

Current Report CR No 5 – Management's comment to the information about the temporary idling of the primary steelmaking operations of the Kraków branch of ArcelorMittal Poland S.A. (Confidential information published on 8 May 2019 at 16:44)

As regards the plans announced by ArcelorMittal Poland S.A. on May 6, 2019, which plans are related to the temporary shutdown of the primary steelmaking operations of the Kraków branch of this company, the Management of Stalprodukt S.A. ("Company," "Issuer") announces what follows.

1. ArcelorMittal Poland S.A. ("AMP") is the main manufacturer of input materials for the Company. These deliveries include hot-rolled sheets in coils, used for manufacturing processes in two basic operational segments – Cold Formed Profiles and Electrical Sheets (operating within the Stalprodukt S.A. Group, GO Steel Frydek Mistek a.s., is also the recipient of these products).
2. On December 14, 2017 Stalprodukt S.A. and ArcelorMittal Flat Carbon Europe S.A. ("FCE"), which is a company of the ArcelorMittal Group, signed a long-term agreement for the delivery to the Company of hot-rolled coils ("HRC Agreement"). This agreement secures the Issuer's needs related to the purchase of input materials for both operational segments mentioned above. Deliveries of input materials for the manufacturing of transformer sheets, including high grades of transformer sheets developed by the Company, referred to as HiB, are of special importance to the Company due to the limited availability on the market. The Company announced the execution of the commercial agreement as regards the information on signing the agreement for the purchase of 100% of the shares of GO Steel Frydek Mistek a.s (current report no. 35 of 2017), and in the consolidated quarterly report for Q1 2018 at III of the Statement ("Settlement of the purchase price of GO Steel Frydek Mistek a.s.").
3. It should be noted that both parties, i.e. Stalprodukt S.A. and ArcelorMittal Flat Carbon Europe S.A., signed an additional, long-term agreement on 14 December 2017 (valid until 2027), governing the detailed terms and conditions for the delivery of hot-rolled coils for the Company to manufacture transformer sheets of HiB grade. Under the Agreement, it is assumed that FCE will deliver hot-rolled coils of HiB grade after ArcelorMittal Poland S.A. has completed the research and development project, whose aim is to develop a technology for manufacturing electrical transformer steel. Stalprodukt S.A. would use this grade of steel for manufacturing high grades of transformer sheets (the Issuer announced the launch of this project in the current report no. 34/2017 of 15 December 2017). As regards the plans presented by ArcelorMittal Poland S.A., which are related to the limitation of manufacturing at the primary steelmaking operations of the company's Kraków branch, the Issuer is not familiar with the official stance of ArcelorMittal Poland S.A. on the potential influence of this decision on the further delivery of the said research and development project.
4. Simultaneously, the Issuer's Management Board states that on May 7, 2019, at the registered office of the Company was held a meeting with a top management representative of ArcelorMittal Flat Carbon Europe S.A., who declared that necessary actions would be taken to secure deliveries of input materials for the Company from the other steelworks within the ArcelorMittal Group, if the temporary shutdown of the primary steelmaking production facilities at ArcelorMittal Poland S.A., Kraków branch,

negatively affected the manufacturing on behalf of the Company. These declarations also include the delivery of hot-rolled coils of high grades, for the manufacturing of HiB sheets.

Today, after 4 pm, the Issuer received the confirmation of FCE's taking the actions mentioned above.

Legal basis: Art. 17(1) of the Regulation of the European Parliament and of the Council (EU) no. 596/2014 of April 16, 2014 r on market abuse (market abuse regulation or MAR) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directive 2003/124/EC, 2003/125/EC and 2004/72/EC.