

Address by Shri L. N. Mittal, Chairman and Chief Executive Officer, Arcelor Mittal

Good morning everyone. I am honoured and delighted to be with you here today on the occasion of your convocation from IIM Ahmedabad, one of the world's most respected management schools. I know from my own experience what a special day convocation is. So I want to start by expressing my sincerest congratulations to all of you for succeeding in your degree.

Speaking in front of the graduates from IIM Ahmedabad is not an easy task! You are among the smartest, best educated students in the world. You have access to world events and information as I do and I'm sure you well understand the political and economic challenges of the day. So could I tell you anything about business or the economy in twenty minutes or so, that could add in a meaningful way to what you have already learnt at this school?

The answer, I suspect, is not really. So I am going to focus my words on one of the main difference that lies between us: forty or so years. In these years - during which I have started and grown my business - I have experienced many of life's different challenges. I want to share with you some of the lessons that I have learned along that path; lessons I believe have contributed to what I have achieved and - I hope - can be of use to you in your future.

All of you in this room today are smart and educated and, I imagine, driven and ambitious individuals. But that doesn't mean you will all achieve the same level of success. And what are the differentiating factors? Of course the answer is complicated and there are many factors at play. But one differentiating factor will be the way in which you approach, handle and navigate life.

I founded my business in 1976 in Indonesia with the help of my father. Over four decades it has grown to become the world's largest steel and mining company. I am often asked whether I envisaged this happening when I first started out. The answer is no. You have an idea and you start. If that idea starts to deliver success, then you can start taking small steps forward. I spent thirteen years in Indonesia, working slowly but steadily to build a successful operation there. What we achieved during that period set the foundation for future growth. In 1989 I was able to take my first global step to Trinidad & Tobago. From there we built the foundation from which to make our first proper acquisition in Mexico. And from there the global journey continued. Today we have major operations in many countries, but they came together step by step.

You have all built an excellent foundation here at IIM Ahmedabad and you may well have some very big ambitions. But don't expect to realise those ambitions overnight. Start with small steps. Set yourself ambitious but realistic targets that will stretch you but that you can achieve within a reasonable time frame. You may want to create a mansion. But recognise that if you want it to be sustainable, there is no pre-fab option available to you. You need to build brick by brick and over time it will take shape.

You will find that as you take these steps, you will need great determination to succeed. Steve Jobs said in his much referenced Harvard convocation speech in 2005 that it's vital to love what you do. I agree. But the reason this is so important – beyond day to day enjoyment of what you are doing – is because if you don't love what you are doing you will never have the determination required to see you through the inevitable difficult times. Be under no illusion: life is tough and being successful in life is even tougher. Success is not going to be handed to you on a plate, just because you have a degree from a top university. There have been many times during my life when my determination has been tested. These are the times when more than ever you have to dig deep, find an inner strength maybe you didn't even know existed and channel that strength towards success. Our merger with Arcelor in 2006 is a good example. When we announced the offer for Arcelor on 27th January 2006, we were confident that it had a very strong industrial logic. But over the next six months what started as a stock-market offer based on this logic turned into a political fight across a number of different countries, using poison pill defence tactics from Arcelor. There were times when logically it seemed very difficult to see how we could succeed. For example, when the target company announced it would enter into a deal and issue shares to a third party without going to shareholders. But we stayed focussed, we dug deep, we worked very hard with all our stakeholders, and we succeeded. It was also important during this period for me not to show my team when I had concerns. Although there were times when I also could not see how we could move forward, I needed my team to stay strong and believe we could succeed. In order to ensure they stayed strong, I had to stay strong and solution focussed. Leadership can often be a lonely business.

It is often the difficult times and how one handles them, which are the most defining in terms of life's achievements and the development of one's own strengths and character. For me, the first such time came in 1975 when I took the decision to leave India and move to Indonesia. Moving countries is always a big decision but back then, it really was a very major one indeed. I was recently married and my wife had just given birth to our first child.

Arriving in a strange country by myself, knowing no-one, not speaking the language and having to start a business from scratch is extremely daunting. I learnt so much from that time in Indonesia: about business and about myself. I learnt that I could adapt to another culture; I learnt that I could be happy in a country that wasn't my home; I learnt how to build a business from scratch; I learnt how to take on well established competitors and find a market for our product that didn't previously exist; I learnt to have confidence in my strategic thinking and my decision making; I learnt that it takes time to see results and not to expect everything overnight; and I learnt – although this one I already knew – the benefit of hard work. There have been other examples over the years, but the other one I would like to mention is Kazakhstan. In 1995 we bought the Karmet steelworks in Temirtau, which at the time had more than 34,000 employees. This was a country that we didn't know; with an extreme climate that alternated from minus forty in the winter to plus forty in the summer. We went to buy a steel plant. In reality it was like taking over a city which didn't have a mayor! This city had its own currency, but no hot water and no electricity. The first night I spent there I slept in my overcoat and washed the next day with hot water in a bucket. It was a tremendous challenge. But against all the odds we succeeded. Again the lessons from this defining period were multiple: we learnt that just because others had failed, that did not mean we would not succeed; we learnt that our experience was such that we could take on the toughest challenges; we learnt that if you are really committed and dedicate yourself to a cause with a single-minded focus then you are likely to achieve results.

Many people thought that we were crazy when we bought the plant in Kazakhstan. The Wall Street Journal actually wrote that Kazakhstan would be "Mittal's Waterloo." That brings me onto another important point that I want to share with you. Reputation matters and anyone who tells you it doesn't is wrong. But that doesn't mean that you should take the wrong decisions because you are worried about what people will say about you. It is impossible to please everyone and it is impossible to be liked by everyone. You have to focus on taking the right decisions; even if they attract negativity in the short term. People are entitled to their opinion. Our job was to focus on the job in hand and prove them wrong over the longer term; which ultimately we did. I have faced this situation numerous times in my career. A recent example concerns our Florange plant in France, where we recently proposed the closure of two blast furnaces. These are the last two blast furnaces in the Lorraine region, a region that was once the very heart of European industry, but has lost competitiveness. This proposal provoked a hostile and emotional response from many important stakeholders, who do not

want these furnaces to close. Had we not taken this decision, we would have avoided a lot of criticism and negative media coverage. But it would have been the wrong thing to do. European steel demand is down 30% compared with pre crisis levels and given demand is not expected to return to pre crisis levels even by 2020 in Europe, we have to take action to re-size our operating footprint to the reality of the demand scenario.

Business – and indeed life – throws up many unexpected challenges and tough times. In order to successfully navigate through these tough times, it is important to be grounded and connected with reality. When I was about your age someone told me that I should reach for the stars, while keeping one foot firmly on the ground. It was excellent advice and I have always tried to follow it. It is important to have ambitions and it is important to believe that you can achieve those ambitions, step by step. But it is equally important to keep one foot firmly on the ground – in other words to remain grounded – no matter how successful one might become. Because when the inevitable tough times come, you will have a greater ability to deal with them. The peaks of success will not last forever and one needs to stay alert to the challenges that there will almost definitely be in the future. In this context, governance is also vital. Establishing good governance in any business is crucial if you want to achieve long-term sustainable success. Strong governance will also help protect you from unexpected and unwelcome challenges.

These are some of the lessons I have learned throughout my life so far and I believe they have stood me in good stead. I hope that some of these resonate with you and will be useful as you embark on the next exciting phase of your lives.

I know that you have worked hard to get where you are today, but this is only the beginning. This ceremony marks the culmination of your time of study; but also the time to leave the relative safety of an academic institution and embark upon your own professional journey. Your educational success gives you a great grounding and a great start, but do not be misled into thinking this is all you need and that everything else will come easy. Learning and development continues throughout life and in this context your degree is just one milestone.

So be ready to re-focus and set out on the next part of the adventure. No doubt you will all chose different paths and you all have the ability to contribute greatly to whatever that path will be. For those of you who might be contemplating a more entrepreneurial future, I would actively encourage it. Real transformational change comes from entrepreneurship. The world needs people who have the desire and motivation to buck the trend, think differently and

potentially carve out a path which has not been followed before. If that is you, then be bold as we say at ArcelorMittal; because boldness has the potential to change everything.

Let me finish by wishing you all the best of luck for your futures. I hope you all succeed in realising your very considerable potential. Thank you very much.