

ArcelorMittal South Africa Limited  
(Incorporated in the Republic of South Africa)  
(Registration Number 1989/002164/06)  
Share Code: ACL  
ISIN: ZAE000134961  
("ArcelorMittal South Africa")

ANNOUNCEMENT REGARDING THE PROPOSED SALE OF AN INDIRECT 50% INTEREST IN  
MACSTEEL INTERNATIONAL HOLDINGS BV (REGISTERED IN THE NETHERLANDS)  
("MIHBV") ("PROPOSED TRANSACTION") AND CAUTIONARY ANNOUNCEMENT

#### INTRODUCTION

Shareholders are advised that ArcelorMittal South Africa has concluded a non binding Memorandum Of Understanding ("MOU") with, amongst others, Macsteel Holdings Luxembourg SARL ("MacHold"), subject to an agreement by the parties to use reasonable commercial endeavours to conclude and sign the final and binding agreements based on the commercial principles and terms contained in the MOU. The MOU relates to the sale of ArcelorMittal South Africa's indirect 50% interest in MIHBV to a subsidiary of MacHold.

MIHBV's issued share capital is presently held as follows:

- 50% by MSSA Investments BV, a wholly owned subsidiary of ArcelorMittal South Africa, registered in The Netherlands ("MSSA"); and
- 50% by MacHold's subsidiary, MacSteel Global SARL BV ("MacGlobal"), registered in Luxembourg.

The Proposed Transaction will be implemented through a sale by ArcelorMittal South Africa of its 100% interest in MSSA ("Sale Shares") to MacGlobal.

## RATIONALE FOR THE PROPOSED TRANSACTION

MIHBV was set up as a joint venture between MacHold and ArcelorMittal South Africa and is headquartered in Amsterdam, The Netherlands.

MIHBV is a holding company which engages in steel trading and shipping through its subsidiaries, Macsteel International Trading Holdings BV (registered in The Netherlands) ("MITHBV") and MUR Group BV and their subsidiaries (registered in The Netherlands).

The MIHBV Group trades steel around the world. In the early years of its existence, most of the steel was sourced from ArcelorMittal South Africa. Today, whilst it remains an important source of steel products, ArcelorMittal South Africa now supplies less than 20% of the total steel tonnages traded by MIHBV, and less than 2% of volumes shipped by MIHBV. Consequently, the investment is no longer considered to be a core asset for ArcelorMittal South Africa, and hence the decision has been made to dispose of the Sale Shares.

## STRUCTURE OF THE PROPOSED TRANSACTION

In giving effect to the Proposed Transaction, it is envisaged that ArcelorMittal South Africa will dispose of the Sale Shares to MacGlobal in terms of a sale of shares agreement ("SPA").

It is anticipated that the effective date of the Proposed Transaction will be the date upon which the below mentioned conditions precedent have been fulfilled or waived (as the case may be) ("Effective Date"). It is further anticipated that, subject to regulatory approvals, the SPA and Marketing Agreement (as defined below) will be executed by 1 July 2018 but will only be implemented from the Effective Date.

## KEY COMMERCIAL TERMS

### Purchase Price:

The purchase price for the Sale Shares is agreed to be an amount of USD220 million, to be discharged on the Effective Date upon delivery of the Sale Shares by ArcelorMittal South Africa to MacGlobal.

### Conditions Precedent:

The Proposed Transaction will be subject to the fulfilment or waiver (where appropriate) of, inter alia, the following conditions precedent:

- a. the execution of a four(4) year marketing agreement between ArcelorMittal South Africa and MITHBV, and such agreement becoming unconditional in accordance with its terms ("Marketing Agreement");
- b. the execution of the SPA between ArcelorMittal South Africa and MacGlobal and such agreement becoming unconditional in accordance with its terms, which includes the provision of standard warranties and the conclusion of a due diligence assessment of MSSA;
- c. to the extent required, obtaining the necessary governance approvals, including approval of ArcelorMittal South Africa's shareholders by ordinary resolution as a category 1 transaction in terms of the JSE Limited ("JSE") Listings Requirements; and
- d. obtaining the necessary regulatory approvals (including competition/anti-trust approvals) required for implementation of the Proposed Transaction.

Lender approvals in terms of the R4,5b Revolving Borrowing Base Finance Facility Agreement (Facility Agreement) dated 25 May 2017 has been obtained.

## Shareholder support

As a precondition to the Proposed Transaction, ArcelorMittal South Africa will obtain an irrevocable undertaking from ArcelorMittal AG, its majority shareholder, to the effect that ArcelorMittal AG will vote in favour of the resolutions of ArcelorMittal South Africa's shareholders required to give effect to the Proposed Transaction.

## USE OF THE SALE PROCEEDS

The proceeds of the sale will be used primarily to strengthen the balance sheet of ArcelorMittal South Africa, to fund the working capital requirements and/or to fund other investments in the operating business.

## FINANCIAL IMPLICATIONS AND PRO FORMA FINANCIAL EFFECTS

The required Pro Forma Financial Effects of the Proposed Transaction are being reviewed by the auditors and will be communicated in a later announcement and in the Category 1 circular to be issued to shareholders.

## CAUTIONARY ANNOUNCEMENT

In the circumstances, the negotiations in respect of the Proposed Transaction are ongoing, the full impact of which is being determined, and if successfully concluded, may have a material effect on the price of ArcelorMittal South Africa's securities.

Accordingly, shareholders are advised to exercise caution when dealing in ArcelorMittal South Africa's securities until a further announcement is made in this regard.

CIRCULAR

The transaction is a Category 1 transaction in terms of JSE Listings Requirements and therefore shareholder approval is required for the Proposed Transaction. Accordingly, a circular containing full details of the Proposed Transaction, including the notice of the shareholders' meeting will be sent to ArcelorMittal South Africa shareholders in due course.

28 May 2018

Vanderbijlpark Works

Sponsor to ArcelorMittal South Africa Limited

Absa Bank Limited (acting through its Corporate and Investment Banking division)

For further information please contact:

Mr Hennie Vermeulen

Group Manager: Corporate Communications

Tel: (016) 889 235214