



# ArcelorMittal

ArcelorMittal South Africa Limited  
 ("ArcelorMittal South Africa", "the company" or "the group")  
 Registration number: 1989/002164/06  
 Share code: ACL ISIN: ZAE 000134961

## Short-form announcement: Reviewed group interim financial results for the six months ended 30 June 2014

# Towards recovery



### Balanced headline earnings in H1



### Rebuild of Blast Furnace in Newcastle progressing

#### Overview

Overall the trading conditions remained challenging. The economy in the United States gained strength, and the Eurozone is now slowly showing signs of recovery. However, with the slowdown of growth in China, excess capacity remains the biggest obstacle for the sector worldwide to achieve sustainable profit margins. New capacities for iron ore supply came on stream which has unfavourably impacted international ore and steel prices. In South Africa, the implementation of the large infrastructure development projects remains slow, and the low levels of production and investment in the mining sector continued which was also driven by the protracted labour disputes. Consequently GDP growth and domestic steel demand were negatively affected, while other countries in the sub-Saharan region showed robust growth.

Our liquid steel production was 2 386 000 tonnes, a decrease of 95 000 tonnes compared to the same period last year. This is due to the planned shutdown for the relining of the blast furnace in Newcastle which commenced in May 2014. The effect of the reline was partly countered by higher production volumes at Vanderbijlpark (which was negatively affected in the first six months of the prior year by the fire incident). Sales volumes increased 3% due to a rise in exports of 59%, while local sales volumes were down 10%. Though the production of crude steel at Newcastle is stopped due to the blast furnace reline, the rolling of products continues using the billet stocks built up prior to the project. The project which was planned for a duration of 125 days is currently subject to a delay of approximately a month due to the unsatisfactory performance of a contractor on the critical path. We have initiated additional imports to mitigate any impact on our customers.

Notwithstanding our quest to achieve zero fatalities and injuries, two fatal incidents occurred at Vanderbijlpark works during the second quarter of this year. These regrettable incidents have strengthened management's resolve and commitment to improve safety performance.

ArcelorMittal South Africa recorded a headline loss of R6 million for the period, compared to a headline loss of R123 million in the corresponding period last year. EBITDA was R167 million lower at R810 million compared to the same period last year.

A net current borrowing position reflects the cash outflow required for the stocks and capital expenditures of the relining project in Newcastle.

#### Outlook for third quarter 2014

ArcelorMittal South Africa's results are expected to remain under pressure. The relining of the blast furnace in Newcastle, high electricity tariffs during winter months, the weak local economy and the effects of the metal and engineering strike will have short-term negative effects on our cost and on our customers. From mid-October 2014 our full production capacity will be available as the relining will have been completed.

#### Short-form announcement

This short-form announcement is the responsibility of the Board of Directors of ArcelorMittal South Africa and is a summarised version of the group's full announcement and as such, it does not contain full or complete details pertaining to the group's results. Any investment decisions by investors and or shareholders should be made after taking into consideration the full announcement. The full announcement has been released on the JSE Stock Exchange News Site (SENS) and is available for viewing on the group's website ([www.arcelormittal.com/southafrica](http://www.arcelormittal.com/southafrica)). The full announcement is available for inspection, at no charge, at the registered office of ArcelorMittal South Africa Limited (Room N3-5, Main Building, Delfos Boulevard, Vanderbijlpark) and the offices of the sponsor (JP Morgan Equities South Africa Proprietary Limited, 1 Fricker Road, Illovo), from 09:00 to 16:00 on business days. Copies of a full announcement can be requested from the registered office by contacting +27 16 889 2550.

PS O'Flaherty  
 Chief Executive Officer  
 23 July 2014

MJ Wellhausen  
 Chief Financial Officer

#### Key statistics

	Quarter ended			Six months ended		
	30 June 2014	31 March 2014	% change	30 June 2014	30 June 2013	% change
<b>Financials (R millions)</b>						
Revenue	8 769	9 158	(4.3)	17 927	15 890	12.8
EBITDA	56	754	(92.6)	810	977	(17.1)
(Loss)/profit from operations	(236)	395		159	233	(31.8)
Net (loss)/profit	(337)	322		(15)	(140)	
Headline (loss)/earnings	(329)	323		(6)	(123)	
Net (borrowings)/cash	(594)	(191)		(594)	1 106	
Net asset value	20 723	21 053	(1.6)	20 723	22 458	(7.7)
<b>Financial ratios (%)</b>						
EBITDA margin	0.6	8.2		4.5	6.1	
Return on ordinary shareholders' equity (headline earnings)	(6.3)	6.2		(0.1)	(1.1)	
Net (borrowings)/cash to equity	(2.9)	(0.9)		(2.9)	3.2	
<b>Share statistics (cents)</b>						
(Loss)/earnings per share	(84)	80		(4)	(35)	88.6
Headline (loss)/earnings per share	(82)	81		(2)	(31)	93.6
Dividends per share						
Net asset value per share	51.65	52.47	(1.6)	51.65	55.98	(7.7)
<b>Safety (unaudited)</b>						
Lost time injury frequency rate	0.63	0.44	(43.2)	0.54	0.66	(18.2)
<b>Operational statistics ('000 tonnes) (unaudited)</b>						
Liquid steel production	1 145	1 241	(7.7)	2 386	2 481	(3.8)
Steel sales	1 061	1 134	(6.4)	2 195	2 123	3.4
– Local	762	772	(1.3)	1 534	1 706	(10.1)
– Export	299	362	(17.4)	661	417	58.5
Commerical coke sales	117	91	28.6	208	210	(1.0)
<b>Segmental performance (R millions)</b>						
<b>Flat steel products</b>						
– Revenue	6 023	6 157	(2.2)	12 180	10 044	21.3
– EBITDA	(30)	214		184	(25)	
<b>Long steel products</b>						
– Revenue	3 442	3 114	10.5	6 556	5 969	9.8
– EBITDA	(142)	320		178	694	(74.4)
<b>Coke and chemicals</b>						
– Revenue	540	479	12.7	1 019	828	23.1
– EBITDA	96	109	(11.9)	205	267	(23.2)
<b>Corporate and other</b>						
– EBITDA	132	111	18.9	243	41	492.7