



ArcelorMittal

# Logistics Business Forum 2012

Luxembourg, 17.04.2012



ArcelorMittal

# The world's number one steel company

- ArcelorMittal is the world's number one steel company, with over **260,500** employees in more than **60** countries.
- An industrial presence in **20** countries
- Approximately **35%** of our steel is produced in the Americas, **47%** in Europe and **18%** in other countries such as Kazakhstan, South Africa and Ukraine.



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# ArcelorMittal 2011 key figures

	2009	2010	2011
Sales (US\$ billion)	61.0	78.0	<b>94.0</b>
EBITDA (US\$ billion)	5.6	8.5	<b>10.1</b>
Operating income/ /(loss) (US\$ billion)	(1.5)	3.6	<b>4.9</b>
Net income/ (US\$ billion)	0.2	2.9	<b>2.3</b>
Shipments (million tonnes)	69.6	85.0	<b>85.9</b>
Steel production (million tonnes)	71.6	90.6	<b>91,9</b>



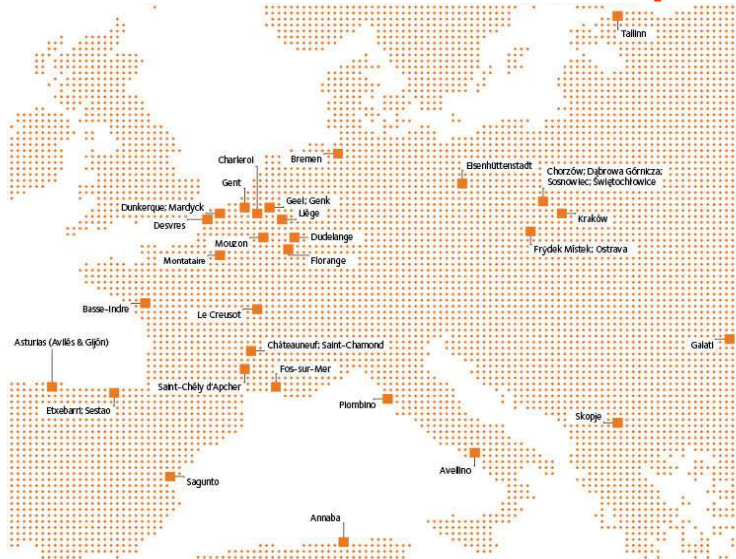
Segment	Total
<b>Flat Carbon Americas:</b>	<b>22,249</b>
North America	17,084
South America	5,165
<b>Flat Carbon Europe:</b>	<b>27,123</b>
Europe	27,123
<b>Long Carbon Americas and Europe:</b>	<b>23,869</b>
North America	4,584
South America	5,660
Europe	12,547
Other <sup>5</sup>	1,078
<b>AACIS (Asia, Africa and CIS<sup>6</sup>)</b>	<b>12,516</b>
Africa	4,624
Asia, CIS and other	7,892

> 260,500 employees in more than 60 countries

# Flat Carbon Europe



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- 2011 shipments: 27.1 million tonnes

- Production facilities located at 15 integrated and mini-mill sites in 6 countries.

# Long Carbon Europe



- 2011 shipments: 12,5 million tonnes

- Production facilities in Long Carbon Europe located at 17 integrated and mini-mill sites in 9 countries.

**Total shipments: 39,7 million tonnes**



## Some additional figures: LCE Transport Volumes in Luxembourg

<b>Transported Volumes - Luxembourg</b>					
<b>[mio to]</b>					
	<b>Rail</b>	<b>Road</b>	<b>Barges</b>	<b>Total</b>	<b>Evolution</b>
<b>2008</b>	<b>2,892</b>	<b>2,129</b>	<b>0,427</b>	<b>5,448</b>	<b>100%</b>
<b>2009</b>	<b>1,962</b>	<b>2,078</b>	<b>0,189</b>	<b>4,229</b>	<b>78%</b>
<b>2010</b>	<b>2,382</b>	<b>2,443</b>	<b>0,241</b>	<b>5,066</b>	<b>93%</b>
<b>2011</b>	<b>2,195</b>	<b>2,417</b>	<b>0,226</b>	<b>4,837</b>	<b>89%</b>

<b>Share by Mode</b>			
	<b>Rail</b>	<b>Road</b>	<b>Barges</b>
<b>2008</b>	<b>53%</b>	<b>39%</b>	<b>8%</b>
<b>2009</b>	<b>46%</b>	<b>49%</b>	<b>4%</b>
<b>2010</b>	<b>47%</b>	<b>48%</b>	<b>5%</b>
<b>2011</b>	<b>45%</b>	<b>50%</b>	<b>5%</b>



# Importance of Logistics for ArcelorMittal

- Purchasing patterns changed from long term contracts to short term & spot contracts
  - Visibility on order book of less than 1 week common situation
- Competition increased in Europe as a consequence of the crisis and the capacity utilisation decrease
  - Competitiveness in terms of cost, quality and service more important than ever
- Logistics has a major impact on ArcelorMittal's competitiveness
- ArcelorMittal's core business is steel production, not logistics
- ArcelorMittal does not own or invest in transport assets unless of critical importance (cf shareholding in CFL Cargo and invest in strategic rail car fleet)
  - ArcelorMittal subcontracts all its logistics services
  - ArcelorMittal needs the full support of its logistic subcontractors to preserve its competitiveness

## ArcelorMittal's' expectations: best possible balance between service and costs

- **Cost competitiveness**

lowest possible TCO  
no accidents & damages  
long payment terms

- **Planning reliability**

- Capacity

full availability at short term notice

- Delivery time

guaranteed transit times

- Track & Trace

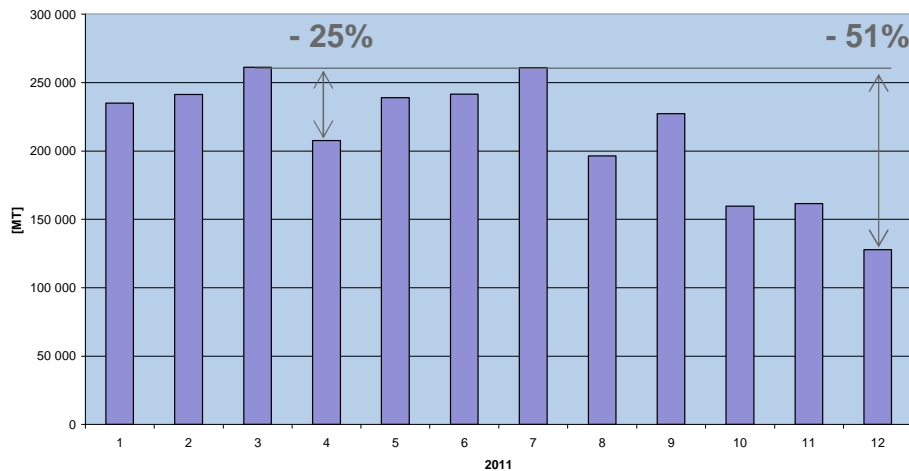
information to be available real-time

- **Flexibility**

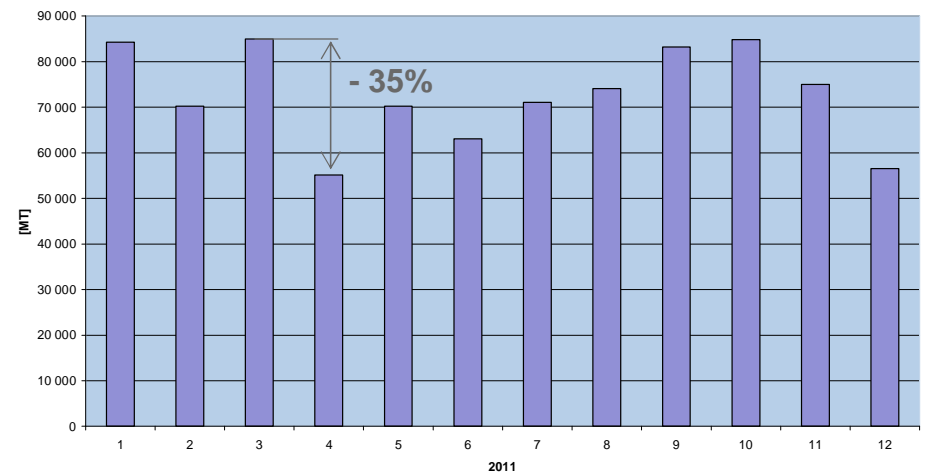
changes possible at any moment  
no long term commitment

# Importance of Flexibility in Logistics

Scrap - monthly transport volumes



Sections - monthly transport volumes in 2011



- Variations from 1 month to another up to 35%
- Variations over the year up to 51%
- Weekly planning sessions with our main suppliers insufficient to cushion impact of variations



## Importance of Legislation for Costs & Flexibility

Legislation has a major impact on logistic costs and on operators' ability to adjust to fluctuations in demand

- Euronorm
- CO2 tax
- Road tolls
- Permissible load per vehicle
- Flexibility in working time etc

ArcelorMittal needs the support of the Luxembourg Government and of the Cluster for Logistics to insure a level playing field and unnecessary costs on national as well as on European level

## Examples of cost saving potential

Impact of permissible transport load: 40 t vs 44 to limit

- Inner Belgium traffic (44 to limit): 23,18 to
- Belgium → Germany (40 to limit): 20,55 to
- Belgium → France (40 to limit): 20,19 to

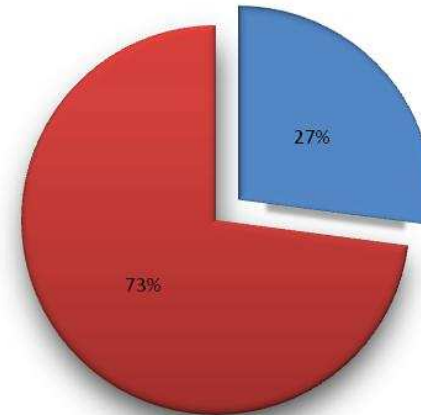
Harmonisation of permissible load at 44 tons would allow cost savings of up to 13%

# Examples of cost saving potential

Zu geringe Produktivität  
der Maschine LKW



Produktivität des LKW Einsatzes



**In 24 Stunden fährt der LKW im klassischen Trampverkehrseinsatz nur 6,5 Stunden. Die übrige Zeit ist unproduktive Warte- und Pausenzeit.**

**27 % Fahrzeit**

**73 % Warte- und Pausenzeit**



# Comparison Rail Europe vs Rail USA vs Truck

Requirements	Rail Europe	Rail USA	Truck Europe
<b>Homologation</b>			
• Engine	• Multiple homologation for each country / route	• FRA homologation	• Single
• Security system	• Multiple security systems	• FRA system	• Not applicable
• Wagon/trailer	• European or national + rail company homologation	• Single	• Single
<b>Driver</b>			
• Licence	• For every country	• company licence	• 1 licence
• Language	• All national languages required	• 1 language	• 1 language
• Route knowledge	• Mandatory	• Mandatory	• Not applicable
<b>Coupling</b>	• Manual	• Automatic	• Not applicable
<b>Energy</b>	• Multiple tensions or fuel	• Fuel	• Fuel
<b>Priority</b>	• Passenger always first	• Limited conflict potential	• Almost same level as passenger

- Luxembourg no exception to the “disease” of avoidable national and/or unduly severe homologation
- Rail of vital importance to ArcelorMittal’s operations in Luxembourg