

31 July 2025
For immediate release

news release

ArcelorMittal South Africa Navigates Challenging Market: Strategic Alternatives Explored for Long-Term Sustainability

Salient features

Longs Business and the IDC due diligence process

- IDC funding for the continuation of the Longs Business to the end of Q3 2025, has been applied in a responsible, transparent, and considered manner, supporting productive capacity, preserving value chains, and protecting employment
- In the absence of a sustainable solution for the Longs Business, the final wind-down of remains scheduled for 30 September 2025.
- The Company awaits to hear the outcome of the IDC due diligence process
- Should the IDC due diligence process not yield an outcome, the Company will promptly commence with the monetisation of non-core assets, plant and equipment, including Saldanha Steel, the Tubular Mill, Vereeniging Bar Mill, AMRAS, and non-core property. Proceeds from sales will be applied to reduce debt levels and invest in the core Flats Business for earnings and cashflow improvement

Financial results

- International and domestic steel markets remained under pressure, with some recent price improvements internationally
- Crude steel production increased by 5% to 1,3 million tonnes, reflecting improved asset utilisation in the Flats Business
- Sales volumes declined 11% to 1,05 million tonnes
- Realised steel prices were down 7% (5% in US Dollar terms)
- Raw material basket (RMB) down 12%. International RMB down 22%. (Both in Rand terms)
- The Value Plan contributed R420 million (2024 H1: R434 million)
- Fixed costs declined 5% to R3 251 million (2024 H1: R3 417 million)
- EBITDA loss (before exceptional items) was R394 million (2024 H1: R221 million loss)
- EBITDA loss (before exceptional items) after R1 075 million of IDC funding support to neutralise the Longs Business operational losses
- Headline loss of R1 014 million (2024 H1: R1 110 million)
- Net borrowings were R4 620 million (2024 H2: R5 111 million), including capitalised interest and group charges totalling R421 million, and deferred income of R842 million related to IDC funding earmarked for the continuation of the Longs Business in Q3 2025

Market environment

A subdued market demand, disruptive rail and electricity interruptions (with an additional cost impact of R358 million for the six months ended 30 June 2025), and aggressive import penetration placed significant pressure on volumes and margins. Domestic sales volumes fell by 10% and exports by 13%, while long steel imports, predominantly from Zimbabwe, rose sharply.

The Company noted that several major economies, including the European Union, United States, United Kingdom, Canada, India, and Brazil, have implemented strong measures this year to defend their domestic steel sectors. These include new safeguard duties, anti-dumping measures, and tariff-rate quotas aimed at curbing import surges, particularly from China, and the preservation of their critical steelmaking capacity. ArcelorMittal South Africa reiterates the urgent need for government to act decisively in support of primary steel production as a strategic national asset.

The Company is awaiting the outcome of multiple regulatory and policy processes, including the Department of Trade, Industry and Competition's reviews of the scrap-based Preferential Pricing System (PPS), the steel tariff framework, and the NERSA decision on a petition for reconsideration of Eskom's rejection of a negotiated electricity price. Additionally, the Company continues engagements with Transnet and the Competition Commission on the cost and reliability of rail services.

Outlook for second half of 2025

Looking ahead, the Company remains focused on stabilising operations, supporting the Flats Business, and strengthening the foundation for future investment and localisation. The continuation of the Longs Business remains contingent on external support and favourable policy outcomes, with particular emphasis on reducing import pressure and restoring predictable, cost-competitive energy and logistics inputs. Specifically:

- The outlook for 2025 H2 remains cautious. While modest improvements are expected in global steel sentiment, domestic demand is likely to remain constrained.
- There are signs of improvement in international prices in both flat and long steel products.
- Efforts to further stabilise the Flats Business will be prioritised.
- The Company's commercial and operational focus will be on improving local volumes through export replacement and other quality initiatives.
- Disciplined capital allocation, asset monetisation (where applicable), and continued stakeholder engagement will remain central to the Company's short- and medium-term strategy.
- Progress in discussions with the IDC will shape the Company's next phase.
- Depending on the outcome of the IDC due diligence, ArcelorMittal South Africa will execute its strategy to improve core business profitability and Balance Sheet resilience.

"We are committed to finding a solution that ensures the long-term sustainability of our business and the South African steel industry," said Kobus Verster, CEO of ArcelorMittal South Africa. "We appreciate the government's willingness to explore strategic alternatives and look forward to working together to find a mutually beneficial solution."

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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