

# Unaudited operational information for the quarter ended 30 September 2016

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



# ArcelorMittal

## Highlights

- Saldanha Works mini-reline started and completed in quarter 3 2016
- Local sales up 3% compared to quarter 3 2015, but down 11% compared to quarter 2 2016
- Vanderbijlpark Works ZED compliant
- Vanderbijlpark Works reached 200 days LTI free in October
- One LTI for quarter 3 2016, LTIFR of 0.61 at the end of quarter 3

## Commentary

### Production: Q3 2016 versus Q3 2015

Liquid steel production was 67 000 tonnes (6%) lower mainly due to the planned mini-reline at Saldanha Works resulting in approximately 110 000 tonnes of lost production.

Despite the lost production, the company ran at an effective capacity utilisation of 73% compared to 72%. This was due to lower production at Vanderbijlpark Works in quarter 3 2015 mainly due to the stoppage of one blast furnace as a result of poor local demand.

Production was further negatively impacted by a full electricity outage at Vanderbijlpark Works coupled with weaker quality iron ore and coke input material. Had Vanderbijlpark Works and Saldanha Works run normally, normalised capacity utilisation for the company would have been around 80%.

### Sales: Q3 2016 versus Q3 2015

#### Local

Local sales were 20 000 tonnes (3%) higher driven mainly by flat products. Despite the reline at Saldanha Works, flat product sales increased by 3% and long products sales by 2%. However, local sales were still 11% less than quarter 2 of 2016 due to weaker local demand and ongoing imports.

Although having declined slightly from 2015 levels, imports are still high despite the 10% duties having been imposed. The need for additional protection through safeguards is therefore imperative to address the surge in imports.

#### Export

Export sales decreased by 244 000 tonnes (64%). Exports of flat products were 140 000 tonnes lower largely due to the reline and weak international demand. Long products were 104 000 tonnes lower as a result of weak international demand which was compounded by the strengthening of the average rand/US dollar exchange rate in the quarter and the oversupply of steel in the global market.

#### Commercial coke

Commercial coke sales were 41 000 tonnes (48%) lower than quarter 3 of 2015. The company is currently undertaking a repair programme on two of its coke batteries which has the effect of limiting the amount of coke available for sale to the commercial coke industry. During the repair of the coke batteries, the company imports metallurgical coke in order to supplement shortfalls.

#### Outlook for quarter 4

Despite the expected seasonal impact of the slowdown on local sales during the festive period, export sales are expected to increase compared to quarter 3 2016, mainly due to increased blue water exports. As reported in our interim results in July 2016, ArcelorMittal South Africa has been experiencing tough trading conditions mainly as a result of lower steel demand due to poor economic activity and ongoing imports. We do not expect this to change in the next quarter.

ArcelorMittal South Africa supports the notion that a solution is required to protect the downstream industry from cheap imports of finished and semi-finished products that continue to be imported into the country.

By order of the board

4 November 2016

**Sponsor:** JP Morgan Equities South Africa Proprietary Limited

**Release date:** 8 November 2016

#### For further information please contact:

Themba Sepotokele, Corporate Communications, Corporate Affairs  
Tel:+27 16 889 2425

## Operational information

	Quarter ended					Nine months		Year
	30 Sept 2016	30 Jun 2016	% change	30 Sept 2015	% change	30 Sept 2015	31 Dec 2015	
<b>Liquid steel production (000' tonnes)</b>	<b>1 115</b>	1 293	(13.8)	1 182	(5.7)	3 635	4 839	
– Flat steel products	712	905	(21.3)	772	(7.8)	2 444	3 145	
– Long steel products	403	388	3.9	410	(1.7)	1 191	1 694	
<b>Capacity utilisation (%)</b>	<b>73</b>	85	(14.1)	72	1.4	79	74	
– Flat steel products	68	87	(21.8)	73	(6.8)	78	75	
– Long steel products	84	82	2.4	71	18.3	84	73	
<b>Steel sales (000' tonnes)</b>								
– Local	814	910	(10.5)	794	2.5	2 609	3 039	
– Flat steel products	518	586	(11.6)	503	3.0	1 664	1 915	
– Long steel products	296	324	(8.6)	291	1.7	945	1 124	
– Export	136	220	(38.2)	380	(64.2)	583	1 092	
– Flat steel products	105	177	(40.7)	245	(57.1)	448	763	
– Long steel products	31	43	(27.9)	135	(77.0)	135	329	
– Total	950	1 130	(15.9)	1 174	(19.1)	3 192	4 131	
– Flat steel products	623	763	(18.3)	748	(16.7)	2 112	2 678	
– Long steel products	327	367	(10.9)	426	(23.2)	1 080	1 453	
<b>Coke and chemicals (000' tonnes)</b>								
– Commercial coke produced	44	71	(38.0)	85	(48.2)	201	406	
– Commercial coke sales	46	111	(58.6)	89	(48.3)	284	451	
– Tar sales	19	17	11.8	24	(20.8)	56	96	