



ArcelorMittal

# news release

## **Valin ArcelorMittal Automotive Steel Co inaugurates landmark automotive steel plant in China**

Loudi, China, 15 June 2014 – Valin ArcelorMittal Automotive Steel Co (VAMA) today officially opened its new advanced automotive steel plant in China, beginning a new era of automotive manufacturing in the country.

VAMA, the joint venture between ArcelorMittal and Hunan Iron & Steel Co., will produce high-strength automotive steels that currently have to be imported, for the Chinese market. Located in the economic zone of Loudi, Hunan Province, and built on a greenfield site, this is one of the major investment projects jointly approved by China's National Development and Reform Commission and the Ministry of Commerce. The total investment is 5.2 billion yuan (US\$832 million).

The two-year construction project, involving more than 2,000 workers, was completed on schedule, achieving more than six million safe work hours, making it one of the safest steel projects in China. The completed project, which was built in 730 days compared with an industry average of three and a half years, will initially provide more than 600 high-skilled jobs, with plans to create more jobs as production increases.

China has the world's fastest-growing automotive market, recording a 16 per cent increase in car sales to 18 million units last year, and is expected to account for 35 per cent of worldwide automotive growth between now and 2020.

VAMA will produce state-of-the-art grade steels for safe and cost-efficient lightweight design, superior surface quality and coating technology, helping to meet rapid growth in demand for advanced automotive steels in China. The annual production capacity will be 1.5 million tons, including 800,000 tons of cold rolled coils, 200,000 tons of aluminium-coated coils and 500,000 tons of hot-dip galvanised coils. VAMA covers a large range of automotive steel products, including those for visible structural parts, chassis and wheels.

ArcelorMittal, the world's leading steel and mining company, has contributed the most advanced automotive steel production technology available, including Advanced and Ultra High Strength Steel

(AHSS and UHSS) grades with levels of up to 1,200 MPa, Usibor® 1500P – a steel for hot stamping – and assisted with the completion of the quality control and R&D systems.

VAMA aims to supply international carmakers and Tier 1 suppliers as well as promote high-end solutions to domestic car manufacturers and their supplier networks. These include ArcelorMittal's major customers in China, such as Volkswagen, GM, Ford, PSA, Daimler-Benz, BMW, Toyota, Honda, Renault, Fiat and Nissan, as well as leading domestic manufacturers such as Geely, Chery, Dongfeng, Guangzhou Auto, Shanghai Auto and Changan.

The inauguration ceremony was attended by Mr Lakshmi Mittal, chairman and CEO of ArcelorMittal, Mr. Cao Huiquan, chairman and CEO of Hunan Valin Steel, Hunan Governor Du Jiahao, Hunan Vice Governor Chen Zhaoxiong and other senior Chinese and ArcelorMittal leaders, underlining the importance of the manufacturing project to the development of the automotive industry in China.

Speaking in Loudi today, Mr Lakshmi Mittal, chairman and CEO of ArcelorMittal, said the completion of the major project with six million safe work hours, on schedule and within budget was a "remarkable achievement which sets a new standard in our industry" adding:

"The most advanced technology has been extended to VAMA, which is therefore ideally positioned to give auto manufacturers greater flexibility to produce lighter, safer and more environmentally friendly cars for customers in China".

Mr Cao Huiquan, chairman and CEO of Hunan Valin Steel said: "The VAMA project is an important milestone for Hunan Valin to transform from a regional niche producer to a full service provider. The success of VAMA relies on the highest efficiency from Valin LYS, to VAMA, to downstream steel service centres, to automotive end-users. Following the example of a small number of Sino-foreign automotive steel joint ventures in China, both Valin and ArcelorMittal are inspired to build a profitable and sustainable VAMA that can become the pride of Hunan Province and the Chinese steel industry."

### **About VAMA shareholders**

#### **Hunan Valin Steel Co. Ltd**

*Hunan Valin Steel Co. Ltd (Valin Steel) is a listed company which is jointly invested by Hunan Valin Iron & Steel Group and ArcelorMittal. Its main business is in the production of iron and steel. It has capacity to produce 15.5 million tons of iron a year, 18 million tons of steel and 17 million tons of steel products. The company has operating facilities at Hunan Valin Xiangtan Iron & Steel Co., Ltd (Valin XTS), Hunan Valin Lianyuan Iron & Steel Co., Ltd (Valin LYS), HengyangValin Tube Co., Ltd (Valin HYT) and others. In 2013 Valin Steel was ranked #87 in the Fortune China 500 list of companies and has the highest ranking among Hunan enterprises.*

#### **ArcelorMittal**

*ArcelorMittal is the world's leading steel and mining company, with a presence in more than 60 countries and an industrial footprint in over 20 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 we use in our everyday lives more energy-efficient.*

*We are one of the world's five largest producers of iron ore and metallurgical coal and our mining business is an essential part of our growth strategy. 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 2013, ArcelorMittal had revenues of \$79.4 billion and crude steel production of 91.2 million tonnes, while own iron ore production reached 58.4 million 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/>.

### **VAMA project history**

VAMA is the product of a strong partnership between Valin Steel and ArcelorMittal.

Valin ArcelorMittal Automotive Steel Co., Ltd. (VAMA), located at the economic zone of Loudi, was jointly established by Hunan Valin Iron & Steel Co., Ltd. and ArcelorMittal in 2008 in Changsha. In 2009, Zhou Qiang, the Hunan Governor, and Mr Mittal, chairman of ArcelorMittal, took part in the foundation ceremony of VAMA in Loudi. Approval from China's National Development and Reform Commission and the Ministry of Commerce (NDRC) was received in 2010 and the first board meeting took place on 30 March 2011.

In June 2012, ArcelorMittal and the Valin Group announced that ArcelorMittal would increase its shareholding in VAMA from 33% to 49%. Pursuant to a new shareholding agreement, the Valin Group and ArcelorMittal increased VAMA's planned capacity by 25% from 1.2 million tonnes to 1.5 million tonnes. VAMA signed purchase agreements for key equipment including cold rolling facilities, continuous annealing and galvanising lines and in December 2012 bidding for the main equipment lines was completed. Production officially started in June 2014.

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