



ArcelorMittal

ArcelorMittal South Africa Limited

(Incorporated in the Republic of South Africa)

(Registration Number 1989/002164/06)

Share Code: ACL ISIN: ZAE000134961

("ArcelorMittal South Africa" or "the Company")

TRADING STATEMENT AND BUSINESS UPDATE FOR THE YEAR ENDED 31 DECEMBER 2019

In terms of the JSE Limited Listings Requirements (the "Listings Requirements"), companies are required to publish a trading statement as soon as there is a reasonable degree of certainty that the financial results for the year ended 31 December 2019 ("the period") to be released on the Johannesburg Stock Exchange News on 06 February 2019, are expected to differ by at least 20% from those of the previous corresponding reporting period ("the comparative period").

Based on information currently available, shareholders are advised that the Company expects:

- headline earnings for the period to decrease by at least R4 300 million (headline earnings for 2018 was R968 million) to a headline loss, resulting in a decrease in headline earnings per share by at least 393 cents.
- attributable profit for the period to decrease by at least R6 100 million (profit for 2018 was R1 370 million) to an attributable loss, resulting in an increase in loss per share by at least 558 cents.

The financial information on which this trading update is based has not been reviewed and reported on by the Company's external auditors.

A further trading statement will be released as soon as the Company has reasonable certainty on the expected headline earning per share and attributable loss per share ranges for the period as required by the Listings Requirements.

BUSINESS UPDATE

The 2019 financial year unexpectedly represented the most challenging year since the Global Financial Crisis for the world steel industry, and an exceptionally difficult year for the South African economy and ArcelorMittal South Africa.

An intense focus was placed on cash preservation, with specific attention given to working capital optimisation, and cost reduction through an expanded Business Transformation Programme. This coincided with the launch of the strategic asset footprint review ("Asset Review") to establish an asset base with an enduring competitive advantage to ensure the long-term sustainability of the Company.

A large-scale employee reorganisation, as announced on SENS on 10 July 2019, has been largely finalised and resulted in a reduction of over a thousand own employees. Additionally, a significant repricing and rescoping of sub-contractor services will be completed by the end of the first quarter of 2020.

The first phase of the Asset Review resulted in the announcement on SENS on 11 November 2019 of the orderly and commercial wind-down of Saldanha Works. The process is progressing according to plan and is anticipated to be largely completed by the end of the first quarter of 2020.

The second phase of the Asset Review commenced in November 2019, focusing on Newcastle Works and certain of the long steel products rolling facilities in Pretoria and Vereeniging. The objective of this phase of the review is to sustainably improve these operations' structural cost position and service offering. The closure of significant long steel product plants is not anticipated in the foreseeable future, and notably, primary steel making operations will

continue at Newcastle Works, although now focused on primarily serving the domestic and Africa Overland markets.

Significant organisational configuration opportunities have been identified to improve both operational effectiveness and controllable cost competitiveness of not only the long steel product business, but that of the overall Company. Development of this “One Organisation” initiative has begun, with an envisaged implementation in 2020. Shareholders will be kept apprised of the outcomes of the process as key decisions are taken.

In the context of the challenging trading conditions and the intervention undertaken in response thereto, abnormal and impairment charges have been recognized for the financial year end 31 December 2019.

ArcelorMittal South Africa’s preliminary reviewed condensed consolidated financial statements for the year ended 31 December 2019 will be released on SENS on 06 February 2020 with a presentation in Johannesburg on the same day. The presentation will be available for all stakeholders on the Company’s website at www.arcelormittalsa.com.

Vanderbijlpark
23 January 2020

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Sponsor to ArcelorMittal South Africa Limited
Absa Bank Limited (acting through its Corporate and Investment Banking division)

