

NOTICE OF ANNUAL GENERAL
MEETING

2017



ArcelorMittal

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Electronic communications to shareholders

Dear Shareholder

ELECTRONIC COMMUNICATIONS TO SHAREHOLDERS

In terms of Arcelormittal South Africa Ltd's (ArcelorMittal South Africa) Memorandum of Incorporation, the Companies Act 71 of 2008, as amended, and the Listings Requirements of the JSE Limited, you may elect to receive shareholder communications (including notice of meetings, annual integrated report and other shareholder information, notices and documentation) electronically.

In supporting ArcelorMittal South Africa's drive to reduce costs and reducing the environmental impact of mailing significant quantities of printed materials to shareholders, you are encouraged to elect to be notified by email when your shareholder communications are available to access directly online. Many shareholders have opted to receive electronic communications and have reduced exposure to the variances of the postal service by receiving shareholder information in a more timely, secure and cost effective manner.

SHAREHOLDER COMMUNICATION OPTIONS

Please select your option and complete and return the completed form via:

- › Email ecomms@computershare.co.za
- › Fax +27 11 688 5248

OPTION 1	@	Receive email notification when your shareholder communications become available online (www.arcelormittalsa.com). The email will contain details of the nature of the shareholder communication in question.
OPTION 2	✉	Receive by post notification of the availability online of shareholder communications. The letter will contain details of the nature of the shareholder communication in question.
OPTION 3	✉	Continue receiving by post a printed copy of all shareholder communications.
	X	If you take no action within 28 days of the receipt of this letter, you will be deemed to have agreed that you will receive notification by post that the shareholder communication has been published on the website www.arcelormittalsa.com .

Dematerialised shareholders should also advise their CSDP or stockbroker of their preferred mailing method in order for the CSDP or stockbroker to amend their flags accordingly on the BDA System.



Yours faithfully
Premium Corporate Consulting Services (Pty) Ltd
Interim company secretary

Electronic communications to shareholders continued

Details of Shareholder:

Name:

Identity number:

Shareholder reference number:

(Your shareholder reference number can be located on the label affixed to the envelope in which this notice was received.)

Option 1 selected

Provide your email address:

Option 2 or 3 selected

Provide your postal address:

The signatures of all joint holders, executors or administrators are required:

Signature (1)

Signature (2)

Signature (3)

Signature (4)

Dematerialised shareholders should also advise their CSDP or stockbroker of their preferred mailing method in order for the CSDP or stockbroker to amend their flags accordingly on the BDA system.

Notes:

1. ArcelorMittal South Africa reserves the right to continue to send any future communications to shareholders in paper form, irrespective of any election or choice that you make, whenever ArcelorMittal South Africa considers it necessary or desirable to do so. Further, if ArcelorMittal South Africa is required to restrict the sending of any documents or information to any shareholder due to local laws of the jurisdiction in which you are resident or located and as a result we are not permitted to use electronic means to communicate with shareholders, ArcelorMittal South Africa will send you paper copies of the documents or shareholder information, in accordance with your preferences.
2. ArcelorMittal South Africa Annual Integrated Report and Annual General Meeting (AGM) documents will be available for viewing at least one month before the date scheduled for the AGM each year.
3. Shareholders should note that, with electronic communication, ArcelorMittal South Africa obligations will be satisfied when it has sent the notification to the address on the register of shareholders. ArcelorMittal South Africa cannot be held responsible for any failure in transmission beyond its control.
4. Your election and contact details will stand until you notify otherwise. You can change your election by writing to Computershare Investor Services Proprietary Limited, PO Box 61051, Marshalltown, 2107, South Africa, Fax Number: +27 11 688 5248, Email: ecomms@computershare.co.za

Notice of annual general meeting

Important information regarding attendance at the annual general meeting.

Notice of annual general meeting

Notice is hereby given that the thirtieth annual general meeting (AGM) of the company will be held at ArcelorMittal South Africa Ltd, The Place, First floor, 1 Sandton Drive, Sandton, South Africa on Thursday, 24 May 2018 at 09:00 to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out on the following pages and to deal with such other business as may be lawfully dealt with at the meeting.

Electronic participation

Shareholders or their proxies may participate in the meeting by way of a conference call and, if they wish to do so:

- › must contact the company secretary (by email at the address: sw@premcop.co.za) by no later than 09:00 on Tuesday, 22 May 2018 in order to obtain a PIN and dial-in details for that conference call;
- › will be required to provide reasonably satisfactory identification; and
- › will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

Record date of meeting, attendance and voting

The date on which an individual must be registered as a shareholder in the company's register for purposes of being entitled to attend, participate in and vote at the AGM is Friday, 18 May 2018 (meeting record date). Therefore, the last day to trade to be registered as a shareholder in the company's register is Tuesday, 15 May 2018. If you are a registered shareholder as at the meeting record date, you may attend the meeting in person. Alternatively, you may appoint a proxy (who need not be a shareholder of the company) to represent you at the meeting. Any appointment of a proxy may be effected by using the attached proxy form and, in order for the proxy to be effective and valid, must be completed and delivered in accordance with the instructions contained

therein. If you are a beneficial shareholder and not a registered shareholder as at the record date:

- › and wish to attend the meeting, you must obtain the necessary letter of authority to represent the registered holder of your shares from your Central Securities Depository Participant (CSDP) or broker;
- › and do not wish to attend the meeting but would like your vote to be recorded at the meeting, you should contact the registered holder of your shares through your CSDP or broker and furnish them with your voting instructions; and
- › you must not complete the attached proxy form.

Attendance and representation at the annual general meeting

In accordance with the mandate between you and your CSDP or broker, you must advise your CSDP or broker of your intention to attend the AGM in person, or, if you wish to send a proxy to represent you at the AGM, your CSDP or broker will issue the necessary letter of representation to you or your proxy to attend the AGM.

Identification

All participants at the meeting will be required to provide identification reasonably satisfactory to the chairman of the meeting before any person may attend or participate in the AGM. Forms of identification include the presentation of a valid identity document, driver's licence or passport.

Notice of percentage of voting rights

In order for an ordinary resolution and a special resolution to be approved by shareholders, it must be supported by more than 50% and 75%, respectively, of the voting rights exercised on the resolution by shareholders present or represented by proxy at the meeting.

Purpose of the annual general meeting

The purpose of this annual general meeting is to:

- › present the directors' report and the audited annual financial statements of the group for the year ended 31 December 2017;

Notice of annual general meeting continued

- › present the audit and risk committee report;
- › present the human resources, remuneration and nomination committee report;
- › present the transformation, social and ethics committee report; and
- › consider any matters raised by shareholders.

This notice of meeting includes the attached proxy form.

Directions for obtaining a copy of the complete annual financial statements and documents supporting the AGM notice

The complete annual financial statements for the year ended 31 December 2017 may be obtained from the website <http://southafrica.arcelormittal.com> or a request may be sent to the company secretary (by email at the address: sw@premcop.co.za). The reports set out below are available on <http://www.arcelormittal-reports.com/reports/integrated-2017/downloads.php>

1. Presentation to shareholders of:

- 1.1 The consolidated annual financial statements of the company and its subsidiaries.
- 1.2 The directors' report.
- 1.3 The independent auditors' report.
- 1.4 The audit and risk committee chairman's report.
- 1.5 The human resources, remuneration and nomination committee chairman's report.
- 1.6 The transformation, social and ethics committee chairman's report.

Ordinary resolution number 1: Reappointment of auditors

'Resolved, as an ordinary resolution, that Deloitte & Touche be, and is hereby appointed, as the independent registered auditor of the company.'

Rotation of directors by retirement

The abridged curricula vitae for all the directors in terms of ordinary resolutions number 2 to 17 is set out on pages 8 to 12.

Ordinary resolution number 2: Re-election of Mr JRD Modise

'Resolved, as an ordinary resolution, that Mr JRD Modise, who was appointed by the board as independent non-executive director and retires in terms of the Memorandum of Incorporation (Mol) of the company and is eligible and available for election, be and is hereby elected as a director of the company for a period of three years, subject to annual re-election at each AGM.'

Ordinary resolution number 3: Re-election of Ms NP Mnxasana

'Resolved, as an ordinary resolution, that Ms NP Mnxasana, who was appointed by the board as independent non-executive director and retires in terms of the Mol of the company and is eligible and available for election, be and is hereby elected as a director of the company for a period of three years, subject to annual re-election at each AGM.'

Retirement of Mr WA de Klerk and resignation of Mr HA Blaffart

The board notes the retirement of Mr WA de Klerk as CEO and executive director on 31 January 2018 and Mr HA Blaffart's resignation as non-executive director on 31 March 2018.

Election of new directors

Ordinary resolution number 4: Appointment of Ms KMM Musonda

'Resolved, as an ordinary resolution, that the appointment of Ms KMM Musonda by the board on 12 June 2017 as an independent non-executive director is hereby ratified, and that she be and is hereby elected as a director of the company for a period of three years, subject to annual re-election at each AGM.'

Ordinary resolution number 5: Appointment of Mr GS Gouws

'Resolved, as an ordinary resolution, that the appointment of Mr GS Gouws by the board on 1 November 2017 as non-executive director is hereby ratified, and that he be and is hereby elected as a director of the company for a period of three years, subject to annual re-election at each AGM.'

Ordinary resolution number 6: Appointment of Mr BE Aranha

'Resolved, as an ordinary resolution, that the appointment of Mr BE Aranha by the board on 31 March 2018 as non-executive director is hereby ratified, and that he be and is hereby elected as a director of the company for a period of three years, subject to annual re-election at each AGM.'

Annual re-elections

Ordinary resolution number 7: Re-election of Mr PM Makwana

'Resolved, as an ordinary resolution, that Mr PM Makwana, who was appointed as an independent non-executive director for a period of three years by shareholders at the AGM in 2017, subject to annual re-election at each AGM, be and is hereby elected as a director of the company for a further period in accordance with the original appointment of three years.'

Ordinary resolution number 8: Re-election of Mr RK Kothari

'Resolved, as an ordinary resolution, that Mr R Kothari, who was appointed as a non-executive director for a period of three years by shareholders at the AGM in 2017, subject to annual re-election at each AGM, be and is hereby elected as a director of the company for a further period in accordance with the original appointment of three years.'

Ordinary resolution number 9: Re-election of Mr NF Nicolau

'Resolved, as an ordinary resolution, that Mr NF Nicolau, who was appointed as an independent non-executive director for a period of three years by shareholders at the AGM in 2017, subject to annual re-election at each AGM, be and is hereby elected as a director of the company for a further period in accordance with the original appointment of three years.'

Ordinary resolution number 10: Re-election of Ms LC Cele

'Resolved, as an ordinary resolution, that Ms LC Cele, who was appointed as an independent non-executive director for a period of three years by shareholders at the AGM in 2017, subject to annual re-election at each AGM, be and is hereby

elected as a director of the company for a further period in accordance with the original appointment of three years.'

Ordinary resolution number 11: Re-election of Ms NP Gosa

'Resolved, as an ordinary resolution, that Ms NP Gosa, who was appointed as a non-executive director for a period of three years by shareholders at the AGM in 2017, subject to annual re-election at each AGM, be and is hereby elected as a director of the company for a further period in accordance with the original appointment of three years.'

Executive directors

Ordinary resolution number 12: Appointment of Mr HJ Verster

'Resolved, as an ordinary resolution, that the appointment of Mr HJ Verster who was appointed by the board as CEO and executive director on 1 February 2018 be and is hereby appointed as such in accordance with his conditions of appointment.'

Ordinary resolution number 13: Re-election of Mr D Subramanian

'Resolved, as an ordinary resolution, that the appointment of Mr D Subramanian, be and is hereby confirmed as a director of the company in accordance with his conditions of employment as CFO.'

Ordinary resolution number 14: Election of Mr JRD Modise as audit and risk committee member

'Resolved, as an ordinary resolution, that Mr JRD Modise be and is hereby appointed as a member of the audit and risk committee, from the conclusion of the AGM at which this resolution is passed, until the conclusion of the next AGM of the company.'

The board is satisfied that Mr JRD Modise is suitably skilled and an experienced independent non-executive director and has the appropriate experience and qualifications to fulfil his audit and risk committee obligations as set out in section 94 of the Companies Act No 71 of 2008 as amended (the Companies Act).

Notice of annual general meeting continued

Ordinary resolution number 15: Election of Ms NP Mnxasana as audit and risk committee member

'Resolved, as an ordinary resolution, that Ms NP Mnxasana be and is hereby appointed as a member of the audit and risk committee, from the conclusion of the AGM at which this resolution is passed, until the conclusion of the next AGM of the company.'

The board is satisfied that Ms NP Mnxasana is suitably skilled and an experienced independent non-executive director and that she has the appropriate experience and qualifications to fulfil her audit and risk committee obligations as set out in section 94 of the Companies Act.

Ordinary resolution number 16: Election of Ms LC Cele as audit and risk committee member

'Resolved, as an ordinary resolution, that Ms LC Cele be and is hereby appointed as a member of the audit and risk committee, from the conclusion of the AGM at which this resolution is passed, until the conclusion of the next AGM of the company.'

The board is satisfied that Ms LC Cele is suitably skilled and an experienced independent non-executive director and that she has the appropriate experience and qualifications to fulfil her audit and risk committee obligations as set out in section 94 of the Companies Act.

Ordinary resolution number 17: Election of chairperson of the audit and risk committee

'Resolved, as an ordinary resolution, that the audit and risk committee members, failing which the board of directors, be and are hereby authorised to elect a chairperson of the audit

and risk committee from among its members, from the conclusion of the AGM at which this resolution is passed, until the conclusion of the next AGM of the company.'

Non-binding resolution number 1: Approval of the remuneration policy

The resolution is proposed to shareholders to endorse the company's remuneration policy as set out in the annual integrated report. Shareholders are reminded that in terms of the fourth King Report on Corporate Governance for South Africa (King IV), the passing of this non-binding resolution is by way of a non-binding vote.

Should 25% or more of the votes cast be against this resolution, the company undertakes to engage with shareholders as to the reasons why and to appropriately address legitimate and reasonable objections and concerns raised.

Non-binding resolution number 2: Implementation of the remuneration policy

The resolution is proposed to shareholders to endorse the implementation report, which includes the remuneration disclosure in terms of the Companies Act, as set out in the remuneration report in the annual integrated report, with an extract included in this AGM Notice. Shareholders are reminded that in terms of King IV, the passing of this non-binding resolution is by way of a non-binding vote.

Should 25% or more of the votes cast be against this resolution, the company undertakes to engage with shareholders as to the reasons why and to appropriately address legitimate and reasonable objections and concerns raised.

Special resolution number 1: Non-executive directors' fees

'Resolved, by way of a separate special resolution, that the annual fees payable to the non-executive directors of the company with effect from 1 June 2018 and until otherwise determined by ArcelorMittal South Africa in general meeting be approved on the basis set out below:

	Annual retainer	Attendance fee per meeting
Chairman (all-in annual fee)	R1 450 868	None
Director	R186 715	R15 557
Audit and risk committee chairman	–	R33 705
Audit and risk committee member	–	R16 972
Human resources, remuneration and nominations committee chairman	–	R31 114
Human resources, remuneration and nominations committee member	–	R15 557
Safety, health and environment committee chairman	–	R31 114
Safety, health and environment committee member	–	R15 557
Transformation, social and ethics committee chairman	–	R31 114
Transformation, social and ethics committee member	–	R15 461
Any ad hoc or other board committee appointed by the board (chairman)*	–	R31 114
Any ad hoc or other board committee appointed by the board (member)*	–	R15 461

* Fees to be payable to the non-executive directors of the company with effect from 1 June 2018.

Reason for and effect of this resolution

The reason and effect of this resolution is to grant the company the authority to pay remuneration to its directors for their services as directors.

Special resolution number 2: Financial assistance to related or inter-related company

'Resolved, by way of a special resolution, that the board may authorise the company (for a period of two years from the date on which this resolution is passed) to generally provide any direct or indirect financial assistance, in the manner contemplated in and subject to the provisions of sections 44 and 45 of the Companies Act, to a related or inter-related company or corporation or to a member of a related or inter-related corporation, pursuant to the authority hereby conferred upon the board for these purposes.'

Reason for and effect of this special resolution

The reason for this special resolution is that, from time to time, the company may be required to provide financial assistance to subsidiaries and other related companies within the group. The effect of this special resolution is that the company will be authorised to provide financial assistance to subsidiaries and other related parties within the group.

Ordinary resolution number 18: Authority to implement resolutions passed at the annual general meeting

'Resolved, as an ordinary resolution, that any director or company secretary of the company be authorised to do all such things, perform all acts and sign all such documentation as may be required to give effect to the ordinary and special resolutions adopted at this annual general meeting.'

By order of the board



Premium Corporate Consulting Services (Pty) Ltd

Interim company secretary

18 April 2018

Board of directors' CVs

Paul Mpho Makwana (48)

Independent non-executive chairman

Appointed on 5 February 2013

Qualifications

Bachelor of Administration (BAdmin) (University of Zululand), BAdmin (University of Pretoria), Kellogg School of Management and Postgraduate Diploma, Retailing Management (University of Stirling)

ArcelorMittal South Africa committees

- › Chairman, ad hoc subcommittee
- › Chairman, CEO selection committee
- › Co-chairman, human resources, remuneration and nominations committee
- › Member, transformation, social and ethics committee

JSE board positions

- › ArcelorMittal South Africa Ltd
- › Adcock Ingram Holdings Limited
- › ENX Group Limited
- › Nedbank Limited
- › Sephaku Holdings Limited

Profile

Mpho was the past chairman of Eskom Holdings and is a management strategist with 20 years' executive experience in both the private and public sectors. He serves as Trustee of Brand SA, Nelson Mandela Children's Fund and Vodacom Foundation.

Hendrik Jacobus Verster (51)

Chief executive officer

Appointed on 1 February 2018

Qualifications

BCom (Hons) (Economics) (University of Pretoria), MBL (Unisa)

ArcelorMittal South Africa committees

- › Member, safety, health and environment committee
- › Member, transformation, social and ethics committee
- › Standing invitee, audit and risk committee
- › Standing invitee, human resources, remuneration and nominations committee

JSE board positions

- › ArcelorMittal South Africa Ltd
- › Macsteel International Holdings BV

Profile

Kobus served on the board of Aveng Limited as CEO from 11 February 2014 until 26 September 2017. He attended the Executive Management Programme at the University of Virginia in the USA. Kobus served on the board of ArcelorMittal South Africa as chief financial officer (CFO) and executive director from 17 February 2006 until 23 August 2010 and played a broader strategic role within the company during that period. Prior to his appointment as CFO, he held various senior roles in financial management including as general manager, corporate finance and treasury from 1990.

Dean Subramanian (45)

Chief financial officer

Appointed on 1 August 2015

Qualifications

BCom (Hons) Accounting (Unisa), CA(SA)

ArcelorMittal South Africa committees

- › Standing invitee, ad hoc subcommittee
- › Standing invitee, audit and risk committee

JSE board position

- › Macsteel International Holdings BV

Profile

Dean held the position of Finance Director in Aveng Steel, an Operating group of Aveng Limited, listed on the JSE and worked for the Aveng group for 16 years, both in the construction and manufacturing divisions. Prior to that, he held several positions in the banking, airline and property industry and was the group CFO for JHI a property asset management company. Dean served his articles at Ernst & Young in Johannesburg where he qualified as a Chartered Accountant; he was also seconded by Ernst & Young to New York.

Ramesh Kumar Kothari (45)

Non-executive director

Appointed on 11 June 2015

Qualification

Chartered Accountant degree from the Institute of Chartered Accountants of India

ArcelorMittal South Africa committees

- › Member, ad hoc subcommittee
- › Member, human resources and remuneration committee
- › Member, transformation, social and ethics committee
- › Standing invitee, audit and risk committee

JSE board position

- › ArcelorMittal South Africa Ltd

Profile

Ramesh is a vice-president within the ArcelorMittal group and is the current CFO and coordinator for the ACIS region. He has over 19 years' of working experience in various industries and has held key executive finance roles at group level.

Katebe Monica Mutuna Musonda (43)

Independent non-executive director

Appointed on 12 June 2017

Qualifications

LLB (with merit) (University of Zambia), LLM in Commercial Law and Finance (with merit) (University of London) (Queen Mary College)

ArcelorMittal South Africa committee

- › Member, transformation, social and ethics committee

JSE board position

- › ArcelorMittal South Africa Ltd

Profile

Monica is a dual qualified English solicitor and Zambian advocate with over 16 years' post-qualification experience. She has held senior positions in private practice with Clifford Chance and Edward Nathan as well as worked as in-house corporate counsel at International Finance Corporation and for the Dangote Group. Her experience working with Aliko Dangote, one of Africa's most successful entrepreneurs gave her the impetus to start Java Foods.

Monica currently serves as a non-executive director on the boards of Airtel Networks Zambia Plc (where she is chair), Zambia Sugar Plc, and Dangote Industries Zambia Limited, and sits on the Global Advisory Board for Scaling Up Nutrition Business Network. She was appointed by the UN Secretary General to be a member of the Lead Group of the Scaling Up Nutrition Movement. She is the recipient of the 2017 African Agribusiness Entrepreneur of the Year Award, which is an award conferred annually to entrepreneurs who have demonstrated outstanding achievement in agricultural input and value addition in Africa. Monica is a 2013 Young Global Leader (World Economic Forum) and Archbishop Desmond Tutu Leadership Fellow. Forbes Magazine and Africa Investor named her as one of the leading Young Power Women in Business in Africa in 2013 and 2014 respectively.

Board of directors' CVs continued

Jacob Rasetlhake Daniel Modise (51)

Independent non-executive director

Appointed on 1 October 2013

Qualifications

BCom (University of the Witwatersrand), BAcc (University of the Witwatersrand), CA(SA), MBA (WBS), AMP (Harvard)

ArcelorMittal South Africa committees

- › Chairman, audit and risk committee
- › Member, ad hoc subcommittee
- › Member, CEO selection committee
- › Member, human resources, remuneration and nominations committee
- › Member, transformation, social and ethics committee

JSE board position

- › ArcelorMittal South Africa Ltd

Profile

Jacob is a former group financial director and chief operations officer (COO) of Johnnic and occupied senior finance positions at Eskom, Teljoy and JCI. He is the founder and owner of Batsomi Investments and has held various non-executive directorships on some of South Africa's leading companies, including MTN, Altron, Eskom, DBSA, Blue IQ, The Nelson Mandela Children's Fund and Wits Business School. He is the chairman of NERSA and is currently deputy chairman of TCTA.

He is also a member on the boards of various professional organisations including the Independent Regulatory Board for Auditors (IRBA), the South African Institute of Chartered Accountants (SAICA) and the Association for Advancement of Black Accountants of South Africa (Abasa).

Noluthando Primrose Gosa (55)

Non-executive director

Appointed on 1 December 2016

Qualifications

MBA (University of New Brunswick, Canada), BA (Hons) (Commns) (University of Fort Hare)

ArcelorMittal South Africa committee

- › Chairlady, transformation, social and ethics committee

JSE board positions

- › ArcelorMittal South Africa Ltd
- › Hulisani Limited

Profile

Noluthando was a member of the National Planning Commission that crafted the National Development Plan and Vision 2030. Before her entrepreneurial interests which started in 2004, she was an investment analyst with Investec Bank. Prior to investment banking, she was one of the founding regulators of the then SA Telecommunications Regulatory Authority (now ICASA).

In addition to being chairperson and one of the founding members of Likamva Resources, ArcelorMittal South Africa's B-BBEE partner and 17% shareholder, she is also the current CEO and founder of Akhona Group, independent non-executive director of Investec Asset Management, non-executive director of Southern Africa – Canada Chamber of Commerce and a member of the Advisory Board of the Mining Indaba. She has also sat on the boards of other companies including Broll Property Group and AON South Africa.

Nomavuso Patience Mnxasana (61)

Independent non-executive director

Appointed on 1 October 2013

Qualifications

BCom, BCompt (Hons), CA(SA)

ArcelorMittal South Africa committees

- › Chairlady, human resources, remuneration and nominations committee
- › Member, CEO selection committee
- › Member, audit and risk committee
- › Member, transformation, social and ethics committee
- › Member, safety, health and environment committee

JSE board positions

- › ArcelorMittal South Africa Ltd
- › Barloworld Limited
- › Insure Group Managers Limited
- › JSE Limited
- › Nedbank Limited
- › Nedbank Group Limited
- › Pareto Limited

Profile

Nomavuso was a Senior partner of SizweNtsaluba. She has served as Group Audit and Risk Executive at Imperial Group.

Neville Francis Nicolau (58)

Independent non-executive director

Appointed on 10 September 2015

Qualifications

BTech (Mining Engineering) (University of Johannesburg),
MBA (University of Cape Town)

ArcelorMittal South Africa committees

- › Chairman, safety, health and environment committee
- › Member, human resources, remuneration and nominations committee
- › Member, CEO selection committee
- › Member, transformation, social and ethics committee

JSE board position

- › ArcelorMittal South Africa Ltd

Profile

Neville was the CEO and executive director of Basil Read Holdings Ltd, the CEO of Anglo Platinum, COO for AngloGold Ashanti, and a technical director for AngloGold South American Operations. He held various general manager roles at AngloGold South Africa.

Board of directors' CVs continued

Lungile Constance Cele (65)

Independent non-executive director

Appointed on 4 January 2016

Qualification

BCom (University of Fort Hare), Postgraduate Diploma in Taxation (University of Natal), Executive Leadership Development Programme (ADLMEI – Cambridge, USA), Master of Accountancy (MAcc)

ArcelorMittal South Africa committees

- › Member, safety, health and environment committee
- › Member, audit and risk committee

JSE board positions

- › ArcelorMittal South Africa Ltd
- › Combined Motor Holdings Limited
- › Efficient Group Limited

Profile

Zee is the founder and was the Chief Executive of Tax Solutions CC prior to its merger with Garach and Garach Accountants in 2011. She currently holds various board memberships, including Avbob Mutual Society. She brings a wealth of commercial and tax expertise to the Board.

In August 1999 Zee received the S.A Woman of the Year Award (Business Category) by Shoprite/Checkers and SABC3. Zee was recognised for her achievements by the Durban City Council in 1999 when she became one of the recipients of the Mayor's Awards for Excellence. She also contributed a chapter on 'Women and Tax' in the book 'South African Women Today'.

Gert Stephanus Gouws (59)

Non-executive director

Appointed on 1 November 2017

Qualifications

BCom (Law), BCom (Hons), CA(SA), FCMA CGMA, Advanced Management Programme (Insead)

JSE board position

- › ArcelorMittal South Africa Ltd

Profile

Gert is a Divisional Executive of the Industrial Development Corporation of South Africa Limited (IDC). He served as CFO of IDC until August 2015. Gert is a Fellow of the Chartered Institute of Management Accountants (UK). After completing his auditing articles he joined the IDC in 1983. Gert was appointed as CFO of the IDC in 1999. Between 2003 and 2005 he served as COO of the IDC. He is an alternate director of the IDC and serves as director of various IDC subsidiary companies.

Brian Edward Aranha (62)

Non-executive director

Appointed on 31 March 2018

Qualifications

Bachelor of Applied Science degree from the University of Toronto, Canada and completed the Executive Development Programme at Queens University in 1998.

JSE board position

- › ArcelorMittal South Africa Ltd

Profile

Brian is executive vice-president of ArcelorMittal group reporting to the chairman and chief executive officer of ArcelorMittal group, Mr Mittal. His scope includes Global R&D, global automotive, group strategy, corporate CTO, commercial coordination, corporate communications and group capital goods procurement, joint ventures in China and India. He also acts as vice-chairman of the group investment allocation committee.

Form of proxy

ARCELORMITTAL SOUTH AFRICA LTD

(Incorporated in the Republic of South Africa)

(Registration number 1989/002164/06)

JSE code: ACL ISIN: ZAE000134961

(the company)

To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only.

For use in respect of the thirtieth annual general meeting of the company to be held at ArcelorMittal South Africa Ltd, The Place, First floor, 1 Sandton Drive, Sandton, South Africa on Thursday, 24 May 2018 at 09:00. Ordinary shareholders who have dematerialised their shares with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the annual general meeting, or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (full name in block letters)

of (address)

Telephone (work)

(home)

being the registered owner/s of

ordinary shares in the company

hereby appoint

or failing him/her

the chairperson of the annual general meeting, as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the ordinary and special resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions:

**Please indicate with an 'X' in the appropriate spaces below how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.*

	Number of votes		
	For*	Against*	Abstain*
Ordinary resolution number 1: Reappointment of auditors			
Ordinary resolution number 2: Re-election of Mr JRD Modise			
Ordinary resolution number 3: Re-election of Ms NP Mnxasana			
Ordinary resolution number 4: Appointment of Ms KMM Musonda			
Ordinary resolution number 5: Appointment of Mr GS Gouws			
Ordinary resolution number 6: Appointment of Mr BE Aranha			
Ordinary resolution number 7: Re-election of Mr PM Makwana			
Ordinary resolution number 8: Re-election of Mr RK Kothari			
Ordinary resolution number 9: Re-election of Mr NF Nicolau			
Ordinary resolution number 10: Re-election of Ms LC Cele			
Ordinary resolution number 11: Re-election of Ms NP Gosa			
Ordinary resolution number 12: Appointment of Mr HJ Verster			

Continued overleaf

Form of proxy continued

*Please indicate with an 'X' in the appropriate spaces below how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

	Number of votes		
	For*	Against*	Abstain*
Ordinary resolution number 13: Re-election of Mr D Subramanian			
Ordinary resolution number 14: Election of Mr JRD Modise as audit and risk committee member			
Ordinary resolution number 15: Election of Ms NP Mnxasana as audit and risk committee member			
Ordinary resolution number 16: Election of Ms LC Cele as audit and risk committee member			
Ordinary resolution number 17: Election of chairperson of the audit and risk committee			
Non-binding resolution number 1: Approval of the remuneration policy			
Non-binding resolution number 2: Approval of the implementation of the remuneration policy			
Special resolution number 1: Approval of non-executive directors' fees			
1.1 Chairman (all-in annual fee)			
1.2 Director (annual retainer and attendance per board meeting)			
1.3 Audit and risk committee chairman			
1.4 Audit and risk committee member			
1.5 Human resources, remuneration and nomination committee chairman			
1.6 Human resources, remuneration and nomination committee member			
1.7 Safety, health and environment committee chairman			
1.8 Safety, health and environment committee member			
1.9 Transformation, social and ethics committee chairman			
1.10 Transformation, social and ethics committee member			
1.11 Any ad hoc or other board committee appointed by the board (chairman)			
1.12 Any ad hoc or other board committee appointed by the board (member)			
Special resolution number 2: Financial assistance to related or inter-related company			
Ordinary resolution number 18: Authority to implement resolutions passed at the annual general meeting			

Signed this _____ day of _____ 2018

Signature: _____

Assisted by (if applicable): _____

Instructions and notes to the form of proxy

1. For effective administration, this form of proxy should be received at the company's transfer secretaries' office, Computershare Investor Services (Pty) Ltd, 15 Biermann Avenue, Rosebank, 2196, by no later than 09:00 on Tuesday, 22 May 2018. If a shareholder does not wish to deliver this form of proxy to that address, it may also be posted, at the risk of the shareholder, to Computershare Investor Services (Pty) Ltd, PO Box 61051, Marshalltown, 2107, or handed to the chairman prior to commencement of the meeting.
 2. This form is for use by registered shareholders who wish to appoint another person (a proxy) to represent them at the meeting. If duly authorised, companies and other corporate bodies who are registered shareholders may appoint a proxy using this form, or may appoint a representative in accordance with point 12 below. Other shareholders should not use this form. All beneficial shareholders who have dematerialised their shares through a CSDP or broker must provide the CSDP or broker with their voting instruction. Alternatively, if they wish to attend the meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial shareholder and the CSDP or broker.
 3. This proxy shall apply to all ordinary shares registered in the name of the shareholder who signs this form of proxy at the record date, unless a lesser number of shares are inserted.
 4. A shareholder may appoint one person of his own choice as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the company. If the name of the proxy is not inserted, the chairman of the meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this form of proxy may delegate the authority given to him in this form of proxy by delivering to the company, in the manner required by these instructions, a further form of proxy which has been completed in a manner consistent with the authority given to the proxy in this form of proxy.
 5. Unless revoked, the appointment of a proxy in terms of this form of proxy remains valid until the end of the meeting, even if the meeting or part thereof is postponed or adjourned.
 6. If:
 - 6.1 a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
 - 6.2 the shareholder gives contradictory instructions in relation to any matter; or
 - 6.3 any additional resolution/s which are properly put before the meeting; or
 - 6.4 any resolution listed in the form of proxy is modified or amended, then the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the proxy shall comply with those instructions.
 7. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this form of proxy will not be effective, unless:
 - 7.1 it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
 - 7.2 the company has already received a certified copy of that authority.
 8. The chairman of the meeting may, in his discretion, accept or reject any form of proxy or other written appointment of a proxy which is received by the chairman prior to the time when the meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.
 9. Any alternations made in this form of proxy must be initialled by the authorised signatory/ies.
 10. This form of proxy is revoked if the shareholder who granted the proxy:
 - 10.1 for effective administration, gives written notice of such revocation to the company, so that it is received by the company by not later than 09:00 on Tuesday, 22 May 2018 or handed to the chairman prior to the commencement of the meeting;
 - 10.2 subsequently appoints another proxy for the meeting; or
 - 10.3 attends the meeting himself in person.
 11. All notices which a shareholder is entitled to receive in relation to the company shall continue to be sent to that shareholder and shall not be sent to the proxy.
 12. If duly authorised, companies and other corporate bodies who are shareholders of the company having shares registered in their own names may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. For effective administration, notice will not be effective at the meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received at the company's transfer secretaries' office, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, by not later than 09:00 on Tuesday, 22 May 2018, or handed to the chairman prior to commencement of the meeting. If a shareholder does not wish to deliver that notice to that address, it may also be posted, at the risk of the shareholder, to Computershare Investor Services (Pty) Ltd, PO Box 61051, Marshalltown, 2107. Certificated and/or 'own name' dematerialised shareholders may also utilise the email address: proxy@computershare.co.za.
 13. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.
 14. The chairman of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.
- Transfer secretaries' office
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Independent auditor's report on summarised consolidated financial statements

TO THE SHAREHOLDERS OF ARCELORMITTAL SOUTH AFRICA LTD

Opinion

The summarised consolidated financial statements of ArcelorMittal South Africa Ltd, which comprise the summarised consolidated statement of financial position as at 31 December 2017, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of ArcelorMittal South Africa Ltd for the year ended 31 December 2017.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of ArcelorMittal South Africa Ltd, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of ArcelorMittal South Africa Ltd and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 12 March 2018. That report also includes:

- ▶ A material uncertainty related to the going concern paragraph. The emphasis of matter paragraph in our audit report, dated 12 March 2018, draws attention to a note within the audited consolidated financial statements of ArcelorMittal South Africa Ltd. Aligning herewith, and without qualifying our opinion, we draw attention to note 9, which states that the group incurred a net loss of R5 128 million (2016: R4 706 million) for the year ended 31 December 2017. Note 36 also indicates that these conditions, along with other matters, indicate the existence of a material uncertainty, which may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter; and
- ▶ The communication of other key audit matters.

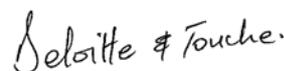
Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised) *Engagements to Report on Summarised Financial Statements*.



Deloitte & Touche

Registered Auditors
Per: Mandisi Mantyi
Partner
27 March 2018

Summarised consolidated financial statements

for the year ended 31 December 2017

Basis of preparation

The summarised consolidated financial statements for the year ended 31 December 2017 were prepared in accordance with the requirements of the Companies Act of South Africa as applicable to summarised financial statements. These summarised consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council (*Interim Financial Reporting* IAS 39). The accounting policies applied in the preparation of the summarised consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

The summarised consolidated financial statements are presented in rand, which is the group's functional and presentation currency.

The preparation of the consolidated financial statements, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement

or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- › The assumptions used in impairment tests of carrying values of cash-generating units and intangible assets
- › Estimates of useful lives and residual values for intangible assets and property, plant and equipment
- › Estimates for share-based payments in terms of IFRS 2.
- › Estimates used for future cash flows relating to asset retirement obligations (ARO) and environmental remediation obligations (ERO)
- › Judgements to distinguish between ARO and ERO

These summarised consolidated financial statements do not include all the information required for full consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS and the Companies Act of South Africa. Deloitte & Touche has issued an unmodified opinion on the consolidated financial statements, which included the material uncertainty relating to the going concern paragraph also found in an ISA 810 opinion issued on this report. A full set of the audited consolidated annual financial statements is available for inspection from the company secretary at the registered office of the company, and has been published on the company's website.

The summarised consolidated financial statements and consolidated financial statements were prepared under the supervision of Mr D Subramanian, the group's chief financial officer, CA(SA).

Summarised consolidated statement of comprehensive income and other comprehensive income

for the year ended 31 December 2017

	Notes	2017 Rm	2016 Rm
Revenue		39 022	32 737
Raw materials and consumables used		(24 763)	(19 454)
Employee costs		(4 164)	(4 175)
Energy		(4 233)	(3 981)
Movement in inventories of finished goods and work-in-progress		346	973
Depreciation		(953)	(1 030)
Amortisation of intangible assets		(23)	(25)
Other operating expenses		(6 452)	(6 137)
Loss from operations	2	(1 220)	(1 092)
B-BBEE charges		–	(870)
Finance and investment income		74	176
Finance costs	3	(1 515)	(876)
Impairment of other assets		(10)	(11)
Impairment of property, plant, equipment and intangible assets	4	(2 594)	(2 143)
Income after tax from equity-accounted investments		139	129
Loss before taxation		(5 126)	(4 687)
Income taxation expense		(2)	(19)
Loss for the year		(5 128)	(4 706)
Other comprehensive (loss)/income		(415)	(554)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(392)	(618)
Income on available-for-sale investment taken to equity		(25)	1
Share of other comprehensive income of equity-accounted investments		2	63
Total comprehensive loss for the year		(5 543)	(5 260)
Loss attributable to:			
Owners of the company		(5 128)	(4 706)
Total comprehensive loss attributable to:			
Owners of the company		(5 543)	(5 260)
Attributable loss per share (cents)			
– Basic	5	(469)	(443)
– Diluted	5	(469)	(443)

Summarised consolidated statement of financial position

as at 31 December 2017

	2017 Rm	2016 Rm
Assets		
Non-current assets		
Property, plant and equipment	8 474	10 670
Intangible assets	82	103
Equity-accounted investments	4 424	4 667
Non-current receivables	30	–
Other financial assets	55	394
	13 065	15 834
Current assets		
Inventories	11 519	11 274
Trade and other receivables	2 988	1 774
Taxation asset	58	58
Other financial assets	428	46
Cash and bank balances	3 138	1 660
	18 131	14 812
Total assets	31 196	30 646
Equity and liabilities		
Equity		
Stated capital	4 537	4 537
Reserves	363	581
Retained income	3 158	8 425
	8 058	13 543
Non-current liabilities		
Finance lease obligations	54	124
Provisions	1 826	1 872
Borrowings	2 700	–
Other financial liabilities	813	1 023
Other payables	399	311
	5 792	3 330
Current liabilities		
Trade payables	11 300	10 053
Taxation payable	82	–
Other financial liabilities	906	521
Borrowings	3 700	1 950
Finance lease obligations	70	70
Provisions	304	301
Other payables	984	878
	17 346	13 773
Total equity and liabilities	31 196	30 646

Summarised consolidated statement of cash flows

for the year ended 31 December 2017

	2017 Rm	2016 Rm
Cash (utilised in)/generated from operations	(712)	873
Interest income	65	67
Finance cost	(741)	(525)
Income tax refunded/(paid)	80	(2)
Transaction costs on B-BBEE share transaction	-	(55)
Realised foreign exchange movements	(210)	(268)
Cash flows from operating activities	(1 518)	90
Investment to maintain operations	(1 002)	(1 673)
Investment to expand operations	(322)	(335)
Investment in associates and joint ventures	(11)	(11)
Proceeds on disposal or scrapping of assets	13	67
Interest income from investments	9	7
Cash flows from investing activities	(1 313)	(1 945)
Borrowings raised/(repaid)	4 450	(3 079)
Proceeds from rights issue/issue of share capital	-	4 500
Finance lease obligation repaid	(70)	(62)
Transaction costs on borrowing base facility	(61)	-
Cash settlement on management share trust	(9)	-
Cash flows from financing activities	4 310	1 359
Increase/(decrease) in cash and cash equivalents	1 479	(496)
Effect of foreign exchange rate changes on cash and cash equivalents	(1)	(8)
Cash and cash equivalents at the beginning of the year	1 660	2 164
Cash and cash equivalents at the end of the year	3 138	1 660

Summarised consolidated statement of changes in equity

for the year ended 31 December 2017

	Reserves							
	Stated capital Rm	Retained income Rm	Treasury share equity reserve Rm	Management share trust reserve Rm	Share- based payment reserve Rm	Attributable reserves of equity- accounted investments Rm	Other reserves Rm	Total equity Rm
Balance at 1 January 2016	37	13 260	(3 918)	(285)	324	1 414	2 640	13 472
Total comprehensive (loss)/income for year	-	(4 706)	-	-	-	63	(617)	(5 260)
Loss	-	(4 706)	-	-	-	-	-	(4 706)
Other comprehensive income/(loss)	-	-	-	-	-	63	(617)	(554)
Transfer between reserves	-	(129)	-	-	-	129	-	-
Transactions with owners								
Rights issue	4 500	-	-	-	-	-	-	4 500
A1 ordinary shares issued to Amandla*	-	-	-	-	-	-	-	-
A2 ordinary shares issued to Isabelo*	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	63	-	-	63
B-BBEE charge	-	-	-	-	800	-	-	800
Cash settlement on management share trust/long-term incentive plan	-	-	-	(32)	-	-	-	(32)
Balance at 31 December 2016	4 537	8 425	(3 918)	(317)	1 187	1 606	2 023	13 543
Total comprehensive (loss)/income for year	-	(5 128)	-	-	-	2	(417)	(5 543)
Loss	-	(5 128)	-	-	-	-	-	(5 128)
Other comprehensive income/(loss)	-	-	-	-	-	2	(417)	(415)
Transfer between reserves	-	(139)	-	-	-	139	-	-
Share-based payment expense	-	-	-	(1)	68	-	-	67
Cash settlement on management share trust/long-term incentive plan	-	-	-	-	(9)	-	-	(9)
Balance at 31 December 2017	4 537	3 158	(3 918)	(318)	1 246	1 747	1 606	8 058

* Value less than R1 million shown as an asterisk.

Notes to the summarised consolidated financial statements

for the year ended 31 December 2017

1. Segment report

Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the CODM, in order to allocate resources to the segment and to assess its performance.

The group's reportable segments are:

- 】 Flat steel products consisting of the Vanderbijlpark Works, Saldanha Works and ArcelorMittal South Africa Distribution
- 】 Long steel products consisting of the Newcastle Works, Vereeniging Works and the decommissioned Maputo Works
- 】 Coke and Chemicals undertaking the processing and marketing of by-products and the production and marketing of commercial grade coking coal
- 】 Corporate and other, consisting of sales and marketing functions, procurement and logistics activities, shared services, centres of excellence, the decommissioned Pretoria Works site, available-for-sale investments and the results of the non-trading consolidated subsidiaries and consolidated structured entities.

Segment profit/(loss) from operations represents the profit/(loss) earned/(incurred) by each segment without the allocation of after-tax profits of equity-accounted investments, net interest income, income from investments and income tax expenses.

All assets and liabilities are allocated to the operating segments, other than for the following items that are allocated exclusively to the corporate and other segment, reflecting the manner in which resource allocation is measured:

Assets not allocated to operating segments:

- 】 Results of consolidated subsidiaries and consolidated structured entities, other than for Saldanha Works which is a subsidiary allocated to the flat steel products segment
- 】 Investments in equity-accounted entities
- 】 Available-for-sale investments
- 】 Cash and cash equivalents
- 】 Income tax, capital gains tax and value added tax-related assets, as applicable.

Liabilities not allocated to operating segments are income tax, capital gains tax and value added tax-related liabilities, as applicable.

1. Segment report continued

	Flat steel products Rm	Long steel products Rm	Coke and Chemicals Rm	Corporate and other Rm	Adjustments and eliminations ¹ Rm	Total reconciling to the consolidated amounts Rm
For the year ended 31 December 2017						
Revenue						
– External customers	27 226	10 444	1 352	–	–	39 022
– Intersegment customers	569	1 347	52	–	(1 968)	–
Total revenue	27 795	11 791	1 404	–	(1 968)	39 022
Revenue to external customers distributed as:						
Local	22 246	8 108	1 352	–	–	31 706
Export	4 980	2 336	–	–	–	7 316
Africa	4 214	1 459	–	–	–	5 673
Asia	733	270	–	–	–	1 003
Other	33	607	–	–	–	640
Total	27 226	10 444	1 352	–	–	39 022
Results						
Earnings before interest, tax, depreciation and amortisation	264	(945)	365	13	(12)	(315)
Depreciation and amortisation	(570)	(383)	(48)	(21)	46	(976)
Thabazimbi mine closure costs	95	44	–	(98)	–	41
Competition Commission settlement	–	–	–	30	–	30
(Loss)/profit from operations	(211)	(1 284)	317	(76)	34	(1 220)
Impairment	(1 587)	(1 007)	–	(10)	–	(2 604)
Finance and investment income	20	40	2	12	–	74
Finance costs	(247)	(185)	(12)	(1 071)	–	(1 515)
Profit after tax from equity-accounted investments	–	–	–	139	–	139
(Loss)/profit before taxation	(2 025)	(2 436)	307	(1 006)	34	(5 126)
Income taxation expense	–	–	–	(2)	–	(2)
(Loss)/profit for the year	(2 025)	(2 436)	307	(1 008)	34	(5 128)
Segment assets (excluding investments in equity-accounted entities)	13 900	7 911	1 266	4 585	(890)	26 772
Investments in equity-accounted entities	–	–	–	4 424	–	4 424
Segment liabilities	5 975	2 686	203	14 272	2	23 138
Cash (utilised in)/generated from operations	(1 159)	(1 118)	364	1 201	–	(712)
Net capital expenditure	858	253	276	(63)	–	1 324
Number of employees at the end of the year	5 084	2 696	254	879	–	8 913

¹Adjustments and eliminations comprise intergroup eliminations and fair value adjustments on consolidation of subsidiaries.

Notes to the summarised consolidated financial statements continued

for the year ended 31 December 2017

1. Segment report continued

	Flat steel products Rm	Long steel products Rm	Coke and Chemicals Rm	Corporate and other Rm	Adjustments and eliminations ¹ Rm	Total reconciling to the consolidated amounts Rm
For the year ended 31 December 2016						
Revenue						
– External customers	21 144	10 280	1 313	–	–	32 737
– Intersegment customers	497	329	61	–	(887)	–
Total revenue	21 641	10 609	1 374	–	(887)	32 737
Revenue to external customers distributed as:						
Local	16 988	8 964	1 313	–	–	27 265
Export	4 156	1 316	–	–	–	5 472
Africa	3 768	925	–	–	–	4 693
Asia	386	285	–	–	–	671
Other	2	106	–	–	–	108
Total	21 144	10 280	1 313	–	–	32 737
Results						
Earnings before interest, tax, depreciation and amortisation	(392)	286	172	140	(16)	190
Depreciation and amortisation	(656)	(390)	(35)	(22)	48	(1 055)
Thabazimbi mine closure costs	(194)	(81)	–	–	–	(275)
Derecognised payment in advance	–	–	–	(19)	–	(19)
Competition Commission settlement	–	–	–	30	–	30
Unclaimed dividends	–	–	–	37	–	37
(Loss)/profit from operations	(1 242)	(185)	137	166	32	(1 092)
B-BBEE charges	–	–	–	(870)	–	(870)
Impairment	(2 141)	(2)	–	(11)	–	(2 154)
Finance and investment income	17	40	–	119	–	176
Finance costs	(117)	(146)	(7)	(606)	–	(876)
Profit after tax from equity-accounted investments	–	–	–	129	–	129
(Loss)/profit before taxation	(3 483)	(293)	130	(1 073)	32	(4 687)
Income taxation credit	–	–	–	(19)	–	(19)
(Loss)/profit for the year	(3 483)	(293)	130	(1 092)	32	(4 706)
Segment assets (excluding investments in equity-accounted entities)						
	13 862	9 123	1 074	2 448	(528)	25 979
Investments in equity-accounted entities	–	–	–	4 667	–	4 667
Segment liabilities	6 028	2 972	231	7 870	2	17 103
Cash (utilised in)/generated from operations	(395)	(371)	402	1 082	155	873
Net capital expenditure	1 278	453	347	(70)	–	2 008
Number of employees at the end of the year	5 290	2 844	259	838	–	9 231

¹Adjustments and eliminations comprise of intergroup eliminations and fair value adjustments on consolidation of subsidiaries.

	2017 Rm	2016 Rm
2. Loss from operations		
Loss from operations has been arrived at after charging:		
Amortisation of intangible assets	(23)	(25)
Depreciation	(953)	(1 030)
Employee costs	(4 164)	(4 175)
Salaries and wages	(3 579)	(3 620)
Termination benefits	(4)	(14)
Pension and medical costs	(513)	(478)
Share-based payment expense	(68)	(63)
(Loss)/profit on disposal or scrapping of property, plant and equipment	(8)	51
Operating lease rentals	(247)	(50)
Buildings	(5)	(2)
Plant, machinery and equipment	(211)	(18)
Vehicles	(31)	(30)
Railage and transport	(1 269)	(1 069)
Repairs and maintenance	(2 636)	(2 530)
Research and development costs	(140)	(143)
Reversal/(write-down) of inventory to net realisable value	(108)	59
Auditors' remuneration	(13)	(16)
Audit fees	(11)	(15)
Other services and expenses	(2)	(1)
Allowance for doubtful debts recognised on trade receivables	1	(2)
Other allowances on trade receivables	121	(39)
3. Finance cost		
Interest expense on bank overdrafts and loans	(870)	493
Interest expense on finance lease obligations	(24)	32
Net foreign exchange losses on financing activities	(218)	35
Discount rate adjustment of the non-current provisions and financial liabilities	(76)	-
Unwinding of discounting effect on non-current provisions	(327)	316
Total	1 515	876
4. Impairment		

An impairment test was performed on all cash-generating units of the group. In accordance with IAS 36 *Impairment of Assets*, an asset is impaired if the carrying amount of the asset is greater than the recoverable amount of the asset.

In terms of this standard, the spot rate as at 31 December 2017 needs to be used in translating the present value of foreign currency future cash flows as opposed to an average or projected rate. Therefore a significant movement in the exchange rate at a point in time may have a material impact on the impairment assessment and ultimately determine whether impairment is recognised or not. The spot rate as at 31 December 2017 was R12.40 against the US dollar resulting in an additional impairment of R1 994 million. The total impairment for the year is therefore R2 594 million on property, plant and equipment (2016: R2 143 million). The result of the impairment assessment was that the long steel products' and flat steel products' cash-generating units were impaired by R2 594 million.

Notes to the summarised consolidated financial statements continued

for the year ended 31 December 2017

	2017	2016
5. Loss per share		
– Loss attributable to owners of the company (Rm)	(5 128)	(4 706)
– Weighted average number of shares	1 093 509 570	1 062 364 285
– Basic loss per share (cents)	(469)	(443)
Diluted loss per share is calculated by dividing the loss attributable to the owners of the company by the weighted average number of ordinary shares, held by third parties increased by the number of additional ordinary shares that would have been outstanding assuming the conversion of all outstanding share options/long-term incentive plan units representing dilutive potential ordinary shares. Based on the current share price and loss of ArcelorMittal South Africa Ltd, the B-BBEE transaction does not have a dilutive impact on the ArcelorMittal SA group shareholding.		
– Loss attributable to owners of the company (Rm)	(5 128)	(4 706)
– Weighted average number of diluted shares	1 093 509 570	1 062 364 285
– Diluted loss per share (cents)	(469)	(443)
The calculation for headline loss per share is based on the basic loss per share calculation, reconciled as follows:		
Headline loss per share		
Gross		
Loss before tax (Rm)	(5 126)	(4 687)
Add: Impairment charges of property, plant and equipment (Rm)	2 594	2 143
Add: Impairment of investments in joint ventures and associates (Rm)	10	11
Add: Loss on disposal or scrapping of property, plant and equipment (Rm)	8	–
Less: Profit on disposal or scrapping of property, plant and equipment (Rm)	–	(51)
Headline loss before tax (Rm)	(2 514)	(2 584)
Net of tax		
Loss attributable to owners of the company (Rm)	(5 128)	(4 706)
Add: Impairment charges of property, plant and equipment (Rm)	2 594	2 143
Add: Impairment of investments in joint ventures and associates (Rm)	10	11
Add: Loss on disposal or scrapping of property, plant and equipment (Rm)	6	–
Less: Profit on disposal or scrapping of property, plant and equipment (Rm)	–	(37)
Headline loss net of tax (Rm)	(2 518)	(2 589)
Headline loss per share (cents)		
– Basic	(230)	(244)
– Diluted	(230)	(244)
The weighted average number of shares used in the computation of diluted earnings per share was determined as follows:		
Shares in issue held by third parties		
– Weighted average number of shares	1 093 509 570	1 062 364 285
Weighted average number of diluted shares	1 093 509 570	1 062 364 285

6. Fair value measurements

Certain of the group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined, particularly the valuation techniques and inputs used.

Fair values as at year end				
Financial assets	31 December 2017 Reviewed Rm	31 December 2016 Audited Rm	Fair value hierarchy	Valuation techniques and key inputs
Available-for-sale	55	79	Level 1	Quoted prices in an active market
Held-for-trading assets	428	46	Level 1	Quoted prices in an active market
Held-for-trading liabilities	906	521	Level 1	Quoted prices in an active market

Level 1: Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

7. Related party transactions

The group is controlled by ArcelorMittal Holdings AG, which effectively owns 69% (December 2016: 69%) of the group's shares.

At 31 December 2017, the outstanding ArcelorMittal Holdings AG loan amounted to R2 700 million (2016: R1 200 million). Interest is payable at the South African prime lending rate and an amount of R281 million (2016: R98 million) was incurred for the year ended 31 December 2017.

For further details refer to note 28 in the annual financial statements for the year ended 31 December 2017.

8. Commitments

	2017 Rm	2016 Rm
Capital commitments	3 388	4 116
Operating lease commitments	445	110

9. Competition Commission

In 2015 a final settlement agreement was reached with the Competition Commission for an imposed administrative penalty of R1 500 million to be settled over a five-year period, and subsequently accepted by the Tribunal on the outstanding competition matters regarding anti-competitive behaviour.

In addition, ArcelorMittal South Africa is subject to an earnings before interest and tax (EBIT) cap of 10% on flat products as well as spending R4 600 million on qualifying capital expenditure projects, subject to certain conditions. Both commitments will apply for five years.

The CEO hereby confirms in respect of 2017, that ArcelorMittal South Africa has in all material respects complied with the settlement agreement entered into with the Competition Commission.

Notes to the summarised consolidated financial statements continued

for the year ended 31 December 2017

10. **Going concern**

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group will continue operating as a going concern for the foreseeable future, ie being solvent and liquid.

The financial performance of the group is dependent upon the wider economic environment in which the group operates. Factors which are outside the control of management can have a significant impact on the business, specifically volatility in the rand/US dollar exchange rate as well as commodity and steel prices. Despite the cost-saving initiatives and the initiatives to improve cash flows and operational efficiencies, undertaken by the group over the last 12 months, the tough economic environment has put the group's cash flows and profitability under pressure. The group incurred a net loss of R5 128 million (2016: R4 706 million). The directors have determined that the group needs to take further decisive measures to improve its ability to operate in the current economic environment and to enable the group to benefit from any recovery in steel prices in the medium to long term.

The directors have prepared cash flow forecasts for a period of 12 months post the year-end date. Various scenarios have been considered to test the group's resilience to changes such as the movement in the rand against the US dollar, commodity prices and steel prices.

For the next 12 months, due to the implementation of safeguards on hot rolled coil and plate, import duties and designation of local steel, ArcelorMittal South Africa expects local sales volumes to increase. The export market, however, is expected to remain flat over the same period. International steel prices increased in the fourth quarter of 2017 and they are expected to remain at those levels for the next 12 months.

The borrowing-based facility (BBF) available to the group is subject to financial covenants which include a minimum level of the consolidated tangible net worth of the group being R12 108 million. Subsequent to year-end, a covenant holiday was agreed with the lenders that the testing and satisfaction of the consolidated tangible net worth covenant will not be performed until May 2018. We have now determined that as a result of the impairment the group would not have been able to satisfy the consolidated tangible net worth covenant, had it been tested.

The next testing of the covenant will be at 30 June 2018. During this period, we intend to renegotiate the levels of the covenant with the lenders.

In the event that the renegotiations do not yield a positive result, the group has sufficient initiatives in place, and in particular, a letter of support by ArcelorMittal AG, subject to a maximum of R1 500 million, to make good the current shortfall in satisfying the covenant.

It is, however, important to highlight that the impairment recognised does not have a cash flow impact. In fact, the performance in the last quarter of 2017 is in line with management's forecast. This reflects a turnaround of R1 billion from Q3 2017 to Q4 2017. In addition, additional cost savings have been identified and the budget and forecasts for 2018 show an improvement relative to past trends. These cash-generating initiatives comprise procurement savings, inventory liquidation, increased operational reliability and efficiency initiatives through best practice benchmarking and sale of non-core assets.

Based on the group's 12-month funding plan, continued support from the holding company ArcelorMittal Holdings AG as set out above and cash-generating initiatives, the board believes that the group will have sufficient funds to pay its debts as they become due over the next 12 months, and therefore will remain a going concern. Shareholders are advised that the ability of the group to generate positive cash flows will be impacted by the exchange rate, steel prices and the success of the identified cost savings. Should the cash flows be negatively impacted by the above, there remains a material uncertainty regarding the ability of ArcelorMittal South Africa Ltd to continue as a going concern, without appropriate intervention.

11. **Subsequent events**

Apart from the covenant holiday obtained as detailed in note 10, the directors are not aware of any matter or circumstances arising since the end of December 2017 to the date of this report that would significantly affect the operations, the results or financial position of the group.

It should be noted that the rand/US dollar exchange rate remains volatile and that the rand has strengthened further post-year-end.

Corporate information

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