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A black and white photograph of a stack of large-diameter steel pipes. The pipes are arranged in a grid-like pattern, with the circular ends facing the viewer. The background is a blurred industrial setting, likely a steel mill, with various structures and equipment visible. The lighting is dramatic, with strong highlights on the edges of the pipes and deep shadows in the background.

Financial results

for the year ended December 2013

OVERVIEW

- Results overview and recent developments
- Results analysis
 - Steel market overview
 - Operating results
 - Finance
 - Other key issues and outlook
- Questions



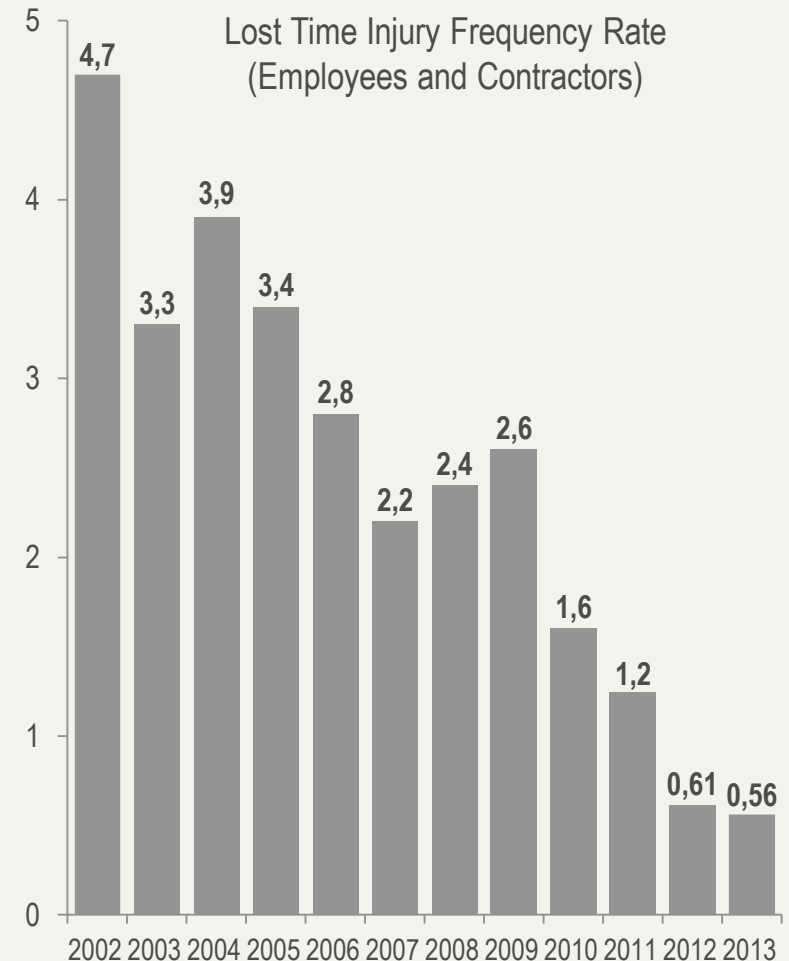
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Overview

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OVERVIEW

- Zero fatalities since August 2011
- Total injury frequency rate has been on a decrease of 17%pa since 2002
- Safety Focus Areas
 - Zero harm
 - Visible felt leadership
 - Fatality prevention standards entrenched at all sites
 - Contractor management
 - Leading indicators



OVERVIEW



EBITDA increased by 58% to R1.8bn
Headline loss reduced by 57% to R224m from R518m



Production optimisation increased capacity utilisation to 76%



Steel shipments decreased 8% with domestic sales down 6%
and exports contracting 14%



Marginal increase in cash cost despite higher raw material prices



Coke & Chemicals sustain EBITDA contribution due to increased despatches



EBITDA target of \$100/t by end 2015 at \$43/t to date

OVERVIEW

- Resolution to Kumba dispute with new Sishen supply agreement (SSA)
 - Became operative January 2014 for maximum of 6.25mtpa of iron ore
 - Price at Sishen cost plus 20% and pre-negotiated price for Thabazimbi for 2014 & 2015
 - Settle all outstanding disputes with Kumba
 - Constitutional Court appeal confirmed standing of Kumba as only competent party that can apply for the 21.4% mining right
- Impairment
 - Total impairment of R1 950m
 - 96% stemming from AMSA exiting its operational involvement at Thabazimbi

OVERVIEW

	H2'13 vs H1'13	2013 vs 2012
Flat steel product prices in Rand	+3%	+10%
Long steel product prices in Rand	+2%	+5%
Liquid steel production	+5%	nc
Total sales volume	-1%	-9%
Export sales volume	+64%	-14%
Domestic sales volume	-17%	-6%
HRC Rand cash cost per tonne	+10%	+4%
Billet Rand cash cost per tonne	+7%	+1%
Labour productivity	+1%	+2%
ZAR movement (average rate)	+9%	+18%



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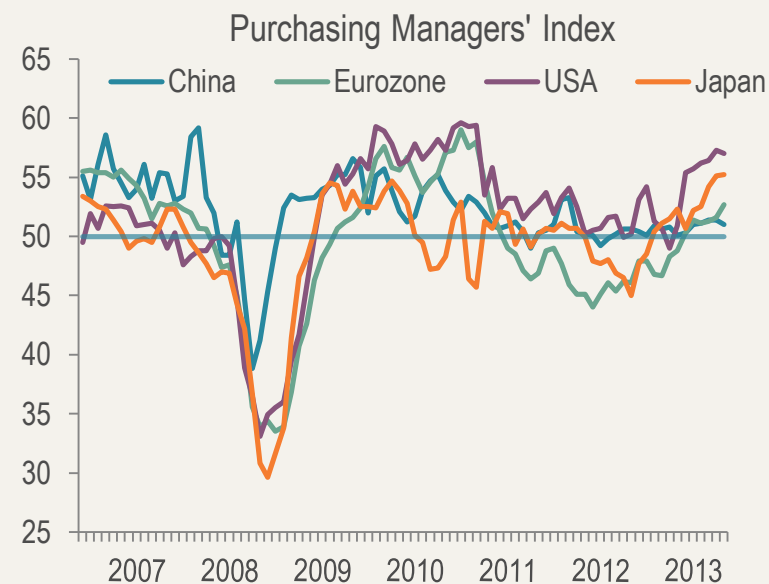
Steel Market Overview

CEO

STEEL MARKET OVERVIEW

Country / Region	2013 economic growth	2013 apparent steel consumption
China	7.7%	6.0%
Europe	-0.4%	-3.7%
USA	1.6%	0.7%
Africa	4.8%	4.3%
Sub-Saharan Africa	5.0%	5.5%
Global	2.9%	3.1%

- 2014
 - IMF forecasting global economic growth at 3.6%
 - China to continue with reform programme and expected economic growth rate of 7.5%
- Major PMI's above 50 since mid-2013
 - Construction dominates global steel end usage with 48% followed by machinery (24%) and transport (11%)
 - Only Europe and Japan has a low construction weighting of 27% and 10% respectively



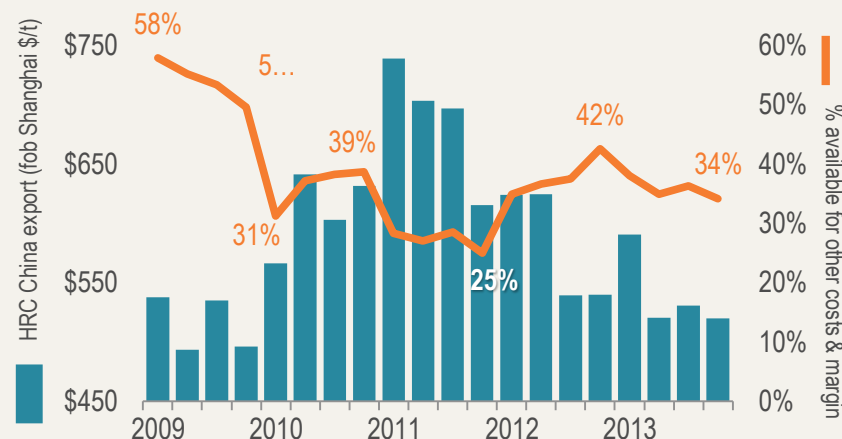
*ArcelorMittal estimates ** Worldsteel.org. IMF, AfDB

STEEL MARKET OVERVIEW

- Exchange rate absorbed the benefit of international raw material prices
- Chinese coke prices dropped 43%, due to the cancellation of the 40% export tax
- Excess Chinese steel capacity and slowing economic growth expected to pressurise raw material prices
- Potential cost savings
 - SSA effective January and benefit should start to show during 2014
 - Tshikondeni mine closure at end 2014
 - Coal prices and pellets expected to remain constant in 2014
- Raw material basket at 66% of HRC price

Commodity	Price change in USD	Price change in ZAR
Iron ore	+4%	+22%
Scrap	-5%	+12%
Pellets	n/c	+17%
Hard coking coal	-22%	-9%
Coke	-43%	-33%
Local coal	-14%	+2%

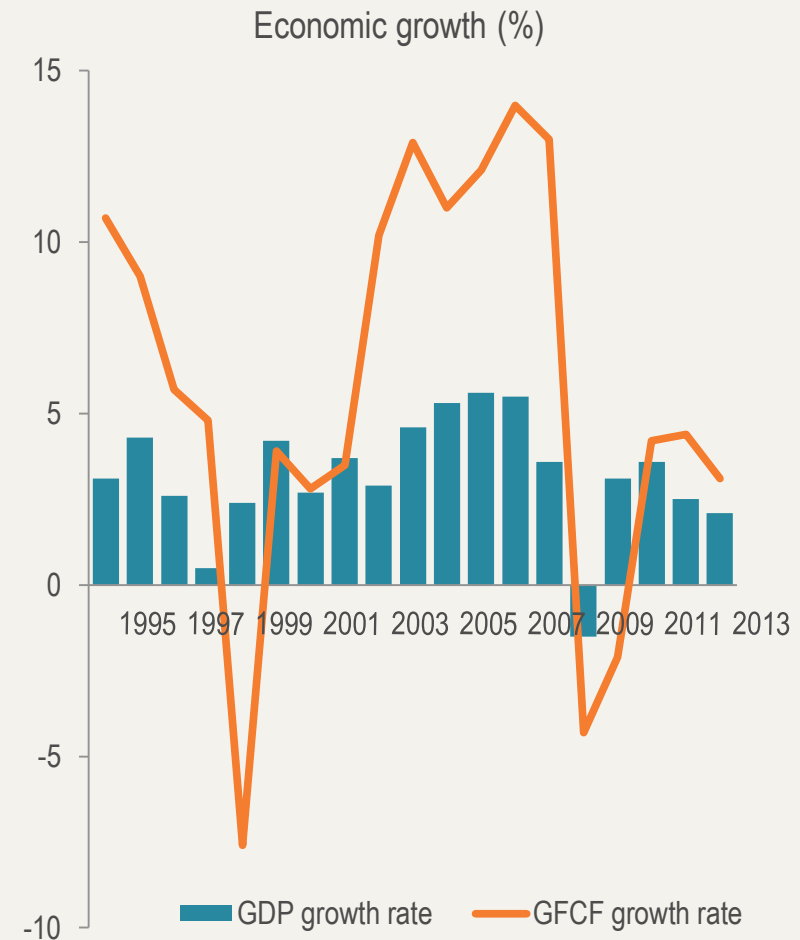
HRC price margin over raw material basket



Sources: Platts, AME, AMS and TEX Report

STEEL MARKET OVERVIEW

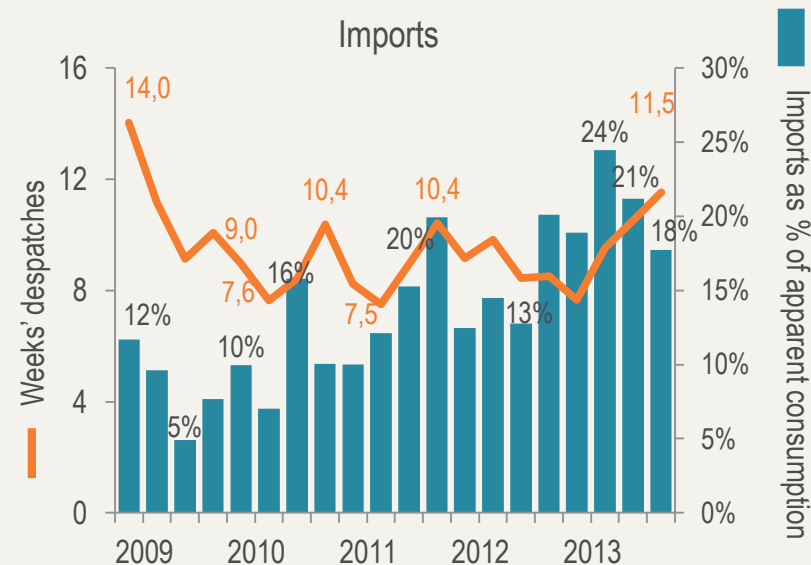
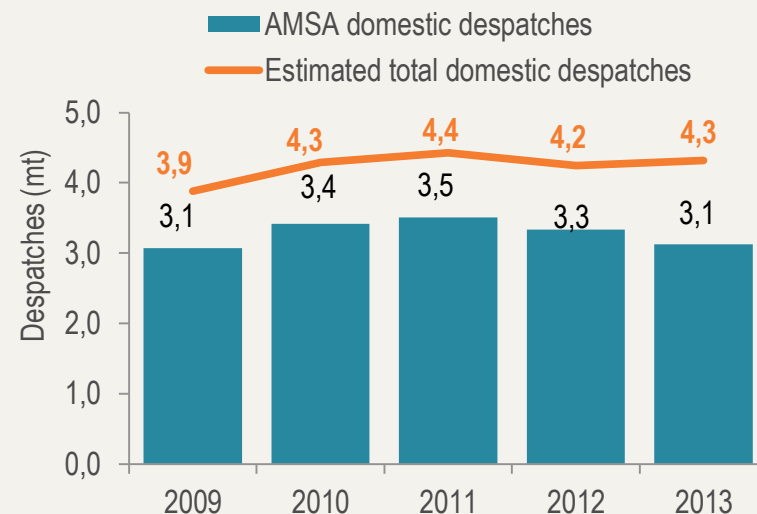
- SA's economic growth in 2013 estimated at 2.1%, a decline from 2.5% in 2012
- Reduced levels of government fixed investment spend has a disproportionate impact on demand for steel
- Stronger order book in most construction companies
- PMI averaged around 50 in 2013
- Improved exports anticipated if the Rand remains at current levels



Sources: SARB

STEEL MARKET OVERVIEW

- Steel demand has grown 1% pa over past 20 years, but -5% pa since 2007
- Building & construction industry remains dominant consumer
- Stocks increased during 2013, ending the year at 7.8 weeks of consumption
- Imports at record level of around 1.3mt
 - Market share reached above 20% in early 2013
 - BOF fire resulted in 300kt being imported
 - Quick recovery from incident resulted in high stock levels at customers
- Final product imports added to the already weak demand for primary steel products



Source : SAISI actuals up to 2008, thereafter AMSA estimates



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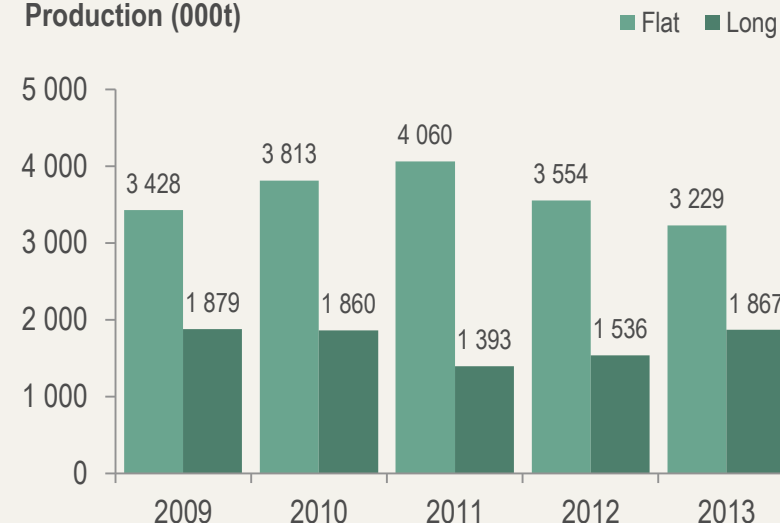
Operating Results

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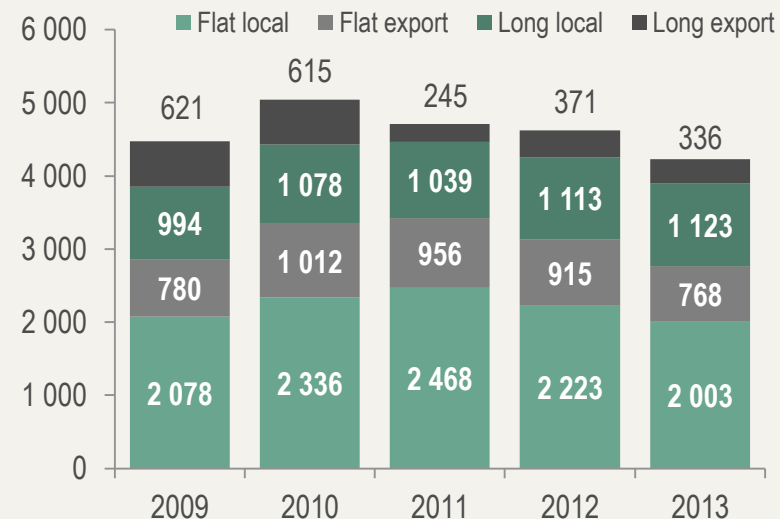
OPERATING RESULTS

- Overall steel production maintained despite BOF fire
 - Flat output down 9% with Vdbp -11% and Saldanha -4%
 - Long volumes up 22% with Newcastle adding 24% and Vereeniging +8%
- Shipments decreased to 4.2mt
 - Domestic shipments shrunk by 6% as result of the continued weak building, construction and mining sectors
 - 2013 saw record import effort with a 20% import penetration due to the fire
 - Exports slowed by 14% to minimise the effect of the fire on local customers

Production (000t)

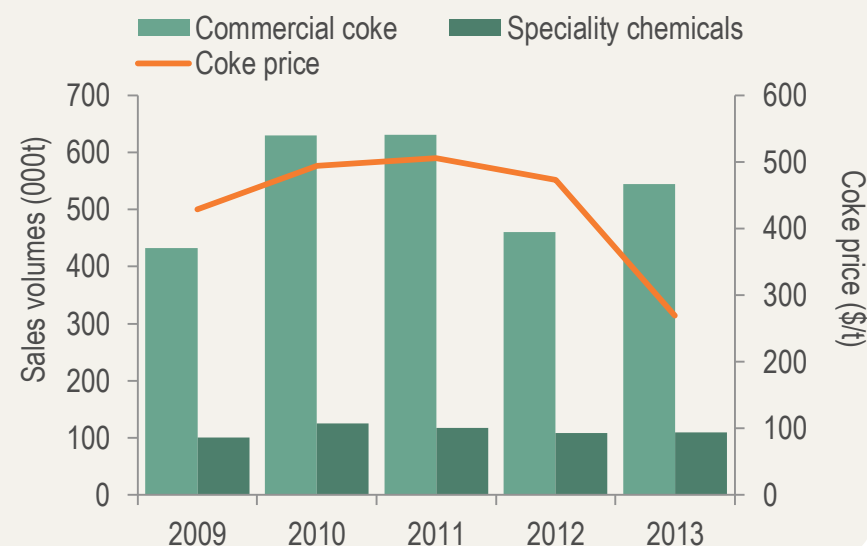
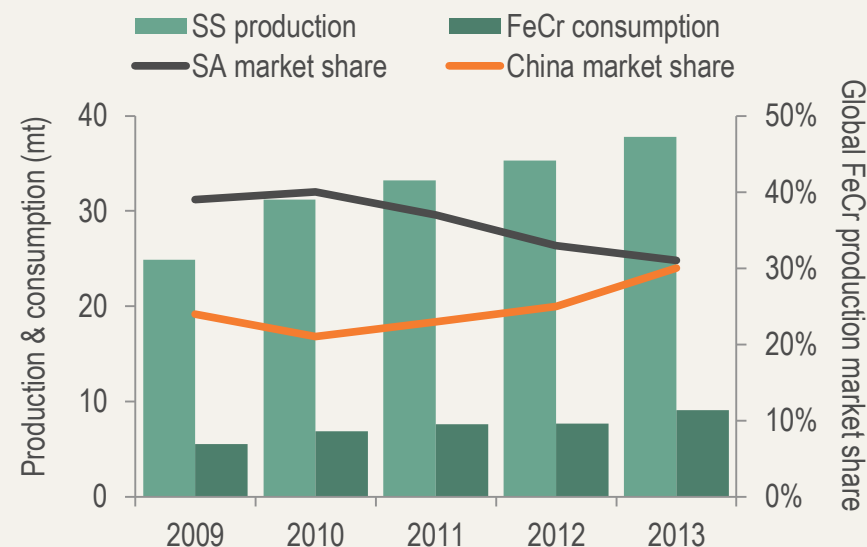


Shipments (000t)



OPERATING RESULTS

- Chinese producers increased their market share from 11% in 2007 to 30% in 2013
- Electricity shortage in South Africa remains key limitation and resulted in market share loss to almost 30% from 49% in 2007
- 90% domestic share of commercial coke market and 40% speciality chemicals
- Most of AMSA's speciality chemicals products are consumed by electrode manufacturers (50%) and timber (20%) and carbon black (15%) industries



OPERATING RESULTS

	2011	2012	2013
Maintenance	708	598	1 045
Environment	89	128	350
Other	393	149	175
Total expenditure	1190	875	1 570

- Main ongoing projects during 2013

- Replacements/maintenance (67% of spend)

- Newcastle: Blast furnace gas holder (R26m). Replace scrubber demister (R59m) and blast furnace reline procurement (R157m)
 - Vanderbijlpark: Basic oxygen furnaces essential repair (R158m)

- Environment (22% of spend)

- Newcastle: Zero effluent discharge project (R263m)
 - Vanderbijlpark: Coal water treatment plant (R27m) and blast furnace D stockhouse bag house (R60m)

- For 2014 the focus will be on:

- Newcastle: Blast furnace reline (R1.6bn), raw material handling and sinter plant, reline window of opportunity projects
 - Vanderbijlpark: Blast furnace D stockhouse bag house, coke oven battery tightness project, start up of waste gas channel repair, abatement of Volatile Organic Compound emissions at the speciality chemicals plant

Environmental investment program

OPERATING RESULTS

	2007	2008	2009	2010	2011	2012	2013
Environmental	R121m	R220m	R251m	R293m	R89m	R128m	R350m
Large projects	<ul style="list-style-type: none"> • Waste Disposal Site (WDS) prep VDBP • Dam 10 clean up VDBP 	<ul style="list-style-type: none"> • Upgrade of WDS • Ground water study VDBP • Fugitive dust suppression 	<ul style="list-style-type: none"> • Sinter clean gas at VDBP • VRN EAF gas cleaning • Waste water treatment at NC 	<ul style="list-style-type: none"> • Sinter clean gas at VDBP • New disposal site VDBP • De-sulphur project at NC • ZED phase 1 at NC • EAF gas cleaning at VRN 	<ul style="list-style-type: none"> • De-sulphur project at NC • Sinter clean gas at VDBP 	<ul style="list-style-type: none"> • VDBP coal water treatment plant • VDBP BFD stock house bag house • Newcastle ZED • Saldanha by-product storage area 	<ul style="list-style-type: none"> • Coke oven battery tightness program • Coal water treatment plant • Blast furnace D stock house bag house • Newcastle ZED



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Finance

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Headline earnings (Rm)

FINANCE

	2012	2013
Revenue	32 291	32 421
EBITDA	1 121	1 768
(Loss) / profit from operations	(477)	47
Finance and investment income	60	108
Finance costs	(334)	(368)
Tax credit	184	51
Equity earnings / (loss)	59	(35)
Profit on disposal / scrapping of assets*	(10)	(27)
Headline (loss)	(518)	(224)
- In US\$m	(63)	(23)

*After tax

FINANCE

	2013
Thabazimbi	1 878
Other	72
Total impairment	1 950

- Exiting operational involvement at Thabazimbi

– Asset retirement obligations	R432m
– Buildings and infrastructure	R56m
– Machinery, plant and equipment	R336m
– Site preparation	R1 054m
– Total	R1 878m

Main steel cost drivers (R/t liquid steel)

FINANCE

	2012	2013	% change	% weight
Iron ore and pellets	1 110	1 370	24%	23%
Scrap / DRI / HBI	193	242	25%	4%
Coking coal and other fuels	1 565	1 307	-17%	22%
Electricity	413	434	5%	7%
Other energy & utilities	199	206	3%	4%
Alloys, fluxes and coating materials	513	577	13%	10%
Refractories, electrodes and consumables	332	342	3%	6%
Manpower	541	559	3%	9%
Maintenance	390	347	-11%	6%
General expenses, outside services, professional fees, IS/IT and insurance premiums	573	544	-5%	9%
Total	5 829	5 929	2%	
Liquid steel (000t)	5 090	5 097	n/c	
Average exchange rate (ZAR)	8.21	9.65	18%	

EBITDA from segments (Rm)

FINANCE

	2012	2013
Flat steel products	(266)	135
Long steel products	770	1 198
Coke and Chemicals	503	514
Corporate and other	114	(79)
Total EBITDA	1 121	1 768
EBITDA margin	3.5%	5.5%

Cash flow (Rm)

FINANCE

	2012	2013
Cash generated from operations	1 309	1 831
Working capital	713	(168)
Capex	(875)	(1 570)
Net finance cost	(157)	(157)
Investments	(369)	(53)
Tax	(52)	(220)
Dividend received	87	
Proceeds on scrapping of assets	29	2
Realised forex	(34)	(128)
Increase / (repayment) of borrowings and finance lease	(231)	674
Cash flow	420	211
Effect of forex rate changes on cash	25	96
Net cash flow	445	307
Cash in bank	884	1 191
Short term loans	(10)	(906)
Net cash	874	285

Working capital movement (Rm)

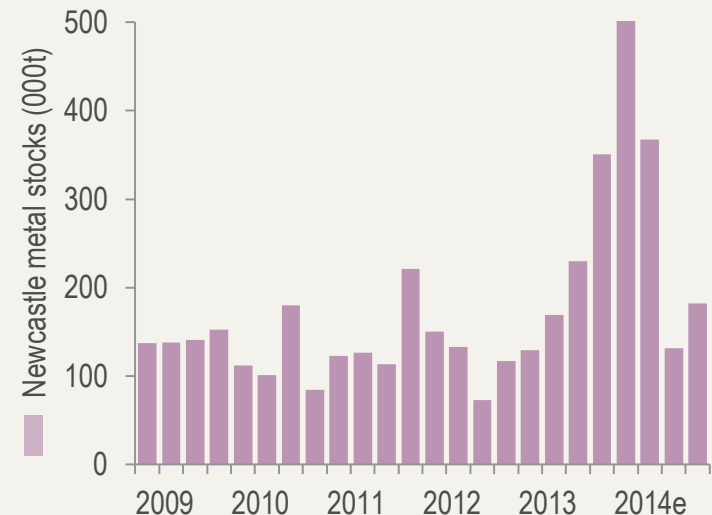
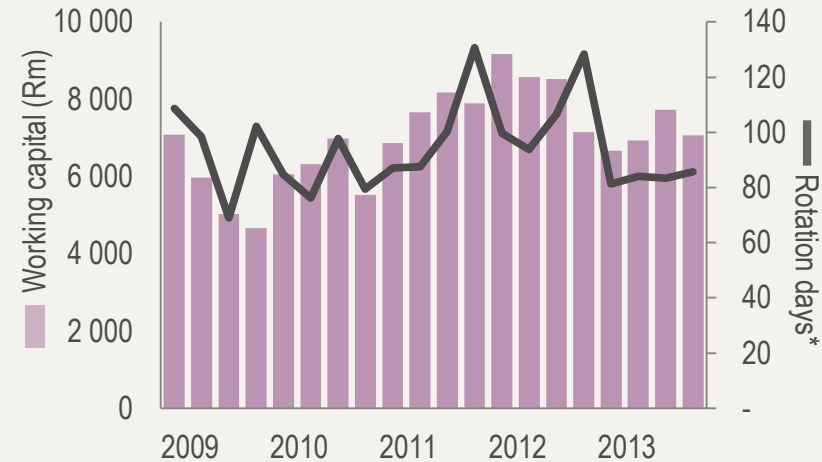
FINANCE

	2012	2013
Inventories	1 110	(1 775)
Finished products	(78)	(365)
Work-in-progress	540	(1 046)
Raw materials	678	(353)
Plant spares and stores	(30)	(11)
Receivables	714	(541)
Payables	(881)	2 239
Utilisation of provisions	(230)	(91)
Working capital movement	713	(168)

Sound balance sheet with focus on working capital management

FINANCE

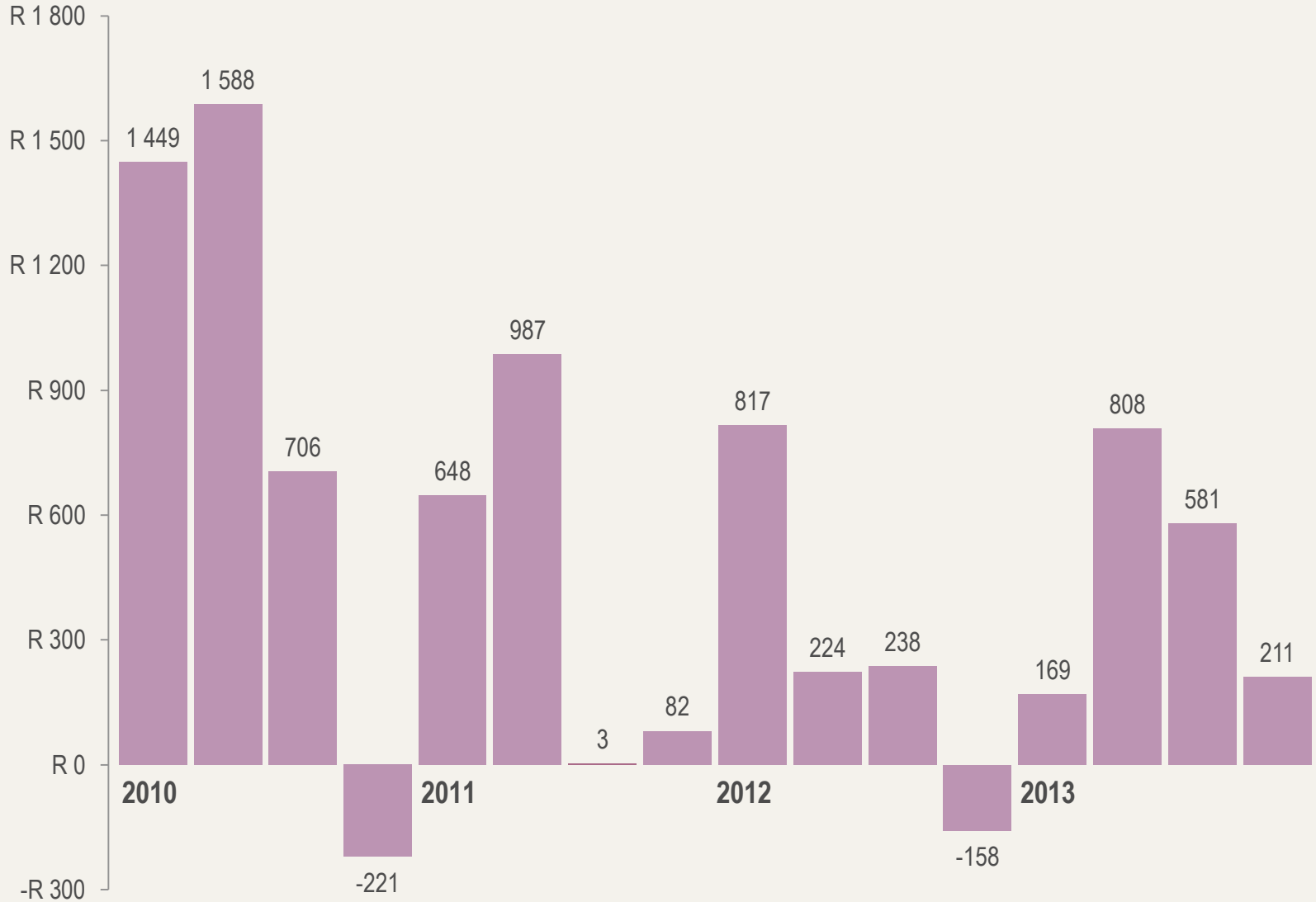
- Low financial leverage
- Intra-month borrowing (peak-demands) with sufficient/unutilised short term lines
 - Improved payment terms provide flexibility
 - Turnover of working capital improved to 84 days
- Metal stocks at Newcastle should reach a high of 507 000t in Q1 2014 in anticipation of reline



*Rotation days are defined as days of accounts receivable plus days of inventory minus days of accounts payable. Days of accounts payable and inventory are a function of cost of goods sold of the quarter on an annualised basis. Days of accounts receivable are a function of sales of the quarter on an annualised basis.

EBITDA history (Rm)

FINANCE



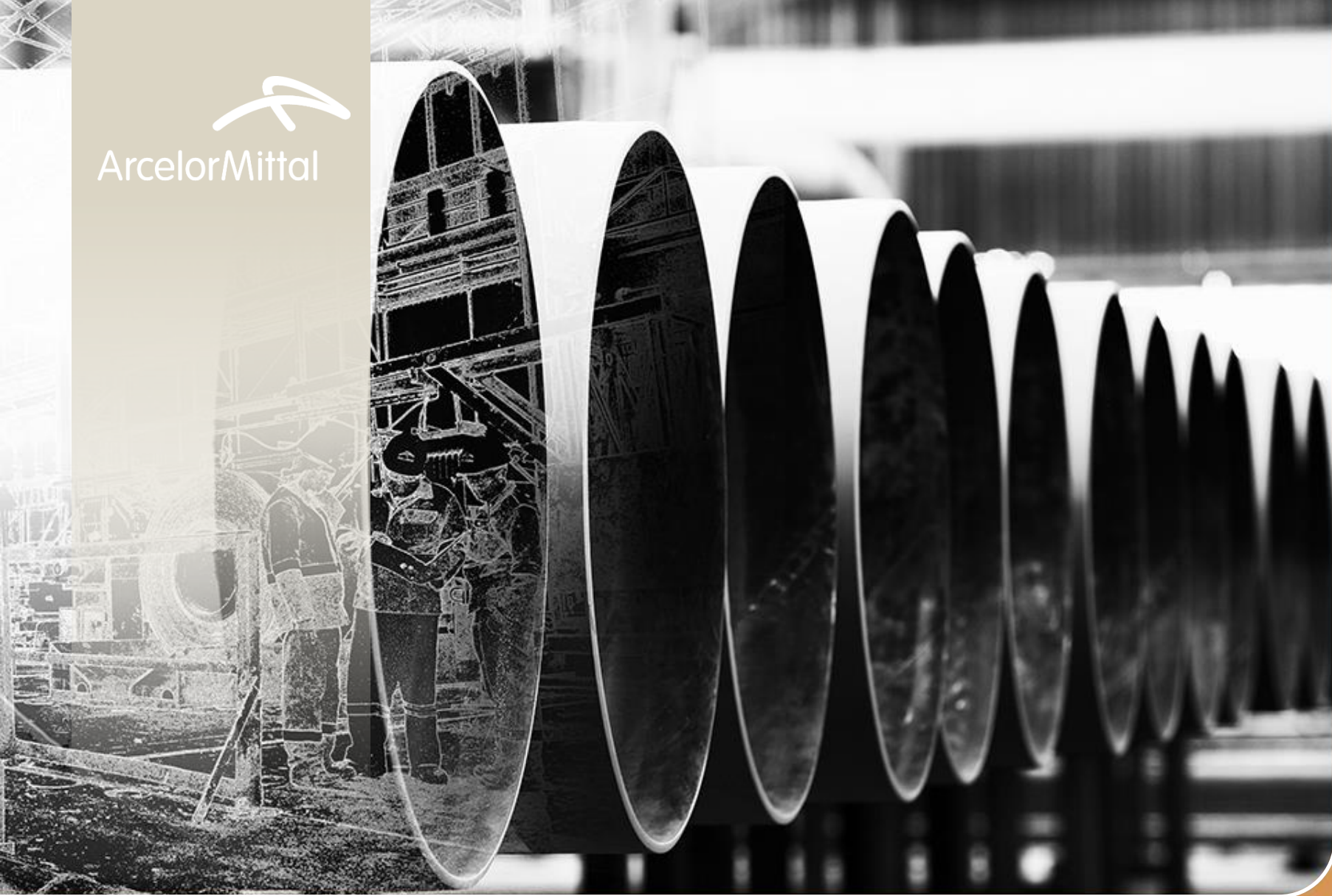
\$100/t EBITDA target

FINANCE





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Other Key Issues and Outlook

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OTHER KEY ISSUES AND OUTLOOK

1 Competition matters

2 2014 summarised

- Impairment
- Tshikondeni provided for
- Operational stability has been demonstrated
- Operational optimisation at Vanderbijlpark in full swing
- Productivity increased
- Capacity utilisation moving up
- N5 reline fully prepared and on target
- AMSA internally strong

OTHER KEY ISSUES AND OUTLOOK

- Outlook for Q1 2014
 - Improving environment for international steel prices
 - Increased export sales at enhanced margins
 - Positive headline earnings for Q1 2014
 - Rand volatility remains a factor



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Financial results

for the year ended December 2013

Questions