

ArcelorMittal CLN

A joint venture between ArcelorMittal and CLN Group

A large decorative graphic consisting of two concentric circles in a dark teal color, with a thick diagonal line of the same color crossing from the top right towards the bottom left. The year '2017' is written in large white font across the center of the circles.

2017

Consolidated Financial Statements

as at 31 December 2017

Consolidated Financial Statement



ArcelorMittal CLN Distribuzione Italia srl

Corso Susa, 13/15 • 10040 Caselette (TO) Italy

Fully Paid-up Share Capital Euro 60,010,000


R.E.A. n. TO-1197930 Registro Imprese di Torino

VAT IT11233970018

ated

nts





CONSOLIDATED FINANCIAL STATEMENTS 2017



CONTENTS



3

Corporate Bodies

Management Report

- 3 THE STEEL MARKET
- 4 OPERATIONS ON THE SCOPE OF CONSOLIDATION AND SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR
- 4 ECONOMIC AND FINANCIAL PERFORMANCE
- 5 MAIN INCOME AND CASH FLOW INDICATORS
- 7 MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS SUBJECT
- 8 ENVIRONMENT AND SAFETY
- 10 RELATIONS WITH ASSOCIATED COMPANIES
- 12 RESEARCH AND DEVELOPMENT ACTIVITIES
- 12 POSSESSION OF SHARES AND FINANCIAL INSTRUMENTS
- 12 SIGNIFICANT EVENTS THAT OCCURRED AFTER THE CLOSE OF THE FINANCIAL YEAR
- 13 BUSINESS OUTLOOK

15

Consolidated Financial Statements for the year 2017

- 15 CONSOLIDATED BALANCE SHEET
- 19 CONSOLIDATED PROFIT AND LOSS STATEMENT
- 21 FINANCIAL STATEMENT CHART

24

Note to the Consolidated Financial Statements

- 30 NOTES TO THE CONSOLIDATED BALANCE SHEET FOR THE FINANCIAL YEAR AT 31 DECEMBER 2017
- 48 NOTE TO THE CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEAR 2017

60

Auditors' Report

The background of the entire page is a repeating pattern of teal-colored geometric shapes. It consists of a grid of circles, each with a double-line border. Below each circle is a short, thick horizontal teal bar. The pattern is consistent across the top and bottom sections of the page.

CORPORATE BODIES

Corporate Bodies



BOARD OF DIRECTORS

CHAIRMAN

Gabriele Perris Magnetto

MANAGING DIRECTOR

Gabriele Perris Magnetto

DIRECTORS

Giandionigi Ghislanzoni

Cesare Alessandro Viganò

Vijay Goyal

Alain Marie Legrix de la Salle

José Manuel Arias García



BOARD OF AUDITORS

CHAIRMAN

Mauro Messi

STATUTORY AUDITORS

Maria Venturini

Colin Shearer Johnston

SUBSTITUTE AUDITORS

Alessandra Odorisio

Luca Longobardi



AUDIT COMPANY

Deloitte & Touche S.p.A.





MANAGEMENT REPORT

Management Report

The financial year that ended on 31 December 2017 reports a loss, net of tax, of € 1,555 thousand, equal to € 5,132 thousand, of which € 5,489 pertaining to the ArcelorMittal CLN Group, against revenues for sales and services rendered equal to € 769,103 thousand.

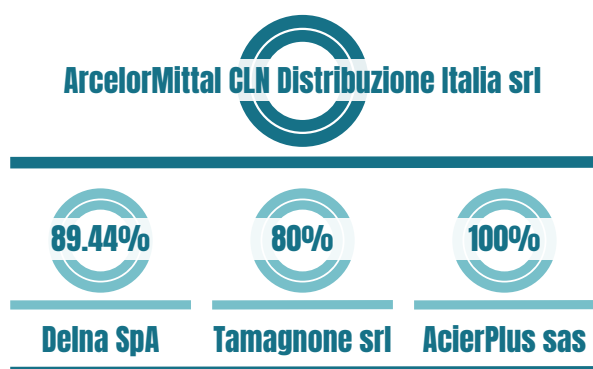
The year 2017 was the Group's third year of operation. The parent company ArcelorMittal CLN Distribuzione Italia srl was established in 2015 from the creation of a joint venture between the Italian distribution structures of the ArcelorMittal Group and of the CLN Group and is confirmed, for business volumes and market share, as one of the main players in the distribution of carbon steel in Italy.

The transaction allowed the generation of significant cost synergies, which will be completed in compliance with the business plan forecasts at the basis of the joint venture agreement, also in relation to the new acquisitions that took place during 2017.

The ArcelorMittal CLN Group operates in the following different businesses:

- Steel Distribution Service Centers (ArcelorMittal CLN Distribuzione Italia srl);
- Production of steel semi-finished products for industry (AcierPlus sas);
- Pickling (Delna SpA);
- Transport and direct and indirect storage service (Tamagnone srl).

The following graph shows the Group's legal structure as at 31 December 2017.



We believe that, in order to better understand the results achieved by the Group in 2017, a brief summary of the market in which it operates is appropriate.

THE STEEL MARKET

In 2017 world steel production reached almost 1.7 billion tons, with an increase of over 5.3% compared to the previous year (WSA data).

Chinese production is still growing, reaching 831.7 million tons, with a positive variation of 5.7% compared to the previous year and with a share of world production close to 50%.

In Europe (EU-28), production grew by 4.1% compared to the previous year and reached 168.7 million tons, with a share of total world output that fell below 10%.

Italy grew by 2.9% and returned above 24 million tons produced (23.4 million tonnes in 2016). This growth is driven by the automotive sector which, again this year, recorded an increase in sales volumes of 7.9%.

In the first part of 2017 steel prices rose markedly due mainly to the increase in real demand *vis-a-vis* the expected reduction in supply linked to the imposition of countervailing duties on the main sources from Third Countries active in 2016.

Subsequently, however, the growth in availability from alternative import sources generated a change in the reference framework, with prices gradually settling.

Expectations of reductions generated a sharp contraction in apparent consumption and an important wave of destocking that characterized the entire distribution chain. These phenomena deeply affected the margins of the distribution sector, particularly in the second half of the year.



OPERATIONS ON THE SCOPE OF CONSOLIDATION AND SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the period under analysis, there were changes in the scope of consolidation of the ArcelorMittal CLN Group:

Delna S.p.A.

In 2017, the parent company ArcelorMittal CLN increased its number of shares of the subsidiary Delna S.p.A. In fact, in May 2017, it purchased 54,865 shares from MA S.r.l. with a nominal value of 1.00, for a total value of € 630,948 (€ 11.50 per share). Subsequently, in December 2017, it purchased 278,797 shares from Metalmanzoni S.r.l., with a nominal value of € 1.00, for a value of € 2,787,970 (€ 10 per share).

At the end of the financial year, the parent company ArcelorMittal CLN holds 1,788,740 shares in the subsidiary Delna S.p.A., the equivalent of 89.44% of the share capital, with a carrying value of € 25,672,121.

Metallurgica Graffignana S.r.l.

In 2016, the parent company ArcelorMittal CLN held 25% of Metallurgica Graffignana S.r.l., equal to

€ 1,242,548. During 2017, it acquired the remaining 75% of the share capital, for a value of € 3,472,500. With the deed of 22 December 2017, the subsidiary Metallurgica Graffignana S.r.l. was merged by incorporation into the parent company ArcelorMittal CLN with accounting and tax effects from 1 January 2017 and with legal effects as of 31 December 2017, without affecting the scope of consolidation with respect to the previous year. The merger by incorporation resulted in a Merger Surplus of € 167 thousand as better described in the Explanatory Note.

Sale of the Civate unit

With the deed of 22 December 2017, the sale of the re-rolling unit of Civate, owned by the parent company ArcelorMittal CLN, to Itla Bonaiti S.r.l. was formalized with effect from 31 December 2017.

The sale price, equal to € 8,064 thousand was determined on the basis of an independent appraisal of the data as at 31 August 2017, which gave rise to a capital gain on the sale of € 3.9 million.

ECONOMIC AND FINANCIAL PERFORMANCE

The 2017 financial year closed with a turnover of € 790 million and an EBITDA of € 21 million.

RECLASSIFIED PROFIT AND LOSS STATEMENT OF ARCELORMITTAL CLN GROUP

(€/000)	31/12/2017	31/12/2016
TURNOVER	790,081	611,280
Gross operating margin (EBITDA)	21,159	27,480
% turnover	2.68%	4.50%
Operating Earnings (EBIT)	1,481	9,462
% turnover	0.19%	1.55%
Net financial income	(4,972)	(3,934)
Value adjustments	(84)	-
Pre-tax result (EBT)	(3,491)	5,528
% turnover	-0.44%	0.90%
Income taxes	(1,557)	(4,973)
Net Profit for the Group and Third Parties (EAT)	(5,048)	555
% turnover	-0.64%	0.09%

RECLASSIFIED BALANCE SHEET OF ARCELORMITTAL CLN GROUP

(€/000)	31/12/2017	31/12/2016
Net trade receivables	117,465	90,324
(Net trade payables)	(190,744)	(184,373)
Closing stock	139,020	145,381
Other current assets (liabilities)	10,619	(11,700)
NET WORKING CAPITAL	76,359	39,632
Net Tangible Fixed Assets	102,703	98,680
Net Intangible Fixed Assets	34,733	39,159
Equity investments and non-current receivables	110	1,248
Reserves	(11,078)	(11,613)
Deferred tax assets/(liabilities)	(3,546)	(3,308)
NET INVESTED CAPITAL	199,280	163,798
SHAREHOLDER'S EQUITY	61,064	69,573
Minority interests	2,168	6,007
Group shareholder's equity	58,897	63,565
(Liquid assets)	(12,875)	(11,461)
(Investment securities)	(7,126)	(7,131)
Short-term loans	136,879	100,914
Long-term loans	21,338	11,902
NET FINANCIAL DEBT	138,216	94,225
BORROWINGS	199,280	163,798

MAIN INCOME AND CASH FLOW INDICATORS

The main income indicator for the ArcelorMittal CLN Group is represented by the EBITDA, whereas the main cash flow indicator is represented by the Net Financial Debt (as explained in the reclassified income and equity statements shown above).

Other relevant indicators regarding income and cash flow are provided below.

ROE - Return On Equity (Net profit/net equity)

It shows in summary corporate profitability, meant as the remuneration of equity invested by shareholders.

	Year 2017	Year 2016
ROE	-8.27%	0.80%

ROI - Return On Investment (EBIT/Net Invested Capital)

It shows in summary the company's characteristic turnover, therefore excluding the financial and extraordinary component, with respect to the net invested capital.

	Year 2017	Year 2016
ROI	0.74%	5.78%

ROS- Return On Sales (EBIT/Revenues from Sales)

It shows in summary the capability of sales to produce income.

	Year 2017	Year 2016
ROS	0.19%	1.55%

Equity/Invested Capital

It shows the ratio between Shareholder's Equity and Invested Capital.

	Year 2017	Year 2016
Equity/Cap. Inv.	29.55%	38.9%



Current assets to current liabilities ratio

It shows the capacity of Current Assets (trade debtors, short-term investments and liquid assets) to cover the Current Liabilities (trade creditors and financial liabilities).

	Year 2017	Year 2016
Current Assets / Current Liabilities	0.89	0.64

Although the indicator is below 1, we do not, however, perceive a situation of tension as the level of stock realizability is high and transformation times are short.

Index of cover of the capital assets

It shows the portion of non-current capital funded by Equity.

	Year 2017	Year 2016
Equity/ Fixed Assets	42.82%	45.70%

The "Other securities" classified among the "Long-term investments" were excluded when determining this ratio, in accordance with the approach explained previously in the comment on the Current assets to current liabilities ratio.

The profitability of the ArcelorMittal CLN Group, with the international IFRS principles, would result in a change in the above indexes, as follows:

ROE - Return On Equity (Net profit/net equity)

It shows in summary corporate profitability, meant as the remuneration of equity invested by shareholders.

	Year 2017	Year 2016
ROE	17.47%	18.04%

ROI - Return On Investment (EBIT/Net Invested Capital)

It shows in summary the company's characteristic turnover, therefore excluding the financial and extraordinary component, with respect to the net invested capital.

	Year 2017	Year 2016
ROI	12.26%	14.67%

ROS- Return On Sales (EBIT/Revenues from Sales)

It shows in summary the capability of sales to produce income.

	Year 2017	Year 2016
ROS	3.57%	4.13%

Equity/Invested Capital

It shows the ratio between Shareholder's Equity and Invested Capital.

	Year 2017	Year 2016
Equity / Invested Capital	37.72%	40.97%

Current assets to current liabilities ratio

It shows the capacity of Current Assets (trade debtors, short-term investments and liquid assets) to cover the Current Liabilities (trade creditors and financial liabilities).

	Year 2017	Year 2016
Current Assets/ Current Liabilities	0.96	0.65

Although the indicator is below 1, we do not, however, perceive a situation of tension as the level of stock realizability is high and transformation times are short.

Index of cover of the capital assets

It shows the portion of non-current capital funded by Equity.

	Year 2017	Year 2016
Equity/Fixed Assets	57.64%	47.51%

The "Other securities" classified among the "Long-term investments" were excluded when determining this ratio, in accordance with the approach explained previously in the comment on the Current assets to current liabilities ratio.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS SUBJECT

RISKS OF A FINANCIAL NATURE

The ArcelorMittal CLN Group is exposed to risks of a financial nature related to its operations; these are constantly monitored in order to mitigate the effects thereof:

- *Credit risk*, in relation to normal trade relations with clients and loan activities;
- *Liquidity risk*, with particular reference to the availability of financial resources and access to the credit market;
- *Interest rate risks*, because the parent company ArcelorMittal CLN is potentially exposed to the variability of interest rates.

CREDIT RISK

The greatest theoretical exposure to credit risk for the ArcelorMittal CLN Group as at 31 December 2017 is represented by the book value of the receivables shown in the financial statements.

The Group adopts specific business policies aimed at monitoring its clients' solvency and disposes of receivables with factoring companies and securitization companies on the basis of agreements without recourse, thereby transferring the related risk.

The Group has chosen to insure its credits through *ad hoc* companies, while adopting internal commercial policies aimed at monitoring the solvency of its customers, in addition to specific provisions in the presence of an objective condition of partial or total non-recoverability not guaranteed by the insurance.

LIQUIDITY RISK

The main factors affecting the situation regarding liquidity of the ArcelorMittal CLN Group are partly the resources generated and absorbed by operational management and partly those used in investments made for development and the debt service. The Group constantly monitors the performance of liquid assets, financial flows (final and expected) and of the lines available through cash account reports. In particular, as of 31 December 2017, the liquid assets (including restricted securities in the portfolio) amount to € 12,875,236, whereas payables owed to banks

within twelve months amount to € 130,821,212 and those after more than twelve months amount to € 19,229,206.

INTEREST RATE RISK

The ArcelorMittal CLN Group performs on a recurring basis invoices/cash order prepayments subject to collection as a result of its commercial activity and also resorts to other forms of financing, both short (import/export financing) and medium and long-term normally with variable interest rates.

Variations in the levels of market interest rates therefore affect the level of the net financial charges.

BUSINESS RISKS

The Group is exposed to certain risks related to its supply and outlet markets, and mainly:

- the price of steel: in particular volatility, which produces significant and sudden changes in the price of the raw material, can create exposure to the risk of failing to promptly reverse these dynamics on the end customers. One must remember, in particular, that while the price of steel proves to be strongly influenced by "global" dynamics (cost of iron mineral, scrap, carbon and the demand of steel in emerging markets), the end demand for processed steel is strongly influenced by "local" dynamics of consumption and existing competition;
- risks associated with the trend in consumption within the main end sectors of use, such as construction, the automotive and electrical appliance sectors, which are correlated to the uncertainty of the macroeconomic framework, such as the increase and decrease of the gross national product, the level of consumer loyalty and that of companies, trend in interests rates for consumer credit and in the Euro/Dollar exchange rate, factors which are always defining in the dynamics of the purchase of long-lasting goods.



ENVIRONMENT AND SAFETY

The Group carries out its business in compliance with the provisions in force concerning the protection of the environment with reference to the sectors it belongs to. In particular, we point out that the activity carried out, due both to the materials treated for energy consumption and produced waste, can be considered as of low environmental impact.

As for the REACH legislation, based on the European EC Regulation no. 1907/2006 (introduction of a registration, evaluation and authorization system for the chemical substances circulating in the European Union), the ArcelorMittal CLN Group is positioned with the parent company ArcelorMittal CLN as a "Downstream user" as it does not purchase, use or import regulated chemical substances for its manufacturing processes; the subsidiary Delna, on the other hand, produces waste chemicals during the pickling phase that are sold on the market.

For these products, the chemical components were registered on the basis of REACH legislation in order to obtain the necessary documentation and authorization to sell them. Therefore, the Group periodically requests the REACH declarations of conformity from its suppliers and monitors the updates of the Candidate List (list issued by the ECHA of banned substances), records new chemical compounds produced, and sends the aforementioned declarations to customers in order to carry out its business in compliance with the provisions in force concerning the protection of the environment and health and safety in the workplace.

As far as the environment is concerned, it is emphasized that the business is aimed at protecting the environment and health, with regard to energy consumption, emissions and waste produced.

No environmental damage occurred during the financial year and no penalties were imposed on the Group in this context.

During 2017, work was done in order to create a homogeneity of safety objectives and methodologies in order to achieve the main goal of "zero accidents" by following these trajectories:

- Guarantee the protection of health and prevention or risks in observance of the normative in force;
- Identify the appropriate measures of prevention and protection in order to reduce the risk of

events entailing injuries as much as possible;

- Provide corporate management with an efficient and effective management system allowing the permanent identification and management of emerging problems as well as an orderly flow of information capable of adequately supporting decision-making and operational responsibilities;
- Increase the involvement, motivation and awareness of personnel;
- Increase efficiency and performance with a view to continuous improvement;
- Improve its internal and external image, therefore have greater reliability with regard to clients, suppliers and supervisory entities/authorities;
- Progressively reduce the costs of health and safety at the workplace.

In addition, the Safety Policy adopted and disseminated by the ArcelorMittal CLN Group states that the protection of Health and Safety is to be considered a priority and a precise responsibility of the entire corporate hierarchy as well as a constant commitment to be applied in all activities. The objective of the Group is to reduce and prevent accidents and occupational illnesses.

Such principles are realized by means of identifying annual objectives of reduction — constant and gradual — in injuries and the related indicators compared to the previous year until reaching zero accidents.

In this regard, it should be noted that, in 2017, six facilities out of a total of twelve owned by the parent company ArcelorMittal CLN have met or confirmed the "zero accidents" target. The subsidiary Delna recorded only one mishap, while the subsidiary Tamagnone went from one injury in 2016 to three in the course of the year 2017.

Although these can be considered satisfactory results, it will be necessary to continue working on the behavioral aspect which is currently the most significant added value in tackling the issue of safety and health in the various facilities. Indeed, the involvement of employees and, in particular, supervisors (the link between corporate management and workers), represents a direct channel so that environment and safety are not abstract arguments,

but become something real, concrete and tangible also, and, above all on the part of the supervisors. Only in this way shall it be possible for the latter to believe in the project and become a fundamental and essential part thereof in order to reduce the risk of injuries to zero.

The instruments used to be able to reach the set objectives on the matter of health and safety are:

1. Training for personnel which must be specific, periodic and effective;
2. An analysis of injuries required for identifying the root causes of the event;
3. An analysis of incidents and near-misses in order to reduce opportunities for injury;
4. An assessment of the risks per single activity;
5. Safety inspections in order to monitor the correct application of rules and procedures;
6. A safety audit to establish new prompts for improvement;
7. Suggestions from employees so that supervisors become proactively involved in the matter of safety.

The commitment of the Management of the ArcelorMittal CLN Group to reach and maintain the results is also expressed by means of a continuous improvement and identification of new instruments to be adopted and applied.

In this regard, we point out that the parent company ArcelorMittal CLN is OHSAS 18001 certified and, in the course of the year 2017, the aforementioned certification was also extended to the Fontanellato site; while the subsidiary Delna has started the ISO 14001 certification process which will conclude near the end of 2018.

Furthermore, in 2017 the parent company ArcelorMittal CLN spontaneously proceeded with the removal and replacement of the roof of the Osimo plant which, although it did not pose a direct threat to workers, contained asbestos fibers.



RELATIONS WITH ASSOCIATED COMPANIES

Relations between the Group companies are governed under market conditions.

A summary table is shown below which highlights financial relations which took place during the year between the Group and the associated companies:

TRADE RECEIVABLES

(€)	31/12/2017	31/12/2016	Variation
ALMASIDER DOO	-	303,772	(303,772)
ARCELORMITTAL ATLANTIQUE & LORRAINE	7,131	13,234	(6,103)
ARCELORMITTAL BREMEN GMBH	36,912	14,909	22,003
ARCELORMITTAL CENTRES DE SERVICES	117,754	346,616	(228,862)
ARCELORMITTAL COMMERCIAL ITALY S.R.L.	4,773	-	4,773
ARCELORMITTAL DISTRIBUTION	4,763	921	3,842
ARCELORMITTAL ESPAÑA S.A.	3,714	-	3,714
ARCELORMITTAL LOGISTIC ITALIA SRL	539,273	463,884	75,389
ARCELORMITTAL MEDITERRANEE	32,653	37,915	(5,262)
CTL S.r.l.	621,179	498,888	122,291
C.L.N. SERBIA D.O.O.	370,665	338,144	32,521
C.L.N. SLOVAKIA S.R.O.	572,711	1,104,752	(532,041)
CELLINO S.r.l.	1,537,300	706,138	831,162
CELMAC S.r.l.	(10,049)	865,100	(875,149)
C.L.N. COILS LAMIERE NASTRI S.P.A.	228	-	228
CLN POLSKA SP. Z.O.O.	-	167	(167)
DELFO POLSKA S.A.	50,000	-	50,000
DP METAL PROCESSING POLSKA	236,764	183,876	52,888
EMARC S.P.A.	25,941	25,419	522
EUROSTAMP S.A.S.	38,850	78,640	(39,790)
FaM-MA S.A.	(1,572)	3,802	(5,374)
GIANETTI RUOTE S.r.l.	5,848,977	5,169,168	679,809
IMMOBILIARE GRASSOBBIO S.R.L.	-	1,071	(1,071)
INTEK CM S.R.L.	-	62,825	(62,825)
ITLA BONAITI S.R.L.	11,157,750	878,915	10,278,835
JBM MA AUTOMOTIVE	32,249	32,249	-
LIMA S.p.A.	45,088	45,088	-
MA AUTOMOTIVE DEUTSCHLAND	36,833	52,154	(15,321)
MA AUTOMOTIVE SOUTH	6,203	6,203	-
MA FRANCE	5,098	1,525	3,573
MA S.r.l.	11,858,239	6,312,155	5,546,084
MFB S.r.l.	-	1,272,899	(1,272,899)
MG S.r.l.	-	4,296	(4,296)
MW AFTERMARKET SRL	143,635	12,824	130,811
MW ITALIA S.r.l.	869,319	1,001,382	(132,063)
MW ROMANIA SA	-	50,340	(50,340)

(continues)

(follows)

MW WHEELS SA (PTY)	2,000	2,000	-
NICHELINO IMMOBILIARE S.R.L.	140,944	159,032	(18,088)
OMV S.p.A.	10,949	1,031,844	(1,020,895)
P.M.C. AUTOMOTIVE MELFI S.R.L.	59,024	-	59,024
PMC AUTOMOTIVE ITALIA S.r.l.	220,516	135,550	84,966
PROMA POLAND SP Z.O.O.	1,857	-	1,857
RIZZATO NASTRI ACCIAIO S.p.A.	8,118	8,118	-
SOLUSTIL LA BOISSE	898,367	-	898,367
UM CORPORATION S.A.S.	34,631	-	34,631
Total due from associated companies	35,568,787	21,225,815	14,342,972

TRADE PAYABLES

(€)	31/12/2017	31/12/2016	Variation
APERAM STAINLESS ITALY S.r.l.	5,676	55,929	(50,253)
APERAM STAINLESS SERVICES	84,495	30,686	53,809
ARCELORMITTAL CENTRE DE SERVICE	46,304	3,114	43,190
ARCELORMITTAL COMMERCIAL ITALY	88,810,175	78,392,796	10,417,379
ARCELORMITTAL EUROPE	11,978	30,193	(18,215)
ARCELORMITTAL FLAT CARBON EUROPE	29,566,536	36,250,444	(6,683,908)
ARCELORMITTAL LOGISTIC ITALIA SRL	792,098	852,831	(60,733)
ARCELORMITTAL PIOMBINO SPA	6,989	7,223	(234)
C.L.N. COILS LAMIERE NASTRI S.P.A.	219	-	219
CLT S.r.l.	109,022	13,267	95,755
DPMP TYCHY	53,605	-	53,605
EUROSTAMP S.A.S.	-	48,953	(48,953)
ITLA S.r.l.	386,508	1,524,709	(1,138,201)
LIMA S.p.A	10,744	10,744	-
MA S.r.l.	89,888	9,760	80,128
MFB S.r.l.	-	23,413	(23,413)
MW France	69,025	69,025	-
MW ITALIA S.r.l.	33,638	-	33,638
NICHELINO IMMOBILIARE SRL	17,080	76,860	(59,780)
UM CORPORATION S.A.S.	-	42,650	(42,650)
Total payables to related companies	120,093,980	117,442,597	2,651,383



RESEARCH AND DEVELOPMENT ACTIVITIES

During the year the Group paid particular attention to developing innovative solutions and improving processes, with a focus on improving the quality of products and services offered and improving efficiency and productivity. The relevant balance sheet item as at 31 December 2017 has not increased.

POSSESSION OF SHARES AND FINANCIAL INSTRUMENTS

The Group has not purchased, sold or held shares or holdings of the parent companies either directly or through trust companies or third parties. On the other hand, the company ArcelorMittal CLN underwrote hedging interest rate and forward foreign exchange swaps during the year. Please refer to the Explanatory Note for details.

SIGNIFICANT EVENTS THAT OCCURRED AFTER THE CLOSE OF THE FINANCIAL YEAR

LEASE OF A BUSINESS UNIT

From 1 January 2018 the parent company ArcelorMittal CLN has leased the business unit called "Divisione di Avellino" (Avellino Division) from ArcelorMittal Piombino S.p.A., with the deed of 21 December 2017.

HOLDINGS OF SAN POLO LAMIERE S.P.A.

With the deed of 12 February 2018, the parent company ArcelorMittal CLN acquired from C.L.N. S.p.A. 100,000 shares with a nominal value of € 1.00, representing 16.67% of the share capital of San Polo Lamiere S.p.A., for the amount of € 3,500,000.

HOLDINGS OF CENTRO SERVIZI METALLI S.P.A.

On 4 April 2018, the parent company ArcelorMittal CLN purchased 42.39%, that is 3,691,960 shares with a nominal value of € 0.10, of the company Centro Servizi Metalli S.p.A., for a total value of € 369,196 at the cost of € 6,782,131. At 31 December 2017, the net assets of Centro Servizi Metalli S.p.A. amount to € 19,870,000.

JOINT VENTURE FINCANTIERI/PALESCANDOLO/ARCELORMITTAL CLN

In the first few months of 2018 a Memorandum of Understanding was signed between the parent company ArcelorMittal CLN, Palescandolo S.p.A. and Fincantieri S.p.A. which, by the end of May 2018, envisages the dismantling of the San Giorgio di Nogaro site which will be used as a Marine Service Center of the new joint venture company, Centro Servizi Navali S.p.A.

2018

BUSINESS OUTLOOK

The 2018 financial year will see the ArcelorMittal CLN Group further engaged in an optimization process aimed at compacting its commercial organization by seizing the appropriate synergies. The year will also entail the involvement in other external growth projects aimed at widening its business scope and at consolidating its market share in the distribution of flat carbon sheet metals.

Also in 2018 attention will be paid to the maintenance and renovation of production facilities, updating production levels and quality using the latest technological innovations in order to preserve the trust of business customers.

To this end interventions are foreseen in various areas, aimed at preventing disruptions associated with the age of the equipment, as well as improvements from the standpoint of worker safety and environmental protection.

The destocking phase that marked the second half of 2017 ended at the end of the year. With the beginning of 2018, the European market is seeing

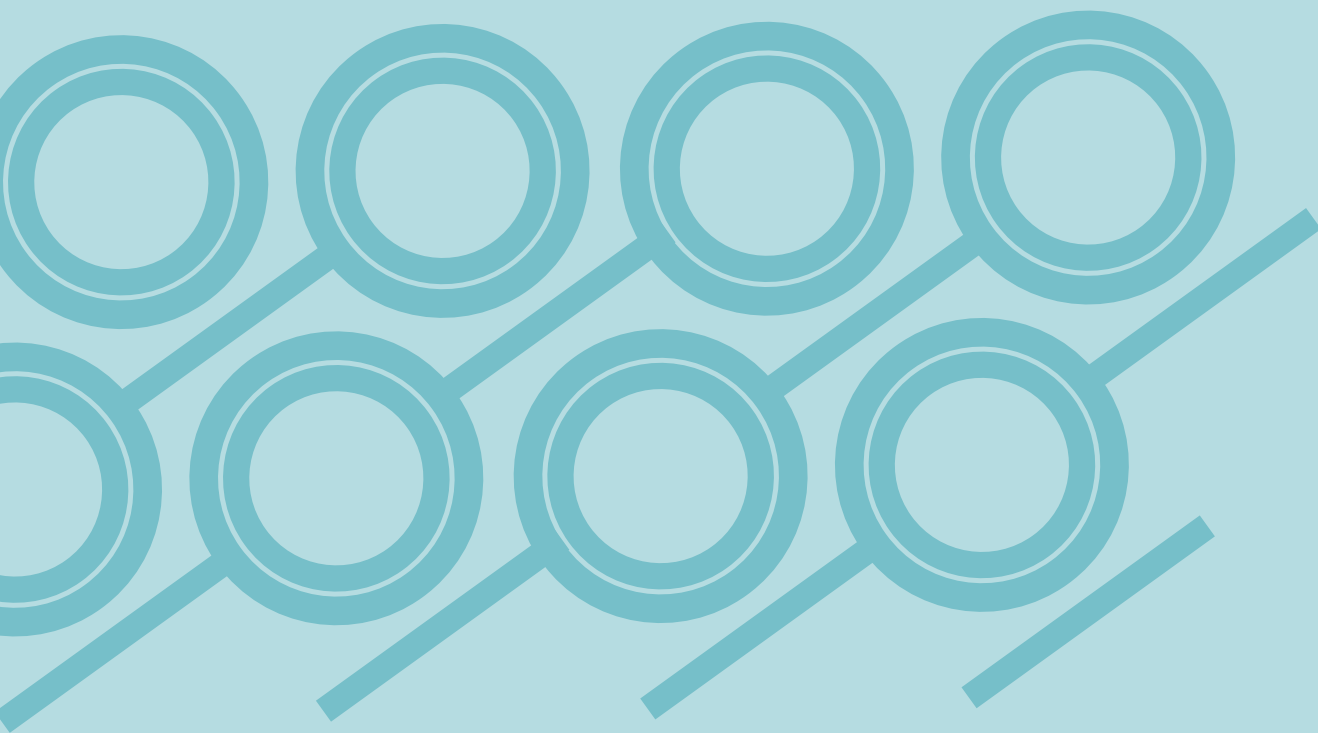
a good recovery in apparent consumption in all industrial sectors. The high coverage of the production capacities of the European steel mills and the low warehousing levels after the destocking phase of 2017 are pushing up the prices of steel through the whole distribution chain. The medium-term evolution, however, remains uncertain in light of the recent protectionist measures implemented by the United States that could direct flows of steel products coming from Third Countries to Europe and re-determine an imbalance due to excess supply.

Caselette, 11 April 2018

for the Board of Directors
The Chairman
 Gabriele Perris Magnetto



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2017



Consolidated Financial Statements for the year 2017

CONSOLIDATED BALANCE SHEET

(€)

ASSETS	31/12/2017	31/12/2016
RECEIVABLES from SHAREHOLDERS FOR PAYMENTS DUE	-	-
FIXED ASSETS		
I) Intangible fixed assets		
Start-up and expansion costs	1,439	4,570
Development costs	-	-
Industrial patents and intellectual property rights	148,056	-
Concessions, licenses, trademarks and similar rights	228,862	227,494
Goodwill	33,488,910	37,920,232
Fixed assets under construction and advances	31,239	31,239
Other	834,376	975,124
Total intangible fixed assets	34,732,882	39,158,659
II) Tangible fixed assets		
Land and buildings	53,880,133	52,443,363
Plant and machinery	40,289,398	43,200,851
Industrial and commercial equipment	888,187	556,158
Other tangible assets	1,584,976	1,482,406
Fixed assets under construction and advances	6,059,989	997,008
Total tangible fixed assets	102,702,683	98,679,786
III) Long-term investments		
Equity investments in:		
associated companies	-	1,242,548
parent companies	-	-
other companies	104,960	4,960
<i>Total long-term investments</i>	<i>104,960</i>	<i>1,247,508</i>
Receivables:		
due from associated companies	-	-
due from parent companies	-	-
due from other companies	4,559	4,559
<i>Total receivables</i>	<i>4,559</i>	<i>4,559</i>
Other securities	7,126,000	7,126,000
Own shares in treasury	-	-
Total long-term investments	7,235,519	8,378,067
Total fixed assets	144,671,083	146,216,512
CURRENT ASSETS		
I) Inventory		
Raw materials, ancillary materials and consumables	116,050,748	126,871,629
Work in progress and semi-finished goods	5,538,052	3,912,977
Goods being made to order	-	-
Finished products and goods	17,430,886	14,596,212
Advances paid	-	-
Total Inventory	139,019,686	145,380,818

(continues)



(follows)

II) Receivables		
Trade debtors		
third parties due within 12 months	81,508,858	67,840,463
related parties due within 12 months	35,568,787	21,225,814
third parties after more than 12 months	387,041	437,136
Due from associated companies		
within 12 months	-	820,553
after more than 12 months	-	-
Due from parent companies		
within 12 months	-	-
after more than 12 months	-	-
Tax credits		
within 12 months	37,740,727	16,310,040
after more than 12 months	105,208	-
Prepaid taxes		
within 12 months	1,115,994	1,133,775
after more than 12 months	-	-
Due from other companies		
within 12 months	-	-
after more than 12 months	-	-
Other debtors		
within 12 months	1,909,927	752,731
after more than 12 months	183,476	2,700
Total receivables	158,520,018	108,523,212
III) Short-term investments		
Holdings in associated companies	-	-
Holdings in parent companies	-	-
Other holdings	-	-
Active derivative financial instruments	17,322	-
Other securities	-	-
Total equity investments	17,322	-
IV) Liquid Assets		
Bank and postal deposits	12,833,455	11,425,697
Cash and cash equivalents in hand	24,459	35,226
Total liquid assets	12,857,914	11,460,923
Total current assets	310,414,940	265,364,953
ACCRUED INCOME AND PREPAID EXPENSES		
Accruals and deferrals	3,773,574	4,027,524
Total accruals and deferrals	3,773,574	4,027,524
TOTAL ASSETS	458,859,597	415,608,989

(€)

LIABILITIES	31/12/2017	31/12/2016
SHAREHOLDER'S EQUITY		
I) Share capital	60,010,000	60,010,000
II) Share premium account	-	-
III) Revaluation reserves	-	-
IV) Legal reserve	-	-
V) Reserve for own shares in treasury	-	-
VI) Statutory reserve	-	-
VII) Other reserves		
- Capital account reserve	-	-
- Consolidation reserve	3,825,341	3,172,683
- Merger surplus reserve	167,364	-
VIII) Profits (losses) carried forward	382,562	154,070
IX) Profit (loss) for the year	(5,488,551)	228,492
TOTAL SHAREHOLDER'S EQUITY for the Group	58,896,716	63,565,245
Minority interests	2,167,702	6,007,436
TOTAL SHAREHOLDER'S EQUITY	61,064,418	69,572,681
PROVISIONS FOR RISKS AND CHARGES		
Provision for pensions and similar obligations	281,164	313,424
Provisions for taxes, also deferred	4,662,291	4,441,772
Provisions for passive derivative financial instruments	101,093	-
Other provisions	4,931,146	5,217,056
Total provisions for risks and charges	9,975,694	9,972,252
EMPLOYEE SEVERANCE FUND	5,764,272	6,082,204
PAYABLES		
Debenture loans	-	-
Convertible debentures	-	-
Loans payable to shareholders	-	-
Due to banks		
within 12 months	129,391,540	100,258,112
after more than 12 months	20,658,878	11,902,173
Due to other lenders		
within 12 months	7,487,642	656,287
after more than 12 months	678,985	-
Advances paid	-	148
Trade creditors		
third parties due within 12 months	70,649,806	66,812,893
related parties due within 12 months	120,093,980	117,442,597
third parties after more than 12 months	-	-
Bills of exchange payable	-	-
Due to associated companies		
within 12 months	-	117,194
after more than 12 months	-	-
Due to parent companies		
within 12 months	-	-
after more than 12 months	-	-
Due to other companies		

(continues)



(follows)

within 12 months	-	-
after more than 12 months	-	-
Fiscal liabilities		
within 12 months	3,939,110	5,987,735
after more than 12 months	-	-
Due to welfare agencies and social security		
within 12 months	3,242,342	3,341,714
after more than 12 months	757	757
Other creditors		
within 12 months	12,923,244	11,032,455
after more than 12 months	10,809,377	12,317,346
Total payables	379,875,661	329,869,411
ACCRUED LIABILITIES AND DEFERRED INCOME		
Issue premium	-	-
Other accruals and deferrals	2,179,552	112,441
Total accruals and deferrals	2,179,552	112,441
TOTAL LIABILITIES	458,859,597	415,608,989

CONSOLIDATED PROFIT AND LOSS STATEMENT

(€)	2017	2016
A) PRODUCTION VALUE		
Revenues from sales and services	769,102,505	600,783,768
Change in closing stock: work in progress, semi-finished goods and finished products	1,440,790	2,732,165
Changes in goods being made to order	-	-
Work performed for own purposes and capitalized	-	-
Other revenues and income	19,537,875	7,764,341
Total production value	790,081,170	611,280,274
B) PRODUCTION COSTS		
Cost of raw materials, ancillary materials, consumables and goods	639,442,657	500,429,036
Cost of outside services	53,991,811	42,683,897
Use of third party assets	4,938,105	3,318,874
Employee costs		
Wages and salaries	41,849,030	32,960,557
Social charges	14,574,631	11,338,733
Employee severance indemnity	2,151,502	2,040,113
Pensions and post-retirement benefits	34,916	37,625
Other costs	2,194,047	1,739,484
Total employee costs	60,804,126	48,116,512
Depreciation, amortizations and write-downs		
Amortization of intangible assets	4,964,943	5,066,264
Depreciation of fixed assets	14,712,626	12,951,187
Other reductions in value of fixed assets	-	635,426
Write-downs against short-term receivables and liquid assets	184,384	205,543
Total amortizations and write-downs	19,861,953	18,858,420
Changes in stock: raw materials, ancillary materials, consumables and goods	7,589,286	(12,690,882)
Allocation to risk provisions	-	-
Other provisions	697,815	-
Other management expenses	1,274,073	1,102,235
Total production costs	788,599,826	601,818,092
Difference between production value and production costs	1,481,344	9,462,182
C) FINANCIAL INCOME AND CHARGES		
Income from equity investments:		
associated companies	14	14
parent companies	-	-
other companies	-	-
Total income from equity investments	14	14
Other financial income:		
- income from long term receivables		
associated companies	-	-
parent companies	-	-
other companies	17,692	1,239
Total income from long-term receivables	17,692	1,239
- income from securities held on a long-term basis	-	-
- income from securities entered under current assets	-	-

(continues)



(follows)

- other financial income not included above:		
interests and commissions from associated companies	-	-
interests and commissions from parent companies	-	-
interests and commissions from other companies and miscellaneous income	36,217	28,239
Total other financial income not included above	36,217	28,239
Total other financial income	53,909	29,478
Interest payable and other financial charges:		
associated companies	-	-
parent companies	-	-
other Group companies	-	-
other companies	5,027,025	3,963,385
Total interest payable and other financial charges	5,027,025	3,963,385
Gains and losses on exchange rates	641	144
Total financial income and charges	(4,972,461)	(3,933,749)
D) VALUE ADJUSTMENTS TO INVESTMENTS		
Revaluations:		
of equity investments	-	-
of long-term investments	-	-
of long-term investments	-	-
of securities entered under current assets	-	-
of derivative financial instruments	17,322	-
Total revaluations	17,322	-
Write-downs:		
of equity investments	-	-
of long-term investments	-	-
of securities entered under current assets	-	-
of derivative financial instruments	101,093	-
Total write-downs	(101,093)	-
Total adjustments made to the value of investments	(83,771)	-
PRE-TAX RESULT	(3,574,887)	5,528,433
Current taxes	1,974,035	4,312,537
Prepaid and deferred taxes	(416,783)	660,441
Income tax for the year	1,557,252	4,972,978
PROFIT (LOSS) OF THE GROUP AND THIRD PARTIES FOR THE PERIOD	(5,132,139)	555,455
Profit (loss) attributable to minority interests	356,412	326,963
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE GROUP	(5,488,551)	228,492

FINANCIAL STATEMENT CHART

(€)	2017	2016
Financial flow from operating activities (indirect method)		
Profits (losses) for the year	(5,132,139)	555,455
Income taxes	1,557,252	4,972,977
Interest paid/(interest earned)	4,972,475	3,759,489
(Dividends)	(14)	-
(Gains)/losses arising from the sale of assets	(4,320,371)	(883,411)
Profit (loss) for the financial year before income taxes, interest, dividends and gains/losses on sales	(2,922,797)	8,404,510
<i>Adjustments for non-monetary items that did not have a contra-entry in the net working capital</i>		
Provisions	2,879,986	2,243,694
Amortizations of fixed assets	19,677,569	18,017,451
Write-downs for impairment	-	635,426
Other increase (decrease) adjustments for monetary items	83,771	-
Other increase (decrease) adjustments for non-monetary items	2	-
Financial flow before changes in the net working capital	19,718,531	29,301,081
<i>Changes in net working capital</i>		
Decrease/(increase) in stock	6,361,132	(15,657,030)
Decrease/(increase) in receivables from clients	(26,929,183)	5,947,186
Increase/(decrease) in trade payables	4,791,181	34,219,924
Decrease/(increase) in accrued income and prepaid expenses	10,362	3,207
Other changes in net working capital	(18,692,850)	(21,867,234)
Financial flow after changes in the net working capital		
<i>Other adjustments</i>		
Interest received/(paid)	(4,081,712)	(3,761,575)
(Income taxes paid)	(3,341,113)	(3,530,546)
Dividends received	14	-
(Use of provisions)	(3,093,172)	(2,406,596)
Other receipts/payments	-	-
Operating financial flow (A)	(25,256,810)	22,248,417
Financial flows deriving from investments		
Purchase price of the controlling shares of Metallurgica Graffignana net of initial liquidity	(1,451,349)	-
<i>Tangible Fixed Assets</i>		
Investments	(15,062,561)	(10,054,814)
Disinvestments	1,936,866	2,008,133
<i>Intangible Fixed Assets</i>		
Investments	(488,693)	(2,065,023)
Disinvestments	7,216	-
<i>Long-term investments</i>		
Investments	(1,485,285)	(1,585,862)
Disinvestments	-	-
Non-fixed financial assets	-	-
Investments	-	-
Disinvestments	-	-
Investing financial flow (B)	(16,543,807)	(11,697,566)

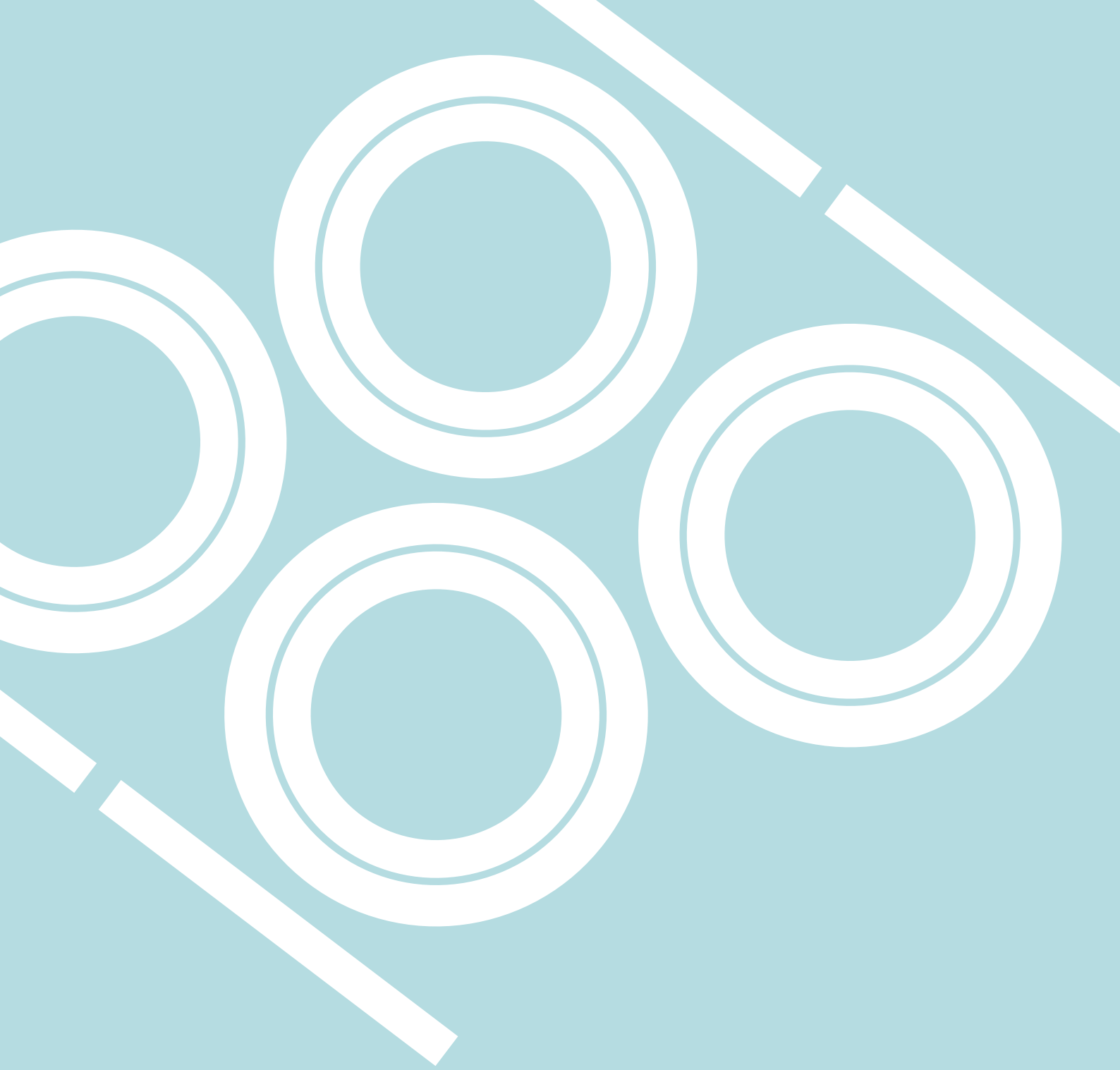
(continues)



(follows)

Financial flows deriving from financing activities		
<i>Third party means</i>		
Increase (decrease) of payables to banks	38,847,647	(3,186,085)
Increase (decrease) of payables to other lenders	4,460,225	-
(Increase)/decrease of intragroup financial receivables	-	(548,306)
Increase/(decrease) of intragroup financial payables	-	-
<i>Own means</i>		
Paid increase in capital	-	-
(Capital repayment)	-	-
Sale (purchase) of own shares	-	-
(Dividends (and dividend advances) paid)	(110,263)	(75,740)
Financial flow from financing activities (C)	43,197,608	(3,810,131)
Increase (decrease) in liquid assets (A ± B ± C)	1,396,992	6,740,720
Liquid assets at the beginning of the financial year	11,460,923	4,720,203
of which:		
bank and postal deposits	11,425,697	4,703,368
cash and cash equivalents in hand	35,226	16,835
Liquid assets at the end of the financial year	12,857,914	11,460,923
of which:		
bank and postal deposits	12,833,455	11,425,697
cash and cash equivalents in hand	24,459	35,226

* The financial statement for the previous year has been reclassified according to the OIC 10 framework



NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note to the Consolidated Financial Statements

MAIN BUSINESSES

ArcelorMittal CLN Distribuzione Italia srl is a legal entity under Italian law and with its subsidiaries ("the Group") works along different business lines: steel service centers (pre-processing of steel coils and sheet metal processing in general); transport service; direct and indirect warehousing management; steel pickling and cutting; and production of semi-finished steel products for industry.

Operations performed with related parties fall within the routine activities of the Group companies and are mainly of a commercial nature. Such operations are governed under market conditions.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements comply with the provisions of Articles 2423 et seq. of the Italian Civil Code as shown in these notes to the Consolidated Financial Statements drawn up in accordance with Article 2427 of the Civil Code, which constitutes, pursuant to Article 2423, an integral part of the Consolidated Financial Statements.

They have been applied according to the prudence principle and a perspective of continuing the business activities, considering the economic function of the observed assets or liabilities.

The Consolidated Financial Statements include the balance sheet, the profit and loss statement, the cash flow statement (prepared in accordance with the frameworks referred to in Articles 2424, 2424 bis, 2425 and 2425 bis and 2425 ter of the Civil Code) and of this explanatory note.

The significant events, which took place after the year closed, explained in the Management Report, form an integral part of these explanatory notes.

The Consolidated Financial Statements have been prepared by applying the line-by-line consolidation method to the financial statements of ArcelorMittal

CLN Distribuzione Italia srl, the parent company, and to those of Italian and foreign companies where it directly or indirectly holds the majority of voting rights and where it exercises unilateral control.

Group companies, their legal names, locations, corporate purpose, share capital and direct and indirect holding percentages are listed as an attachment to these notes to the Financial Statements.

The financial statements being consolidated refer to the same date of closure of the parent company. We specify that we did not proceed with derogations pursuant to paragraph 4 of Art. 2423 of the Civil Code in these financial statements.

The amounts indicated in the financial statements and the explanatory notes are all expressed in Euros, unless indicated otherwise.

Principles of consolidation

The Consolidated Financial Statements were drafted including the financial statements as of 31 December 2017 of the Group companies included in the area of consolidation that had been drawn up by the Boards of Directors for approval by the individual Shareholder's Meetings, duly amended where necessary, in order to standardize them to the accounting principles adopted by the parent company.

All the subsidiary companies included in the area of consolidation are consolidated using the global integration method, as from acquisition of control and summarized thus:

- a. Assumption of the assets, liabilities, costs and revenues at their comprehensive total amount, regardless of the entity of the shareholding and attributing, in general, to minority Shareholders the portion of equity and net profit for the period due to them under dedicated entries.
- b. The difference emerging from the act of acquisition from the elimination of the book value of the holding in an enterprise included in the area of consolidation against the corresponding portion of equity is imputed, where possible, to the elements of the assets and liabilities of such enterprise.

Any remaining amounts is treated as follows:

- if positive, it is recorded under the item “*Goodwill*” of intangible fixed assets and is amortized on a straight-line basis in relation to its expected recoverability;
- if negative it is entered under an item of the Shareholder’s equity as “*Consolidation reserve*”, or, when due to expected unfavorable operating results, under an item called “*Consolidation provision for future risks and charges*”.

- c. Elimination of receivables and payables, as well as costs and revenues between the consolidated companies.

Eliminated, moreover, were:

- Capital gains deriving from transfers of fixed assets among consolidated companies;
- Profits, where significant, deriving from transactions between consolidated companies related to transfers of assets remaining as inventories at the buying company, where deemed significant.

ACCOUNTING PRINCIPLES

The criteria set out in Article 2426 of the Italian Civil Code used in the preparation and evaluation of the financial statements as at 31 December 2017 are similar to those used for the financial statements for the previous year. In fact, they take into account the innovations introduced into national law by Legislative Decree no. 139/2015, which implements the Directive 2013/34/EU that modified the content of Articles 2423 et seq. of the Italian Civil Code and which have been applied starting from the financial statements of the financial year starting on 1 January 2016. The provisions of the Civil Code are interpreted by the accounting standards published by the Italian Accounting Body (OIC).

No exceptional events occurred which made it necessary to resort to exemptions pursuant to Articles 2423 bis, second paragraph and 2423, fifth paragraph of the Civil Code.

The amounts are expressed in Euros, unless otherwise indicated.

Intangible Fixed Assets

Intangible fixed assets are entered at purchase cost.

The cost includes accessory charges and direct and indirect costs for the portion that can be reasonably attributed to the asset. In all cases the sustained cost, as defined above, does not exceed the recoverable value.

The values are shown net of the amortizations allocated in the various financial years. Amortization starts from the financial year when the asset becomes available for use or when it begins to produce economic benefits.

The item “*Goodwill*” includes the sums paid for this purpose with reference to the acquisition of companies or other corporate transactions and is amortized according to its useful life. Useful life is estimated at the time of initial recognition of the goodwill and is not changed in subsequent financial years. If it is not possible to estimate its useful life, the goodwill is amortized over a period of ten years.

At each financial statements closing, the presence of indicators of loss of value of intangible fixed assets is assessed. If these indicators emerge, a reduction of value is carried out (impairment test). If the net book value of the fixed assets exceeds the recoverable value, they are written down to reflect the latter.

The recoverable amount of intangible fixed assets was determined as the greater between the use value calculated by discounting future cash flows, and the fair value.

In determining the recoverable value of intangible fixed assets, the following parameters were considered:

- time horizon of five years as a reference for the analytical estimate of future cash flows (arising from the most recent business plan approved by the Board of Directors);
- a growth rate of 1.4% determined on the basis of the expected long-term inflation rate in Italy;
- a 7.1% cash flow discounting rate, determined on the basis of an unlevered approach in line with the method for calculating cash flows, using specific parameters of the company/reference country (Italy).

Accessory costs related to financing

The company applies the amortized cost criterion exclusively to payables that arose in 2016 onwards and therefore the costs relating to previous loans



continue to be recorded under the item "Others" of intangible fixed assets and amortized in accordance with the previous accounting standard, without prejudice to the exemptions specified in the paragraph "Payables".

Tangible Fixed Assets

Tangible fixed assets are recorded at the cost of purchase or production. Furthermore, some assets were revalued following their transfer based on values certified by independent third party experts. The company ArcelorMittal CLN has recorded (subject to the limits established by the Law) revaluations with a contra-entry to the goodwill deriving from the initial transfer.

The tangible fixed assets whose use is limited in time are systematically depreciated each year based on economic-technical rates determined in relation to the residual possibilities of use of the assets, with the exception of those whose usefulness does not end and that consist of land already existing as of 31 March 2015. If the value of buildings also incorporates the value of the land on which they are located, the value of the building has been separated.

For fixed assets that became operational during the financial year, the rates are reduced to 50%, assuming that the purchases are homogeneously distributed over the year.

If, regardless of the already recorded depreciation, there is a permanent loss in value, the fixed asset is correspondingly devalued; if in subsequent financial years the conditions for the write-down no longer apply, the original value is reinstated within the limits of the value that the asset would have had if the value adjustment had never taken place.

Ordinary maintenance costs are fully charged to the profit and loss statement, while those of an incremental nature are attributed to the assets to which they refer and amortized in relation to the residual possibility of using them. Notwithstanding generally accepted accounting principles, where:

- permitted by special laws;
- deemed appropriate in order to provide a more truthful and correct representation of the values of land, buildings, plants and machinery,

and as previously clarified, ArcelorMittal CLN has recorded (subject to the limits established by law) revaluations following the initial transfer. The revaluation amounts do not, in any case, exceed the recoverable values. The partial allocation of the initial difference from asset transfer to revaluation was redeemed in 2016.

Leasing contracts have been recorded in the Consolidated Financial Statements according to the criteria established by the financial methodology. In particular, the capital worth of the assets, including quotas of initial fees included in the prepaid expenses in the financial statements for the year, was included in the tangible fixed assets whereas payables for lease fees as principal were included in the medium/long term financial debts. The lease fees booked in the financial statements for the year were replaced with the depreciation and write-downs of the fixed assets subject matter of the lease, with the related interest payables entered in the financial charges and the related appropriated deferred taxes.

Long-term investments

Holdings are valued using the cost method. The carrying value in the financial statements is determined based on the purchase price, or subscription price, including accessory charges or the value attributed to the assets transferred. The carrying amount of the holding, when the existence of a permanent loss in value is recognized, is reduced to its lowest recoverable value, which is determined based on the future benefits expected to flow to the holder's economy. The original value is reinstated in subsequent years if the reasons for the write-down no longer exist. Securities intended for long-term investment are classified among fixed financial assets. These securities are recorded at cost and, if necessary, written down in the event of a permanent loss in value.

Inventories

Inventories are recorded at the lesser of purchase or production cost, and the presumable net realizable value inferable from the market trend, represented by the replacement value for raw materials and the realizable value for finished products and semi-finished products.

The cost is determined according to the LIFO method in annual increments.

The difference between the inventories calculated using the LIFO method and the valuation at current costs (FIFO method) recognized at the end of the year is provided in the explanatory note.

Receivables

Pursuant to Art. 2426, paragraph 1, number 8 of the Italian Civil Code, receivables are recognized according to the amortized cost method, with the exception of receivables for which the effects of the application of the amortized cost criteria, pursuant to Art. 2423 paragraph 4 of the Italian Civil Code, are irrelevant (expiration in less than 12 months). In accordance with the materiality concept referred to in Art. 2423 paragraph 4 of the Italian Civil Code, receivables were not discounted if the interest rate deducible from the contractual terms is not significantly different from the actual interest rate. Moreover, the ‘time factor’ referred to in Art. 2426, paragraph 1, number 8 of the Italian Civil Code, was taken into consideration by discounting receivables that were due in more than 12 months in the event of a significant difference between the interest rate deducible from the contractual terms and the market interest rate.

The receivables, regardless of whether the amortized cost was applied or not, are shown in the financial statements net of the allocation to a provision to cover bad debts and the generic risk relating to the remaining receivables, based on estimates made on the basis of the past experiences, the performance of maturity indexes of overdue credits, the general economic and sector situation, as well as events that happened after the end of the financial year which have an effect on the numbers at the balance sheet date. For collateralized receivables, the effects related to the enforcement of the collateral have been taken into account, and only the portion not covered by insurance has been taken into account for insured receivables.

The Group implements disposal transactions on its trade receivables portfolio by means of securitization and factoring operations. In some cases, transfers can take place according to the “with recourse” procedure, so that the Group continues to be subjected to the risk of insolvency of the transferred debtor. In this case, the receivables are not removed from the financial statements.

Liquid assets

Liquid assets are entered at their nominal value. Any liquid assets denominated in foreign currencies are valued at the year-end exchange rate.

Accruals and Deferrals

Accruals constitute the numeric counterpart of the ascertainment of the portion of competence of costs (where owed) and revenues (where due) common to several financial years, for which, as at the date of the financial statements, the corresponding changes in monetary availability of receivables and payables have not yet been verified.

Deferrals represent the counterpart of portions of costs (where due) and revenues (where owed) common to several financial years not imputable to the net profit for the year related to the period during the course of which the corresponding monetary variation took place or that of receivables and payables. These express the value of services yet to be received or in any case usable in future financial years, where due, and the value of services yet to be carried out or for which the corresponding costs are yet to be sustained, where owed.

The adopted criteria of measurement constitute the application of the general principle of correlation of costs and revenues according to the financial year.

Provisions for risks and charges

The provisions for risks and charges are appropriated in order to cover losses or debts of certain or likely existence, the amount or date of occurrence of which, however, could not be determined upon closure of the financial year. The appropriations reflect the best possible estimate based on available elements. We report that the “provisions for taxes, also deferred” is also allocated to such item.

Employee Severance Indemnity Reserve

The employee severance indemnity reserve, appropriated by the Italian companies of the Group, is allocated in order to cover the entire liability accrued against each employee, in conformity with the legislation in force and the collective and supplementary corporate labor agreements.



As far as the Group's Italian companies are concerned, Law 27 December 2006, no. 296 (Finance Law 2007) introduced new rules for Severance Indemnity (TFR) accrued as from 1 January 2007.

By effect of the reform on supplementary pensions:

- Portions of TFR accrued up to 31 December 2006 remain in the company;
- Portions of TFR accrued starting from 1 January 2007, by choice of the employee and according to the explicit or implicit process of participation, were:
 - a. Destined to forms of supplementary pension;
 - b. Kept in the company, which proceeded to transfer the portions of TFR to the Treasury Reserve established at the National Social Welfare Institution (INPS).

At a financial level, item *"Employee severance indemnity reserve"* represents the remainder of the provision existing as of 31 December 2017; item *"Payables due to welfare agencies and social security"* shows the debt accrued as of 31 December 2017 related to the quotas of severance indemnity yet to be paid to the pension reserves and to social welfare entities.

Payables

Pursuant to Art. 2426, paragraph 1, number 8 of the Italian Civil Code, payables are identified according to the amortized cost method, with the exception of payables for which the effects of the application of the amortized cost criteria, pursuant to Art. 2423 paragraph 4 of the Italian Civil Code, are irrelevant (expiration in less than 12 months). In accordance with the materiality concept referred to in Art. 2423 paragraph 4 of the Italian Civil Code, payables were not discounted if the interest rate deductible from the contractual terms is not significantly different from the actual interest rate. Moreover, the 'time factor' referred to in Art. 2426, paragraph 1, number 8 of the Italian Civil Code, was taken into consideration by discounting payables that were expiring in more than 12 months in the event of a significant difference between the interest rate deductible from the contractual terms and the market interest rate. Payables for which the amortized cost criterion has not been applied have been entered at their nominal value. Payables arising from asset acquisitions are recorded at the time when the risks, charges and benefits were transferred; those relating to the

services are recorded at the time of performance of the service; those of a financial or other nature are recorded at the time when the obligation towards the counterparty arises.

Tax payables include deferred tax liabilities as well as withholdings that have not yet been paid at the financial statements date and, where compensation is permitted, they are entered net of advances, withholdings and tax receivables.

Recognizing revenues

Revenues are disclosed in the accounts according to the accrual principle and net of returns, discounts, allowances and bonuses. Revenues from the sale of goods are recognized at the time of change in ownership, which normally coincides with shipment, or delivery of the goods. Revenues for outside services are recognized once the service is rendered.

Recognizing costs and expenses

Costs and expenses are booked according to the accrual principle.

Interests Receivable and Payable, Income and Charges

Interests receivable and payable as well as income and charges are disclosed in the financial statements according to the accrual principle, with a calculation of the related accruals and deferrals.

Taxes

Current taxes are allocated in the financial statements according to the rates and norms in force based on a precise estimate of the taxable income for fiscal purposes, considering any exemptions or non-deductibility.

Deferred and prepaid taxes are, moreover, defined in relation to the most significant operations of consolidation and to all the temporal differences between the values of the consolidated assets and liabilities and the corresponding values that are relevant for tax purposes as found in the financial statements for the consolidated companies.

In particular, prepaid tax assets, classified in the related item, are only entered if their recovery is reasonably certain. Fiscal liabilities, classified among

the “Provisions for taxes, also deferred”, are not, instead, entered when it is very unlikely that the related debt arises.

Furthermore, as permitted by the accounting principles of reference, the tax benefit deriving from carrying tax losses forward is disclosed when there is a reasonable certainty of the existence of future taxable income in which losses can be carried forward.

Deferred and prepaid taxes are calculated by applying the tax rate in force for the periods in which the temporary differences shall be carried over.

Lastly, the Group has decided not to adhere to the national tax consolidation under Art. 117/129 of the Consolidated Income Tax Code (TUIR).

Starting from the financial year that is ending and for a three-year period, the parent company ArcelorMittal CLN has instead decided to join the national tax consolidation of the CLN Group pursuant to Art. 117/129 of the Consolidated Tax Law (CTL).

C.L.N. S.p.A. acts as the consolidating company and determines a single taxable base for the Group of companies adhering to the tax consolidation, which thus benefits from the possibility of compensating taxable income with tax losses in a single tax return.

Each company participating in the tax consolidation transfers the taxable income (taxable income or tax loss) to the consolidating company; the consolidating company recognizes a credit against it that is equal to the CIT to be paid (the consolidated company recognizes a payable toward the consolidating company). On the other hand, with regard to companies that record tax losses, the consolidating company recognizes a payable equal to the CIT on the part of the loss effectively offset at a Group level (the consolidated company recognizes a receivable from the consolidating company).

Commitment, Guarantees and Risks

The amounts of the actual risks, commitments and guarantees that were in existence at the balance sheet date are shown at the end of the explanatory note.

Other Information

Derivative financial instruments

Derivative financial instruments are classified as negotiable since, although they were stipulated for the management hedging of exchange rate risk and interest rate fluctuations risk, the formal

requirements necessary for them to be dealt with in hedge accounting were not verified, as these are non-recurring transactions for the Group. The variations of fair value are recorded in the profit and loss statement with a contra-entry to the balance sheet items “Active derivative financial instruments” or “Provisions for passive derivative financial instruments” based on the positive or negative fair value at the end of the year.

Please refer to the note “Information relating to the fair value of derivative financial instruments” for more information.

Consolidation scope

Below is a list of the subsidiaries included in the scope of consolidation.

Parent Company

Legal Name	Registered office
ArcelorMittal CLN Distribuzione Italia srl	Corso Susa 13/15, Caselette (Turin)

Subsidiaries

Legal Name	Registered office	Share capital (€)	% owned
Delna S.p.A.	Via Per Airuno 20, Brivio (Lecco)	2,000,000	89%
Tamagnone S.r.l.	Corso Susa 13/15, Caselette (Turin)	20,000	80%
AcierPlus s.a.s.	Impasse des Prairies, Z.I. Nord, Arnas (FR)	1,001	100%

Changes in the consolidation scope

In 2017, full control of the previous associate company Metallurgica Graffignana was acquired. This holding was merged by incorporation into the parent company ArcelorMittal CLN with accounting and tax effects starting from 1 January 2017.

Starting from 1 December 2016, the French subsidiary AcierPlus entered the Group consolidation scope; the 2017 Consolidated Financial Statements are the first Consolidated Financial Statements that include 12 months of the subsidiary, while in 2016 only the month of December 2016 was consolidated.



NOTES TO THE CONSOLIDATED BALANCE SHEET FOR THE FINANCIAL YEAR AT 31 DECEMBER 2017

FIXED ASSETS

Intangible Fixed Assets

Intangible fixed assets at 31 December 2016 amounted to € 39,158,659, while in 2017 this item amounted to € 34,732,881.

(€)	31/12/2017	31/12/2016
Start-up and expansion costs	1,439	4,570
Industrial patent rights and use of intellectual property	148,056	-
Concessions, licenses, trademarks and similar rights	228,862	227,494
Goodwill	33,488,910	37,920,232
Fixed assets under construction and advances	31,239	31,239
Other	834,376	975,124
Total	34,732,881	39,158,659

During the 2017 financial year, the changes in the Intangible assets are as follows:

(€)	Initial situation			Annual variations					Final situation		
	Historical cost (HC)	Cumulative amortizations	Net value	Increases	Divestiture HS	Cumulative amortizations	Amortizations	Other variations	Historical cost (HC)	Cumulative amortizations	Net value
Goodwill	46,111,423	(8,191,193)	37,920,230	-	-	-	(4,382,320)	-	46,111,423	(12,573,513)	33,543,410
Industrial patent rights and use of intellectual property	103,070	(53,370)	49,700	145,572	(12,564)	12,564	(47,216)	-	236,078	(88,022)	148,056
Concessions, licenses, trademarks and similar rights	2,456,323	(2,228,829)	227,496	86,678	(13,664)	12,534	(87,949)	3,769	2,533,106	(2,304,244)	228,862
Start-up and expansion costs	23,656	(19,086)	4,570	-	-	-	(3,131)	-	23,656	(22,217)	1,439
Multiannual costs	3,809,779	(3,094,476)	715,303	39,398	-	-	(183,355)	-	3,849,177	(3,277,831)	571,346
Other intangible	572,655	(362,534)	210,121	217,044	(141,541)	135,457	(260,972)	53,921	702,079	(488,049)	208,530
Assets under construction	31,239	-	31,239	-	-	-	-	-	31,239	-	31,239
Total	53,108,144	(13,949,488)	39,158,659	488,692	(167,769)	160,555	(4,964,943)	57,690	53,486,757	(18,753,875)	34,732,882

Goodwill at 31 December 2017, equal to € 33,488,910, relates to net goodwill recorded; in particular, it derives mainly from the transfer of the business units by CLN, AMDSI, the merger of Prorena-Canessa and Pro-Can, and from the consolidation differences determined as the difference between the value of the holding and the pro-quota net equity of the subsidiaries on the date of the first consolidation not allocated to the assets and liabilities of the acquired company. The details are shown below:

(€)	31/12/2016	Increases	Amortizations	31/12/2017
Goodwill	30,238,120	-	(3,500,155)	26,737,965
Delna	6,349,344	-	(769,618)	5,579,726
Tamagnone	1,332,766	-	(161,547)	1,171,219
Total	37,920,230	-	(4,431,320)	33,488,910

Amortization is carried out in ten-year periods from the date of first consolidation, depending on the residual possibility of use. The residual value of the "Goodwill" recorded in the financial statements is deemed to be recoverable on the basis of the Group's profitability forecasts and of the actions and programs planned for the near future.

In particular, goodwill is subjected annually to an Impairment test to verify its recoverability. In particular, the valuation carried out by the Directors of the parent company ArcelorMittal CLN took into consideration a time horizon of five years for the estimate of future cash flows based on the most recent approved multi-year plans, and used a growth rate of 1.4% determined on the basis of the expected long-term inflation rate in Italy, a 7.1% cash flow discounting rate determined on the basis of an unlevered approach in line with the method for calculating cash flows, using specific parameters of the company/reference country (Italy). These analyses gave rise to no write-downs of the goodwill recorded in the financial statements.



Tangible Fixed Assets

As of 31 December 2017, these amount to € 102,702,682 and are broken down as follows:

(€)	31/12/2017	31/12/2016
Land and buildings	53,880,133	52,443,363
Plant and machinery	40,289,398	43,200,851
Industrial and commercial equipment	888,187	556,158
Other tangible assets	1,584,976	1,482,406
Fixed assets under construction	6,059,989	997,008
Total	102,702,682	98,679,786

Details of the single items are given below:

- Land and buildings: include the properties in which the Group performs its activities.
- Plant and machinery: this item includes the production lines used in the working process.
- Industrial and commercial equipment: includes the apparatuses supporting the production process.
- Other assets: the item in questions includes electric and electronic machinery and furnishings.

During the course of 2017, the changes in Tangible fixed assets were as follows:

(€)	Initial situation			Annual variations					Final situation		
	Historical cost (HC)	Cumulative amortizations	Net value	Increases	Divestiture HS	Cumulative amortizations	Amortizations	Other variations	Historical cost (HC)	Cumulative amortizations	Net value
Land and buildings	94,566,305	(38,834,463)	55,731,842	969,971	(1,018,045)	978,545	(2,753,460)	(28,720)	94,489,511	(40,609,378)	53,880,133
Plant and machinery	242,048,771	(196,900,761)	45,148,010	6,850,389	(7,991,647)	7,521,192	(11,115,469)	835,448	240,784,436	(200,495,037)	40,289,398
Industrial and commercial equipment	6,990,688	(6,432,394)	558,294	646,896	(1,325,980)	1,259,772	(258,175)	7,380	6,318,984	(5,430,796)	888,187
Other tangible assets	11,628,891	(9,791,284)	1,837,607	455,518	(1,449,415)	1,322,904	(581,639)	-	10,634,994	(9,050,019)	1,584,975
Assets under construction	2,035,116	(990,347)	1,044,769	5,903,048	(380,046)	364,909	(3,883)	(868,808)	6,689,310	(629,321)	6,059,989
Total	357,269,771	(252,949,248)	104,320,523	14,825,821	(12,165,133)	11,447,322	(14,712,626)	(54,700)	358,917,234	(256,214,552)	102,702,682

It should be noted that purchases for the year amounted to € 14,825,821, in particular € 6,850,389 of plants and machinery involved in the following purchases:

- € 658,398 at the Monza plant of ArcelorMittal CLN for the Slitter 680 from Itla Bonaiti, the relative packaging line, the purchase of the Slitter 800 and the related foundation;
- € 628,909 for the purchase of the 1500 cutting line robot at the Delna plant;
- € 448,337 for the purchase of the blade changing robot of the Slitter 2100 at the Alpignano plant of ArcelorMittal CLN;
- € 426,021 for a crystallization plant for Delna;
- € 371,590 for the new molding business

at the Rieti site of ArcelorMittal CLN, in particular € 205,520 for the Zani press;

- The item Fixed assets under construction amounts to € 5,903,048, of which € 4,510,797 pertains to ArcelorMittal CLN assets that are not yet tested and put into production. Among the purchases of the year there are:

- € 2,638,898 for the SP 1250 leveling machine which will be tested and put into operation in 2018 at the Atella plant;
- € 1,228,000 for the SP 2000 leveling machine and SL 1800 splitter coming from the purchase of Siderurgica Modenese.

Long-term investments

Equity investments

(€)	31/12/2017	31/12/2016
In associated companies	-	1,242,548
In other companies	104,960	4,960
Total holdings	104,960	1,247,508

At 31 December 2016, the Group held a holding of Metallurgica Graffignana S.r.l.; during the financial year 2017, the parent company ArcelorMittal CLN acquired the controlling shares in the company and therefore proceeded with the merger by incorporation of it with accounting effects from 1 January 2017.

At 31 December 2017, the Group owns holdings in other companies valued at the purchase cost (all belonging to ArcelorMittal CLN) as detailed below:

OTHER COMPANIES	Valuation	31/12/2017	31/12/2016
Kyneprox S.r.l.	Cost	100,000	-
Credito Coop. Carate Brianza	Cost	1,000	1,000
Credito Coop. Castenaso	Cost	1,650	1,650
Banca di Bologna	Cost	517	517
Consorzio Alpignano Industrial	Cost	517	517
Consorzio API Formazione	Cost	52	52
C.O.N.A.I.	Cost	1,224	1,224
Centro Assistenza API	Cost	1	1
Total		104,961	4,961

The increase in the item "Other companies" is attributable to the purchase of 10% of the share capital of the company KYNEPROX S.r.l. for € 100,000.

Long-term receivables due from others

This item, equal to € 4,559 as at 31 December 2017, unchanged compared to the previous year, refers to a security deposit paid to the Province of Lecco for obtaining the license for taking water for industrial use from the river Adda through two outlets in the Municipality of Brivio and a security deposit paid in relation to an existing leasing contract, both concerning the subsidiary Delna.



Other securities

The item "Other securities", equal to € 7,126,000, did not change compared to the previous year. This item is made up of:

- € 7,061,000 related to a term deposit account.
This item is a guarantee to a credit line granted by Cariparma for the amount of € 7,000,000;
- € 65,000 related to a security deposit paid by Tamagnone to Ferrovie dello Stato for leasing the railway station at Orbassano.

CURRENT ASSETS

Inventories

(€)	31/12/2017	31/12/2016
Raw materials, ancillary materials and consumables	116,050,748	126,871,629
Work in progress and semi-finished goods	5,538,052	3,912,977
Goods being made to order	-	-
Finished products and goods	17,430,886	14,596,212
Advances paid	-	-
Total	139,019,686	145,380,818

Inventories included in the financial statements include those at the Group companies' plants and warehouses (other than those received by third parties for trial and testing purposes, goods in process and on consignment), the Group's inventories held by third parties and the goods in transit for which the Group has already acquired ownership.

The final inventory valuation has been carried out, as already indicated in the accounting principles, with

the LIFO method. If the Group had valued inventories according to the current cost criterion (FIFO method), the inventories as at 31 December 2017 would have been higher by € 27,684,946. With the application of the FIFO method, the increase in the inventories in the profit and loss statement would be of € 24,610,534 gross of taxes (in the financial statements at 31 December 2016 the increase in the profit and loss statement would have been of € 10,398,220).

Receivables

The receivables in the current assets can be analyzed as follows:

(€)	31/12/2017	31/12/2016
Trade debtors	81,895,899	68,277,599
Due from related companies	35,568,787	21,225,814
Due from associated companies	-	68,277,599
Tax credits	37,845,935	16,310,040
Prepaid taxes	1,115,994	1,133,775
Other debtors	2,093,403	755,431
Total	158,520,018	108,523,212

The balance as at 31 December 2017 is broken down according to the following deadlines:

(€)	Within 12 months	Over 12 months	Total
Due from third party trade debtors	81,508,858	387,041	81,895,899
Due from related companies	35,568,787	-	35,568,787
Tax credits	37,740,727	105,208	37,845,935
Deferred tax assets	1,115,994	-	1,115,994
Other debtors	1,909,927	183,476	2,093,403
Total receivables	157,844,293	675,725	158,520,018

The division of receivables by geographical area is as follows:

(€)	Italy	EU area	Extra-EU area	Total
Trade debtors	66,541,157	14,595,965	2,768,878	83,906,000
Receivables due from related companies	33,089,681	2,069,561	409,545	35,568,787
Tax credits	37,180,097	665,838	-	37,845,935
Deferred tax assets	1,115,994	-	-	1,115,994
Other debtors	1,150,761	942,642	-	2,093,403
Total	139,077,690	18,274,006	3,178,423	160,530,119

When breaking down by geographical area it is necessary to take into account the relative bad debt provision of € 2,010,101.

Trade debtors

Receivables from customers, amounting to € 81,895,899 at the end of the year, are shown net of the bad debt provision amounting to € 2,010,101 at 31 December 2017.

The bad debts provision underwent the following movement during the financial year and its amount at the end of the year is to be deemed as consistent in relation to existing risks:

(€)	
Bad debts provision as of 12.31.2016	1,748,711
Appropriations	184,384
Provision restatement	251,027
Uses/other net variations	(174,021)
Bad debts provision as of 12.31.2017	2,010,101



Receivables due from related companies

The receivables due from related companies as at 31 December 2017 amount to € 35,568,787. The table below summaries existing relations at the end of the financial year:

TRADE RECEIVABLES

(€)	31/12/2017	31/12/2016	Variation
ALMASIDER DOO	-	303,772	(303,772)
ARCELORMITTAL ATLANTIQUE & LORRAINE	7,131	13,234	(6,103)
ARCELORMITTAL BREMEN GMBH	36,912	14,909	22,003
ARCELORMITTAL CENTRES DE SERVICES	117,754	346,616	(228,862)
ARCELORMITTAL COMMERCIAL ITALY S.R.L	4,773	-	4,773
ARCELORMITTAL DISTRIBUTION	4,763	921	3,842
ARCELORMITTAL ESPAÑA S.A.	3,714	-	3,714
ARCELORMITTAL LOGISTIC ITALIA SRL	539,273	463,884	75,389
ARCELORMITTAL MEDITERRANEE	32,653	37,915	(5,262)
CTL S.r.l.	621,179	498,888	122,291
C.L.N. SERBIA D.O.O.	370,665	338,144	32,521
C.L.N. SLOVAKIA S.R.O.	572,711	1,104,752	(532,041)
CELLINO S.r.l.	1,537,300	706,138	831,162
CELMAC S.r.l.	(10,049)	865,100	(875,149)
C.L.N. COILS LAMIERE NASTRI S.P.A.	228	-	228
CLN POLSKA SP. Z.O.O.	-	167	(167)
DELFO POLSKA S.A.	50,000	-	50,000
DP METAL PROCESSING POLSKA	236,764	183,876	52,888
EMARC S.P.A.	25,941	25,419	522
EUROSTAMP S.A.S.	38,850	78,640	(39,790)
FaM-MA S.A.	(1,572)	3,802	(5,374)
GIANETTI RUOTE S.r.l	5,848,977	5,169,168	679,809
IMMOBILIARE GRASSOBBIO S.R.L.	-	1,071	(1,071)
INTEK CM S.R.L.	-	62,825	(62,825)
ITLA BONAITI S.R.L.	11,157,750	878,915	10,278,835
JBM MA AUTOMOTIVE	32,249	32,249	-
LIMA S.p.A.	45,088	45,088	-
MA AUTOMOTIVE DEUTSCHLAND	36,833	52,154	(15,321)
MA AUTOMOTIVE SOUTH	6,203	6,203	-
MA FRANCE	5,098	1,525	3,573
MA S.r.l.	11,858,239	6,312,155	5,546,084
MFB S.r.l.	-	1,272,899	(1,272,899)
MG S.r.l.	-	4,296	(4,296)
MW AFTERMARKET SRL	143,635	12,824	130,811
MW ITALIA S.r.l.	869,319	1,001,382	(132,063)
MW ROMANIA SA	-	50,340	(50,340)
MW WHEELS SA (PTY)	2,000	2,000	-
NICHELINO IMMOBILIARE S.R.L.	140,944	159,032	(18,088)
OMV S.p.A.	10,949	1,031,844	(1,020,895)
P.M.C. AUTOMOTIVE MELFI S.R.L.	59,024	-	59,024

(continues)

(follows)

PMC AUTOMOTIVE ITALIA S.r.l.	220,516	135,550	84,966
PROMA POLAND SP Z.O.O.	1,857	-	1,857
RIZZATO NASTRI ACCIAIO S.p.A.	8,118	8,118	-
SOLUSTIL LA BOISSE	898,367	-	898,367
UM CORPORATION S.A.S.	34,631	-	34,631
Total due from associated companies	35,568,787	21,225,815	14,342,972

Tax credits

Tax receivables as of 31 December 2017 amounted to € 37,845,935 with an increase of € 21,535,895 compared to the financial year 2016. This item mainly consists of € 35,305,236 of VAT reimbursements attributable to the company ArcelorMittal CLN that has requested the reimbursement of the VAT credit generated by the increasing number of customers who operate with a VAT exemption.

Deferred tax assets

The item Deferred Tax Assets, equal to € 1,115,994 is determined from the appropriations against certain liabilities charged to the Group according to realistic estimates of their definition and of some items for which the fiscal normative imposes a division over several financial years. In particular, we stress that we have considered items representing events which shall be realized in the short term and which we therefore consider as covered by the taxable income that shall be realized. We invite you to consult the table of deferred taxes in the final pages of these explanatory notes in order to obtain details related to the movement, which took place during the period.

Other debtors

Receivables due from other debtors amount to € 2,093,403 as of 31 December 2017 compared to the € 755,431 of the previous year.

There are no receivables with a residual duration of more than five years and with a right of repurchase.

Financial assets that do not constitute fixed assets

Active derivative financial instruments

At 31 December 2017, this item amounts to € 17,322 and includes the assets for derivative financial instruments stipulated exclusively by the parent company ArcelorMittal CLN with a positive fair

value at the closing of the Consolidated Financial Statements. The economic component was recorded under the item "Revaluation of value of financial assets, derivative financial instruments".

Liquid assets

Cash and cash equivalents amount to € 12,857,914 and consist mainly of bank deposits of ArcelorMittal CLN for € 8,818,329 and of the subsidiary Delna for € 2,816,544. The item is composed as follows:

(€)	31/12/2017	31/12/2016
Bank and postal deposits	12,833,455	11,425,697
Cash and cash equivalents in hand	24,459	35,226
Total	12,857,914	11,460,923

Accruals and deferrals

(€)	31/12/2017	31/12/2016
Accrued income	43,169	19,358
Prepaid expenses	3,730,405	4,008,166
Total	3,773,574	4,027,524

Accrued income and prepaid expenses are entered in the financial statements upon conclusion of assessments and valorizations performed pursuant to law, in response to the purpose of merging the competent components into the financial year. This item includes prepaid expenses for insurance, administrative consultancy and lease fees.

The item mainly consists of the implicit interests to be paid for the purchase of Prorena-Canessa for an amount equal to € 3,430,894.

Refer to the description of item "Other creditors" for further details on the matter.



SHAREHOLDER'S EQUITY AND LIABILITIES

Shareholder's equity

(€)	Financial year start value	Destination of the previous year's result	Other movements	Financial year result	Financial year end value
Share capital	60,010,000				60,010,000
Revaluation reserves					-
Legal reserve					-
Extraordinary reserve					-
Other reserves	3,172,683		820,022		3,992,705
Profits (losses) carried forward	154,070	228,492			382,562
Profit (loss) for the period	228,492	(228,492)		(5,488,551)	(5,488,551)
Total Shareholder's Equity for the Group	63,565,245	-	820,022	(5,488,551)	58,896,716

During 2017 the "Other reserves" increased by € 820,000 due mainly to the acquisition of third parties' holdings of Delna, a company which the Group already controlled.

The following table shows the reconciliation between the net profit and the Shareholders' equity of the parent company and the corresponding data resulting from the Consolidated Financial Statements (values in € thousands).

(€/000)	Net Profit	Shareholder's equity
Financial statements of ArcelorMittal CLN for the year	(6,759)	55,485
Elimination of value consolidated holdings	-	(28,232)
Profit for the period and Shareholder's equity achieved by the consolidated subsidiaries	1,995	32,813
Consolidation adjustments	(367)	999
Consolidated Financial Statements	(5,132)	61,064
Minority Interests	357	2,167
Consolidated Financial Statements for the Group	(5,488)	58,897

In addition to the information provided on the Net Equity, the following additional information is specified below.

The share capital is fully subscribed and paid up at 31 December 2017 and amounts to € 60,010,000, divided among the Shareholders according to the following quotas:

- C.L.N. Coils Lamiere Nastri S.p.A. holding a share of 51% of the share capital, for a value of € 30,605,100;
- ArcelorMittal Distribution Solutions Italia S.r.l. holding a share of 49% of the share capital, for a value of € 29,404,900.

Provisions for risks and charges

(€)	31/12/2017	31/12/2016
Provision for pensions and similar obligations	281,164	313,424
For taxes, also deferred	4,662,291	4,441,772
Provisions for passive derivative financial instruments	101,093	-
Other provisions	4,931,146	5,217,056
Total	9,975,694	9,972,252

Provision for pensions and similar obligations

The provision for pensions and similar obligations equal to € 281,164 includes indemnities accrued in favor of sales agents in compliance with contractual agreements or legal provisions.

Provision for taxes

The “*Deferred tax provision*” was allocated for temporary differences between the result for the year and the taxable base that have emerged for the individual companies and is equal to € 4,662,291 as at 31 December 2017.

We invite you to consult the table of deferred taxes in the final pages of these explanatory notes in order to obtain details related to the movement, which took place during the period.

Provision for passive financial derivative instruments

At 31 December 2017, the item amounted to € 101,093 and includes the negative fair value of the derivative financial instruments outstanding at the closing date of the Financial statements, issued solely by the parent company ArcelorMittal CLN.

Other provisions

The item “*Other provisions*” amounts to € 4,931,146 as at 31 December 2017 and mainly consists of the provision for future risks and charges entered in the consolidated report as part of the negative goodwill relating to the AcierPlus transaction in consideration of the charges connected with the restructuring of the French sites scheduled for the upcoming financial years for a total of € 3,906,000. This provision for risks was set aside in the 2016 Consolidated Financial Statements on a prudential basis in order to provide for a partial recovery of the net working capital (or

NWC) in the event that the company’s sites are decommissioned.

Employee severance indemnity

The provision of € 5,764,272 reflects the indemnity accrued by the employees of the Group companies.

(€)	
Severance indemnity as at 31/12/2016	6,082,204
Changes in scope	292,714
Usage and other changes	(2,762,148)
Appropriations	2,151,502
Severance indemnity as at 31/12/2017	5,764,272

The changes of this provision can be analyzed as follows:

- The item “*Changes in scope*” refers to the entry into the Group of the balances of Metallurgica Graffignana S.r.l. through merger by incorporation into the parent company ArcelorMittal CLN with effect from 1 January 2017;
- Item “*Usage and other changes*” refers to liquidations of TFR upon termination of working relationships, liquidation of any advance payments, as well as portions transferred to the Treasury reserve established at the INPS or paid to other forms of supplementary pension indicated by the individual employee.



Payables

As of 31 December 2017, payables amount to € 379,875,661. The following are the changes compared to the previous year:

(€)	31/12/2017	31/12/2016	Variation
Due to banks	150,050,418	112,160,285	37,890,133
Due to other lenders	8,166,627	656,287	7,510,340
Advances paid	-	148	(148)
Trade creditors	70,649,806	66,812,893	3,836,913
Payables due to related companies	120,093,980	117,442,597	2,651,383
Due to associated companies	-	117,194	(117,194)
Due to parent companies	-	-	-
Fiscal liabilities	3,939,110	5,987,735	(2,048,625)
Payables due to welfare agencies and social security	3,243,099	3,342,471	(99,372)
Other creditors	23,732,621	23,349,801	382,820
Total	379,875,661	329,869,411	50,006,250

Payables are valued according to the amortized cost criterion and, where not significant, at their nominal value. Their expiration is divided as follows:

(€)	Within 12 months	Over 12 months	Total
Due to banks	130,821,212	19,229,206	150,050,418
Due to other lenders	7,487,642	678,985	8,166,627
Trade creditors	70,649,806	-	70,649,806
Payables due to related companies	120,093,980	-	120,093,980
Fiscal liabilities	3,939,110	-	3,939,110
Payables due to welfare agencies	3,242,342	757	3,243,099
Other creditors	12,923,244	10,809,377	23,732,621
Total payables	349,157,336	30,718,325	379,875,661

The breakdown by geographical area of the payables is:

(€)	Italy	EU area	Extra-EU area	Total
Due to banks	150,050,418	-	-	150,050,418
Due to other lenders	5,345,227	2,821,400	-	8,166,627
Advances paid	-	-	-	-
Trade creditors	57,661,045	10,861,892	2,126,869	70,649,806
Payables due to related companies	47,711,635	72,382,345	-	120,093,980
Fiscal liabilities	3,219,385	719,725	-	3,939,110
Payables due to welfare agencies and social security	3,243,099	-	-	3,243,099
Other creditors	21,772,346	1,960,275	-	23,732,621
Payables	289,003,155	88,745,637	2,126,869	379,875,661

Payables due to banks and other lenders

The following table gives details of the payables due to banks and other lenders as of 31 December 2017, with an indication of the short-term portion (expected repayment within the following year) and the medium/long-term portion (repayment scheduled for more than one year).

(€)	31/12/2017	31/12/2016	Variation
Payables due to banks for advances on invoices/ overdraft	56,964,287	40,971,827	15,992,460
Payables due to banks for short-term credit lines	63,480,833	53,798,576	9,682,257
Payables due to banks for ML loans - short-term portion	10,378,121	5,487,711	4,890,410
Payables due to banks for medium/long loans	19,227,177	12,852,056	6,375,121
Payables due to factor companies	7,116,513	307,049	6,809,464
Payables due to short-term leasing	371,129	349,238	21,891
Payables due to medium/long term leasing	678,985	1,050,115	(371,130)
Total payables due to banks and other lenders	158,217,045	114,816,572	43,400,473

The increase in the Group's financial indebtedness is closely correlated with the increase in the net working capital during the year and mainly due to the trend in steel prices in 2017.

The main per item changes during the period are as follows:

- *"Payables due to banks for advances on invoices/overdraft"* increased by € 15,992,458 due to the higher cash needs of the company and greater portfolio disposals. For more details, refer to the cash flow statement;
- *"Payables due to banks for short-term credit lines"* increased by € 9,682,257 due to the increased use of import lines due to a high increase in payables to suppliers;
- *"Payables due to banks for medium/long loans"* increased by € 11,265,531 due to the new multi-year loans granted by Banca Popolare di Bergamo, Banca Popolare di Milano, Credito Cooperativo Carate Brianza, Banca Carige and Crédit Agricole Cariparma to the parent company, in addition to a loan granted by Banca Popolare di Sondrio to Delna.
- *"Payables due to factor companies"* increased of € 6,809,464 which is attributable to the increase in factoring contracts with recourse stipulated during 2017. This was partly caused by the management of receivables with recourse by AcierPlus.

As will be seen below, the Group has continued the activity begun in the previous years of lengthening the deadlines with a growth in medium/long-term financial debt.

On 24 January 2017 a Stand-by Revolving loan agreement was stipulated with Banca Monte Paschi di Siena equal to € 5,000,000. The contract will have a duration of 36 months from the date of subscription and a spread of 2.75% and may be used several times during the year. The renewal may be for one, two, three and six months, at the company's choice, subject to compliance with the Clean Down period which is a contractual obligation to repay the line at least once every six months starting from the first draft and not to request use of the line for at least seven working days after the repayment. This loan was granted by the Bank on the assumption that, for its entire duration and until the total extinction, the following capital and financial ratios (Covenants) are respected: Net Financial Position/EBITDA and Financial Position/Shareholders' Equity. These ratios must be calculated on the basis of the Group's economic and financial situation as shown in the certified consolidated annual financial statements for 2016, 2017 and 2018.

Loans for advances on invoices consist of credit lines against the presentation of bank receipts.



The “Payables due to banks for medium/long loans” are composed of:

Company	Counterpart	Original payable (€)	Date of Stipulation	Type	Duration	Rate applied	Residual value at 31/12/2017 (€)	of which:	
								Short term	Long term
ArcelorMittal CLN	CARISBO	9,000,000	22/07/2008	Mortgage loan (**)	12 years	1.1% + EUR360 3M	2,249,369	808,529	1,440,840
ArcelorMittal CLN	Banco Popolare di Vicenza	6,000,000	21/03/2011	Mortgage loan (**)	10 years	3.8% + EUR360 3M	2,312,147	636,872	1,675,275
ArcelorMittal CLN	Crédit Agricole Cariparma	3,000,000	3/10/2016	Unsecured Loan	3 years	2% + EUR360 3M	1,845,697	998,238	847,459
ArcelorMittal CLN	BPER	5,000,000	16/12/2016	Unsecured Loan	3 years	1.75% + EUR360 3M	3,352,141	1,658,935	1,693,206
ArcelorMittal CLN	Banca Popolare di Bergamo	2,000,000	26/01/2017	Unsecured Loan	30 months	2.5% + EUR360 3M	1,412,948	1,412,948	-
ArcelorMittal CLN	Credito Coop Carate e Brianza	2,000,000	19/07/2017	Unsecured Loan	3 years	2% + EUR360 6M	1,725,540	656,514	1,069,026
ArcelorMittal CLN	Banca Popolare di Milano	5,000,000	15/09/2017	Unsecured Loan	4 years	1.75% + EUR360 3M	4,693,769	1,219,862	3,473,907
ArcelorMittal CLN	Banca Carige	5,000,000	1/12/2017	Unsecured Loan	4 years	1.8% + EUR360 6M (*)	4,950,982	588,149	4,362,833
ArcelorMittal CLN	Crédit Agricole Cariparma	3,000,000	22/12/2017	Unsecured Loan	3 years	1.9% + EUR360 3M	2,970,000	968,401	2,001,599
Delna	Mediocredito	3,000,000	24/07/2007	Mortgage loan (**)	11 years	0.75 % + EUR 3M	213,447	213,447	-
Delna	Mediocredito	3,000,000	23/03/2009	Mortgage loan (**)	10 years	1.15 % + EUR 3M	352,941	352,941	-
Delna	Mediocredito	2,000,000	24/06/2010	Mortgage loan (**)	10 years	1.65 % + EUR 3M	526,316	210,526	315,790
Delna	Banca Popolare di Sondrio	3,000,000	5/04/2017	Mortgage loan (**)	6 years	Fixed rate 1.2%	3,000,000	652,758	2,347,242
		51,000,000					29,605,297	10,378,121	19,227,177

(*) an IRS was also stipulated on this loan, please refer to the paragraph “Information on the fair value of derivative financial instruments” for more details.

(**) for the guarantees provided, please refer to the description in the note “Commitments, guarantees and potential liabilities”.

In particular, the following is a description of the loans that are outstanding as at 31 December 2017:

- Mortgage loan (€ 6,000,000) granted to C.L.N. S.p.A. in March 2011 by *Banca Popolare di Vicenza* and transferred with effect from 1 April 2015 to ArcelorMittal CLN. The mortgage was granted for a period of ten years and is governed by a three-month Euribor rate increased by 380 basis points. On 31 December 2017, the residual amount was € 1,675,275 for the portion due in more than 12 months and € 636,872 for the portion due within 12 months. The registered mortgage weighs on the Atella building for a value of € 12,000,000.
- Mortgage loan (€ 9,000,000) granted to Canessa S.p.A., now C.L.N. S.p.A., in July 2008 and

transferred with effect from 1 April 2015 to ArcelorMittal CLN and issued by *Carisbo* (in a pool with other institutions, with the following distribution: 3/6 *Carisbo*, 1/6 *Banca di Imola*, 1/6 *Banca Popolare di Milano* and 1/6 *Cassa di Risparmio di Pistoia e Pescia*). The mortgage was granted for a period of twelve years and it is repayable in quarterly installments, the last falling on 22 July 2020. On 31 December 2017, the residual amount was € 1,440,840 for the portion due in more than 12 months and € 808,529 for the portion due in 2018. The loan was transferred to the company ArcelorMittal CLN at the end of December 2016 while the previous year it was placed under payables to C.L.N. S.p.A. within the item “Other payables” which will be commented upon later.

The registered mortgage weighs on the building of Quarto Inferiore (BO) for a value of € 18,000,000.

- Unsecured Loan (€ 5,000,000) granted to ArcelorMittal CLN on 16 December 2016 by *Banca Popolare dell'Emilia Romagna*. The loan was granted with a duration of 36 months, with a 1.75% spread. This loan is repayable in monthly installments starting on 16 January 2017. On 31 December 2017, the residual amount is € 1,693,206 for the portion due in more than 12 months and € 1,658,935 for the portion due in 2018. The application fees are € 22,500. As requested by the new Official Italian Accounting Standards, the loan was accounted for at the amortized cost.
- Unsecured Loan (€ 3,000,000) granted to ArcelorMittal CLN on 3 October 2016 by *Crédit Agricole Cariparma*. The loan was granted with a duration of 36 months, with three months Euribor + 2% spread. This loan is repayable in monthly installments starting 3 November 2016. On 31 December 2017, the residual amount is € 847,459 for the portion due in more than 12 months and € 998,238 for the portion due in 2018. The application fees are € 15,000. As requested by the new Official Italian Accounting Standards, the loan was accounted for at the amortized cost.
- Unsecured Loan (€ 2,000,000) granted to ArcelorMittal CLN on 27 January 2017 by *Banca Popolare di Bergamo*. The loan was granted with a duration of 30 months, with a three months Euribor + 2.5% spread. This loan is repayable in monthly installments starting on 27 April 2017. This loan was granted by the Bank on the assumption that, for its entire duration and until the total extinction, the following capital and financial ratios (Covenants), calculated on the basis of the data gathered from the latest available Consolidated Financial Statements, are respected: Net Financial Position/EBITDA, Financial Position/Shareholders' Equity and EBITDA/Net financial charges. At 31 December 2017, the residual amount of € 1,412,948, of which € 613,104 to be repaid after 31 December 2018, was entirely reclassified as short-term payable as the company did not meet the pre-established limit for the ratio between the EBITDA and the net financial charges.
- Unsecured Loan (€ 2,000,000) granted to ArcelorMittal CLN on 19 July 2017 by *Banca di Credito Cooperativo Carate Brianza*. The loan was granted with a duration of 36 months, with six months Euribor + 2% spread. This loan is repayable in monthly installments starting on 19 August 2017. At 31 December 2017, the residual amount is € 1,069,045 for the portion due in more than 12 months and € 656,504 for the portion due in 2018. The application fees are € 5,200. Following the new accounting standards, the loan was accounted for at amortized cost.
- Unsecured Loan (€ 5,000,000) granted to ArcelorMittal CLN on 15 September 2017 by *Banca Popolare di Milano*. The loan was granted with a duration of 48 months, with three months Euribor + 1.75% spread. This loan is repayable in quarterly installments starting from 31 December 2017. On 31 December 2017, the residual amount is € 3,473,907 for the portion due in more than 12 months and € 1,219,862 for the portion due in 2018. The application fees are € 5,000. The loan was accounted for at amortized cost.
- Unsecured loan (€ 5,000,000) granted to ArcelorMittal CLN on 1 December 2017 by *Banca Carige*. The loan was granted with a duration of 48 months, with six months Euribor + 1.8% spread. This loan is repayable in monthly installments starting from 31 December 2018, with two pre-amortizations on 31 December 2017 and 30 June 2018. On 31 December 2017, the residual amount is € 4,362,833 for the portion due in more than 12 months and € 588,149 for the portion due in 2018. The application fees are € 50,150. The loan was accounted for at amortized cost.
- Unsecured Loan (€ 3,000,000) granted to ArcelorMittal CLN on 22 December 2017 by *Crédit Agricole Cariparma*. The loan was granted with a duration of 48 months, with three months Euribor + 1.9% spread. This loan is repayable in quarterly installments starting from 22 March 2018. On 31 December 2017, the residual amount is € 2,001,599 for the portion due in more than 12 months and € 968,401 for the portion due in 2018. The application fees are € 30,000. The loan was accounted for at amortized cost.
- Loan undertaken on 24 July 2007 by *Mediocredito* and granted to Delna S.p.A. for an original € 3,000,000, at a variable rate, with a maturity date set at 15 March 2018 following the redefinition of the amortization plan in the financial year 2010. The loan is secured by a mortgage on the corporate



properties of € 5,250,000, of which € 3,000,000 for the capital and € 2,250,000 for the interest, late payment interest, commissions, expenses and any other credit. At 31 December 2017, the residual amount is € 213,447 for the portion due in 2018.

- Loan undertaken on 23 March 2009 by *Mediocredito* and granted to Delna S.p.A. for an original € 3,000,000, at a variable rate, with a maturity date set at 30 September 2018. The loan is secured by a mortgage on the corporate properties of € 5,250,000, of which € 3,000,000 for the capital and € 2,250,000 for the interest, late payment interest, commissions, expenses and any other credit. At 31 December 2017, the residual amount is € 352,941 for the portion due in 2018.
- Loan undertaken on 24 June 2010 by *Mediocredito* and granted to Delna S.p.A. for an original € 2,000,000, at a variable rate, with a maturity date set at 31 March 2020. The loan is secured by a mortgage registered on the corporate properties of € 3,500,000, of which € 2,000,000 for the capital and € 1,500,000 for the interest, late payment interest, commissions, expenses and any other credit. At 31 December 2017, the residual amount is € 315,790 for the portion due in more than 12 months and € 210,526 for the portion due in 2018.

- Loan undertaken on 5 April 2017 by *Banca Popolare di Sondrio* and granted to Delna S.p.A. for an original € 3,000,000, at a fixed rate, with a duration of 60 months. The repayment of the principal, due on a quarterly basis, started on 31 January 2018. At 31 December 2017, the residual amount is € 2,347,242 for the portion due in more than 12 months and € 652,758 for the portion due in 2018.

The “*Payables due to short and medium/long-term leasing*” are composed exclusively of the residual debt of ArcelorMittal CLN toward UBI Leasing for the Property in Osimo (Ancona).

Trade creditors

Payables to suppliers amounted to € 70,649,806 as of 31 December 2017, up from € 66,812,893 as of 31 December 2016 due to the effects already described above.

Payables due to related companies

The “Payables due to related companies”, consisting entirely of trade payables related to transactions carried out at normal market conditions, rose from € 117,442,597 to € 120,093,980 (of which € 120,076,681 pertaining to ArcelorMittal CLN).

The following table summarizes the most significant relations as of 31 December 2017 compared with the situation as at 31 December 2016:

(€)	31/12/2017	31/12/2016	Variation
APERAM STAINLESS ITALY S.r.l.	5,676	55,929	(50,253)
APERAM STAINLESS SERVICES	84,495	30,686	53,809
ARCELORMITTAL CENTRE DE SERVICE	46,304	3,114	43,190
ARCELORMITTAL COMMERCIAL ITALY	88,810,175	78,392,796	10,417,379
ARCELORMITTAL EUROPE	11,978	30,193	(18,215)
ARCELORMITTAL FLAT CARBON EUROPE	29,566,536	36,250,444	(6,683,908)
ARCELORMITTAL LOGISTIC ITALIA SRL	792,098	852,831	(60,733)
ARCELORMITTAL PIOMBINO SPA	6,989	7,223	(234)
C.L.N. COILS LAMIERE NASTRI S.P.A.	219	-	219
CLT S.r.l.	109,022	13,267	95,755
DPMP TYCHY	53,605	-	53,605
EUROSTAMP S.A.S.	-	48,953	(48,953)
ITLA S.r.l.	386,508	1,524,709	(1,138,201)
LIMA S.p.A.	10,744	10,744	-
MA S.r.l.	89,888	9,760	80,128
MFB S.r.l.	-	23,413	(23,413)
MW France	69,025	69,025	-
MW ITALIA S.r.l.	33,638	-	33,638
NICHELINO IMMOBILIARE SRL	17,080	76,860	(59,780)
UM CORPORATION S.A.S.	-	42,650	(42,650)
Total payables to related companies	120,093,980	117,442,597	2,651,383

Fiscal liabilities

The fiscal liabilities amount to € 3,939,110 as at 31 December 2017 and are divided as follows:

(€)	31/12/2017	31/12/2016	Variazione
Inland Revenue for employee Personal Income Tax withholdings	2,315,848	1,902,073	413,775
Inland Revenue for Self-employment Tax withholdings	29,618	18,969	10,649
Substitute tax on redemption ex. Art. 176 CTL	1,006,483	2,455,816	(1,449,333)
Payables to Inland Revenue for Regional Income Tax	42,647	111,838	(69,191)
Payables to Inland Revenue for Corporate Income Tax	318,980	729,057	(410,077)
Self-employment Tax on Severance Indemnity revaluation	17,697	5,644	12,053
Other provisions	67,119	597,603	(530,484)
VAT payable	140,718	166,735	(26,017)
Total fiscal liabilities	3,939,110	5,987,735	(2,048,625)

The change in the item compared to the previous year is mainly due to the payment of the second installment



of the substitute tax on the redemption, pursuant to Art. 176 CTL, of the revaluations of the assets equal to € 1,449,333 made by the parent company; the residual debt for the substitute tax at 31 December 2017 is equal to € 1,006,483.

Payables due to welfare agencies and social security

The “*Payables due to welfare agencies and social security*” is equal to € 3,243,099 and include the following items:

(€)	31/12/2017	31/12/2016	Variation
INPS	2,107,572	2,172,403	(64,831)
Cometa Reserve	230,570	154,434	76,136
Previndapi	62,761	50,366	12,395
INAIL	8,005	274,765	(266,760)
Payables due to INPS for mobility installments	28,681	37,296	(8,615)
Deferred retributions for contributions	731,480	590,674	140,806
Senior management pension fund	30,488	-	30,488
Other provisions	43,542	62,533	(18,991)
Total payables due to welfare agencies	3,243,099	3,342,471	(99,372)

Other creditors

The item “*Other creditors*” equal to € 23,732,621 as of 31 December 2017, is formed thus:

(€)	31/12/2017	31/12/2016	Variation
Employees for retributions	4,302,367	4,347,080	(44,712)
Other creditors	16,516,442	16,049,348	467,094
Employees for deferred retributions	2,186,361	2,594,929	(408,568)
VAT settlement to parent company	-	272,019	(272,019)
Various	727,451	86,425	641,026
Total other payables	23,732,621	23,349,801	382,820

The item “*Other payables*” is mainly composed of € 10,842,000 for the payment of the purchase price of Pro.re.na which on the basis of the contract will be repaid in annual installments until 2022; € 825,000 for the purchase of the Ciocca unit; € 737,657 to Metalmanzoni S.r.l. for the purchase of Delna S.p.A. shares; € 650,344 to Steel Trade S.r.l. and € 579,375 to the former shareholders of Metallurgica Graffignana S.r.l.

It also includes the Group’s payables to staff for salaries and remunerations.

Accrued liabilities and deferred income

As of 31 December 2017, this item amounts to € 2,179,552 and is formed as follows:

(€)	31/12/2017	31/12/2016	Variation
Donations	78,100	-	78,100
Trash collection tax	127,294	-	127,294
Insurance costs	111,815	44,791	67,024
Energy deduction bonus	46,268	-	46,268
Prepayments for AcierPlus contributions	1,724,808	-	1,724,808
Other minor	91,267	67,650	23,617
Total accrued expenses and deferred income	2,179,552	112,441	2,067,111

The item “*Accrued expenses and deferred income*” mainly consists of the payments received during the year by AcierPlus from the ArcelorMittal Group to cover the investments made for the restructuring of production sites. The amount of the contribution received in 2017, equal to € 1,724,808, was entirely recorded as deferred income as the assets related to it have not yet entered into service; the deferral will be issued in subsequent years based on the amortization of the assets to which it refers.

Obligations, guarantees and potential liabilities

In relation to the provisions of Art. 2427, paragraph 1, number 9 of the Italian Civil Code, the following prospectus shows obligations, guarantees and potential liabilities not resulting from the balance sheet:

(€)	31/12/2017
Mortgage guarantees on loans	44,000,000
Total	44,000,000

The guarantees include:

- mortgage guarantees for loans granted by *Cassa di Risparmio di Bologna* and *Banca Popolare di Vicenza* for a total of € 30,000,000, with reference to the parent company;
- mortgage guarantees for loans granted by *Mediocredito* to the subsidiary *Delna* for a total of € 14,000,000.



NOTE TO THE CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEAR 2017

Before proceeding with an analysis of the single items, we remind you that the comments on operating performance have already been made in the Management Report, pursuant to paragraph 1 of Art. 2428 of the Civil Code.

Given the preceding comments on the items of the Balance Sheet, the following analyses are limited solely to the main entries.

REVENUES

Revenues from sales

The ArcelorMittal CLN Group realized a turnover of € 769,102,505 during financial year 2017.

The division by area of destination thereof is as follows:

(€)	2017	2016	Variation
Italy	667,380,816	548,605,664	118,775,152
Overseas	101,721,689	52,178,105	49,543,584
Total by geographic area	769,102,505	600,783,769	168,318,736

Below is the breakdown of sales revenue by business category:

(€)	Cutting and selling owned goods	Subcontracted performances	Transport	Other activities	Total
Italy	638,133,026	21,559,924	7,687,867	-	667,380,816
Overseas	64,441,423	153,723	824,634	36,301,909	101,721,689
Total by geographic area	702,574,449	21,713,647	8,512,501	36,301,909	769,102,505

Other revenues and income

The item other revenues and income as of 31 December 2017 amounts to € 19,537,875 and is formed as follows:

(€)	2017	2016	Variation
Sale of scrap, wastage and rejects	8,537,247	5,436,398	3,100,849
Sale of equipment	382,605	892,568	(509,963)
Contribution to repayment of excise duties	225,497	156,784	68,713
Compensation for damages	10,953	70,808	(59,855)
Issues of risks provisions	200,364	461,961	(261,597)
ArcelorMittal contribution (AcierPlus)	4,898,192	-	4,898,192
Capital gains for the sale of business units	3,929,031	-	3,929,031
Miscellaneous income	1,353,986	745,822	608,164
Total	19,537,875	7,764,341	11,773,534

It should be noted that in 2017 the French subsidiary AcierPlus accounted for € 4,898,192 among its other revenues from the contribution received from the ArcelorMittal Group on the basis of the operating losses recorded by the company during the year as required by the agreements underlying the sale of the business unit from the ArcelorMittal Group to AcierPlus carried out at the end of 2016. These agreements provide that the ArcelorMittal Group is to bear the losses incurred by AcierPlus during the restructuring of the factories transferred in the transaction up to a maximum pre-established amount until the end of the 2019 financial year.

Revenues of exceptional size or incidence

In relation to the provisions of Art. 2427, paragraph 1, number 13 of the Italian Civil Code, the following prospectus shows the revenues of exceptional size or incidence:

(€)		
Cost item	Amount	Nature
A.5) - Other revenues and income	382,605	Capital gain on the sale of assets
A.5) - Other revenues and income	3,929,031	Capital gain on sale of Civate unit
Total	4,311,636	

This item includes the capital gains from the sale of assets generated in 2017 which amount to € 382,605. Furthermore, following the sale of the re-rolling unit of Civate, sold by the parent company ArcelorMittal CLN to Itla Bonaiti as per the deed of 22 December 2017, the Group recorded a capital gain of € 3,929,031.



PRODUCTION COSTS

Costs for the purchase of raw materials, ancillary materials, consumables and goods

This item, equal to € 639,442,657 is detailed as follows:

(€)	2017	2016	Variation
Raw materials	633,032,618	498,911,828	134,120,790
Ancillary consumables	6,410,039	1,517,208	4,892,831
Total	639,442,657	500,429,036	139,013,621

Costs for outside services

As of 31 December 2017, the costs for outside services amount to € 53,991,811 and can be analyzed as follows:

(€)	2017	2016	Variation
Transport	21,037,846	17,199,966	3,837,880
Works assigned to third parties	5,624,760	2,999,400	2,625,360
Maintenance services	7,874,069	5,156,564	2,717,505
Purchases of energy	3,529,968	3,217,645	312,323
Purchases of other utilities	1,989,688	1,388,538	601,150
Lawyers, consultancy, audit	1,136,754	1,048,024	88,730
Insurance	1,262,940	1,156,085	106,855
Technical consultancy	430,487	226,916	203,571
Emoluments to directors	1,723,285	1,766,778	(43,493)
Emoluments to auditors	153,773	85,951	67,822
Postal, telephone, fax	585,324	486,719	98,605
Costs for cleaning services	1,099,569	748,740	350,829
Costs for safety services	65,386	41,347	24,039
Traveling expenses	1,032,937	1,054,732	(21,795)
Bank charges	2,790,552	2,487,763	302,789
Other costs for outside services	3,654,473	3,618,727	35,746
Total	53,991,811	42,683,895	11,307,916

Costs for the use of third party assets

As of 31 December 2017, the costs for the use of third party assets amount to € 4,938,105 and can be analyzed as follows:

(€)	2017	2016	Variation
Leases payable, fees and hire	2,952,285	1,974,418	977,867
Other provisions	1,985,820	1,344,456	641,364
Total	4,938,105	3,318,874	1,619,231

The increase during the period is mainly due to the entry of AcierPlus in the consolidation scope for the entire year, while in 2016 the subsidiary was included for only one month. In fact, in 2017, the French subsidiary recorded rents for € 863,364 and other leases for € 398,722.

In addition, the item increases further due to the merger of Metallurgica Graffignana in ArcelorMittal CLN, which brings the costs for the use of third party assets to € 296,147.

Employee costs

This item, equal to € 60,804,126, includes the whole expense for all employees, including merit salary increases, enhancements, promotions, automatic cost-of-living increases, unused vacation costs, statutory provisions and collective bargaining agreements, also connected to severance.

(€)	2017	2016	Variation
Salaries and wages	41,849,030	32,960,557	8,888,473
Social charges	14,574,631	11,338,733	3,235,898
Severance indemnity	2,151,502	2,040,114	111,388
Pensions and post-retirement benefits	34,916	37,625	(2,709)
Other costs	2,194,047	1,739,483	454,564
Total	60,804,126	48,116,512	12,687,614

The increase in the year is mainly due to the entry of AcierPlus into the consolidation scope for the entire year; the company has in fact recorded € 10,392,241 under the item Staff costs.

In addition, the item further increases due to the merger of Metallurgica Graffignana in ArcelorMittal CLN, which adds personnel costs of € 1,023,542 and the increase in costs of Delna from € 6,942,010 (financial year 2016) to € 7,750,879 (2017) due to the increase in production volumes.

Depreciations, amortizations and write-downs

As far as amortizations are concerned, we specify that these were calculated according to the useful life of the asset and its use in the production phase.

The item, equal to € 19,862,869, includes depreciation of tangible assets for € 14,713,542 and of intangible assets for € 4,964,943.

Furthermore, the item includes € 184,384 in bad debt write-downs included in the current assets.



Other management expenses

These amount to € 1,274,070 and are detailed as follows:

(€)	2017	2016	Variation
Indirect taxes	892,204	702,802	189,402
Membership fees and scholarships	21,927	33,102	(11,175)
Other charges	359,939	366,331	(6,392)
Total	1,274,070	1,102,235	171,835

Costs of exceptional size or incidence

In relation to the provisions of Art. 2427, paragraph 1, number 13 of the Italian Civil Code, the following prospectus shows the costs of exceptional size or incidence:

(€)		
Cost item	Amount	Nature
B.14) – Other management expenses	19,175	Loss on sale of assets
Total	19,175	

INVESTMENT INCOME

Other financial income

(€)	2017	2016	Variation
Bank interest receivable	3,603	3,319	3,319
Other financial income:	52,629	26,159	26,159
Total	56,232	29,478	29,478

Other financial charges

(€)	2017	2016	Variation
Bank interest payable	4,644,883	3,690,812	954,071
Other interest and commissions	382,142	272,573	109,569
Total	5,027,025	3,963,385	1,063,640

VALUE ADJUSTMENTS TO INVESTMENTS

In 2017, derivative financial instrument contracts were signed only by the parent company and they were stipulated against exchange and interest rate risks for normal commercial transactions. Value adjustments to investments include changes in value compared to the initial recording.

Revaluation of derivative financial instruments

The item amounts to € 17,322 at 31 December 2017 and includes the positive changes of fair value of derivative financial instruments.

Devaluation of derivative financial instruments

The item amounts to € 101,093 at 31 December 2017 and includes the negative changes of fair value of derivative financial instruments.

INCOME TAXES

Taxes have been calculated based on the current tax law and represent the amount of taxes that fall within the scope of the financial year to which the financial statements refer.

They amount to a total of € 1,557,252 (€ 4,972,977 as of 31 December 2016) and relate to:

- a. current taxes on income attributable to taxable income for the year;
- b. deferred and prepaid taxes.

Below is the detail of the composition of this item:

(€)	2017	2016	Variation
IRES and other corporate taxes	1,531,819	3,420,192	(1,888,373)
IRAP	442,216	892,345	(450,129)
Total current taxes	1,974,035	4,312,537	(2,338,502)
Taxes previous years	(310,760)	180,129	(490,889)
Prepaid and deferred taxes	(106,023)	480,311	(586,334)
Total income taxes	1,557,252	4,972,977	(3,415,725)



The main temporary differences that led to the recognition of deferred taxation are shown in the following table together with the related effects:

(€)	Tax prev. year %	Tax base prev. year	Tax prev. year	Tax this year %	Changes Tax base	Changes Tax	This year tax base	This year tax
Bad debts provision	24-27.50%	727,583	164,258	24.00%	(108,492)	(26,038)	619,091	138,220
Misalignment revalued fixed assets (Leg.D. 185/2008)	31.40%	751,552	209,683	27.90%	-	-	751,552	209,683
Taxed bad debts provision	27.50%	1,161,872	278,849	24.00%	-	-	1,161,872	278,849
Revaluation amortization Leg.D. 185/2008	31.40%	1,467,551	409,447	27.90%	-	-	1,467,551	409,447
CIOCCA goodwill	24.00%	10,250	2,860	27.90%	23,429	6,537	33,679	9,397
Others (e.g. previous)	31.40%	282,189	68,678	24.00%	(105,080)	(25,161)	177,109	43,517
Other 2017				24-27.9%	110,482	26,822	110,482	26,822
Total Prepaid Taxes		4,400,997	1,133,775		(79,661)	(17,780)	4,321,336	1,115,994
Deferred tax liabilities on building conferral	31.40%	5,052,187	1,409,560	27.90%	(268,777)	(74,989)	4,783,410	1,334,571
FY16 division of gains into installments	24.00%	255,722	61,373	24.00%	(115,100)	(27,624)	140,622	33,749
FY15 division of gains into installments	27.50%	273,661	65,679	24.00%	(91,220)	(21,893)	182,441	43,786
Revaluation of AMDSI conferral	31.40%	1,369,367	382,053	24.00%	(5,452)	(1,520)	1,363,915	380,533
Sitek merger AMDSI	31.40%	19,219	5,362	24.00%	(15,969)	(4,455)	3,250	907
Assets ex Metallurgica Graffignana	27.50%	1,234,129	344,322	27.90%	(177,680)	(49,573)	1,560,449	294,749
Leasing	31.40%	3,593,035	1,128,213	31.40%	(191,301)	(60,069)	3,401,734	1,068,144
Rev. fixed asset L. 2/2009	27.90%	3,047,542	850,264	27.90%	(120,298)	(33,565)	2,927,244	816,699
Rev. AcierPlus	33.33%	1,614,149	538,049	33.33%	556,860	155,922	2,171,099	693,971
Other minor	24.00%	5,082	1,219	24-28%	(19,815)	(6,037)	(14,733)	(4,818)
Total deferred taxes		16,464,093	4,786,094		(448,752)	(123,803)	16,015,341	4,662,291
Net Deferred (Anticipated) taxes		12,063,096	3,652,319		(369,091)	(106,023)	11,694,005	3,546,297

OTHER INFORMATION

Compensations to Directors and Statutory Auditors

The compensations payable to the Board of Directors amount to € 1,170,000.

The compensations payable to the Board of Auditors amount to € 40,000.

Compensation for statutory auditors or auditing firm

Below is the remuneration for the year recognized to Deloitte & Touche S.p.A. (auditor of the parent company ArcelorMittal CLN) for services performed for the audit service of the 2017 financial statements of the parent company ArcelorMittal CLN and its subsidiaries and included in the scope of the audit:

(€)

Type of services	Parent Company	Subsidiaries
Audit 2017	98,000	51,600

Employment data

The number of employees, divided by category, is as follows:

(n.)	ArcelorMittal CLN	ACIERPLUS	DELNA	TAMAGNONE	ArcelorMittal CLN Group
Senior management	18	17	1	-	36
Office workers	222	41	30	9	302
Laborers	416	140	91	31	678
Temporary staff	38	56	-	-	94
TOTAL STAFF	694	254	122	40	1,110

The changes in the number of staff, divided by category, are shown below:

(n.)	2017	2016	Variation
Senior management	36	38	(2)
Office workers	302	286	16
Laborers	678	675	3
Temporary staff	94	78	16
TOTAL STAFF	1,110	1,077	33



During the year, the staff increased by 33 people due mainly to the merger of the company Metallurgica Graffignana into ArcelorMittal CLN, which resulted in the entry of 21 people into the Group.

The increase in volumes for ArcelorMittal CLN led to a further growth of 14 people to meet the production needs, included among the temporary workers.

In 2017 two senior managers left ArcelorMittal CLN.

Other minor changes are attributable to the other companies of the Group.

Information on transactions with related parties

Relations between Group companies and related parties are governed by ordinary market conditions, taking into account the quality of the goods and services provided. For details on commercial and financial relationships, reference should be made to the Management report.

Information on assets and financing destined for a specific deal

Pursuant to Art. 2447 bis of the Italian Civil Code it is noted that the Group has not assigned any assets, or financing to any specific deal.

Agreements not resulting from the balance sheet

Pursuant to Art. 2427, item 22-ter of the Italian Civil Code, it is noted that no third-party agreements have been entered into which do not appear in the balance sheet and which involve significant risks and/or benefits to the Group's structure.

Significant events that occurred after the close of the financial year

- From 1 January 2018 ArcelorMittal CLN has rented the business unit called "*Avellino Division*" from ArcelorMittal Piombino S.p.A., with deed dated 21 December 2017;
- with deed dated 12 February 2018, ArcelorMittal CLN acquired from C.L.N. S.p.A. 100,000 shares with a nominal value of € 1.00, representing 16.67% of the share capital of San Polo Lamiere S.p.A., for the amount of € 3,500,000;
- On 4 April 2018, the company purchased 42.39% (3,691,960 shares) of Centro Servizi Metalli S.p.A. with a nominal value of € 0.10 for a total value of € 369,196 at a price of € 6,782,131. In addition, as at 31 December 2017, the Group Shareholder's equity of the company Centro Servizi Metalli S.p.A. amounted to € 19,870,000.
- On 21 December 2017, a "*Memorandum of Understanding*" was signed between ArcelorMittal CLN, Palescandolo S.p.A. and Fincantieri S.p.A., which envisages, by the end of May 2018, the signing of the sale contracts (based on the appraisal values) and the dismantling of the San Giorgio di Nogaro site, which will be used as a Marine Service Center of the new joint venture company, Centro Servizi Navali S.p.A.

Name and registered office of the companies that draft the Consolidated Financial Statements of the largest/smallest body of companies to which they belong

The following prospectus contains the information required by Article 2427, paragraph 1, number 22 *quinquies* and 22 *sexies* of the Italian Civil Code:

	Largest
Company name	C.L.N. S.p.A.
City (if in Italy) or foreign country	Caselette (TO)
Tax code (for Italian companies)	00521230011
Place where the Consolidated Financial Statements were filed	Turin

	Smallest
Company name	ArcelorMittal Distribution Solutions Italy S.r.l.
City (if in Italy) or foreign country	Milan
Tax code (for Italian companies)	05076940963
Place where the Consolidated Financial Statements were filed	Milan

Place where a copy of the Consolidated Financial Statements is available

Pursuant to Art. 2427, paragraph 1 number 22-*sexies* of the Italian Civil Code it is stated that a copy of the Consolidated Financial Statements is available at the Registered Office at Corso Susa 13/15, Caselette, Turin, Italy.

Information relating to the fair value of derivative financial instruments

Pursuant to Art. 2427 bis, paragraph 1, point 1 of the Civil Code, it should be noted that the company has derivative financial instruments in place.

During the year, derivative financial instrument contracts were stipulated for exchange rate and interest rate risks for normal commercial transactions. As envisaged by the reference accounting standards, in the absence of a formalized procedure for the verification of certain formal requirements, these contracts do not qualify for hedging. The fair value variations have been fully recorded in the profit and loss statement.

The fair value, pursuant to Article 2426, paragraph 4 of the Italian Civil Code, is determined with reference to the value resulting from generally accepted valuation models and techniques that ensure a reasonable approximation to market value.



The following table shows the information required for contracts still in existence as at 31 December 2017:

Contract type	No. Contracts	Type of transaction	Obligation	Negative Fair Value	Positive Fair Value
Currency Swap	4	Currency EUR/USD	USD 7,976,000	(101,093)	-
IRS	1	Cap Option on Euribor 6M	€ 5,000,000	-	17,322
Total	5			(101,093)	17,322

Pursuant to Art. 2427, point 19 of the Italian Civil Code, it is noted that the Group did not issue financial instruments.

These Consolidated Financial Statements, which consists of a balance sheet, profit and loss statement, cash flow statement and notes to the Consolidated Financial Statements, is a true and correct representation of the assets and liabilities, of the financial position and of the profit for the year and corresponds to the accounting records.

There are no other considerations to be made on the content of the Consolidated Financial Statements and on the accounting principles that were followed.

The considerations and the values contained in these Consolidated Financial Statements are consistent with the accounting records and correctly reflect the administrative facts as they occurred.

Caselette, 11 April 2018

for the Board of Directors
The Chairman
 Gabriele Perris Magnetto



AUDITORS' REPORT

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of
Arcelor Mittal C.L.N. Distribuzione Italia S.r.l.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Arcelor Mittal C.L.N. Distribuzione Italia S.r.l. and its subsidiaries (the "AMCLN Group"), which comprise the consolidated balance sheet as at December 31, 2017, the consolidated statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the AMCLN Group as at December 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Arcelor Mittal C.L.N. Distribuzione Italia S.r.l. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance the Italian law governing financial statements and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the AMCLN Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the AMCLN Group's financial reporting process.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239 | Partita IVA: IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

© Deloitte & Touche S.p.A.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the AMCLN Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the AMCLN Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the AMCLN Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the AMCLN Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10**

The Directors of Arcelor Mittal C.L.N. Distribuzione Italia S.r.l. are responsible for the preparation of the report on operations of AMCLN Group as at December 31, 2017, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of AMCLN Group as at December 31, 2017 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the consolidated financial statements of AMCLN Group as at December 31, 2017 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the AMCLN Group and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Santo Rizzo
Partner

Turin, Italy
May 4, 2017

This report has been translated into the English language solely for the convenience of international readers.



Edited by
ArcelorMittal CLN Communications
printed in Italy © 2018
Graphic design
Massi Corporation

ARCELORMITTALCLN.COM

Consolidated Financial Statement



ated

nts



THE POWER OF ONE

arcelormittalcln.com

Corso Susa, 13/15
10040 Caselette (TO)
Italy