

Arcelor eyes US Steel in bid worth over \$7 billion

The buy would reverse ArcelorMittal's retreat from US as a production base

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ArcelorMittal SA, the world's second-largest steelmaker, is considering a potential offer for US Steel, three people familiar with the matter said on Wednesday.

The combination would reverse ArcelorMittal's retreat from the United States as a production base after it sold most of its operations to Cleveland-Cliffs Inc in 2020 for \$1.4 billion to focus on growing markets such as India and Brazil.

ArcelorMittal is discussing a possible offer with its investment bankers, and there is no certainty that it will press ahead with it, the sources said.

If it does launch a bid, it could mark the escalation of a bidding war that is already underway for US Steel, following rival offers from Cleveland-Cliffs and Esmark for more than \$7 billion.

The sources requested anonymity because the delibera-



tions are confidential. Representatives for ArcelorMittal and US Steel did not respond to requests for comment. US Steel workers are members of the United Steel Workers (USW) union, which has come out in support of a deal with Cleveland-Cliffs even though US Steel has rebuffed that offer as "unreasonable."

The union's endorsement is important because its collective bargaining agreement with US Steel makes it a party in the negotiations and affords

it the right to counter with its demands. USW International President Tom Conway told *Reuters* ArcelorMittal would be "foolish" to move ahead with a bid and that the union would not endorse any buyers other than Cleveland-Cliffs. He said he was not happy with how ArcelorMittal has treated workers in the past, without elaborating.

"I have no interest in talking to anybody else and I would like US Steel to get their board moving and conclude this thing with Cliffs,"

Conway said.

US Steel shares rose as much as 6.3 per cent on news of ArcelorMittal's bid deliberations before pairing some of the gains on the union's opposition, to end trading up 1.4 per cent at \$30.65. That compares to bids from Cleveland-Cliffs and Esmark that were both worth \$35 per share when submitted. Esmark's offer is all cash, while Cleveland-Cliffs would pay for the deal half with cash and half with its own stock. ArcelorMittal's deliberations come after US Steel said on Sunday it had launched a process to explore interest from potential acquirers.

US Steel became an acquisition target following several quarters of falling revenue and declining profits, as it struggled with high raw material and energy costs.

ArcelorMittal, like its peers, has also been grappling with a slowdown in demand, as global economic growth slows. Last month it reported a second-quarter profit of \$2.6 billion, half that of a year ago.