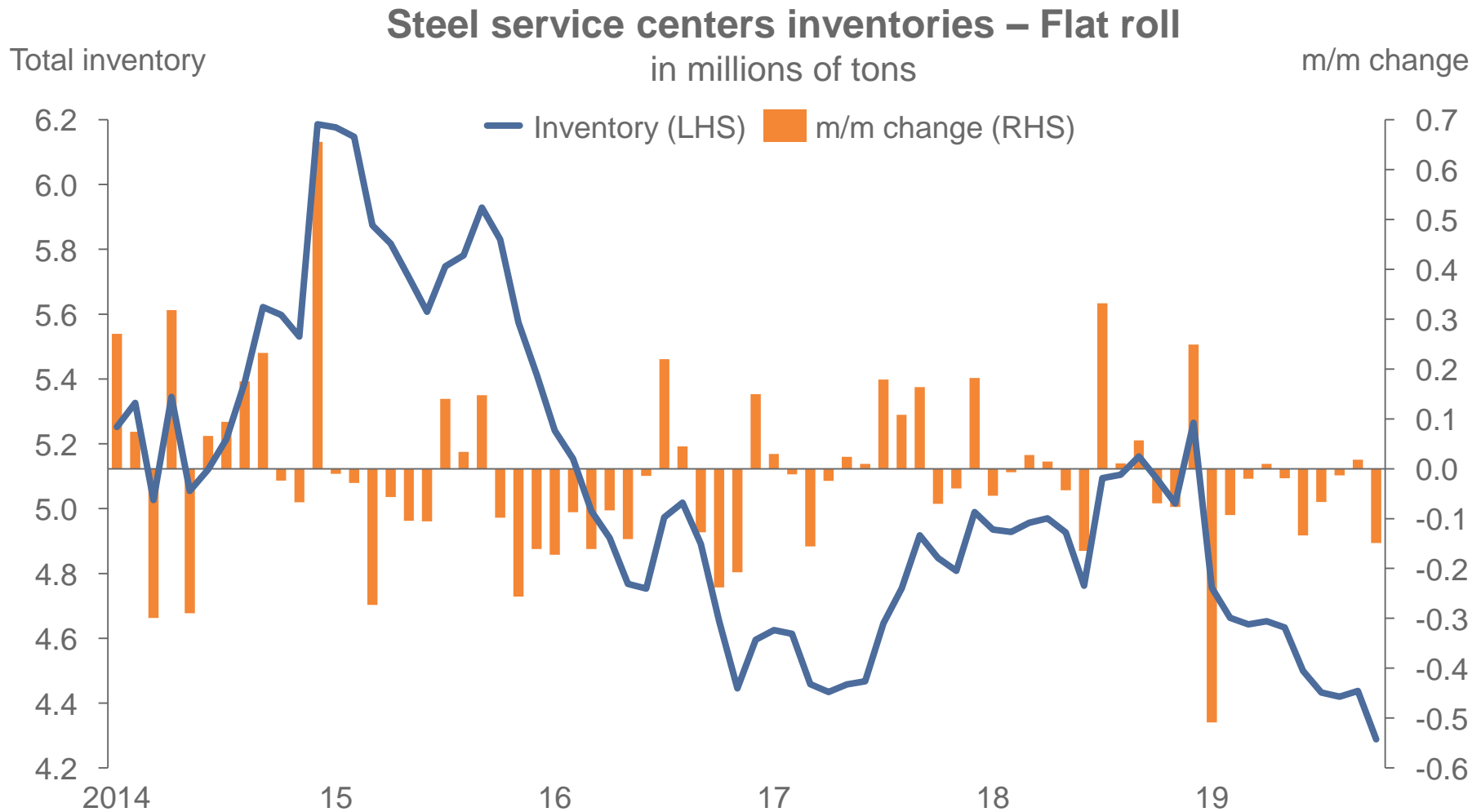
U.S. Industrial Production Index: Durable manufacturing

Jan 2014- Oct 2019

Index 2012=100, seasonally adjusted



Steel service centers have significantly destocked in 2019; inventory volume is lowest since 2010



Review of steel markets

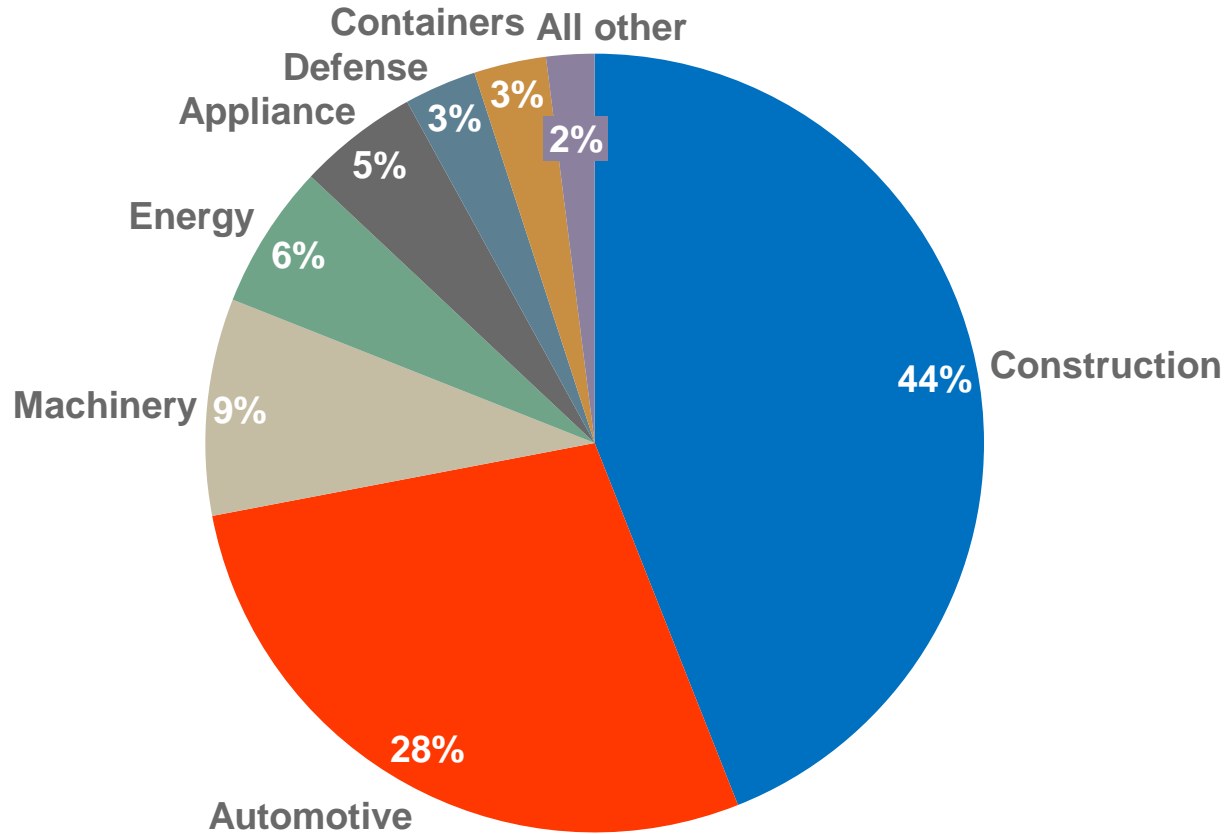


Steel consuming markets

Estimated 2018 U.S. steel consumption by end-use market

Construction and automotive industries are the top consumers of steel in the U.S.

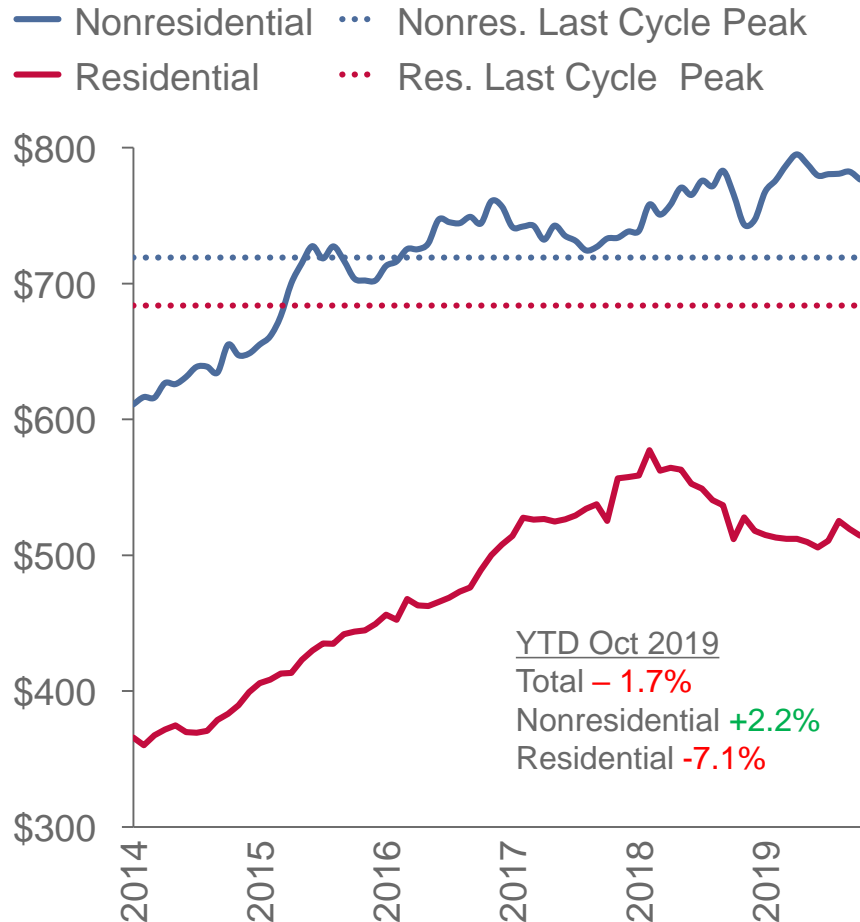
About 35% of steel shipments flow through distribution before reaching the final customer.



Construction sector is slowing but is not expected to drop sharply as suggested by recent forward-looking indicators

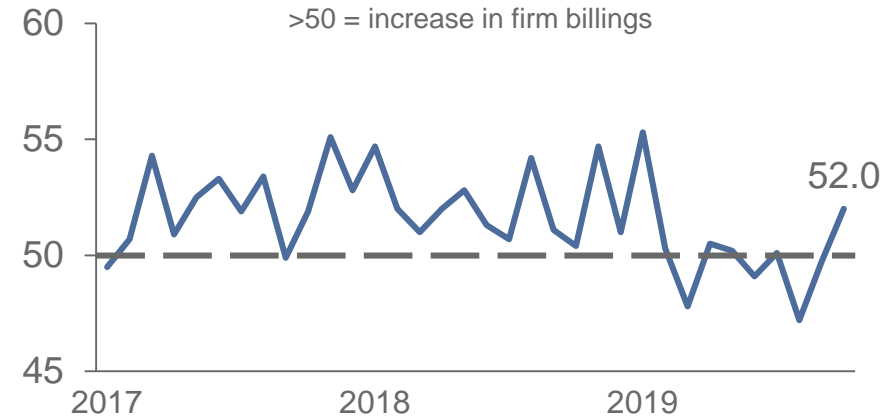
Construction spending

Billion \$, SAAR



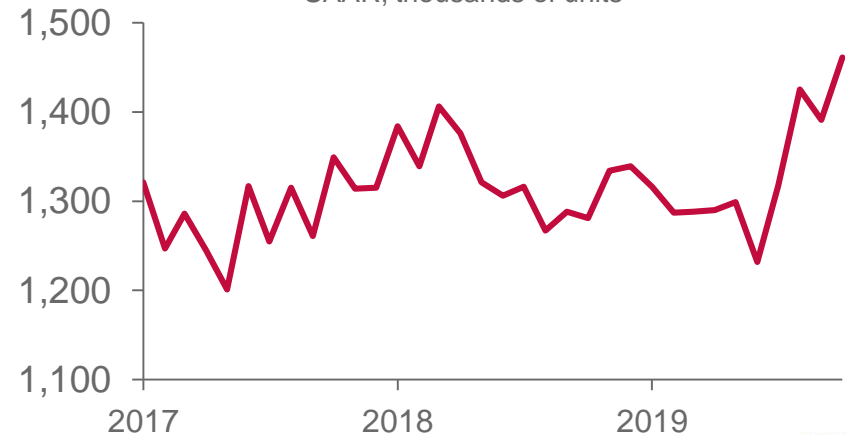
AIA Architecture Billings Index

>50 = increase in firm billings



Private housing building permits

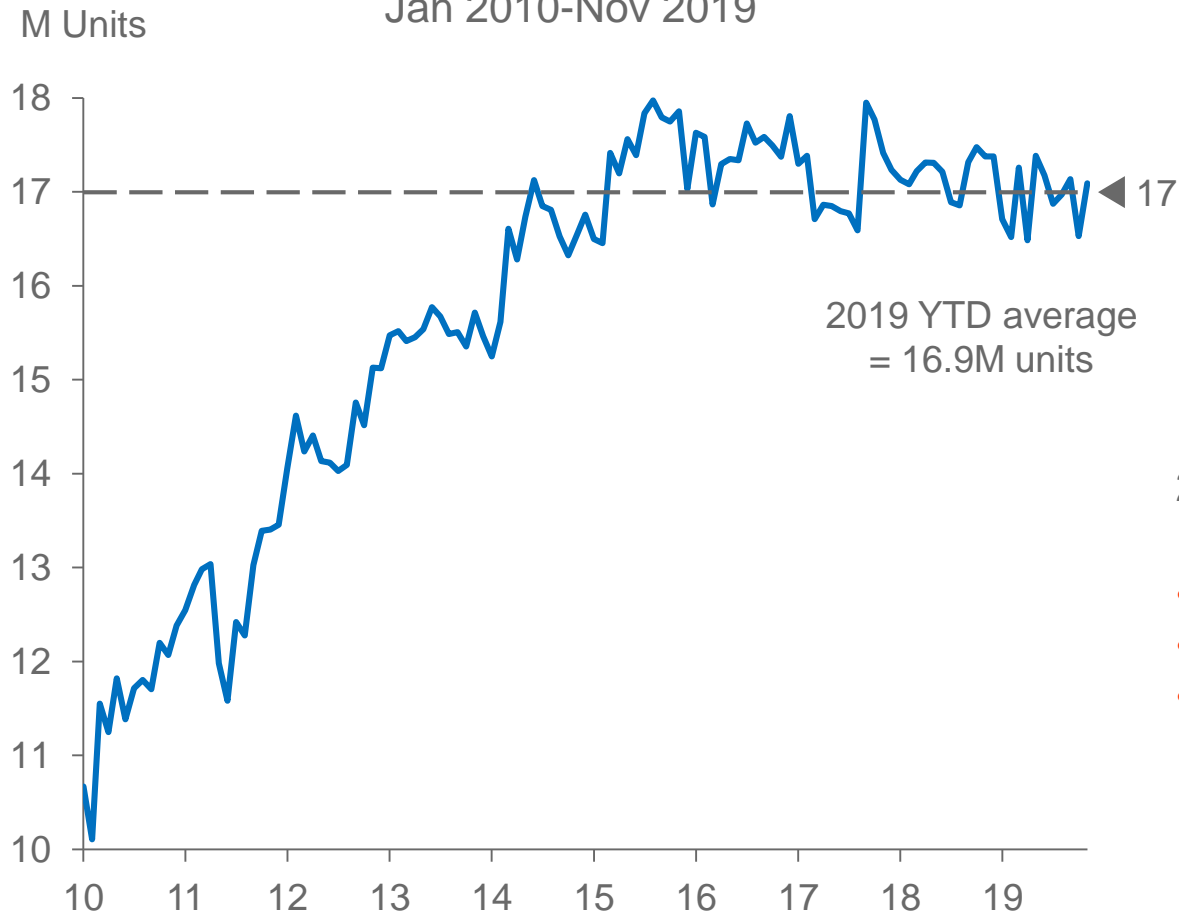
SAAR, thousands of units



Auto sales step back from 2016 peak but remain at strong pace; production cutbacks in 2019 support 2020 improvement

U.S. light vehicle sales: SAAR

Jan 2010-Nov 2019

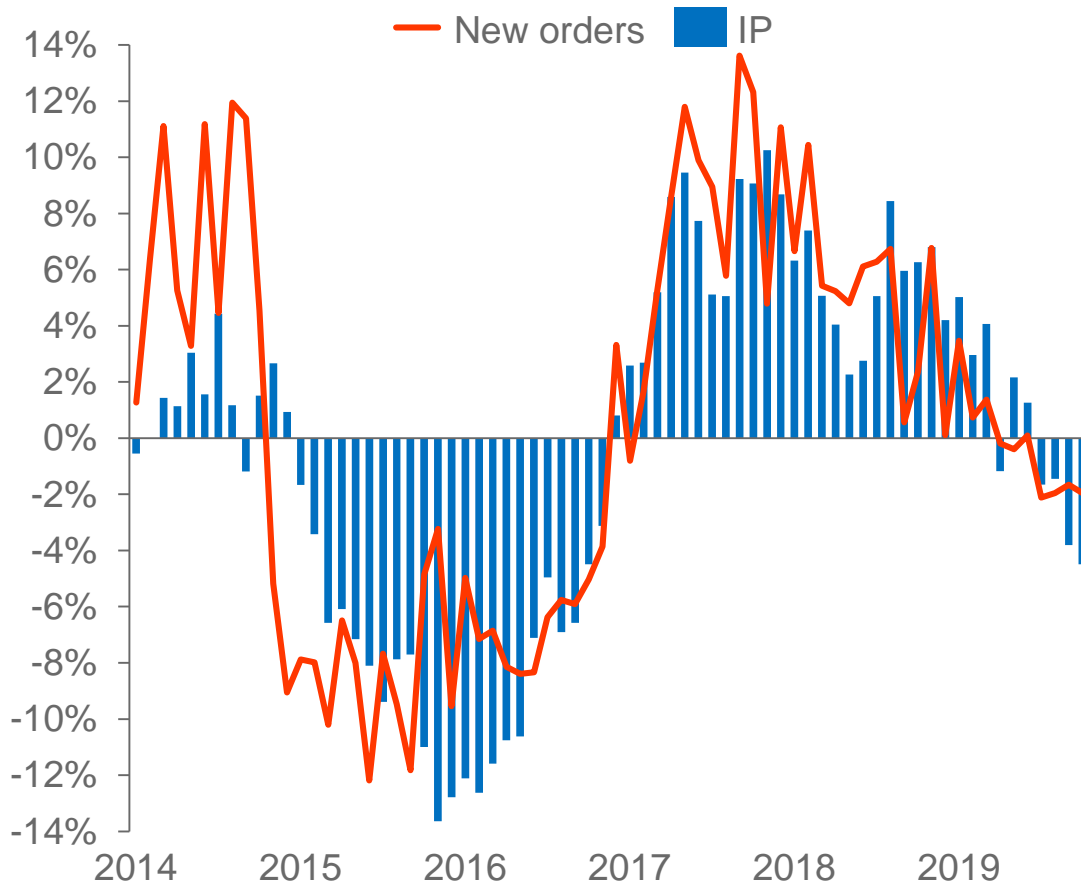


2019 light vehicle production

- USA: -4% YTD Oct
- Mexico: -2% YTD Oct
- *October impacted by GM strike (-15% y/y)*

Machinery market has yet to turn around with continued uncertainty from trade war threats

US machinery: New orders and industrial production
y/y % change: Jan 2014- Oct 2019

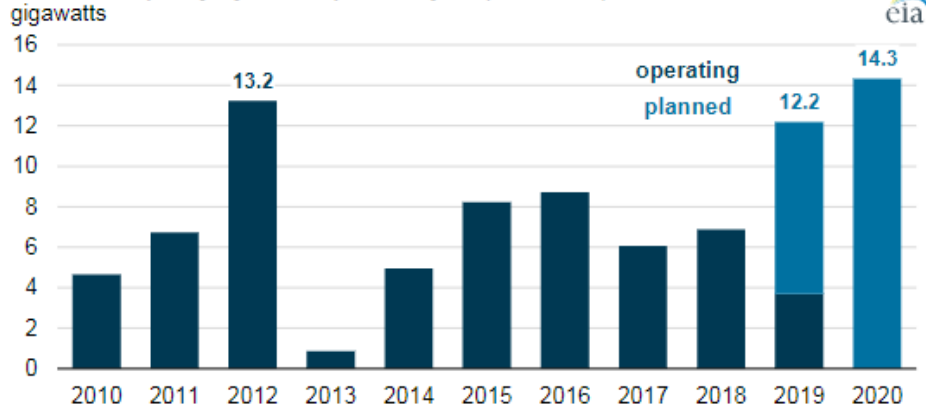


Ratio of manufacturers' total inventories to shipments: Machinery
Jan 2014-Oct 2019



Oil and gas demand outlook is mixed, while wind and solar installations soar due to expiration of tax credits

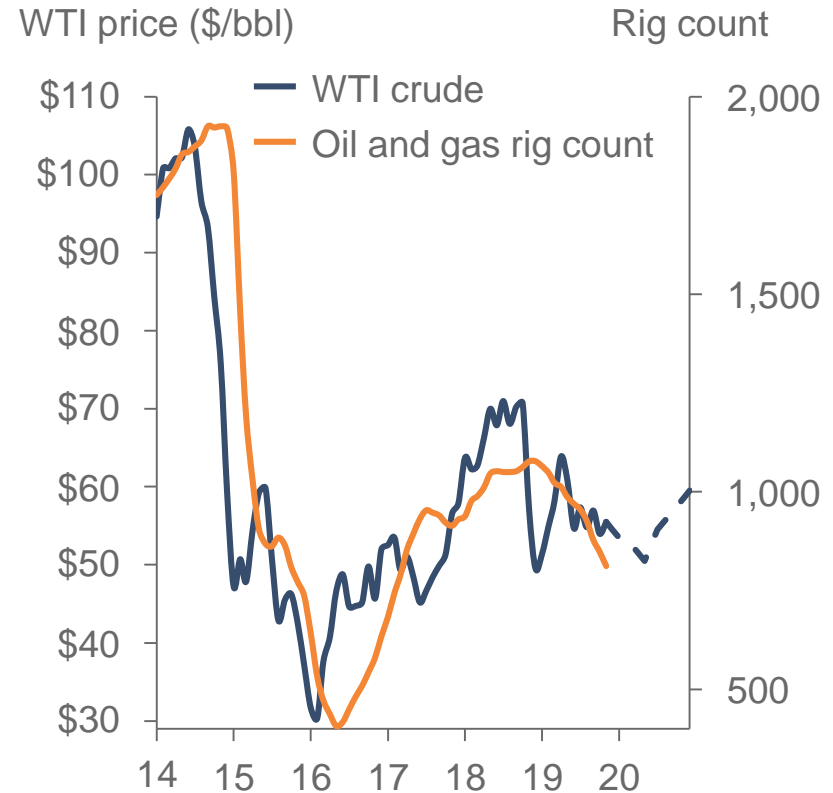
U.S. wind capacity by initial operation year (2010-2020)



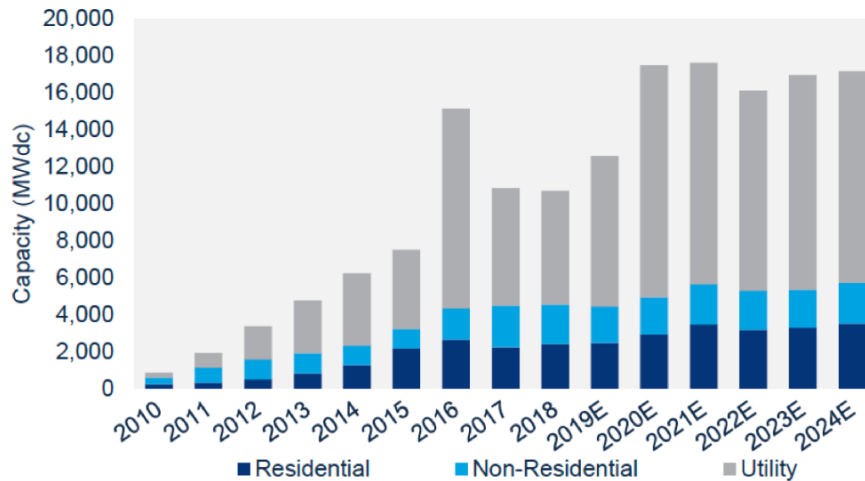
Source: U.S. Energy Information Administration, Preliminary Monthly Electric Generator Inventory

U.S. oil and gas rig count and oil price forecast (EIA)

Jan 2014-Dec 2020



U.S. P.V. installations



Source: Wood Mackenzie Power & Renewables



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2020 Outlook

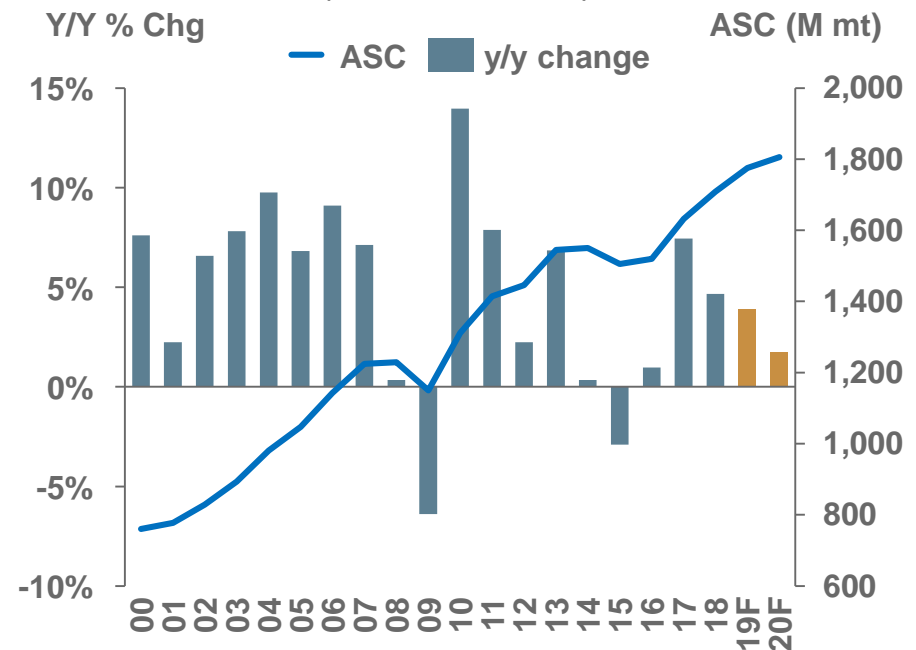
USA view:

- Despite the growing economy, U.S. steel demand has deteriorated in 2019 given mature consuming markets, buyer uncertainty, and inventory destocking.
- Lean inventory position at distributors will bring a better start to 2020. Although the outlook remains cautious given weakness in manufacturing data, major steel consuming markets like automotive, construction, and energy should support steel demand.
- The sharp decline in import volume since 2014 has benefited U.S. mills but under-utilized domestic capacity, narrower Section 232 scope, and growing global supply warn of difficult conditions ahead for the industry.

World Steel 2020 outlook: Top 3 countries

1. China: + 1.0% (909.1M mt)
2. India: +7.0% (108.7M mt)
3. USA: +0.4% (101.2M mt)

2000-2020 Global apparent steel use (finished steel)



Thank you

