



ArcelorMittal

Visite de S.A.R. le Grand-Duc héritier
et de M. le Ministre de l'Economie Franz Fayot

Differdange, 4 mars 2021

Bienvenue chez ArcelorMittal au Luxembourg

Michel Wurth

Président d'ArcelorMittal Luxembourg



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M. le Ministre de l'Economie
Franz Fayot

ArcelorMittal Differdange
Visite du 4 mars 2021



Agenda

- **ArcelorMittal in Luxembourg**
- **EU policy challenges**
- **Tripartite agreement**
- **ArcelorMittal Differdange: focus on investments**

ArcelorMittal in Luxembourg : review 2020 & 2021 priorities

Roland Bastian
Head of Country Luxembourg



ArcelorMittal in Luxembourg

This is us!



3,662 employees

95% of material recycled
in liquid steel production

65 nationalities

€ 501 million injected in the local economy
through wages, employer's contributions and
expenditures paid to our local suppliers

1,9 million tons of crude steel/year

14% of total country exports of goods

1,9 bn € exported goods

ArcelorMittal in Luxembourg

Where we are

- Downstream Solutions
- Flat Products
- Long Products
- Corporate headquarters
- Global R&D
- Mining

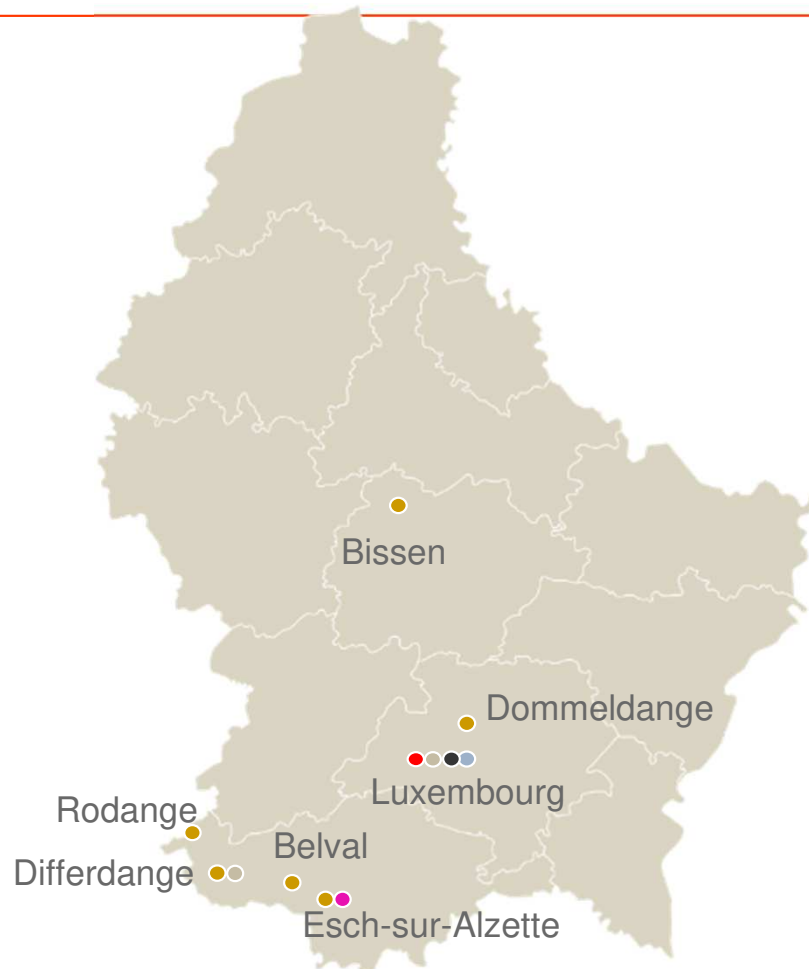
2 administrative sites

4 industrial sites

1 mechanical workshop

1 logistics site

1 electricity distribution site



ArcelorMittal Luxembourg – Priorities for 2021



➔ Ensuring the health and safety of our employees on our industrial and administrative sites in the context of the sanitary crisis



➔ Implementing the investment plan provided for by the Tripartite agreement in order to restore our competitiveness



➔ Implementing the social measures provided for in the Tripartite Agreement in close cooperation with staff representatives.



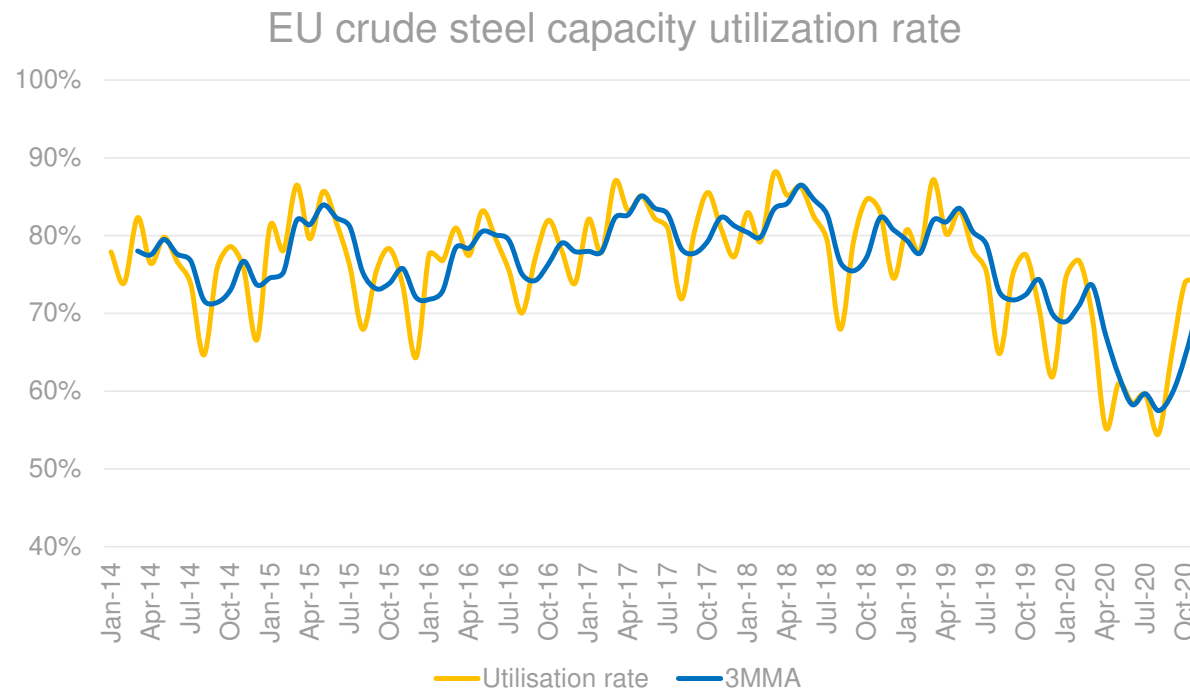
➔ Strengthening our CSR strategy for a circular economy and more environmentally friendly steel

EU policy challenges



The issues of overcapacities and imports in the EU

- Global overcapacities, estimated at around 600 million tonnes (of which 50% are in China) have a strong impact on the European steel market and hence in Luxembourg
- The slight upturn of the European steel consumption is being captured by high volumes of steel imports



Source: World Steel Association, CRU, Morgan Stanley Research, * Capacity utilisation is calculated as Monthly steel production divided by Monthly Steel capacity (annual divided by 12)



Safeguard measures

- To prevent a **massive import in Europe of steel products from all over the world** which could no more enter USA due to the **Section 232** protection of the American market, the EU introduced safeguard measures (complying with WTO rules) for three years with quota and 25% tax when the quota are exceeded (July 2018-June 2021).
- As in 2019 **the European steel market has slightly regressed** and in 2020 under the effect of the COVID-19 crisis has even diminished more there still is a **big risk of huge imports of steel**.
- The steel industry will need other measures to tackle massive imports and subsequent price degradation, **in particular and at least a prolongation of the safeguard measures for a year, an investigation of the economic safeguards situation has been launched by the Commission at the end of February 2021.**



GREEN DEAL: steel is part of the solution

- ArcelorMittal welcomes the Green Deal of the EU Commission, being **the first steel company to have a Climate Action Plan for Europe and align CO₂-emission targets with those of the EU.**
- Steel industry = 7% of the total anthropogenic CO₂ emissions. **European steelmakers** are fully committed to reduce the environmental footprint and hence are an **important part of the solution** to reach a green industry.
- Green Deal projects are made out of steel (public transportation, cars, windmills, bridges and other infrastructure, buildings) ... So **no green future without steel !**



What is needed

- Introduce a **Level Playing Field** ensuring a real fair trade, through Carbon Border Adjustments, revised ETS rules and with indirect CO₂ compensation.
- Access to **sustainable finance** for low-emissions steelmaking.
- Access to abundant and affordable **clean energy and green Hydrogen** at competitive prices.
- Strong **support from EU Commission and European States** for the use of green steel across steel-using sectors.



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Accord Tripartite LUX2025



Context

- The impact of the Covid-19 pandemic spared no economic sector.
- The steel industry was already facing difficult market conditions before the pandemic (global overcapacities, cheap steel imports into Europe, lack of effective protection of the European market against these imports, shrinking export markets, rising raw material prices, cost of the Emissions Trading Scheme borne solely by European steel producers).
- With the coronavirus pandemic, the steel industry has been even more affected by the significant drop in the activity of its customers, particularly in the two sectors that are the biggest consumers of steel, namely the automobile industry and construction.

With the introduction of robust action plans at the beginning of the crisis, ArcelorMittal defined longer-term lines of work in order to adapt sustainably to the new economic conditions.

ArcelorMittal Savings and Competitiveness Project in Luxembourg

- **LUX2025** signed on 25 January 2021 : 5-years agreement for our industrial and administrative sites located in the Grand Duchy (Belval, Differdange, Rodange, Dommeldange, Bissen, Pétrusse (HQ), AOB (Esch s/ Alzette).
- 536 positions concerned:
 - 280 employees registered in the new CDR
 - 237 employees identified as eligible for early retirement Adjustments



Social tools

- Pre-retirement Adjustment (framed by the Tripartite Agreement) and Post-Night pre-retirement (legal framework outside the Agreement)
- Departures open to employees born before Dec. 31,1964, for the duration of the agreement.
- CDR: to support employees whose jobs are eliminated as a result of organisational changes.

43% of the employees concerned have early retirement adjustment solutions

Investments projects 2021 - 2025

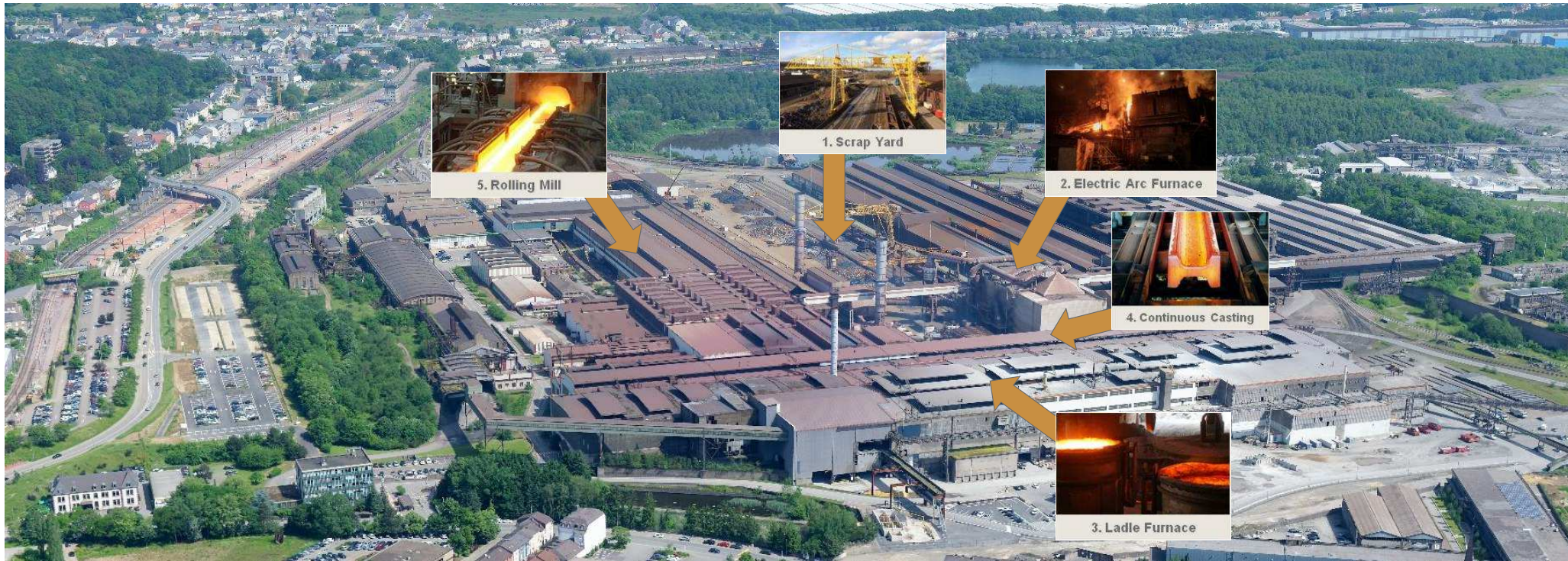
- The total budget will be between **€165 and 205 million**, spread over Belval, Differdange, Rodange, Bissen, etc.
- **Key projects** planned to enable the development of new products, to ensure the sustainability of the factories: **€90-95m**
- Budget of **95-110 M€ for equipment maintenance and renewal**



ArcelorMittal Differdange
Thomas GEORGE
CEO ArcelorMittal Differdange



ArcelorMittal Differdange is part of AM Belval & Differdange, part of Business Division Sections and merchant bars of AM Long Products Europe




1.5 Mt of scrap recycled

850 kt of sections

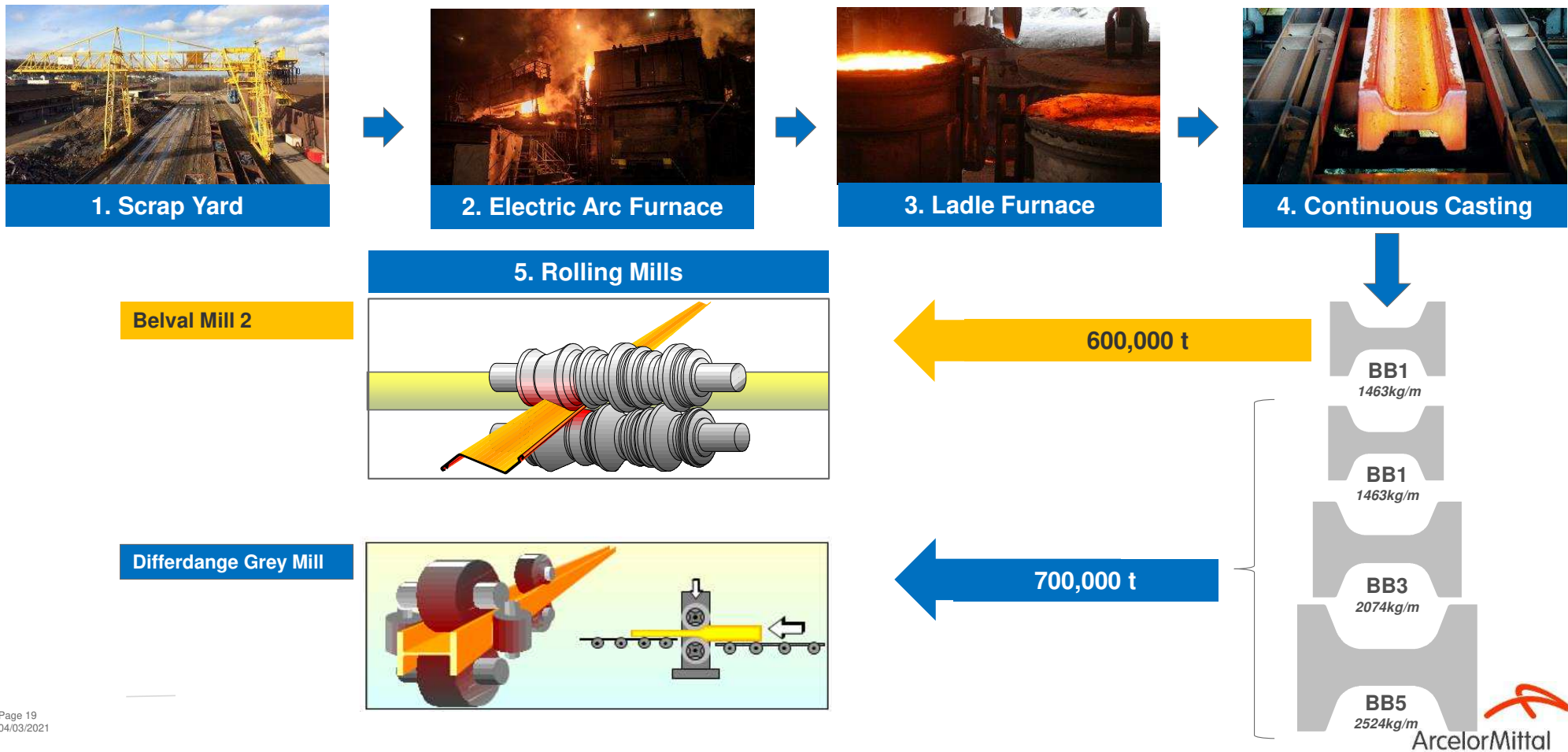
70M€ invested

Capacity **1.35 Mt** Steel plant (EAF based)

700 employees

between 2021 and 2025 
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A mini-mill feeding 2 strategic rolling mills
Belval Mill2 (sheetpiles) and Differdange Grey mill (heavy sections)

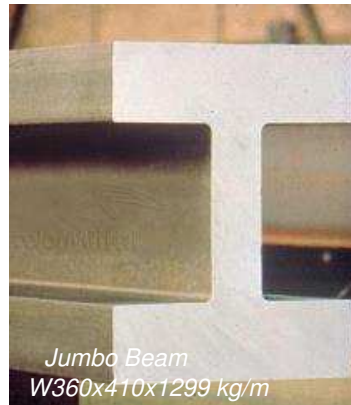
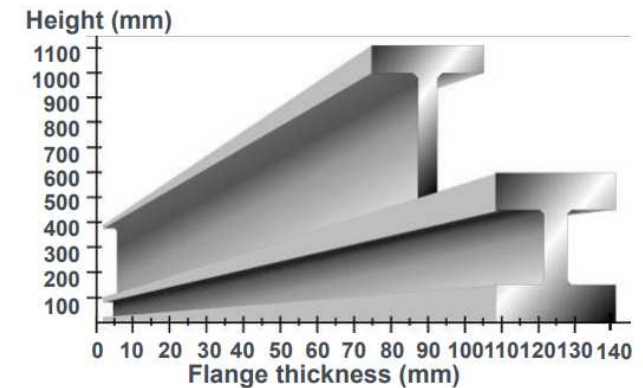


Product portfolio

The plant of Differdange is producing the highest, largest and heaviest beams in the World and has the exclusivity of the heavy and jumbo ranges as well as the Histar(R) and Offshore grades.

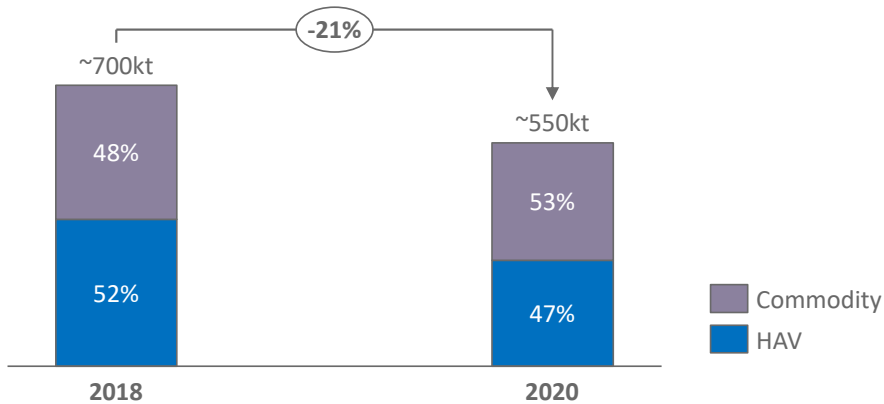
The Grey Mill is producing the upper range of the ArcelorMittal section mills :

- **wide flange beams** from 240 to 1100 mm, weight up to 1377 kg/m
- **HZM king piles** from 680 to 1180 mm



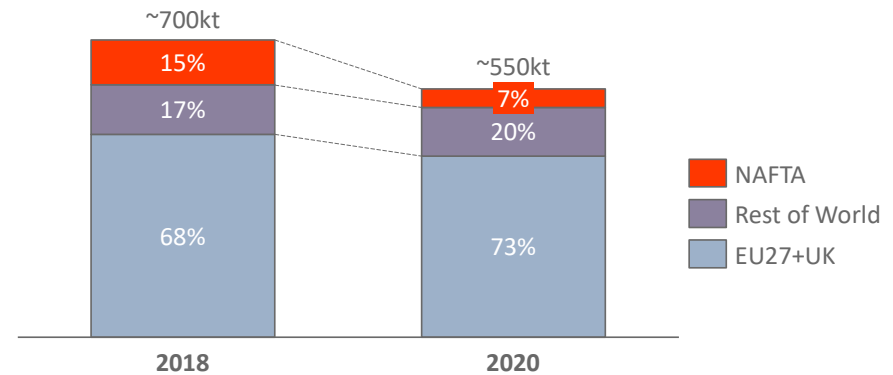
Covid19 and trade imbalance impacting ArcelorMittal Differdange

Total shipments & quality of orderbook



- Shipment drop from 2018 to 2020 is in line with demand collapse related to slowdown in steel demand in 2019 followed by COVID in 2020
- Important highlight of this crisis : the project shrinkage around the World has deteriorated the quality of our orderbook with a sharper reduction of our high added value products (HAV)
- Hopefully, we have been able to variabilize our activity thanks to the Governmental support – particularly in terms of economic unemployment, parental care,...

Shipments geographical mix



- Our market access was restricted in NAFTA, particularly USA, because of **Section 232. This continues in 2021** and restricts the recovery of Differdange's Grey mill
- The risk that **safeguard measures is another challenge for Differdange** as it would impact sheetpiles shipments from Belval, impacting Differdange's steel plant.
- Both effects of Section 232 and risk of lifting the safeguard measures would impact Differdange as both steel plant and rolling mill would be affected by lower production.

Differdange has a series of projects to improve competitiveness through the cycle

1. New products & service to the customers

- New finishing : started 2018, ramped-up in 2020 incl new straightener
- ** QST 2.0 : 2019-2022 - new thermal treatment for increased range of high strength steel beams (Grade 80)
- ** Unbending cracks : started 2021 – reduce surface defects on semis (beam blanks)
- ** Rollmarks : started 2021 – reduce surface defects on beams
- ...

2. Cost competitiveness and energy efficiency

- Maintenance organisation : started 2019 - new maintenance organisation “ARMP” (incl new SAP module) to improve reliability through increased preventive maintenance
- ** Offgas at steelplant : started 2021 - energy reduction at the electric arc furnace thanks to an optimized usage of the energy of the exit fumes. Pot. 30 GWh/an
- New flow @ Grey mill : 2022-2024 - Optimisation and reorganisation of the beam exit flow in our shipping yards (area located after the new finishing)
- ** Automation at steel plant of the vacuum degassing : started 2021 – Automatic alloying and Ar coupling
- ...

**** supported by subsidies from Minister of Economy**

Building Materials

Chicago's Union Station Tower Uses First 80-ksi Steel Sections in the US



2018 - Major recent investment : New finishing 40m€ capex (2018)

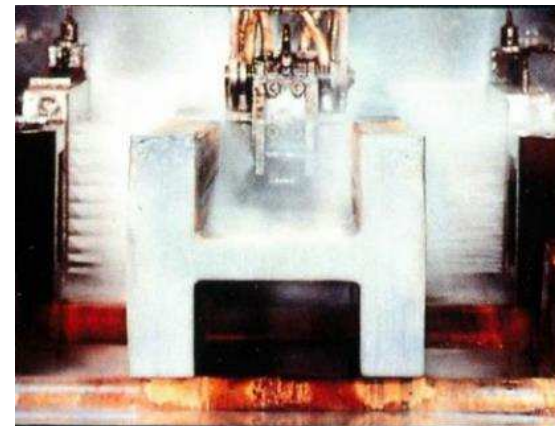
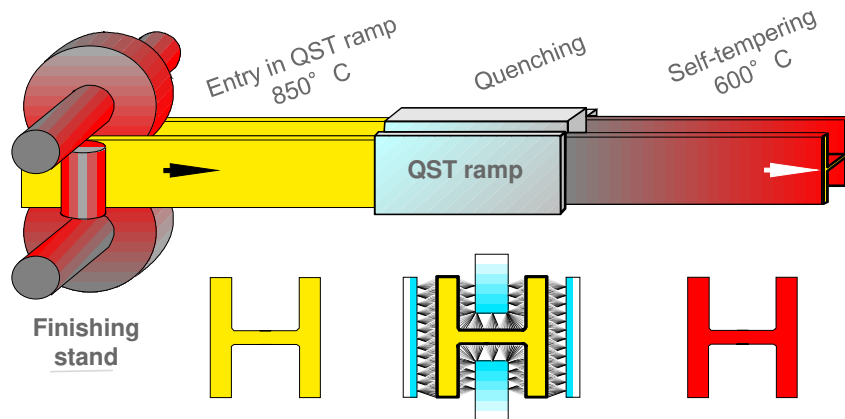
- Industrial ramp-up in 2020
- World's largest ever built for sections with 2500 cm³ modulus, 9 rolls
- This facility improves significantly the efficiency of the process and the quality of the products delivered



QST 2.0 : 8.5m€ capex – in progress (2022)

The Quenching and Self-Tempering or QST process allows beams of exceptional quality to be produced: HISTAR® beams.

Combining high-yield strength with excellent toughness and weldability, as well as offering a clear weight gain, they are used in the construction of skyscrapers.



LUSAIL PLAZA

- Lusail, Qatar
- **663** tons of S355JR and S355M steel shipped.
- To be finished in **2023**





PONT SUR LA RIVIERE SAINT-DENIS

- Saint-Denis, La Réunion
- About **1500** tons of S355M steel delivered
- Constructed under the **Steligence** concept
- To be opened by **2022**

CHICAGO UNION STATION

- Chicago, United States
- About **1200** tons for the vertical expansion of the train station
- In 2019, **420** tons of HISTAR ASTM beams and **600** tons of steel WTM grade 65 were furnished





LAKHTA CENTRE

- Saint-Petersburg, Russia
- Creation of **HISTAR 460 Russia**, especially for that occasion
- Up to **21254** tons of steel furnished
- Finished in **2018**



PADMA BRIDGE

- Padma, Bangladesh
- Delivery of **9,389** tons of steel
- The largest bridge on the Ganges, 6km long and 18 meters wide
- Opening estimated in **June 2022**



THE IMPERIUM

- Manila, Philippines
- Delivery of **700** tons of **HISTAR 460** sections
- Reaching **192,2 meters** high !
- Finished in **2018**



BANK OF AFRICA TOWER

- Rabat, Morocco
- Its other name: **Mohammed VI Tower**
- Including **9,158** tons of S355 structure's steel
- Highest tower in Africa
- Opening to be in **2022**

Consignes santé sécurité pour la visite du train Grey



Port du masque **FFP2** obligatoire



Respect des distanciations



9 personnes max par minibus



Les visiteurs doivent se tenir aux rampes pour monter et descendre les escaliers



Port du casque obligatoire



Port des lunettes de sécurité obligatoire



Port des chaussures de sécurité obligatoire



Les visiteurs ne doivent pas quitter le chemin sécurisé prévu pour les visites guidées

Composition des groupes pour la visite de l'usine :

	Groupe 1	Groupe 2	Groupe 3
1	S.A.R. le Grand-Duc héritier	Luc Decker	Toni Neumann (guide)
2	Michèle Welter	Patrick Nickels	Michel Stanef (serre-file)
3	Sophie Margue	Mario Grotz	Christophe Karaba (photographe)
4	Franz Fayot	Violaine Mathurin	Emmanuel Claude (photographe)
5	Christiane Brassel-Rausch	Tom Ulveling	Alain Rischard (photographe)
6	Michel Wurth	Emery P. Dalesio (Luxembourg Times)	Olivier Loyens (L'Essentiel)
7	Roland Bastian	Nadia Di Pillo (Wort)	Tatiana Salva (Le Quotidien)
8	Thomas Georges (guide)	Armand Hoffmann (Tageblatt)	Monique Faber (ChamberTV)
9	Agent de sécurité de S.A.R	Yannick Hutzet (guide)	Nelson Coelho (Caméraman Chamber TV)
10	Ludovic Beaupuits (serre-file)	Gilles Mathieu (serre-file)	Jeannot Ries (RTL)
11			Sam Bouchon (Cameraman RTL)
12			Pascal Moisy



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