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Annual financial results

for the year ended December 2010

Overview

Nonkululeko Nyembezi-Heita,
CEO

Highlights for the year

- Exceptional safety year – no fatalities and LTIFR at record lows
- Headline earnings of R1 377m (R440m – loss) : 343 cents per share (104cps – loss)
- 12% (6%) EBITDA margin
- Capacity utilisation increased to 71% (66%)
- Steel sales increased by 13% with domestic sales higher by 11% and exports by 16%
- Liquid steel output up 7%
- Cost of steel sales down by 2.5%, despite raw material costs increasing
- Capital expenditure almost doubled to R1.7 billion with approximately 30% directed at safety and environmental initiatives
- 80% of the social expenditure budget directed at education

Key Result Drivers

	Q4'10 vs Q3'10	2010 vs 2009
Flat carbon steel product prices	-5%	+16%
Long carbon steel product prices	-9%	+21%
Liquid steel production	-16%	+7%
Total sales volume	+5%	+13%
Export sales volume	+83%	+16%
Domestic sales volume	-22%	+11%
HRC Rand cash cost per tonne	-1%	+4%
Billet Rand cash cost per tonne	+3%	+5%
Labour productivity	+15%	+7%
ZAR movement (average rate)	+5%	+13%

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Steel Market Overview

Global Economy

- World economic growth in 2010 increased to 3.9% from -2.2% in 2009 while growth of 3.3% is expected in 2011
- Emerging market economies grew by 7% in 2010 (2009 = 2.5%) while growth is expected to slow to a still respectable 6% in 2011
- Chinese economy surged by 10% in 2010 compared to 9.1% in 2009, while a growth rate of 8.7% is forecast for 2011
- Sub-Saharan African growth rate of 5.3% expected for 2011 from 4.7% in 2010 and 3.4% from 3% for South Africa
- ArcelorMittal South Africa forecast a GDP growth rate of 3.3% for 2011

Sources: IMF, World Bank, WorldSteel

Global Steel Market Trends

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- 2010 world steel output increased by 15% to 1 395mt, although H2'10 slowed by 2.7% relative to H1'10
- Production in EU expanded by 24%, North America by 36% and Japan by 25% (H2'10 vs H1'10 were: -7%, -1% and +1% respectively)
- Africa's steel production increased by 16% to 17.2mt and growth was maintained at +8% in the second half
- China's production was up 9% to 627mt accounting for 44% of global output (H2'10 contracted by 6% relative to H1'10)
- Q4 global capacity utilisation level was at 74% compared to 2010 average of 77% (2009 = 73%)

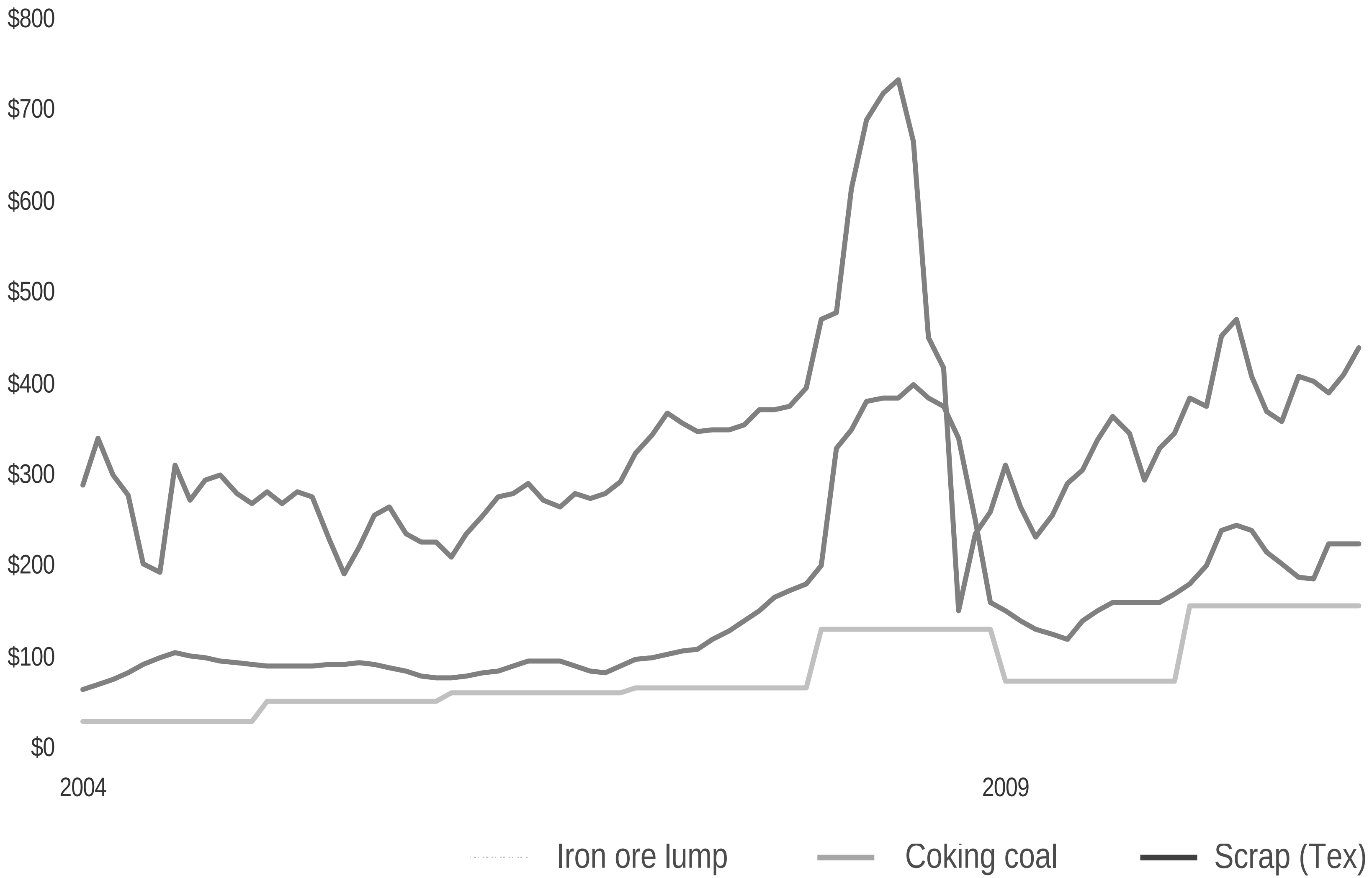
Sources: World Steel

Input Cost Trends

- International iron ore prices increased by 82% (62% Fe) from 2009, while pellet prices increased by 105%
- International spot coking coal prices increased by 46% in 2010 to $215 while current spot prices are above $300/t
- The domestic coal price index (API4) rose by 42%
- 2010 scrap prices increased on average by 32% relative to 2009 and has since year end increased to US$480/t
- Base metals and alloys such as tin, zinc and ferro-manganese increased by 50%, 31% and 23% respectively during 2010
- Crude oil added 29% during 2010 to average US$80/barrel and has since year end added another US$20/barrel (+25%)

Sources: Platts Steel Market Daily, Argus Coal Daily, Metal Bulletin, Tex Report and ArcelorMittal South Africa

Global Environment – Benchmark Prices



Sources: AME

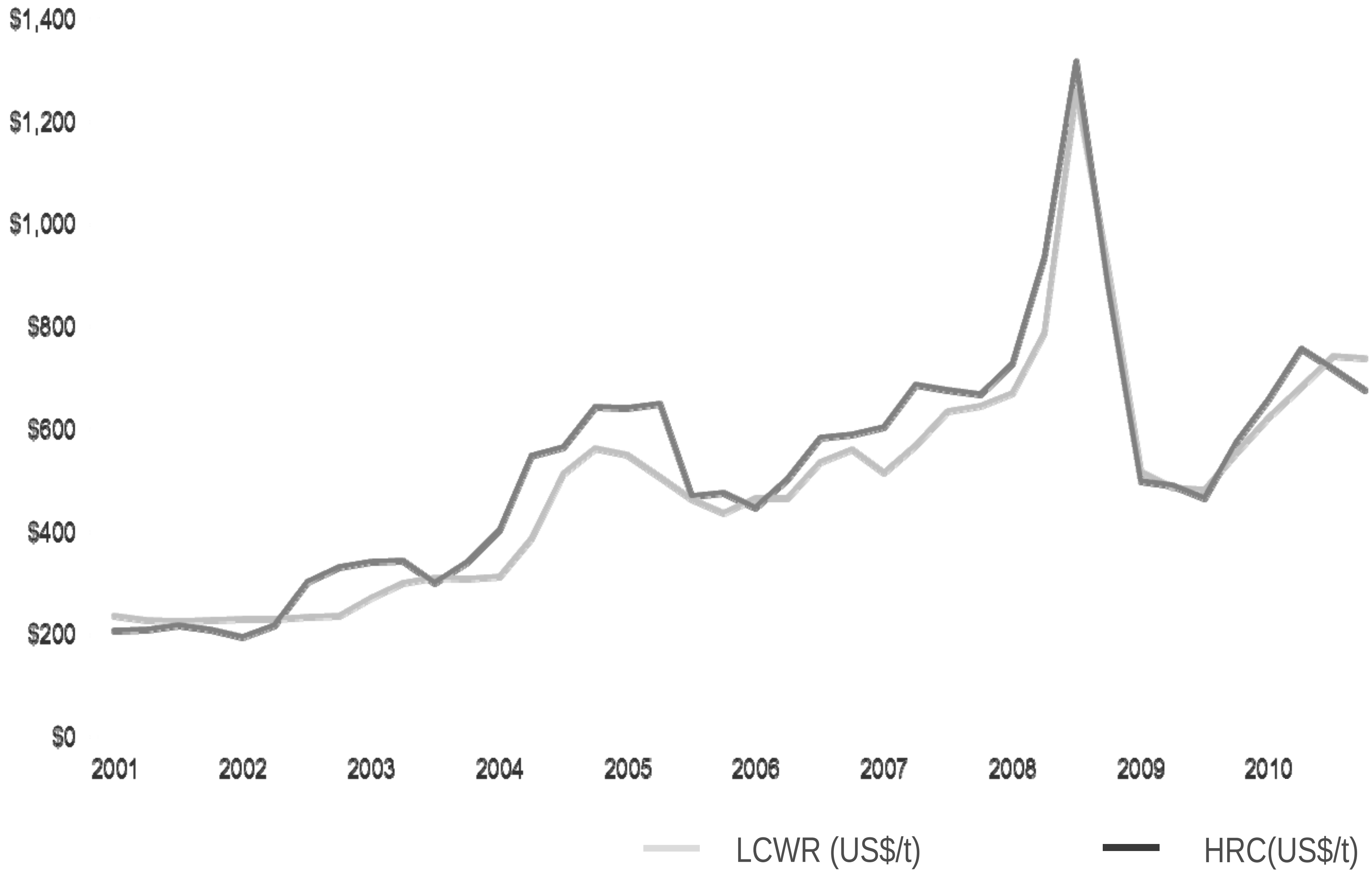
Input Cost Positioning

2010	000t	Backward integrated	Domestic supply	Imported
Iron ore	7,500	98%	2%	0%
Pellets	450	0%	0%	100%
Scrap	920	57%*	43%	0%
Met coal	3,700	8%	45%	47%
Other coal	1,700	0%	100%	0%
Total	14,270	57%	28%	15%

*Internally generated

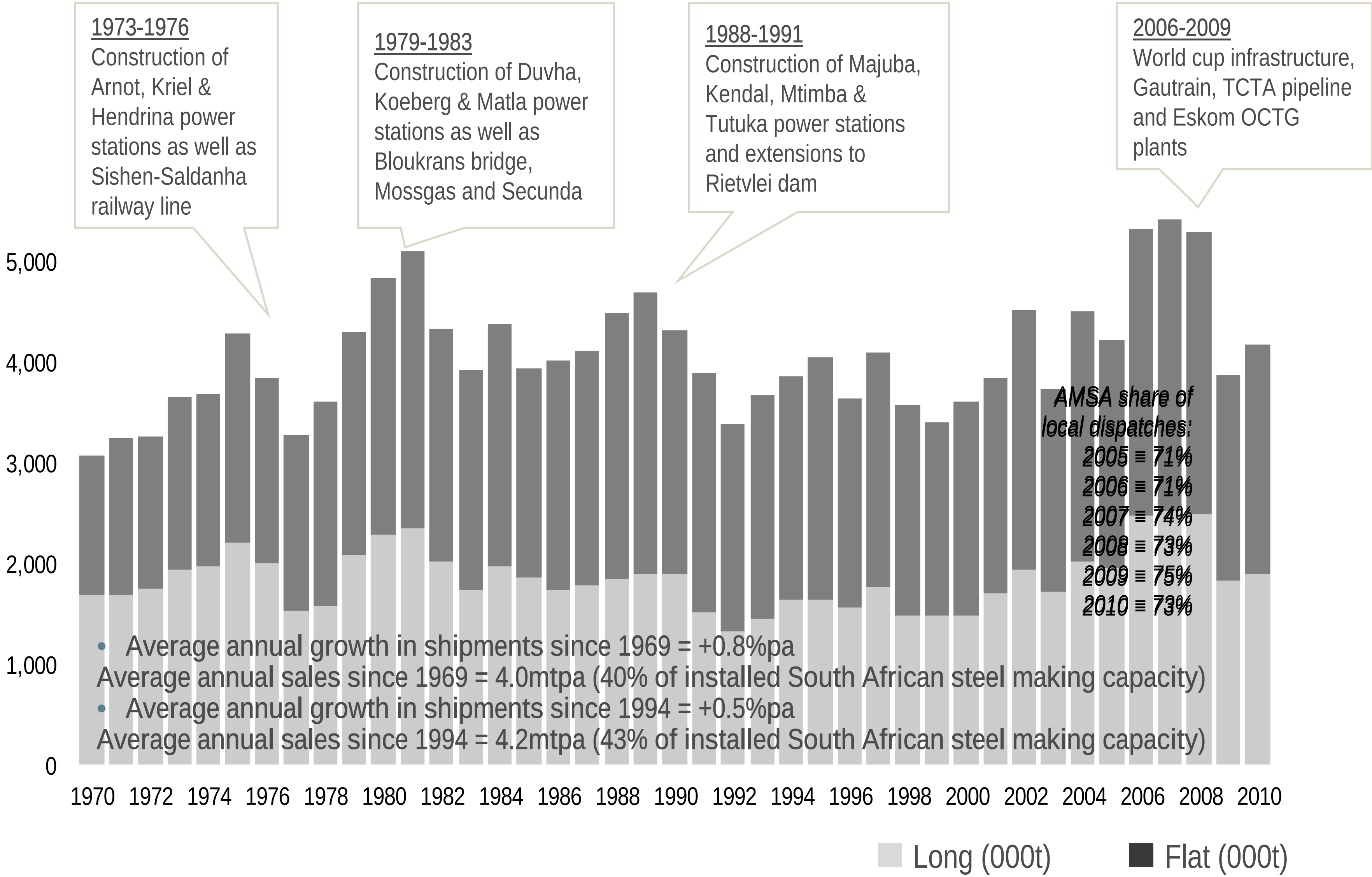
Global Environment – Export Prices

(quarterly average export prices (c&f))



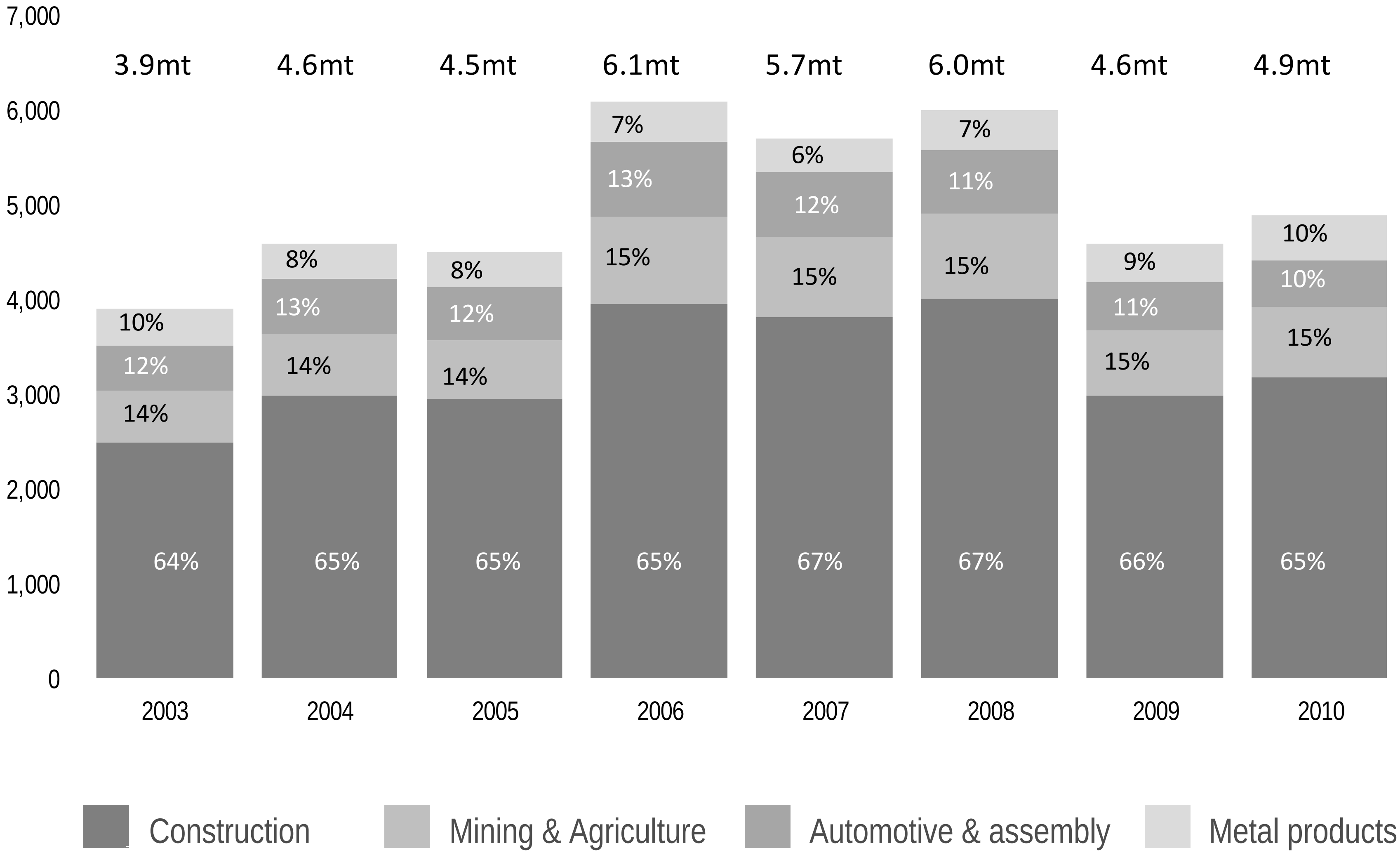
Source : ArcelorMittal South Africa

Total Domestic Market – Shipments



Source : SAISI up to Q3'08, thereafter ArcelorMittal South Africa estimates

Domestic Market – Consumption by major sector

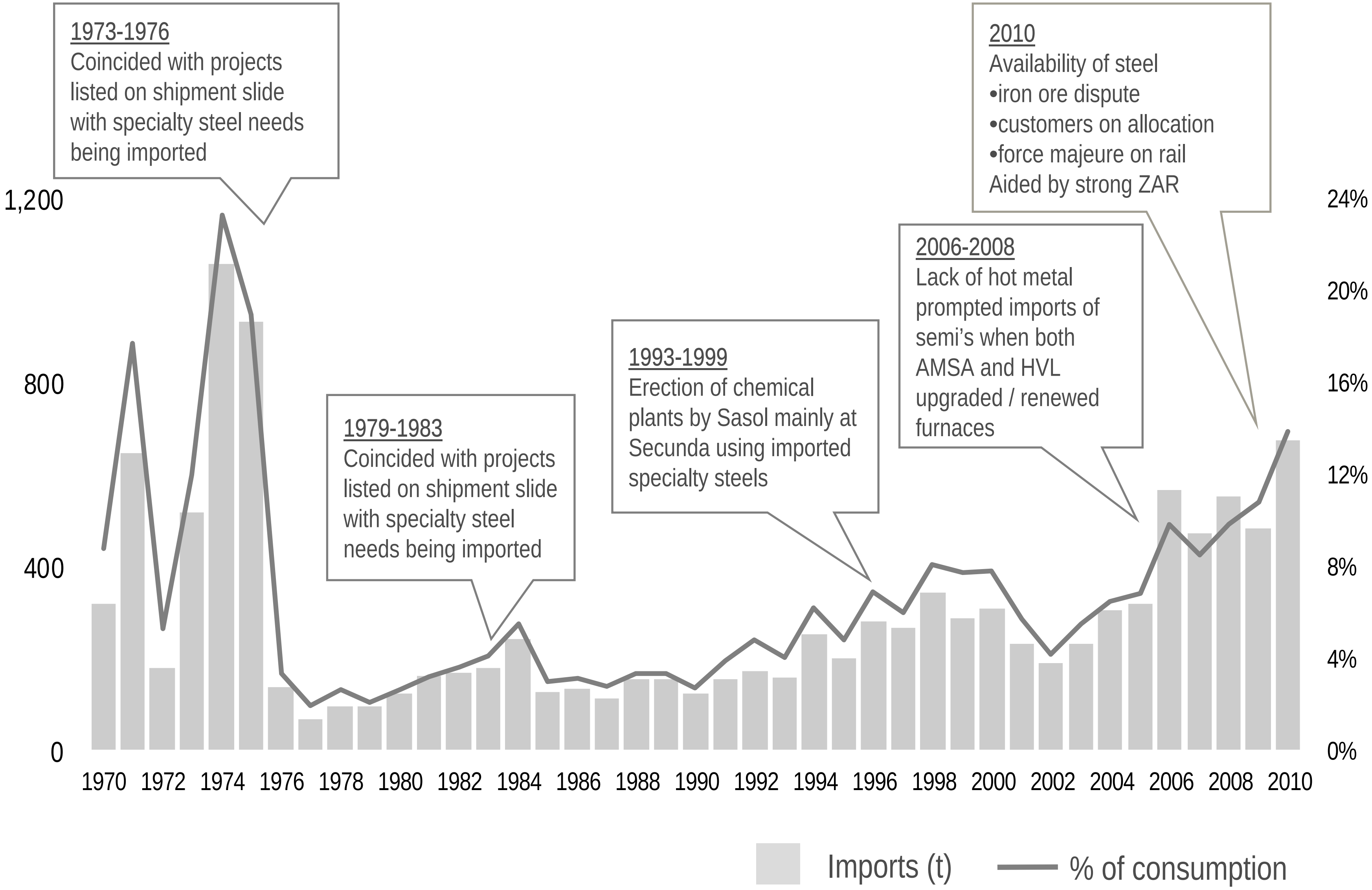


Source : SAISI up to Q3'08, thereafter ArcelorMittal South Africa estimates

Domestic Market – Inventory Levels

Source : SAISI up to Q3'08, thereafter ArcelorMittal South Africa estimates

Domestic Market – Imports



Source : SAISI up to Q3'08, thereafter ArcelorMittal South Africa estimates

Operating Results

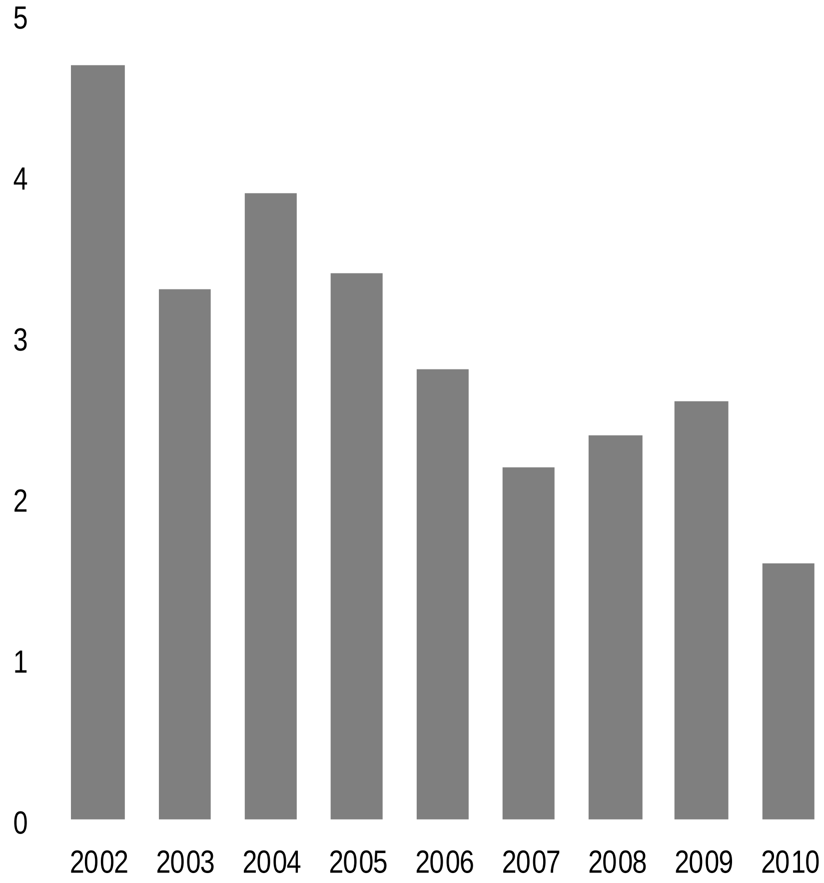
Safety - Journey to Zero

Very good year with zero fatalities

- Annual record with LTIFR of 1.64
  - Previous best was 2.20
  - 38% improvement compared to 2009
  - 14% improvement on target of 1.90

Good safety performance overall

- Vanderbijlpark Works new record at 1.45
- Newcastle Works at 1.26 (record 1.25)
- Strong focused effort to embed adherence to all fatality prevention standards



Lost Time Injury Frequency Rate
(Employees and Contractors)

Liquid Steel Production (000t) & Capacity Utilisation (%)

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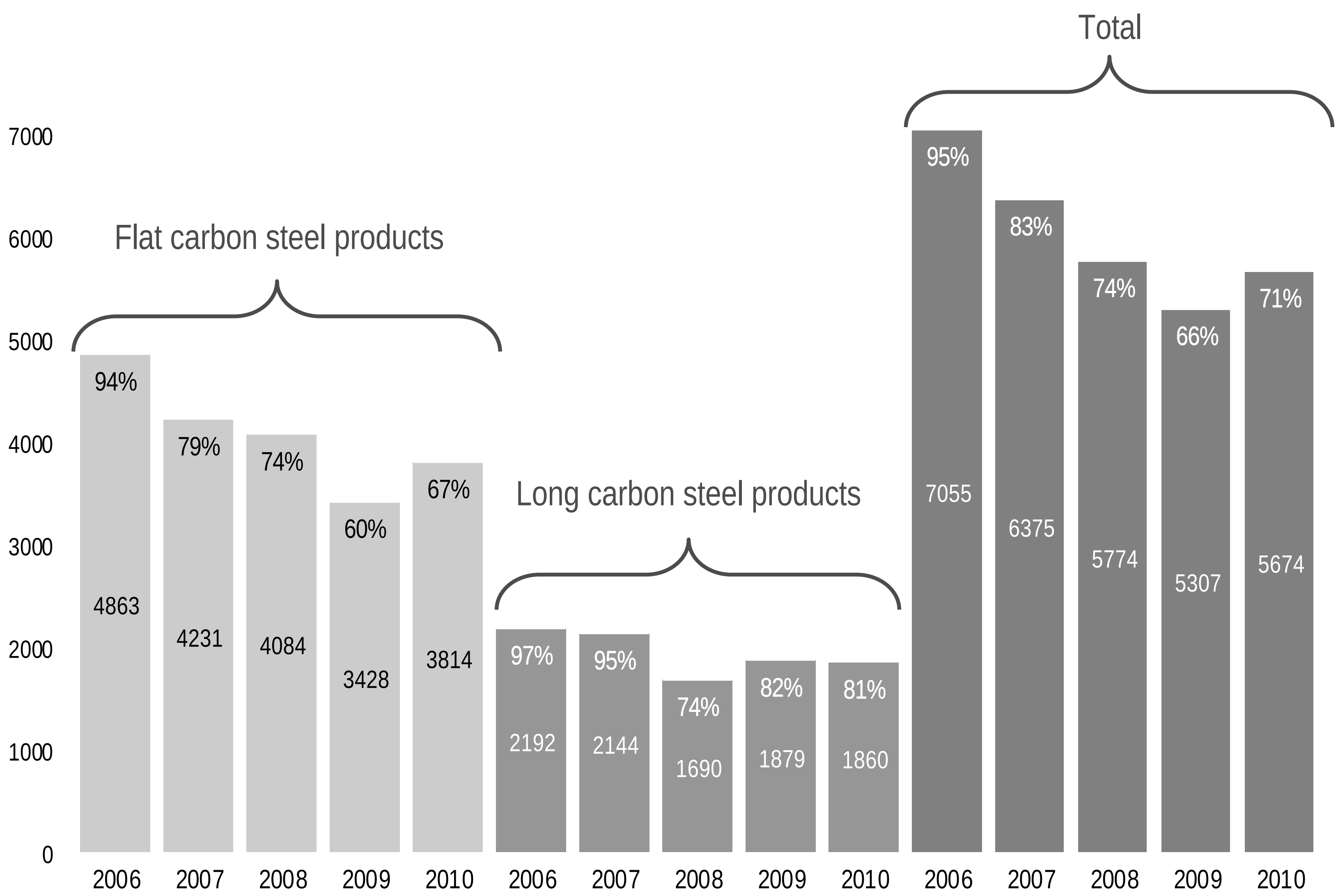
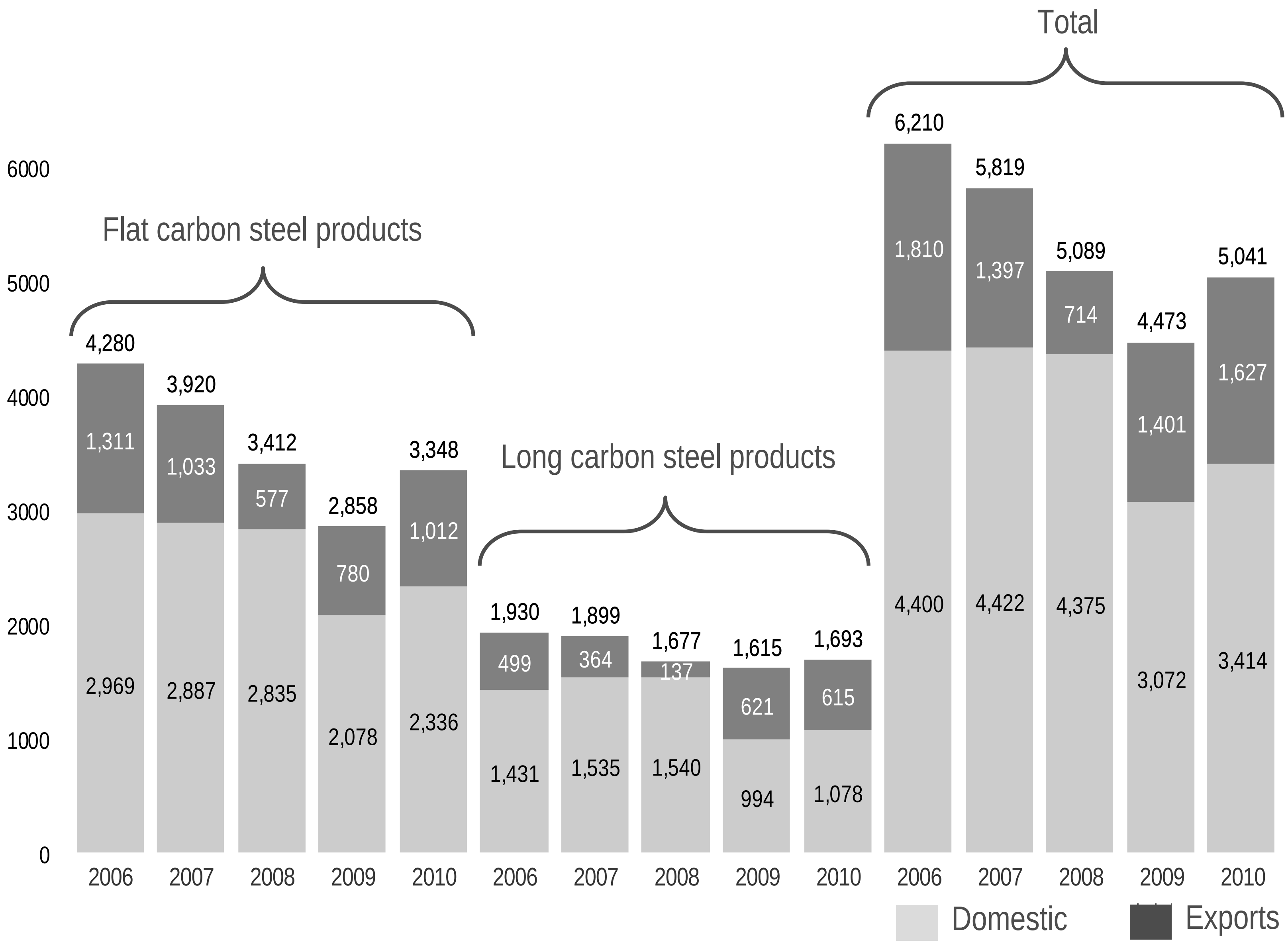
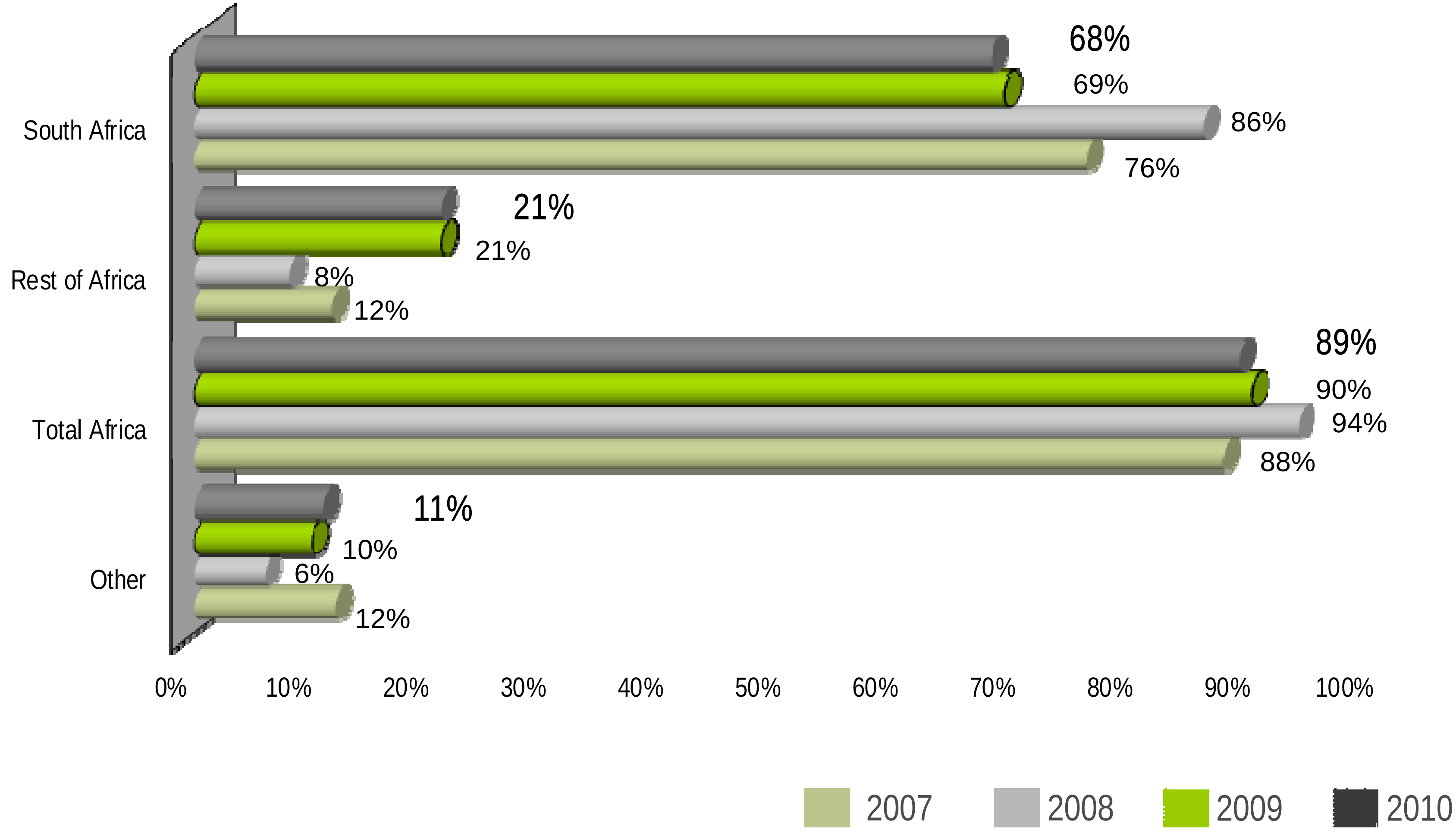


Shipment Volumes (000t)



Geographic Shipments



Investment Program (Rm)

	2009	2010
Safety	78	137
Growth	70	154
Environment	293	331
Sustainable maintenance	474	1 092
Total expenditure	915	1 714

Environmental Investment Program

	2005	2006	2007	2008	2009	2010	2011 - 2015
Environmental	R42m	R23m	R30m	R218m	R281m	R299m	R3 000m
Enviro Legacy	R309m	R79m	R93m	R3m	R12m	R32m	R35m
Large projects	• ZED VDBP Infrastructure • Product separation dust extraction VDBP	• Emergency dams VDBP • New ambient air quality station VDBP • Reduce sinter plant emissions VDBP	• Waste Disposal Site (WDS) prep VDBP • Dam 10 clean up VDBP	• Upgrade of WDS • Ground water study VDBP • Fugitive dust suppression • Beneficiation plant rebuild	• Maturation ponds VDBP • Dam 10 and 1 to 4 rehab VDBP • New coke storage area VDBP	• Remed of Dam 10 VDBP • New & old WDS activities VDBP • Comm coke oven clean gas & water project VDBP • Storm water improvemnts • VRN dust extraction	• Remediation projects • Air Quality Act related improvemnts • ESM de-dusting VDBP • Sinter clean gas at VDBP • Newcastle desulphur project • Newcastle ZED
Important milestones	• Became ZED at VDBP • Reduce water intake by 40% at VDBP	• Reduced the dust emissions by 45% from VDBP			• Shut down of coke bat #1 at VDBP	• Reduced total SO_2 by 35% at VDBP • Cease use of all unlined facilities at VDBP	• Reduce total dust emissions by another 30% at VDBP

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Finance

Rudolph Torlage

CFO

Headline Earnings(Rm)

	2009	2010
Revenue	25 598	30 224
Profit from operations	229	2 151
Finance and investment income	202	71
Losses on forex and financial instruments	-813	-150
Finance costs	-276	-357
Tax	-35	-492
Equity earnings*	206	122
Net deficit on disposal / scrapping of assets*	21	32
Impairment*	26	
Headline earnings/(loss)	-440	1 377
- in US$m	*-52*	*188*

*After tax

EBITDA from Segments (Rm)

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	2009	2010
Flat carbon steel products	381	1 442
Long carbon steel products	591	1 090
Coke & Chemicals	556	1 029
Corporate & other	19	-39
Total EBITDA	1 547	3 522
EBITDA margin	6%	12%

Main Cost Drivers (R/t)

	2009	2010	Weight
Iron ore & pellets	637	886	17%
Scrap / DRI / HBI	223	212	4%
Coking coal & other fuels	1 597	1 456	28%
Energy	305	386	8%
Manpower	607	606	12%
Maintenance	295	336	7%
Other	1 201	1 250	24%
Total	4 865	5 132	100%

Cash Flow (Rm)

	2009	2010
Cash generated from operations	1 290	3 833
Working capital	2 878	-1 100
Capex	-914	-1 714
Net interest and Investment income	168	112
Investments	-524	-120
Tax	-934	-653
Dividends	-1 627	-602
Repayment of borrowings and finance lease	-157	-499
Net cash flow	189	-743
Repurchase of share	-3 918	
Effect of forex rate changes on cash	-352	-99
Net cash flow after capital reduction	-4 081	-842
Cash	4 348	3 506

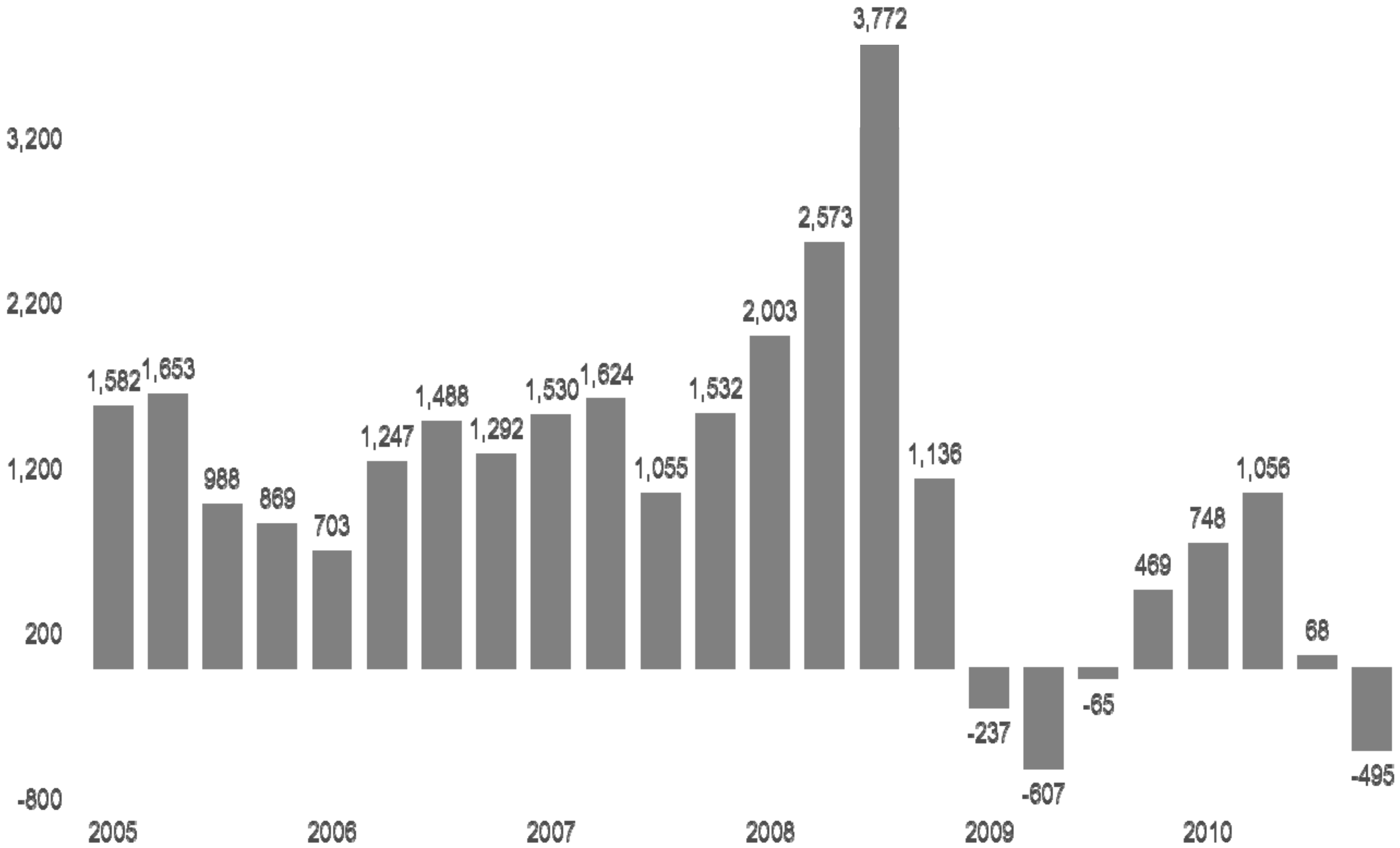
Working Capital Movement (Rm)

	2009	2010
Inventories	2 903	-1 544
Finished products	-40	-524
Work-in-progress	1 083	-106
Raw materials	1 851	-875
Plant spares & stores	9	-39
Receivables	-18	303
Payables	112	524
Utilisation of provisions	-119	-383
Working capital movement	2 878	-1 100

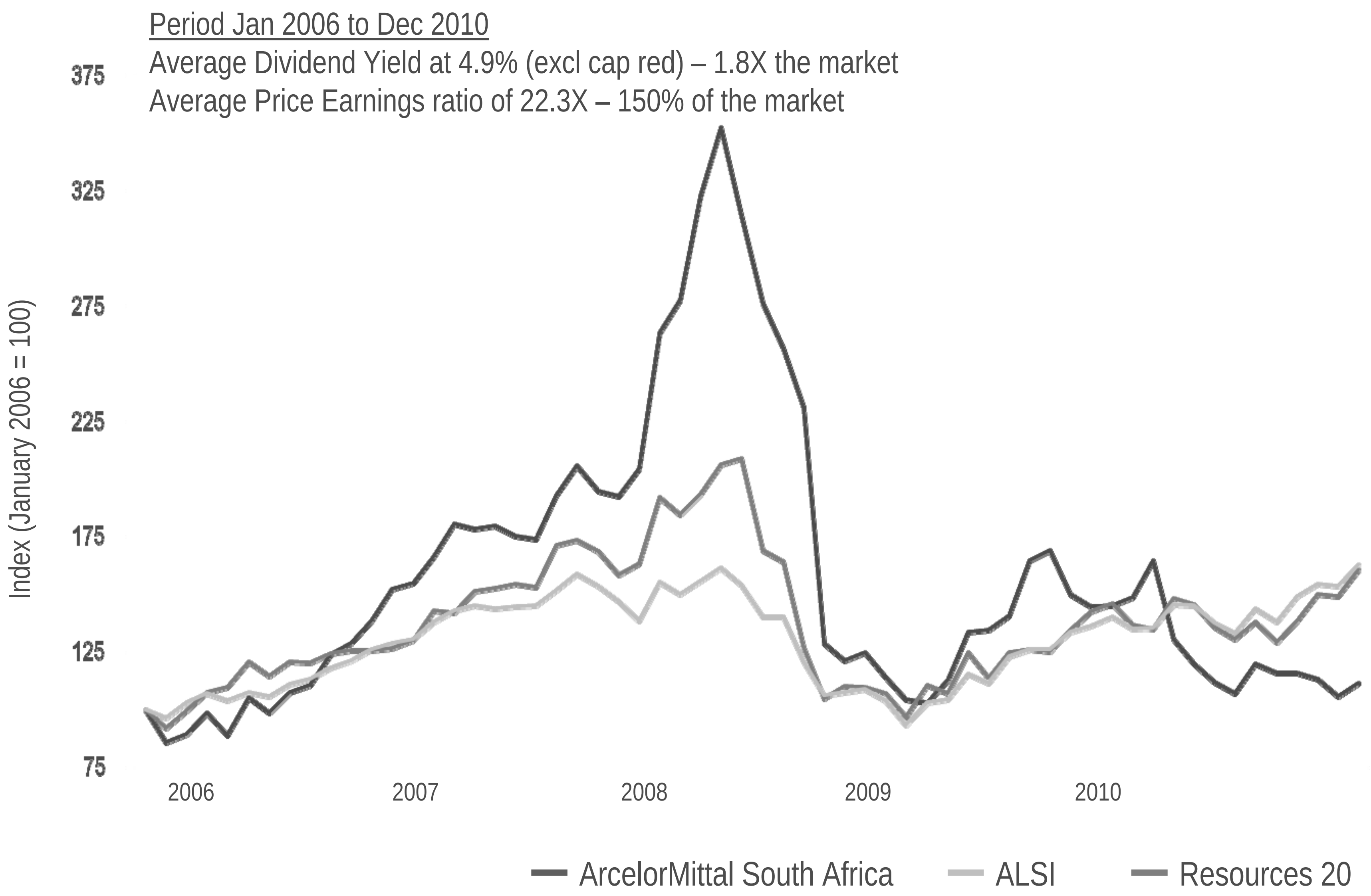
Financial Ratios

	2009	2010
Operating margin	1%	7%
EBITDA margin	6%	12%
Revenue / invested capital (times)	1.1	1.3
Return on equity	-2%	6%
Net cash / equity	18%	14%

Quarterly Headline Earnings Trend (Rm)



Share Performance



Dividend

- Dividend policy
  - Distributing one third of headline earnings every six months
  - Dividends
    - Interim dividend declared and paid of 150cps
    - No final dividend

Investment Program and other developments

Nonkululeko Nyembezi-Heita

Investment Program

- Energy projects
- Environmental projects will continue to receive priority attention
- De-sulphurisation project
- Air Quality Act
- Reduction of carbon emissions

Additional Focus Areas

- Kumba arbitration
- ICT acquisition
- B-BBEE transaction
- Interministerial task team
- Competition matters

Corporate Social Responsibility

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- Education accounts for 80% of the spend
  - 3 000 pupils attend science centers in the Vaal Triangle and Saldanha; Newcastle centre due to open during 2011
  - Continuation of school building program of R250m
- Social development ~ Impilo Social Grant disbursed R1,5m during 2010
- Community upliftment
  - Five houses built and 2 200 re-roofed in Vaal Triangle
- Health
  - NGOs involved with HIV/Aids related programs
  - TB/ARV health centre is under construction in Sebokeng Hospital

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Outlook

Outlook for Q1'11

- Business environment
  - Domestic demand expected to improve
  - Increase production to meet higher demand although long products will be negatively impacted by production losses in Newcastle
  - Selling prices higher
  - Negative impact of higher raw material prices, mainly scrap
- Earnings
  - Substantial improvement compared to Q4 2010
  - Impacted by Rand/US Dollar exchange rate movements

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Thank you

ArcelorMittal South Africa Limited
Room N3-5
Main building
Delfos Boulevard
Vanderbijlpark 1911
South Africa

www.arcelormittal.com/southafrica