SAP Mining and Metals Forum 2014

SAP and ArcelorMittal Mining
“From Strategy to Action”

Hervé Legrand, ArcelorMittal Mining CIO

Darmstadt - October 2014



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ArcelorMittal: the world's leading steel and mining company

ArcelorMittal at a glance (2013)

- sales of US$79.4bn
- crude steel production of 91.2 million tonnes
- iron ore production* of 70.1 million tonnes
- coal production* of 8.8 million tonnes
- 232,000 employees worldwide

ArcelorMittal is the world's largest steel producer, and has a significant and growing portfolio of raw material and mining assets.

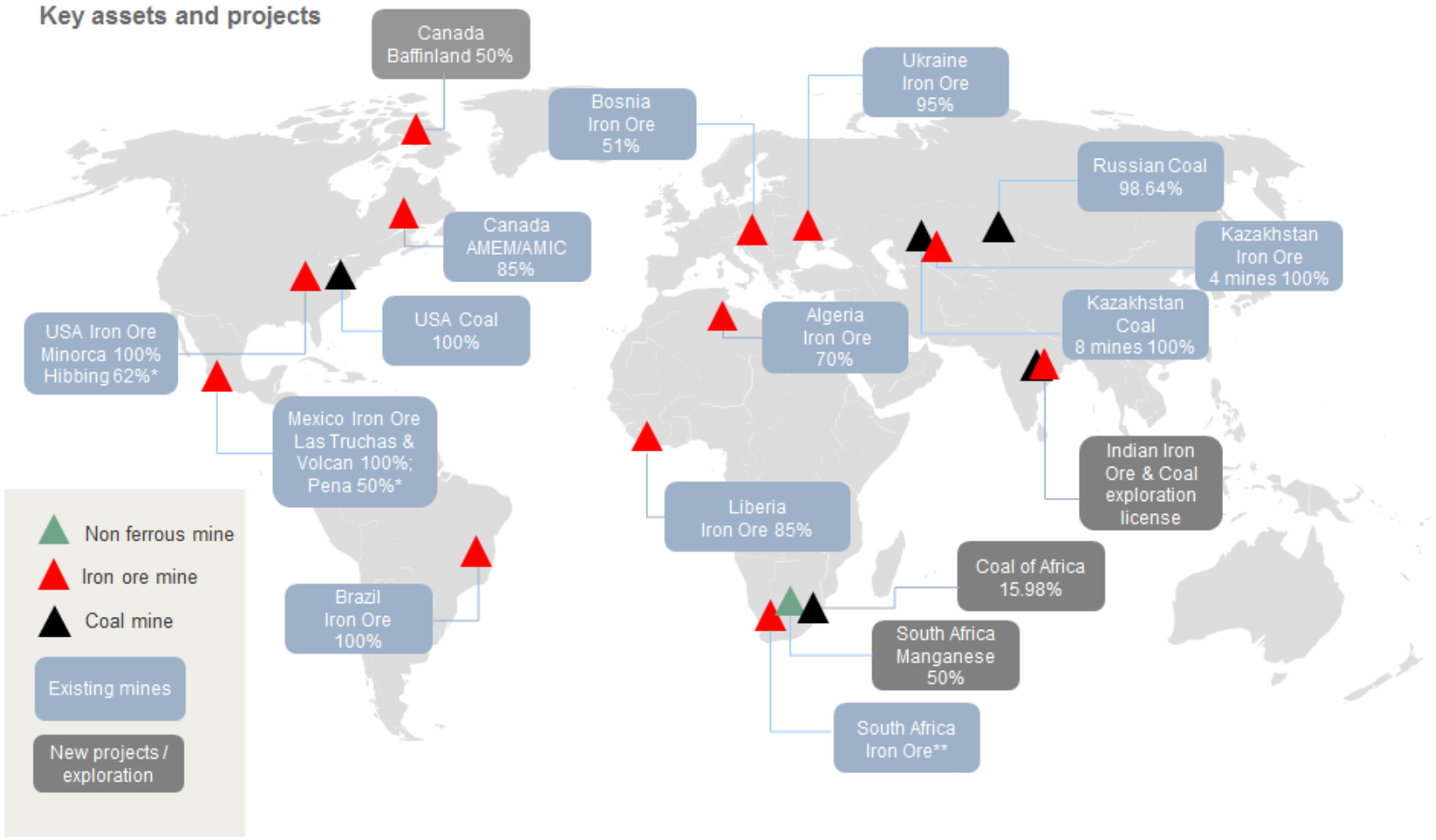
Approximately 62% of ArcelorMittal's iron ore and approximately 19% coal requirements were supplied from its own mines or from strategic contracts in 2013.






* from own mines and strategic contracts

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ArcelorMittal Business Portfolio



A geographically diversified mining portfolio

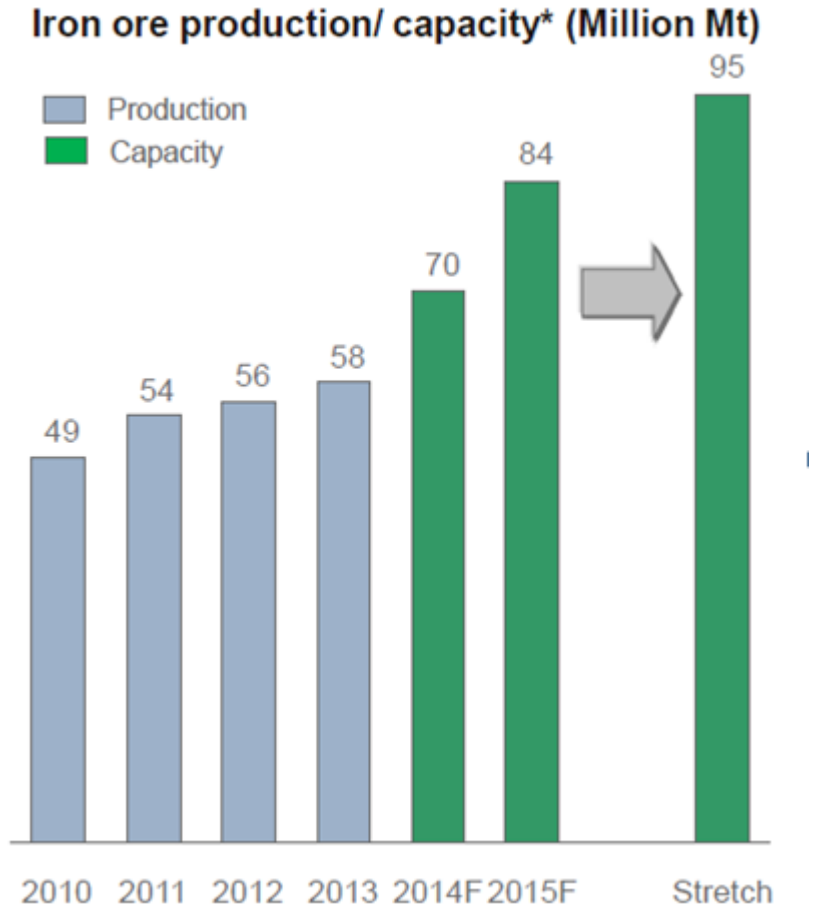
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Target of 84 mT Iron Ore capacity in 2015

Performance and targets

- 2013 Ebitda of US$2bn; ~29% of group iron ore marketable shipments of 35.1Mt in 2013; target of 15% growth in 2014
- Targeting 84Mt iron ore capacity by 2015 with key expansions in Liberia and Canada
- Iron ore stretch target identified to grow by 11Mt to 95Mt

Mining strengths

- Strong leadership team
- Significant reserve and resource base with tier 1 bias
- Scalable infrastructure
- Competitive position in terms of cost and product quality
- World class project control and management
- Knowledge from operating in diverse political and geographical environments



Focus on value and growth

* Capacity for Baffinland, ArcelorMittal Mining Canada, Algeria and Liberia on 100% basis

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Mining Strategic Drivers for IT

ArcelorMittal



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Business Priorities for IT



Liberia growing to 15Mt, with further stretch potential

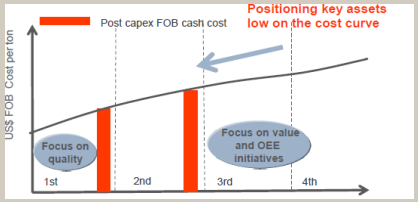


Baffinland early revenue phase targeting 3.5Mt production rate by 2H 2015



Mining Canada expanded to 24Mt, with potential to stretch to 30 Mt

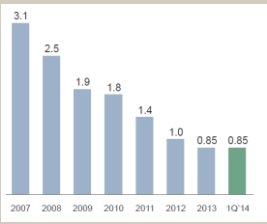
Exploiting our potential



Relentless focus on costs



Targeted niche marketing and commercial strategy



Continued improvement in safety

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ArcelorMittal Mining IT Strategy

ArcelorMittal

1 REPORTING

value-added, automated
reduce bureaucracy
reduce time spent

- Expand Mining One Point of Truth (revenue, projects, operations, mines)
- Automate data extraction, reduce reporting workload at mine and segment
- Facilitate end-user reporting (easy interface, training, drill-down)
- Less reports, but with better information – enable what-if analysis

2 BUSINESS PROCESS AUTOMATION, STANDARDISATION, INTEGRATION

re-use best practices
change management
change behaviors, remove silos

- Report to close (finance, controlling)
- Procure to pay (procurement, finance)
- Order to cash (sales, finance)
- Hire to retire (human resources)
- Inventory management (finance, operations)

3 COMMUNICATION AND COLLABORATION

seamless
cost-efficient
mobile

- Optimize telecommunications (spend, quality, video-conferencing)
- Enable collaboration (sharing files, instant messaging)
- Support new mobile devices and applications
- Enhance project portfolio and document management

4 DIGITAL MINING

operational performance
focus on quality

- Start study to develop our architecture and plan for Digital Mining
- Support asset reliability improvement plans
- Support Canada sustained production at 24Mt a year
- Support Liberia expansion (for completion by December 2015)

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ArcelorMittal key Guiding IT Principles

- **SAP FIRST** – leveraging up-to-date SAP solutions for standard, automated, integrated processes and value-added reporting

- **MICROSOFT FIRST** – rolling-out Microsoft Office 365 to enable better collaboration, communication and end-user productivity across all mines and functions

- **CLOUD FIRST** – taking full advantage of Cloud platforms for quickest, seamless and flexible new implementations across the world

- **MOBILE FIRST** – providing employees with secured access to applications and data anywhere, anytime – using company or own mobile devices

SAP HANA

Microsoft Office 365





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From "Strategy to Action" : 5 examples

January 2014

Mining Costs Reporting

Implementation 1st SAP HANA Enterprise on Cloud - BI solution for standardized KPI's and reports

2014 & 2015

OneHRIS

Roll-out Group SAP HCM platform across all Mines

For reliable and consistent employee data for decision support and reporting, and effective and efficient global HR Administration Processes

Summer 2014

Improved and Standardized Incident Management Process

1st pilot implementation of SAP EHSM in Canada

2014 & 2015

Mining OneSAP

Standardized, Automated and Integrated new SAP Mining ERP platform based on SAP HANA, for Mines Canada, Liberia, London and Luxembourg

2015

Reliability

Support reliability improvement program in Canada, Liberia and other mines leveraging OneSAP program as well as other group SAP EAM assets (WCM)

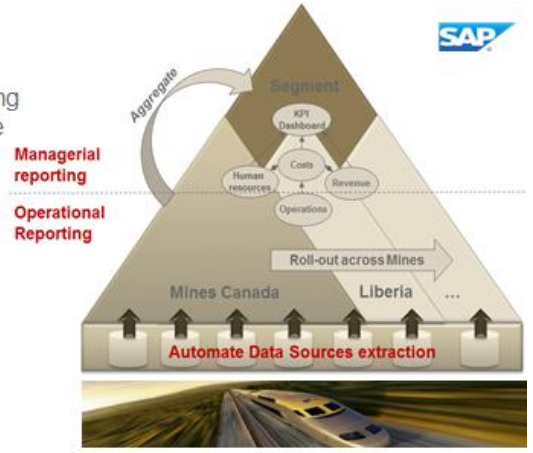
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Mining Costs Reporting (SAP HANA Enterprise Cloud)

Mining One Point of Truth

Managerial Reporting across Mines
- Management Dashboard, Cost Reporting and Weekly Reporting
- Integrate the key KPI's of OneHRIS in Mining Data Warehouse

Operational Reporting in each mine
- Improve and align the Mines Canada reporting platform
- Leverage Mines Canada reporting platform for other mines

Automation, Reduce Workload, Training
- automate the data collection from mines systems, OneSAP
- train the end-users with easy to-use mobile reporting tools
- leverage SAP Hana / Big Data capabilities



SAP HANA

August 2013 to February 2014
SAP HANA, BW, BPC, BO
Cloud hosting with iTelligence
Excel integration
Financial and operations data
SAP, WIPRO, Abington

Extension of the Mining One Point of Truth in progress

Key learnings

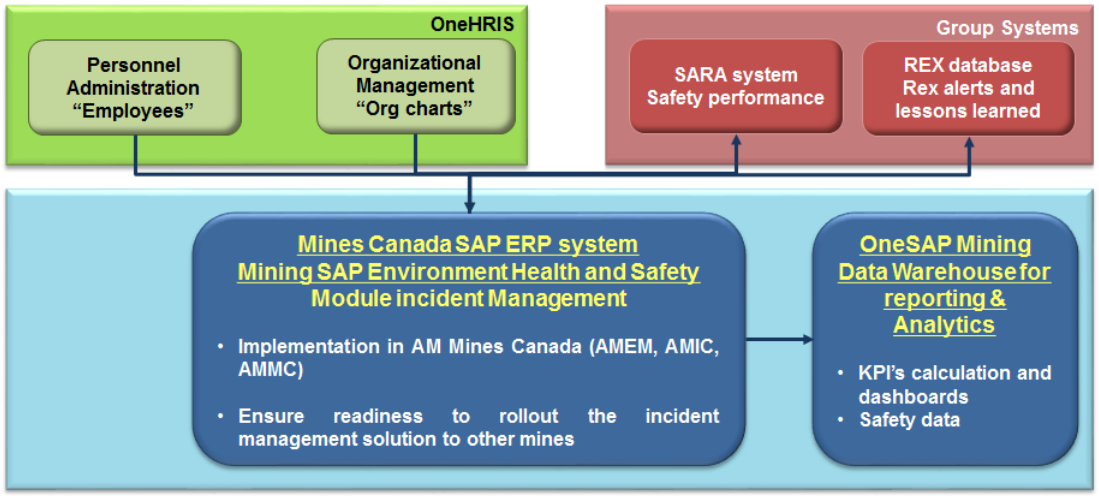
1. SAP HANA Enterprise Cloud has advantages for early adopters (good support by SAP)
2. The project demands a fully integrated team having a very diverse skillset
3. Significant performance improvements, but do not take it for granted

Return on investment

1. Streamlining and standardisation of key business data ("One Point of Truth")
2. Better mining KPIs in shorter process cycles (alignment of operations and finance view)
3. Better insight with improved rapid decision making (value-added reporting)

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Incident Management (SAP EHSM)

SAP EHSM v3.0



Pilot Mining Canada for incident and nearly incidents recording, analysis and reporting
SAP EHSM v3.0

Including interfaces with group and mining platforms

March to Summer 2014
SAP, Atos

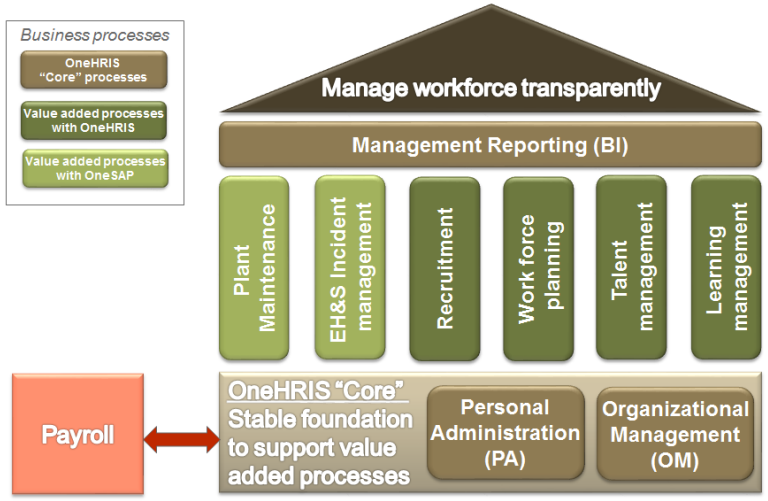
Key learnings

1. Developed and build as a « component », re-usable for other mines and OneSAP
2. Anticipate on mobile integration for iPhone and IPAD
3. Anticipate integration with maintenance, HR, capital projects, etc.

Return on investment

1. Easiest way to record all types of incidents – anticipate on preventive actions
2. Better cross sharing of safety information across mines
3. Regulatory forms completion

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OneHRIS (SAP HCM Group Platform)



Through harmonization and standardization, OneHRIS will provide reliable and consistent employee data for decision support and reporting. Working in harmony with effective and efficient global HR administration processes, it will be a major contributor to the improvement of ArcelorMittal's competitiveness.

Make OneHRIS the single source of truth for Mining HR reporting; align definition for all mines, include contractor information, extend solution to cover organizational management, time and payroll information – and then be extended to value-added processes (recruitment, workforce planning, learning management)

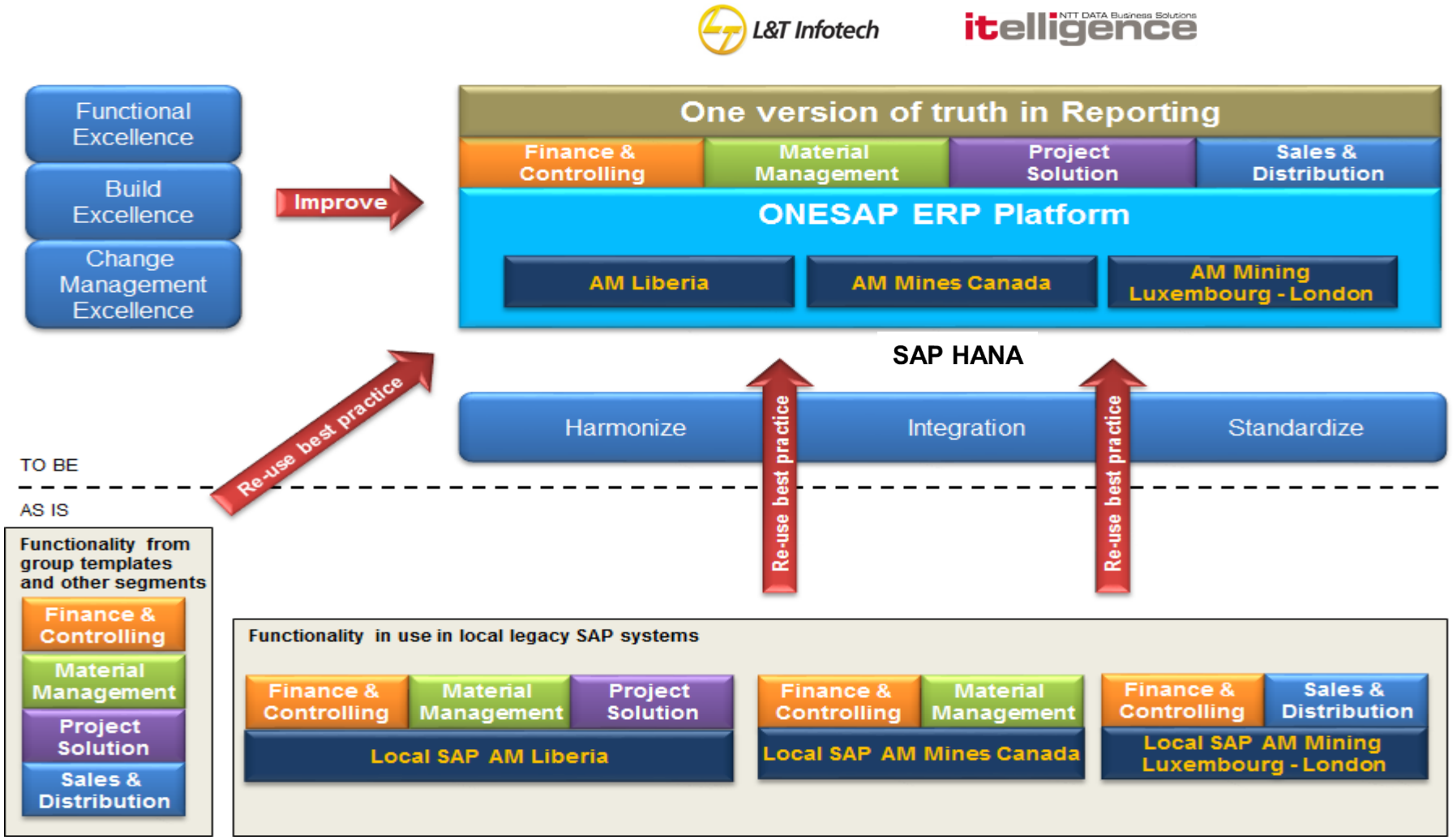
Key learnings

1. Focus on reliable data and standard processes (hire to retire, payroll information)
2. Managing all workforce inside OneHRIS including contractors
3. Payroll out of scope (managed locally in country shared services or outsourced)

Return on investment

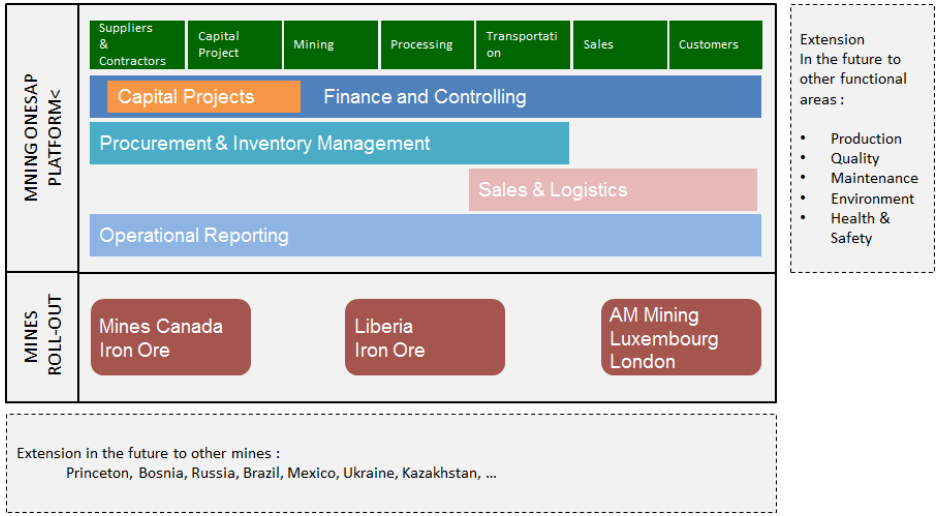
1. Reduce HR reporting workload, improve the speed and quality of the reporting
2. Enable standardization and automation of value-added HR processes
3. Improve internal controls (reliable data for approval workflows, expenses, travels)

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ArcelorMittal Mining OneSAP



Smart and Agile OneSAP project approach

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ArcelorMittal Mining OneSAP



Planning from July 2014 to early 2016

One single SAP ECC instance based on SAP HANA Enterprise Cloud - Cloud hosting with itelligence NTT DATA Business Solutions

Supported by Mining SAP CoE (based in Canada)
SAP, L&T Infotech

Focus on roll-out preparation, change management
150+ business process improvements opportunities
Stick to SAP Vanilla, avoid any customization

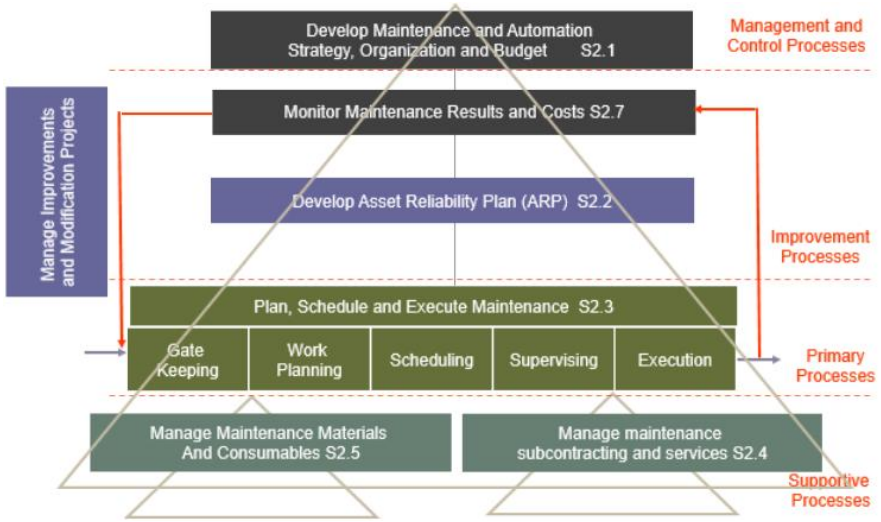
Key learnings

1. Don't reinvent the wheel, re-use internal and external best practices
2. Leverage standard up-to-date SAP ECC on SAP HANA Enterprise Cloud
3. Key risks are the business resources preparedness and availability

Return on investment

1. Integrate and standardize business processes, automate non-value-added tasks
2. Improve master data and reporting quality – One version of the Truth
3. Better support to compliance and internal control requirements

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Reliability – Plant Maintenance (SAP EAM)



To implement SAP EAM (plant maintenance) for the reliability platform of Liberia and Mining Canada :

- Standard mining maintenance processes for breakdown, planned and condition based maintenance including the maintenance roles
- Mining asset breakdown structure for all mining installations (fleet, concentrator, rail, port…)
- Reliability centred maintenance and asset reliability improvement plans
- Spare parts - consumables and subcontracting - services management

Key learnings

1. Leverage asset reliability model already implemented in the steel side
2. Integrate and coordinate properly SAP EAM initiatives with OneSAP
3. Focus on Mining Canada and Liberia first

Return on investment

1. Support reliability improvement programme in ArcelorMittal Mining Canada, Liberia
2. Quick and low-cost implementation by re-use of best practices (“SAP component‘”)
3. Support internal benchmarking through standard KPIs (MBTF, MTTR)

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Strong and long-term Partnerships



SAP

- Strong support from SAP business transformation team
- Leveraging SAP PSLE (product support for large enterprises)
- SAP enterprise support academy - SAP trainings
- Discussion in progress for extended SAP support (MaxAttention, …)
- Support from SAP on escalation (like for HANA)

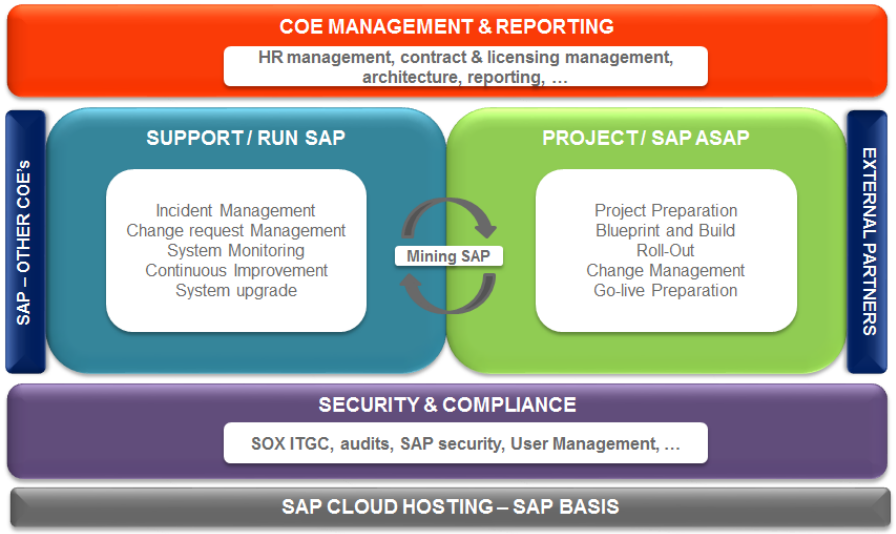
SAP PARTNERS

- 3 long-term SAP partners:
  - Atos
  - L&T Infotech
  - WIPRO
- For SAP projects, ad-hoc resources, SAP expertise, SAP application maintenance
- Group master agreement, standard rate cards and governance in place with each of the three partners

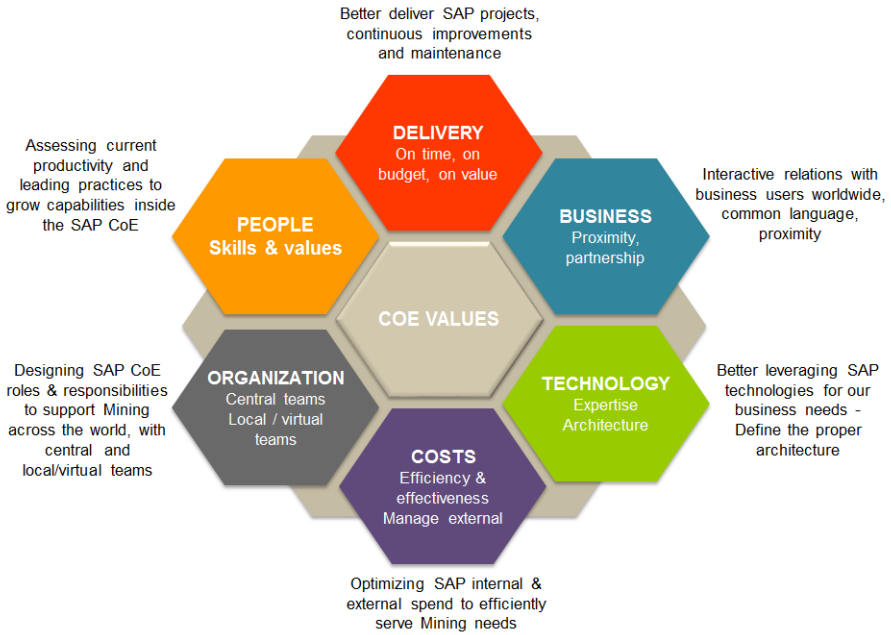
CLOUD HOSTING

- iTelligence selected as our SAP Cloud Hosting partner:
  - itelligence (NTT DATA Business Solutions)
- iTelligence ISAE 3402 certified SAP data centers in Germany
- Flexible up and down “On-Demand” SAP hosting with committed SLA (up to 24x7 HA DR), SAPS, SAN storage, backup
- For all new SAP initiatives (HANA, ECC, …)

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Mining SAP Center of Excellence (CoE) in Canada



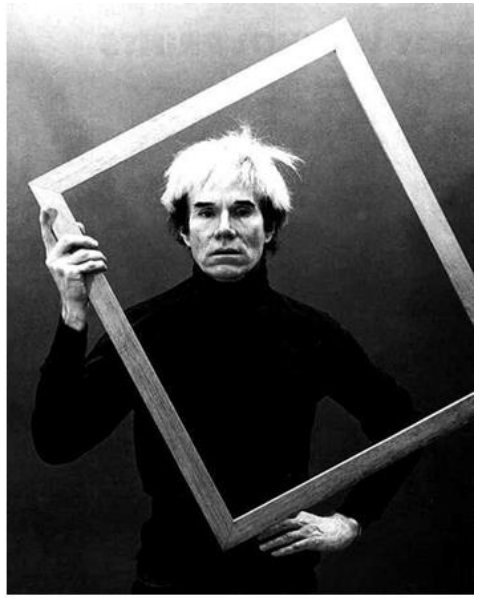




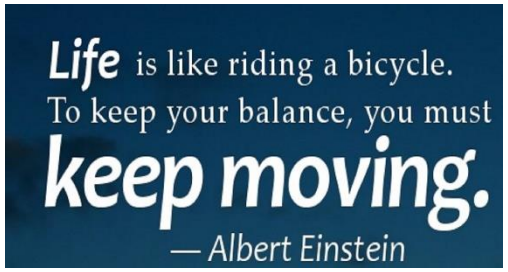
Mining SAP CoE

Key in the success of all Mining SAP initiatives worldwide

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Conclusion



They always say that time changes things, but you actually have to change them yourself.
- *Andy Warhol*



- **Challenges**
  - business resources preparedness and availability
  - Maturity of SAP CoE and external partners
  - financial capabilities to support new initiatives
  - local situation in Liberia
- **Opportunities**
  - new fresh start (with up-to-date SAP platforms)
  - leverage Big Data (SAP HANA) for ECC and reporting
  - leverage SAP Cloud Hosting (quicker, no CAPEX)
  - develop offshoring for SAP application maintenance
- **Next steps**
  - regular extension of Mining One Point of Truth
  - successful implementation of Mining OneSAP project in 2015
  - support Mining Reliability initiatives (SAP EAM)
  - further integrate SAP and Microsoft roadmap together


Thanks
for your time