

October 6, 2021

Dear Customer,

We would like to update you on some important developments affecting the steel industry in Europe , including ArcelorMittal, that is already having a significant cost impact on our business.

- Energy prices (both gas and electricity) have increased exponentially to reach record levels all over Europe. During the whole of September, electricity and natural gas prices remained at record levels. Currently electricity prices are in the range of €160 to 200/MWH compared to a normal rate of €55. Natural gas prices are more than €100/MWH compared to a normal price of around €20/MWH. Electricity and natural gas are increasing the cost by more than €120/MT of steel. What is worse is that the futures in these commodities indicate that prices will go up even further
- In addition to these direct increases, we have demands from suppliers of ferro-alloys (energy-intensive), lime etc. asking for surcharges. The impact will also be significant and is currently being evaluated.
- On top, carbon prices alone contribute to €62/t higher costs, having risen from €33/t in the beginning of this year to €64/t currently.

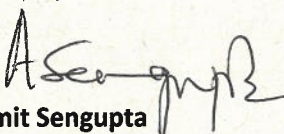
Considering the magnitude of these increases, it is no longer possible for ArcelorMittal to continue to absorb these costs alone.

Under these circumstances, we are left with no option but to recoup at least a part of these costs via a surcharge of €50/t, to be applied to all new price agreements. This will be withdrawn as soon as energy prices come back to the normal levels

I would also like to take this opportunity to thank you for your valuable business and look forward to strengthening our cooperation in the years ahead.

In case you need any further information please get in touch with your usual contact in ArcelorMittal.

Best regards,



Amit Sengupta

Chief Marketing Officer, ArcelorMittal Europe Long products