Mittal Steel South Africa Limited

Interim Financial Results for the 6 months ended June 2006

introduction

Davinder Chugh

Overview

- Half year earnings of R1 912m
- Lower average international and domestic steel prices
- Significant cost increases on major input materials
- Liquid steel production down by 5%
- Earnings per share of 429c down 41% on H1’05 but up 3% on H2’05
- Domestic despatches up 22%
- Improved safety performance
- Remain committed to capacity expansion programme

Q2’06 earnings up 80% on Q1’06

market and operations

Davinder Chugh

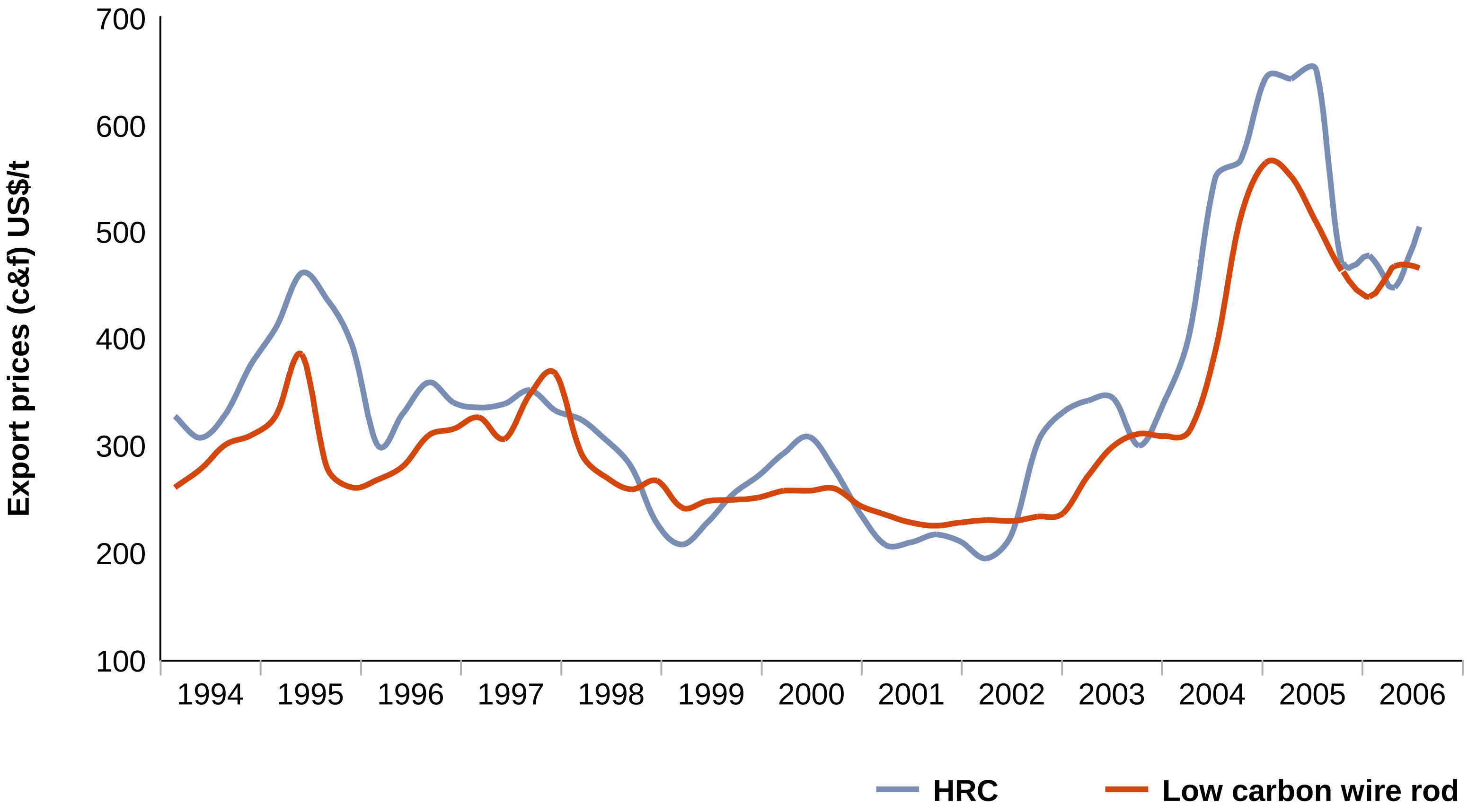
Key Result Drivers

	H1'06 vs H2'05	**H1'06 vs H1'05**
Weighted average US$ HRC price	+6%	**(18%)**
Weighted average Rand HRC price	+2%	**(17%)**
Total sales volume	+1%	**+7%**
HRC & Billet Rand cash cost per tonne	+4%	**+10%**
Labour productivity*	+10%	**+5%**
Movement in average ZAR/US$	+3%	**(2%)**

* Rolling 12 months

Strong local sales countered slowdown in prices

Global Environment - Export Prices



Prices remained above historical trends, though off peak

Global Environment - Market Trends

- Prices revived in 2006 and continue to increase
- World economic growth expected to remain positive at 4.9% (IMF)
- Global consolidation received new impetus with the Arcelor S.A. and Mittal Steel Company N.V. merger
- Steelmakers’ input costs remain high & will continue to support prices
- Chinese economy still growing at high rate (10%)

International steel markets remain strong

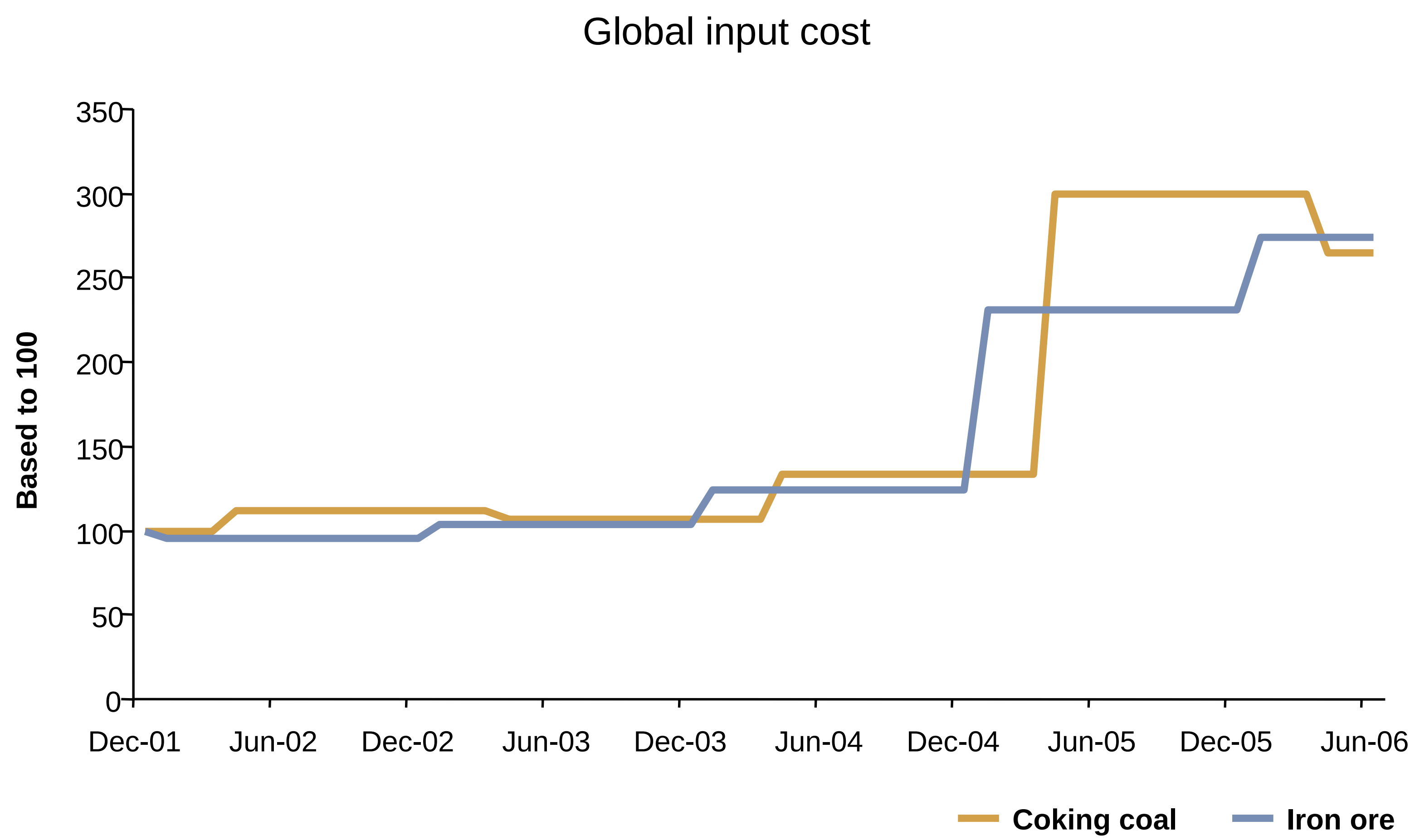
Global Environment - Chinese Market Trends

- China a net exporter of finished steel products in H1'06
- Trend likely to continue in H2'06
- In 2005 China accounted for
  - 31% of world steel production
  - Per capita consumption now 35% above world average

Source: ISSB & Mittal Steel South Africa

China continues its net exporter status in 2006

Global Environment - Benchmark Prices



Margins remain under pressure due to increased input costs

Global Environment - Input Cost Trends

Commodity	H1'06 vs H2'05	**H1'06 vs H1'05**
Iron ore fines	+19%	**+19%**
Hard coking coal	(5%)	**+30%**
Scrap prices	(1%)	**(8%)**
Freight rates	+1%	**(33%)**
Zinc prices	+88%	**+114%**

Raw materials continue to exert upward pressure on cost

Input Cost Positioning

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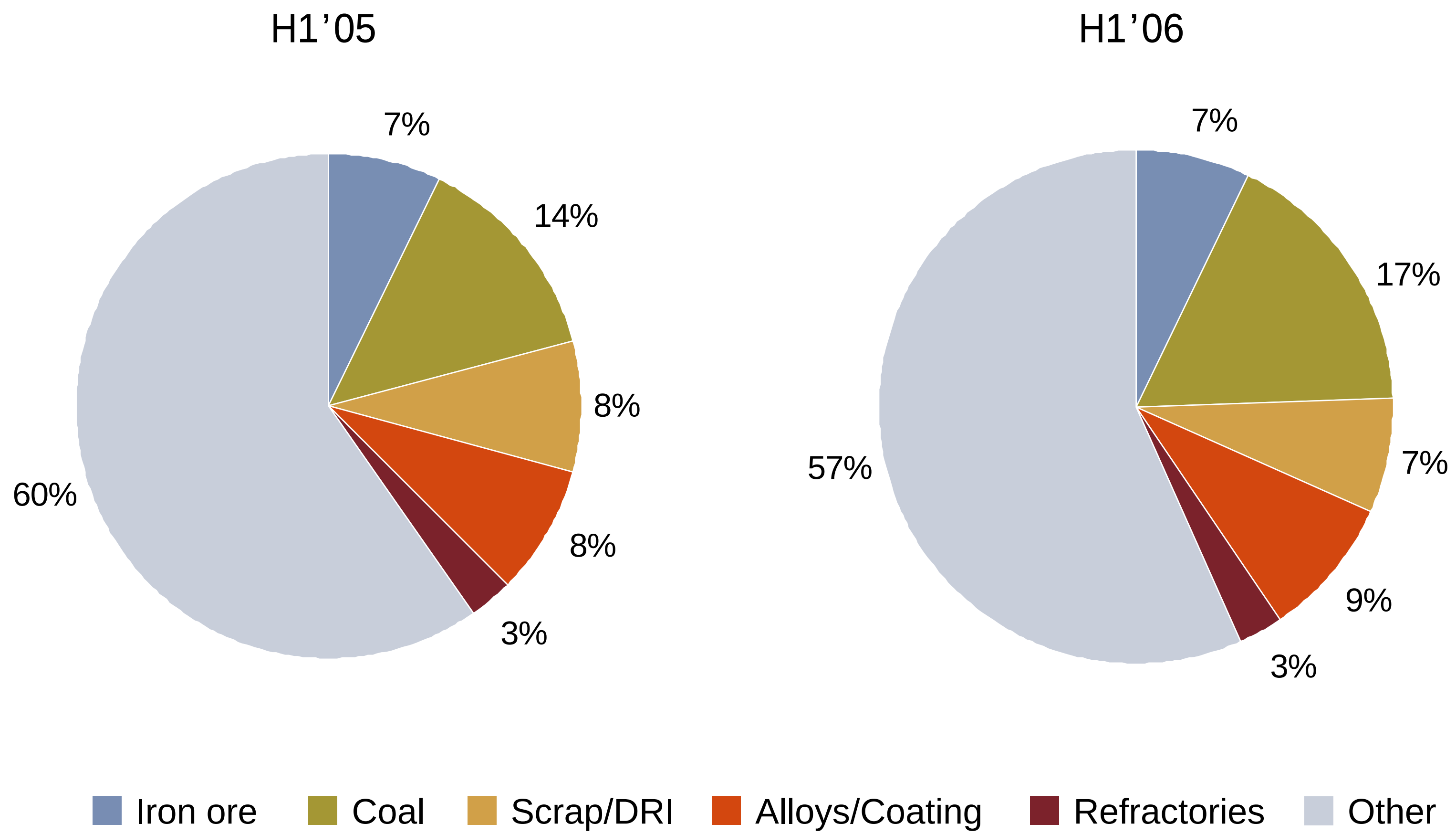
Six months to June 2006	Tonnes '000	Backward integrated	Domestic supply agreements	Imported
Iron ore (Lump, Fine & DRI)	4 513	100%	-	-
Pellets*	263	-	-	100%
Scrap	895	64%	36%	-
Coke (Metallurgical)	1 072	95%	-	5%*
Coking coal (Metallurgical)	1 406	12%	25%	63%
Coking coal (Market)	365	-	100%	-
Other coal & anthracite	1 044	-	100%	-

* Imported for Saldanha Steel

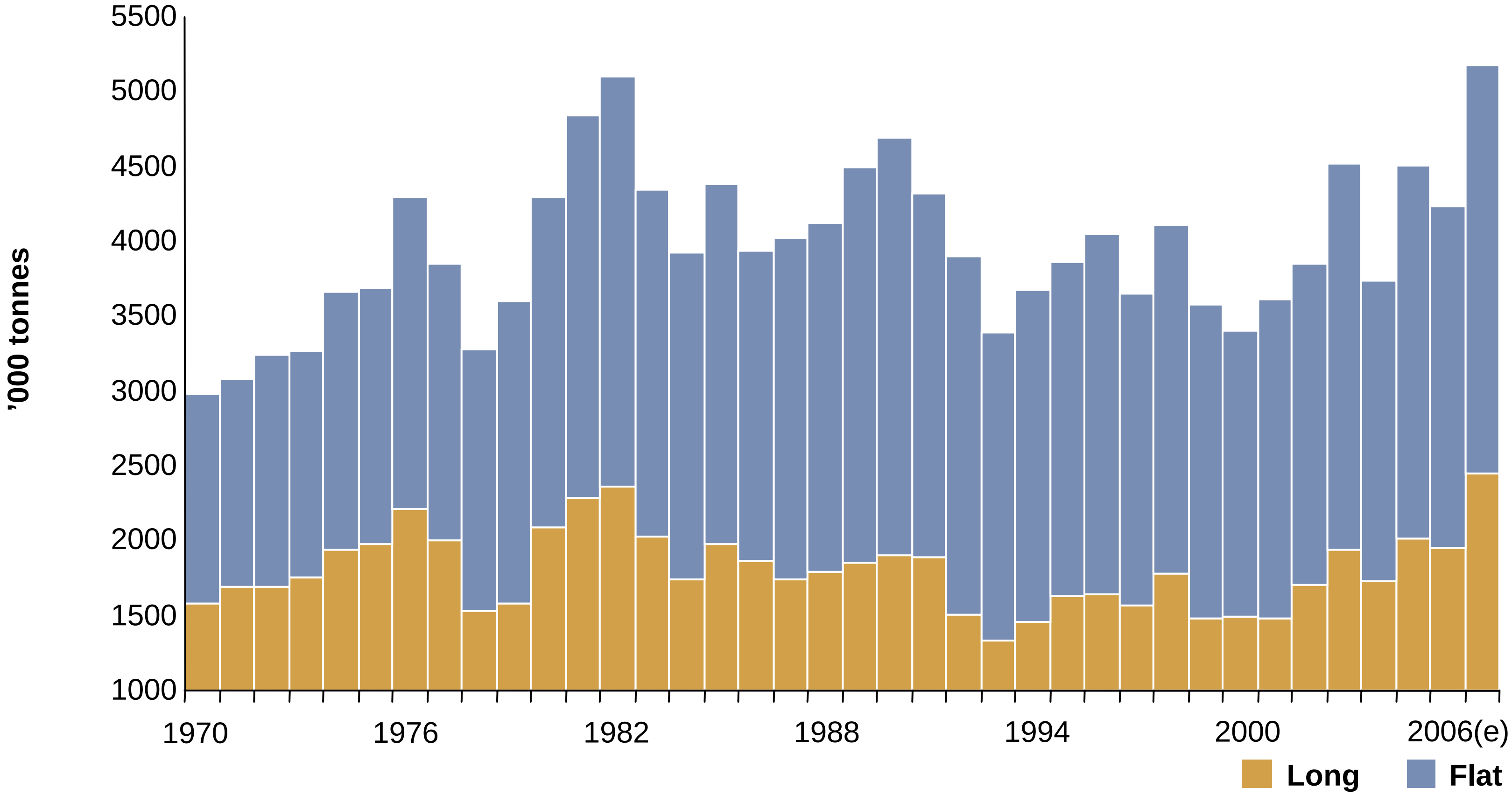
Coal remains the biggest exposure

Cost Developments



Raw materials constitute 43% of cash cost

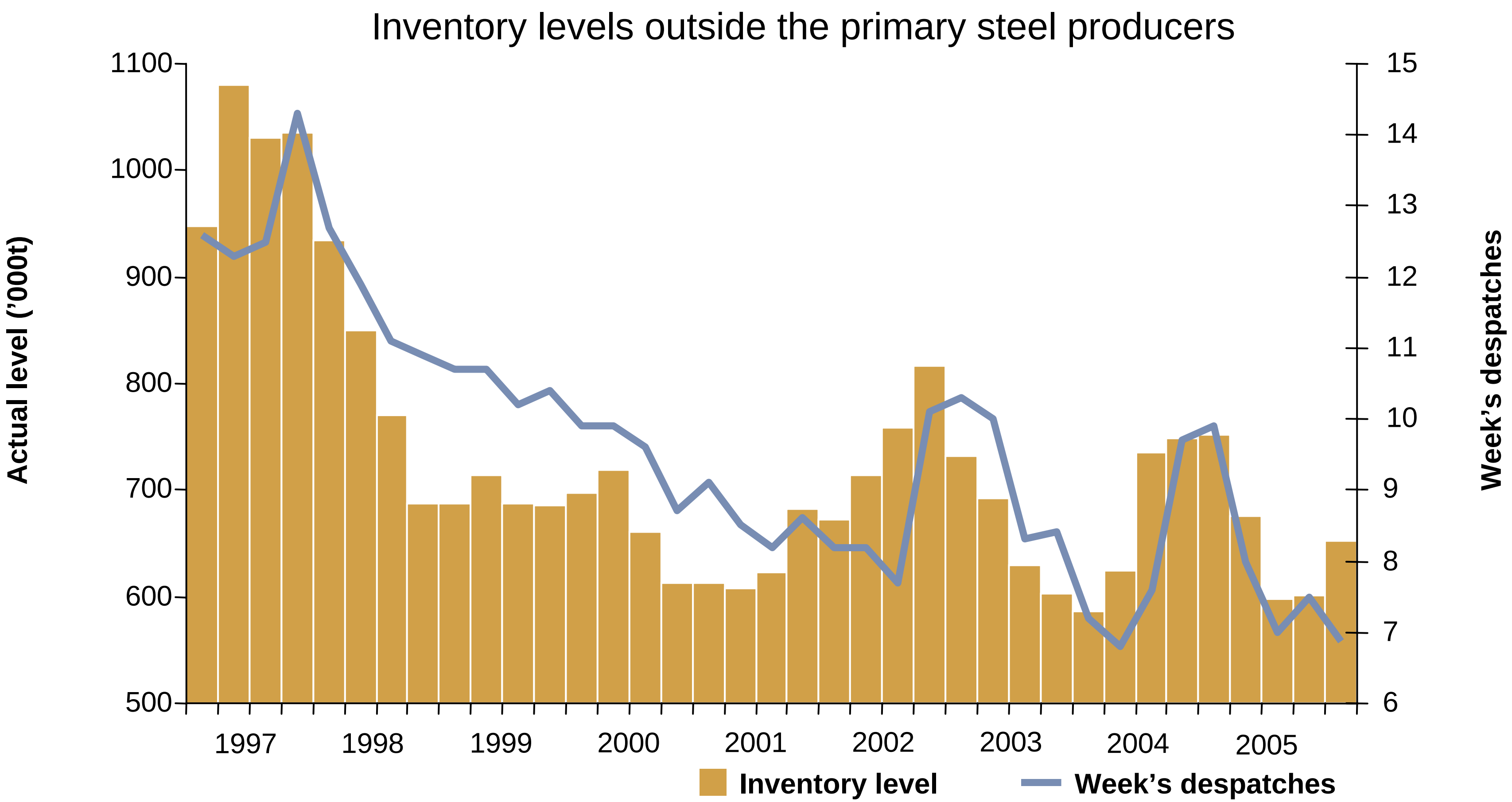
Domestic Environment - Despatches



Source: SAISI

SA steel industry local despatches up 24% on H1'05

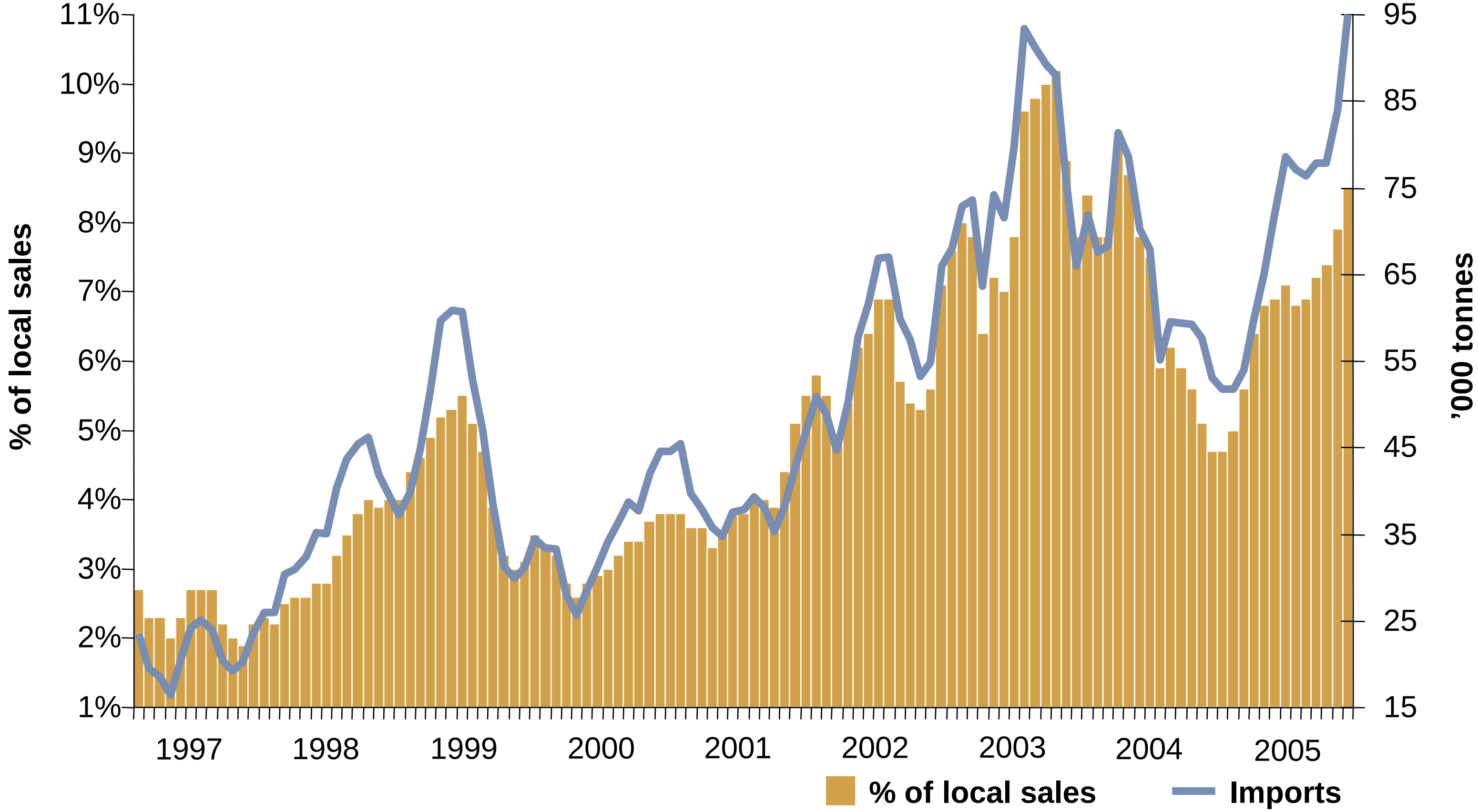
Domestic Environment - Inventory Levels



Source: SAISI

No evidence of inventory buildup

Domestic Environment - Imports



Source: SAISI

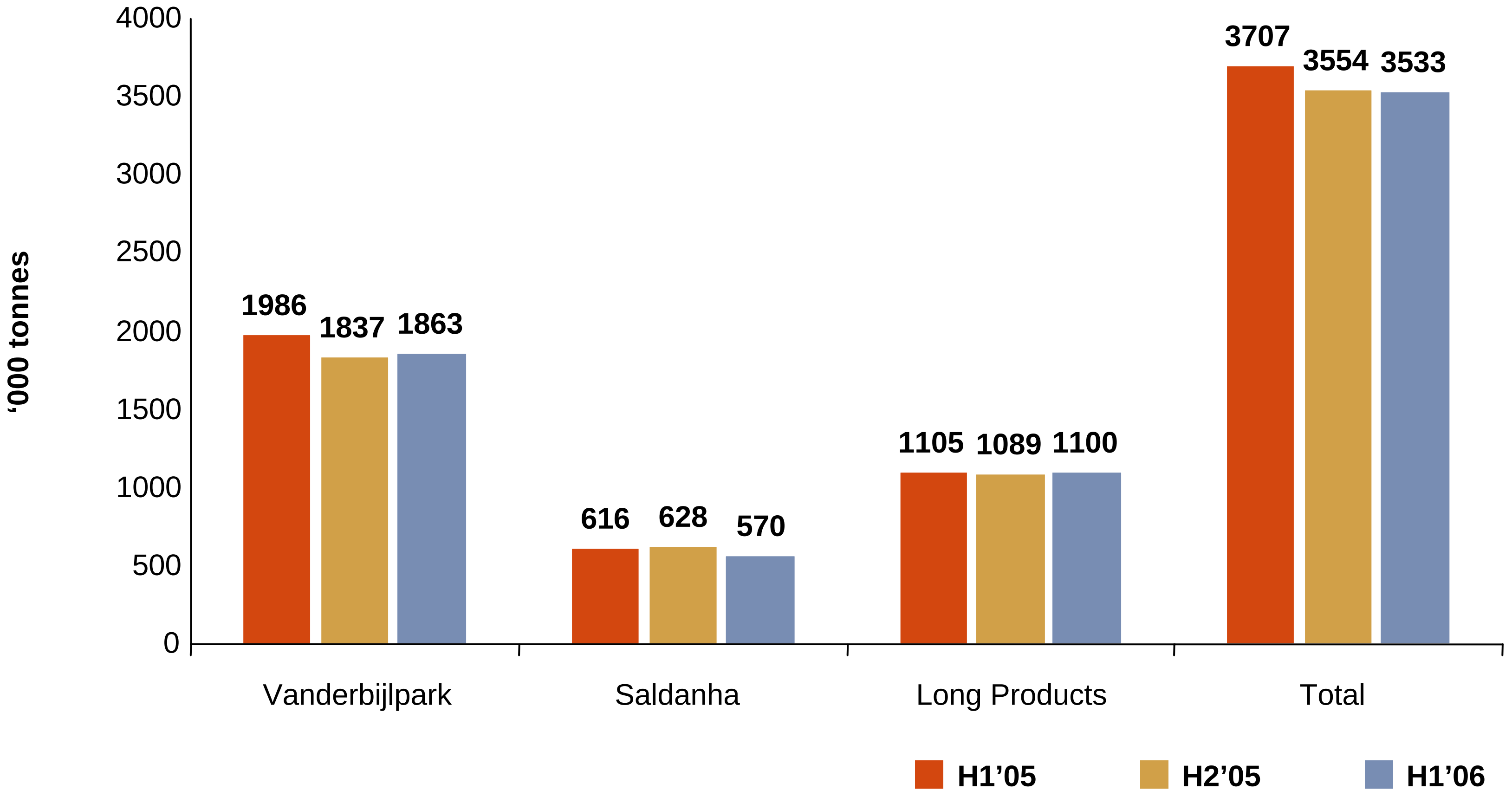
Although increasing trend, imports remain relatively low

Key Performance Indicators

		H1'05	H2'05	**H1'06**
Employees per million tonnes produced		1 489	1 487	**1 413**
Revenue per head (R'000)		2 282	2 321	**2 571**
HRC & Billet cash cost	- R/t	1 859	1 972	**2 045**
	- US$/t	*300*	*303*	***325***
Local sales as % of total sales		58%	54%	66%

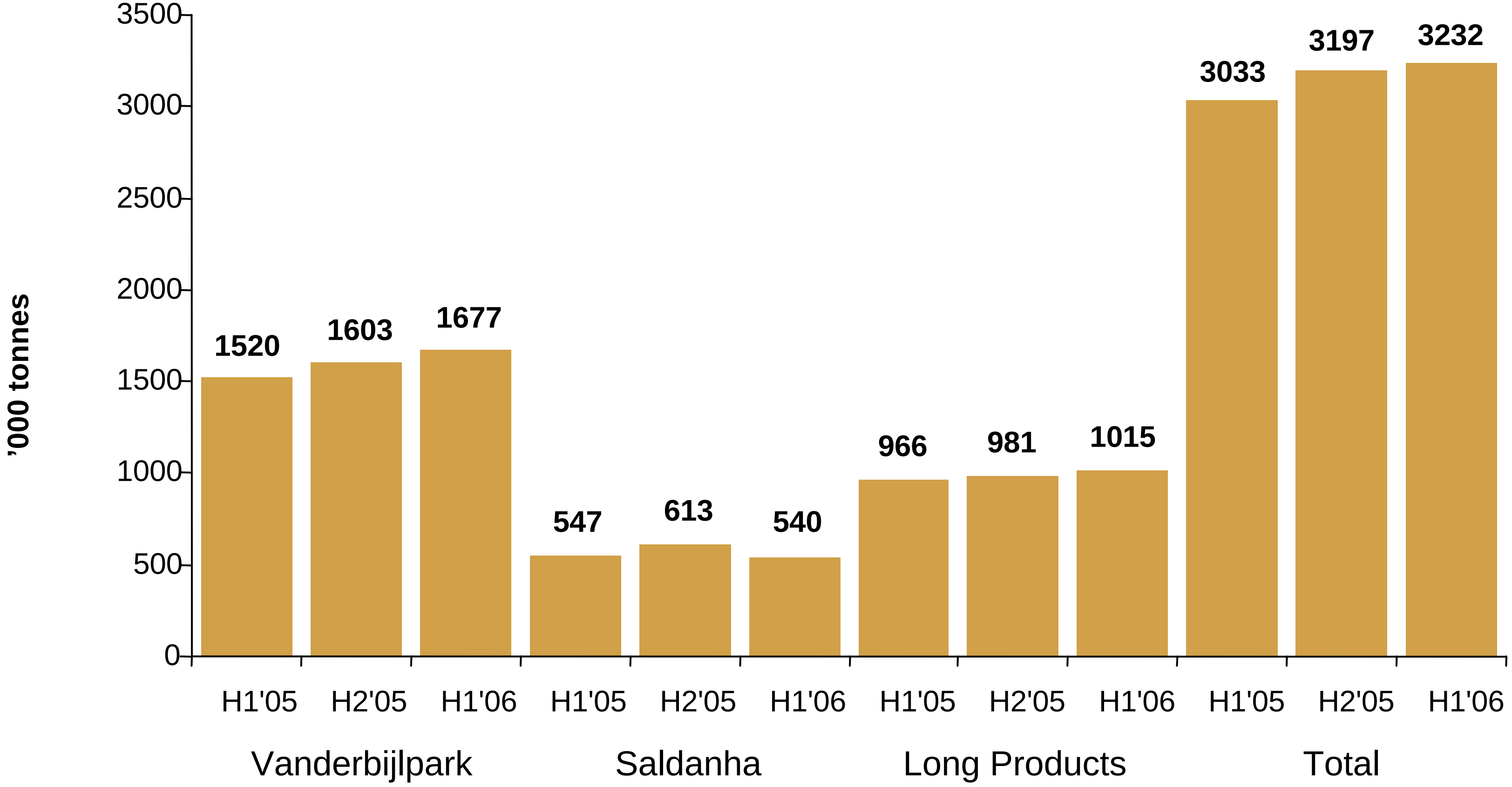
Continued focus on cost and local market

Liquid Steel Production Volumes



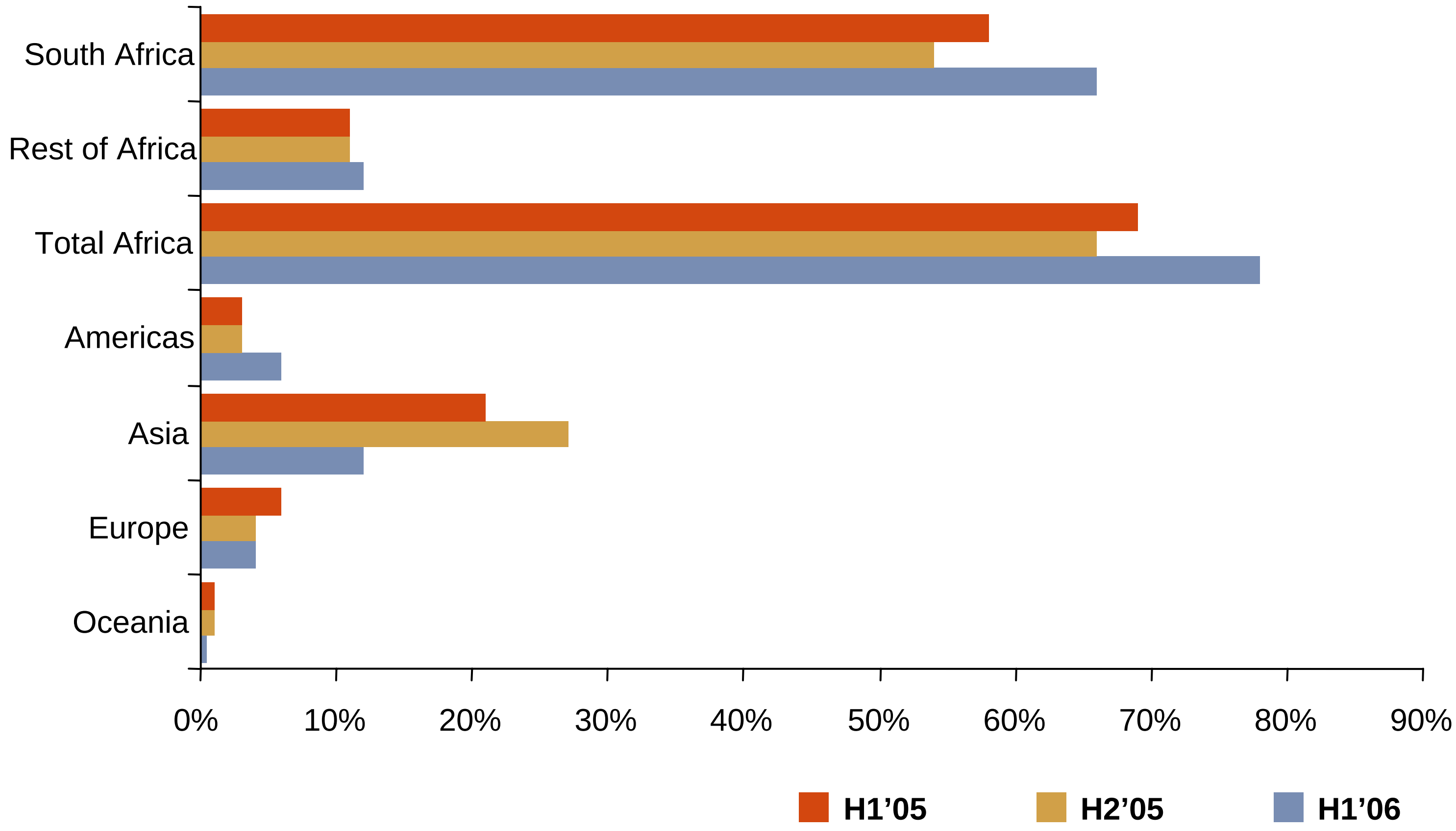
Production interruptions during Q1'06 reduced output

Shipment Volumes



Despite production interruptions, sales improved by 7%

Mittal Steel South Africa - Geographic Sales



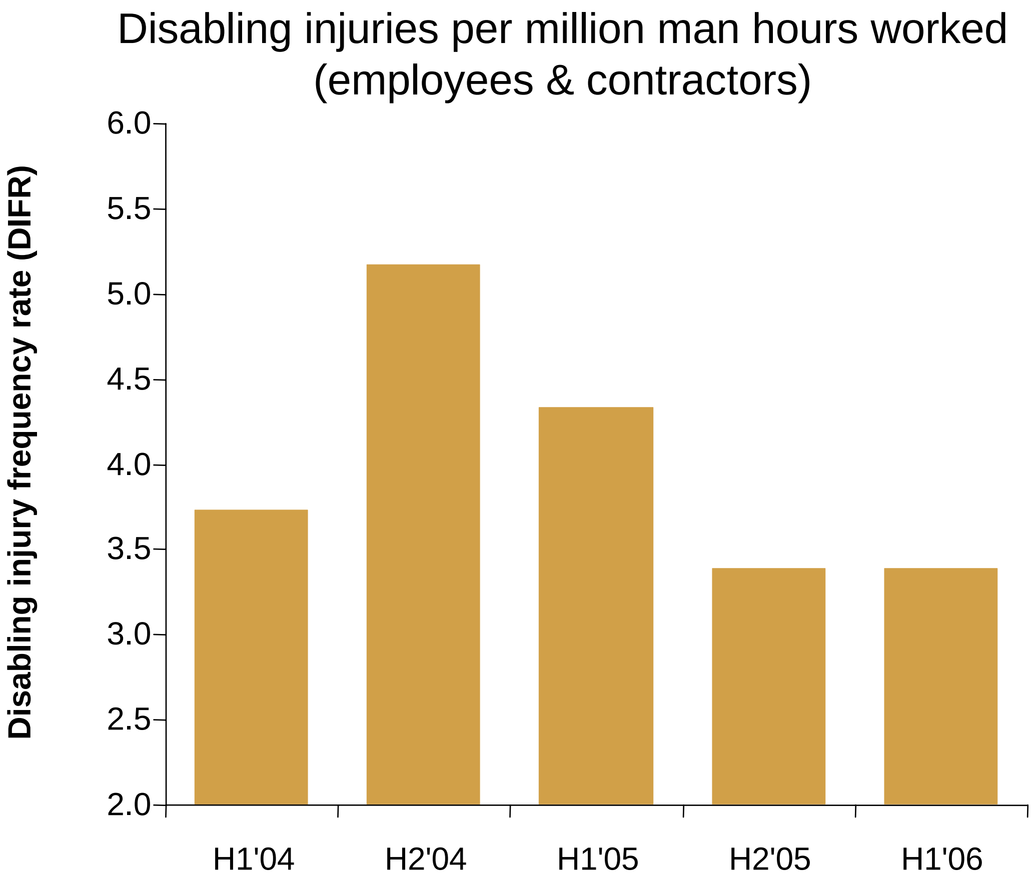
Focus will remain on Africa

Investment Programme

Rm	2006 to 2009
Relines	1 700
Maintain capability	1 000
Environmental related projects	700
Value adding projects	3 000
Completed in 2005	**1 568**
Completed in 2006 YTD	**545**

Investment plan on track

Safety Remains our Priority



- 21% improvement in DIFR
- 1.8m man hours without disabling injury at Vanderbijlpark
- 1.0m man hours without disabling injury at Newcastle
- Saldanha Steel ranked amongst the world's best

Improved safety performance

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finance

Kobus Verster

Headline Earnings

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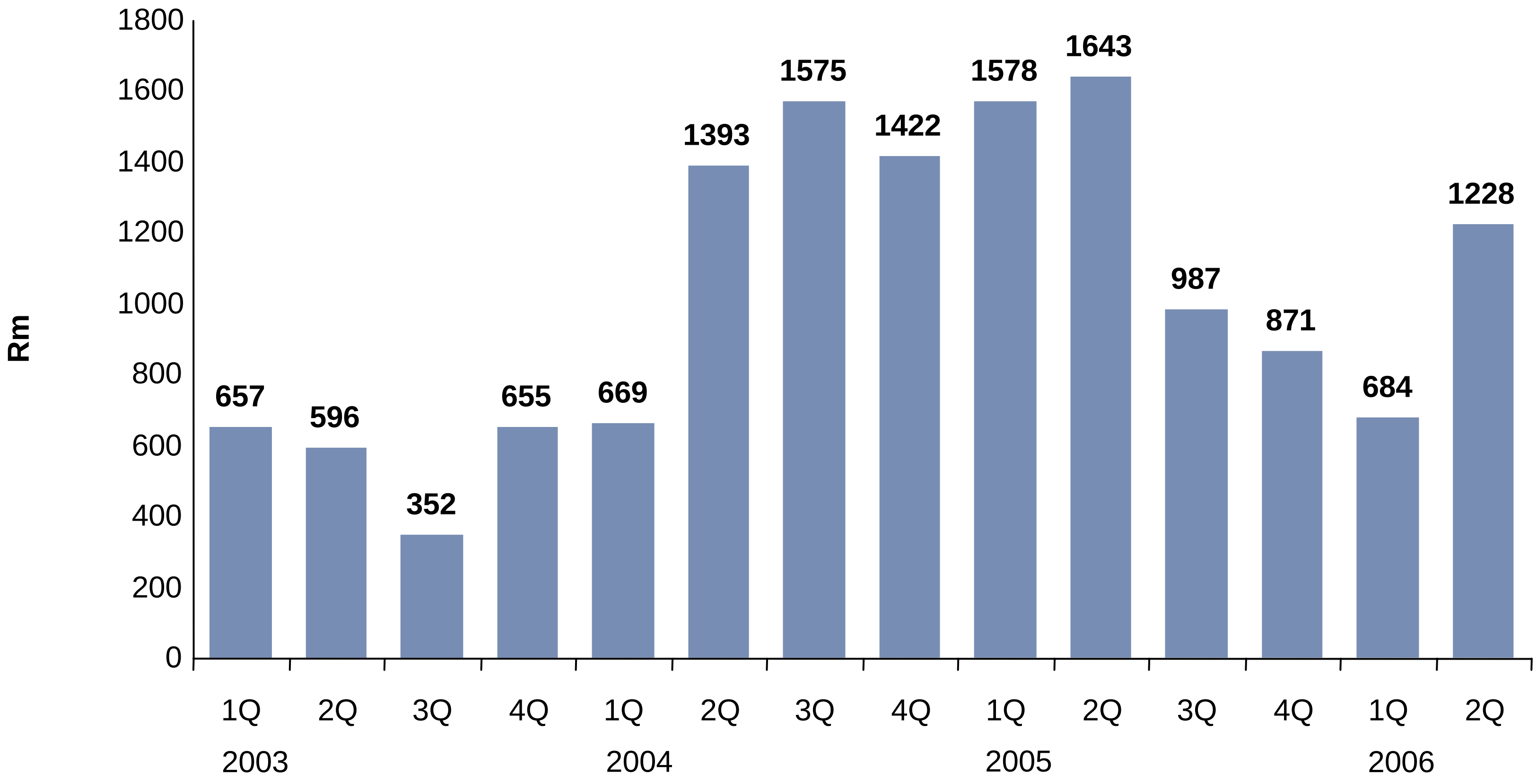
Rm	H1'05	H2'05	**H1'06**
Revenue	12 386	11 910	**12 132**
Net operating profit	4 053	2 813	**2 202**
Gains & losses on forex & financial instruments	287	(42)	**476**
Financing cost - net intst income	66	76	**147**
- imputed intst on non-current prov	(30)	(110)	**(26)**
Income from investments	3	2	**2**
Tax	(1 326)	(1 001)	**(908)**
Equity earnings*	157	120	**19**
Goodwill impairment	11		
Headline earnings	3 221	1 858	**1 912**
- in US$m	*521*	*286*	**302**

* After tax

Earnings up 3% on previous six months

Comparable Headline Earnings Trend



Earnings remain healthy and off recent low

Operating Profit

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Rm	H1'05	H2'05	**H1'06**
Flat steel	2 812	1 679	**1 181**
Long steel	1 125	983	**935**
Coke & Chemicals	159	142	**62**
Corporate & others	(43)	9	**24**
Total	4 053	2 813	**2 202**

Lower but robust profitability

Cash Flow

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Rm	H1'05	H2'05	**H1'06**
Cash profits from operations	4 944	3 451	**3 305**
Change in working capital	(934)	952	**(703)**
Capex	(493)	(1 074)	**(606)**
Net interest income	74	93	**153**
Investment income	3	40	**96**
Tax	(1 501)	(1 466)	**(784)**
Dividends	(1 783)	(1 070)	**(624)**
Net cash flow	310	926	**837**
Net cash	4 249	5 137	**5 969**

Strong cash flow

Financial Ratios

	H1'05	H2'05	**H1'06**
Operating margin (%)	33	24	**18**
EBITDA margin (%)	37	29	**23**
Revenue/invested capital (times)*	1.5	1.5	**1.3**
Return on equity (%)*	37	21	**19**
Net cash/equity (%)	22.5	26.3	**28.6**

*Annualised

Ratios still support good investment case

Share Performance

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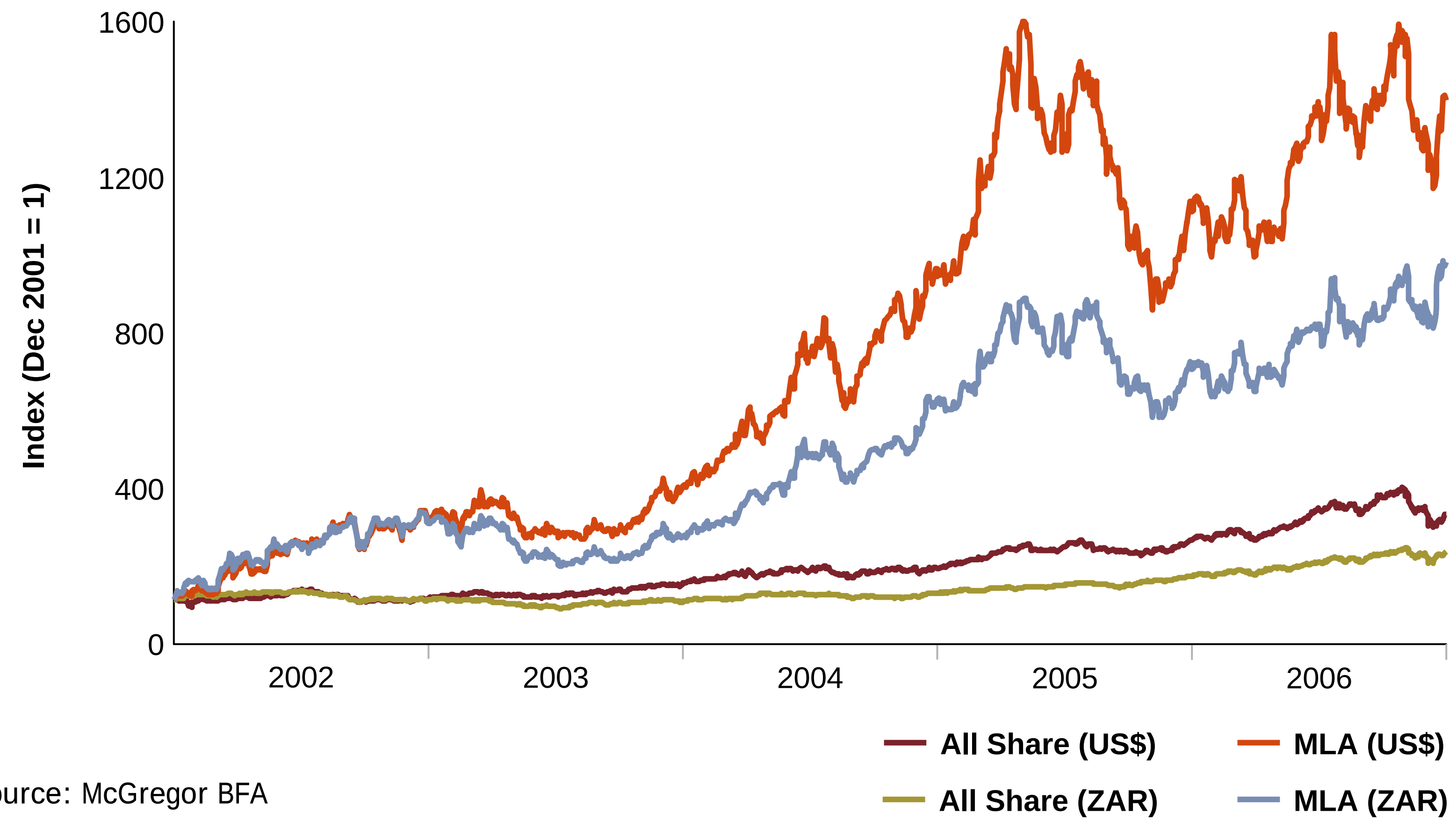

Source: McGregor BFA

Excellent share performance in both ZAR & US$

Dividend

- Dividend policy
  - Distributing one third of headline earnings
- Dividend declared
  - Interim dividend of 143 cents per share - 4 September 2006
  - Dividend covered 3 times by EPS of 429 cents

other developments

Davinder Chugh

Competition Tribunal, SARS and Pricing Policy

Competition Tribunal

- Final arguments to be heard in November 2006
- Decision probable only next year

SARS BAA dispute

- Awaiting SARS response regarding arbitration

Pricing structure

- New pricing structure
- Interaction with DTI continues

Blast Furnace D Reline

Blast furnace D reline postponed to Q1'07

- Initial timeline resulted in increased risk
- Delay may improve competitive contracting
- Interim measures in place to counter risk of extension

Delay of reline should not have a material financial impact

Corporate Social Investment

- Mittal Steel South Africa Science and Educational Centre
- Science Unlimited exhibition
- Mittal Steel Science Olympiad
- Sport Development Fund

CSI focus is on education, housing and job creation

Merger with Arcelor

- Strong support for merger
  - 92% acceptance by Arcelor shareholders
- Unrivalled geographic footprint
- Exposure to technologically advanced products
- Leading position in developed markets in Europe & North America
- High level of vertical integration and unmatched financial flexibility

Merger with Arcelor

- Annual synergies of US$1.6bn
  - Marketing & trading US$570m
  - Purchasing US$500m
  - Manufacturing and process optimisation US$470m
- Combined output of 114mtpa and EBITDA of US$14.5bn
- Leading position in the most attractive markets
  - 61 plants
  - 27 countries
- Reducing cyclicality with geographic & product diversification

Strong industry logic

outlook

Outlook for Q3'06

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Business environment

- Local demand expected to improve further
- International price trends will impact from H2'06
- Stable production environment expected
- Raw material prices continue to influence production cost
- Exchange rate will have an important influence

Earnings

- Earnings expected to remain strong in Q3'06

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