

Outlook on the steel industry in Mexico:

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ArcelorMittal in México

ArcelorMittal has been operating and competing successfully in México for nearly **20 years**

- 4 million tons/year slab capacity
- 2 million tons/year billet and rebar & wire rod rolling capacity
- 6.5 million tons/year iron ore mining capacity
- 150 tons/year tube rolling capacity
- 9 distribution centers and 9 sales offices across México, from Tijuana to Mérida
- Import HRC, CRC, stainless, and structural products from mills in US, Canada, Brazil, and Europe

Wide presence in diverse sectors



Corporate Responsibility

Underpinned by transparent governance, ArcelorMittal will transform tomorrow by:

Investing in our people

Making all people working on our behalf feel valued.

Making steel more sustainable

Using our expertise to develop greener products.

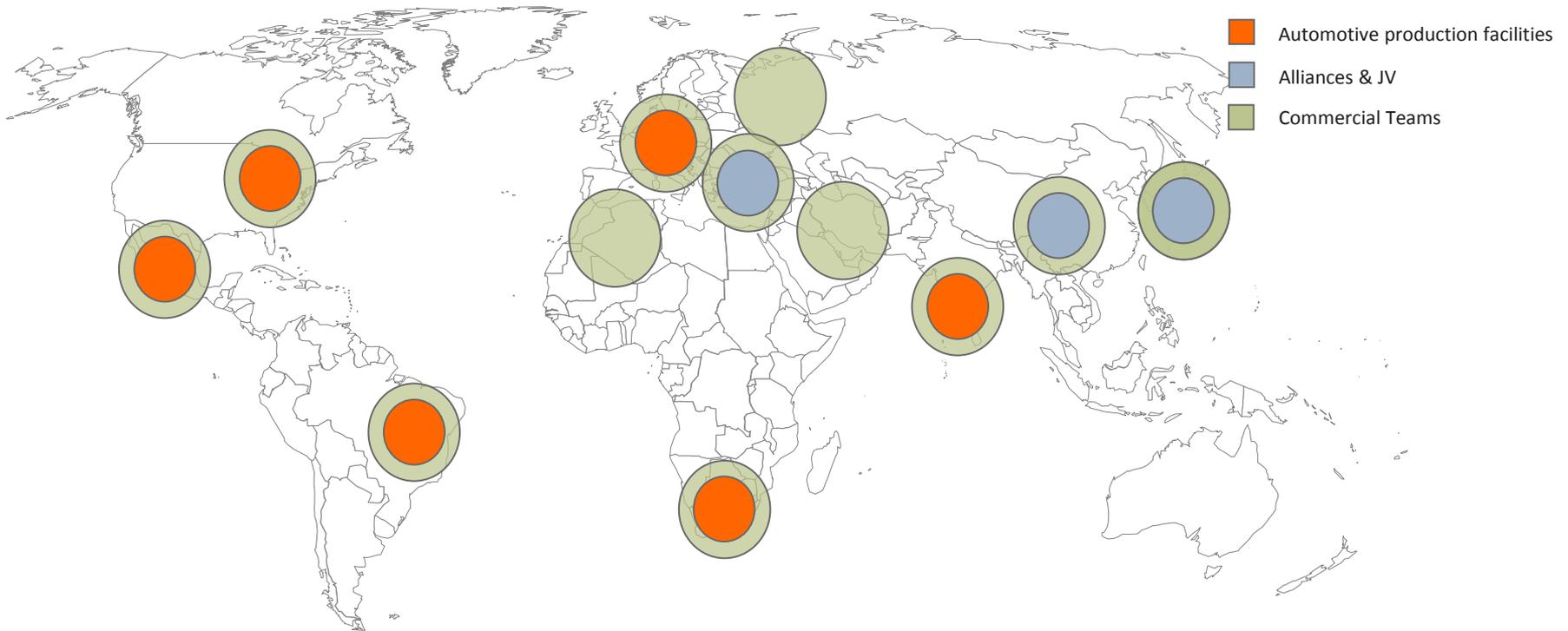
Enriching our communities

Presence is important in all the communities in which we operate.



ArcelorMittal is well positioned...

ArcelorMittal's industrial and commercial network

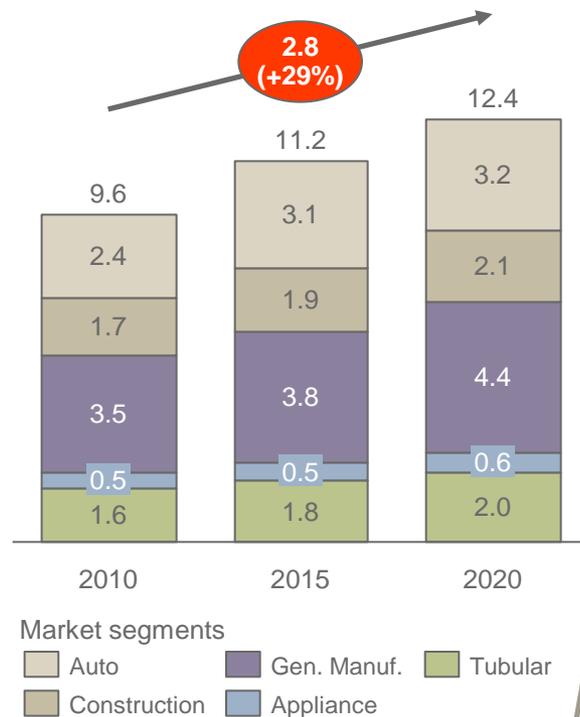


- Global automotive manufacturing presence through ArcelorMittal facilities, Alliances and Joint Ventures
- Proximity to the customer by global presence of commercial teams and resident engineers
- Global distribution network
- Mining integration represents a competitive advantage for our NAFTA operation
- In Mexico we have mines, primary steel making, automotive tubular and Tailor Welded Blank facilities

Mexican domestic steel market presents a growth opportunity in Auto and Manufacturing

Mexican steel consumption expected to grow nearly 30% over the next 10 years, driven by growth in Auto and General Manufacturing sectors

Mexico Apparent Steel Consumption
Metric Mt

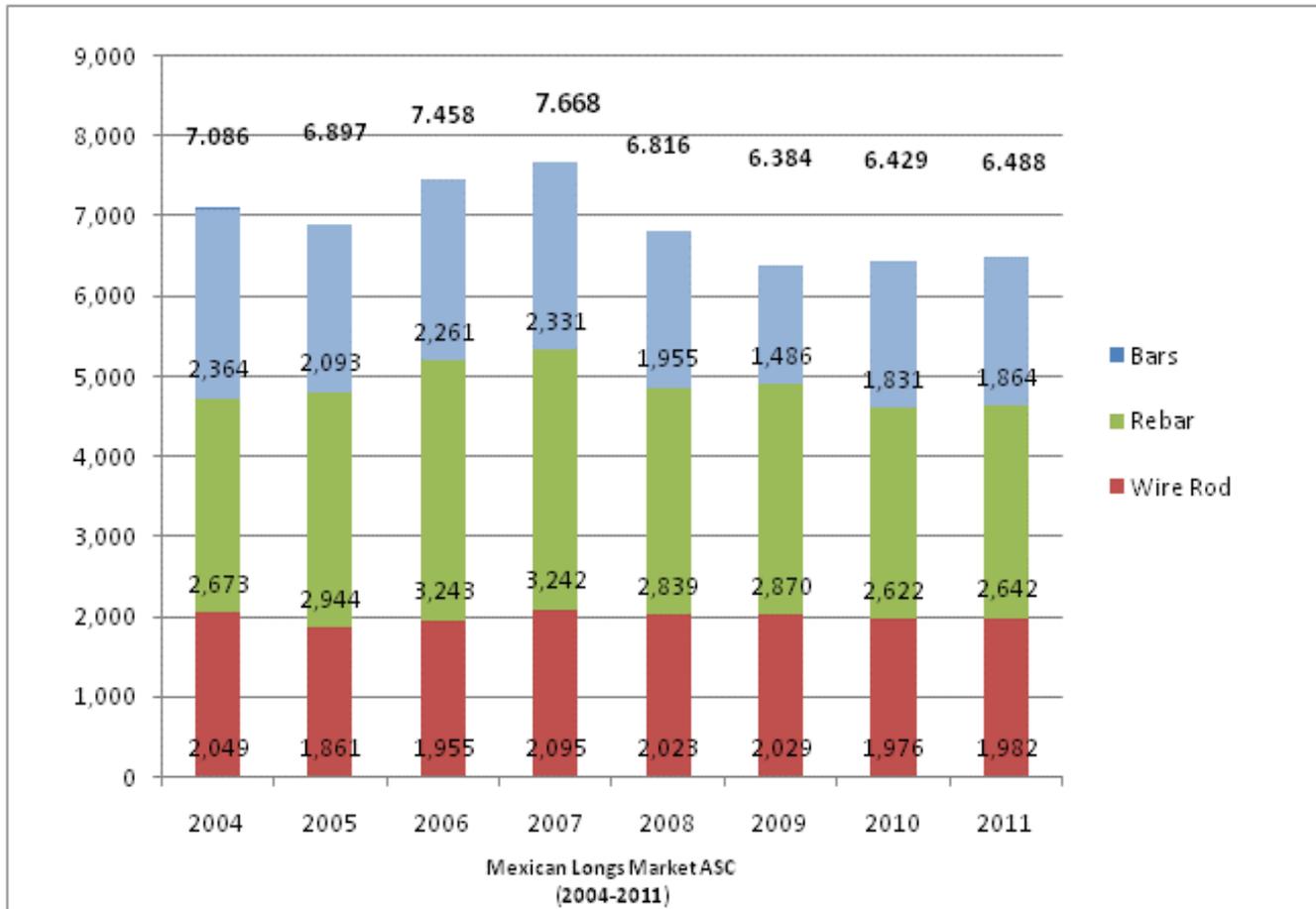


Drivers

- Auto**
 - Fastest-growing and highest-value segment due to new OEM and Tier 1 capacity in MEX (e.g., Nissan, Magna)
- Appliance**
 - Rapidly growing segment due to new OEM capacity for export (LG and Electrolux expanding). High import share due to surface finish requirements unmet by domestics
- Manufacturing**
 - Largest growth within this segment to happen in yellow goods (e.g. John Deere significant growth)
- Tubular**
 - Avg. 1000 km/yr line pipe for gas and water in MX. Large export potential to US; local players investing in spiral and heavy wall capacity
- Construction**
 - Trend toward more steel and away from concrete in high rises and commercial reported by large contractors (e.g., rebar consumption went down despite overall strong construction growth); Overall steel intensity at 200kg/capita, well below developed economies

Mexican Longs Market ASC 2004-2011*

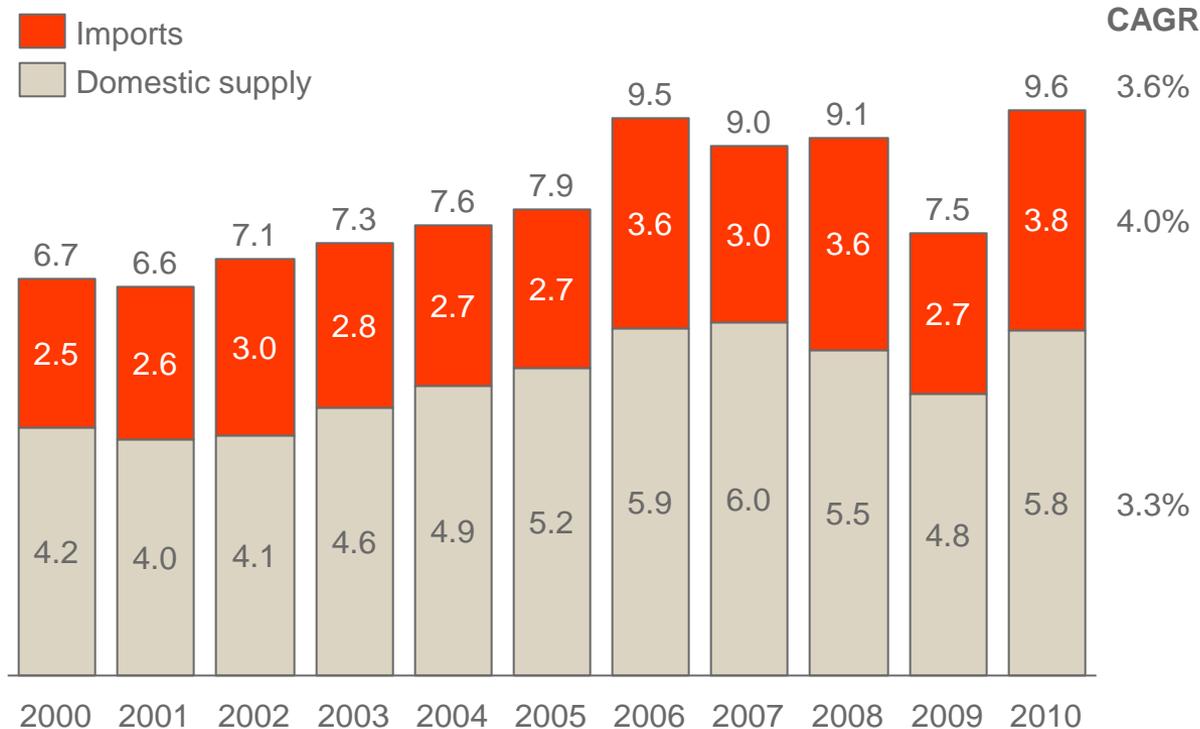
*Projected 2011 Longs ASC in Mexico (Low scenario Canacero)
Metric Mt



- Mexican Longs market big in volume, with CAGR of 1.2% from 2004 to 2011*
- Longs market continues to suffer from weak demand
- Domestic oversupply on major product lines Rebar and Wire Rod.
- As a result of overcapacity, demand is very price elastic
- Highly competitive environment, with many International and Local players.
- Imported Bars for Automotive segment, and Heavy Sections for Construction

Mexican market has historically imported 35-40% of flat roll needs

2010 Flat roll ASC in Mexico
Metric Mt



- Need for imports due almost entirely to lack of domestic quality capabilities and capacity limitations, not price
- Imports have outpaced domestic supply, as manufacturing sector growth has been stronger than construction
- Imports to Auto have grown as Auto sector has become more sophisticated (buy coil to make parts instead of just assembling)

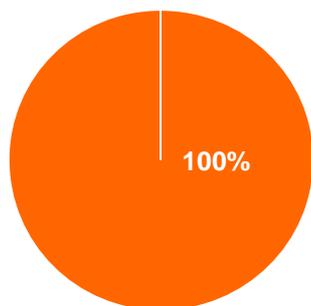
Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Import share	38%	39%	43%	38%	36%	34%	38%	34%	39%	36%	36%



Example: Rebar Grade 52

Creating a new market segment in Mexico generating savings to customers in the large constructions segment

Mexican rebar market by steel grade



Grade 42

Since the 1960s Grade 42 was established as the standard replacing Grade 30, and is currently the only steel grade produced by Mexican rebar producers

Popular in Europe, USA and South America

Grade 52 or equivalent rebar which is a grade that has higher yield strength than Grade 42 is widely used in the developed world and other countries. In Brazil for example, 75% of structural designers favor grade 52 rebar. In Europe and USA, it is commonly used for building construction.

Rebar Grade Standards in the United States

Old US grade	Minimum yield strength	Current soft metric grade	Minimum yield strength	
			Original hard metric specs	1996 Revisions
40	40,000 psi	300	300 MPa (43,400 psi)	—
60	60,000 psi	420	400 MPa (58,000 psi)	420 MPa (60,900 psi)
75	75,000 psi	520	500 MPa (72,500 psi)	520 MPa (75,400 psi)

First project in Mexico

The construction company working on the Helicon project in N.L., a 37 story building, accepted the structural designer's proposal to use Grade 52 Rebar in the project closing ArcelorMittal Mexico's first sale of Grade 52 rebar



Helicon Tower, San Pedro, N.L.

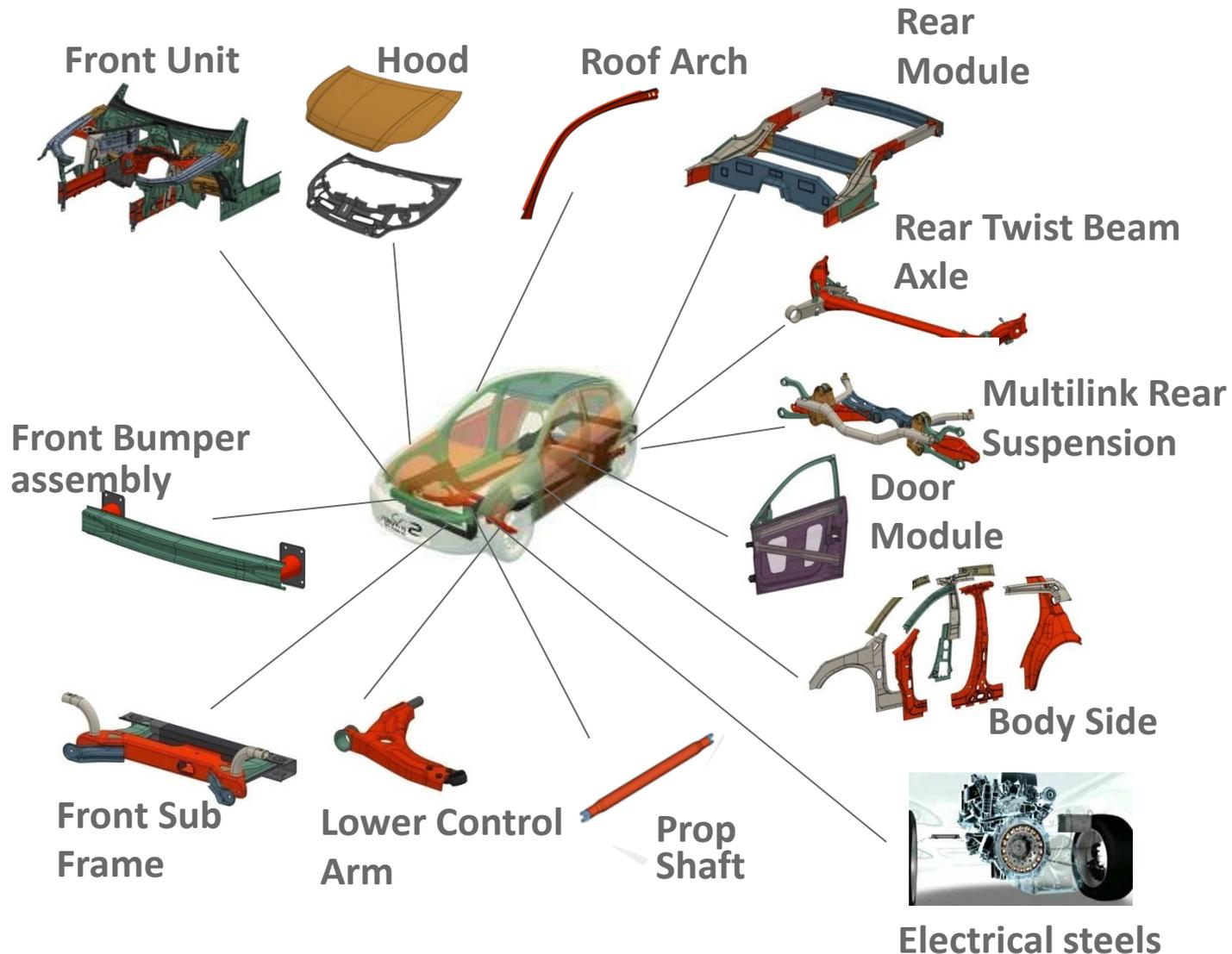
Longs

- Installed capacity for rebar and wire rod for construction exceeds demands and will for several years.
- Innovative products and service are required to stimulate growth

Flats

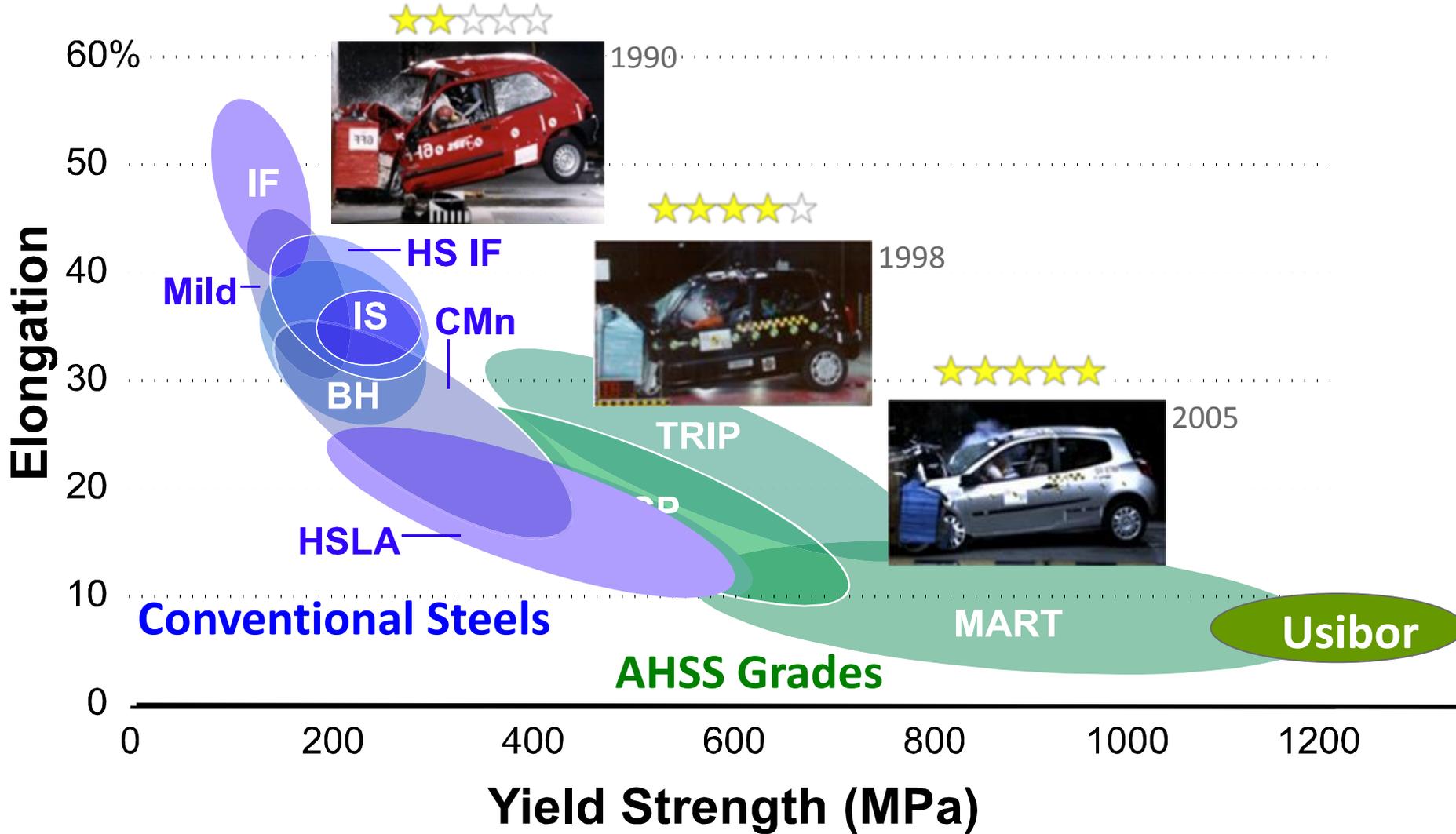
- Significant opportunities for growth exist due to high growth in Auto and general manufacturing
- Innovative products and high quality product offerings are required to service this market.

Automotive product offering ...



Examples; non-exhaustive list

... in an equally wide range of grades



... and steel is part of the solution



Advanced High-Strength Steel & Optimized Design

- Mass-efficient designs
- Improved crashworthiness
- Improved fuel economy
- Reduced GHG emissions
- Affordability

Mexico faces socio-political risks, but fundamentals of economic growth look strong

Mexico by the numbers

	2006	2010	2015f	2010-2015 CAGR
Total Population (M)	104.2	108.5	118.7	1.8%
Population age 20-45 (%)	40	40	41	0.5%
Nominal GDP (B MXN)	10,379	13,137	15,338	6.5%
Real GDP growth (%)	5.2	5.5	2.6	N/A
Inflation (%)	3.6	4.2	3.0	N/A
MXN-USD exchg. rate	10.8	12.4	10.5	-3.2%
Government debt (M USD)	162.2	320.6	526.8	26%
Gov. debt as % of GDP (%)	17.0	30.8	30.4	0%

Core views on Mexico

Economy

- + Strong demographic growth will drive expansion in domestic consumption, and continue to support low labor costs
- + Trend in “near-shoring” of US manufacturing will continue because of ease of logistics access to US and competitive labor costs to China
- Growth will underperform versus other emerging market countries
- Structural weakness of economy will continue without tax or energy reform

Politics

- + Democracy has firmly taken root
- + Despite on-going drug wars, political stability rating in Latin America is among 5 highest (ahead of Brazil and behind Panama), and well above average for emerging markets
- Bureaucratic inertia continues to plague economic development and political progress
- Oil production continues to be weak, threatening fiscal health of government

Security

- + Perceived risk (abroad) of drug violence is much higher than real risk
- + Several high profile targets have recently been captured, sense that the war has turned a corner
- Insecurity in Mexico has affected us, and this challenge for our operations is a priority

Comparing Mexico against other growth regions we have many favorable conditions?

■ Favorable
 ■ Neutral
 ■ Unfavorable

Criteria	Mexico	Brazil	India	China	US/EU
Small market, but strong growth	20 Mt	30 Mt	60 Mt	500 Mt	250 Mt
Steel EBITDA margins					
High import share	35% imports	15-20% imports	10% imports	Net exporter	Low imports outside EU
Low capex country ¹	1,200	1,800	1,000	600	1,800
Market welcoming to new entrants					
Politically tenable to allow foreign entrants					
Majority foreign ownership allowed	Up to 100%	Up to 100%	Up to 100%	Minority only	Up to 100%

What the Mexican Steel Industry need to grow and move forward

The importance of investment by the steel industry in Mexico

Jobs

- Steel industry is an engine of job creation
- For every 1 direct employee, 10 other jobs are created in related services

Capital outflow

- Over USD \$3B of steel is imported every year
- Mexico currently has a negative trade balance

Other industries

- Availability of domestically produced downstream steel products will attract other industries, especially Auto

Economic stability

- Value-added processing will promote more economic stability through full control of the value chain

Pre-requisites for moving forward with investment plans

Imports

- Need to assure a level playing field versus other countries who subsidize domestic steel industry

Investment incentives

- Encourage investment in high capex assets like steel through tax schemes

Energy infrastructure

- Invest in gas pipelines to rectify severe deficiency
- Strengthen water, electricity transmission infrastructure
- Assure natural gas supply

Security

- Protect against raw material and finished product theft
- Ensure safety of our workers against organized crime