

# news release

## UPDATE: FINAL WIND DOWN DECISION RELATING TO THE LONG STEEL BUSINESS (“LONGS BUSINESS”)

*Johannesburg, Friday 28 February 2025;* On the 6 February 2025 shareholders were informed that the commencement of the Longs Business wind down implementation plan, which was initially scheduled to start by end-January 2025, had been delayed by approximately one month to enable:

- Fulfilment of the higher-than-anticipated outstanding order book, prioritising automotive and seamless tube customers; and
- Continuing discussions with the South African Government on the future of the Longs Business with an announcement expected in the second half of February 2025.

Since then, there has been ongoing engagement with Government and certain stakeholders to find solutions to avoid the wind down of the Longs Business. ArcelorMittal South Africa acknowledges Government’s engagement during this process.

Regrettably, despite our best efforts, the parties involved have not been able to find timely solutions required to defer the wind down of the Longs Business. Progress on key priorities has been limited:

**Scrap advantage over iron ore:** The scrap export tax remains in place, and the Preferential Pricing System, for steel producers using Electric Arc Furnaces continues to unfairly advantage them, despite evidence from an independent Econometrix study on the damaging impact of the scrap Price Preference System and export tax.

**Port and rail efficiency:** No further progress has been made on improving Port and Rail efficiency. Transnet has declined to negotiate improved tariffs.

**Reduction in energy prices:** Our application for a negotiated pricing agreement with Eskom has not been supported, and no progress has been made in this regard.

**Implementing trade measures:** Duties have not been implemented as anticipated and provisional safeguard on Hot Rolled Coil have lapsed.

The structural elements leading to the wind down of the Longs Steel Business remain unaddressed despite extensive discussions. Since early 2024 when negotiations began, these conditions have not merely remained static but have worsened.

Electricity costs are set to increase by 12.74% from 1 April 2025, further undermining ArcelorMittal South Africa’s competitive position at a time when energy costs are already prohibitive.

Transnet has announced proposed tariff increases across its service portfolio, which would further elevate logistics costs that are already uncompetitive by international standards.

On the regulatory front, the crucial safeguards on Hot Rolled Coil have lapsed, leaving the industry vulnerable to intensified import competition without adequate protection.

Despite the company’s repeated submissions of evidence demonstrating the adverse impacts of current policies, ArcelorMittal South Africa have received no formal communication from either the DTIC or National Treasury regarding the removal of the export tax or review of the Price Preference System. This continued policy inaction, combined with deteriorating cost structures, has accelerated the decline in operating conditions beyond what was initially assessed earlier this year.

Given these circumstances, the Board and Management of ArcelorMittal South Africa have no option but to implement the final wind down of the Longs Business. It is envisaged that the shutdown of the blast furnace will commence in the first week of March with the last steel from the Longs Business produced by late-March / early-April 2025. The final wind down into care and maintenance should be fully implemented in Q2 2025.

ArcelorMittal South Africa CEO, Kobus Verster, summarised as follows *“The Company is deeply disappointed that all our efforts over the last year have not translated into a sustainable solution, resulting in a significant negative impact on the economy, the loss of approximately 3,500 direct and indirect jobs, and a detrimental impact on the local community in Newcastle”.*

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The full details of the SENS will be available on the company's website at <https://www.arcelormittalsa.com/InvestorRelations.aspx>

Media are invited to a Media roundtable on Monday, 03 March 2025 at 11:00. Link to the media roundtable can be accessed [here](#). RSVP's can be sent to [tami.didiza@arcelormittal.com](mailto:tami.didiza@arcelormittal.com).

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