ArcelorMittal

Financial results

for the year ended December 2014

Agenda

ArcelorMittal

OVERVIEW	CEO, Paul O’Flaherty
STEEL MARKET OVERVIEW	CEO, Paul O’Flaherty
OPERATING RESULTS	CEO, Paul O’Flaherty
FINANCE	CFO, Matthias Wellhausen
OTHER KEY ISSUES AND OUTLOOK	CEO, Paul O’Flaherty
QUESTIONS	CEO & Team

OVERVIEW

Paul O’Flaherty, CEO

Key messages

Positives

- Net loss reduced from R2 147m to R158m
- Confidence shown in future through R1.8bn reline of blast furnace which increased availability, hence added 200ktpa to long steel market
- EBITDA affected by R1.2bn as a result of planned outage of Newcastle blast furnace for reline
- Positive ongoing developments with Government to resolve all legacy competition issues and find consensus on pricing model
- Focussed, targeted approach to maximise BBBEE score under new code by end of 2015 before dealing with ownership pillar
- Settling down of new Kumba iron ore pricing model
- Handing over of Vanderbijlpark 2002 environmental risk plan to VEJA and on-going commitment to address all environmental concerns

Key messages

ArcelorMittal

Challenges

- Four fatalities
- Imported billets to satisfy customer long steel demand during Newcastle reline but wasn’t enough due to two month delay in project; dissatisfied customers; Newcastle now fully up and running
- Transnet performance
- Eskom load shedding
- Platinum industry and SEIFSA strikes
- Increased borrowings to fund Newcastle reline
- On-going formulation of carbon taxes
- Slump in Chinese growth resulting in Chinese steel imports at very low prices entering market

Our value creation model

ArcelorMittal

INPUTS

Natural capital

Raw materials consumed

	2013	2014
Iron ore	6 659kt	6 092kt
Coal	4 245kt	4 718kt
Purchased scrap	235kt	341kt
Fluxes	1 724kt	1 612kt
Energy		
Electricity purchased (TWh)	3.67	3. 52
Water intake		
Water intake (ML)	17 682	18 150

Human and intellectual capital

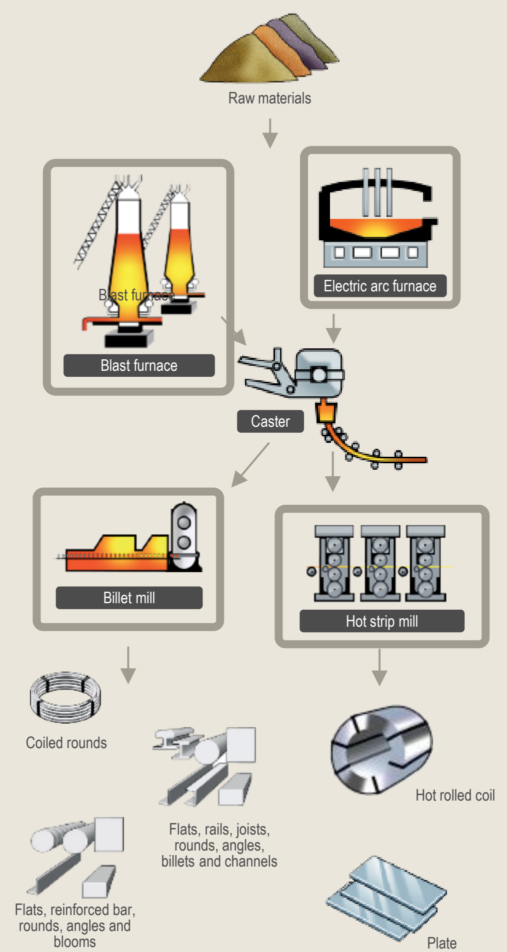
	2013	2014
Employees*	9 016	8 817
Hired labour*	1 869	1 411
Service contractors*	3 918	3 316
Training spend	R138m	R151m
Salaries and wages	R3 408m	R3 764m

*Average for year

Financial capital

	2013	2014
Capital expenditure	R1 569m	R2 798m

Steelmaking process



OUTPUTS

Financial capital

Shareholders/Investors/ Employees	2013	2014
Revenue	R32 421m	R34 852m
EBITDA	R1 768m	R1 258m
Profit from operations	R47m	(R301m)
EBITDA margin	5.5%	3.6%

Manufactured capital

	2013	2014
Flat steel products	**2 771kt**	**2 981kt**
Domestic market	2 003kt	1 951kt
Export market	768kt	1 030kt
Long steel products	**1 459kt**	**1 259kt**
Domestic market	1 123kt	1 051kt
Export market	336kt	208kt
Coke and chemicals		
Market coke	545kt	466t
Tar	109kt	110kt
Other	994kt	1 323kt

Human capital

Employees/Contractors	2013	2014
Safety : LTIFR	0.56	0.58
Safety : Fatalities	0	4

Social capital

Local communities/suppliers/local business

	2013	2014
Social-economic development	R37.4m	R18.5m
Procurement spend	R25 000m	R26 786m
Direct GDP	1%	1%
Indirect GDP contribution	R11 000m (0.4%)	R11 000m (0.4%)
Economic value contribution	R32 421m	R34 852m
Taxes contributed	R1 500m	R870m
Procurement spend - QSE & EME	R2 000m	R3 100m

Our markets, our customers, our world

Revenue	2013	2014
Domestic	R25 174m	R26 125m
Export	R7 247m	R8 727m

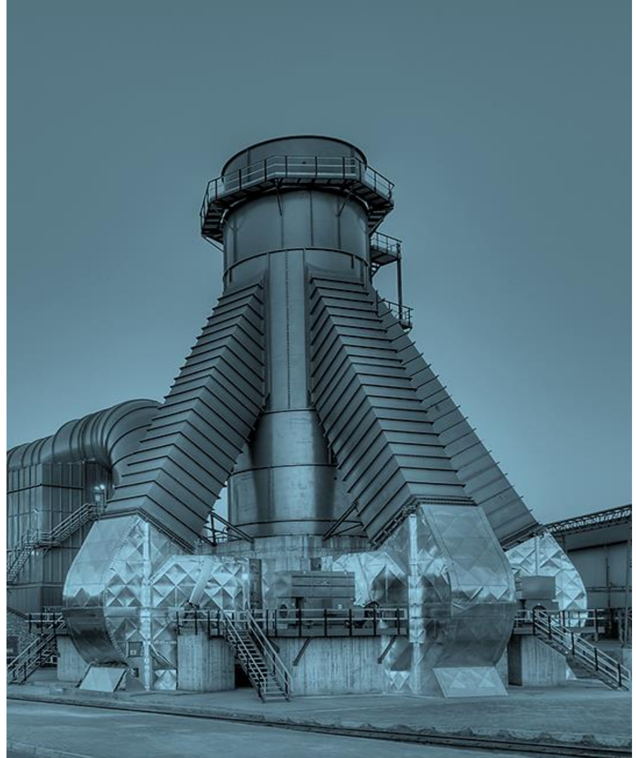
AMSA exports	2013	2014
Total	1 104kt	1 238kt
Sub-Sahara	82%	77%
• SADC	29%	25%
• East Africa	53%	51%
• West Africa	16%	21%
Far East	7%	11%
Middle East	8%	6%
Other	3%	6%

Domestic market	National** 2014 (2013)	AMSA 2014 (2013)
Sectorial Industries	4 900kt (5 400kt)	3 002kt (3 126kt)
Construction	56% (56%)	60% (60%)
Metal products	24% (22%)	20% (20%)
Automotive & assembly	12% (13%)	11% (11%)
Mining & agriculture	8% (9%)	9% (9%)

The real cost of steel ** (2014)	Steel content in product weight	Steel input material cost as % of price
Shipping container	98%	65%
Beverage can	98%	30%
Washing machine	50%	12%
VW Polo	48%	3%
Isuzu KB DC	51%	2%
Ford Ranger DC	49%	2%

**AMSA estimates

Key: t = Tonnes kt = Kilotonnes TWh = Terawatt hour ML = Mega litres



STEEL MARKET OVERVIEW

Paul O'Flaherty, CEO

Main steel cost drivers (R/t liquid steel)

ArcelorMittal

	2013	**2014**	Change on 2013	2014 Weight
Iron ore and pellets	1 370	**1 429**	+4.3%	Raw material basket 48.1%
Scrap / DRI / HBI	242	**304**	+25.9%	
Coal (imported and domestically sourced)	1 307	**1 317**	+0.8%	
Electricity	434	**486**	+12.0%	Auxiliaries & consumables 28.3%
Other energy & utilities	206	**227**	+10.4%	
Alloys, fluxes and coating materials	577	**688**	+19.1%	
Refractories, electrodes and consumables	342	**396**	+15.8%	
Manpower	559	**597**	+6.7%	Fixed Cost 23.6%
Maintenance	347	**352**	+1.3%	
Other*	544	**552**	+1.5%	
Total	5 929	**6 348**	+7.1%	100%
Liquid steel (000t)	5 097	**4 518**	-11.4%	
Average exchange rate (ZAR)	9.65	**10.84**	+12.3%	

*General expenses, outside services, expert fees, IS/IT & insurance premiums

Raw material environment

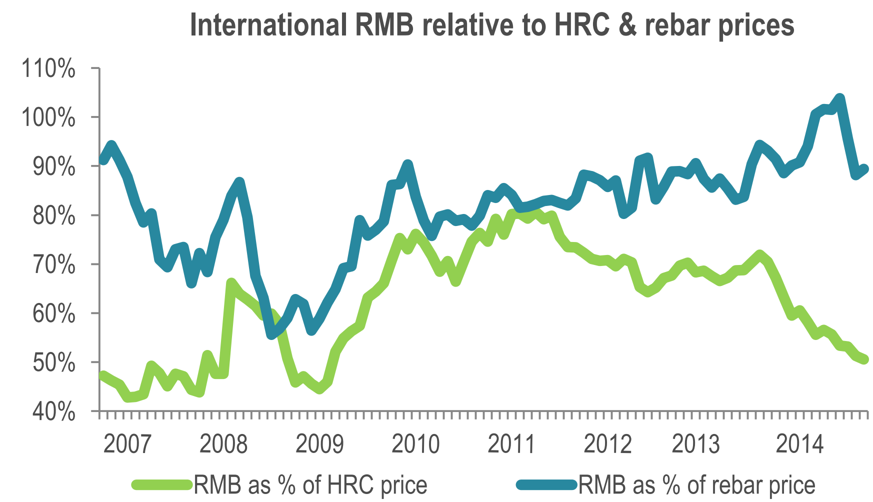
ArcelorMittal

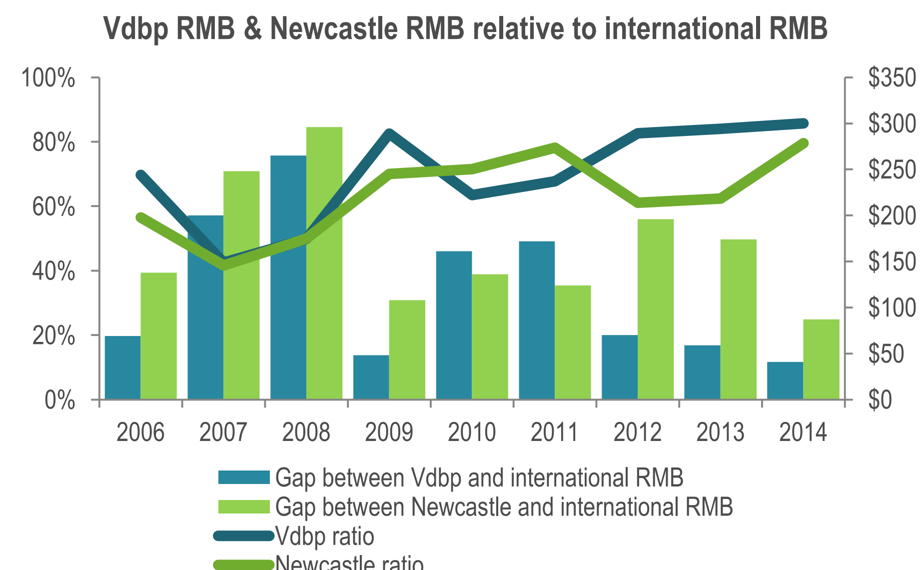
Global

- Raw material basket (RMB)
  - Flat steel products at around 57% of HRC price in 2014 from 69% in 2013 (year end = 51%) as result of raw material basket declining 23% and HRC prices decreasing only 7%
  - Long steel products at around 95% of rebar price in 2014, up from 88% in 2013 (year end = 89%) as scrap values declined only 8% while rebar prices contracted by 14%

ArcelorMittal South Africa

- Raw material basket (RMB)
  - Both Vdbp and Newcastle lost some of their advantage to the international RMB with the former now at 86% (2013 = 84%; 2006 = 70%) and the latter at 80% (2013 = 62%; 2006 = 56%) mainly as result of global iron ore price slide which did not impact AMSA because of supply agreement
  - AMSA RMB is 51% of total cash cost (2013 = 49%) with other variables such as electricity, energy, alloys, refractories, fluxes and consumables combined totaling 27% (2013 = 26%)





Sources: Platts, AME, AMS and TEX Report

Raw material price environment

ArcelorMittal

Global

- Iron ore prices impacted by over supply and declined by 28% to $97/t in 2014 compared to $137/t in 2013 – current level below $70/t
- Metallurgical coal market remains lacklustre due to oversupply from Australia and subdued demand in China's soft steel market - excess Chinese steel capacity and slowing economic growth are still expected to pressurise raw material prices

International	2014	Change
Iron ore	$97/t	-28%
Scrap	$358/t	-8%
Pellets	$127/t	-16%
Hard coking coal	$115/t	-23%
Coke	$198/t	-26%
Tin	$21 916/t	-2%

ArcelorMittal South Africa

- Iron ore costs increased marginally compared to a sharp decline internationally due to the Sishen supply agreement which became effective in 2014 which is based on a cost plus 20% arrangement
- Overall rail performance remained disappointing with shortage of locomotives being the main contributor

ArcelorMittal South Africa	2014	Change
Iron ore	R717/t	+1%
Scrap	R3 097/t	+6%
Pellets	R1 373/t	-5%
Local coal	R949/t	-2%
Imported coal	R1 333/t	-9%

Sources: Platts, AME, AMS and TEX Report

Sales environment

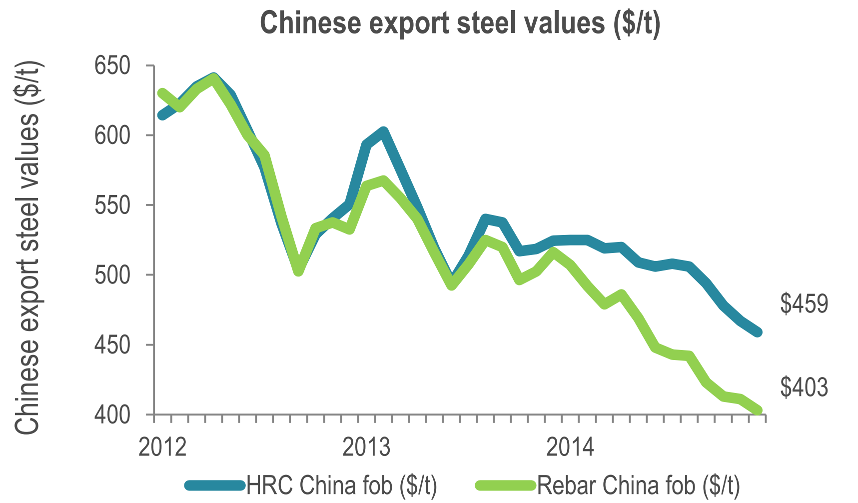
ArcelorMittal

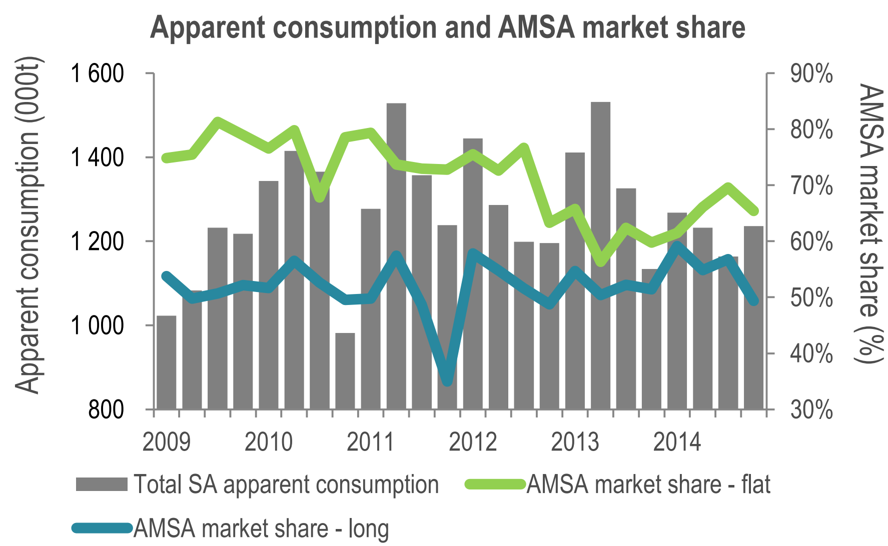
Global

- During 2014 Chinese steel export prices decreased by 7% in the case of HRC and 14% for rebar, from \$540/t to \$501/t (fob China) and from \$525/t to \$451/t (fob China) respectively – annual lows were only reached in December 2014 and downward pressure persists
- Excess Chinese capacity and slowing economic growth to add price pressure during 2015 although World Steel Association expects global demand to increase by 2% as result of developed & emerging market growth outpacing the contraction in China

Domestic

- SA total consumption contracted by 9% from 5.4mt to 4.9mt mainly due to strikes
  - Long steel decline 10% and flat steel 9%
- AMSA sales into the domestic market decreased 3% with flat dropping 10% and long reducing 4%
- Increase in AMSA market share estimated at about 62% with flats gaining 5 points and longs 3 points - remarkable considering low production at Newcastle





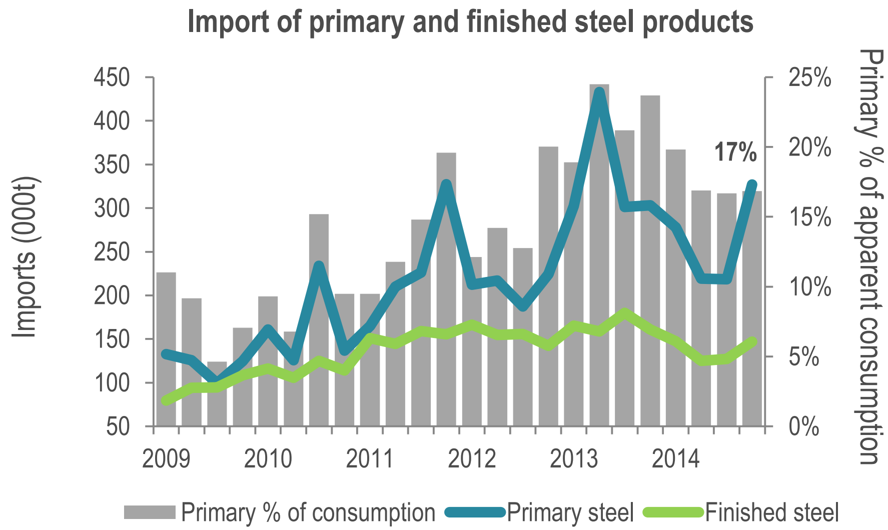
Source : SAISI actuals up to 2008, thereafter AMSA estimates

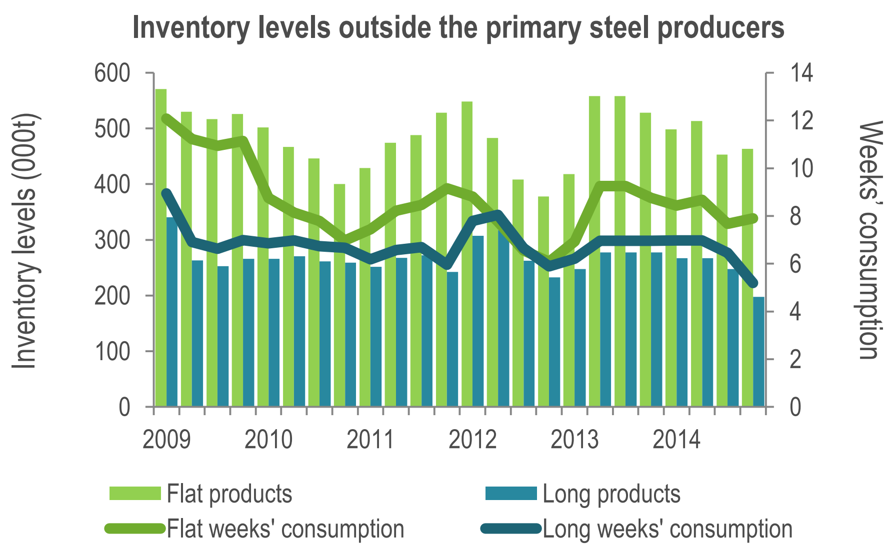
Sales environment

ArcelorMittal

Domestic (continued)

- GDP growth for 2014 estimated at 1.5% while 2015 is expected to recover to 2.9% - downside risks given the probable electricity supply constraints
- Real steel demand in 2015 is expected to be significantly stronger than in 2014 assuming no strike actions (+8%)
  - Construction industry should start to benefit from lower inflation and stable interest rates
  - SA demand improvement driven by strong recovery in mining, some growth in construction & GFCF and recovery in manufacturing
  - Sectors expected to support steel demand are energy, mining, chemicals & water, plus the pipe & tube industry
  - Imports to continue its declining market share from 18% to below 15% of apparent consumption as result of weaker rand aided by import replacement initiatives
  - Small increase in stock levels expected as demand increase although a normalised level of 7.3 weeks of consumption is envisaged compared to year end 6.8





Source : SAISI actuals up to 2008, thereafter AMSA estimates

Sales environment

ArcelorMittal

International

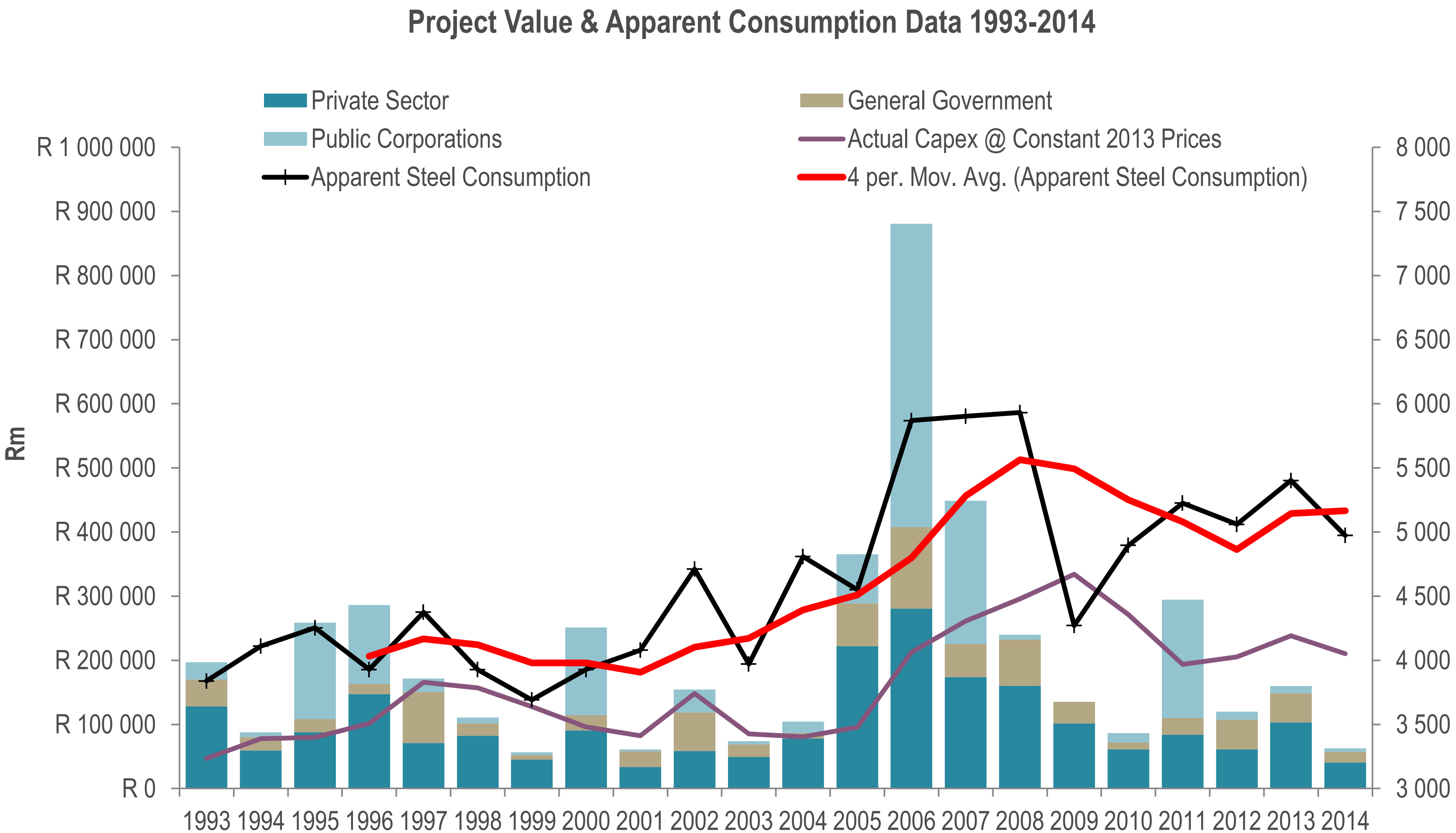
- Current global annual capacity 2.2bnt and output at 1.6bnt of which China is 50%
- Global annual exports are 370mt (2013) while demand in Africa is 37mt with Sub-Saharan Africa at 16mt and only South Africa and Egypt having significant capacity in Africa amounting to 16mt

Sub-Sahara Africa

- Steel demand is divided in more or less equal portions between East and West with the major portion of the demand from Southern Africa in 2014
  - Southern Africa Customs Union (SACU) & Africa Overland Land (AOL) – 37%
  - West Africa – 28%
  - East Africa – 25%
  - Central Africa – 10%
- AMSA estimates of steel consumption of top 10 countries (80% of sub-Sahara GDP)

Country (ranked by GDP)	Steel consumption 2014 (flat – long split)	Country (ranked by GDP)	Steel consumption 2014 (flat – long split)
1. Nigeria	2 000kt (65%: 35%)	6. Ethiopia	1 035kt (34%: 66%)
2. South Africa	5 000kt (60%: 40%)	7. Tanzania	540kt (65%: 35%)
3. Angola	905kt (37%: 63%)	8. Cote d'Ivoire	200kt (48%: 52%)
4. Kenya	1 220kt (74%: 26%)	9. DRC	70kt (49%: 51%)
5. Ghana	825kt (50%: 50%)	10. Cameroon	180kt (36%: 64%)

South African project pipeline slowing down



Source: National CAPEX 2014, Nedbank
** 2014: Value of announced projects in the first Half of the year, ANNUALISED*

Potential demand from new projects in SADC region

New projects (SADC region)	Estimated steel consumption over life of total project	Estimated annual demand 2014	2015	2016
Energy	**3 800 000t**	**190 000t**	**240 000t**	**200 000t**
%	40%	46%	28%	25%
Wind	135 000t	45 000t	45 000t	25 000t
Solar	310 000t	100 000t	100 000t	40 000t
Transmission	995 000t	25 000t	80 000t	130 000t
Power generation	250 000t	15 000t	10 000t	0
Nuclear	2 000 000t	0	0	0
ICT	110 000t	5 000t	5 000t	5 000t
Mining	**60 000t**	**0**	**5 000t**	**10 000t**
%	1%	0%	0%	1%
Water	**620 000t**	**90 000t**	**135 000t**	**100 000t**
%	6%	22%	16%	13%
Transport	**1 790 000t**	**130 000t**	**200 000t**	**200 000t**
%	19%	32%	24%	25%
Oil & gas	**3 200 000t**	**0t**	**270 000t**	**285 000t**
%	34%	2%	32%	36%
GRAND TOTAL	**9 470 000t**	**410 000t**	**850 000t**	**795 000t**
%	**100%**	**100%**	**100%**	**100%**

OPERATING RESULTS

Paul O’Flaherty, CEO

EBITDA from segments (Rm)

	2013	2014
Flat steel products	135	**535**
EBITDA margin	0.7%	**2.2%**
Long steel products	1 198	**16**
EBITDA margin	10.3%	**0.1%**
Coke and Chemicals	514	**428**
EBITDA margin	26.5%	**20.9%**
Corporate and other	(79)	**279**
Total EBITDA	1 768	**1 258**
EBITDA margin	5.5%	**3.6%**

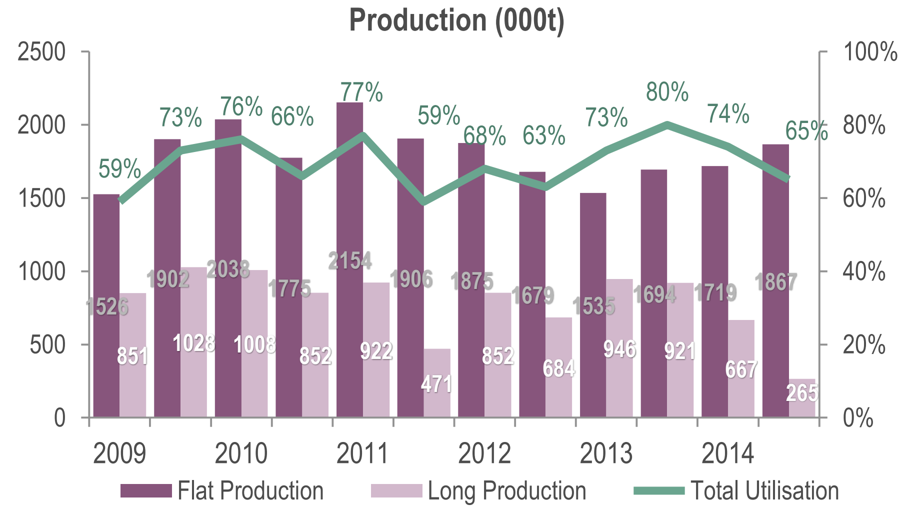
Steel production and shipment volumes

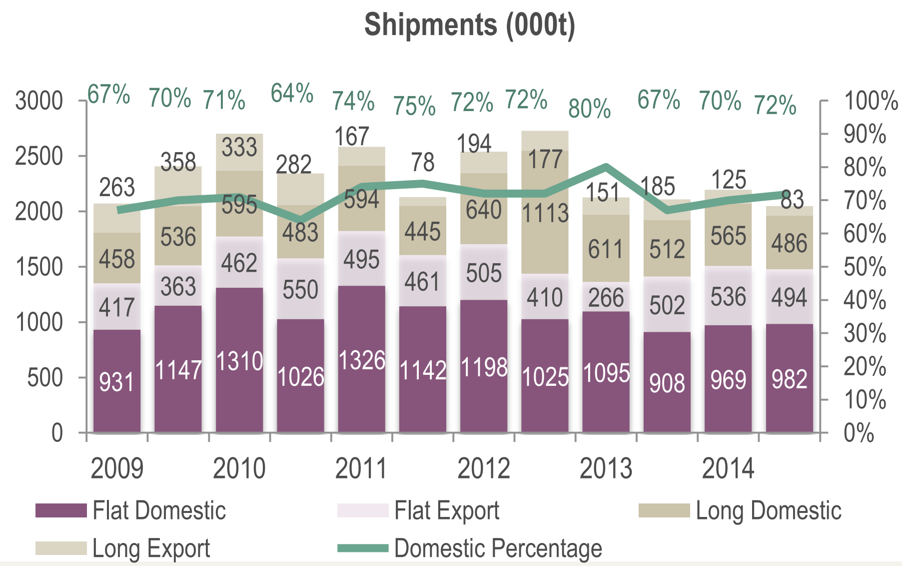
Production

- Total production decreased by 11%
  - Flat products increased 11% to 3 586kt
  - Long products 50% lower at 932kt as result of reline
- Capacity utilisation at 70% (86% excluding Newcastle reline)

Shipments

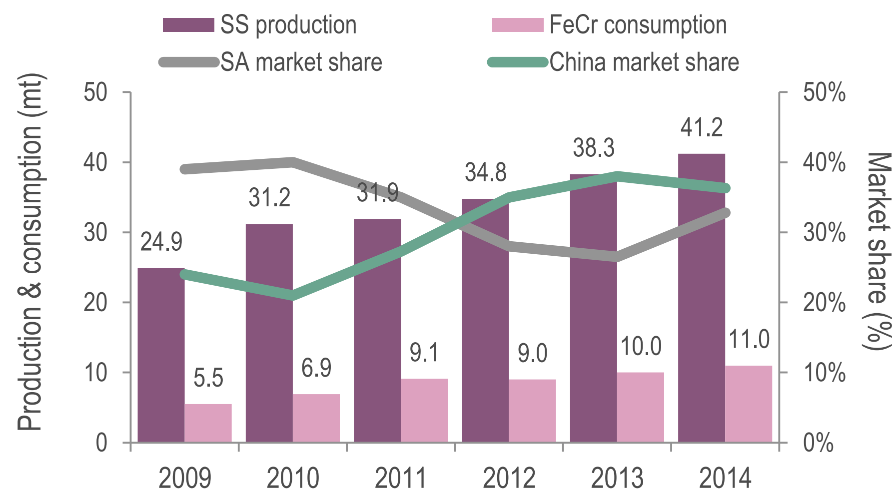
- Overall shipments remained unchanged
  - Flat products sales to the domestic market declined almost 3% while export despatches increased 34%
  - Long products shipments where only 6% lower into the domestic market while exports took the brunt of the reline by slipping 38% - imports of billets specifically for local customers mitigated the impact
- Domestic & AOL shipments, AMSA's core markets now constitute 77% of total steel sales
- Exports into Sub- Saharan markets (incl AOL), constitute about 77% of our export sales

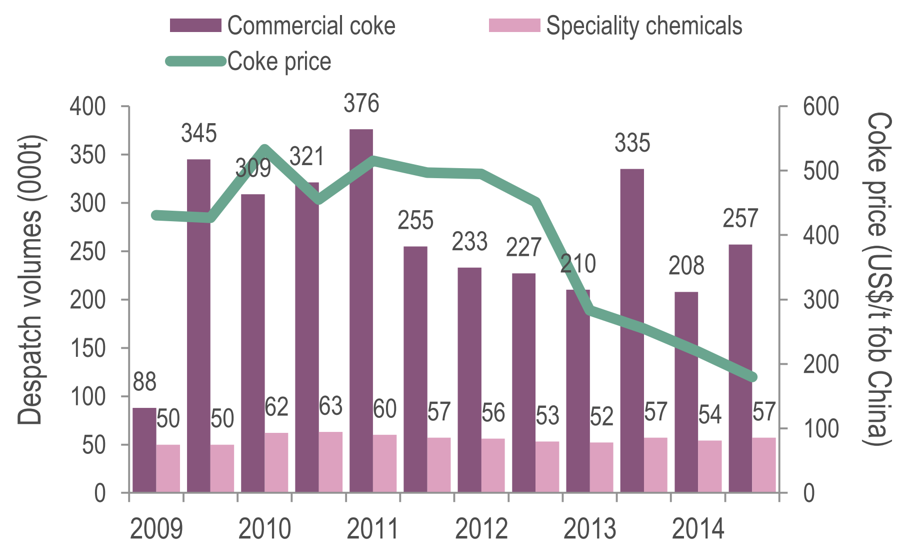




Coke and Chemicals

- Global stainless steel output added almost 8% in 2014 while forecasts expects 2015 to grow by +3% mainly from growth in Asia
- Global FeCr production increased in tandem and added 1mt (+11%) with all of it emanating from South Africa and in the process crawling back some lost market share (ie from 27% to 33%)
- Glencore's Lion 2 production plant started to produce optimally during Q4 2014
- Commercial coke demand remained strong during the year but AMSA sales were affected by Chinese coke imports due to unavailability of AMSA product during the first 5 months of 2014
- FOB China coke price averaged $200/t in 2014 which was 26% below the $269/t in 2013





Capital expenditure (Rm)

	2013	2014
Maintenance & expansion	1 114	**2 640**
Environment	350	**63**
Other	105	**95**
Total expenditure	1 569	**2 798**

- Main on-going projects during 2014
  - Energy saving and replacements/maintenance (94% of spend)
  - Environment (2% of spend)
  - Capex budget for 2015 is R1 600m with the focus on
    - Vanderbijlpark
      - 3rd ladle furnace to increase throughput by 200ktpa at a cost of R90m
      - Coke battery V4 bracing, end flue & roof repair project (2015 - 2017) plus phase 2 of the coal water treatment
    - Newcastle
      - Coke battery N2 bracing & end flue repair project (2015 - 2018) and construction of new BOF slag disposal facility
    - Saldanha - planning and contracting for Corex and Midrex reline during 2016
    - Coke & Chemicals
      - Tar pant abatement of volatile organic components and completion of the phasing out of effluent irrigation practises and continued remediation of historically polluted sites throughout the Group

Capital expenditure (Rm)

- Capex budget for 2015 is R1 600m with the focus on (continued)
  - Investing in the future of renewable energy sector
    - Plate mill was upgraded during Q4 2014 at a cost of R24m
      - Supply of heavy plate for the wind towers (7 – 11t plates) and also to re-gain market share against local competitors and imports
      - 800t already produced for solar storage tanks (next orders expected H2'2015)
      - Market share 300t orders booked for January / February (Target 5 000t for 2015)
      - Wind tower orders of about 15 000t expected for H2 2015
  - Economic footprint (subject to approval)
    - Chrome free material project was completed in August 2014 on colour coated material
    - Convert continuous annealing line to a galvanising line to serve the automotive and construction industries
  - Energy saving projects (subject to approval)
    - Opportunities are investigated to build a new boiler at Vdbp to supply steam to the underutilised 40MW power plant (12MW gain)
    - Alternative funding options for off-gas recovery for power generation at Vdbp and Newcastle

Blast furnace N5 rebuild at Newcastle Works

- Project completed on 7 November 2014
- Safety - 151 injuries (1 Fatality, 2 LTI’s)
- A total of 2.6m man-hours was worked on site (at peak 2 400 people on site - 50% local)
- Project duration of 179 days was 54 days longer than the planned duration of 125 days.
  - Non performance of contractors responsible for about 57% of delay
  - Additional work contributed to 40% of the delay
  - Industrial action responsible for 3% of the delay
- Project was completed within the budget of $169m
- Furnace did experience some problems during the start-up but is currently at full capacity
- AMSA imported billets and slit slabs at Vdbp to allow downstream manufacturing of long steel products at Newcastle to alleviate the shortage of steel to domestic customers created by the reline

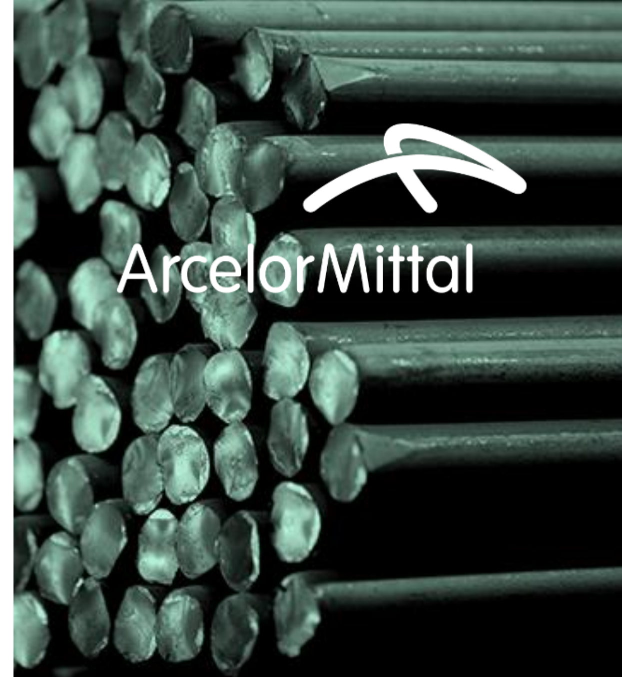
Blast furnace N5 rebuild – inside the furnace

Installation of refractory bricks on the tuyere belt

Looking up into the furnace with all the staves installed

Stave interconnecting piping

Graphite blocks being installed



FINANCE

Matthias Wellhausen, CFO

Headline earnings (Rm)

ArcelorMittal

	2013	**2014**
Revenue	32 421	**34 852**
EBITDA	1 768	**1 258**
Profit / (loss) from operations	47	**(301)**
Finance and investment income	108	**17**
Finance costs	(368)	**(605)**
Tax credit	51	**460**
Equity (loss) / earnings	(35)	**191**
Loss / (profit) on disposal / scrapping of assets*	(27)	**21**
(Profit) on disposal of assets of an associate*		**(10)**
Headline (loss)	(224)	**(227)**
- In US$m	*(23)*	***(21)***

*After tax

Main steel cost drivers (R/t liquid steel)

ArcelorMittal

	Flat			Long		
Cost item	**2014**	Change on 2013	2014 Weight	**2014**	Change on 2013	2014 Weight
Raw materials	**3 068**	+6.7%	48.0%	**3 347**	+17.4%	50.4%
Auxiliaries & consumables	**1 850**	+6.9%	29.0%	**1 676**	+37.0%	25.3%
Fixed cost	**1 472**	-3.0%	23.0%	**1 613**	+21.0%	24.3%
Total	**6 390**	+4.3%	100%	**6 636**	+22.7%	100%
Liquid steel (000t)	**3 586**	+11.0%		**932**	-49.9%	
Average exchange rate (ZAR)	**10.84**	+12,3%		**10.84**	+12.3%	

*General expenses, outside services, expert fees, IS/IT & insurance premiums

Cash flow (Rm)

ArcelorMittal

	2013	**2014**
Cash generated from operations before working capital	1 733	**1 186**
Working capital	(138)	**1 019**
Capex	(1 569)	**(2 713)**
Net finance cost	(157)	**(354)**
Investments	(53)	**37**
Tax	(221)	**(84)**
Dividend received	-	**61**
Proceeds on scrapping of assets	72	**1**
Realised forex	(128)	**(17)**
Increase of borrowings and finance lease	674	**77**
Cash flow	213	**(787)**
Effect of forex rate change on cash	94	**50**
Net cash flow	307	**(737)**
Cash in bank	1 191	**454**
Short term loans	(906)	**(1 000)**
Net cash / (borrowings)	285	**(546)**

Working capital movement (Rm)

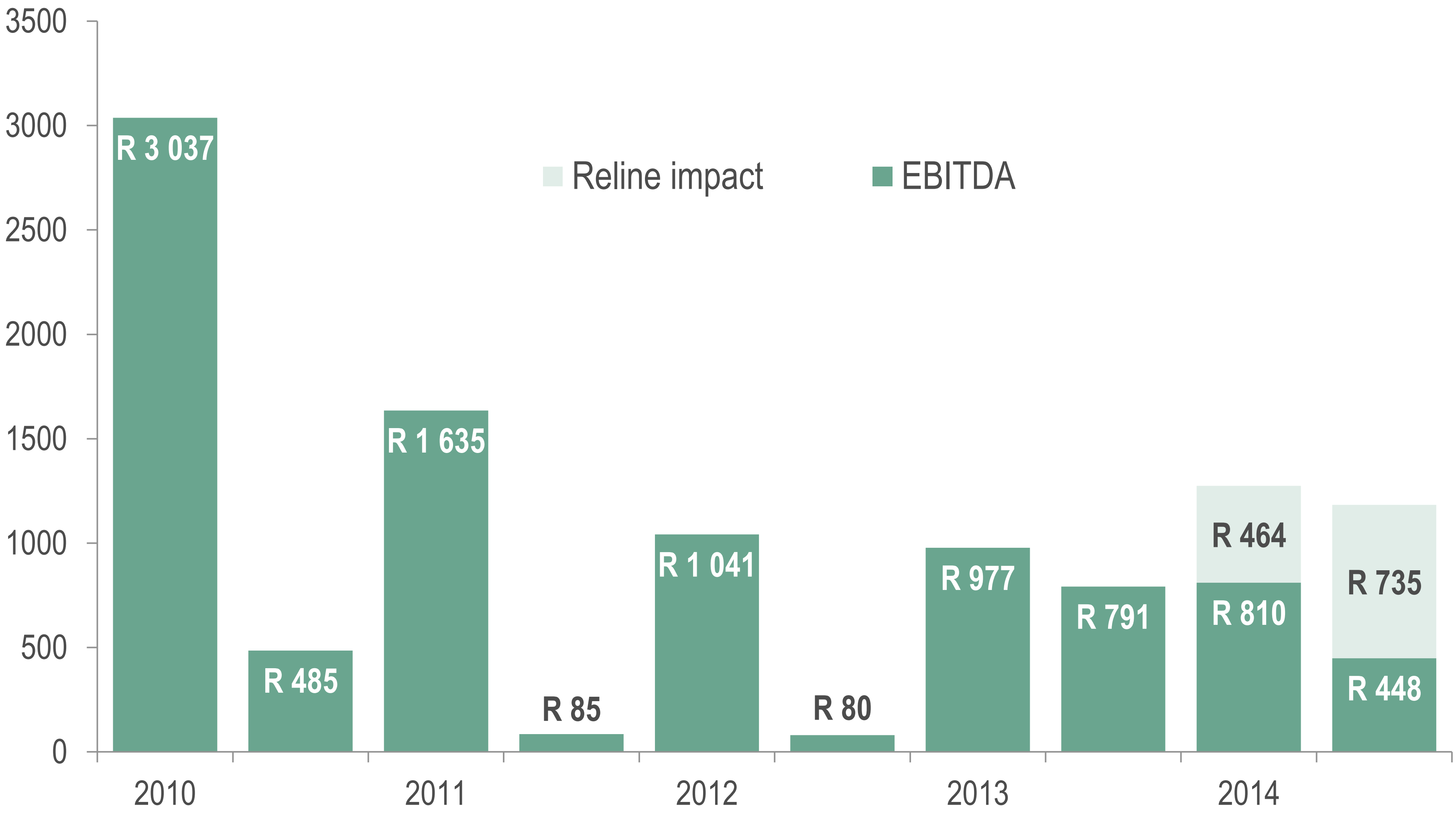
ArcelorMittal

	2013	**2014**
Inventories	(1 775)	**(41)**
Finished products	(365)	**(303)**
Work-in-progress	(1 046)	**300**
Raw materials	(353)	**68**
Plant spares and stores	(11)	**(106)**
Receivables	(576)	**568**
Payables	2 304	**638**
Utilisation of provisions	(91)	**(146)**
Working capital movement	(138)	**1 019**

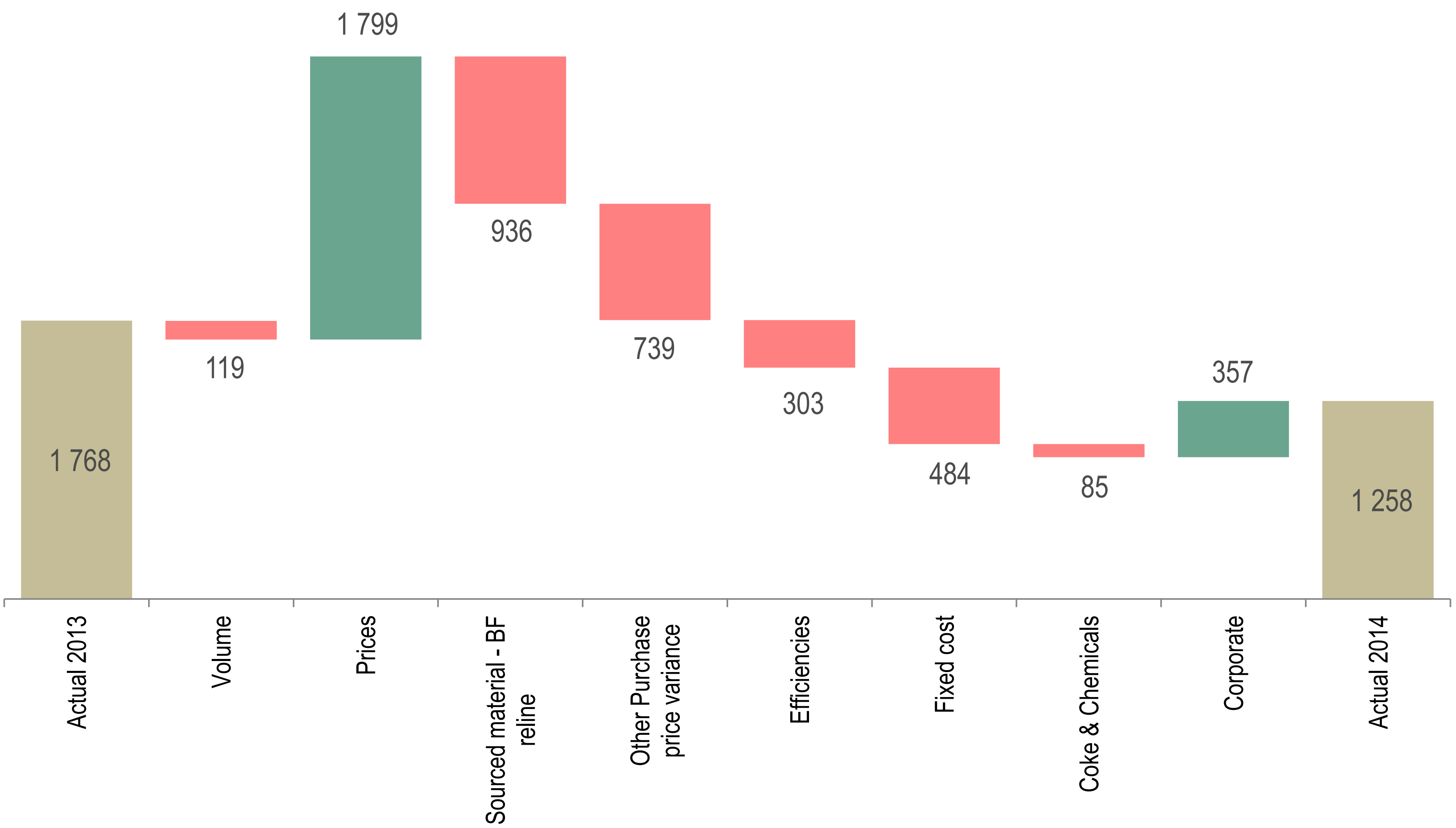
- Inventories remained at R10.7bn although it peaked at R11.6bn by end July 2014 mainly as result of billet imports to cater for our domestic customers during the reline
- Receivables decreased by R0.6bn following an increase in TSR's
- Payables increased with improved payment terms

EBITDA history by half years (Rm)

ArcelorMittal



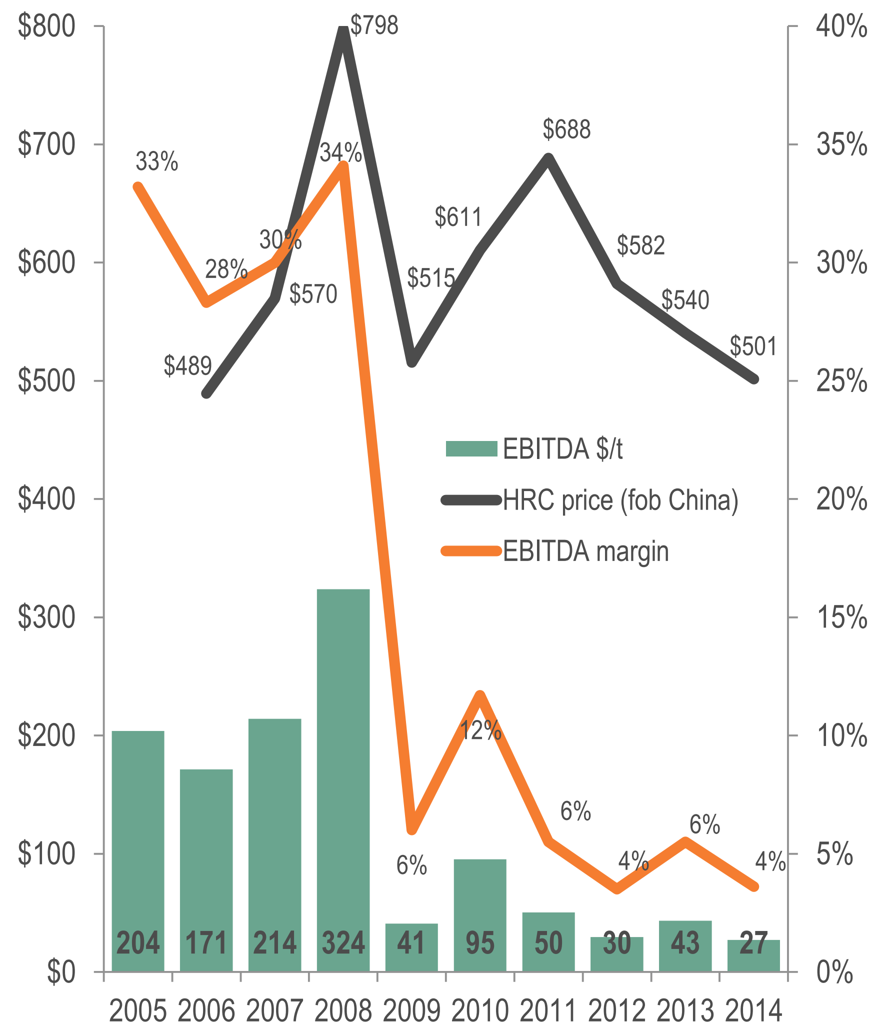
Key result drivers – EBITDA bridge (Rm)

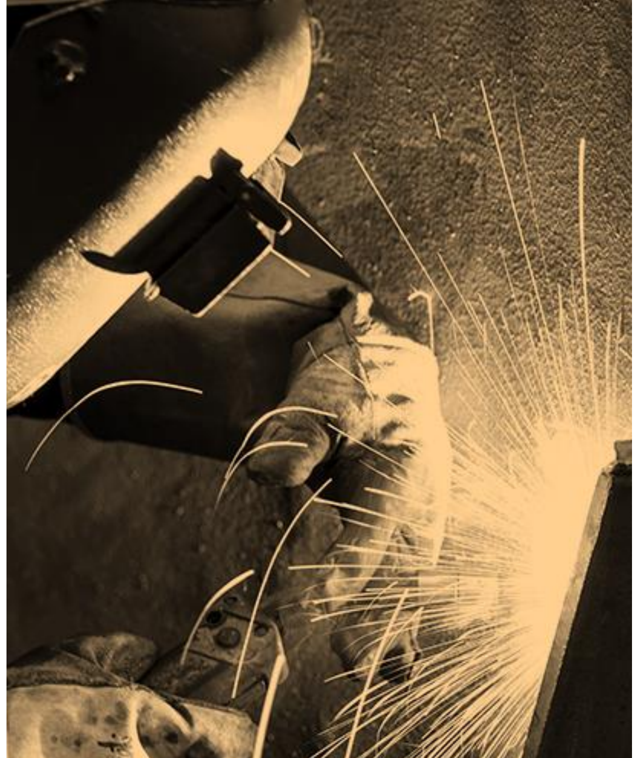


$100/t EBITDA target

ArcelorMittal

- Total EBITDA achieved at $27/t
- Factors influencing EBITDA target (vs 2012)
  - Management actions at $41/t – achievements on track
    - Eliminate excessive raw material costs
    - Improve operational efficiencies
    - Optimisation of footprint
    - Improve supplier efficiencies
    - Target market approach
    - Energy efficiencies
  - Market factors at -$19/t
  - Once off N5 reline impact at -$26/t





OTHER KEY ISSUES AND OUTLOOK

Paul O'Flaherty, CEO

Other key issues

- Dedicated task team led by CEO to improve government relations
  - Four working groups set up and meetings held with
    - Economic Development Department
    - Department of Trade & Industry
    - Industrial Development Corporation
    - Competition Commission
  - Topics discussed
    - Pricing solutions
    - Enterprise development
    - Infrastructure programme and local content
    - Carbon footprint
    - Imports and potential tariff protection plus other support needed from government
    - Anti trust issues and local competition
- BBBEE target of level 6 compliant under new code (2014 = level 7 under old code)
  - Focus will be to retain codes where we performed well and to increase shortcomings at those that we are losing out under the new codes before addressing ownership
    - Preferential procurement – targets encapsulated in staff performance agreements
    - Supplier development – drive early payment and development spend
    - Employment equity & skills development – increase training spend and appoint 30 additional disabled GIT's

Outlook for H1 2015

- Fill the mill strategy adopted in latter half of 2014 to continue
- Expect higher production and sales as all operations are now in full production mode
- Sub-Sahara Africa mainstay economies expected to accelerate demand for steel
- Domestic economy should improve to at least the levels of 2013
- Cost benefits to show in current period
- International steel prices at historic lows
- China remains unknown factor
- Commitment to resolve legacy Competition Commission and pricing issues
- On-going engagement to find appropriate solution for carbon taxes
- Exchange rate plays important role
- These factors together with us producing to full capacity and reducing costs, should contribute positively to our results

QUESTIONS

Paul O'Flaherty, CEO