

March 2, 2018

Nippon Steel & Sumitomo Metal Corporation

Agreement between NSSMC and ArcelorMittal regarding joint acquisition of Essar Steel India Limited and establishment of a joint venture in India

On March 2, 2018, Nippon Steel & Sumitomo Metal Corporation (President: Kosei Shindo, “NSSMC”) and ArcelorMittal (Headquartered in Luxembourg, CEO: Lakshmi Mittal, “AM”) entered into an agreement on basic terms and conditions to jointly acquire and manage Essar Steel India Limited (“ESIL”), which is currently undergoing resolution proceedings under the Indian Insolvency and Bankruptcy Code, through a joint venture to be formed by NSSMC and AM. NSSMC will proceed with AM to form the joint venture and acquire ESIL subject to the approval of the regulatory authorities.

India is one of the most promising steel markets in the world, with significant growth potential in the medium- and long-term and where domestically produced steel products have a superior position. NSSMC has been steadily expanding local production in India and targeting sectors advantageous to NSSMC’s technological superiority. Meanwhile, NSSMC has also been seeking opportunities to engage in integrated steel production in India to steadily capture the growing demand for steel products, which is expected to increase along with the development of domestic infrastructure.

ESIL is one of the major steel companies in India, having a fully integrated steel production system located in the west coast region of India. ESIL manufactures flat steel products, plates and pipes, which are sold through its extensive domestic sales channels, and owns an iron ore mine in the east part of India. NSSMC and AM have produced successful results and established a strong relationship through their global strategic alliance, including the joint management of I/N Tek (cold-rolled steel products) and I/N Kote (coated steel products) in Indiana, USA, as well as AM/NS Calvert (hot-rolled, cold-rolled, and coated steel products) in Alabama, USA. Based on the success of the

relationship between NSSMC and AM, as well as AM's extensive track record of rebuilding many companies and substantial market knowledge of India, NSSMC believes that, by bringing together the strengths of both companies, NSSMC and AM will be able to successfully turn around ESIL and transform it into a competitive steel business.

One of the major initiatives of NSSMC's 2020 Mid-Term Management Plan is the further enhancement and development of its global business. Through the formation of the joint venture and the joint acquisition of ESIL, NSSMC will reinforce its global supply network by maximizing the utilization of its product technology and cost competitiveness, and enhance its ability to meet the needs of various customers. NSSMC will continue to advance toward becoming the "Best Steelmaker with World-Leading Capabilities".

ESIL's outline (Source : ESIL Annual Report 2016-2017)

- 1) Corporate name : Essar Steel India Limited
- 2) Establishment : 1976
- 3) Capital : 31.5 billion INR
- 4) CEO : Jatinder Mehra
- 5) Main production base : Hazira Steelworks
(Gujarat State in the west coast region of India)
- 6) Production capacity : 10 million tons (nominal capacity)
(Integrated steel mill)
- 7) Product types : hot-rolled, cold-rolled and galvanized steel products
steel plates, steel pipes
- 8) Number of employees : 3,988 (as of the end of March 2017)
- 9) Revenue (consolidated) : 219.6 billion INR (FY 2016)

For inquiries

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