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To His Excellency Dr. Carlo Calenda  
Minister of Economic Development

#### Piombino project update

Your Excellency,

We thank you for your time to receive us to discuss the best way forward for our commitment to Piombino's project.

Since my nomination as Group CEO on January 4<sup>th</sup>, honouring our commitment and executing our plan for Piombino has been on top of my priorities and the Group's priorities. We are fully committed to deliver on the ambitious vision that we have for Piombino across Steel, Logistics and Agribusiness.

Over the last weeks, I have spent the time building a clear, fact based understanding of the situation of Piombino. It is very clear to me that my first priority is to keep Aferpi in production and resolve the financial challenges. On top of this, we maintain to pursue our plan to develop the larger industrial project for Piombino, covering steel industry, agri-business and logistics hub around the current port facilities.

I would like to share with you our current plan, and commitment.

- We are committed to maintain the production for Aferpi. This is our outmost priority:
  - We are ordering, with direct payment from Cevital Group of €20m, the blooms required to ensure continuation of the production and honouring our commitments towards our rail clients.
  - We are working on re-igniting the other activities (rod and bar mills) in viable and competitive conditions
  - We are closely monitoring the liquidity situation, thru a rolling cash flow forecast and control, and are taking the appropriate actions to provide the funds needed to ensure the continuation of the activity level including our own cash injection and immediate cash relief actions with management.

- We finalized the technical studies and pre-engineering work for the investment plan for Electrical Arc Furnace (EAF) and the new rolling mill.
- We have signed a contract with SMS Siemag for the process equipment (EAF and rolling mill) in April 2016.
- After the engineering studies done by SMS Siemag (8 months) we have launched the RFPs for the infrastructure (buildings, electrical central, water treatment station, civil engineering and construction).
- We are currently in negotiation with the vendors in order to designate one or two partners for a turnkey solution.
- Total investment is €450m:
  - €200m for the process – already signed
  - €250m for infra-structure – to be signed
- We already conducted the recruitment of additional 1100 people as per our commitment
- We are engaged in discussions with 5 world-class industrial steel partners to:
  - (i) Secure supply of semi-finished products until the EAF is installed and ramped up.
  - (ii) Negotiate a partnership with the objective of enhancing significantly the financial and industrial capabilities within the very next months.
- For Agri-business and Logistics, we are starting the execution of the plan
  - We engaged discussions with partners in logistics (BCUBE, DP World, Coop...) and Agribusiness. Initial feedbacks are very encouraging as there's a clear market opportunity for the port
  - We have already financed technical studies to develop the plans for the future site (plans in appendix) to serve as basis for our discussions with the partners. This plan has already been discussed with the port authorities for validation.
  - To advance these discussions, however, we urgently need an extension of the concession for the port facilities.

Your Excellency, our commitment to Piombino is clear and is in the heart of our Group strategy. We have already injected €102m in Piombino. Part of which was used to finance EAF and engineering studies, the guarantees and the assets acquisition, and the big part to fund the working capital of the company.

Given the criticality of the situation, I decided to manage the situation in a professional way with professionals. Hence, we've hired consulting experts specialized in turnaround and in steel industry. Namely, "Niemeyer Capital Management" to help define a viable industrial plan and "Oliver Wyman" to help define the cash relief plan and a long term strategic positioning for the whole Piombino project. This is to help our management team that is already fully dedicated.

To move forward with our commitment above, we are asking for your support to:

- 1- Extend the Concession of the port after February 15th
- 2- Meet again in 3/4 months to share the final mid-term execution plan including our partnering strategy for Steel, logistics and Agri-business.
- 3- In addition, we kindly ask for your openness for potential support to ensure a healthy level of liquidity for Aferpi. We understand that this will only be possible on the basis of a viable business plan and more specific information on the contributions of Groupe Cevital and potential partners. Therefore, we suggest revisiting this topic when we discuss about our execution plan.

We look forward to continue our commitment to this strategic project for Italy and for Cevital. As indicated this is one of my top priorities as Group CEO.

Yours faithfully,

