



MEDIA RELEASE

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**ARCELORMITTAL SOUTH AFRICA CONCLUDES
CONTRACT MANUFACTURING AGREEMENT**

Johannesburg, 22 December 2016: ArcelorMittal South Africa has concluded a contract manufacturing agreement (“agreement”) with Evraz Highveld Steel & Vanadium (“Highveld”), which is in business rescue, and Highveld Structural Mill Proprietary Limited (“HSM”), a subsidiary of Highveld, in terms of which ArcelorMittal South Africa will supply blooms and slabs to HSM for processing into heavy structural steel.

The agreement, which is still subject to certain conditions precedent, will result in the re-opening of the Highveld heavy section mill by the Business Rescue Practitioner. For the transaction to be viable, it is dependent on the implementation of duties on the products to be manufactured in the heavy section mill, and the application that has been submitted to the International Trade Administration Commission (ITAC) in this regard will need to be finalised.

The re-opening of the heavy section mill is a positive development and will have the added benefit of preserving jobs in the struggling steel industry.

“Long-term sustainability for the sector means ensuring the continued supply of product to our customers and the downstream industry, job preservation and strengthening the local industry. We are confident that, with this agreement, we are able to achieve all three,” said ArcelorMittal South Africa’s Chief Executive Officer, Wim de Klerk.

The agreement will operate for an initial period of two years with an option to extend for a further one year period. ArcelorMittal South Africa also has an option to purchase the business of HSM and the land or the shares in HSM, subject to certain further regulatory and governance approvals that may be required.

The details regarding implementation are being finalised but it is envisaged that the heavy sections mill will begin operations in 2017.

“This initiative, along with others we have announced in recent months, is part of the ongoing engagement between government and the industry aimed at ensuring the sustainability of the local steel sector, and is a clear demonstration of the importance of the local steel industry to the future growth and development of the country,” adds De Klerk. “We are extremely grateful for the support of various stakeholders in reaching this important agreement.”

For further information, please contact:

Themba Sepotokele
Manager: Corporate Communications and Branding
ArcelorMittal South Africa
Tel: (016) 889 2425 / 083 468 1415

Tracey Peterson
Aprio
Tel: 083 408 7173