



ArcelorMittal

ArcelorMittal South Africa Limited ("ArcelorMittal South Africa", "the company" or "the group")
 Registration number: 1989/002164/06 Share code: ACL ISIN: ZAE 000134961

Short-form announcement: Consolidated financial results for the year ended 31 December 2014

- R1.8 billion investment in reline of blast furnace at Newcastle completed
- Net loss decreased to R158 million compared to R2 147 million in the prior year
- Focus on zero fatalities and injuries

Key statistics

Year ended			Six months ended			
31 December 2014	31 December 2013	% change		31 December 2014	31 December 2013	% change
Financials (R millions)						
34 852	32 421	7.5	Revenue	16 925	16 531	2.4
1 258	1 768	(28.9)	EBITDA	448	791	(43.4)
(301)	47		(Loss)/profit from operations	(460)	(186)	(147.3)
(158)	(2 147)	92.6	Net loss	(143)	(2 007)	92.9
(227)	(224)	(1.3)	Headline loss	(221)	(101)	(118.8)
(546)	285		Net (borrowings)/cash	(546)	285	
20 722	20 694	0.1	Net asset value	20 722	20 694	0.1
Financial ratios (%)						
3.6	5.5		EBITDA margin	2.7	4.8	
(1.1)	(1.0)		Return on ordinary shareholders' equity	(2.1)	(1.0)	
(2.6)	1.4		Net (borrowings)/cash to equity	(2.6)	1.4	
Share statistics (cents)						
(39)	(535)	92.7	Loss per share	(36)	(500)	92.8
(57)	(56)	(1.8)	Headline loss per share	(55)	(25)	(120.0)
			Dividends per share			
51.65	51.58	0.1	Net asset value per share	51.65	51.58	0.1
Safety						
0.58	0.56	(3.6)	Lost-time injury frequency rate	0.62	0.45	(37.8)
Operational statistics ('000 tonnes)						
4 518	5 096	(11.3)	Liquid steel production	2 132	2 615	(18.5)
4 240	4 230	0.2	Steel sales	2 045	2 107	(2.9)
3 002	3 126	(4.0)	– Local	1 468	1 420	3.4
1 238	1 104	12.1	– Export	577	687	(16.0)
466	545	(14.5)	Commercial coke sales	258	335	(23.0)
Segmental performance (R millions)						
Flat steel products						
24 441	20 697	18.1	– Revenue	12 261	10 653	15.1
535	135	296.3	– EBITDA	351	160	119.4
Long steel products						
12 411	11 618	6.8	– Revenue	5 855	5 649	3.7
16	1 198	(98.7)	– EBITDA	(162)	504	
Coke and chemicals						
2 044	1 937	5.5	– Revenue	1 025	1 109	(7.6)
428	514	(16.7)	– EBITDA	223	247	(9.7)
Corporate and other						
279	(79)		– EBITDA	36	(120)	

Share queries: Please call the ArcelorMittal South Africa share care toll free on 0800 006 960 or +27 11 370 7850

Overview

Despite a strengthening economy in the United States the demand for steel in China, the biggest consumer of steel, dropped for the first time in 14 years. This drop influenced the overall world demand for steel and aggravated the global excess capacity which led to stronger exports out of China, Europe and Japan. International prices for steel and commodities declined, and currency parities shifted. Export markets faced particularly unsatisfactory profit margins. Overall these developments accelerated the need for steel producers to reduce cost in order to stay competitive.

Locally, the ongoing load shedding by Eskom, slow implementation of the large infrastructure development projects, the protracted mining and metals and engineering strikes put severe pressure on the steel industry. As noted, due to the worldwide excess capacity of steel, cheaper imports from China continued to enter the local market despite the devaluation of the rand.

Our liquid steel production was 4.5 million tonnes, a decrease of 578 000 tonnes compared to last year reflecting the effect of the planned blast furnace reline at Newcastle. The decrease in tonnes was partly countered by higher production volumes at Vanderbijlpark which was negatively impacted by the fire incident in the prior year.

Although total sales volumes were on the same level as last year, as billets were imported to ensure that our long steel customers' demands were satisfied during the blast furnace reline at Newcastle, domestic sales decreased by 4% mainly due to the lower demand for steel, aggravated by the protracted strike in the mining sector in the first half of the year followed by the metal and engineering strike. Our exports increased by 12% to counter our losses in the local market.

Notwithstanding our quest to achieve zero fatalities and injuries, four fatal incidents occurred last year. We are focused on ensuring that we rapidly turn around our safety performance for our employees and the contractors who work for us.

Headline loss was R227 million or 57 cents a share compared to a loss of 56 cents a share last year. EBITDA was R1 258 million, a decrease of R510 million compared to last year. The temporary suspension of production during the reline resulted in an EBITDA opportunity loss of approximately R1 200 million which included the cost of sourced in material to maintain despatches to the local market. Our higher overall operating costs were partially offset by higher local prices, following a weaker R/US dollar exchange rate.

Overall, our net loss of R158 million is an improvement of R1 989 million when compared to the prior year net loss of R2 147 million driven primarily by the impairment of the Thabazimbi assets in 2013.

The company invested approximately R1 800 million to reline the blast furnace. This significant investment signals management's confidence in the future of the company. The net borrowing position of R546 million at the end of 2014 compared to a net cash position at the end of 2013 primarily reflects the effects of the capex spend for the reline.

Outlook for the first half of 2015

We expect higher production and sales volumes following the completion of the reline of the blast furnace at Newcastle and the seasonal slow-down in the fourth quarter of 2014. Although we expect International steel prices to remain low for the first half of the year, these factors, together with ArcelorMittal producing to full capacity and reducing costs, should contribute positively to the results.

On behalf of the board of directors

PS O'Flaherty
Chief executive officer

MJ Wellhausen
Chief financial officer

2 February 2015

Short-form announcement

This short-form announcement is the responsibility of the board of directors of ArcelorMittal South Africa and is a summarised version of the group's full announcement and as such, it does not contain full or complete details pertaining to the group's results. Any investment decisions by investors and or shareholders should be made after taking into consideration the full announcement. The full announcement has been released on the JSE Stock Exchange News Site (SENS) and is available for viewing on the group's website (www.arcelormittal.com/southafrica). The full announcement is available for inspection, at no charge, at the registered office of (ArcelorMittal South Africa Limited, Room N3-5, Main Building, Delfos Boulevard, Vanderbijlpark) and the offices of the sponsor (J.P. Morgan Equities South Africa Proprietary Limited, 1 Fricker Road, Illovo), from 09:00 to 16:00 on business days. Copies of a full announcement can be requested from the registered office by contacting +27 16 889 9111.