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Interim financial results

for the six months ended June 2011

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Overview

Nonkululeko Nyembezi-Heita, CEO

Highlights for the half year

- Headline earnings of R668m (R1 804m) : 166 cents per share (450cps)
- Liquid steel output flat and capacity utilisation at 77% (76%)
- Steel sales decreased 4% with domestic sales flat and exports 17% lower
- Cash cost of steel sales per ton increase by 20% due to raw material costs
- EBITDA margin 10% (19%)
- Commercial coke output stable with EBITDA contribution retained above 25%

Key result drivers

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	Q2'2011 vs Q1'2011	H1'2011 vs H1'2010
Flat steel product prices	20%	11%
Long steel product prices	18%	25%
Liquid steel production	14%	1%
Total sales volume	0%	-4%
Export sales volume	-33%	-17%
Domestic sales volume	14%	1%
HRC Rand cash cost per tonne	10%	19%
Billet Rand cash cost per tonne	-2%	29%
Labour productivity	11%	-3%
ZAR movement (average rate)	+3%	+8%

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Steel Market Overview

Global economy

- Global economy expanded at annualised rate of 4.3% in Q1, with mild slowdown observed in Q2 due to weak growth in advanced economies
- Economic growth in most emerging and developing economies continues to be strong, with China and India registering high annualised economic growth rates of 9.7% and 8.5% respectively
- Prospects for Sub-Saharan African economic growth in 2011 remains high at over 5.5%, with investment expected in the oil and gas, telecommunication and in other infrastructure such as roads & rail
- Rising global inflation and concerns around high debt levels in the USA and the euro zone continue to threaten global economic growth

Global steel market trends

- Total global steel production increased 8% to 762mt compared to H1'10 (705mt)
- Production increases of 4.8%, 5.2% and 10.2% were registered in EU, North America and China respectively
- China continues to sustain its position as the leading producer (48%) as well as consumer (46%) of crude steel in the world
- Africa's steel production declined almost 17% to 6.9mt compared to H1'10 (8.4mt)
- Global capacity utilisation level has been stable at 81.5% in the first half

Global input cost trends

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- International iron ore prices increased 23% (62% Fe) while pellet prices increased 59%
- International coking coal prices increased 98% reaching a high of $334/t in January 2011 ($170/t in June 2010) while current prices are still above $300/t
- The domestic coal price index (API4) rose 33% during the first half
- Scrap prices increased on average 19% relative to H1'2010
- Base metals such as tin and zinc increased 72% and 9% respectively
- Crude oil added 44% to average $111/barrel
- Electricity tariffs increased 27% after 2010 saw 24% escalation

Sources: Platts Steel Market Daily, Argus Coal Daily, Metal Bulletin, Tex Report and ArcelorMittal South Africa

Global environment – raw material prices

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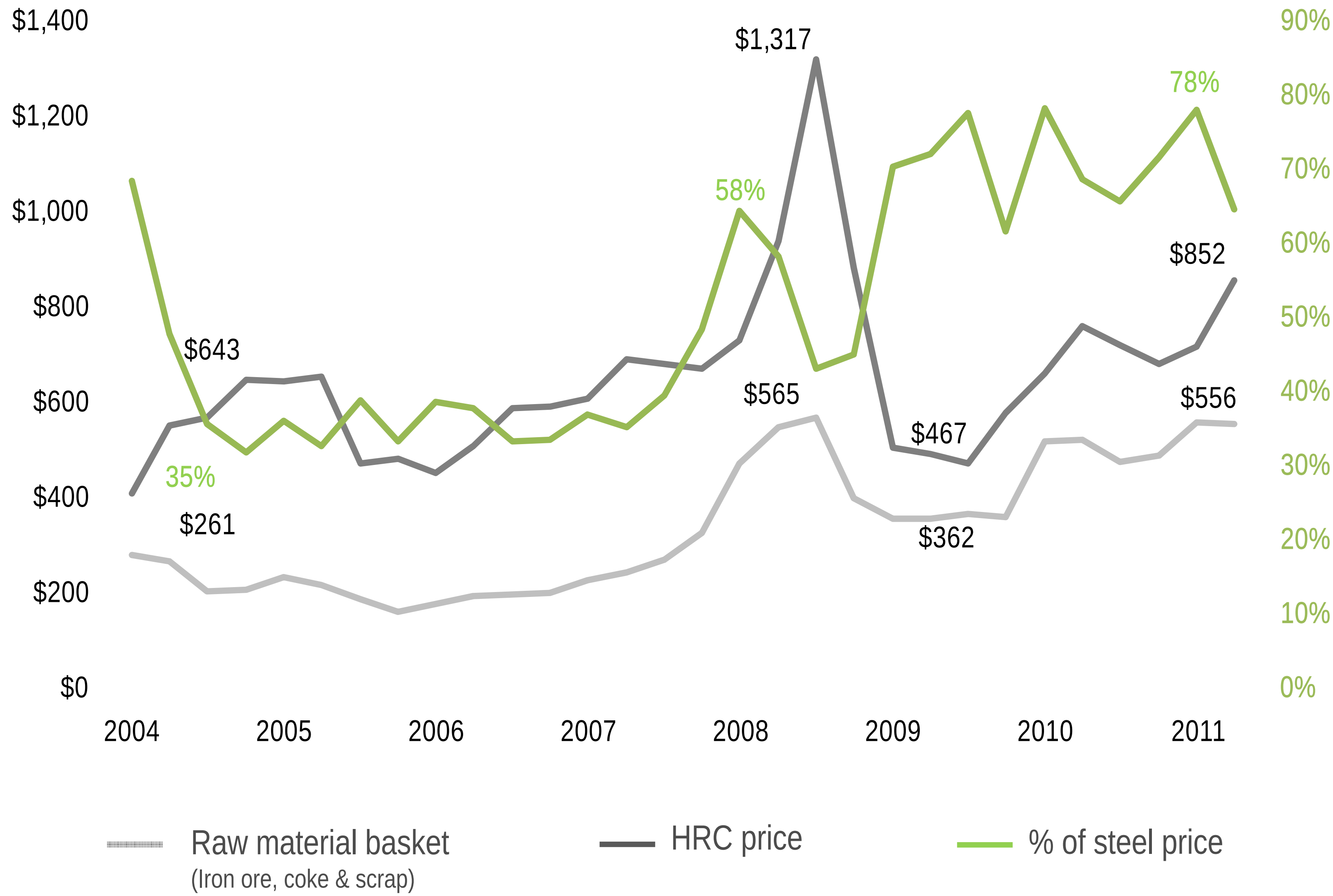


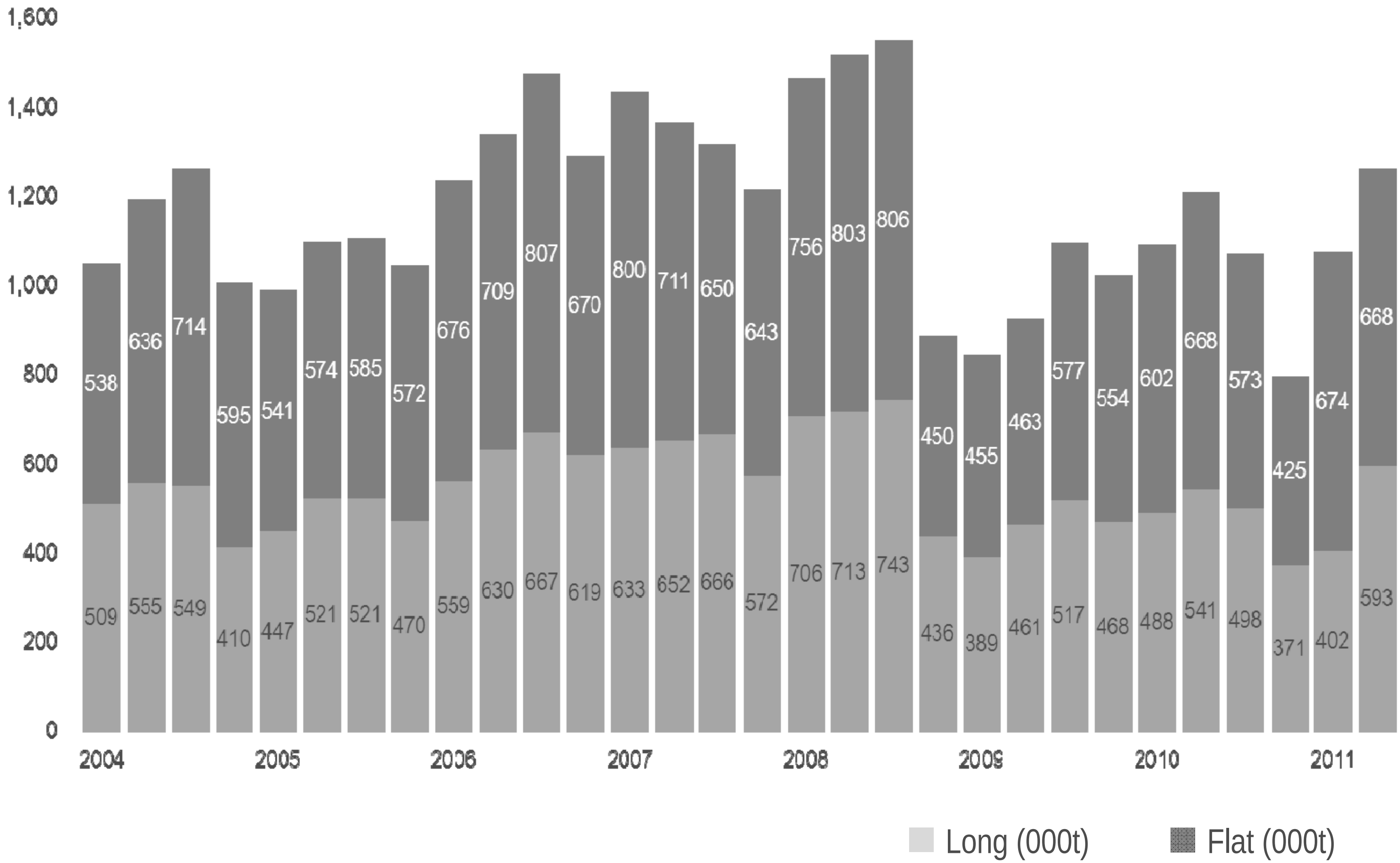
Sources: AME

Input cost positioning

H1'2011	'000t	Backward integrated	Domestic supply	Imported
Iron ore	3 900	90%	10%	0%
Pellets	270	0%	0%	100%
Scrap	550	53%*	47%	0%
Met coal	1 220	12%	22%	66%
Other coal	1 310	1%	99%	1%
Total	7 250	55%	30%	15%

*Internally generated

Domestic market – quarterly shipments

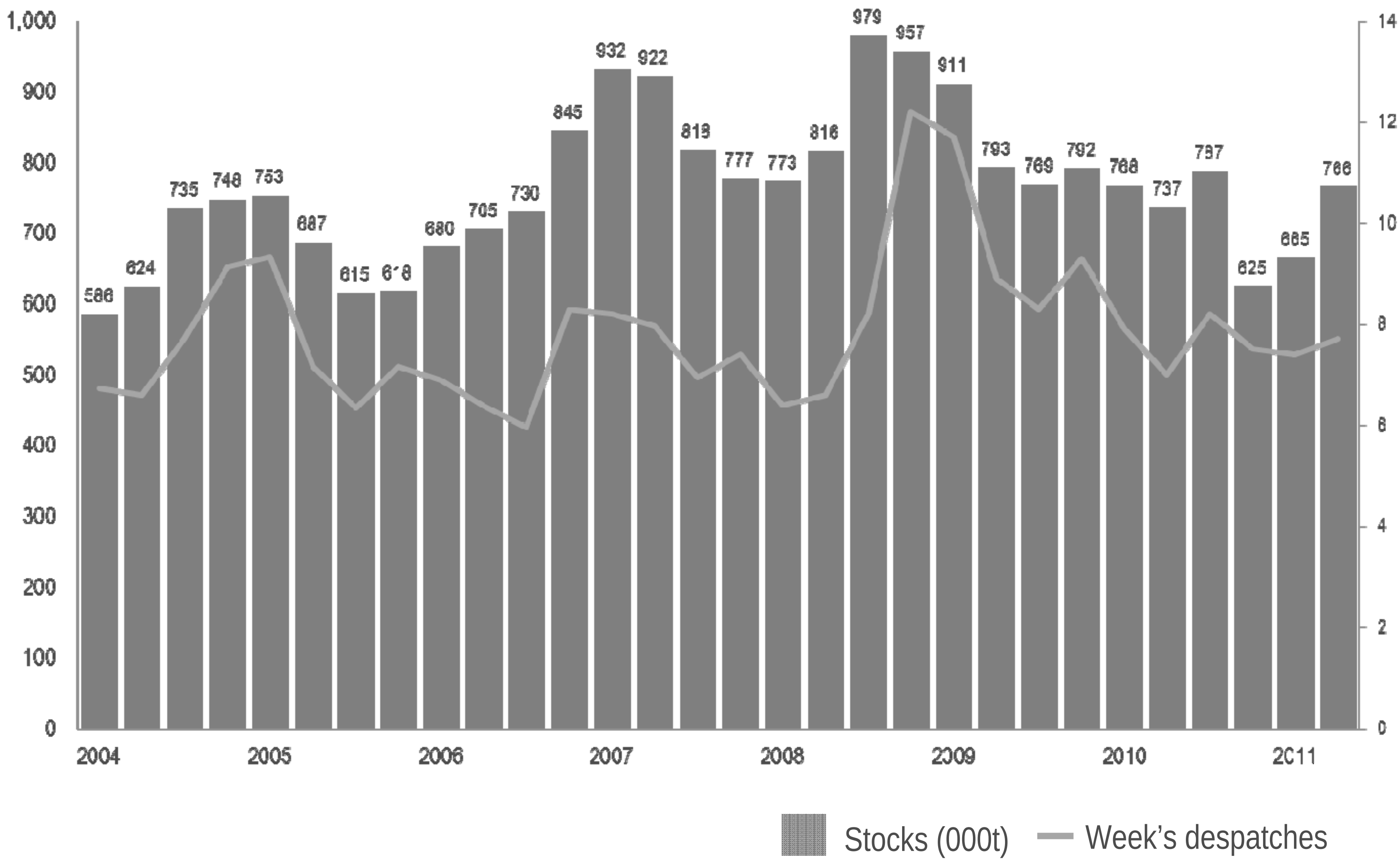


Source : SAISI up to Q3'08, thereafter ArcelorMittal South Africa estimates

Domestic performance of key steel consuming sectors

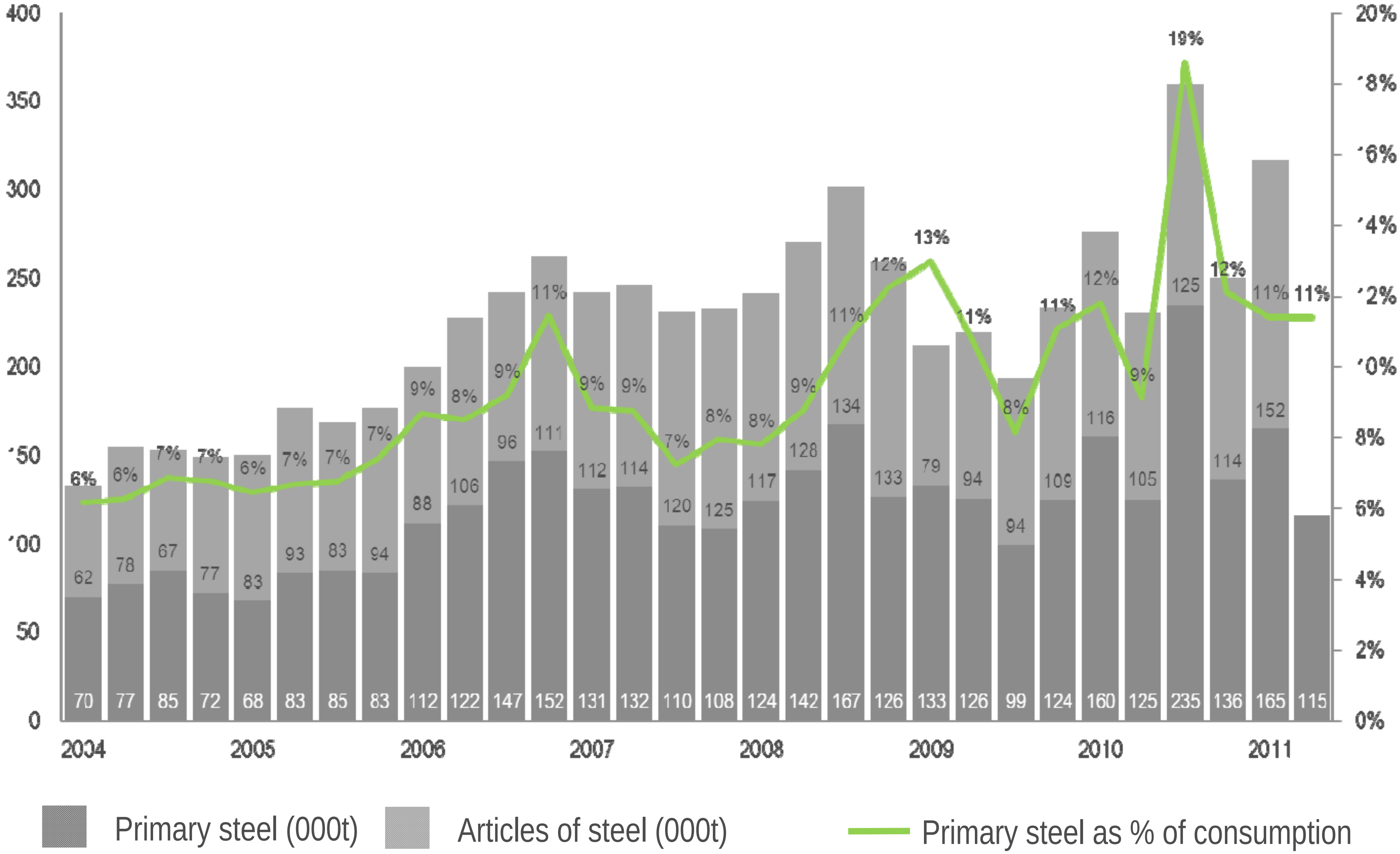
- At an annualized growth rate of 3.6% in Q1, the South African economy demonstrated its resilience
- Strong growth was registered in key consuming sectors such as manufacturing at 4.9%, with significant contribution from the automotive, metals and machinery segments
- The mining sector grew by 3.5%, with increases in overall production across major segments such as gold
- Dismal performance across the board in the construction sector with no growth in Q1 and poor prospects for the rest of 2011

Domestic market – quarterly inventory levels



Source : SAISI up to Q3'08, thereafter ArcelorMittal South Africa estimates

Domestic market – quarterly imports

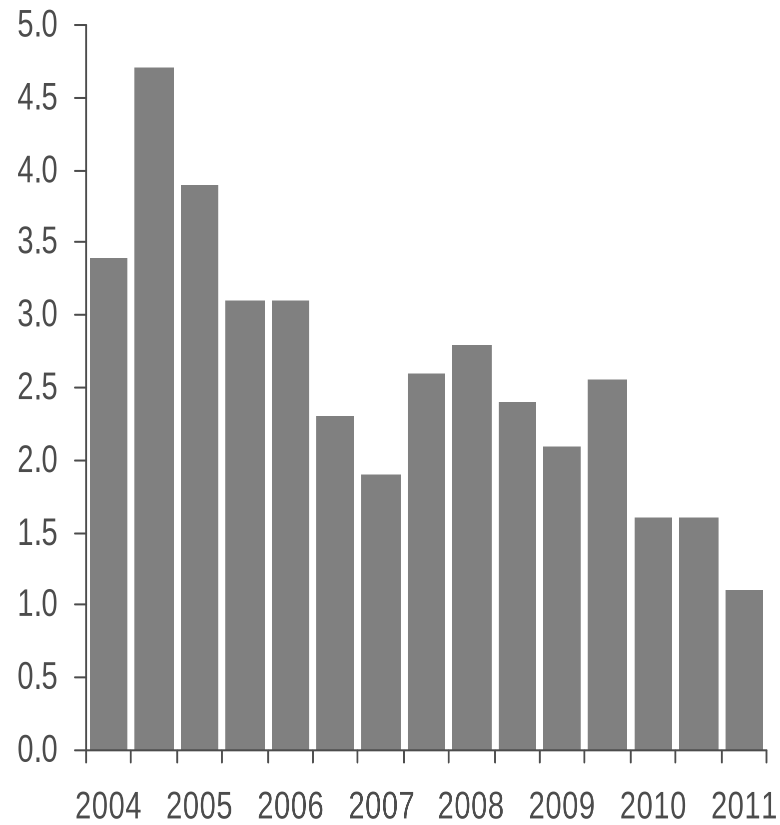


Source : SAISI up to Q3'08, thereafter ArcelorMittal South Africa estimates

Operating Results

Safety

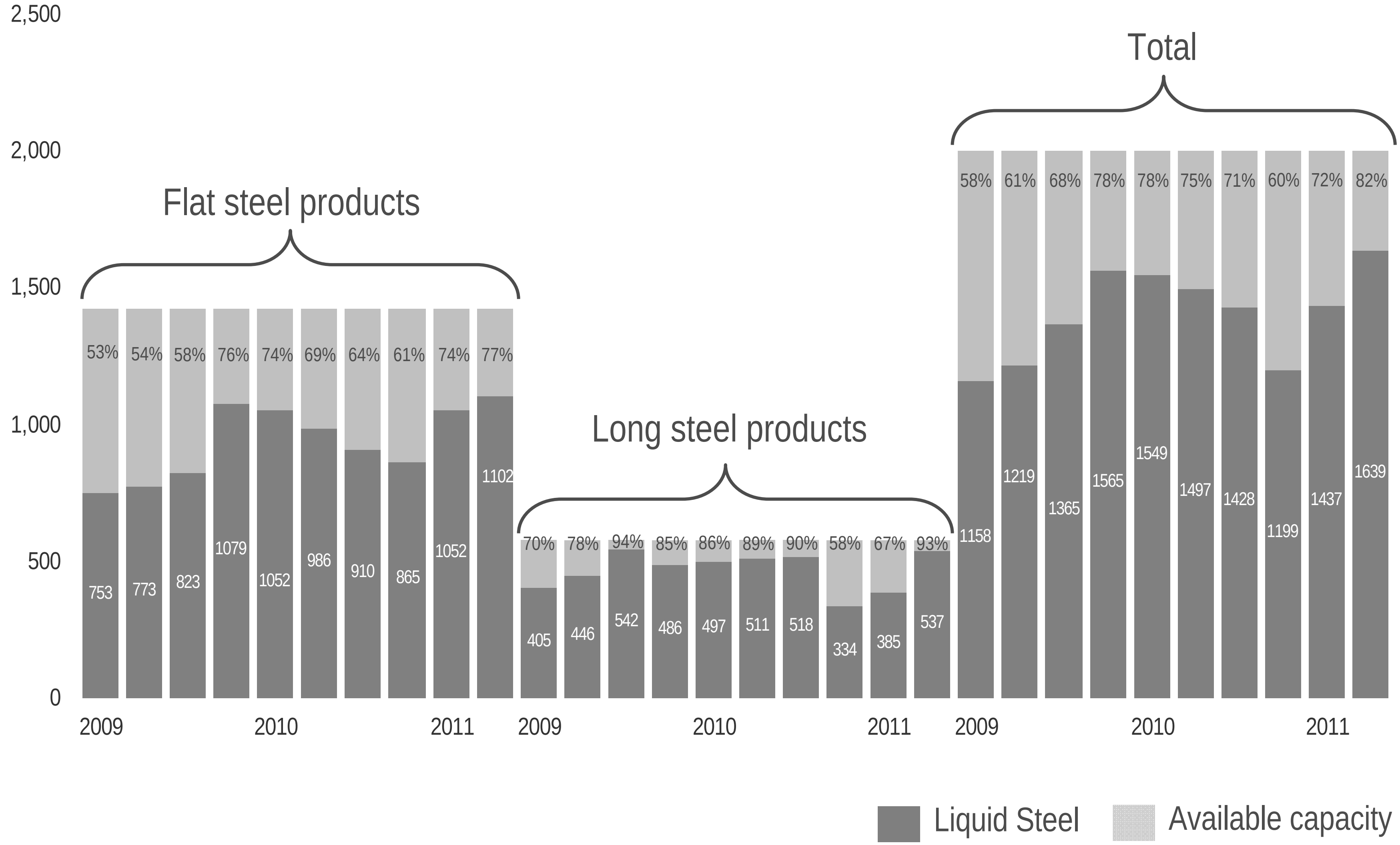
- Regrettably four fatalities
- Improved LTIFR at 1.1
  - Vanderbijlpark Works – 1.1
  - Saldanha Works – 0.5
  - Newcastle Works – 1.1
  - Vereeniging Works – 1.4
  - Coke & Chemicals – 1.6
- Redoubling efforts in our journey to zero programme and adherence to FPS



Lost Time Injury Frequency Rate
(Employees and Contractors)

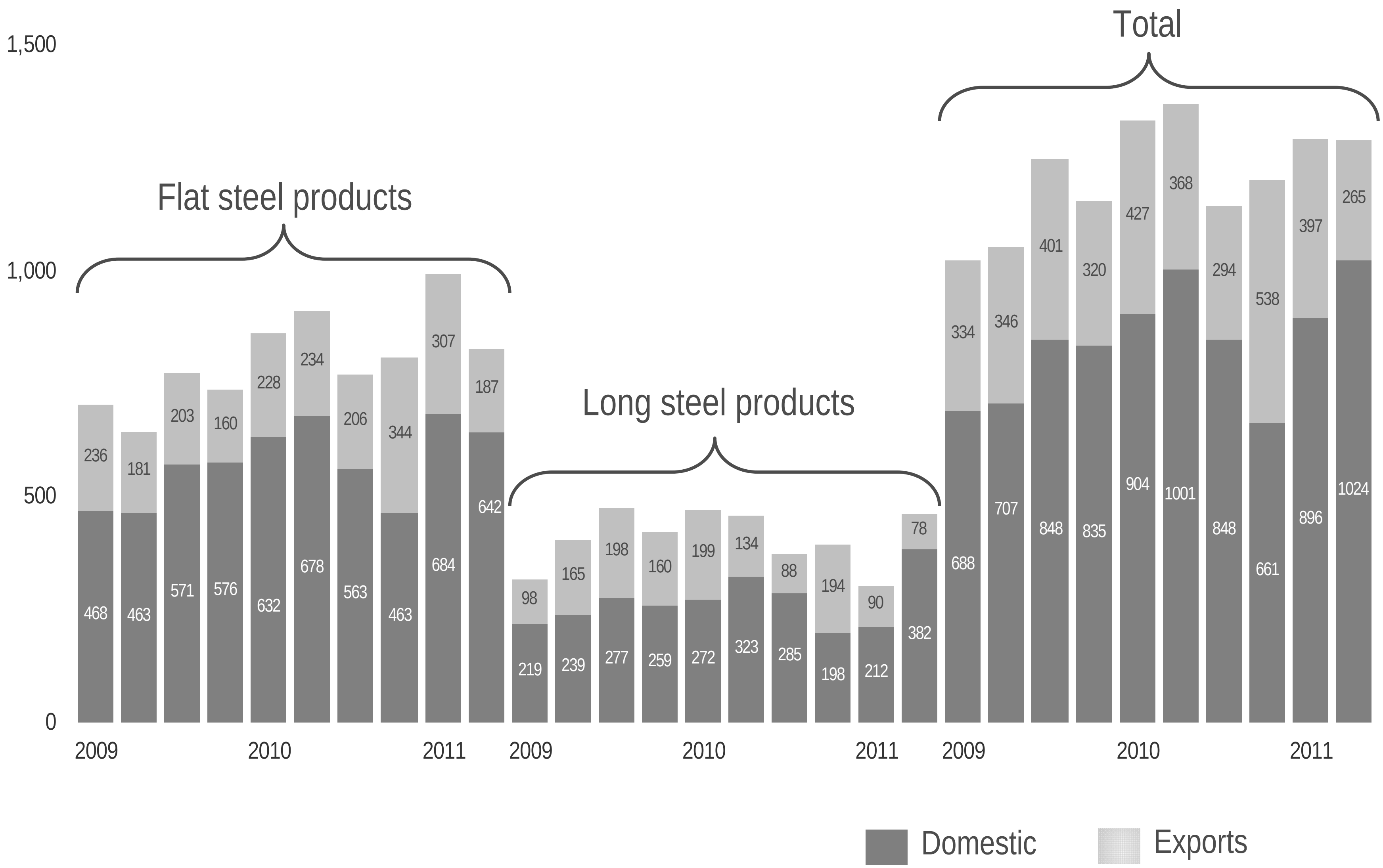
Steel products

Production (000t) and capacity utilisation



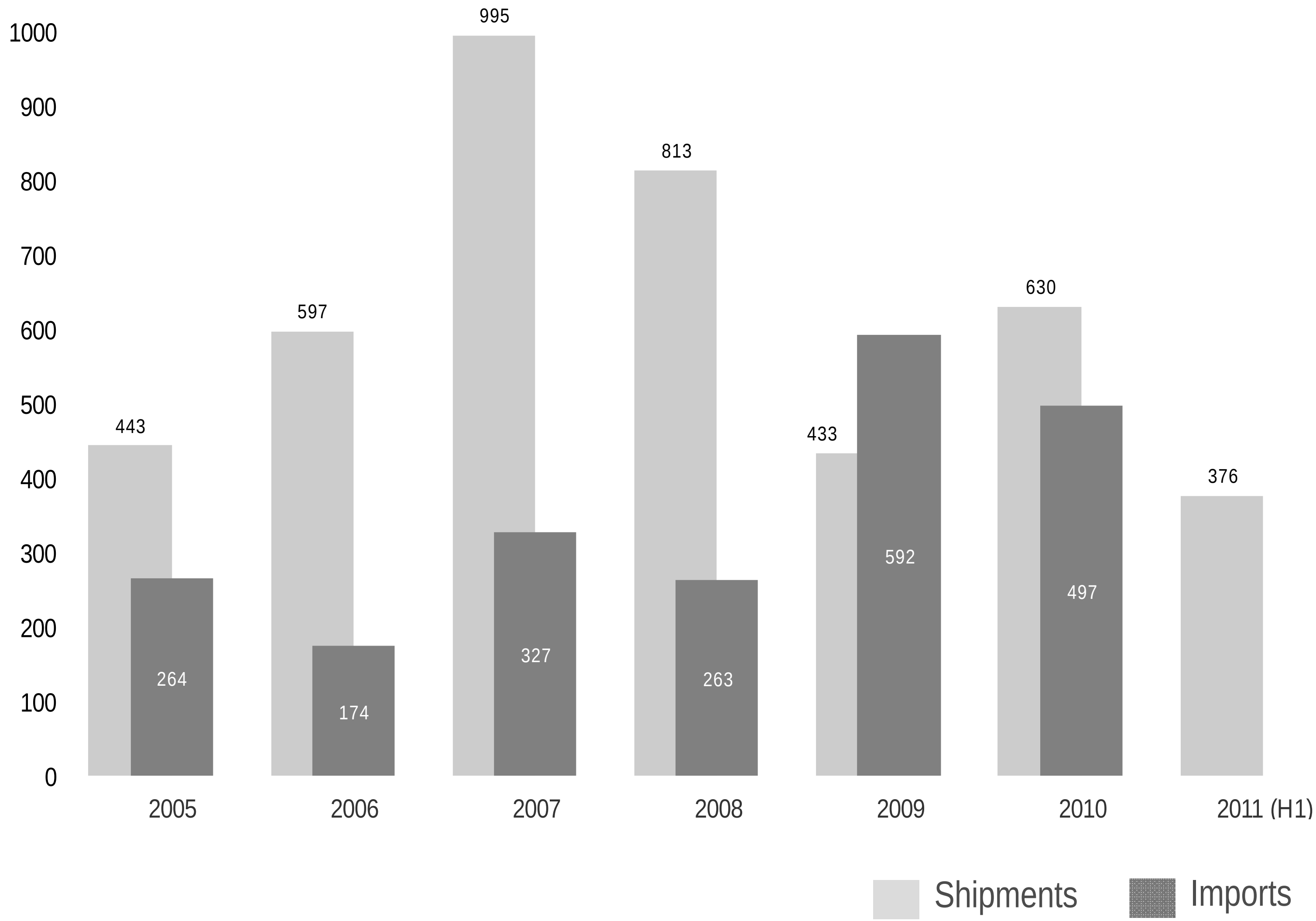
Steel products

Shipment volumes (000t)

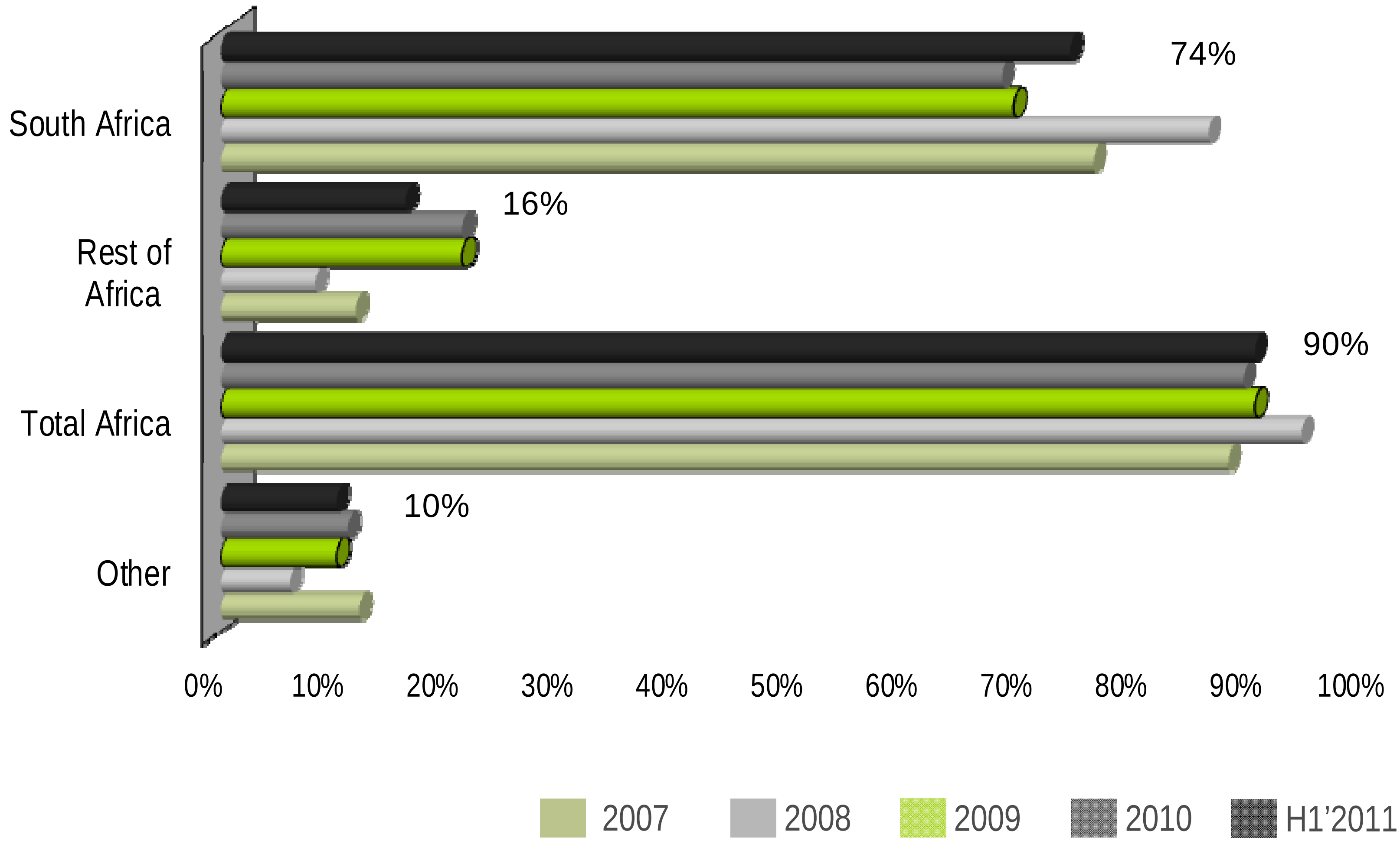


Commercial coke

Shipment and import volumes (000t)



Geographic shipments



Capital expenditure (Rm)

	H2'2010	H1'2011
Safety	21	33
Growth	97	107
Environment	114	42
Sustainable maintenance	121	154
Total expenditure	356	336

New blast furnace gas holder at Vdbp (R313m)	Sinter off-gas treatment plant at Vdbp (R220m)
Coal water treatment at Vdbp (R186m)	ZED programme at Newcastle (R45m)
Overhaul 30MW turbine generator at Vdbp (R78m)	Desulphurization station upgrade at Newcastle (R115m)
Install OFC panels at the EAF Vdbp (R70m)	Non destructive testing equipment at Tubular (R77m)

Finance
Rudolph Torlage
CFO

Headline earnings (Rm)

	H1'2010	H2'2010	H1'2011
Revenue	16 165	14 049	16 576
Profit (loss) from operations	2 349	-198	929
Finance and investment income	25	46	19
Gains (losses) on forex & financial instruments	113	- 263	100
Finance costs	-176	-181	-87
Tax	-669	177	-297
Equity earnings*	135	-13	-10
Net deficit on disposal/scrapping of assets*	27	5	14
Headline earnings/(loss)	1 804	-427	668
- in US$m	*239*	*-60*	***97***

*After tax

EBITDA from segments (Rm)

	H1'2010	H2'2010	H1'2011
Flat steel products	1 705	-263	1 007
Long steel products	846	244	369
Coke & Chemicals	503	526	486
Corporate & other	-17	-22	-227
Total EBITDA	3 037	485	1 635
EBITDA margin	19%	3%	10%

Main cost drivers (R/t)

	H1'2010	H2'2010	H1'2011	(Weight)
Iron ore & pellets	800	986	994	(18%)
Scrap / DRI / HBI	254	163	333	(6%)
Coking coal & other fuels	1 273	1 667	1 598	(28%)
Energy	279	509	447	(8%)
Manpower	566	652	643	(11%)
Maintenance	316	359	358	(6%)
Other	1 227	1 276	1 328	(23%)
Total	4 715	5 612	5 701	(100%)

Main cost drivers (R/t)

	Q1'2011	Q2'2011	(Weight)
Iron ore & pellets	959	1 029	(17%)
Scrap / DRI / HBI	292	374	(6%)
Coking coal & other fuels	1 361	1 836	(29%)
Energy	366	529	(9%)
Manpower	629	657	(10%)
Maintenance	350	367	(6%)
Other	1 204	1 449	(23%)
Total	5 161	6 241	(100%)

Cash flow (Rm)

	H1'2010	H2'2010	H1'2011
Cash generated from operations	2 716	1 117	2 005
Working capital	-1 001	-99	-2 230
Capex	-356	-1 358	-336
Net finance income (cost)	-18	130	-12
Investments	-98	-22	-22
Tax	-387	-266	-161
Dividends	-602		
Repayment of borrowings & finance lease	-159	-340	-195
Cash flow	697	-1 440	-951
Effect of forex rate changes on cash	134	-233	68
Net cash flow	831	-1 673	-883
Cash	5 179	3 506	2 623

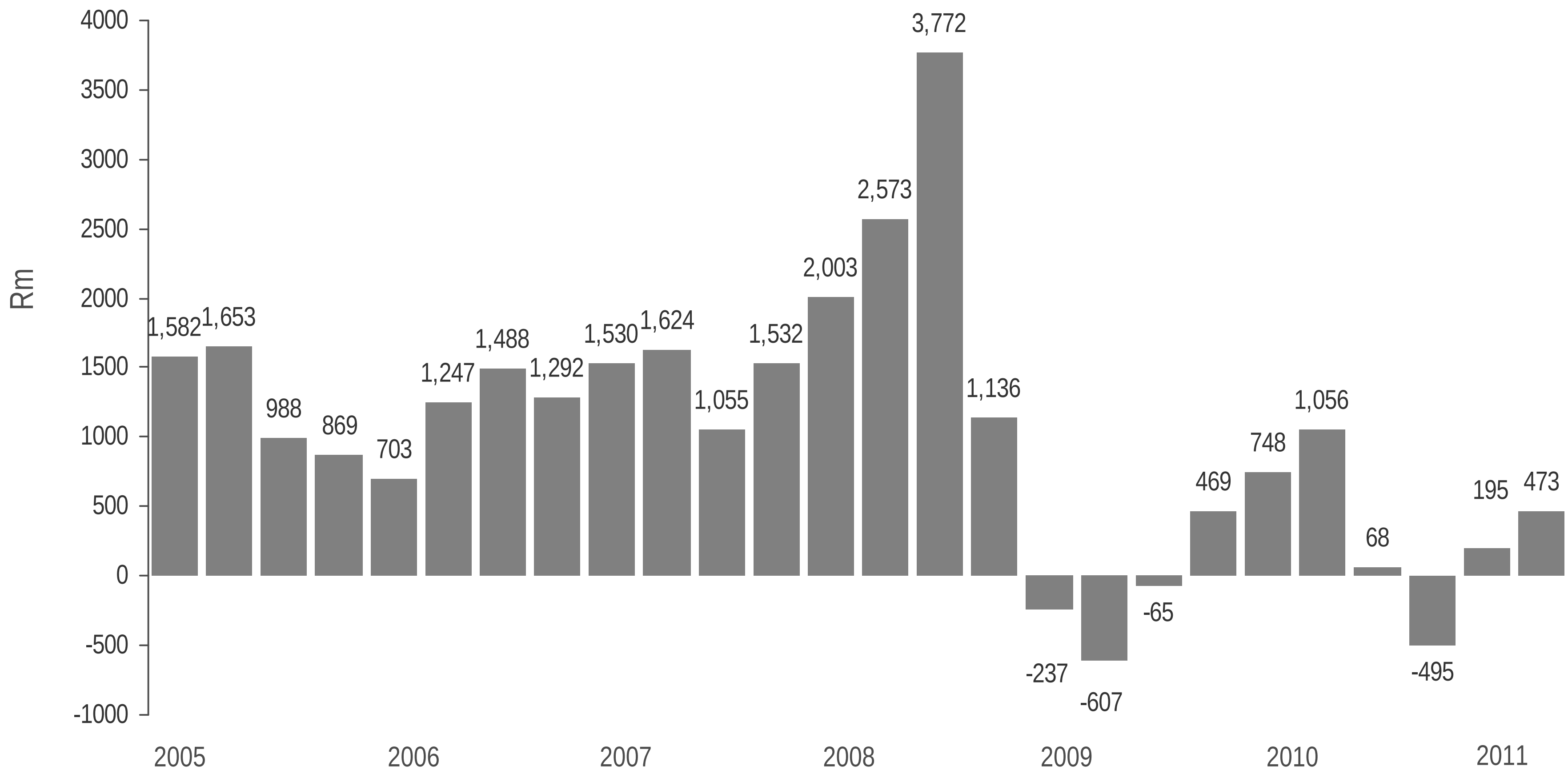
Working capital movement (Rm)

	H1'2010	H2'2010	H1'2011
Inventories	-1 151	-393	-949
Finished products	103	-627	112
Work-in-progress	-473	367	-718
Raw materials	-817	-58	-333
Plant spares & stores	36	-75	-10
Receivables	-1 284	1 587	-1 389
Payables	1 358	-834	191
Utilisation of provisions	76	-459	-83
Working capital movement	-1 001	-99	-2 230

Financial ratios

	H1'2010	H2'2010	H1'2011
Operating margin	15%	-1%	6%
EBITDA margin	19%	3%	10%
Revenue / invested capital (times)	1.4	1.0	1.4
Return on equity	16%	-4%	6%
Net cash / equity	21%	14%	10%

Quarterly headline earnings trend

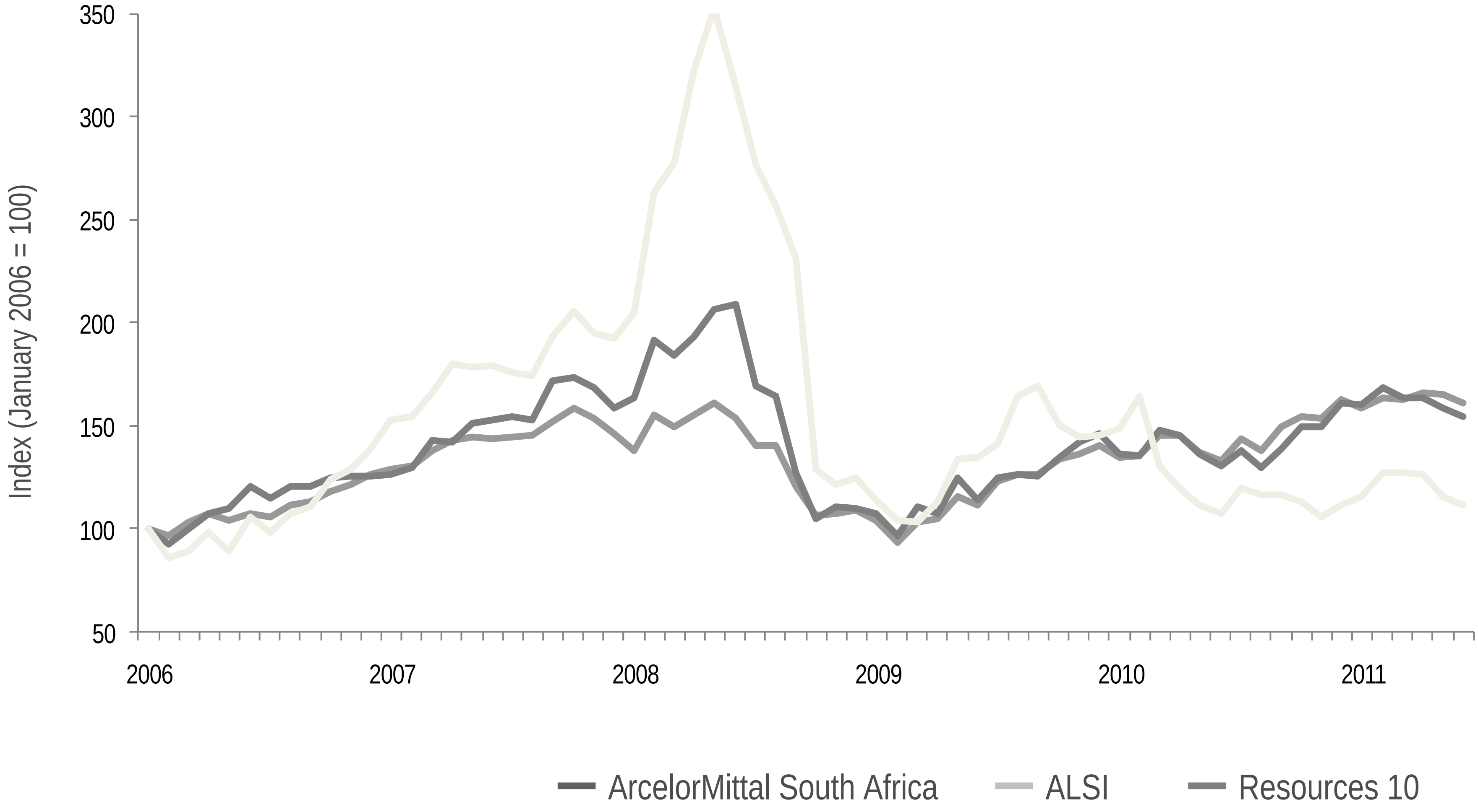


Share price performance

Period January 2006 to June 2011

Average Dividend Yield at 4.6% (excl cap red) – 1.7X the market

Average Price Earnings ratio of 22.9X – 153% of the market



Dividend

- Distributing one third of headline earnings every six months
- Headline earnings R668 million (166 cps)
- Dividend of 55 cps
- Payment date 5 September 2011

Investment Program and other developments

Nonkululeko Nyembezi-Heita

Additional focus areas

- Update on court proceedings
- Kumba arbitration
- ICT acquisition
- B-BBEE transaction
- Competition matters
- Mining update
- Afrox supply agreement

Training activities

Technical Skills Business Partnership (TSBP)

- AMSA, Sasol, Transnet, Eskom, Anglo Platinum, Goldfields
- Collaborative initiative to alleviate the shortage in the national technical skills pool
- Collectively provide 5 400 artisans over and above own need (900 per company – AMSA delivered on this promise at a cost of R172m)
- Collaborative initiative on training best practices
- Address the FET sector in terms quality, curriculum, management, career guidance

Accelerated Artisan Training Programme

- AMSA brain child and adapted and implemented by the MERSETA via the SEIFSA structures
- AMSA have enrolled approx 200 per year since 2007 with current pipeline at 600
- Training over and above own need to address the national need with grants to subsidize training

Outlook

Outlook for Q3'11

- Business environment
  - International steel prices are under downward pressure
  - Restocking phase appears to be completed
  - Continued negative impact of higher raw material costs, mainly coal
  - Sales affected by strike
  - Shutdown at Saldanha Works for 40 days
- Earnings
  - Substantial decline compared to Q2'2011

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Thank you

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