



ArcelorMittal

ArcelorMittal South Africa Limited
(Incorporated in the Republic of South Africa)
(Registration Number 1989/002164/06)
Share Code: ACL ISIN: ZAE000134961
("ArcelorMittal South Africa" or "the Company")

TRADING STATEMENT AND BUSINESS UPDATE FOR THE SIX MONTHS ENDED 30 JUNE 2023

In terms of paragraph 3.4(b) of the JSE Limited Listings Requirements ("JSE Listing Requirements"), the Company is required to publish a trading statement as soon as there is a reasonable degree of certainty that the financial results for the six months ended 30 June 2023 ("the period") are expected to differ by at least 20% or more from the financial results for the previous corresponding reporting period ("the comparative period").

Based on information currently available, shareholders are advised that the Company expects:

- The earnings per share to decline from R2,76 profit per share for the comparative period to a loss within a range of R0.30 and R0.38 per share for the period (representing a decrease of between 111% and 114%).
- The headline earnings per share to decline from R2.71 headline profit per share for the comparative period to a headline loss per share within a range of R0.38 and R0.46 per share for the period (representing a decrease of between 114% and 117%).

The financial information on which this trading statement is based has not been reviewed and reported on by the Company's external auditors.

BUSINESS UPDATE

In February 2023, at the announcement of the Company's 2022 financial results, it was indicated that, barring the impacts of loadshedding and rail service unreliability, the six-month outlook for the trading environment appeared to be improving compared to the difficult close to 2022. Unsustainable price-cost pressures and positive movements in early 2023's international steel prices, offered reasons for some optimism.

Despite the buoyance of 2021 and the first half of 2022 having passed (remembering that the latter is the comparable period for this reporting period), the international trading environment in the first half of 2023 benefited from the end to de-stocking and less painful energy prices.

However, locally, the trading environment caught no such tail-winds, as the burden of electricity loadshedding, high inflation and interest rates, and negative growth in key steel consuming sectors such as manufacturing, autos, mining and construction affected already fragile consumer confidence.

The Company committed to adopt a flexible approach to operating plants in reaction to the available order book, adjusting fixed cost levels accordingly, and following an assertive cash management process.

By and large these actions were implemented; mostly by design, but in some instances due to unplanned internal and external interruptions.

However, the softness of the market amidst the unprecedented severity of the electricity loadshedding in the last six months, was very much underestimated, which in turn affected the response time with which production could be adjusted in a responsible and well-considered manner. Building and maintaining any semblance of operating rhythm, which is an absolute necessity in running a continuous, integrated steel making process in a cost-aware manner, proved especially problematic.

Given a weaker pricing environment and faced with cost compressibility challenges, the Company anticipates reporting a substantially weaker financial performance for the reporting period compared to that recognised in the comparable period.

Furthermore, the anticipated release of working capital proved to be much more difficult, resulting in the net borrowings position remaining at elevated levels. Remedial actions are underway to improve the Company's net

borrowing position in the wake of the weaker-for-longer steel trading environment in the region.

ArcelorMittal South Africa's reviewed condensed consolidated financial statements for the six months ended 30 June 2023 will be released on SENS on 27 July 2023, with a virtual presentation on the same day. The presentation will be available for all stakeholders on the Company's website at www.arcelormittalsa.com.

**Vanderbijlpark
18 July 2023**

For further information please contact:

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Sponsor to ArcelorMittal South Africa Limited

Absa Bank Limited (acting through its Corporate and Investment Banking division)

