



## Reviewed group financial results for the year ended 31 December 2012

### Condensed group statement of comprehensive income

Quarter ended (unaudited)			Year ended	
31 December 2012	30 September 2012	31 December 2011	31 December 2012	31 December 2011
In millions of rands				
<b>6 885</b>	7 614	7 258	<b>32 291</b>	31 453
<b>(3 754)</b>	(4 731)	(5 672)	<b>(18 760)</b>	(19 886)
<b>(814)</b>	(820)	(758)	<b>(3 356)</b>	(3 164)
<b>(684)</b>	(932)	(653)	<b>(3 156)</b>	(3 177)
<b>(335)</b>	365	932	<b>(467)</b>	1 733
<b>(420)</b>	(389)	(363)	<b>(1 582)</b>	(1 409)
<b>(5)</b>	(4)	(4)	<b>(16)</b>	(14)
<b>(1 456)</b>	(1 258)	(1 025)	<b>(5 431)</b>	(5 239)
<b>(583)</b>	(155)	(285)	<b>(477)</b>	297
<b>108</b>	4	5	<b>60</b>	31
<b>(83)</b>	(108)	(106)	<b>(334)</b>	(168)
<b>(53)</b>	61	120	<b>59</b>	(34)
<b>(611)</b>	(198)	(266)	<b>(692)</b>	126
<b>149</b>	50	82	<b>184</b>	(118)
<b>(462)</b>	(148)	(184)	<b>(508)</b>	8
<b>50</b>	(16)	14	<b>61</b>	315
	(9)	(10)	<b>(33)</b>	(12)
<b>44</b>	(6)		<b>36</b>	7
<b>(368)</b>	(179)	(180)	<b>(444)</b>	318
<b>(462)</b>	(148)	(184)	<b>(508)</b>	8
<b>(368)</b>	(179)	(180)	<b>(444)</b>	318
<b>(115)</b>	(37)	(46)	<b>(127)</b>	2
<b>(115)</b>	(37)	(46)	<b>(127)</b>	2

### Condensed group statement of financial position

In millions of rands	As at 31 December 2012	As at 30 September 2012	As at 31 December 2011
	Reviewed	Unaudited	Audited
<b>Assets</b>			
Non-current assets	19 419	19 323	19 573
Property, plant and equipment	16 068	16 017	16 618
Intangible assets	121	117	126
Equity accounted investments	3 204	3 165	2 772
Other financial assets	26	24	57
Current assets	11 479	12 629	12 849
Inventories	8 761	9 038	9 935
Trade and other receivables	1 669	3 282	2 374
Taxation	154	16	11
Other financial assets	11	14	100
Cash and cash equivalents	884	284	439
<b>Total assets</b>	<b>30 898</b>	<b>31 952</b>	<b>32 422</b>
<b>Equity and liabilities</b>			
Shareholders' equity	22 242	22 605	22 669
Stated capital	37	37	37
Non-distributable reserves	(2 178)	(2 137)	(2 231)
Retained income	24 383	24 705	24 863
Non-current liabilities	4 091	4 450	4 474
Borrowings and other payables (Note 7)	2 701	259	241
Finance lease obligations	426	464	451
Deferred income tax liability	203	2 166	2 310
Provision for post-retirement medical costs	9	7	7
Non-current provisions	1 355	1 554	1 465
Current liabilities	4 565	4 897	5 279
Trade and other payables	3 922	4 186	4 644
Borrowings and other payables	157	155	107
Finance lease obligations	77	53	57
Taxation	97		
Current provisions	312	280	471
Bank overdraft		223	
<b>Total equity and liabilities</b>	<b>30 898</b>	<b>31 952</b>	<b>32 422</b>

### Condensed group statement of changes in equity

In millions of rands	Stated capital	Treasury share equity reserve	Other reserves	Retained earnings	Total
<b>Nine months ended 30 September 2011 (unaudited)</b>					
Balance as at 1 January 2011	37	(3 918)	1 443	24 994	22 556
Total comprehensive income/(loss)			306	192	498
Management share trust: net of treasury share purchases		(7)			(7)
Share-based payment reserve		154	16		170
Transfer of equity accounted earnings			(162)	162	
Dividend paid				(221)	(221)
<b>Balance as at 30 September 2011 (unaudited)</b>	<b>37</b>	<b>(3 918)</b>	<b>1 596</b>	<b>25 127</b>	<b>22 842</b>
<b>Quarter ended 31 December 2011 (unaudited)</b>					
Balance as at 30 September 2011	37	(3 918)	1 596	25 127	22 842
Total comprehensive income/(loss)			4	(184)	(180)
Management share trust: net of treasury share purchases		(5)			(5)
Share-based payment reserve		80			80
Transfer of equity accounted earnings				(80)	
<b>Balance as at 31 December 2011 (audited)</b>	<b>37</b>	<b>(3 918)</b>	<b>1 687</b>	<b>24 863</b>	<b>22 669</b>
<b>Six months ended 30 June 2012 (reviewed)</b>					
Balance as at 31 December 2011	37	(3 918)	1 687	24 863	22 669
Total comprehensive income/(loss)			1	102	103
Management share trust: net of treasury share purchases				10	10
Share-based payment reserve				51	51
Transfer of equity accounted earnings				(51)	
<b>Balance as at 30 June 2012 (reviewed)</b>	<b>37</b>	<b>(3 918)</b>	<b>1 749</b>	<b>24 914</b>	<b>22 782</b>
<b>Quarter ended 30 September 2012 (unaudited)</b>					
Balance as at 30 June 2012 (reviewed)	37	(3 918)	1 749	24 914	22 782
Total comprehensive income/(loss)			(31)	(148)	(179)
Management share trust: net of treasury share purchases					
Share-based payment reserve			2		2
Transfer of equity accounted earnings			61	(61)	
Dividend paid					
<b>Balance as at 30 September 2012 (unaudited)</b>	<b>37</b>	<b>(3 918)</b>	<b>1 781</b>	<b>24 705</b>	<b>22 605</b>
<b>Quarter ended 31 December 2012 (unaudited)</b>					
Balance as at 30 September 2012	37	(3 918)	1 781	24 705	22 605
Total comprehensive income/(loss)			94	(462)	(368)
Management share trust: net of treasury share purchases				5	5
Share-based payment reserve					
Transfer of equity accounted earnings				(140)	140
<b>Balance as at 31 December 2012 (reviewed)</b>	<b>37</b>	<b>(3 918)</b>	<b>1 740</b>	<b>24 383</b>	<b>22 242</b>

### Condensed group statement of cash flows

Quarter ended (unaudited)			Year ended	
31 December 2012	30 September 2012	31 December 2011	31 December 2012	31 December 2011
In millions of rands				
<b>1 313</b>	(146)	(61)	<b>1 794</b>	(1 412)
<b>1 379</b>	(97)	73	<b>2 040</b>	(879)
<b>1</b>	(3)	4	<b>10</b>	29
<b>(44)</b>	(36)	(42)	<b>(170)</b>	(103)
<b>(32)</b>	(81)	(81)	<b>(52)</b>	(243)
<b>9</b>	(16)	(15)	<b>(34)</b>	5
<b>(432)</b>	(284)	(513)	<b>(1 146)</b>	(1 212)
<b>(419)</b>	(194)	(450)	<b>(809)</b>	(924)
<b>(14)</b>	(21)	(75)	<b>(66)</b>	(266)
<b>(88)</b>	(71)	(144)	<b>(366)</b>	(180)
<b>1</b>	1	106	<b>5</b>	106
<b>1</b>	1		<b>3</b>	2
<b>87</b>	50		<b>87</b>	50
<b>(58)</b>	(77)	(267)	<b>(228)</b>	(616)
<b>(58)</b>	(77)	(267)	<b>(228)</b>	(616)
<b>823</b>	(507)	(841)	<b>420</b>	(3 240)
	18	4	<b>25</b>	173
<b>61</b>	550	1 276	<b>439</b>	3 506
<b>884</b>	61	439	<b>884</b>	439

ArcelorMittal South Africa Limited ("ArcelorMittal South Africa", "the company" or "the group")

Registration number: 1989/002164/06 Share code: ACL ISIN: ZAE 000134961

Registered Office: ArcelorMittal South Africa Limited, Room N3-5, Main Building Delfos Boulevard, Vanderbijlpark, 1911

Directors: Non-executive: MJN Njeke\* (Chairman), DK Chugh†, FA du Plessis†, M Macdonald\*, S Maheshwari†, LP Mond†, DCG Murray\*, ND Orley\*, G Urquijo\*

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Executive: N Nyembzi-Heita (Chief Executive Officer), MJ Wellhausen (Chief Financial Officer)

Company Secretary: Premium Corporate Consulting Services Proprietary Limited

Sponsor: Deutsche Securities (SA) Proprietary Limited, 87 Maude Street, Sandton, 2196, Private Bag X9333, Sandton, 2146

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#### Overview

The global steel industry continued to struggle during 2012 as slow global economic growth put pressure on steel demand across all regions. Overall business confidence levels and manufacturing activities continued to be strained by prolonged uncertainty from the European debt crisis coupled with a sharper-than-expected slowdown in the Chinese economy, the world's largest steel producer and consumer. This has resulted in a softening in global steel demand and a decline in steel prices. Despite production cutbacks by a number of steel producers, the industry globally remains in an oversupply position. The situation has been somewhat positive for Africa, especially within the sub-Saharan region, as a result of infrastructure-related projects and increased mining activities.

The impact of the global economic slowdown took its toll on the South African economy, driven by poor demand in the euro zone and domestic challenges relating to strikes and reduced infrastructure development. Expenditure negatively affected GDP trends in key steel consuming sectors, primarily building and construction, manufacturing and mining. The building and construction sector, which accounts for the largest share of steel consumption, remains weak with building completions and plans in the pipeline being sluggish. The increased flow of finished steel product imports remains a challenge for domestic downstream producers. The poor underlying demand together with destocking activities resulted in a decline in domestic sales partially offset by higher net realised prices, mainly due to a weaker exchange rate. Prices of key raw materials such as coking coal, pellets and scrap softened while electricity tariffs again increased sharply. There was a steep decline in commercial coke sales caused by the shutdown of smelters by ferrochrome producers participating in the Eskom electricity buyback scheme.

ArcelorMittal South Africa posted a headline loss of R518 million for the year ended 31 December 2012 compared to the headline loss of R52 million in the previous financial year while EBITDA decreased by 35% year-on-year to R1.1 billion.

Liquid steel production was down 7% with capacity utilisation at 66%, which was marginally lower than the 68% achieved in the prior year. Environmental compliance combined with high electricity tariff increases led to the closure of the electric arc furnaces ("EAFs") in Vanderbijlpark during October. This effectively reduced the company's liquid steel capacity from 8.0 to 6.5 million tonnes per annum.

We are pleased to report an all-time record safety performance, with zero fatalities and a lost time injury frequency rate per million man-hours worked of 0.61 against 1.24 recorded in the previous year, which is getting close to the world benchmark. The safety of our employees and our contractors is our first priority and we consider this to be fundamental to sustainability.

#### Key statistics

Quarter ended (unaudited)			Year ended		
31 December 2012	30 September 2012	31 December 2011	31 December 2012	31 December 2011	
Reviewed					
6 885	7 614	7 258	Revenue (R million)	32 291	31 453
(158)	238	82	EBITDA (R million)	1 121	1 720
(2,3)	217	83	EBITDA/tonne (R/tonne)	243	365
(282)	(155)	(285)	(Loss)/profit from operations (R million)	(477)	5,5
(462)	(148)	(184)	Net (loss)/profit (R million)	(508)	8
(456)	(168)	(260)	Headline loss (R million)	(518)	(52)
(114)	(42)	(65)	Headline loss per share (cents)	(129)	(13)
1 043	1 320	1 198	Liquid steel production ('000 tonnes)	5 090	5 453
988	1 097	993	Steel sales ('000 tonnes)	4 622	4 708
696	802	725	— Local	3 336	3 507
292	295	268	— Export	1 286	1 201
0.50	0.52	0.88	Lost time injury frequency rate	0.61	1.24

#### Financial review

Full year ended 31 December 2012 compared to full year ended 31 December 2011  
Revenue of R32.3 billion was 3% higher than reported a year ago. Total steel shipments decreased by 2%, with domestic shipments down 5% partly offset by 7% higher exports. Flat steel shipments declined by 8% while long steel products rose 16% due to a strong recovery after the major production outage in 2011. Average net realised prices rose 7% with domestic and export prices increasing by 7% and 9% respectively. Prices for flat steel were up 5% and long steel 10%. Revenue from the Coke and Chemicals business of R1.9 billion was 23% lower following a 27% fall in commercial coke sales volumes and a 3% drop in net realised prices.

Cash costs of hot rolled coil increased by 5% and those of billets by 11%. Thabazimbi iron ore rose 19% while Sishen iron ore remained flat on a US Dollar basis but increased by 10% in rand terms. Electricity prices were 16% higher while the price of imported coking coal decreased by 15% on a US Dollar FOB basis and by 4% in rand terms. Scrap prices dropped marginally. Liquid steel production was 363 000 tonnes lower or 7%. Capacity utilisation for flat steel was 65% (EAFs included 62%) compared to 71% last year and for long steel 67% compared to 61%. Operating profit fell by R774 million to a loss of R477 million.

Financing costs of R334 million for the year are R166 million more than the corresponding period due to higher interest paid of R71 million on bank overdrafts and net foreign exchange losses of R9 million compared to a gain of R124 million in 2011.

Our share of the profit from equity accounted investments after taxation of R59 million compares with a loss of R34 million a year earlier. The profit relates to higher income from Macsteel International Holdings BV and a decline in the loss from Coal of Africa Limited.

Quarter ended 31 December 2012 compared to quarter ended 31 December 2011 (unaudited)  
Revenue decreased by 5% to R6.9 billion for the quarter. Total steel shipments were down marginally on the back of a 4% drop in domestic shipments while exports were up 9%. Flat steel shipments declined by 13% while long steel products rose by 53% following a strong recovery from the structural failure affecting the 2011 corresponding period. Average net realised prices decreased by 3% with domestic and export prices decreasing by 1% and 5% respectively. Prices for flat steel dropped 3% and long steel 6%. Revenue from the Coke and Chemicals business of R479 million was 21% lower following a 28% decrease in commercial coke sales volumes and 4% drop in net realised prices.

Cash costs of hot rolled coil increased by 6% and those of billets by 7%. Sishen iron ore prices remained flat on a US Dollar basis but increased by 10% in rand terms. Electricity and natural gas prices climbed by 18% and 17% respectively while import coal and pellets decreased by 34% and 38% on a US Dollar FOB basis and 29% and 33% in rand terms respectively. Scrap prices decreased by 2%. Liquid steel production was 154 000 tonnes lower or 13%. Capacity utilisation for flat steel was 61% (EAFs included 51%) compared to 70% in the prior year and 56% for long steel compared to 36%. Operating profit declined by R298 million to a loss of R508 million.

Financing cost of R83 million for the quarter is R23 million lower than the corresponding period due to a decrease in the discount rate used to determine the present value of long-term liabilities such as environmental obligations and onerous contract provisions in the corresponding period.

Our share of the profit from equity accounted investments after taxation of R53 million compares with a profit of R120 million a year ago mainly due to a higher loss from Coal of Africa Limited.

Quarter ended 31 December 2012 compared with quarter ended 30 September 2012 (unaudited)  
Revenue decreased by 10% to R6.9 billion for the quarter on the back of a 10% drop in steel shipments. Domestic shipments were down 13% following the seasonal slowdown in December while exports were flat. Flat steel shipments declined by 4% and long steel by 21% while average net realised prices were marginally lower. Prices for flat steel were down 2%, while long steel rose slightly. Revenue from the Coke and Chemicals business of R479 million was 12% higher due to a 7% rise in commercial coke sales volumes and a marginal increase in net realised prices.

Cash costs of hot rolled coil increased by 7% with billets increasing by 2%. The price of imported coking coal decreased by 8% on a US Dollar FOB basis and 3% on a rand basis. Thabazimbi iron ore was up 11% while Sishen iron ore remained flat on a US Dollar basis but climbed 6% in rand terms. Local coking coal and scrap increased by 19% and 6% respectively. Electricity fell 25% following the high prices that prevailed during the winter months. Liquid steel production was 277 000 tonnes lower or 21% as a result of the interim repair

#### Segment information

Quarter ended (unaudited)			Year ended		
31 December 2012	30 September 2012	31 December 2011	31 December 2012	31 December 2011	
Reviewed					
4 708	4 996	5 549	Revenue (R million)	20 991	21 793
4 456	4 732	5 284	— External	20 192	21 092
375	264	265	— Internal	799	701
(306)	54	74	EBITDA (R million)	(266)	597
(346)	316	(292)	Depreciation and amortisation (R million)	(1 294)	(1 133)
(652)	(305)	(444)	(Loss)/profit from operations (R million)	(1 560)	(536)
19 713	21 050	21 322	Assets	19 713	21 322
<b>720</b>	958	989	Liquid steel production ('000 tonnes)	3 554	4 060
<b>702</b>	733	806	Steel sales ('000 tonnes)	3 138	3 424
<b>475</b>	550	554	— Local	2 223	2 468
<b>227</b>	183	252	— Export	915	956
<b>61</b>	67	70	Capacity utilisation (%)	65	71