Financial results

For the year ended 31 December 2017

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Forward looking statements

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Wim de Klerk	Wim de Klerk	Dean Subramanian	Dean Subramanian	Kobus Verster	The team

Overview

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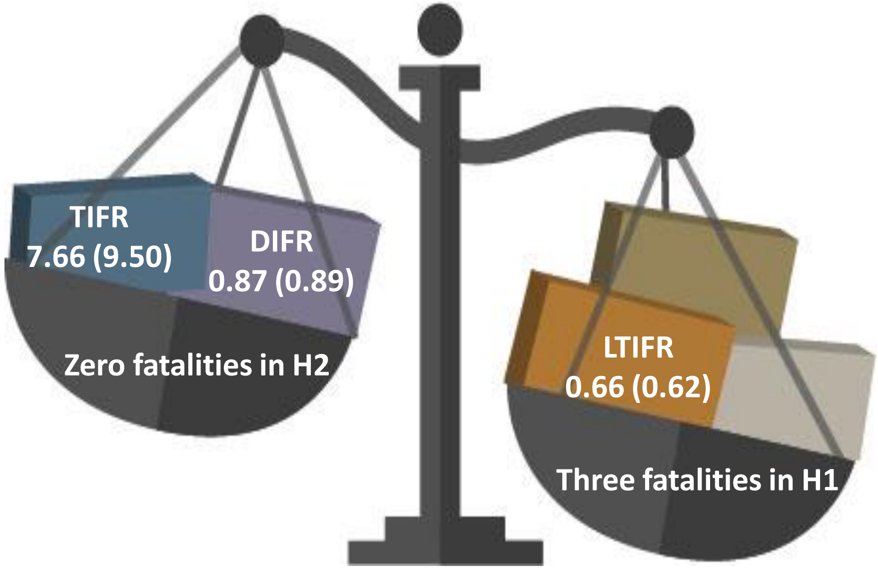
Safety



Lagging indicators

- 6% increase in LTIFR
- Improvement in plant and shop floor audits
- 53 serious potential incidents

Leading indicators

- 19% improvement in TIFR
- Increase hazard awareness
- Decrease risk tolerance
- Visible felt leadership

LTIFR – Lost Time Injury Frequency Rate
DIFR – Disabling Injury Frequency Rate
TIFR – Total Injury Frequency Rate

Salient features

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Revenue 19%

EBITDA (315)

HEPS (230cps)

Production 3%

Flat 237kt (+7%)

Long 98kt (-6%)

Cost of sales 21%

Raw materials +27%

Energy +6%
Employee 0%

Item	H1 2017	H2 2017	Change H1 to H2
EBITDA	(R534m)	+R219m	+R753m
HEPS	(148cps)	(82cps)	+66cps
Avg NRP/t	R8 138	R8 540	+R402

Level 3 B-BBEE rating

Initiatives

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	What we set out to do	What we achieved
Short term	• Productivity improvements • Asset disposal • Excess material	• Steel produced per employee up almost 2% • No substantial disposals • Fixed product stock declined by 36kt
Procurement	• Cost control over contracts • Conclude lower electricity/rail tariffs • Raw material analysis	• Liquid steel cost of production +16% • Still in negotiations • Coal blend under investigation
Footprint	• Benchmark initiatives • Production lines • Structural changes	• Done • Coating strategy on the go • Section 189 in progress
Commercial	• Industry protection measures • Improve market share & volume • Focus on AoL	• Import tariffs, safeguard duties & designation • Market share up to 73% in H2 (66% in H1) • AoL sales volumes up by 7%

Steel Market

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The industry - global

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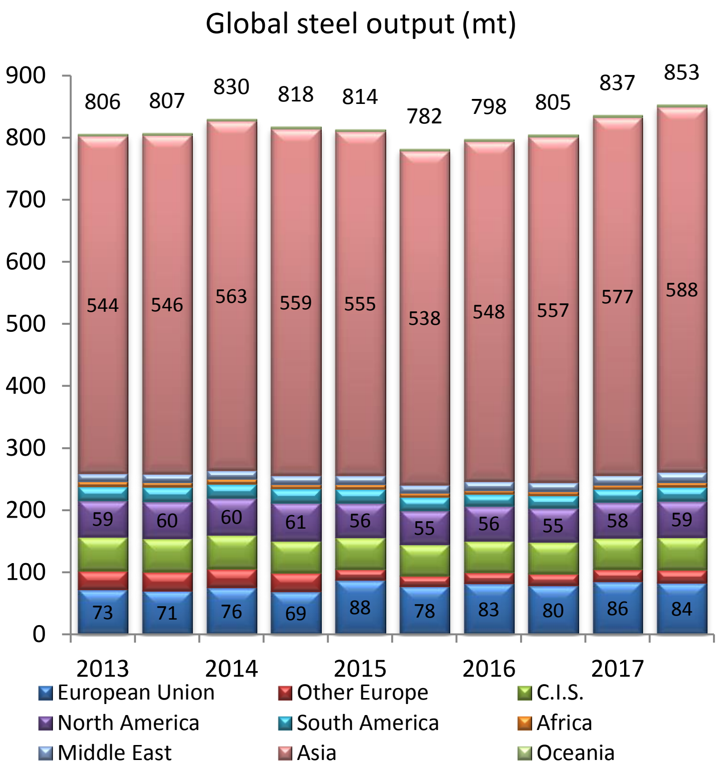

- Global crude steel production increased by 87mt (+5.4%)
- Asia retained its market share at 69% and grew by 60mt of which 40mt came from China, despite the latter announcing plant closures and environmental shutdowns
- African output was stable

Source: WorldSteel

The industry – raw materials

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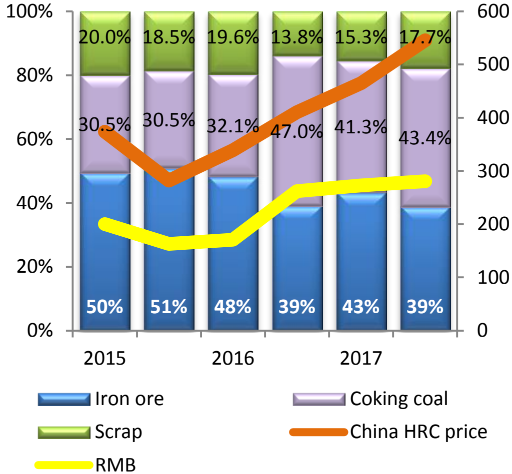
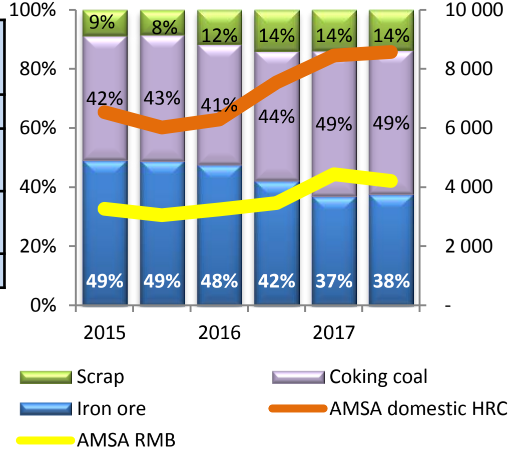
International raw material basket ($/t)



RMB weight	2016	2017	2016	2017
	International		AMSA	
Iron ore	43%	41%	45%	37%
Coking coal	41%	43%	42%	49%
Scrap	16%	16%	13%	14%

AMSA raw material basket (R/t)



Commodity	International		AMSA ($/t)		AMSA (R/t)	
	FY2017	% change	FY2017	% change	FY2017	% change
Iron ore	$71/t (CFR North China)	+23%	$52/t (FOR)	+16%	R690/t (FOR)	+4%
Hard coking coal	$188/t (FOB)	+33%	$280/t (delivered)	+86%	R3 720/t (delivered)	+70%
Scrap	$307/t (Asia HMS)	+31%	$240/t (delivered)	+29%	R3 185/t (delivered)	+19%
RMB total	$277/t	+28%	$324/t	+42%	R4 315/t	+32%
HRC	$505/t	+35%	$639/t	+36%	R8 509/t	+23%

Note: The Raw Material Basket (RMB) represents the costs of the raw materials in a tonne of finished steel

Macro backdrop

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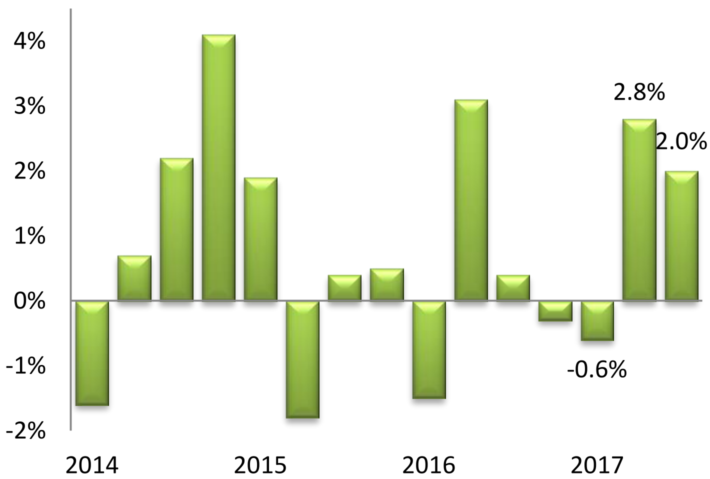

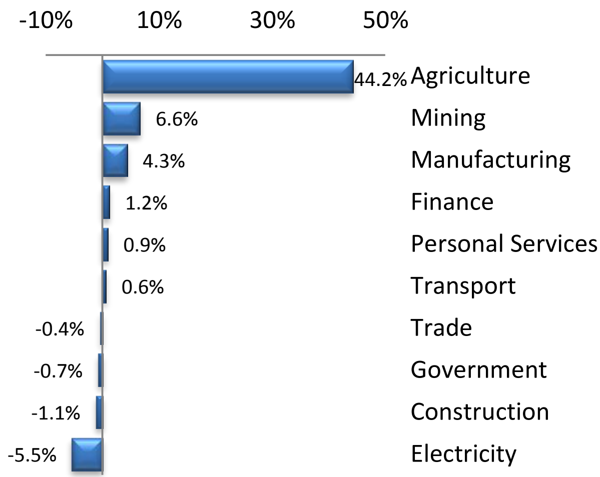

- SA economy remains weak with GDP growth mainly in low steel consuming sectors
  - Agriculture accounts for 4% of steel demand while building & construction(B&C) is at >30%.
  - Although GDP grew by 2.0% in Q3 2017, B&C contracted by 1% while agriculture expanded 44%
- 2017 GDP expected at <1% and 2018 >1% neither of which will drive steel demand growth

Source: StatsSA

The industry - domestic

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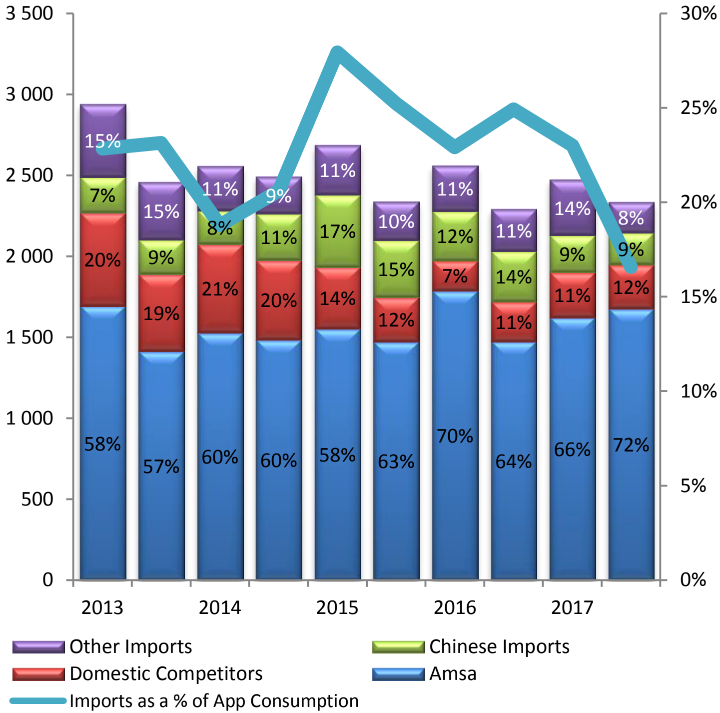
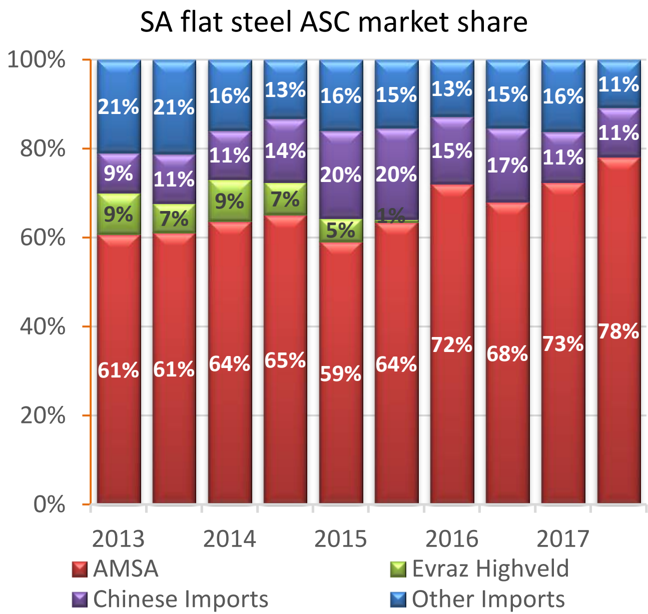
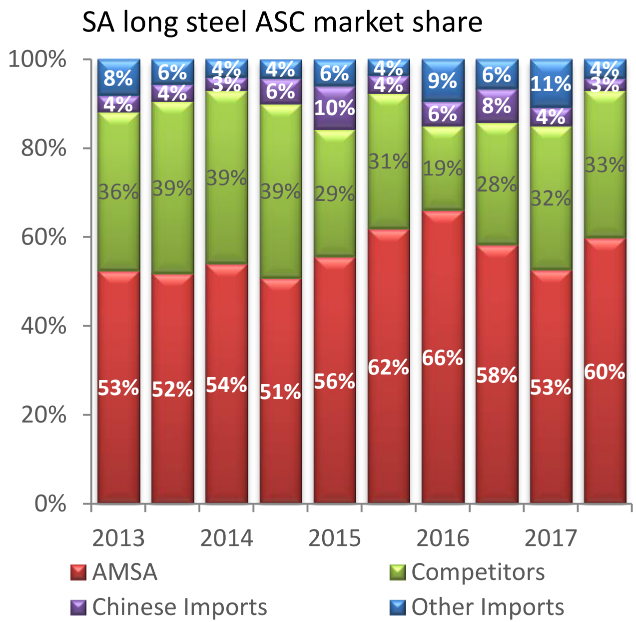
South African apparent steel consumption (ASC kt) and market share (%)



- Domestic ASC has been declining steadily since 2013
- Imports (including Chinese steel imports) peaked in 2015 at almost 30% of market share but started to decline and assisted in taking AMSA's market share back above 70% in H2 2017
- However, even though Chinese imports have reduced, imports from other destinations are still relatively high giving total imports a market share greater than 20%

The industry - domestic





- Imports reduced to 25% in 2017 from 30% in 2016
- AMSA local market share at 75% in 2017 (70% in 2016)
- Finished product/downstream protection outstanding

- AMSA regained lost market share in H2 2017
- Highveld restart mitigated heavy section imports
- Finished product imports remain a concern

Operational review

Dean Subramanian

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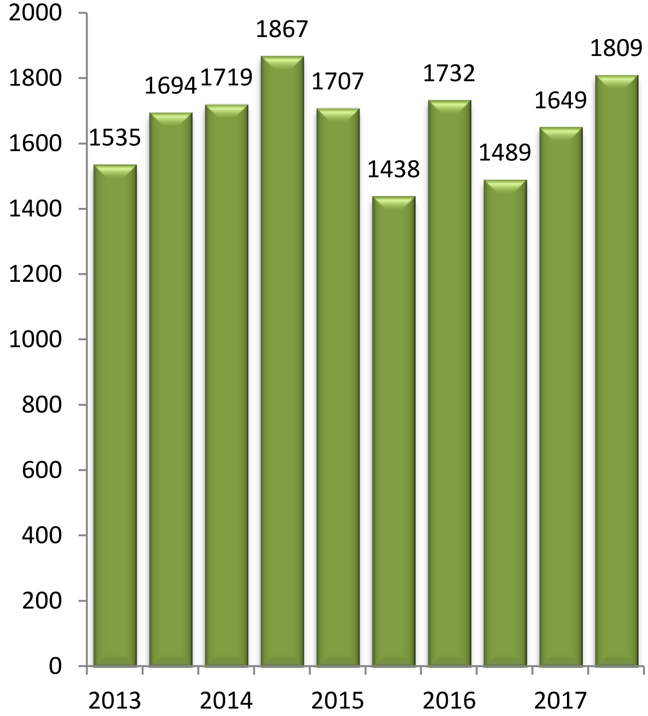
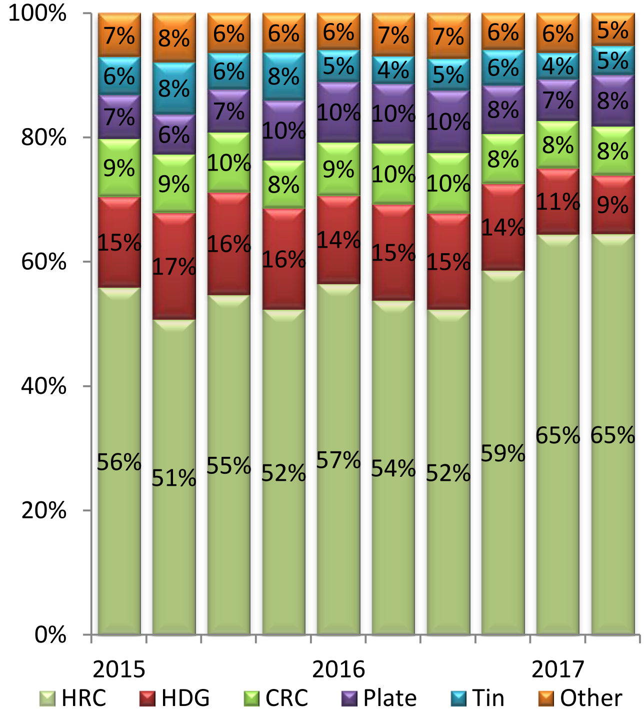
Flat steel division

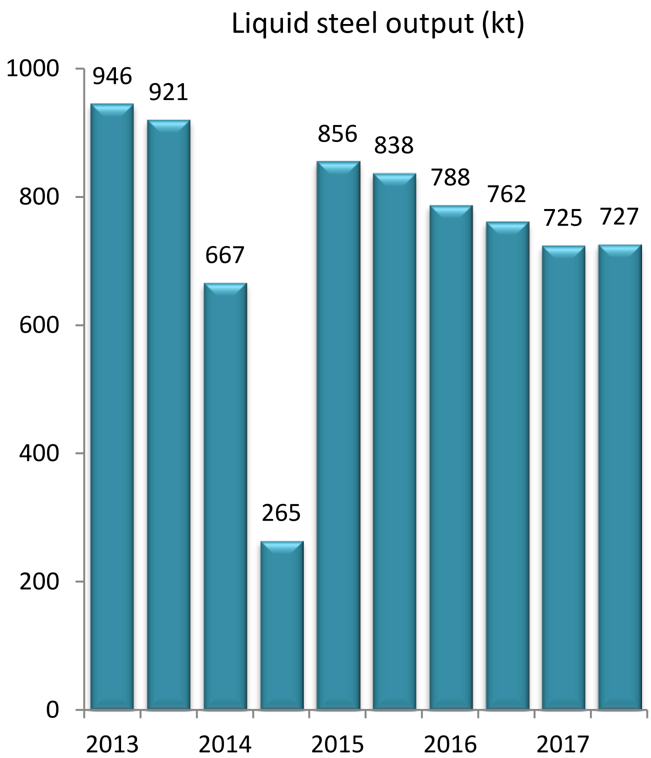
Liquid steel output (kt)

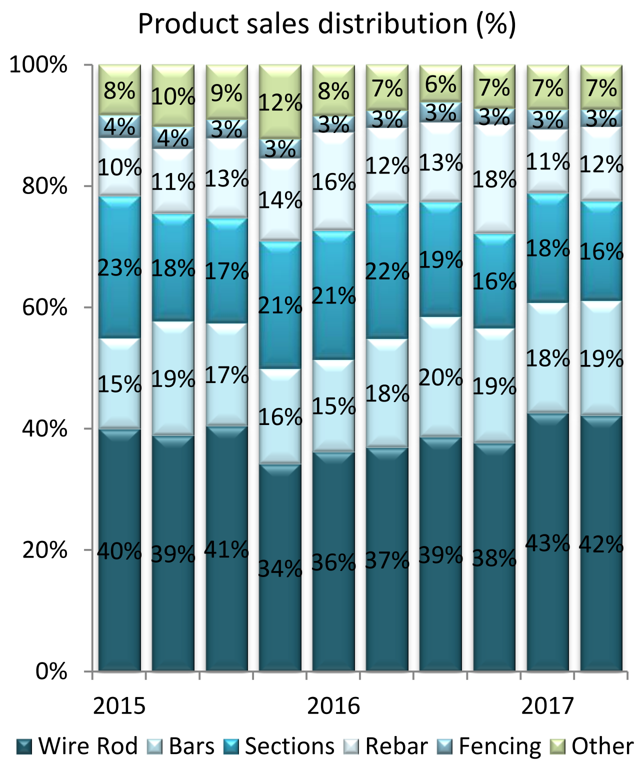


Product sales distribution (%)



Long steel division





Coke & Chemicals division

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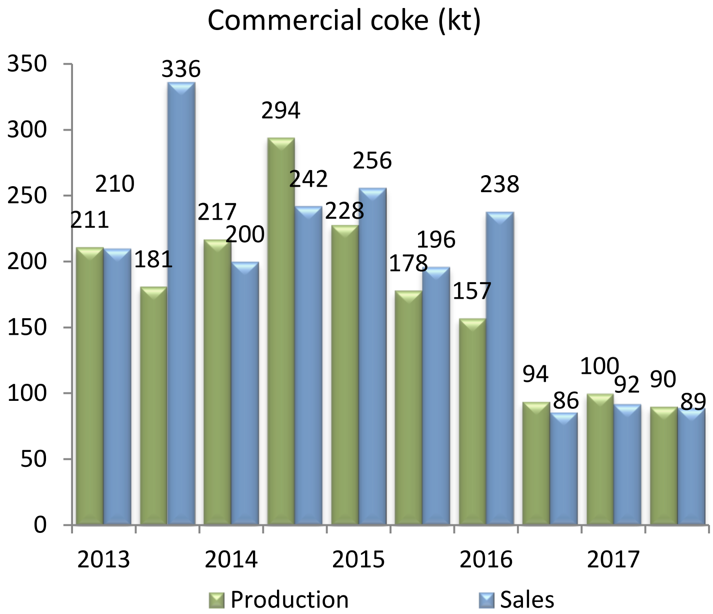
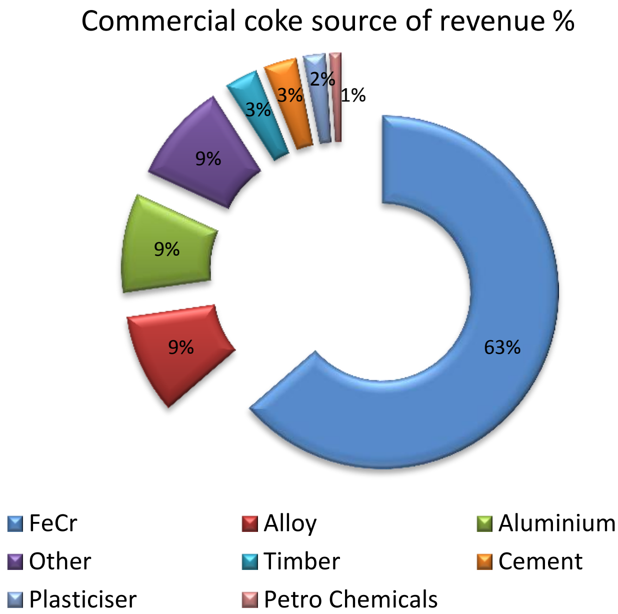
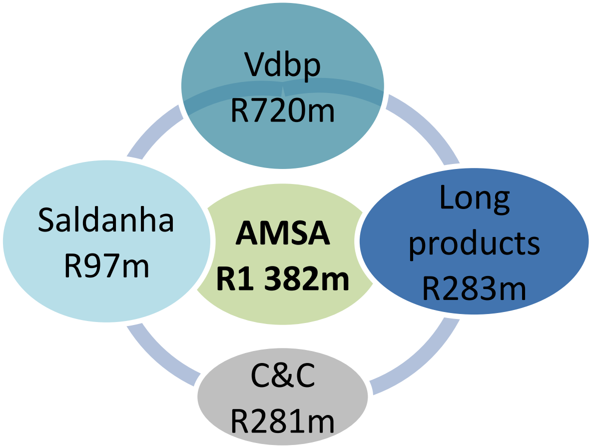




- Although ferro alloy industry has been further consolidated, completion of battery repairs at Newcastle Works should allow higher availability of ovens and hence increase in output
- Tar production remains sluggish stemming from low overall coke production

Capital expenditure

	FY2017	FY2016
Maintenance	**1 098**	1 518
Expansion	**151**	335
Environmental	**41**	38
Other	**92**	127
Total expenditure	**1 382**	2 018



Financial review

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Headline earnings

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	FY 2017	FY 2016
Revenue	**39 022**	32 737
EBITDA	**(315)**	190
Depreciation and amortisation	**(976)**	(1055)
Once-off items	**71**	(227)
Loss from operations	**(1 220)**	(1 092)
B-BBEE cost		(870)
Impairment	**(2 604)**	(2 154)
Net finance costs	**(1 441)**	(700)
Equity earnings	**139**	129
Income tax expense	**(2)**	(19)
Loss after tax	**(5 128)**	(4 706)
Add back impairment	**2 604**	2 154
Add back disposal/scrapping of assets	**8**	(51)
Add back tax effect	**(2)**	14
Headline loss	**(2 518)**	(2 589)
US$m	**(189)**	(176)

Once-off items and impairments

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Once-off items	**FY 2017**	FY 2016
Competition Commission	**30**	30
Thabazimbi Mine closure costs	**41**	(275)
Unclaimed dividends		37
Derecognised payment in advance		(19)
Total	**71**	(227)

Impairments	**FY 2017**	FY 2016
Long steel products	**1 007**	
Equity steel investments	**10**	11
Flat steel products	**1 587**	2 143
Total	**2 604**	2 154

Divisional EBITDA

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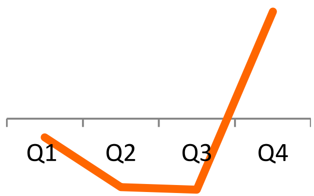
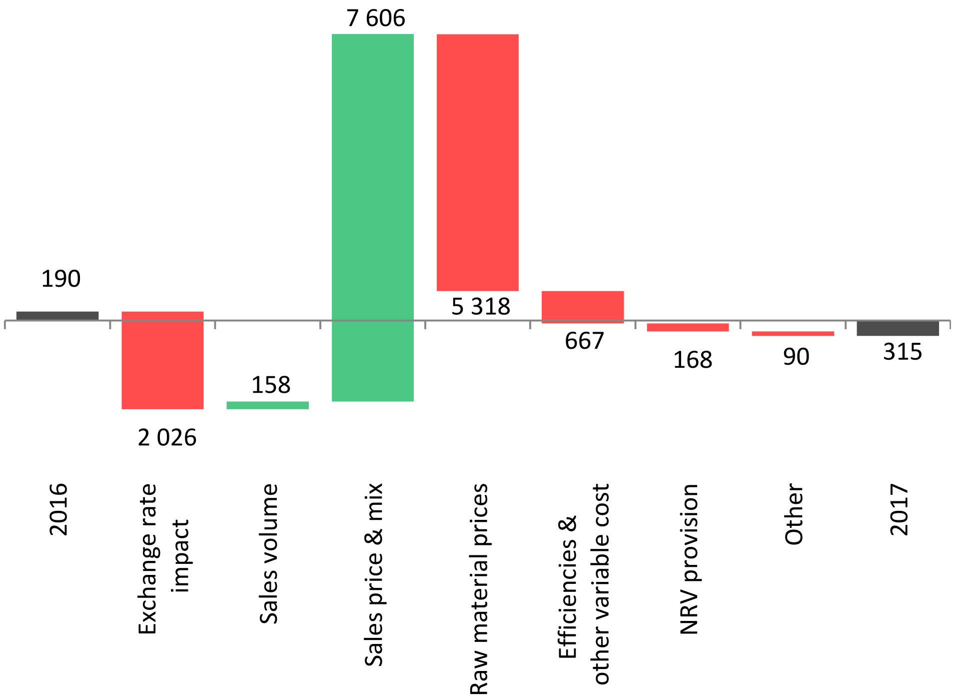
	FY2017	FY2016		**H2 2017**	H1 2017
Flat steel products (Rm)	**264**	(392)		**333**	(69)
EBITDA margin	**0.9%**	(1.8%)		**2.3%**	(0.5%)
Net realised price R/t	**8 581**	7 344		**8 746**	8 413
Long steel products (Rm)	**(945)**	286		**(239)**	(706)
EBITDA margin	**(8.0%)**	2.7%		**(3.8%)**	(13.0%)
Net realised price R/t	**7 760**	7 154		**8 046**	7 492
Coke and Chemicals (Rm)	**365**	172		**174**	191
EBITDA margin	**26.0%**	12.5%		**26.0%**	26.0%
Corporate and other (Rm)	**1**	124		**(49)**	50
Total EBITDA (Rm)	**(315)**	190		**219**	(534)
EBITDA margin	**(0.8%)**	0.6%		**1.1%**	(2.8%)



EBITDA bridge (Rm)



Cost dynamics and breakdown

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	Weight		FY 2017 (R/t)	FY 2016 (R/t)
	49.1%	Raw materials	**3 818**	2 779
F	29.5%	Auxiliaries & consumables	**2 289**	2 221
l	21.4%	Fixed costs	**1 663**	1 628
a	100.0%	**Total**	**7 770**	6 628
t		Liquid steel (kt)	**3 459**	3 221
		Average ZAR rate	**13.32**	14.72
		Average NRP	**8 581**	7 344
	51.5%	Raw materials	**3 671**	3 002
L	22.7%	Auxiliaries & consumables	**1 619**	1 563
o	25.8%	Fixed costs	**1 836**	1 754
n	100.0%	**Total**	**7 126**	6 319
g		Liquid steel (kt)	**1 452**	1 550
		Average ZAR rate	**13.32**	14.72
		Average NRP	**7 760**	7 154

Cash flow and analysis (Rm)

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	FY 2017	FY 2016
Cash (utilised)/generated before WC	**(613)**	215
Working capital	**(99)**	658
Capital expenditure	**(1 324)**	(2 008)
Net finance costs	**(667)**	(451)
Investments	**(11)**	(11)
Tax	**80**	(2)
B-BBEE Cost		(55)
Transaction cost on BBF	**(61)**	
Proceeds on scrapping of assets	**13**	67
Realised forex	**(210)**	(268)
Finance lease	**(70)**	(62)
Cash settlement on management shares	**(9)**	
Increase/(decrease) of borrowings	**4 450**	(3 079)
Rights issue funds		4 500
Cash flow	**1 479**	(496)
Effect of forex rate change on cash	**(1)**	(8)
Net cash flow	**1 478**	(504)
Cash in bank	**3 138**	1 660
Short term loans	**(6 400)**	(1 950)
Net (borrowings)/cash	**(3 262)**	(290)

Working capital movement and analysis (Rm)

	FY 2017	FY 2016
Inventories	**(353)**	(1 830)
Finished products	**198**	(300)
Work-in-progress	**(397)**	(533)
Raw materials	**(134)**	(904)
Plant spares and stores	**(20)**	(93)
Receivables	**(1 207)**	(164)
Payables	**1 538**	2 958
Utilisation of provisions	**(77)**	(306)
Working capital movement	**(99)**	658

Consolidated statement of financial position (Rm)

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	FY 2017	FY 2016
Current assets	**18 131**	14 812
Cash balance	**3 138**	1 660
Inventories	**11 519**	11 274
Trade & other receivables	**2 988**	1 774
Other current assets	**486**	104
Non-current assets	**13 065**	15 834
Property, plant & equipment	**8 474**	10 670
Equity accounted investments	**4 424**	4 667
Other non-current assets	**167**	497
Total assets	**31 196**	30 646
Liabilities	**23 138**	17 103
Current liabilities	**13 646**	11 823
Non-current liabilities	**3 092**	3 330
Borrowings	**6 400**	1 950
Shareholders equity	**8 058**	13 543
Total liabilities & equity	**31 196**	30 646

Net debt and liquidity (Rm)

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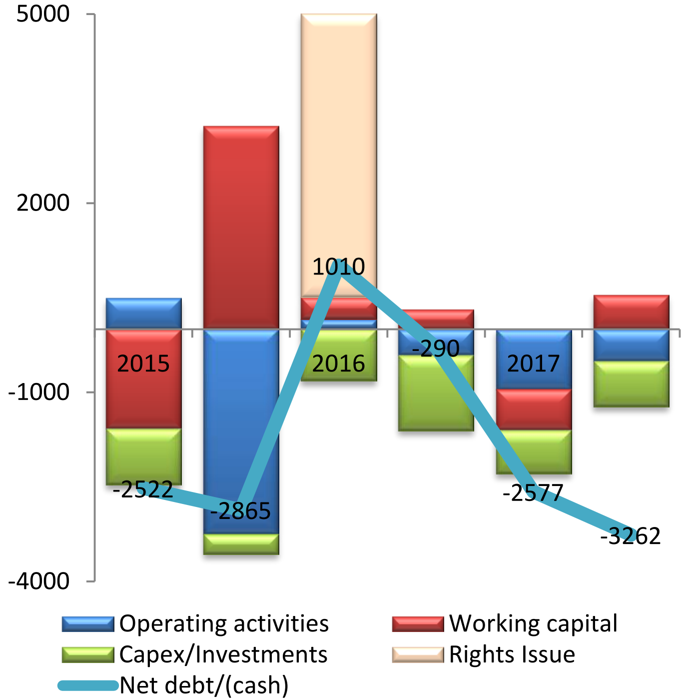
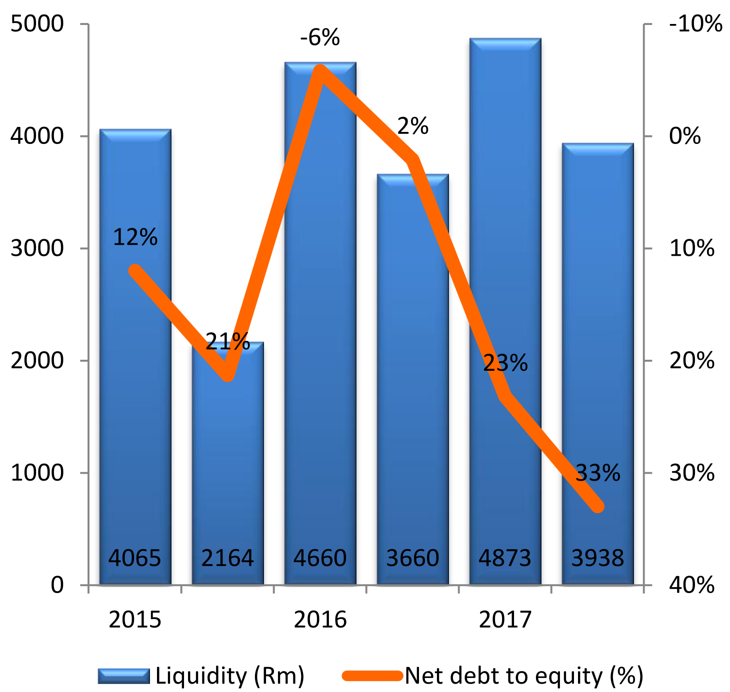
Cash flow and net debt/(cash) per half year



Liquidity (undrawn facilities plus cash) per half year



Outlook

Kobus Verster, Chief Executive Officer designate

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2018 initiatives

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	2018	What is to be done
Short term	• Operational stability • Productivity improvements • Cost reduction • Balance sheet optimisation	• Improve reliability and liquid steel output • Target Group benchmark on key KPI's • Reduce fuel rates, optimise coal blends and minimize non-prime output • Stock reduction and asset disposal
Procurement	• Improve raw material mix • Targeted cost savings • Rail and electricity costs	• Briquetting of fine DRI • Increase scrap consumption • Internal coke transfers to avoid imports • Continue to convert road to rail transport • Develop rail dispatches to AOL customers
Footprint	• Close productivity gap • Improve technical skills • Improve cost competitiveness	• Closure of batch annealing • Debottleneck pickling line and temper mill • Implement coating strategy
Commercial	• Increase local market share • Improve AoL & rest of Africa • Optimise pricing strategy; ensure compliance with fair pricing principles	• Volumetric discounts, item extras, payment terms and apply contract and project pricing • Implement larger coil sizes • Pursue value added products (heavy section, rail)

Outlook H1 2018

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Steel markets

- International steel demand expected to remain strong
- Domestic steel demand is likely to remain subdued due to low economic growth and a lack of infrastructure spend
    - However, local sales volume are expected to increase replacing gap created by lower imports
- Export sales anticipated to increase as a result of higher prices and demand
- Expect improvement in long steel volumes
- Volatility in the rand/US dollar exchange rate will continue to have a material impact on the financial results


Questions
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