



# news release

## ***ArcelorMittal Poland is planning to temporarily idle the operations of its blast furnace and steel plant in Krakow***

Krakow, May 6<sup>th</sup>, 2019

**ArcelorMittal Poland is planning to temporarily idle the operation of the blast furnace and steel plant at its Krakow unit. Preceded by a detailed market analysis which confirms weakening demand, the decision is an unavoidable outcome of rising prices of CO<sub>2</sub> emission allowances and high imports from countries outside the European Union, as well as high production costs.**

The steel industry is struggling with global overcapacity, and its negative effects are compounded by the inadequacy of existing safeguards to protect the European Union market against imports. European producers are charged with additional carbon costs that are not borne by competitors from outside the EU. Prices of CO<sub>2</sub> emission allowances have already exceeded EUR 25 per tonne - increased by approximately 230 per cent since the start of 2018. And this is just one of the headwinds that face the Krakow unit of ArcelorMittal Poland.

The Polish market, due to its proximity to the CIS countries, is flooded with steel imported from some of these countries. Only last year, imports of strip mill products from CIS countries increased by 500,000 tonnes (volumes almost tripled over the previous year).

The decision to temporarily idle the primary steelmaking operations in Krakow is also the result of high energy prices, which in Poland are currently 50 per cent higher than, for example, in Germany. ArcelorMittal Poland is an energy-intensive company, therefore such a difference in price significantly reflects in the cost of its production. In addition, steel plants in Poland still cannot count on the long-term compensation for indirect CO<sub>2</sub> costs that steel producers in many EU countries receive. This is a topic of intense ongoing engagement of energy intensive steel producers and the government of Poland.

*- We have reluctantly made an uneasy decision to temporarily idle the operations of the primary part of our Krakow unit, because our competitive position is undermined by the costs of CO<sub>2</sub> emission rights, which are a burden only for producers from the European Union, and we are seeing a continuous increase of imports from CIS countries, at a time of low demand due to weakening market conditions. In addition, the energy costs in Poland are among the highest in the EU - says Geert Verbeeck, chairman of the board and CEO of ArcelorMittal Poland. - We are a steel producer and we want to be able to continue to produce steel here, in Krakow. We hope that the market conditions will improve and that the level playing field is restored so that we can restart the installations here - he adds.*

The management team of ArcelorMittal Poland understands the impact this decision has on employees and the local communities and will be working together to ensure social measures are in place to support them during this period.

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**About ArcelorMittal Poland**

*ArcelorMittal Poland is the biggest steel producer on the Polish market with about 70% of production capacity of the Polish steel industry. The company consists of five steel plants located in Krakow, Dabrowa Gornicza, Sosnowiec, Swietochlowice and Chorzow. It also owns the largest coke plant in Europe – ZK Zdzieszowice. ArcelorMittal Poland employs over 11,000 people and over 14,000 if subsidiaries are taken into account. The company produces a wide range of long, flat, special and semi products for construction, transport and white goods industries.*

*The company has transformed Polish steelmaking. It has invested PLN 6 bn in modernizing every stage of the production process. Thanks to increasing H&S standards, the company has reduced its accident frequency rate by more than 90 percent. It has decreased the CO2 emissions by 25 percent, thanks to which it has become more environmentally friendly. The company is 1 of 3 companies worldwide able to produce 120 meter rails.*

*ArcelorMittal Poland is consistently engaged in supporting local communities by carrying out educational, health and safety programmes. The company has invested over PLN 16 m in these projects.*

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*ArcelorMittal is the world's leading steel and mining company, with a presence in 60 countries and an industrial footprint in 18 countries. Guided by a philosophy to produce safe, sustainable steel, we are the leading supplier of quality steel in the major global steel markets including automotive, construction, household appliances and packaging, with world-class research and development and outstanding distribution networks.*

*Through our core values of sustainability, quality and leadership, we operate responsibly with respect to the health, safety and wellbeing of our employees, contractors and the communities in which we operate.*

*For us, steel is the fabric of life, as it is at the heart of the modern world from railways to cars and washing machines. We are actively researching and producing steel-based technologies and solutions that make many of the products and components people use in their everyday lives more energy efficient.*

*We are one of the world's five largest producers of iron ore and metallurgical coal. With a geographically diversified portfolio of iron ore and coal assets, we are strategically positioned to serve our network of steel plants and the external global market. While our steel operations are important customers, our supply to the external market is increasing as we grow.*

*In 2017, ArcelorMittal had revenues of \$68.7 billion and crude steel production of 93.1 million metric tonnes, while own iron ore production reached 57.4 million metric tonnes.*

*ArcelorMittal is listed on the stock exchanges of New York (MT), Amsterdam (MT), Paris (MT), Luxembourg (MT) and on the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia (MTS).*

For more information about ArcelorMittal please visit: <http://corporate.arcelormittal.com/>