# EFSI Operation Scoreboard[1]

| PROJECT PRESENTATION | |
|---|---|
| **Project name** | AM HIGHTECH AND SUSTAINABLE STEEL RDI - COVID19 |
| **Promoter and financial intermediary** | ARCELORMITTAL |
| **Country of implementation** | Belgium, France, Luxembourg, Spain |
| **Summary project description** | The promoter, a world leading carbon steel manufacturer, operates in a complex competitive environment characterised by high capital intensity, constant technological change, volatile raw material prices, exposure to cyclical end-industries and global competition. In this context, significant investments in research, development and innovation ("RDI") are crucial for the promoter in order to keep a leading position in its market segments.<br><br>Investment in RDI is a key element in securing the future competitiveness of the steel industry. Such investments typically aim at the development of more efficient and environmentally friendly process technologies and products with increased performances, quality or reduced environmental footprint.<br><br>This is typically done in collaboration with customers, many of whom are long-standing partners, but also in collaboration with universities, research institutes and in some cases even with direct competitors. The promoter's resilience and growth strategy is built upon the two pillars of: (i) sustainable development, driven by the promoter's vision to make steel the material of choice for the low carbon and circular economy; and (ii) high value added, to increase the share of high value added products in its product mix. The major part of the RDI activities covers the development of more sustainable iron and steelmaking processes and the development of high-tech high value-added steel products. The strands of RDI activities supported are: (i) iron and steel production processes, aiming among others at Green House Gas ("GHG") emission reductions and new processes to further increase yield, quality and reliability of high tech steel grades; (ii) steel products development, aiming at developing innovative steel solutions for various applications; and (iii) breakthrough technologies for steel manufacturing and steel products. |

[1] This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.
Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

| | |
|---|---|
| | In addition, 41% of the investment is dedicated to RDI activities that, if successful, will lead - directly and indirectly - to GHG emission savings. Most prominent examples would be innovative, more energy efficient or low carbon steel manufacturing processes, as well as reduced indirect GHG emissions from innovative high-strength and lightweight steels products, leading to increased material efficiency in multiple sectors, such as automotive, renewables and yellow goods.<br><br>Part of the project (56%) is located in a cohesion region, hence supporting the strengthening of the EU's economic, social and territorial cohesion.<br><br>The project covers the promoter's RDI related operational and capital expenditures in iron and steelmaking in Europe for the years 2021 to 2023, which supports and strengthens its technological leadership in its core business sectors. In addition, the current project is supporting the promoter in reaching its ambitious climate action goals and in reducing the environmental footprint of its manufacturing facilities and steel products. |

# PROJECT PILLAR ASSESSMENT

## Pillar 1

| Contribution to EU policy | Significant |
|---|---|
| **Cross-cutting objectives** | |
| EIB Cohesion Priority Regions / Economic and Social Cohesion | 56.00% |
| Climate Action | 40.60% |
| **EFSI** | |
| Contribution to EFSI | 100.00% |
| EFSI: Research, development and innovation | 100.00% |
| Projects that are in line with Horizon 2020 | 100.00% |

## Pillar 2

| Quality and soundness of the project | Good |
|---|---|
| 1. Growth | [...] |
| 2. Promoter capabilities | [...] |
| 3. Sustainability | [...] |
| 4. Employment | [...] |

*This pillar evaluates the quality and soundness of the operation. This pillar is composed of up to four indicators, as relevant, among which:*

*(i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;*

*(ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;*

*(iii) "Sustainability" i.e. environmental and social sustainability[2];*

*(iv) "Employment" i.e. the project's direct employment effect;*

*(v) "Increasing access to finance and improving financing conditions including for final beneficiaries".*

## Pillar 3

| EIB Technical and financial contribution to the project | Moderate |
|---|---|
| 1. Financial contribution | [...] |
| 2. Financial facilitation | [...] |
| 3. Advice | [...] |

*This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through up to three indicators:*

*(i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor);*

*(ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments;*

*(iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer - provided in-house by the EIB or in the form of assignments to external consultants - to facilitate the preparation or implementation of a project.*

[2] For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

## Pillar 4 - Complementary indicators

### *Additionality*

In line with the EFSI objective of supporting research, development and innovation (RDI), in particular projects that are in line with Horizon 2020, the operation will support a number of RDI activities centred around steel production. The RDI activities supported by the operation will also contribute to increasing the EU knowledge and technological base in steelmaking, automotive, construction, energy and packaging industries. They will contribute to support, directly and indirectly, economic growth and employment. Equally, the operation will address the objective of supporting less developed regions and transition regions as 56% of the operation will be deployed in Cohesion regions. The operation will thus also contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment. Up to 40% of the operation will contribute to the Climate Action objective. Finally, given the global footprint of ArcelorMittal - and the Group's R&D historically high level of R&D activities in Europe - the RDI programme is implemented across a number of European countries and the operation will qualify as multi-country EFSI project.

The project addresses market failures related to insufficient investments in RDI due to positive externalities. The positive externalities are linked to knowledge and technology spill overs arising from investments in RDI. Moreover, a high degree of collaboration with industrial partners, universities, research centres and customers and in more fundamental research activities even with competitors adds even further positive spill over effects to the wider industry and steel community. Furthermore, EIB's support to the project addresses market failure linked to the lack of long-term capital to finance inherently risky private sector RDI especially in a risky industry such as steel manufacturing.

The operation is high risk and as such falls under the EIB Special Activities category. This is in particular due to the large size and long tenor of the financing provided, the R&D intensive nature of the operation as well as the volatile and highly competitive nature of the markets in which the borrower operates. The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The envisaged financing is expected to result in a quality stamp on the project providing comfort and a positive signalling effect to the market on the soundness of the group's strategy. This will enable ArcelorMittal to attract additional long-term financing from both bond investors and other banking lenders in the current financial context, characterised by major uncertainties caused by the Coronavirus outbreak, weak GDP trends, volatile raw material and steel output prices.

# *Set of indicators related to the macroeconomic environment*

## Belgium - Economic environment

### Economic Performance

| | BE 2018 | EU 2018 | US 2018 | BE 2001-2007 |
|---|---|---|---|---|
| GDP per capita (EUR, PPS) | 35,670.36 | 30,935.11 | 43,569.11 | 36,134.50 |
| GDP growth (%) | 1.43 | 1.97 | 2.86 | 2.15 |
| Potential GDP growth (%) | 1.44 | 1.60 | 2.24 | 2.02 |
| Output gap (% of potential GDP) | 0.24 | 0.62 | 0.74 | 0.57 |
| Unemployment Rate (%) | 5.80 | 6.60 | 3.90 | 7.97 |
| Unemployment Rate (%) - Y/Y change (% points) | -0.40 | -0.60 | -0.20 | 0.10 |
| Bank-interest rates to non-financial corporations (%) | 1.34 | 1.26 | -- | 4.33 |
| Bank-interest rates to non-financial corporations (%) - Y/Y change (% points) | -0.02 | -0.06 | -- | -0.34 |
| Investment rate (GFCF as % of GDP) - Total | 23.81 | 20.54 | 20.84 | 21.80 |
| Investment rate (GFCF as % of GDP) - Public | 2.40 | 2.86 | 3.31 | 2.09 |
| Investment rate (GFCF as % of GDP) - Private | 21.41 | 17.68 | 17.53 | 19.71 |

### General Sector Indicators

| | 2014 | 2015 | 2016 | 2017 | EU (latest available) |
|---|---|---|---|---|---|
| Value added in Manufacture of basic metals (% of total VA) | 0.70 | 0.71 | 0.73 | -- | 0.58 |
| Employment in Manufacture of basic metals (% of total employment) | 0.57 | 0.54 | 0.54 | 0.53 | 0.45 |

### Research, development and innovation

| | 2014 | 2015 | 2016 | 2017 | EU (latest available) |
|---|---|---|---|---|---|
| Gross domestic expenditure on R&D (GERD) (% of GDP) | 2.39 | 2.46 | 2.55 | 2.58 | 2.06 |
| Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP) | 0.61 | 0.54 | 0.45 | 0.42 | 0.94 |
| Research and development expenditure - Government (% of GDP) | 0.21 | 0.23 | 0.23 | 0.29 | 0.23 |
| Research and development expenditure - Higher education (% of GDP) | 0.49 | 0.50 | 0.52 | 0.54 | 0.45 |
| Research and development expenditure - Business (% of GDP) | 1.67 | 1.72 | 1.78 | 1.76 | 1.36 |
| Research and development expenditure - Private non-profit sector (% of GDP) | 0.01 | 0.01 | 0.01 | -- | 0.02 |
| Eco-innovation index (EU =100) | 90.00 | 90.00 | 82.00 | 83.00 | 100.00 |

## France - Economic environment

### Economic Performance

| | FR 2018 | EU 2018 | US 2018 | FR 2001-2007 |
|---|---|---|---|---|
| GDP per capita (EUR, PPS) | 31,988.40 | 30,935.11 | 43,569.11 | 31,052.71 |
| GDP growth (%) | 1.58 | 1.97 | 2.86 | 1.90 |

| | | | | |
|---|---|---|---|---|
| Potential GDP growth (%) | 1.21 | 1.60 | 2.24 | 1.78 |
| Output gap (% of potential GDP) | 0.36 | 0.62 | 0.74 | 1.69 |
| Unemployment Rate (%) | 8.90 | 6.60 | 3.90 | 8.50 |
| Unemployment Rate (%) - Y/Y change (% points) | -0.20 | -0.60 | -0.20 | -0.19 |
| Bank-interest rates to non-financial corporations (%) | 1.37 | 1.26 | -- | 3.53 |
| Bank-interest rates to non-financial corporations (%) - Y/Y change (% points) | -0.03 | -0.06 | -- | 0.00 |
| Investment rate (GFCF as % of GDP) - Total | 22.92 | 20.54 | 20.84 | 21.76 |
| Investment rate (GFCF as % of GDP) - Public | 3.39 | 2.86 | 3.31 | 3.91 |
| Investment rate (GFCF as % of GDP) - Private | 19.53 | 17.68 | 17.53 | 17.84 |

## General Sector Indicators

| | 2014 | 2015 | 2016 | 2017 | EU (latest available) |
|---|---|---|---|---|---|
| Value added in Manufacture of basic metals (% of total VA) | 0.30 | 0.32 | 0.26 | -- | 0.58 |
| Employment in Manufacture of basic metals (% of total employment) | 0.30 | 0.30 | 0.28 | 0.28 | 0.45 |

## Research, development and innovation

| | 2014 | 2015 | 2016 | 2017 | EU (latest available) |
|---|---|---|---|---|---|
| Gross domestic expenditure on R&D (GERD) (% of GDP) | 2.23 | 2.27 | 2.25 | 2.19 | 2.06 |
| Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP) | 0.77 | 0.73 | 0.75 | 0.81 | 0.94 |
| Research and development expenditure - Government (% of GDP) | 0.29 | 0.29 | 0.29 | 0.28 | 0.23 |
| Research and development expenditure - Higher education (% of GDP) | 0.46 | 0.50 | 0.49 | 0.45 | 0.45 |
| Research and development expenditure - Business (% of GDP) | 1.45 | 1.44 | 1.43 | 1.42 | 1.36 |
| Research and development expenditure - Private non-profit sector (% of GDP) | 0.03 | 0.03 | 0.04 | 0.04 | 0.02 |
| Eco-innovation index (EU =100) | 112.00 | 113.00 | 106.00 | 99.00 | 100.00 |

# Luxembourg - Economic environment

## Economic Performance

| | LU 2018 | EU 2018 | US 2018 | LU 2001-2007 |
|---|---|---|---|---|
| GDP per capita (EUR, PPS) | 77,215.56 | 30,935.11 | 43,569.11 | 74,836.95 |
| GDP growth (%) | 2.60 | 1.97 | 2.86 | 4.04 |
| Potential GDP growth (%) | 1.78 | 1.60 | 2.24 | 4.20 |
| Output gap (% of potential GDP) | 0.58 | 0.62 | 0.74 | 1.30 |
| Unemployment Rate (%) | 5.20 | 6.60 | 3.90 | 3.97 |
| Unemployment Rate (%) - Y/Y change (% points) | -0.40 | -0.60 | -0.20 | 0.31 |
| Bank-interest rates to non-financial corporations (%) | 1.45 | 1.26 | -- | 3.91 |
| Bank-interest rates to non-financial corporations (%) - Y/Y change (% points) | 0.27 | -0.06 | -- | -0.01 |
| Investment rate (GFCF as % of GDP) - Total | 17.48 | 20.54 | 20.84 | 19.76 |
| Investment rate (GFCF as % of GDP) - Public | 4.08 | 2.86 | 3.31 | 4.41 |

| | | | | |
|---|---|---|---|---|
| Investment rate (GFCF as % of GDP) - Private | 13.40 | 17.68 | 17.53 | 15.36 |

## General Sector Indicators

| | 2014 | 2015 | 2016 | 2017 | EU (latest available) |
|---|---|---|---|---|---|
| Value added in Manufacture of basic metals (% of total VA) | -- | -- | -- | -- | 0.58 |
| Employment in Manufacture of basic metals (% of total employment) | -- | -- | -- | -- | 0.45 |

## Research, development and innovation

| | 2014 | 2015 | 2016 | 2017 | EU (latest available) |
|---|---|---|---|---|---|
| Gross domestic expenditure on R&D (GERD) (% of GDP) | 1.26 | 1.28 | 1.30 | 1.26 | 2.06 |
| Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP) | 1.04 | 1.02 | 1.00 | 1.04 | 0.94 |
| Research and development expenditure - Government (% of GDP) | 0.38 | 0.38 | 0.34 | 0.33 | 0.23 |
| Research and development expenditure - Higher education (% of GDP) | 0.21 | 0.24 | 0.25 | 0.25 | 0.45 |
| Research and development expenditure - Business (% of GDP) | 0.68 | 0.66 | 0.70 | 0.68 | 1.36 |
| Research and development expenditure - Private non-profit sector (% of GDP) | -- | -- | -- | -- | 0.02 |
| Eco-innovation index (EU =100) | 139.00 | 125.00 | 140.00 | 139.00 | 100.00 |

# Spain - Economic environment

## Economic Performance

| | ES 2018 | EU 2018 | US 2018 | ES 2001-2007 |
|---|---|---|---|---|
| GDP per capita (EUR, PPS) | 28,497.70 | 30,935.11 | 43,569.11 | 29,209.95 |
| GDP growth (%) | 2.58 | 1.97 | 2.86 | 3.56 |
| Potential GDP growth (%) | 1.17 | 1.60 | 2.24 | 3.58 |
| Output gap (% of potential GDP) | 0.88 | 0.62 | 0.74 | 2.75 |
| Unemployment Rate (%) | 14.40 | 6.60 | 3.90 | 9.99 |
| Unemployment Rate (%) - Y/Y change (% points) | -2.10 | -0.60 | -0.20 | -0.34 |
| Bank-interest rates to non-financial corporations (%) | 1.69 | 1.26 | -- | 3.79 |
| Bank-interest rates to non-financial corporations (%) - Y/Y change (% points) | 0.13 | -0.06 | -- | -0.05 |
| Investment rate (GFCF as % of GDP) - Total | 21.22 | 20.54 | 20.84 | 28.72 |
| Investment rate (GFCF as % of GDP) - Public | 2.11 | 2.86 | 3.31 | 4.15 |
| Investment rate (GFCF as % of GDP) - Private | 19.11 | 17.68 | 17.53 | 24.57 |

## General Sector Indicators

| | 2014 | 2015 | 2016 | 2017 | EU (latest available) |
|---|---|---|---|---|---|
| Value added in Manufacture of basic metals (% of total VA) | 0.76 | 0.78 | 0.80 | 0.97 | 0.58 |
| Employment in Manufacture of basic metals (% of total employment) | 0.42 | 0.41 | 0.41 | 0.40 | 0.45 |

## Research, development and innovation

| | 2014 | 2015 | 2016 | 2017 | EU (latest available) |
|---|---|---|---|---|---|
| Gross domestic expenditure on R&D (GERD) (% of GDP) | 1.24 | 1.22 | 1.19 | 1.20 | 2.06 |
| Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP) | 0.76 | 0.78 | 0.81 | 0.80 | 0.94 |
| Research and development expenditure - Government (% of GDP) | 0.23 | 0.23 | 0.22 | 0.21 | 0.23 |
| Research and development expenditure - Higher education (% of GDP) | 0.35 | 0.34 | 0.33 | 0.33 | 0.45 |
| Research and development expenditure - Business (% of GDP) | 0.65 | 0.64 | 0.64 | 0.66 | 1.36 |
| Research and development expenditure - Private non-profit sector (% of GDP) | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 |
| Eco-innovation index (EU =100) | 111.00 | 109.00 | 99.00 | 112.00 | 100.00 |

*- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms*

*- EU value for "Bank-interest rates to non-financial cooperations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007*

*- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country*

## *Other indicators*[3]

| Key project characteristics | Expected value at PCR |
|---|---|
| Start of works | 01.01.2021 |
| End of works | 31.12.2023 |
| Project investment cost [MEUR] | 563.70 MEUR |
| EIB/EFSI eligible investment mobilised [MEUR] | 560.70 MEUR |
| External EFSI multiplier | 2.00 |
| External EIB (non-EFSI) multiplier | |
| Amount of private financing [MEUR] | 202.70 MEUR |
| Quick start (% of expenditure during 2015-2018) [%] | |
| Co-financing with national promotional banks [MEUR] | 0.00 MEUR |
| Co-financing with structural funds (ESIF) [MEUR] | 0.00 MEUR |
| Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR] | |
| Energy efficiencies realised [MWh/a] | 0.00 MWh/a |
| Climate Action indicator | 40.60% Mitigation - RDI (transversal) |
| Employment during construction - temporary jobs [person years] | 3,600 person years |
| Employment during operation - new permanent jobs [FTE] | 0 FTE |

[3] For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report. If applicable, a difference between the amount of Project investment costs and EIB/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.