



ArcelorMittal

Interim Financial Results

for the six months ended June 2010



ArcelorMittal

Introduction and overview

Nonkululeko Nyembezi-Heita, CEO

Overview (H1'2010 vs H1'2009)



Headline profit of R1 804m

- Earnings per share of 450c vs loss of 190c
- EBITDA of R3 037m vs R256m

Steel shipments and production

- Dispatches up 31%
- Average realised prices on same level
- Liquid steel production up 28%
- Capacity utilisation increased from 66% to 76%

Cost

- Raw material cost per tonne decreased by 15%
- Cost of steel sales decreased by 15%

Kumba Iron Ore

- Interim agreement concluded
- Surcharge on domestic steel sales

Key result drivers



	H1'2010 VS. H2'2009	H1'2010 VS. H1'2009
Liquid steel production	4%	28%
Total sales volume	12%	31%
Export sales volume	10%	17%
Domestic sales volume	13%	37%
Flat carbon steel product USD prices	7%	25%
Long carbon steel product USD prices	12%	15%
HRC Rand cash cost per tonne	2%	-11%
Billet Rand cash cost per tonne	9%	-14%
Labour productivity	3%	30%
USD/ZAR (average rate)	-2%	-18%



ArcelorMittal

Environment and steel markets

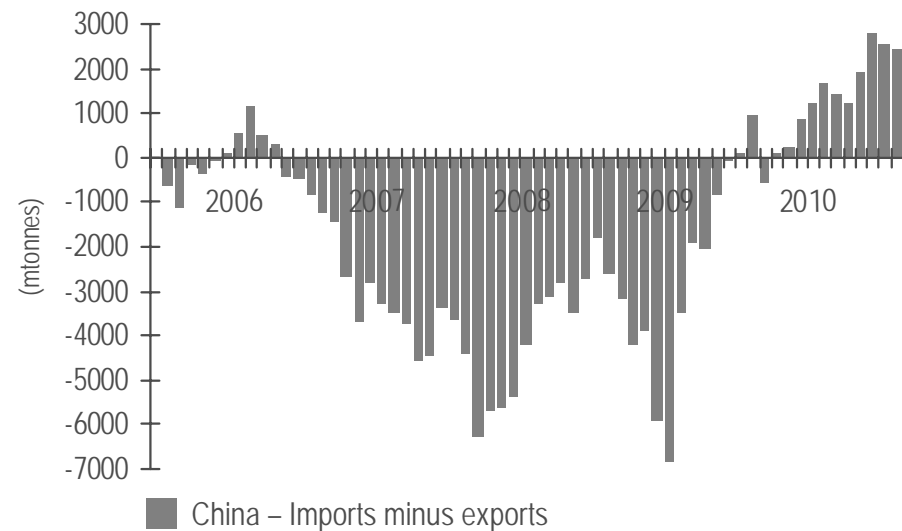
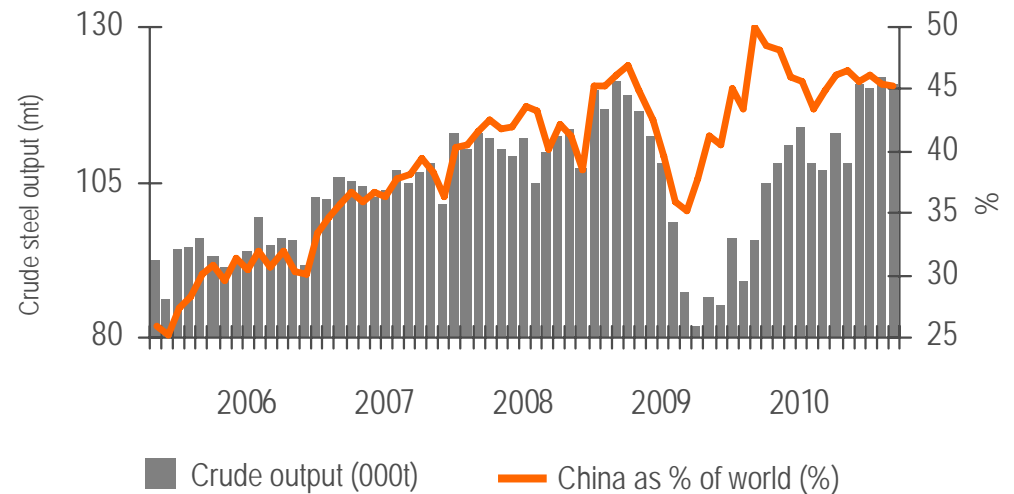
Global environment – General market trends

- World economic growth in 2009 decreased to 0.6% from 3.0% in 2008 - growth of 4.6% is expected in 2010
- Emerging markets grew by 2.5% in 2009 (2008: 6.1%), increasing to an expected 6.8% in 2010 and 6.4% in 2011
- Chinese economy grew by 9.1% in 2009 compared to 9.6% in 2008 despite fiscal control measures to cool it down while a growth rate of 10.5% is expected for 2010
- World crude steel production in the first six months of 2010 increased by 29% while China increased its output volumes by 25% compared to the same six months in 2009
- Global capacity utilization improved from 66% in H1'09 to 75% in H2'09 to 81% in H1'10
- World Steel Association's latest forecasts are that apparent steel consumption for 2010 will be up 10.7% to 1.2 billion tonnes compared with 2009 (+120mt)

Global environment – Global steel market trends



- World production for first quarter increased by 29% to 341mt
- China produced 47% of world's total crude steel over the first half of 2010 compared to 49% in the comparable period but still up on the 38% in same period of 2008
- China has been net importer since August 2009
- During H1'10 South Korea, India, the EU, Vietnam and Brazil were the top 5 importers of China's steel

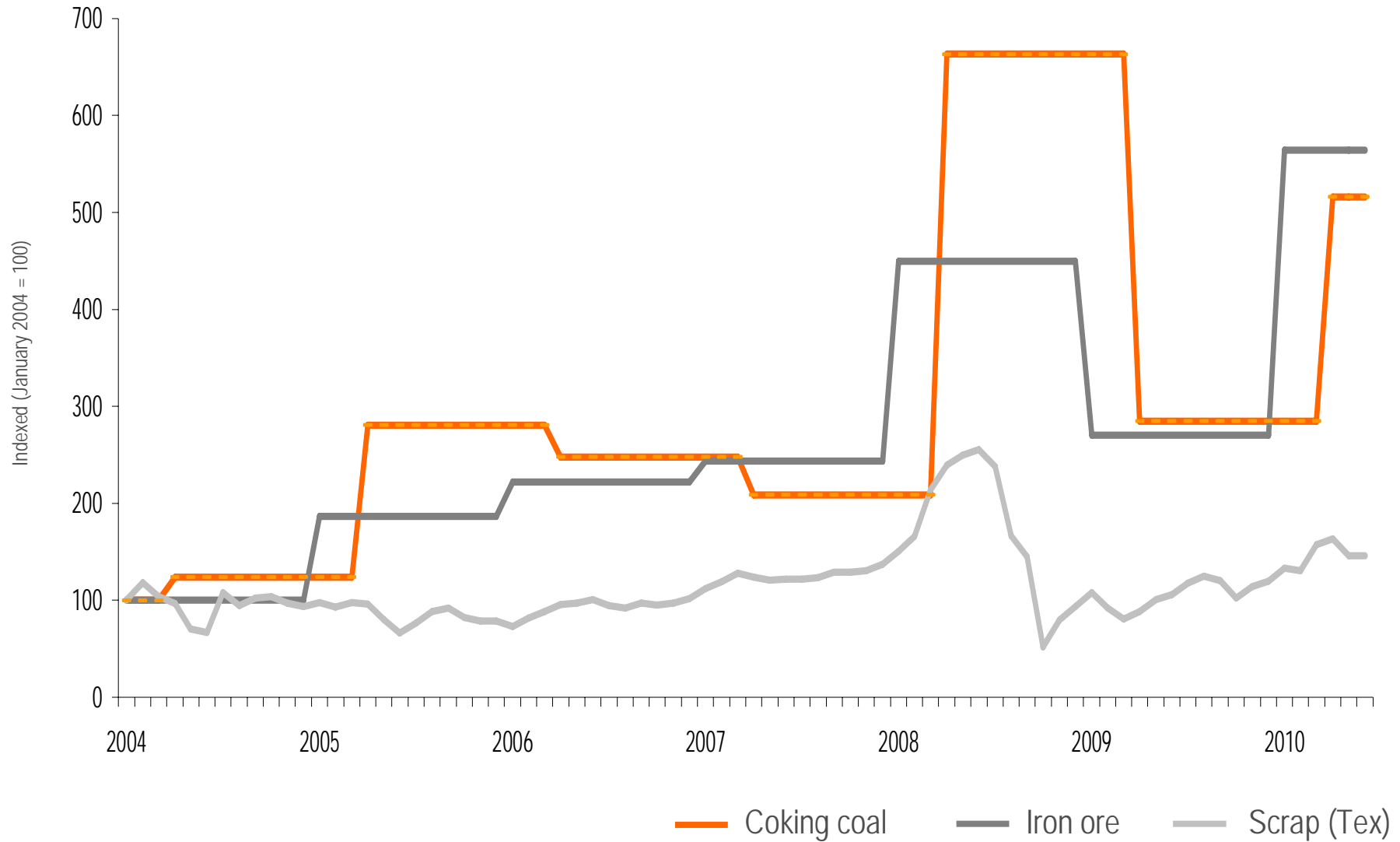


Global environment – Input cost trends

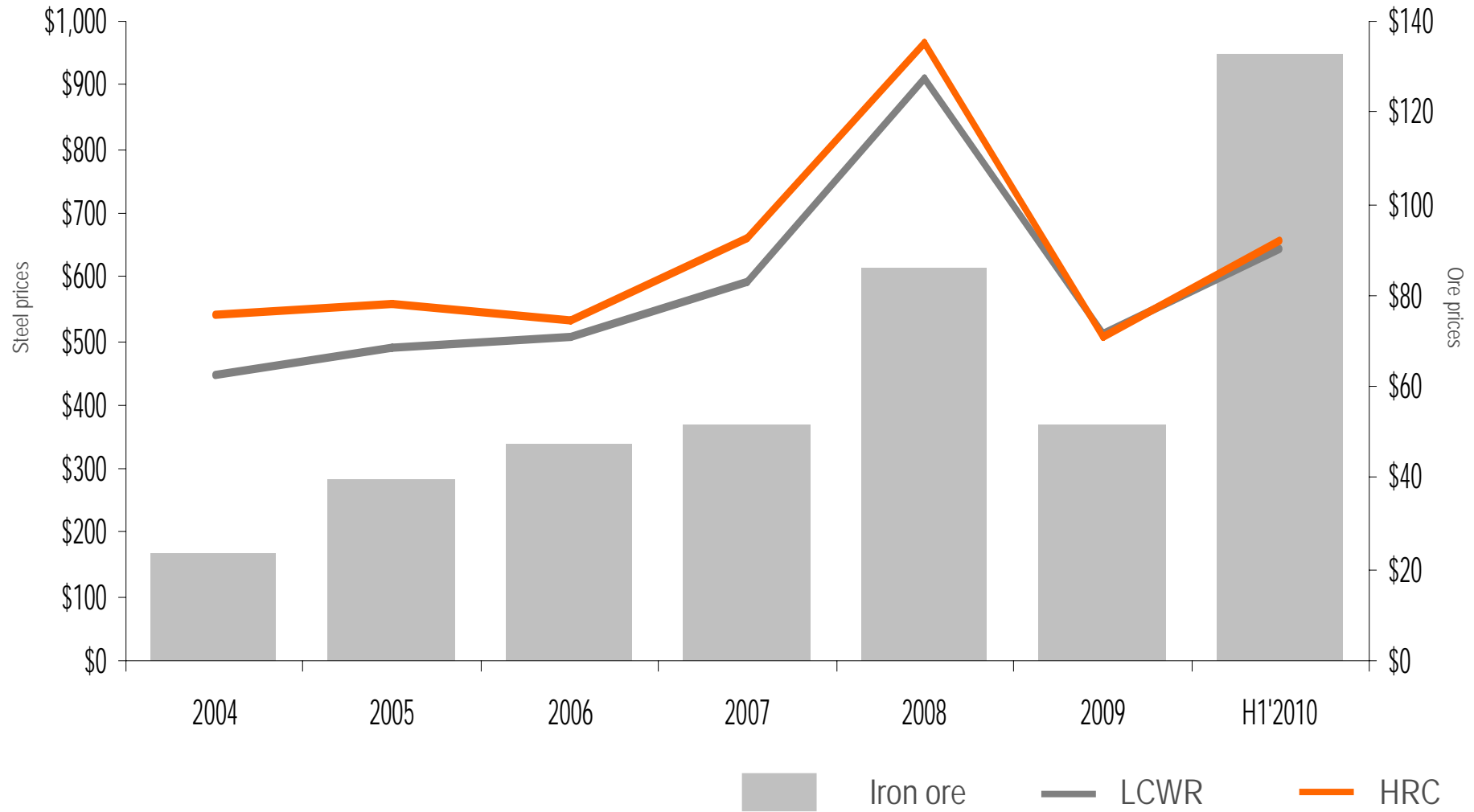


- Step change in raw material trade as suppliers move away from contracts to spot
- Increasing price trend on all major raw materials while ZAR has strengthened by 18%
- H1'2010 iron ore prices have increased by 116% from H1'2009 benchmark levels
- International hard coking coal spot prices have increased by 64% in H1'2010 to US\$220/t although contract values have slipped by 16% to US\$184/t over the period
- Scrap values during H1'10 increased by 64% to US\$410/t
- Alloy prices during H1'10 increased with Zinc up 66% and Tin up 43%
- On average crude oil prices were up 50% in H1'2010 compared to H1'2009

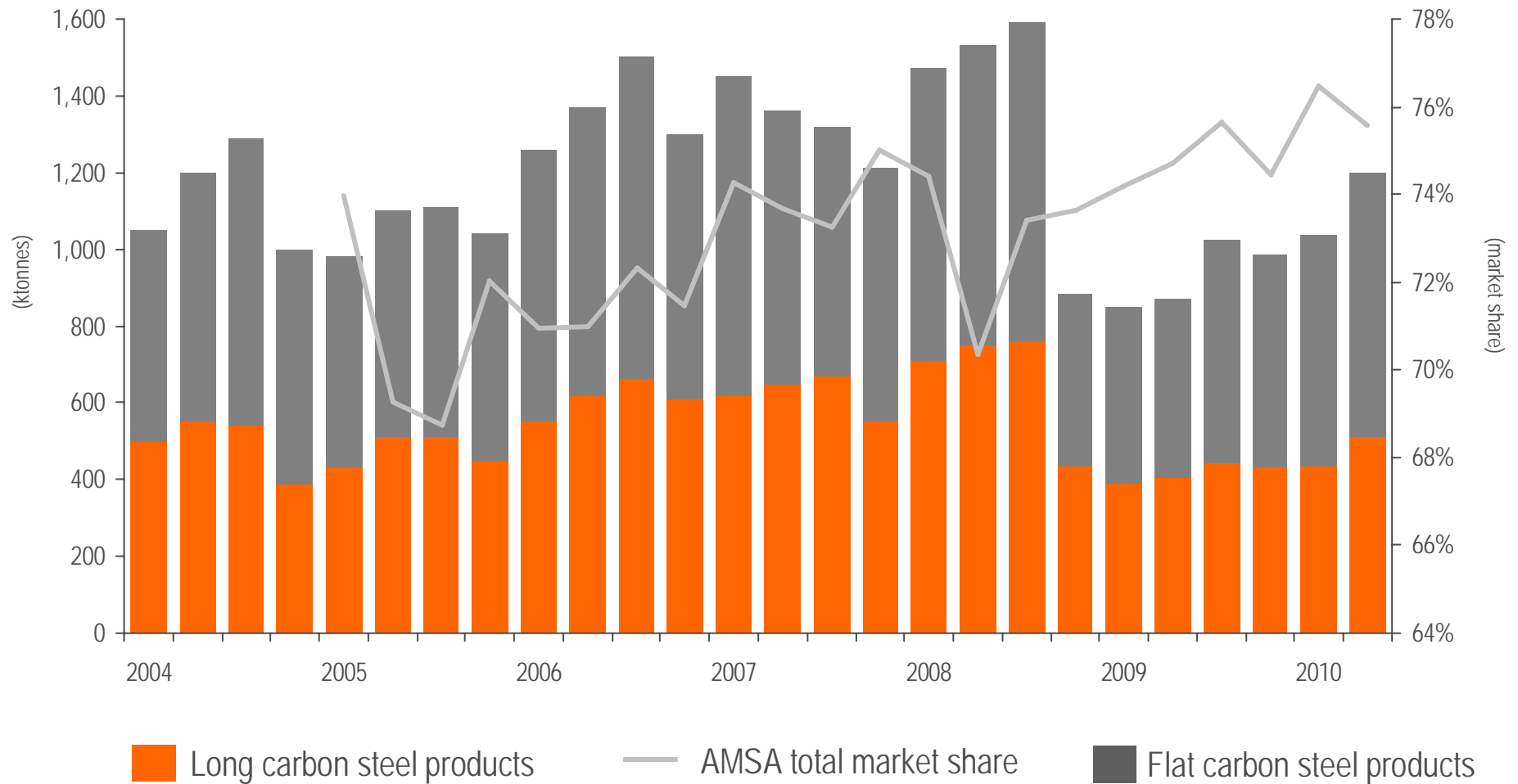
Global environment – benchmark prices



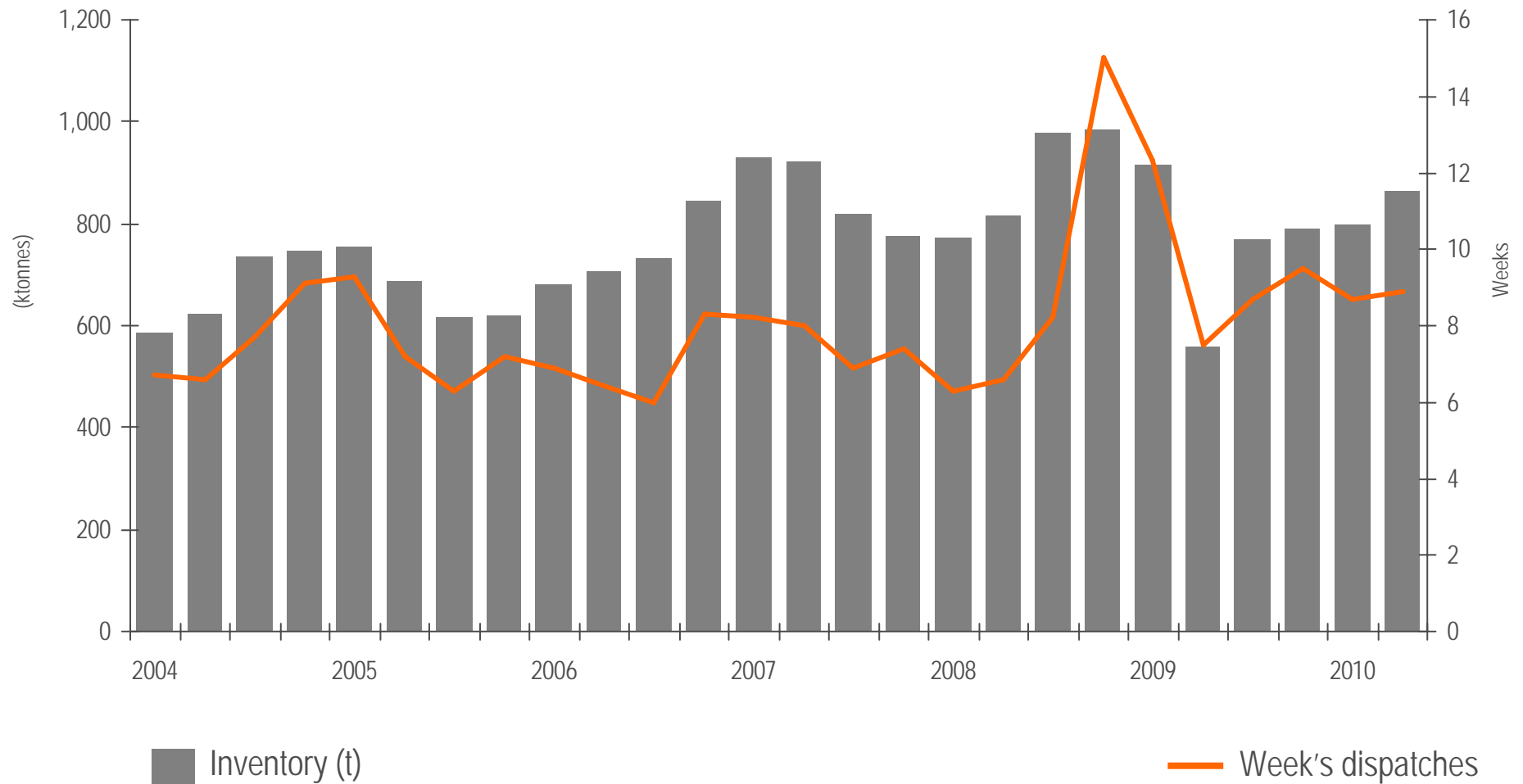
Export prices



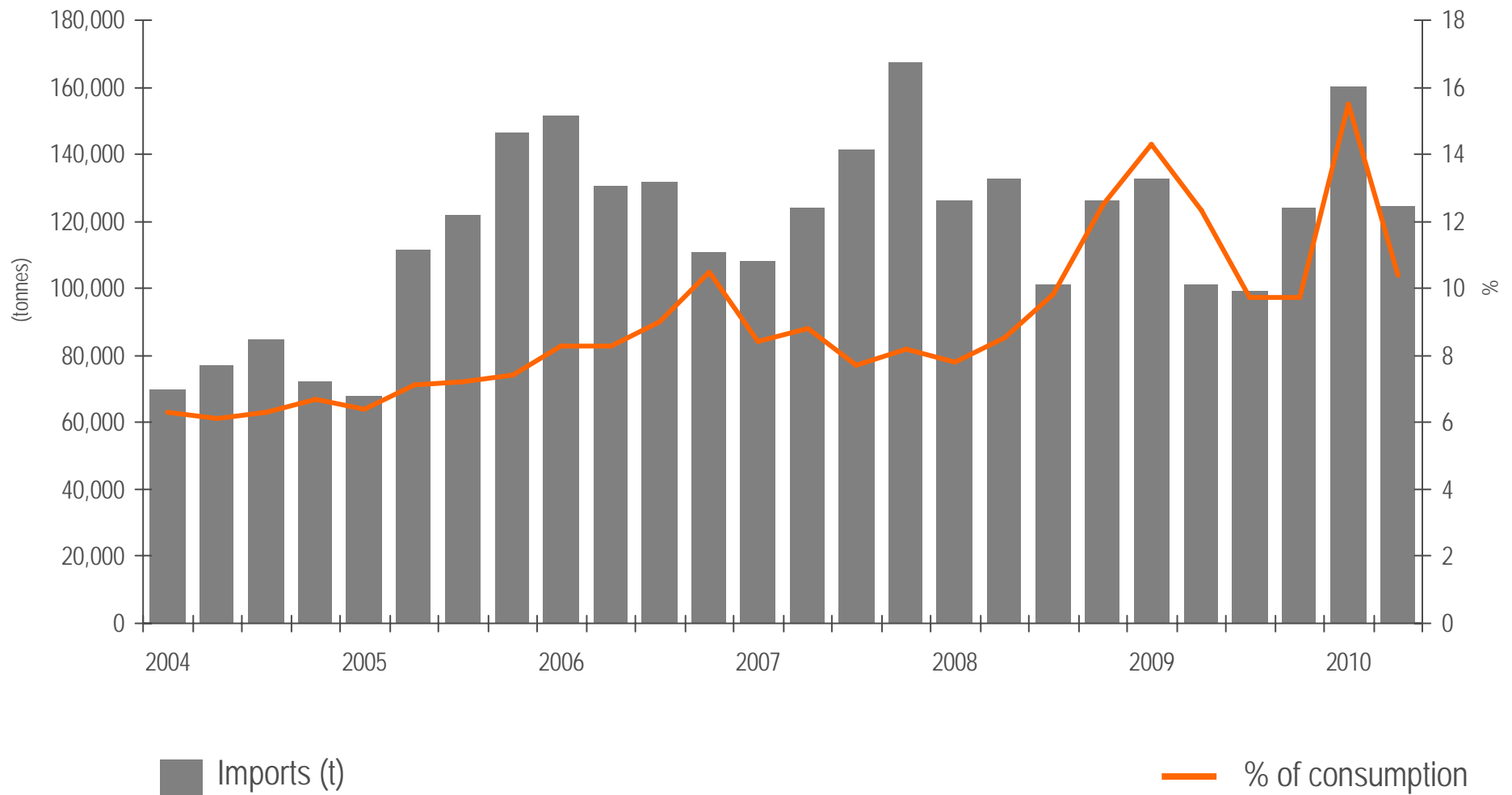
Domestic market – Quarterly shipments



Domestic market – Inventory levels



Domestic market – Imports



Source : SAISI up to Q3'08; ArcelorMittal South Africa estimates for Q4'08, Q1'09 and Q2'09

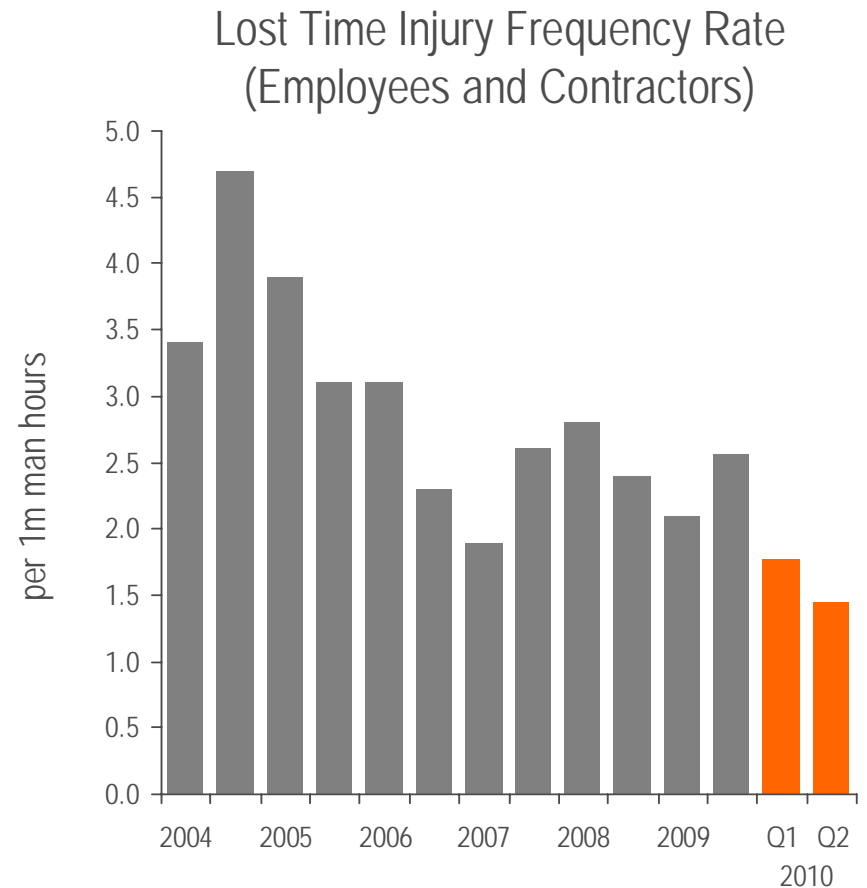


ArcelorMittal

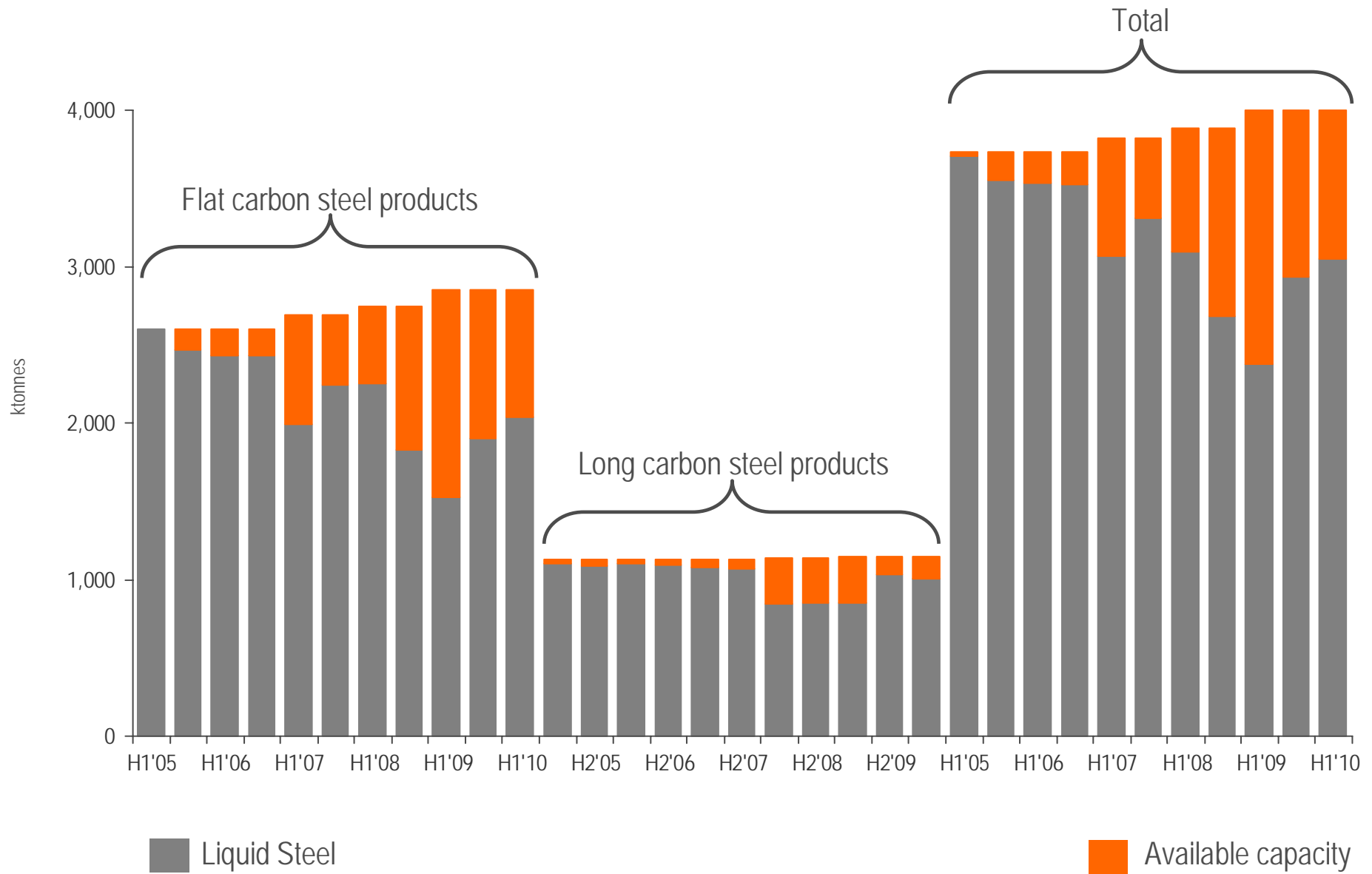
Physical results for H1'2010

Safety remains our priority

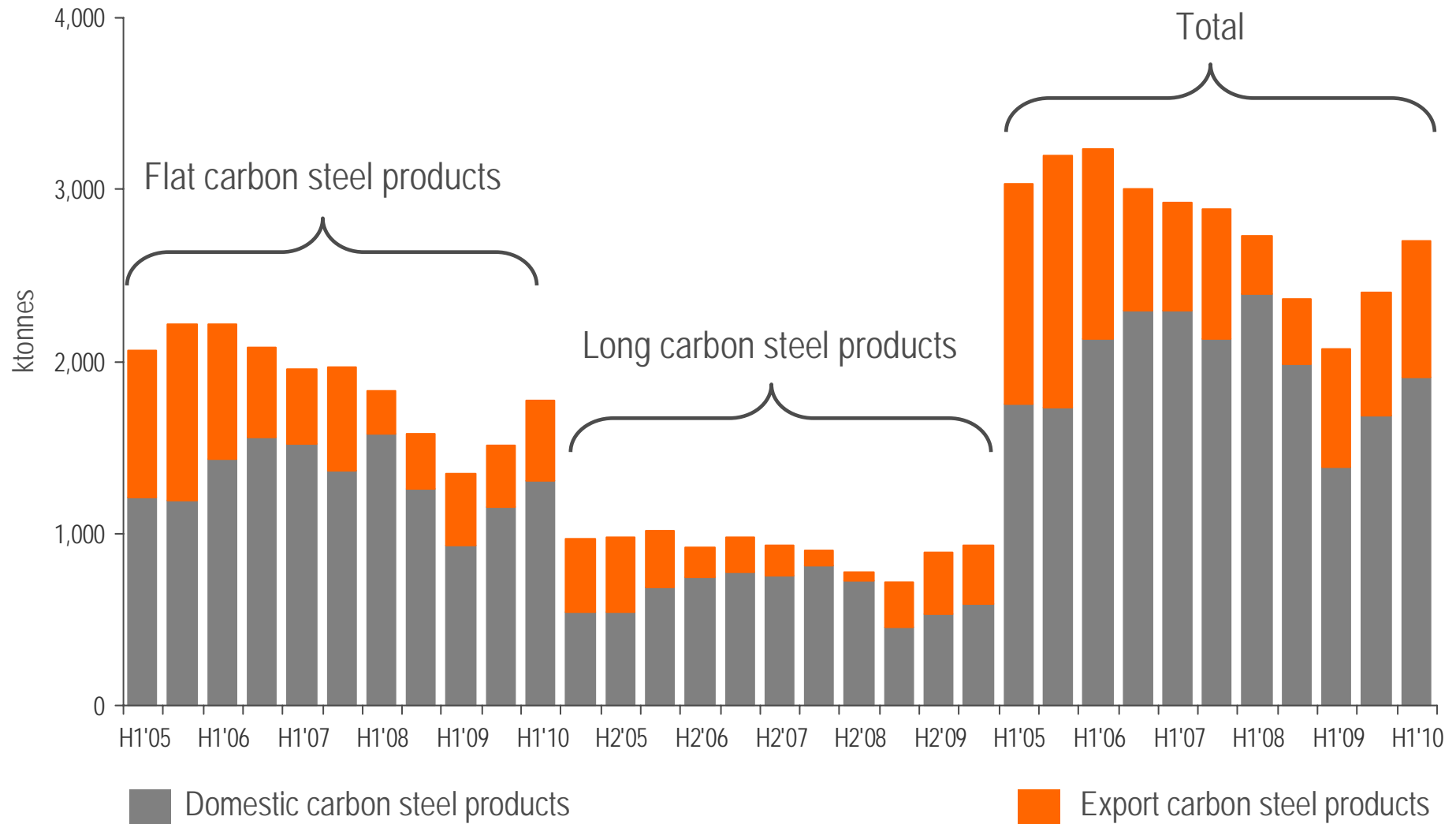
- Zero fatalities for H1'2010
- LTIFR of 1.4 within the target of 1.9
 - Vanderbijlpark Works new record of 42 days and 3 000 000 man hours without a LTI on 4 May 2010
 - Pretoria Works (incl contractors) achieved 386 days without any injuries
 - Newcastle Works achieved a safety record of 126 LTI free days before they had an LTI
 - Tubular Products had 288 lost time free days before they had an LTI.
 - Coke and Chemicals achieved 234 LTI free days



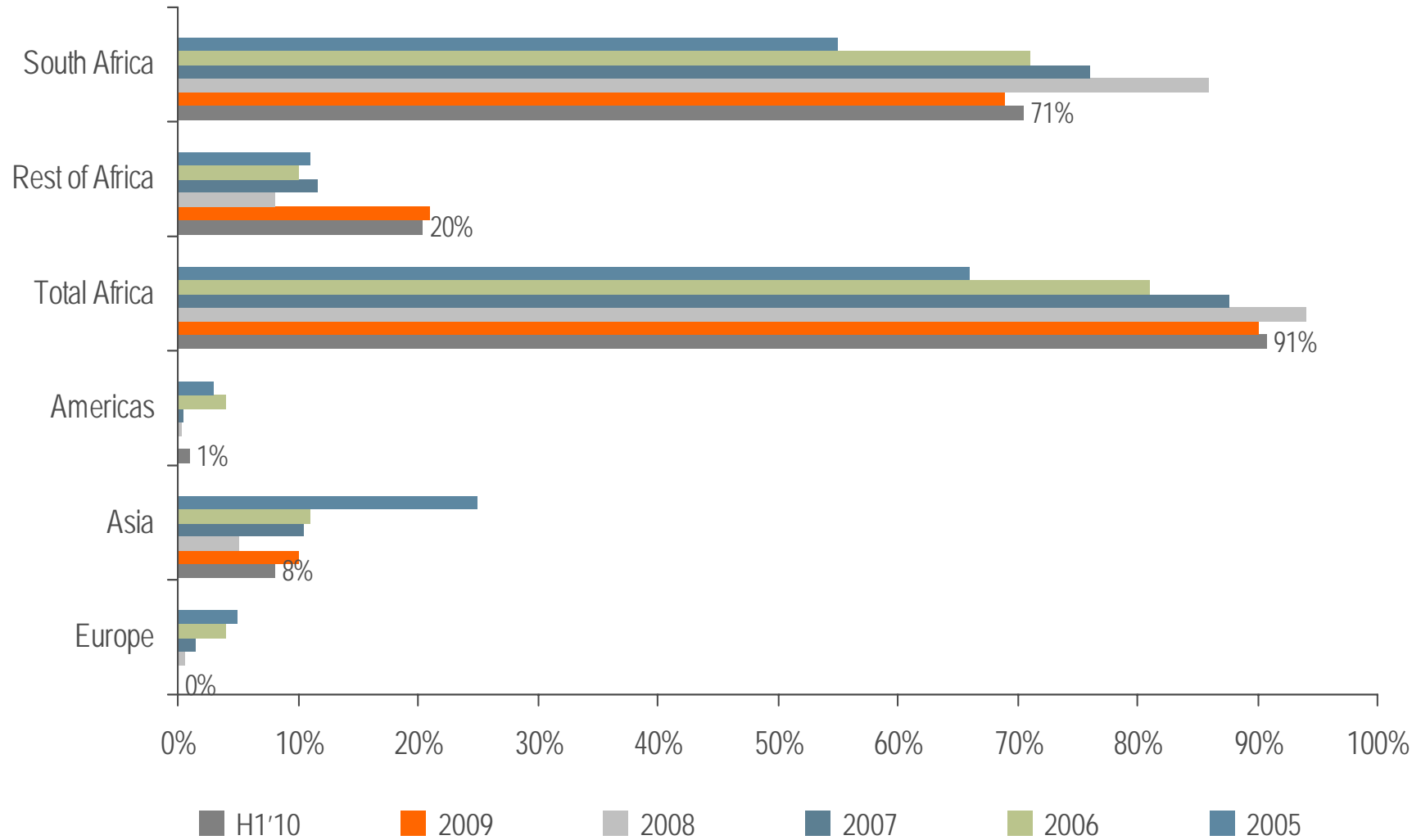
Liquid steel production & capacity



Shipment volumes



Geographic shipments



Investment programme



Rm	H1'2009	H2'2009	H1'2010
Safety	29	49	21
Growth	45	25	40
Environment	78	173	109
Sustainable maintenance	214	302	186
Total expenditure	366	549	356



ArcelorMittal

Finance

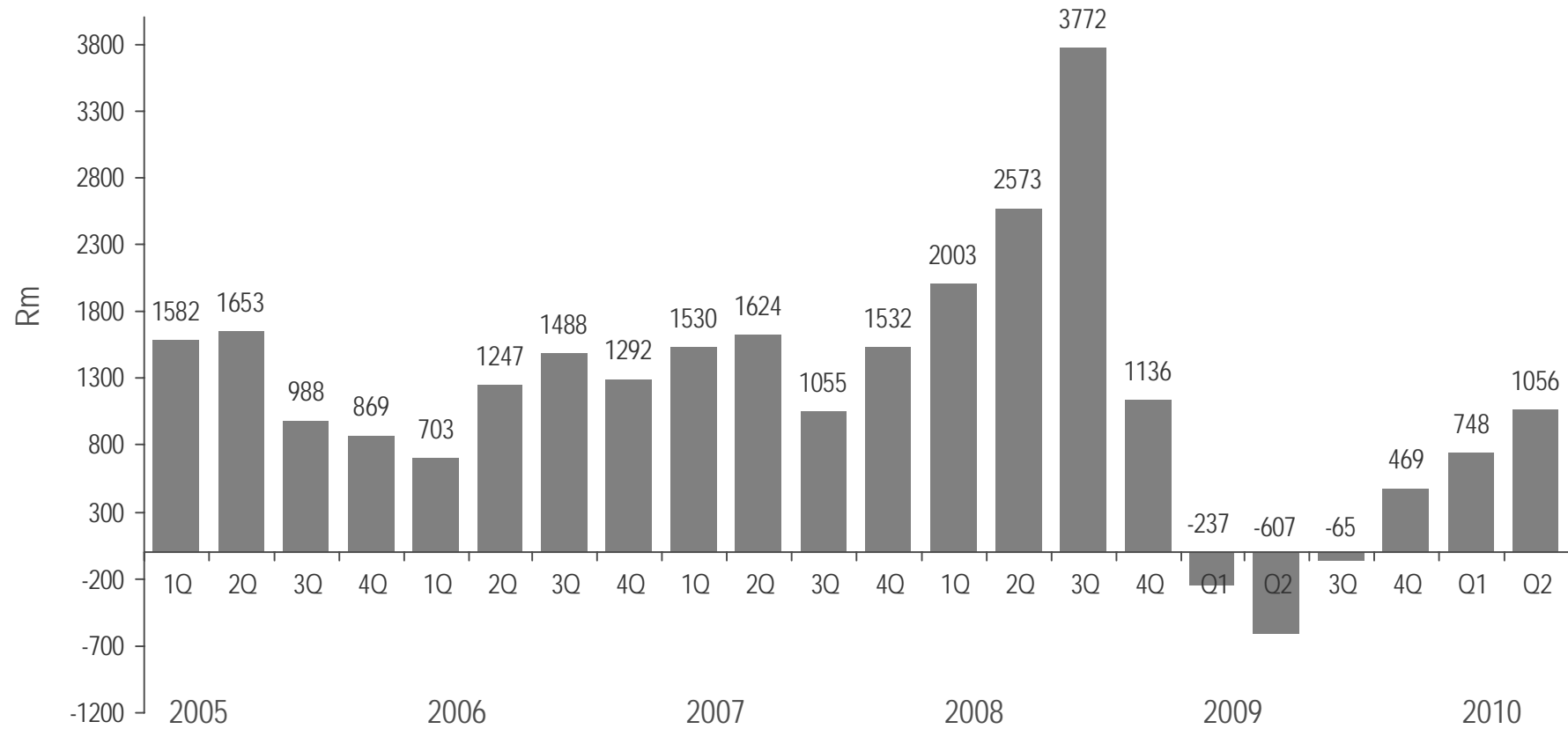
Kobus Verster, CFO

Headline earnings



Rm	H1'2009	H2'2009	H1'2010
Revenue	11 960	13 638	16 165
Profit/(loss) from operations	-322	551	2 349
Gains & (Losses) on forex & financial instruments	-695	-118	113
Interest income	183	16	24
Finance costs	-141	-135	-176
Income from investments	1	2	1
Tax	85	-120	-669
Equity earnings*	41	165	135
Net deficit on disposal or scrapping of assets*	4	17	27
Impairment*		26	
Headline earnings/(loss)	-844	404	1 804
<i>- in USDm</i>	<i>-92</i>	<i>53</i>	<i>239</i>

Quarterly headline earnings trend



EBITDA from segments



Rm	H1'2009	H2'2009	H1'2010
Flat carbon steel products	-99	480	1 705
Long carbon steel products	111	480	846
Coke & chemicals	123	435	503
Corporate & Other	121	-102	-17
Total EBITDA	256	1 291	3 037
EBITDA margin %	2%	9%	19%

Main cost drivers

R/ton (Production)	H1'2009	H2'2009	H1'2010
Iron ore & pellets	513	598	734
Scrap / DRI / HBI	209	186	233
Coking coal & other fuels	1 661	1 196	1 169
Energy	229	300	256
Manpower	588	489	519
Maintenance	211	299	290
Other	1 072	1 042	1 126
Total	4 483	4 110	4 328

Cash flow



Rm	H1'2009	H2'2009	H1'2010
Cash generated from operations	322	968	2 584
Working capital	1 701	1 128	-1 001
Capex	-339	-575	-356
Net interest and investment income	126	44	-18
Investments	-405	-119	-98
Tax	-640	-294	-387
Dividends	-1 627		
Repayment of borrowings and finance lease	3	-95	-27
Repurchase of shares	-3 918		
Effect of Foreign Exchange rate changes on cash	-645	284	134
Net cash flow	- 5 422	1 341	831
Net cash	3 007	4 348	5 179

Working capital movement



Rm	H1'2009	H2'2009	H1'2010
Inventories	2 777	134	-1 151
Finished products	147	-179	103
Work-in-progress	872	211	-473
Raw materials	1 820	31	-817
Plant spares & stores	-62	71	36
Receivables	-701	683	-1 284
Payables	-140	195	1 358
Utilisation of provisions	-235	116	76
	1 701	1 128	-1 001

Financial ratios



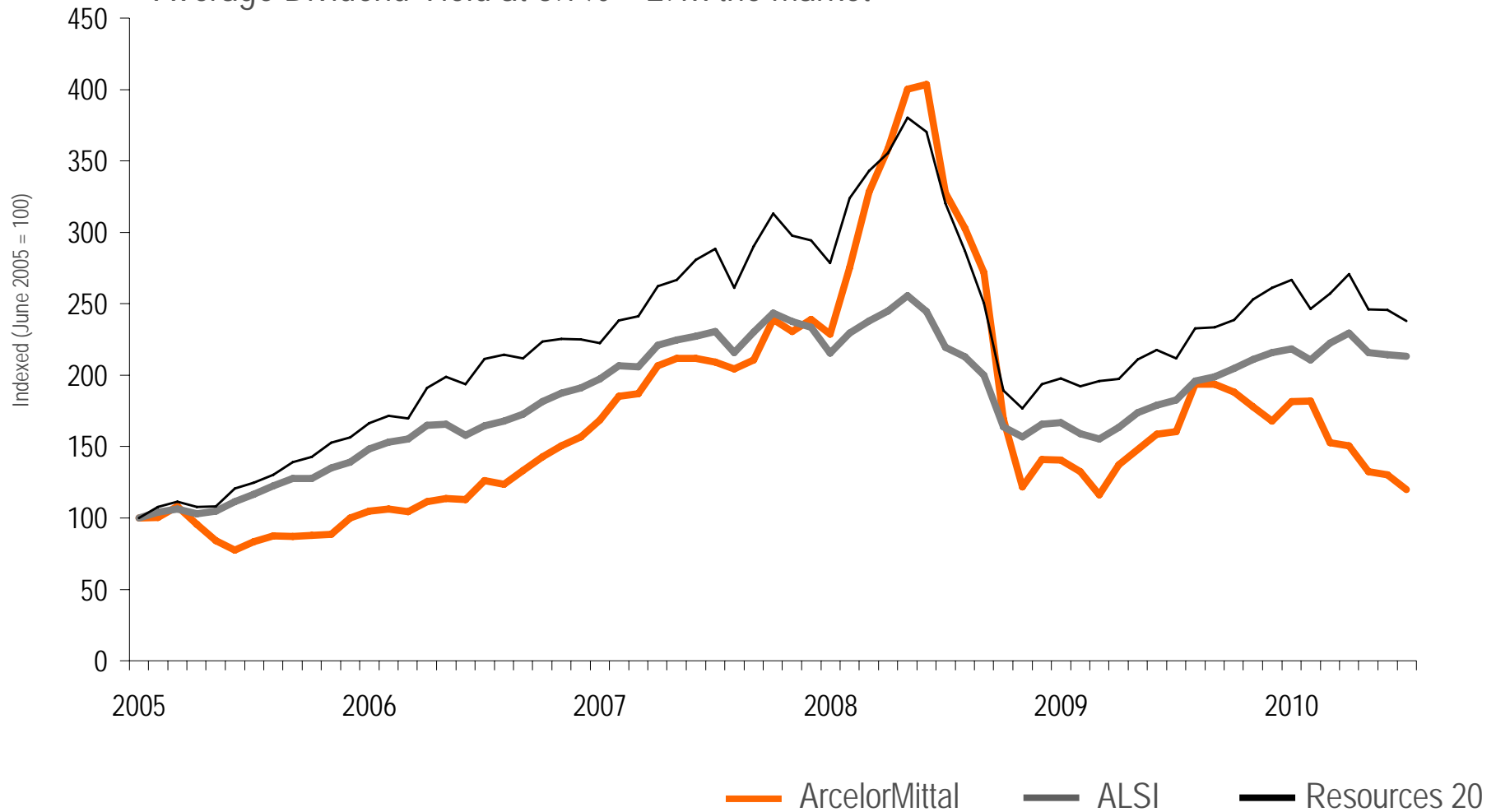
Rm	H1'2009	H2'2009	H1'2010
Operating margin	3%	4%	15%
EBITDA margin	2%	10%	19%
Revenue / invested capital (times)	1.0	1.2	1.4
Return on equity (annualised)	- 7%	4%	16%
Net cash / equity	14%	18%	21%

Share performance



Period January 2005 to July 2010

Average Dividend Yield at 5.7% – 2.1x the market



Dividend



- Dividend policy
 - Distributing one third of headline earnings
 - Headline earnings R1 804m (450cps)
 - Dividend of 150cps



ArcelorMittal

Investment programme and other developments

Nonkululeko Nyembezi-Heita, CEO

Investment programme



- Shifts of focus away from volume to areas such as electricity generation and raw material procurement
- Value adding downstream projects under investigation: for example, AMSA is in the final stages of an evaluation process for a new tin-line
- Environmental projects will continue to be a high priority

Other focus areas



- Kumba
- Competition developments
- BBBEE

Corporate social responsibility



- School in Mamelodi - completed and handover before year-end
- Re-roofing Project in Bophelong and Boipatong (Vaal Triangle)
 - ArcelorMittal South Africa is re-roofing 3 332 houses in Bophelong and Boipatong by 2012
 - 920 houses have been completed benefiting almost 5 000 individuals
 - At least 80 unemployed community members are employed and continue to receive on-the-job training as part of our broader commitment to skills development
 - Project is supervised by 20 Candidate Engineers sourced from the Vanderbijlpark Works to ensure that the required quality, health and safety standards are achieved.
 - The project is a result of community engagement in both townships

Environment



- Implementation of the Environmental Program to improve emissions to air, waste management and water management
- Important projects pursued
 - New emission abatement system for the Sinter Plant at Vanderbijlpark Works to be completed by Q2'2011
 - The achievement of "Zero Effluent Discharge" status at Newcastle Works by end 2011
 - New disposal site at Vanderbijlpark Works to be completed by end 2010
- Preparations has started to comply with the new Air Emission Standards which became effective April 2010
 - Significant investment required at coke making facilities to ensure compliance

Training



International involvement

- Saudi Arabia Training
- Liberian Loco Training & apprenticeships
- Canadian Apprenticeship Forum

National involvement

- Career exhibitions
- Foundry learnership
- Pipe making learnership
- Involvement with Department of Higher Education for FET sector

ArcelorMittal South Africa Related

- Candidate artisan program
- Fatality prevention standards
- Establishment of E-Learning Classroom for Asynchronous Generic Training
- Bricklayer Training Centre Accreditation
- Artisan to Technician Conversion Programme using Virtual Technology

Engineering Pipeline

Pipeline	Jun 2009	Dec 2009	Jun 2010
Total	1 464	3054	3 239
Engineers	81	108	102
Technicians	80	68	50
Apprentices	655	1 142	1 027



ArcelorMittal

Outlook

Outlook for Q3'10



- Business environment
 - Domestic customer inventory levels high
 - International demand and prices started to soften
 - Raw material prices remain high
- Earnings
 - Earnings expected to decline
 - Could be impacted by exchange rate movements



ArcelorMittal

Questions
Interim Financial Results
for the six months ended June 2010