ArcelorMittal South Africa Limited

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For immediate release

news release

ArcelorMittal South Africa Advances Turnaround Despite Challenging Market Conditions

Salient Features

- ArcelorMittal South Africa today is fundamentally different from eighteen months ago.
- 2026 is a transition year. While profitability and free cash flow remain under pressure, management has successfully protected liquidity and released working capital.
- The turnaround continues to gain momentum through the placement of the severely loss-making Longs Business into care and maintenance, operational simplification, procurement savings, reliability improvements and fixed cost optimisation.

Financial Highlights

- Crude steel production declined by 35%; a 5% decline on a like-for-like basis (excluding the effect of the Newcastle closure)
- Revenue declined 30%; a 1.4% decline on a like-for-like basis (excluding the effect of the Newcastle closure), with the R/$ exchange rate strength having a materially 11% negative impact.
- Average realised steel prices decreased by 4% in rand terms.
- Fixed costs reduced by 6%.
- EBITDA loss amounted to R409 million (2025 H1: loss of R110 million).
- Headline loss amounted to R1,49 billion (2025 H1: R1.0 billion).
- Free cash outflow amounted to R1.2 billion.
- Net borrowings increased to R7.9 billion.
- B-BBEE status improved to Level 3 from Level 7 in 2024.

ArcelorMittal South Africa today announced its results for the six months ended 30 June 2026, reporting continued progress in repositioning the business despite exceptionally difficult market conditions characterised by weak domestic demand, elevated imports and global steel overcapacity.

Over the past eighteen months, the Company has fundamentally reshaped its operating model through decisive actions aimed at improving sustainability and competitiveness. The placement of the Longs business into care and maintenance, together with procurement savings, reliability improvements, fixed-cost reductions and operational simplification, is beginning to deliver tangible results.

Crude steel production declined by 35% or 5% on a like-for-like basis (excluding the effect of the Newcastle closure), and revenue decreased by 30% or 1.4% on a like-for-like basis (excluding the effect of the Newcastle closure). The underlying performance of the business continued to improve. Quarterly EBITDA performance strengthened significantly from a loss of R1.1 billion in the third quarter of 2025 to near break-even levels in the second quarter of 2026, reflecting the benefits of the turnaround initiatives already implemented.

The South African steel market remained under pressure during the reporting period. Although apparent steel consumption increased by 2% to approximately 1.3 million tonnes, imports continued to account for 47% of domestic demand, constraining local industry growth and placing significant pressure on producers. Total steel sales volumes declined by 28% to 758 000 tonnes following the closure of Newcastle Works, while flat steel sales volumes increased by 3% to 684 000 tonnes, demonstrating resilience in core customer markets.

Government efforts to strengthen trade protection measures and support localisation gained momentum during the period. ArcelorMittal South Africa continues to engage actively with policymakers and industry stakeholders to improve the competitiveness and sustainability of the domestic steel industry.

The Company reported an EBITDA loss of R409 million, while headline loss increased to R1,49 billion. Free cash outflow for the period amounted to R1.2 billion, reflecting elevated inventory levels, the wind-down of the Longs operations and the close-out of a legacy supplier financing facility. Net borrowings increased to R7.9 billion.

Shareholders are referred to the various cautionary announcements released on the Stock Exchange News Service of the JSE Limited, the most recent being released on 16 July 2026, in which we advised as follows:

"Shareholders should note that discussions between ArcelorMittal South Africa, ArcelorMittal Group, and the Industrial Development Corporation Limited continue in respect of a potential transaction, and after some delay in the anticipated timelines, the parties are now at an advanced stage to finalise agreement regarding the potential transaction. The discussions remain subject to the conclusion of definitive agreements and receipt of various approvals. Further announcements will be made in relation to these matters as and when appropriate".

Looking ahead, market conditions are expected to remain challenging during the second half of 2026. However, increased infrastructure investment, anticipated policy support, fair-trade measures and continued operational improvements are expected to provide growing support to the steel value chain and improve industry prospects into 2027.

The Company will continue to focus on cost competitiveness, productivity improvements, energy and logistics optimisation, and unlocking value from non-core assets and operations currently under care and maintenance.

Safety remains the Company's highest priority as it continues its journey towards Zero Harm.

Commenting on the results, Chief Executive Officer, Kobus Verster, said:

"Although market conditions remain exceptionally difficult, the business we have today is significantly stronger than it was eighteen months ago. The difficult decisions we have taken are beginning to deliver measurable improvements in our underlying performance. Our priority remains completing the turnaround, restoring sustainable profitability and positioning ArcelorMittal South Africa for long-term success."

For further information, please refer to the full SENS published on the Company's website: https://www.arcelormittalsa.com/InvestorRelations.aspx

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