



ArcelorMittal

ArcelorMittal South Africa

Overview



ArcelorMittal

Vision & Mission

- Vision – To be the preferred supplier of steel solutions for the development of sub-Saharan Africa
- Mission statement – We aim to achieve our vision by:
 - Producing safe, sustainable steel
 - Pursuing operational excellence in all business processes
 - Producing innovative steel solutions for our customers
 - Caring for our environment and the communities in which we operate
 - Striving to become an employer of choice
 - Living the brand values of sustainability, quality, leadership
- Target markets – Sub-Saharan Africa



Strategic goals

- Industry leading value-creation for our shareholders
 - Positive economic value add over the steel price cycle
- Improve operating capabilities
 - Value creating throughput increases
 - Substantial reduction in hot rolled / coil real costs
- Build on existing performance culture
 - Create an environment that generates true employee pride and attracts, develops and retains top-performing people
- Be a responsible corporate citizen



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Evolution of ArcelorMittal South Africa

- **1928** - Iscor founded
- **1989** - Iscor privatized & listed on the JSE
- **1996** - Iscor embarks on major restructuring programme
- **2001** - Unbundling of steel & mining into Iscor & Kumba
- **2002** - Iscor gets into strategic partnership with LNM & BAA start-up
- **2004/5** - LNM lifts stake to 52% and changes name to Ispat Iscor
- **2005** - LNM Holdings and Ispat merge to form Mittal Steel
- **2006** - Mittal Steel merge with Arcelor to form ArcelorMittal
- **2007** - Name change to ArcelorMittal South Africa

ArcelorMittal South Africa's standing



- Largest steel producer on the African continent
- Produces 5,8 mt of liquid steel per annum
 - 4.1mt flat
 - 1.7mt long
- Modern, highly competitive supplier of steel products with turnover of R40bn
- Global standing is underpinned by being part of the world's largest steel producer, ArcelorMittal. This relationship facilitates:
 - world-class R & D;
 - best practice processes;
 - aggressive procurement contracts, and
 - international market leverage
- ArcelorMittal South Africa is amongst the world's lowest cash cost producers



ArcelorMittal South Africa's Operations

Flat Steel Products shipped*

- Vanderbijlpark Works – 2.6 Mtpa
- Saldanha Works – 0.8 Mtpa

Long Steel Products shipped*

- Newcastle Works – 1.3 Mtpa
- Vereeniging Works – 0.4 Mtpa

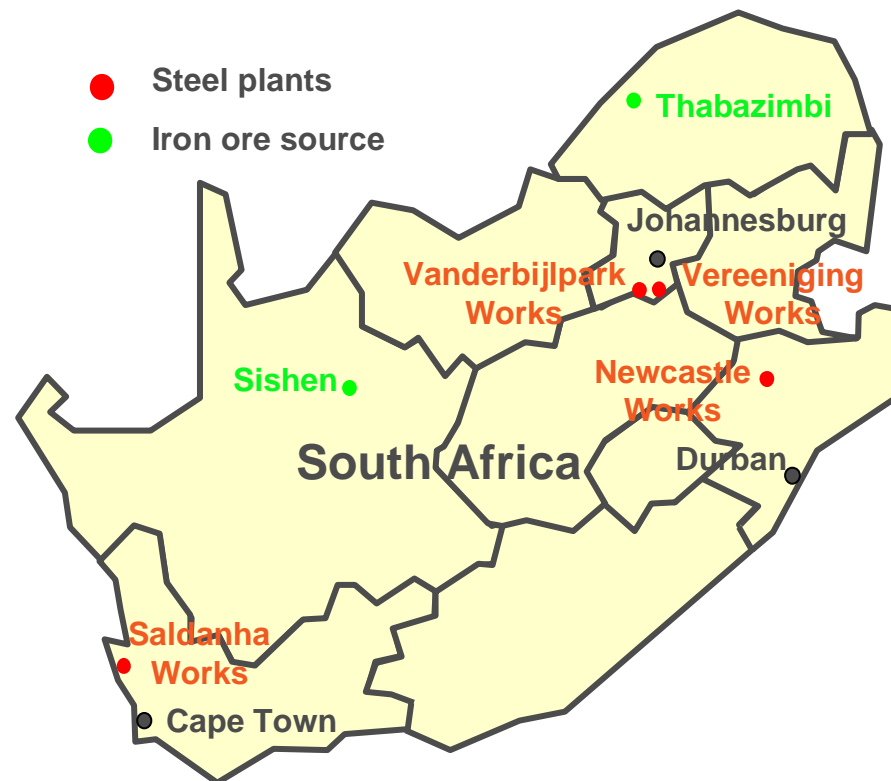
Iron ore consumed*

- 4.7 Mtpa from Sishen
- 2.3 Mtpa from Thabazimbi

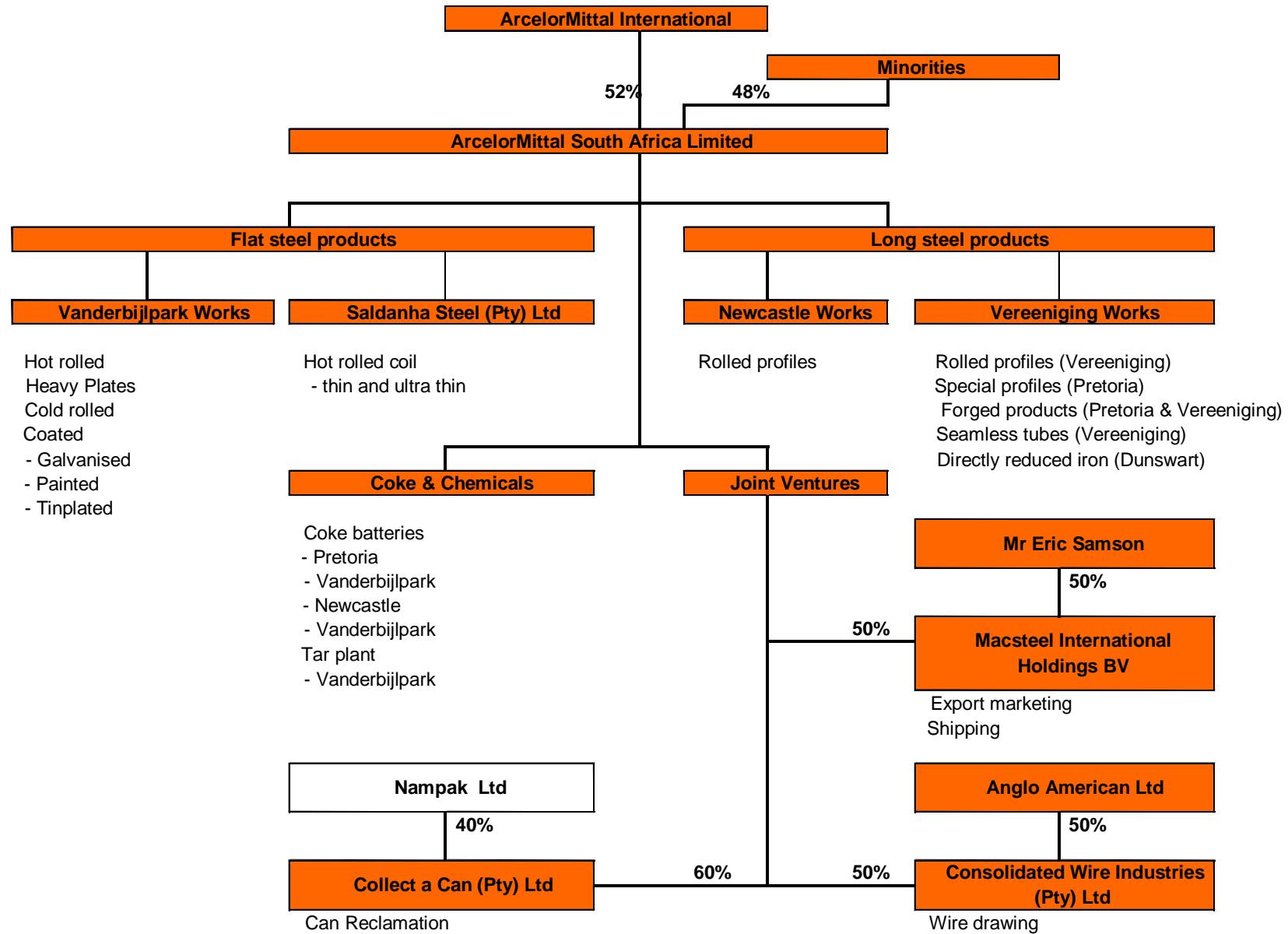
Coke & Chemicals shipped*

- Coke – 813 542 tpa
- Tar – 139 536 tpa

*12 months to December 2008



Company Structure

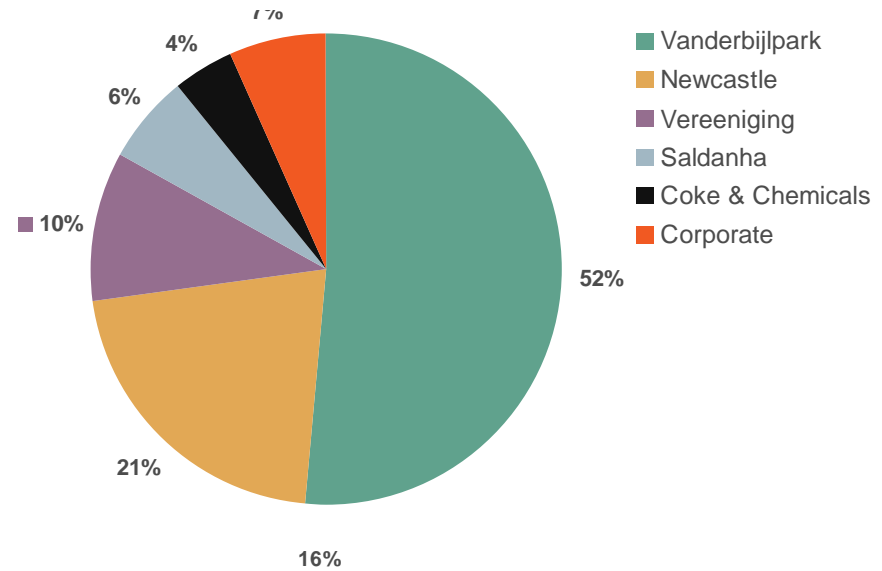


ArcelorMittal SA 2008 key figures



	2007	2008
Sales (R billion)	29.3	39.9
EBIDTA (R billion)	8.8	13.6
Operating income (R billion)	7.7	12.2
Headline earnings (R billion)	5.7	9.5
Shipments (million tonnes)	5.8	5.1
Steel production (million tonnes)	6.4	5.8

9 100 permanent employees



Africa's largest steel company



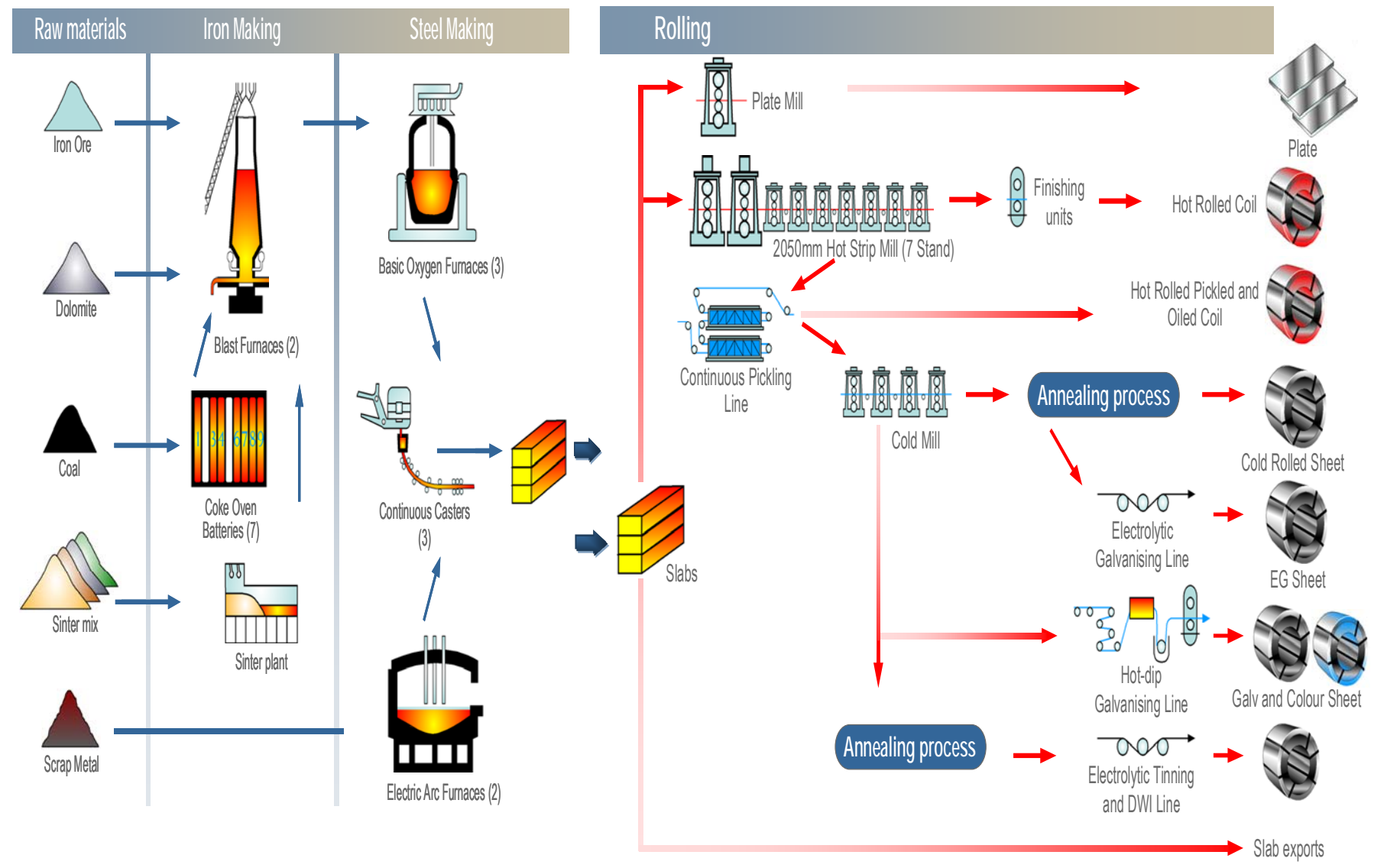
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Products

ArcelorMittal South Africa's plant mix

Operating unit	Plant
Electric arc furnaces	3 Vanderbijl 1 Vereeniging
Blast furnaces	2 Vanderbijl 1 Newcastle
DRI kilns	2 Vanderbijl
Corex and Midrex process	Saldanha
Basic Oxygen furnaces	3 Vanderbijl

Flat Steel Vanderbijlpark Works Process Flow



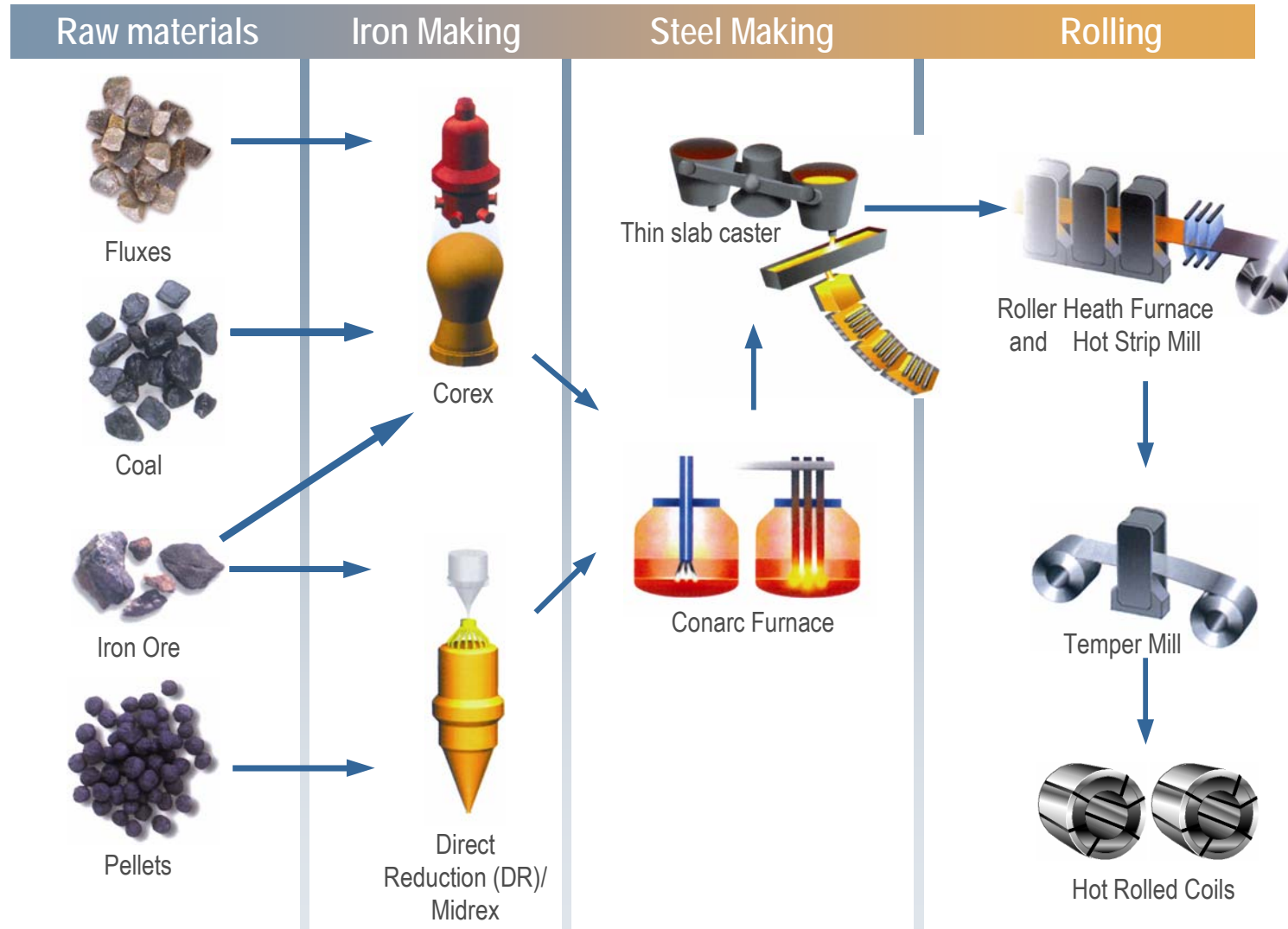
Vanderbijlpark Works



2008

- Liquid steel production ('000 tons)	3 227
- Sales tons	2 608
- Domestic percentage	91%
- Manpower	4 582
- Area of site	2 300 Ha
- Perimeter	20 km
- Rail networks	256 km and 38 locomotives
- Electricity consumption	6,28 GWh per day
- Primary raw materials received	23 300 tons per day
- Secondary raw materials received	4 560 tons per day
- Water consumption	65 000 kilo liters per day

Saldanha Works Process flow



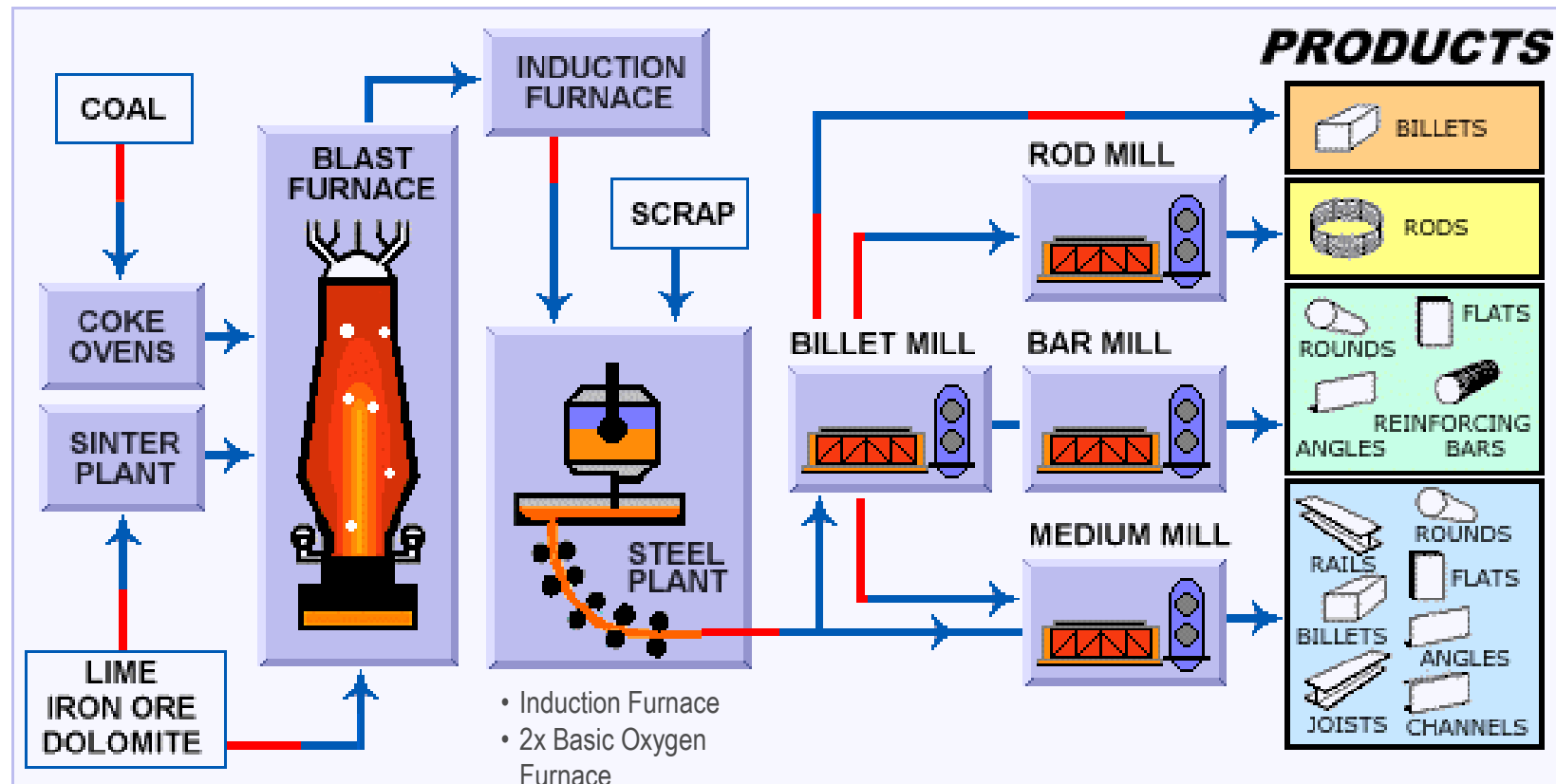
Saldanha Works



2008

- Liquid steel production ('000 tons)	857
- Sales tons	805
- Domestic percentage	59%
- Manpower	556
- Area of site	432 Ha
- Perimeter	5,1 km
- Electricity consumption	3,8 GWh per day
- Primary raw materials received	9 800 tons per day
- Water consumption	7 500 kilo liters per day

Long Steel Newcastle Works Process Flow



- Induction Furnace
- 2x Basic Oxygen Furnace
- 2x Ladle Furnace
- Vacuum degasser unit
- 2x6 Strand continuous bloom casters

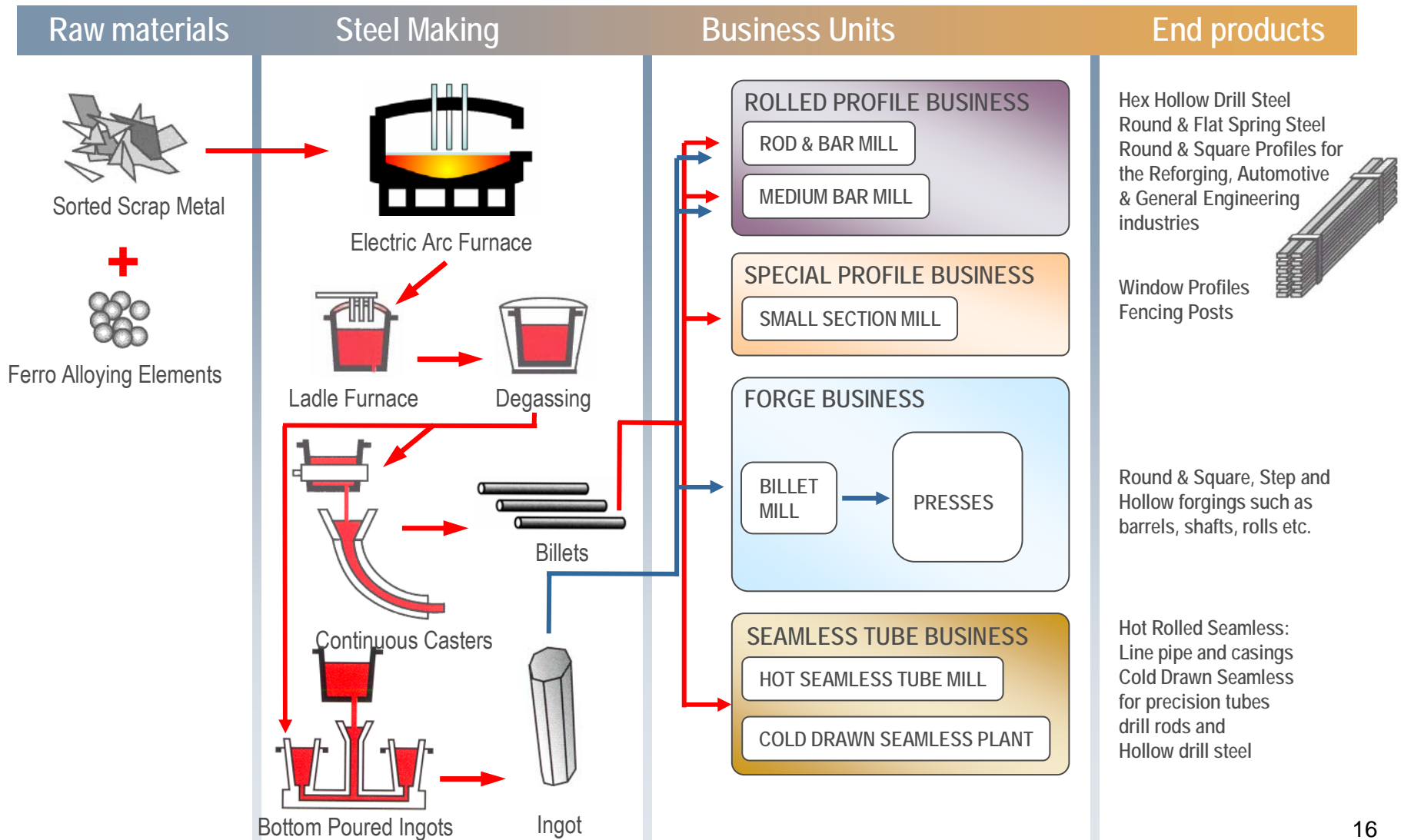
Newcastle Works



2008

– Liquid steel production ('000 tons)	1 345
– Sales tons	1 260
– Domestic percentage	95%
– Manpower	1 921
– Area of site	1 697 ha
– Perimeter	18.97 km
– Rail networks	90 km
– Electricity consumption	1 539 MWh per day
– Primary raw materials received	9 350t per day
– Water consumption	17 000 kilo liters per day

Vereeniging Works Process Flow



Vereeniging Works



2008

- Liquid steel production ('000 tons)	345
- Sales tons	413
- Domestic percentage	82%
- Manpower	948
- Area of site	100 Ha (5 sites)
- Perimeter	15 km
- Rail networks	16 km
- Electricity consumption	1 100 MWh per day
- Primary raw materials received	1 200 ton per day
- Water consumption	894 kilo liters per day

Coke & Chemicals



2008

– Production ('000 tons)	
• Market Coke	859
• Tar	126
– Sales ('000 tons)	
• Market Coke	814
• Tar	140
– Manpower	323
– Electricity consumption	63 MWh per day
– Primary raw materials received	3 721 ton per day
– Water consumption	1 395 kilo liters per day

Product sales distribution 2008



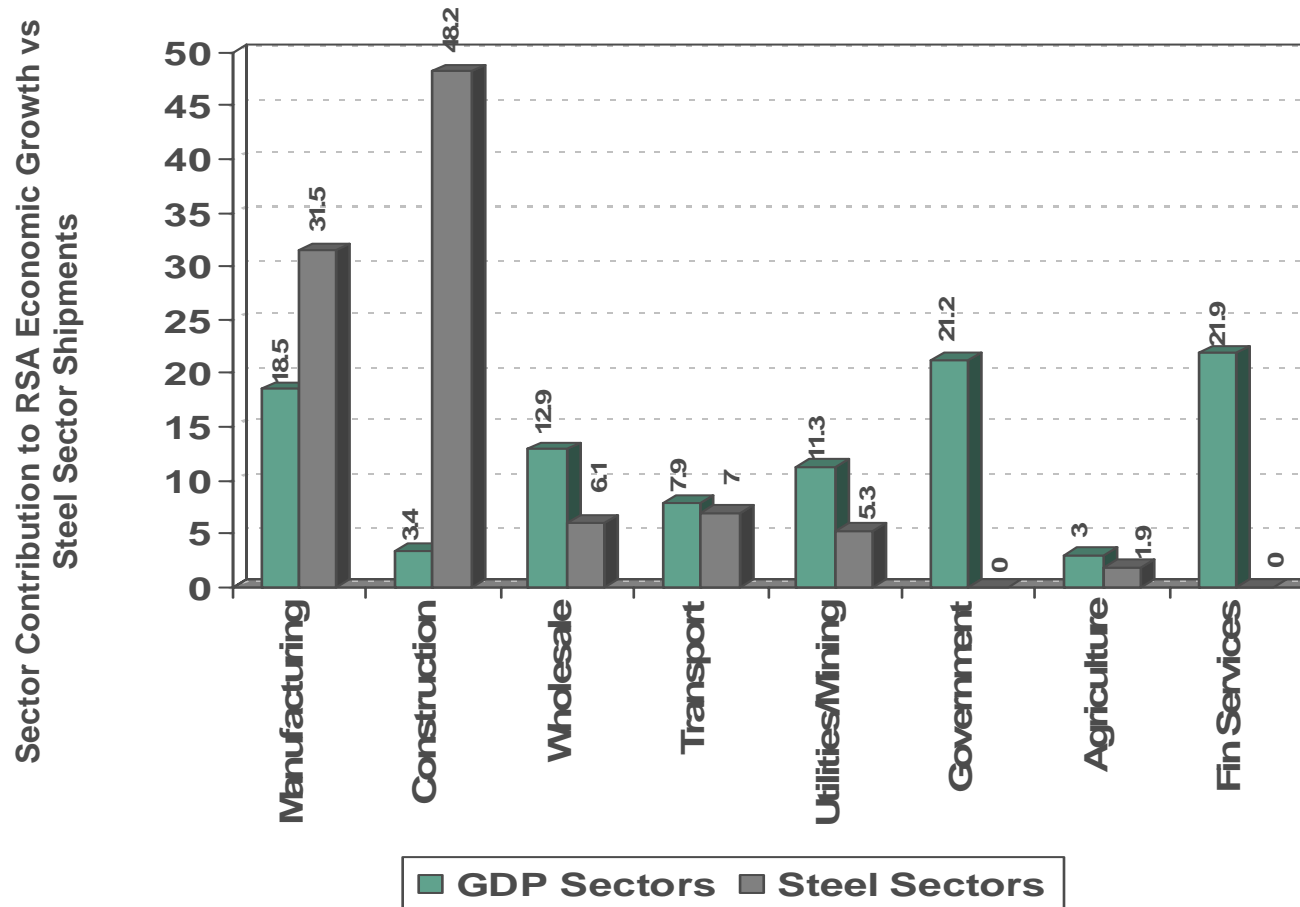
Flat Carbon Steel Products

Cold Rolled	10%
Colour Coated	3%
Electro Galvanised	2%
Hot Dipped Galvanised	13%
Hot Rolled	56%
Plate	6%
Slabs	1%
Tin Plate	8%

Long Carbon Steel Products

Bars	17%
Semis	2%
Seamless Tubes	6%
Sections	25%
Manufactured Long Products	7%
Rails	1%
Rebar	12%
Windows	3%
Wire Rod	28%

Domestic Environment: Shipment to Industries



Source: SAISI 2009Q1 Shipments to Industries
SARB Bulletin 2009Q1 SA Annualised GDP



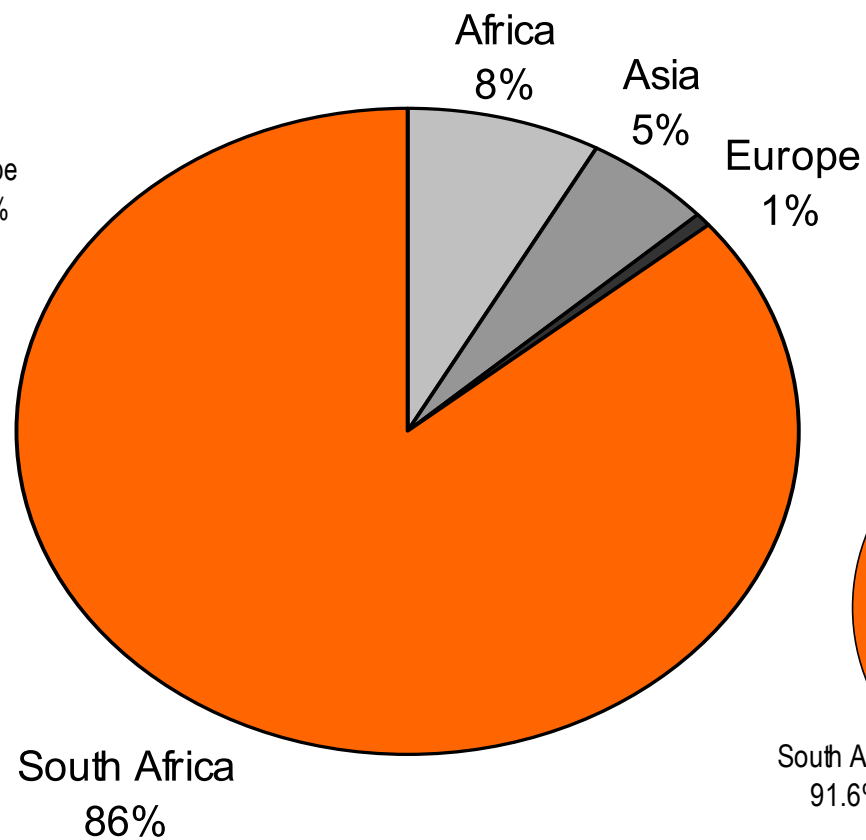
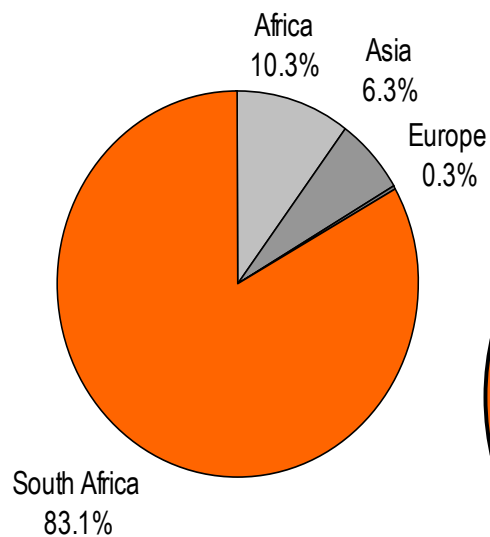
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Production and Sales

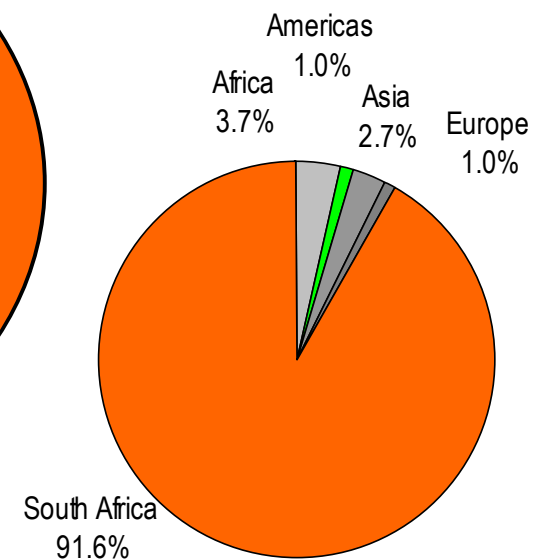
Geographical Sales Distribution 2008

Total carbon steel products

Flat carbon steel products



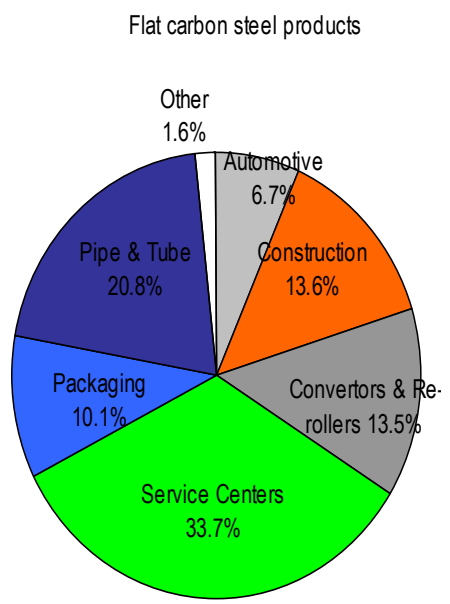
Long carbon steel products



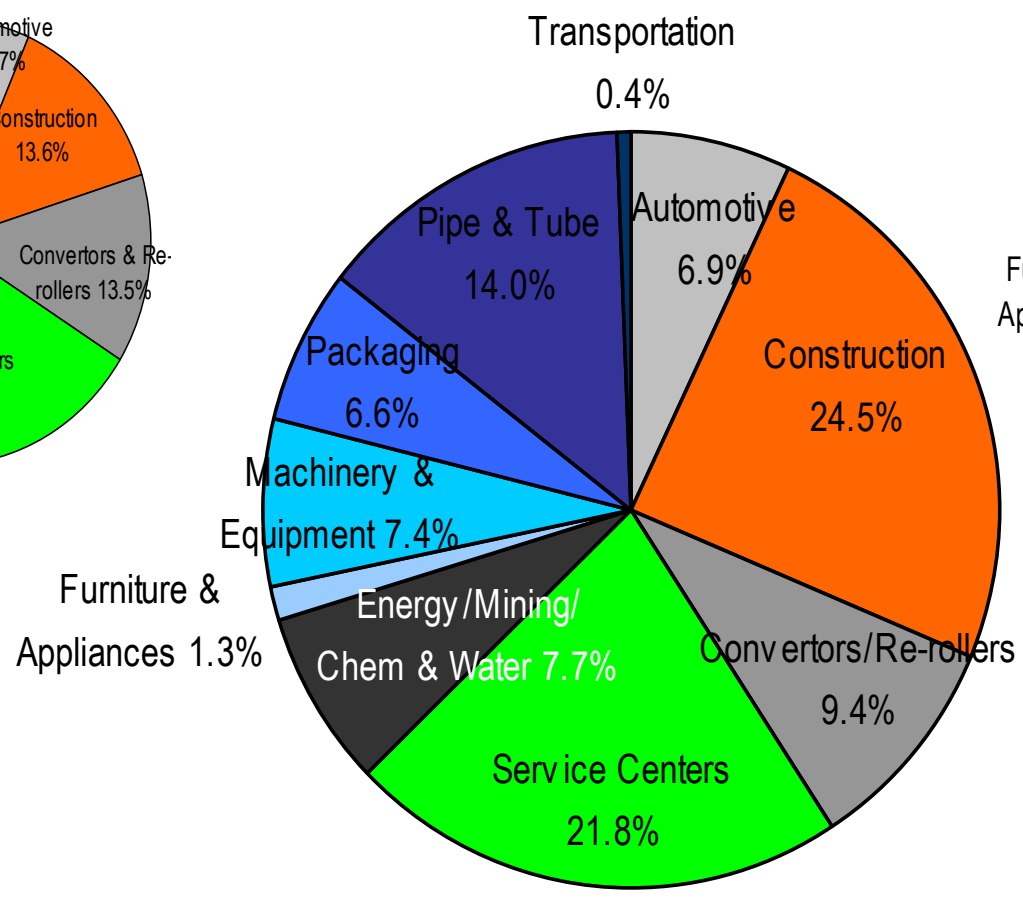


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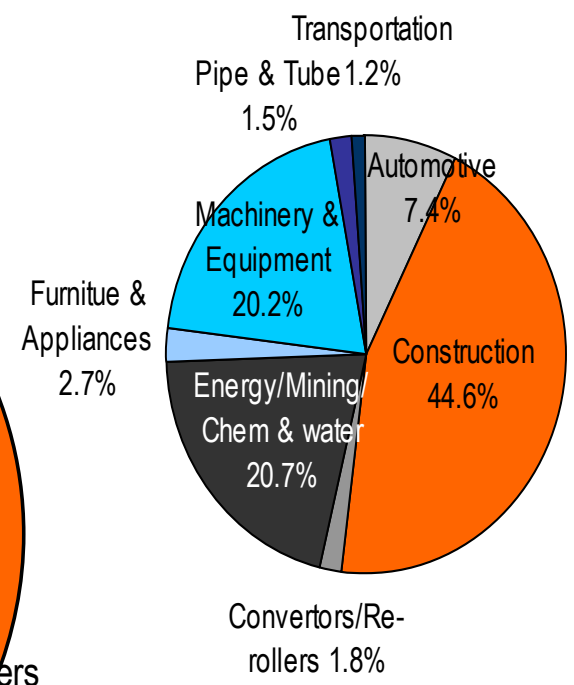
Domestic Market Segmentation 2008



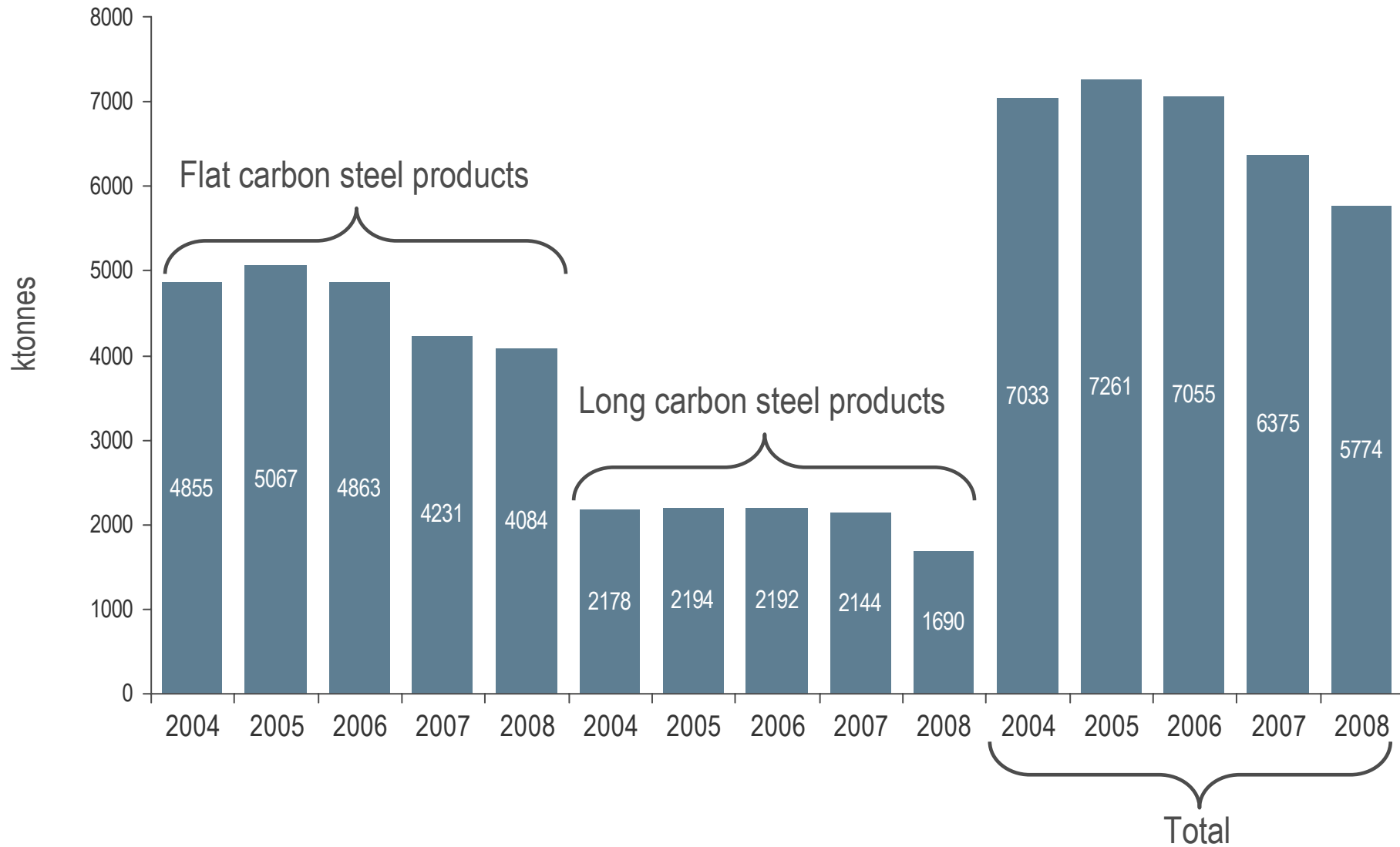
Total carbon steel products



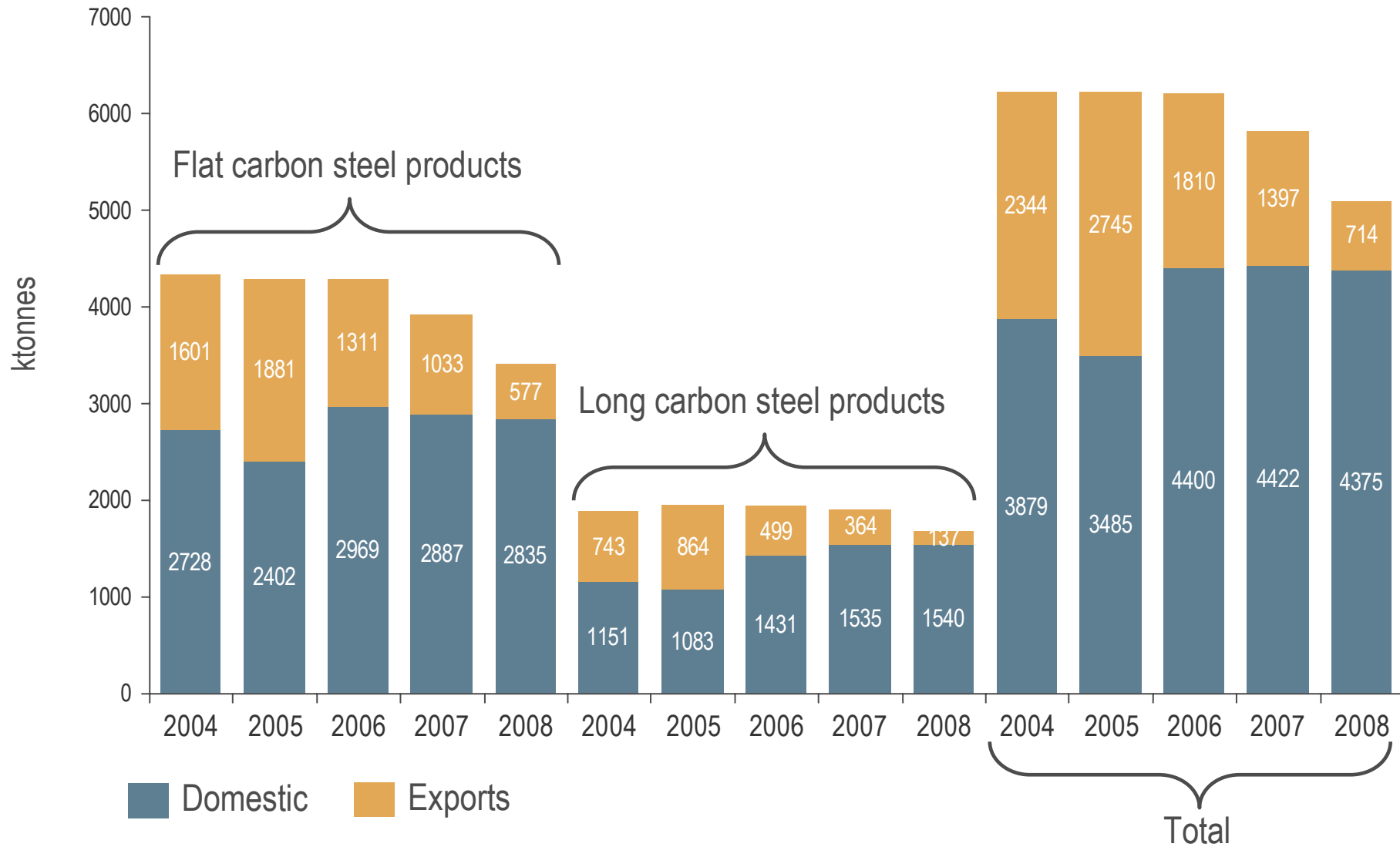
Long carbon steel products



Liquid Steel Production - 2008



Shipment Volumes - 2008





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The Basket Pricing Model

- In 2006, ArcelorMittal South Africa switched to a pricing model that uses a “basket of domestic prices” in a number of comparator countries, such as Korea, Germany, China, Russia, Taiwan, Brazil and the US, to set its domestic (South African) steel prices.
- The switch better aligns ArcelorMittal South Africa’s global domestic pricing structures with global commodity costs, taking into account the direction of market movements and exchange rate volatility.
- This price represents a world average price and sets the basis for ArcelorMittal South Africa’s maximum domestic price list.



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SHE/CSI

Corporate Responsibility: How we do what we do



Our position in the industry brings unique opportunities and unique responsibilities. Our future success partly depends on the wider world giving us the freedom and flexibility to succeed. We will earn its trust to do so by behaving responsibly.

ArcelorMittal will transform tomorrow by:

Investing in our people

Making each and every person working on our behalf feel valued.

Making steel more sustainable

Using our expertise in steel to develop cleaner processes and greener products.

Enriching our communities

Our presence plays an important role in all the communities where we operate.

...all this is underpinned by **transparent governance**

The Corporate Responsibility strategy is driven through four focus areas

Implementing a Corporate Responsibility strategy



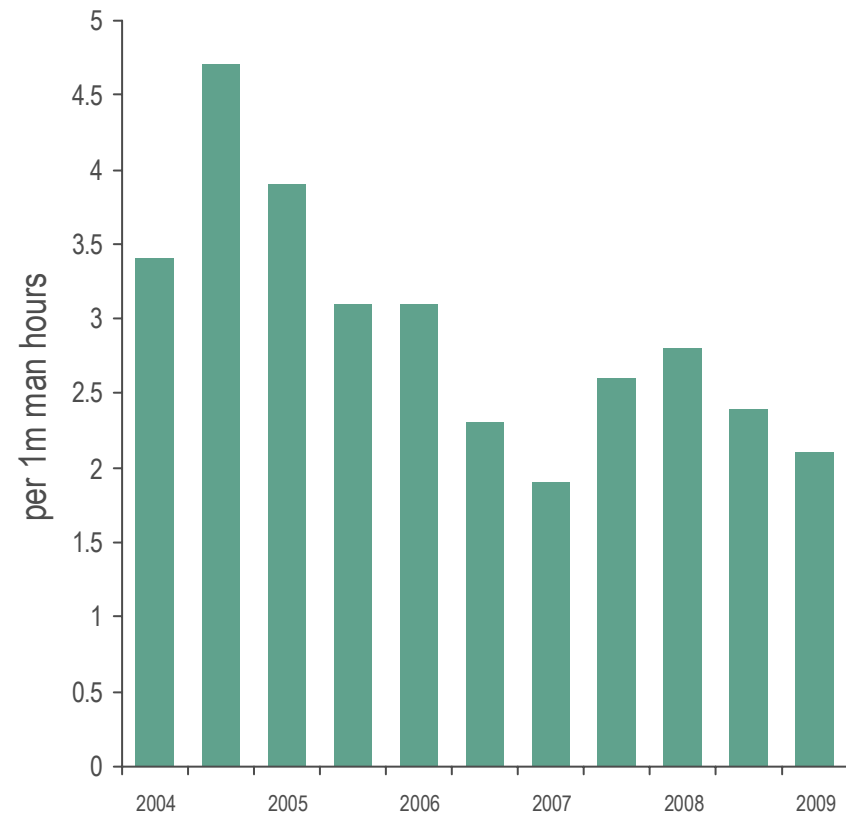
Safety Remains our Priority



Policy, initiatives and actions

- ✓ Top management priority
- ✓ Health and Safety policy launched in March 2007
- ✓ Injury tracking and reporting database to monitor injuries, lost days and significant events in place
- ✓ Fatality prevention and process standards, and 'golden rules' introduced
- ✓ 'Shop Floor' auditing procedure rolled-out
- ✓ 'Journey to Zero' initiative launched (September 2008)

Lost Time Injury Frequency Rate
(Employees and Contractors)



ArcelorMittal South Africa



Environment

ArcelorMittal is committed to eliminate or minimize the main environmental impacts caused by its activities:

Rational use of water, electricity and natural resources;

- Monitoring of impacts (air, water, waste, noise etc)
- Promote the reduction, reuse and recycling of waste generated by its processes;
- Comply with environmental laws;
- Continuous improvement of processes;
- All South African plants are ISO 14001 certified with the exception of Dunswart facility and Small Section Mill in Pretoria



Environmental Objectives

The following strategic objectives reflect the company's ambition to improve environmental performance

- Reduce water abstraction per tonne of crude steel produced by 40% by 2010, with the year 2005 as the baseline.
- Achieve and maintain ambient PM 10 dust levels of 40 µg/Nm³ (annual average), measured along the fence line, by 2012.
- Improve material efficiency rate* by 20% by 2011.
- Reduce CO₂ emissions per tonne of crude steel by 7% by 2014, with the year 2005 being the baseline.
- To improve energy efficiency by 15% by 2014, with the year 2000 being the baseline.

* Material efficiency rate = (Crude steel production – Waste)/Crude steel production *100%



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Enriching our communities

- Active CSI programme – R220m invested over the past decade
- Priority CSI areas
 - Education with special emphasis on mathematics, science and technology
 - Job creation and poverty alleviation
 - Health & Safety
 - BBBEE & SME development



- Key CSI projects
 - R250 million, multi-year programme to build 10 schools
 - Science centres in Sebokeng and Saldanha
 - ..% shareholder in Collect-a-Can recycling company
 - R30 million preferential procurement initiative
 - Noah's Ark – Care for Aids orphans
 - Small-scale community projects
 - Volunteer Day: mobilising our

employees to do good

Our presence plays an important role in all the communities where we operate



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Disclaimer

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