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ArcelorMittal

news release

Producers of Cold Strips, Tubes and Sections Invest and Increase Production

Brno, 16 September, 2008 - ArcelorMittal Frýdek-Místek, ArcelorMittal Tubular Products Ostrava, ArcelorMittal Tubular Products Karviná – these are the names of ArcelorMittal Ostrava's subsidiaries. Products of former Válcovny plechu Frýdek-Místek, Ostrava Tube Plant and Jákl Karviná are still in the centre of interest – modernization of operations and investments in manufacture as well as new international certificates are proof of it

ArcelorMittal Frýdek-Místek is just launching the second part of an extensive investment programme to increase electrical steel sheet production amounting to 1.7 billion CZK. The project started last year and its implementation will run till the end of 2009, the total investment is over 2.5 billion CZK.

„Thanks to these projects we will not only increase production of transformer sheets up to 75,000T but also increase significantly their quality,“ says Tomáš Mischinger, CEO of the company. In 2009 the former capacity of 22,000T will be increased to more than 46,000T.

The first part of the investment included construction of five electrically heated bell furnaces for high temperature annealing of coils which will increase the current production capacity by 20,000T. A new thermal flattening and coating line has been launched and the current decarburizing line has been reconstructed.

The most essential activity of the second period will be a construction of a new decarburizing line that will enable to produce transformer sheets of the highest quality. There will be two more furnaces for high-temperature annealing and a sleeting line including a packing centre which will enable to gain much more orders thanks to higher quality of subdivided strip. The rolling mill stand will be partly reconstructed as well, which will enable rolling high quality sheet thickness.

Transformer sheets are manufactured in several European metallurgical companies. “Our goal is to become a significant producer of electrical steel sheets in much higher volume and even higher quality than today,“ adds Tomáš Mischinger.

At the end of this year and the first quarter of 2009 **ArcelorMittal Tubular Products Ostrava** is going to make three investments amounting to 400,000 CZK.

The first project is a reduction of production cycle of Stiefel 4-10“ operations, which eliminates bottle necks in finishing operations of seamless tubes. The crane transport will be reduced and the finishing line capacity will increase by removing obsolete and inefficient machinery and by a line arrangement of the new equipment. The investment includes a new cutting-off machine, two refurbished scarf machines, a new water press and a line for measurement, weighing, stamping, varnishing, stenciling, and bundling of tubes.

At the same shop it will be followed by a modernization of ROTOMAT 2 line for a non-destructive testing where the analogue signal technology will be replaced by a fully digitalized device.

The third project is a capacity increase of the Stiefel 140 mm“ finishing shops. The investment here will go to new scarf machines, a water press for small tubular diameters (these have been tested in

the subsidiary plant in Karviná) and an automated beaming device. That will optimize movement of material at these shops and their capacity will increase.

Today the company manages to stabilize its traditional positions of an international oil tubes supplier. It has just successfully passed the audit by TOTAL FINA ELF FRANCE, that confirmed homologation of tubes for the French market. Activities for direct participation in a three-year tender for oil tubes supply to SAUDI ARAMCO company are culminating.

In 2006 **ArcelorMittal Tubular Products Karviná** launched production of special precise tubes focused on the automotive industry. Thanks to huge development of automotive production in Central Europe the Karviná company continues to increase these tubes supplies. Currently it delivers special tubes through subcontractors to car manufactures on the European continent. Tubes from Karviná are e.g. in vehicles of Toyota, Škoda, Volvo, Kia, Citroen, Mercedes - Benz or Peugeot.

In 2007 the Karviná company obtained the ISO TS 16 494 certificate for automotive sector suppliers from TÜV Nord audit company. This year it was successfully renewed. The hot news in Karviná is an independent management of this part of production. Within ArcelorMittal it has been agreed that production of precise drawn tubes and calibrated tubes will be henceforth coordinated by automotive industry production experts from the subsidiary ArcelorMittal Precision Tubes (the former part of Vallourec) from Hautmontu in the North of France.

At present changes in organizational structure of the company are being prepared and selected employees will participate in a training programme in France. Everything is being prepared so that this new system operates well since the beginning of 2009, for that year the drawn tubes production is expected at amount of almost 8,000T and calibrated tubes about 5.5 thousand T.

About the Companies:

ArcelorMittal Frýdek-Místek operates within the largest Czech steel group - ArcelorMittal Ostrava. In 2007 the company made a profit of 530.5 mill.CZK pretax, which is year-on-year rise by 28 %. The profit after-tax is 416 mill. CZK. Revenue from sales of products and services have risen from 3 bill.CZK to 3.5 bill. CZK in comparison with the previous year. Value added tax reflecting performance of the company has grown by 131mill. CZK to 866 mill. CZK. In total the company rolled and sold 143,000 T of sheets (21,633 T of electrical steel sheets). In the previous year it was 138,000 T (15,100 T of electrical steel sheets). Currently 744 employees work for the company.

ArcelorMittal Tubular Products Ostrava was incorporated on 1 May 2007 by separation of Plant 15 – Tubular Plant from ArcelorMittal Ostrava. It is focused on manufacture of seamless and spiral welded tubes and tubular products of total volume of more than 300,000 T tubes a year. Since 1957 the company has been authorized to mark oil tubes with monogram of American Petroleum Institute API. By separation the company took over all the staff of the Tube Plant and some employees of ArcelorMittal Ostrava, today it has 1188 employees. For eight months of 2007 (since its incorporation on 1 May 2007) the company achieved revenue amounting to 4.82 bill. CZK. Pretax profit amounted to 394.8 mill. CZK, after-tax 256.6 mill. CZK.

ArcelorMittal Tubular Products Karviná is a 100% subsidiary of the largest Czech steel company - ArcelorMittal Ostrava. The former Jákl Karviná is now celebrating 90th anniversary of its incorporation. It is the biggest Czech producer of welded tubes and sections and having over 600 employees it is one of the biggest employers in the Karviná region. In the first half of 2008 the company made the profit amounting to 134.452 mill. CZK. Within the ArcelorMittal Group it belongs to Tubular Products division (Mechanical Group). For many years it has been producing precise drawn tubes and calibrated tubes used in automotive industry. The company exports its products into 24 countries worldwide. The biggest customers are from Slovakia, Poland and Germany.