

Current Report CR No 34 – Starting up an “R&D” project at ArcelorMittal Poland S.A. (confidential information disclosed on 15 December 2017, at 18:30)

Management Board of Stalprodukt S.A. (“the Company”) herewith informs about receiving today, i.e. on 15 December 2017, a letter from ArcelorMittal Poland S.A. informing about starting up an ‘R+D’ project.

According to the received information, on 21 November 2017 ArcelorMittal Poland S.A. signed an agreement with NCBiR under the Smart Growth Operational Program for co-funding of a research and development project (‘R&D’) entitled: “Innovative high-silicon steel grade with adjusted small content of impurities and non-metallic inclusions and with controlled morphology and proper amount of AlN inhibitor, intended to be used for high quality transformer sheets.”

Under the above mentioned project a new generation transformer steel grade will be developed, which has not been produced in Poland so far. The new production technology will also be developed using a demonstration (pilot) installation line for secondary (vacuum) steel treatment (VTD).

According to the adopted schedule the works on pilot line will be commenced in Q1 of 2018 and they should be completed within 20-24 months. ArcelorMittal Poland aims to complete the R&D project by Q2 of 2021.

In the opinion of the Company's Management Board, the successful implementation of the above research project and its subsequent commercialization are of key importance in the context of ensuring high-quality hot-rolled coils for transformer sheets manufactured by Stalprodukt, especially high-grades (so-called HGO sheets). Stalprodukt has entered into a long-term contract for the supply of hot-rolled coils, necessary for the production of both conventional and HGO grades from the steelworks of ArcelorMittal.

Legal basis: Art. 17 par. of the Market Abuse Regulation of the European Parliament and the (EU) Council No 596/2014 as of 16 April 2014 r. (Market Abuse Regulation MAR) repealing the Directive 2003/6/EC of the European Parliament and the Council as well as Directives of the EU Commission 2003/124/EC, 2003/125/EC and 2004/72/EC.