



ArcelorMittal

FINANCIAL RESULTS

for the six months ended 30 June 2022



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KEY MESSAGES AND SALIENT FEATURES

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OVERVIEW AND SALIENT FEATURES



↑ +R373 million (12%)

STRONG EBITDA PROFITABILITY

2022 H1: R3 591 million
2021 H1: R3 218 million

↑ +R543 million (22%)

HEADLINE EARNINGS

2022 H1: R3 025 million
2021 H1: R2 482 million

↓ -R1 695 million (61%)

NET DEBT POSITION

2022 H1: R1 087 million
2021 H1: R2 782 million

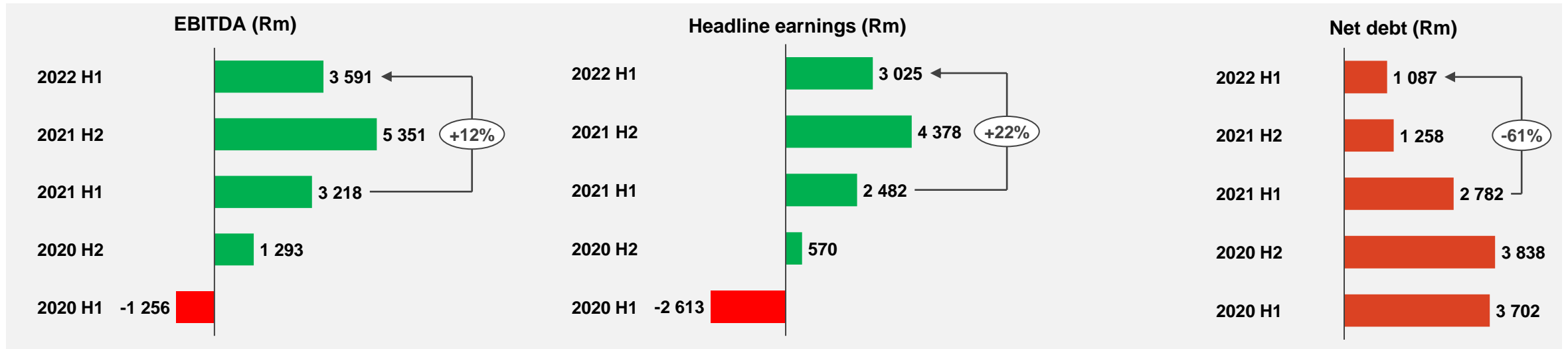
↓ -R195 million (44%)

NET FINANCE CHARGES

2022 H1: R250 million
2021 H1: R445 million

- Successfully delivered against outlook
- Sales volumes down by 8% to 1,2 million tonnes
- Crude steel production down by 30% to 1,1 million tonnes due to rail service unavailability, electricity load-shedding and labour disruptions
- Realised a 30% increase in rand steel prices

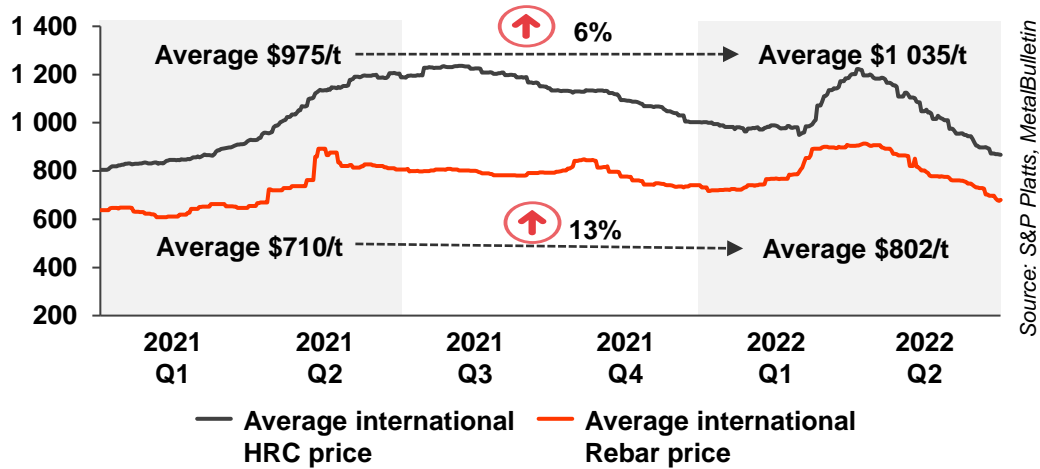
- Fixed cost of R3 448 million down by R604 million (-15%) against 2021 H2
- New Value Plan Programme delivered R577 million in challenging operating environment
- Free cash flow of R177 million (2021 H1: R985 million) after CAPEX (R693 million), the final settlement of a dollar-denominated trade payable with extended credit terms (R628 million), and other temporary investments in working capital (R1 951 million)



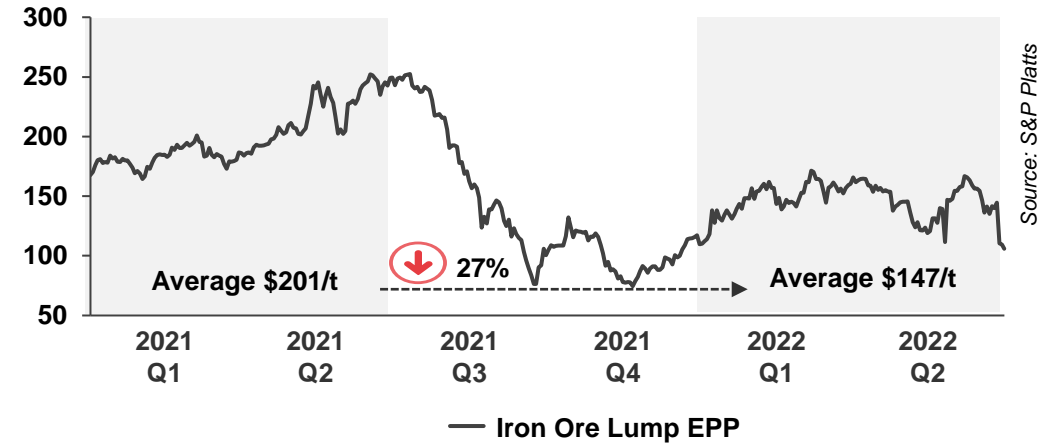
OVERVIEW AND SALIENT FEATURES (cont.)



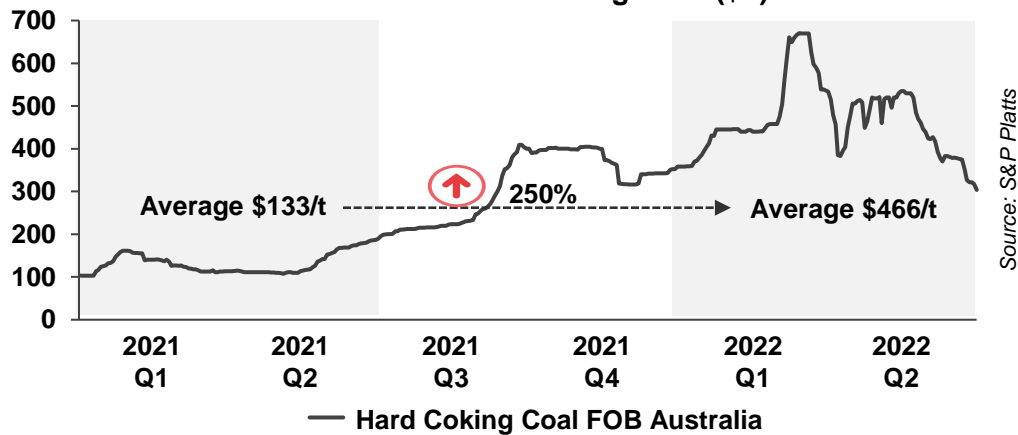
International HRC¹ and Rebar² (\$/t)



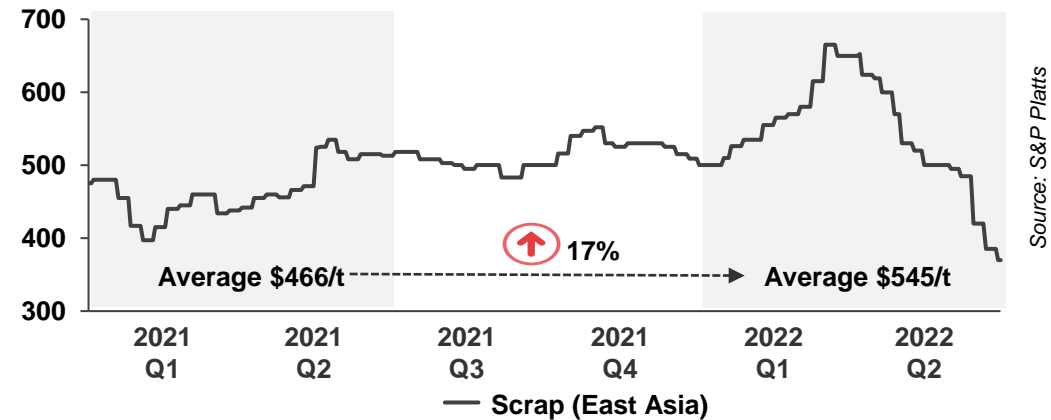
International iron ore (\$/t)



International hard coking coal³ (\$/t)



International scrap (\$/t)



¹HRC: Hot Rolled Coil. Average domestic price between N. Europe, Japan, Midwest, China, Turkey, India and Russia

² Rebar: Average price between China FOB and Turkey FOB
³ FOB Australia

SAFETY, ENVIRONMENTAL, SOCIAL AND GOVERNANCE



Safety

- Committed to Zero Harm
- Significantly improved performance against the comparative period
 - Behaviour interventions to change safety culture: clear safety culture roadmap based on the recognition that employees and contractors are dependent on one another for collective safety
 - Refreshed Seven Focus areas: leadership visibility and audits, reporting of unsafe conditions, plant quarantines, environmental focus, leadership training, recognition and fatality prevention standards
- *Weekly Safety Stop* introduced with focus on Life Saving Golden Rules, unpacking weekly safety incidents and exploration of a specific safety *Topic of the Week*

Environmental, Social and Governance

- Presentation of decarbonisation roadmap in H2 2022, detailing carbon reduction targets
 - Focus on energy efficiencies, renewable energy sources, carbon capture and use (CCU), green hydrogen applications and electrical steelmaking
 - Close collaboration on initiatives with the ArcelorMittal Group, and local and international first-mover participants
 - Future possible restart of Saldanha Works as an early supplier of green directly reduced iron to the international market
- Joint collaboration programmes with provincial economic development departments in Gauteng, KwaZulu-Natal and Western Cape to pursue initiatives of common interest



Total number of injuries

2022 H1: 82
2021 H1: 118

01



Lost-time injury frequency rate (LTIFR)

2022 H1: 0,71
2021 H1: 1,13

02



Total injury frequency rate (TIFR)

2022 H1: 5,78
2021 H1: 8,86

03

OPERATIONS AND MARKET REVIEW

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CONTEXT

INTERNATIONALLY

- 2022 Q1: Stronger than anticipated steel demand because of tighter supply/demand dynamics
- 2022 Q2: Uncertainties and risks
 - Length of the Russia-Ukraine conflict
 - Implications of higher energy prices
 - Inflation's impact on economic activity and consumer confidence
 - Economic slow-down in China
 - Risk of recession in the US and EU due to tighter monetary policy
- Global economic activity expected to slow down to a GDP growth rate of 2,3%

ARCELORMITTAL SOUTH AFRICA

- 2022 H1 complexities
 - Month-long shutdown of one blast furnace and continuous interruptions on the remaining fleet due to unavailability of rail service
 - Impact on customers of the traumatic flooding in KwaZulu-Natal
 - Labour strike and the associated violence, intimidation, criminality and misconduct
 - Electricity load-shedding particularly disruptive to suppliers and customers
- Rail, labour and electricity represent lost opportunities
 - Lamentable given desperate needs to take advantage of every economic opportunity to rebuild after the destructive pandemic



Together

we are adapting,
exploring and evolving
EmbracingNewWays

CONTEXT (cont.)

ARCELORMITTAL SOUTH AFRICA



Rail



- Transnet Freight Rail (TFR)
 - Launched a CEO-led initiative to collaborate on aspects of security and technical assistance
 - Supporting security initiatives to supplement TFR's own initiatives
 - Technical teams working on actions to improve locomotive spares' assessment and availability
- Policy development
 - Supportive of proposed third-party rail access for a train investment programme to supplement volume shortfalls

Electricity



- Worst loadshedding in June 2022 since 2021, aggravated by unreliable municipal infrastructure
- Negatively impacting the economy, investor sentiment and job creation
- Announced feasibility study to construct two 100 MW renewable energy facilities (first benefits 2024/5)
- Pursue renewable power purchase agreements to supplement own investment

Labour



- Bargaining category pay scales highest in the sector
- Work remains to address unsustainable increases in base pay that undermines competitiveness
- Steel industry is highly cost sensitive - all parties need to agree on ways to address vulnerability
- No place for violence, intimidation, criminality and misconduct displayed during the strike

Gas



- Ready supply of competitively priced natural gas critical
- Dwindling supplies of natural gas from current source in Mozambique
- Close collaboration with the Industrial Gas Users Association of Southern Africa (IGUA-SA) to find a solution

STEEL ENVIRONMENT - GLOBAL



PRODUCTION

- Global crude steel production decreased by 5% against H1 2021 to 949 million tonnes¹
- China's crude steel production decreased by 6% to 526 million tonnes, maintaining its market share at 55%
- Europe's² crude steel output decreased by 6% to 99 million tonnes and North America by 2% to 57 million tonnes
- Russian production decreased by 7% to 35 million tonnes with Turkey down 4% to 19 million tonnes
- India's production increased by 8% to 63 million tonnes
- Africa's output decreased by 9% to 7 million tonnes: Egypt decreased to 5 million tonnes (-8%). South Africa's crude steel output decreased by 16% to 2,1 million tonnes

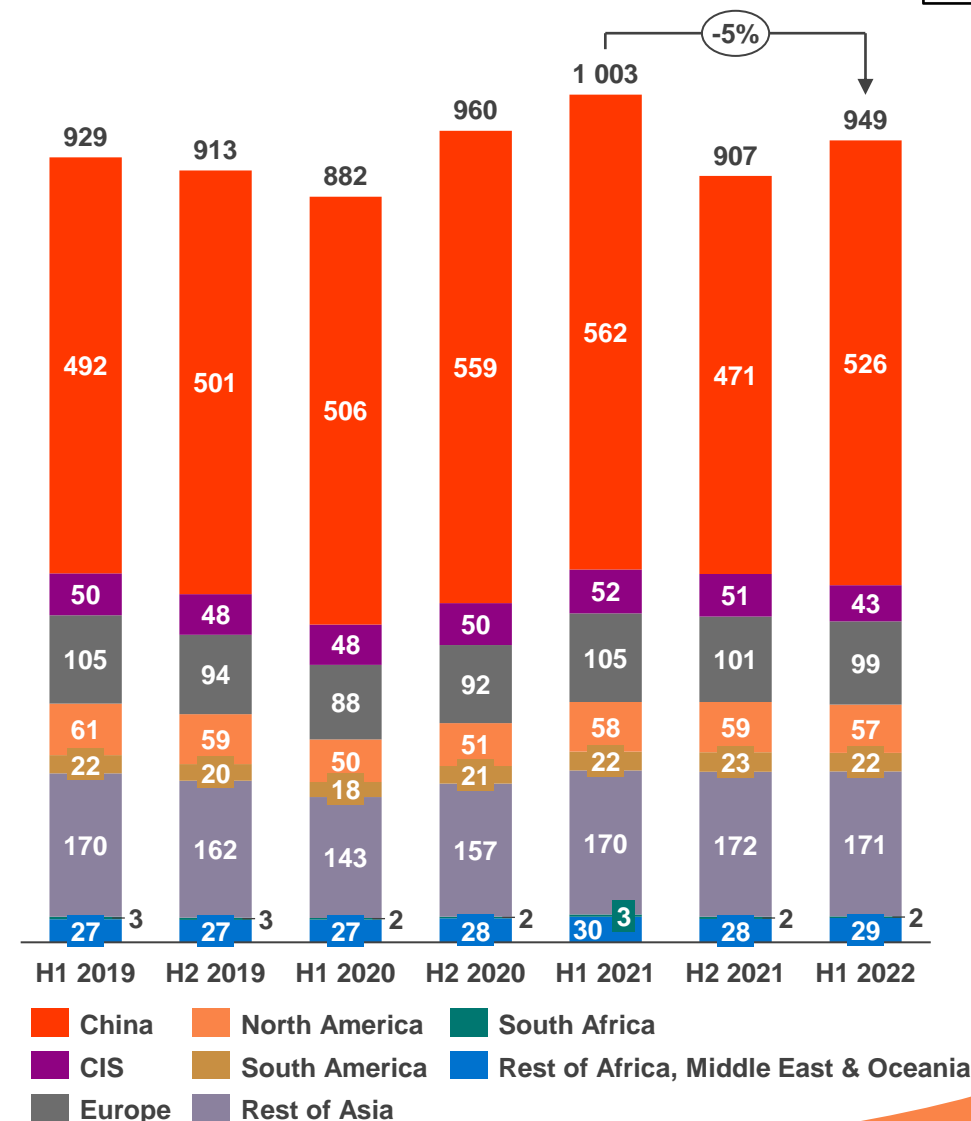
SALES PRICES

- International Hot Rolled Coil increased by 6% and Rebar by 13% in dollar terms

INPUT COST

- International raw material basket (RMB³) increased by 31% in dollar terms
 - Coking coal⁴ rose 250% (49% weighting in RMB (H1 2021: 19%))
 - Scrap rose⁴ 17% (14% weighting in RMB (H1 2021: 16%))
 - Iron ore⁴ decreased 24% (37% weighting in RMB (H1 2021: 65%))

Global crude steel production (million tonnes)



¹ Source: Worldsteel

² Europe including Turkey

³ RMB is composed of iron ore, coking coal and scrap

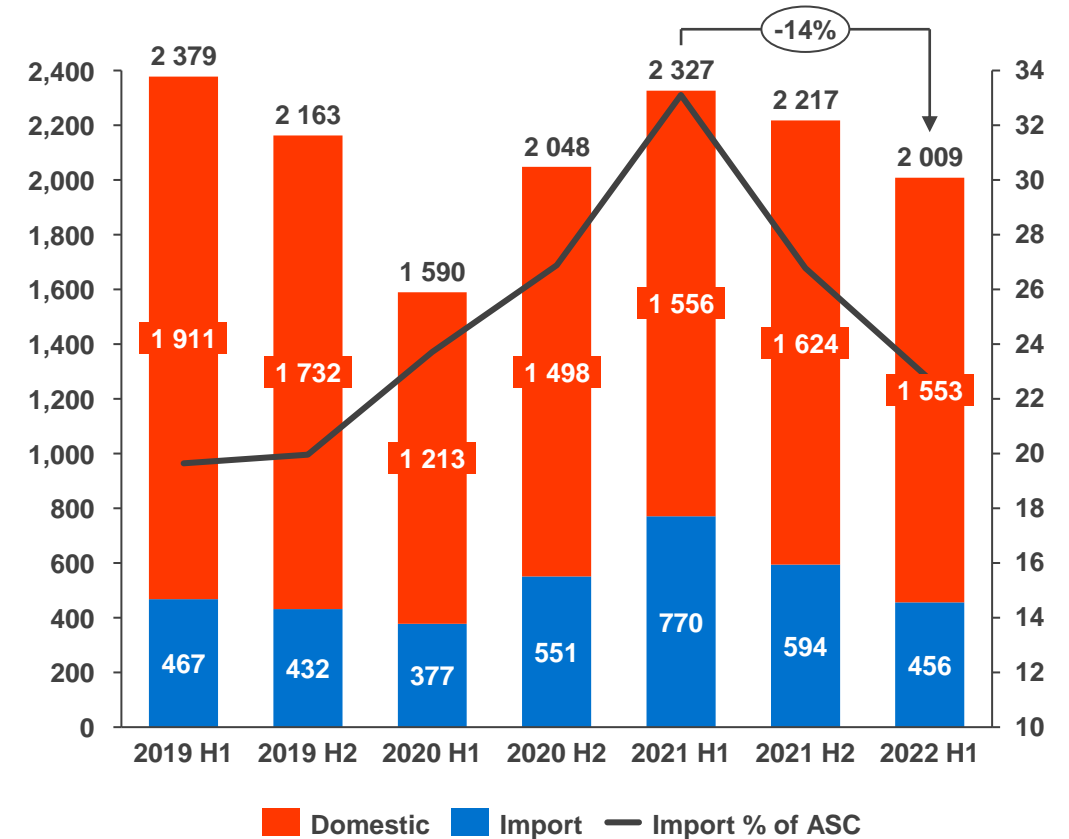
⁴ Absolute change (not weighted within RMB)

STEEL ENVIRONMENT - SOUTH AFRICA



- 2022 GDP growth rate anticipated to fall to 2,3% from 4,9% in 2021, with downside risk
- 14% decrease in Apparent Steel Consumption (ASC) to 2,0 million tonnes¹ against 2021 H1
- Steel demand influenced by
 - High market inventory levels
 - Slowing market activity in key steel-consuming sectors²
 - Manufacturing (-12%)
 - Mining (-13%)
 - Automotive (-30%)
 - Construction (+1%)
 - Slow realisation of infrastructure projects
 - Inflation and rising interest rates affecting disposable income in the retail sector
- As predicted, steel imports³ decreased by 41% to 456 000 tonnes
 - ca. 42% of steel imports not manufactured locally imported mainly from China and Europe

Total Apparent Steel Consumption (ASC) ('000 tonnes)



¹ Source: ArcelorMittal South Africa estimates

² Year-on-year percentage sectoral growth forecast change

³ Source: SARS, May 2022 import statistics, June 2022 estimates

STEEL ENVIRONMENT - ARCELORMITTAL SOUTH AFRICA



VOLUMES

- 30% decrease in crude steel production to 1,1 million tonnes
- 8% decrease in sales volumes to 1,2 million tonnes
- 10% decrease in local sales volumes to 1,0 million tonnes
- 12% increase in export¹ sales volumes to 137 000 tonnes

SALES PRICE

- 23% increase in overall realised dollar steel price
- 30% increase in realised rand prices due to strengthening of ZAR/USD exchange rate
- R126 million value added export and strategic rebate assistance provided to downstream industry (2021 H1: R106 million)

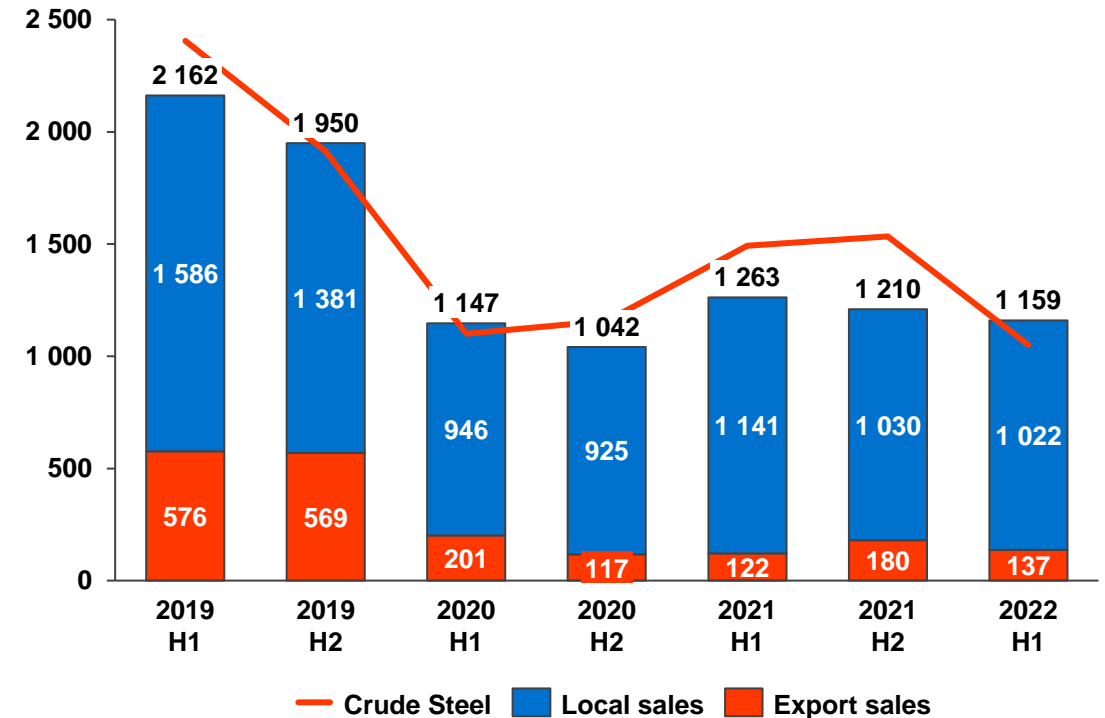
INPUT COSTS

- RMB constitutes 43% (2021 H1: 43%) of cash cost per tonne
 - RMB increased by 41% mainly due to fly-up of coking coal prices
- Consumables and auxiliaries constitutes 31% of cash cost per tonne (2021 H1: 31%)
 - Electricity tariffs increased by 12%
 - Dollar-denominated commodity-indexed consumables increased by 61%
- Fixed cost constitutes 26% of cash cost per tonne (2021 H1: 26%)
 - Down by R604 million (-15%) against 2021 H2

FAIR TRADE PRACTICES

- Numerous import duty and safeguard investigations and reviews initiated internationally with a specific focus on China, Russia, Turkey and India
- South Africa is one of the least protected jurisdictions globally for steel trade

Sales and production volumes ('000 tonnes)



¹ Export sales volumes = Bluewater and Africa Overland volumes

OPERATING ENVIRONMENT - ARCELORMITTAL SOUTH AFRICA



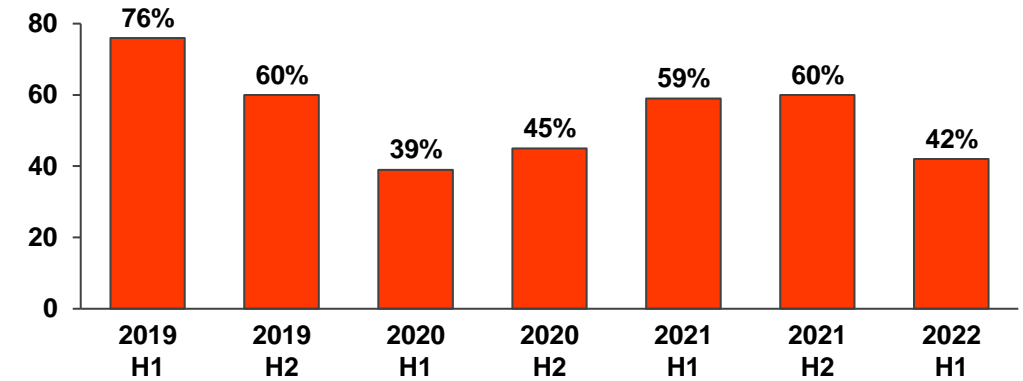
STEEL OPERATIONS

- Capacity utilisation of 42% (2021 H1: 59%), reflecting
 - Impact of the delivery complexities associated with logistics, electricity and labour
 - Newcastle blast furnace mid-life campaign restoration
- Current capacity utilisation after mid-life campaign restoration should be 76%
- Focus on
 - Maintenance and reliability restoration continued into 2022 H2
 - Coke battery restoration campaign
 - Lowering fuel rates in iron making
 - Reducing energy consumption
 - Improving yields in steelmaking and rolling
 - Increasing scrap melting
 - Successful start-up of Newcastle blast furnace

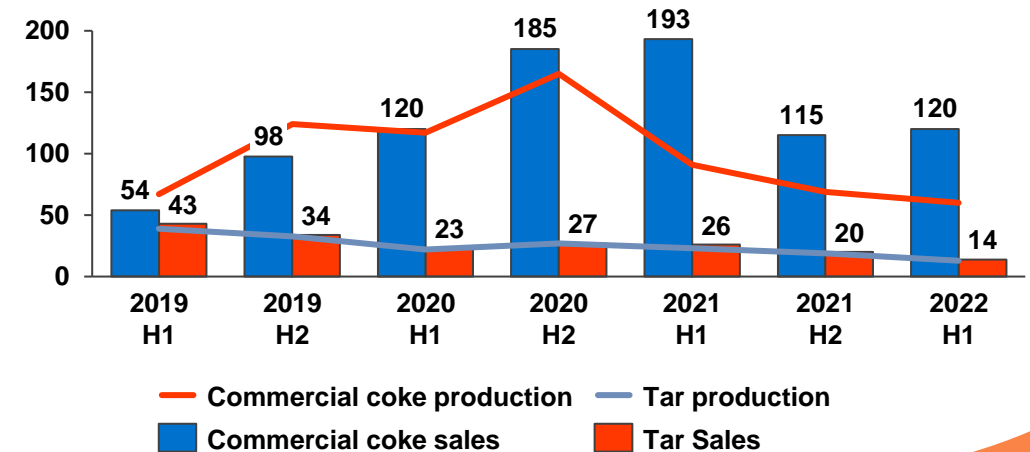
COKE OPERATIONS

- 34% decrease in commercial coke production to 60 000 tonnes (2021 H1: 91 000 tonnes)
- 38% decrease in sales volumes to 120 000 tonnes (2021 H1: 193 000 tonnes)
- Reflects intensive inventory balancing due to
 - Continuing restoration of the coke batteries
 - Use of more coke internally due to intermittent production interruptions arising out of rail service unavailability and labour disruptions

ArcelorMittal South Africa plant capacity utilisation¹



Coke & Chemical sales and production volumes ('000 tonnes)



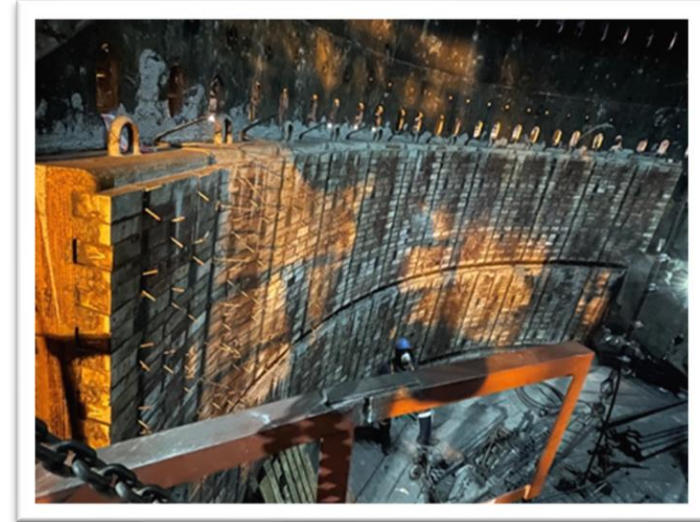
¹Excluding Saldanha Works

OPERATING ENVIRONMENT - ARCELORMITTAL SOUTH AFRICA (*cont.*)



Mid-life campaign restoration of Newcastle blast furnace

- Capital investment of R464 million
- Two years of planning and three months in execution
- 28 contractor companies from across South Africa
- ca. 1 030 temporary employment opportunities created (ca. 600 workers from the KZN region)
- ca. 50 tonnes of steel consumed
- Major benefits of the campaign
 - Extended plant life
 - Improved reliability and cost competitiveness
 - Reduce energy consumption and carbon footprint
- Work completed
 - 220 cooling staves replaced
 - Carbon blocks changed (5 382 blocks)
 - Tuyere belt and bosh refractories (14 047 refractory bricks)
 - ca. 110m² of furnace shell plate replaced
 - Cast house metal trough design changed to incorporate forced air cooling
 - Tuyere belt and cast house structures strengthened
 - Hot blast stoves repaired
 - Improved instrumentation and monitoring systems



FINANCIAL REVIEW AND CAPITAL ALLOCATION

Suretha van Wyk

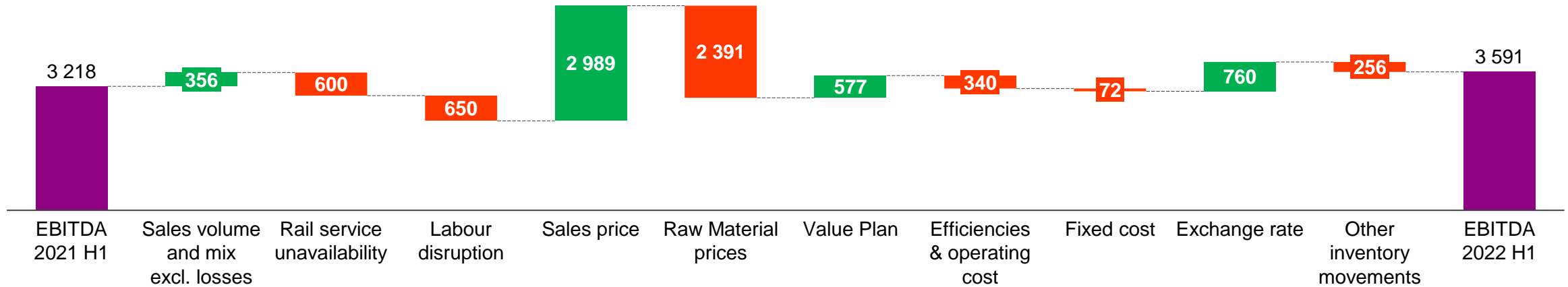


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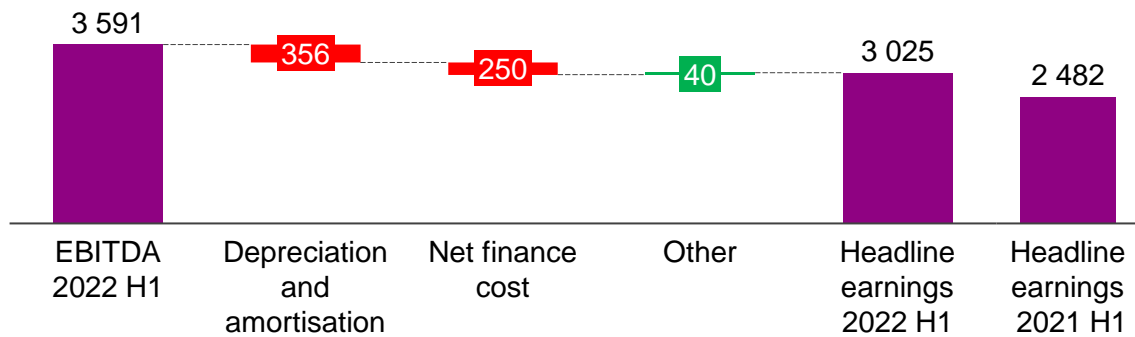
FINANCIAL RESULTS - FINANCIAL PERFORMANCE



ArcelorMittal South Africa – EBITDA evolution (Rm)



EBITDA to Headline earnings (Rm)



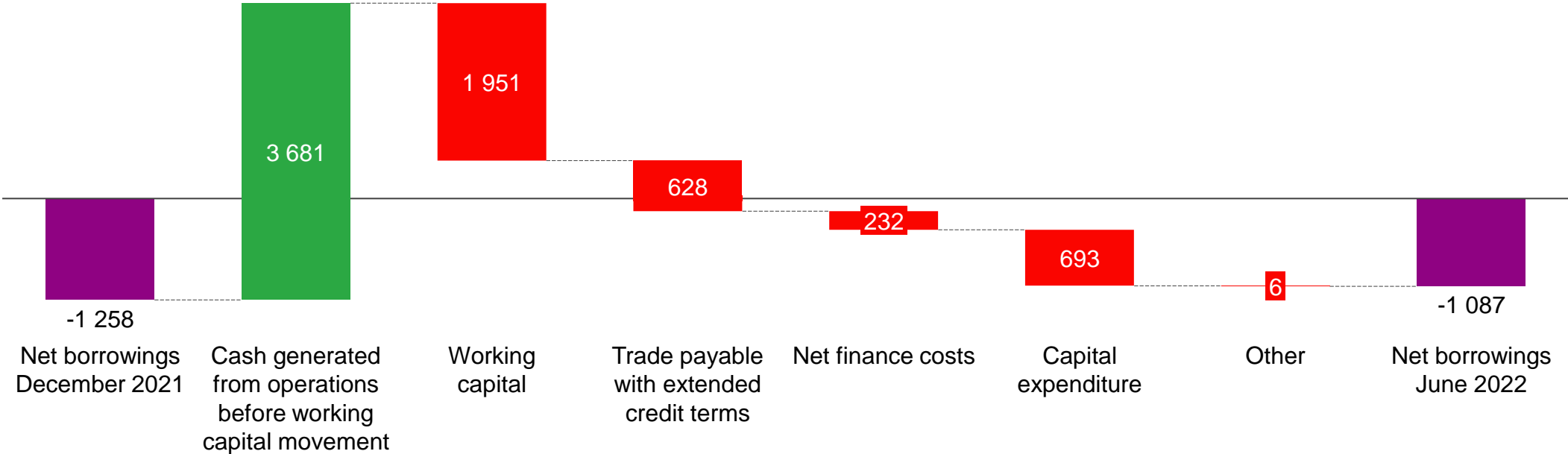
EBITDA per segment (Rm)	2022 H1	2021 H1	% Change
Steel operations	3 460	3 120	11
Non-steel operations	443	351	26
Corporate	(312)	(253)	(23)
Total	3 591	3 218	12

FINANCIAL RESULTS - NET BORROWINGS



- Free Cash Flow positive at R177 million (2021 H1: R985 million)
- R1 951 million of cash invested in working capital level
 - Receivables increased by R1 462 million

Net borrowings bridge (Rm)



CAPITAL ALLOCATION



Committed to continued investment in the asset base

- Maintenance investments to preserve and increase asset capacity
 - Newcastle blast furnace mid-life campaign restoration for long term sustainability
 - Coke battery rebuild and repairs to maintain coke-making capacity
- By-Product plant to clean coke oven gas and coal water in support of the environment
- Future product development pipeline for improved customer centricity
 - New corrosion protection coatings – Optigal® and Magnelis®
 - Upgrades on the galvanising lines for products for the automotive industry
 - Improved plate mill capability for better product development
 - Quench and tempered products for mining and earthmoving equipment
 - New grades of grinding media to supply the mining industry

CAPITAL ALLOCATION (Rm)

	2022 H1	2021 H1
Maintenance	390	242
Mid-life campaign restoration of Newcastle blast furnace	173	-
Environmental	179	13
Expansion	53	10
Mill Rolls and other	60	73
Total	855	338

Reliability
pays for
everything...

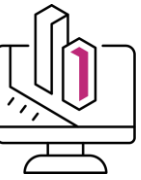
SUSTAINABILITY AND GROWTH

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STRATEGIC INITIATIVES AND GROWTH OPPORTUNITIES

FOCUS FOR 2022 AND FORESEEABLE FUTURE



Reposition

Reposition as the champion of South Africa's manufacturing backbone



Restructure

Ensure international cost competitiveness



Revitalise

Revitalise balance sheet to improve sustainability, enhance flexibility and agility



Value Plan Programme

- Realised improvements of R577 million, being commercial-related initiatives of R343 million and cost-based initiatives of R234 million
- Intensify execution focus



Customer centricity

- Longs – returning of Newcastle blast furnace to service
- Flats – improved servicing of critical pipelines
- Support renewable energy and localisation programmes



Cost reduction

- Rebase and rescope variable cost with a focus on procurement effectiveness
- Reduce fixed costs with a focus on discretionary spend, overtime, sub-contractors and vacancy management



Asset Capability

- Improve asset utilisation, production yields and overall reliability in, especially, the coke making and Longs business
- Realise the benefit of increased maintenance spend



Strategic raw materials

- Realise the next phase of the Thabazimbi iron ore mine stockpile beneficiation project
- Launch definitive feasibility study into Thabazimbi banded iron mining opportunity
- Accelerate the regionalisation of hard coking coal



Energy

- Accelerate energy efficiency projects
- Progress feasibility study on 2 x 100MW renewable energy projects
- Explore power purchase agreement opportunities



Logistics

- Implementing an integrated platform for efficient tactical planning of road logistics around rail availability and capacity
- Exploring opportunities to participate in third party rail access programmes



Management system

- Culture refresh supported by the rebuild of the management system to ensure responsibility, accountability, performance and consequence management

CONCLUSION AND OUTLOOK

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OUTLOOK - 2022 H2



- Building on the current year's improved safety performance remains a priority
- Economic headwinds have intensified both internationally and domestically, significantly affecting the trading environment
- International price correction in a soft local demand environment will impact financial results
- Managing through a cyclical business environment
- Focus areas
 - Preservation of the hard-won gains
 - Value Plan initiatives essential
 - Agile management of the asset and cost base
 - Cash preservation in a downward price cycle
- Barring any further rail services challenges, production levels should improve as capacity utilisation recovers
- ZAR/USD exchange rate will continue to have an impact
- Long-term investment case for steel remains intact given steel's inherently vital role in the transition to a low carbon, circular economy
- Carbon footprint roadmap to be published in H2

Appendix



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HEADLINE EARNINGS (Rm)



	2022 H1	2021 H1
Revenue	22 176	18 596
EBITDA	3 591	3 218
Depreciation and amortisation	(356)	(273)
Profit from operations	3 235	2 945
Net finance costs	(250)	(445)
Share of profit after tax from equity-accounted investments	36	23
Fair value adjustment on investment properties	51	(224)
Income tax charge		(46)
Profit after tax	3 072	2 253
Add back loss on disposal of assets (net of tax)	4	5
Fair value adjustments on investment properties	(51)	224
Headline earnings	3 025	2 482
US\$m	196	171

Revenue per quarter	2022 H1	2021 H1
Q1	12 060	7 939
Q2	10 116	10 657
H1	22 176	18 596

STATEMENT OF FINANCIAL POSITION (Rm)



	2022 H1	2021 (FY)
Non-current assets	10 061	9 552
Property, plant and equipment	8 587	8 065
Investment properties	731	754
Intangible assets	53	67
Equity-accounted investments	259	227
Investments held by Environmental Trusts	407	412
Non-current receivables	15	21
Other financial assets	9	6
Current assets	20 598	19 541
Inventories	12 250	12 175
Trade and other receivables	4 177	2 712
Other financial assets	48	2
Cash and bank balances	4 123	4 652
Investment property held for sale	76	
Total assets	30 735	29 093

	2022 H1	2021 (FY)
Shareholders Equity	12 143	9 053
Stated capital	4 537	4 537
Non-distributable reserves	(3 540)	(3 594)
Retained income	11 146	8 110
Non-current liabilities	4 656	5 755
Lease obligations	65	60
Provisions	1 613	1 716
Borrowings	2 700	3 700
Trade and other payables	278	279
Current liabilities	13 936	14 285
Trade and other payables	9 321	10 059
Taxation payable	112	112
Other financial liabilities	1 095	1 055
Borrowings	2 510	2 210
Lease obligations	22	29
Provisions	876	820
Total equity and liabilities	30 735	29 093

CASH FLOW (Rm)



	2022 H1	2021 H1
Cash generated from operations before movement in working capital	3 681	3 229
Movement in working capital *	(2 579)	(1 721)
Cash generated from operations	1 102	1 508
Capital expenditure	(693)	(350)
Net finance costs	(232)	(130)
Income tax payment		(43)
Lease obligations repaid	(17)	(18)
Borrowings repaid	(700)	(300)
Others	1	3
(Decrease)/ Increase in cash	(539)	670
Effect of forex rate change on cash	10	(7)
Net decrease in cash and cash equivalents	(529)	663
Cash and bank balances	4 123	4 003
Borrowings (current and non-current)	(5 210)	(6 785)
Net borrowings	(1 087)	(2 782)

Movement in working capital *	2022 H1	2021 H1
Inventories	(87)	(616)
Receivables	(1 462)	(2 360)
Payables	(934)	1 390
Other	(96)	(135)
Total	(2 579)	(1 721)



FINANCIAL RESULTS- Reconciliation of profit from operations to earnings before interest, tax, depreciation and amortisation (Rm)

	2022 H1	2021 H1
Profit from operations	3 235	2 945
Adjusted for:		
Depreciation	351	269
Amortisation of intangible assets	5	4
Earnings before interest, tax, depreciation and amortization	3 591	3 218

DIVISIONAL EBITDA (Rm)



	2022 H1	2021 H1
Steel operations (Rm)	3 460	3 120
EBITDA margin %	16,6	18,0
Net realised price R/t	17 243	13 260
Non-steel operations	443	351
EBITDA margin %	33,5	27,1
Corporate	(312)	(253)
Total EBITDA	3 591	3 218
EBITDA margin %	16,2	17,3

OUR VALUE CREATION MODEL

INPUTS

Natural capital

Raw materials consumed (kilotonne)

	2022 H1	2021 H1
Iron ore	1 578	2 125
Coal	1 066	1 436
Purchased scrap	79	125
Fluxes	445	575

Energy

	2022 H1	2021 H1
Electricity purchased (TWh)	0,8	0,9

Human and intellectual capital

	2022 H1	2021 H1
Employees*	6 330	6 322
Hired labour	607	303
Service contractors	2 609	2 065

* Permanently employed (including fixed term contractors)

Financial capital

	2021 H1	2021 FY
Equity	R12 143m	R9 053m
Borrowings	R5 210m	R5 910m

Human capital

Employees, contractors

	2022 H1	2021 H1
Safety: LTIFR	0,71	1,13
Safety: Fatalities	0	4

OUR WORKING BUSINESS MODEL

We produce iron and steel, commercial coke and useful by-products, in processes that sustain hundreds of thousands of jobs.



OUTPUTS AND OUTCOMES

Financial capital

Shareholders, investors, employees

	2022 H1	2021 H1
Revenue	R22 176m	R18 596m
EBITDA	R3 591m	R3 218m
Profit from operations	R3 235m	R2 945m
EBITDA margin	16,2%	17,3%
Headline earning per share	271c	223c
Headline earnings	R3 025m	R2 482m

Social capital

Local communities, suppliers and HDSA businesses

	2022 H1	2021 H1
Socio-economic development	R7.3m	R6.3m
Procurement spend (<i>excluding energy</i>)	R12.3m	R11.5m
Taxes contributed	R748m	R892m
Procurement – QSE and EME	R1,1m	R0,6m

Manufactured capital

Customers

	2022 H1	2021 H1
Steel products sold	1 159kt	1 263kt
Domestic market	1 022kt	1 141kt
Export market	137kt	122kt
Coke and Chemicals		
Commercial Market coke	120t	193kt
Tar	14kt	26kt



SOCIO-ECONOMIC FOOTPRINT

Project	Description
Science Centres	ArcelorMittal South Africa provides educational support to less fortunate schools in our local communities of Madadeni, Sebokeng and Saldanha Bay. Learners in Grade 8 to 12 benefit from classroom-based teaching, assistance with practical work and experiments. Support is provided to learners at their schools and at one of our three flagship Science Centres equipped with science laboratories, computer centres and lecture rooms. Students further benefit from our extra curricular activities offered by our Science Centres which include our popular robotics programming courses, science week expos, career guidance and counselling offerings. Support is also provided to children and teachers in the early childhood development educational phase
Vulnerable children support programme	In partnership with the Lusa Community Chest, ArcelorMittal South Africa provided support is orphaned and vulnerable children. During the winter months, more than 1 000 blankets are distributed to these less fortunate community members
Skills Development and Entrepreneurial Training	We expanded our longstanding partnership with GetOn Foundation and established a skills development and entrepreneurial training centre in the Emfuleni municipal area during June 2022. This model is based on the successful GetOn Foundation operational model supported in Pretoria. More than 230 beneficiaries from in and around the Emfuleni municipal area enrolled in the first cohort, which was launched on 29 June in celebration of Youth Month. Through this Centre, vocational skills and job-specific training will be provided to unemployed youth
Thusong Projects	Through our Thusong Projects arm, nutritious meals are provided daily to more than 18 000 less fortunate community members. An increasing demand for this service has led to an expansion of our investment in this programme during the earlier part of this year
CEO initiative	Each year our CEO selects a worthy community project to support in addition to our existing ongoing socio-economic investment projects. This year we are supporting the Jabes Foundation. This foundation, comprising four homes, provides a safe haven for more than 28 desolate at any given time

