

# news release

## **ArcelorMittal South Africa reports significant challenges and strategic response to 2024 financial results**

*Johannesburg, Thursday 06 February 2025;* ArcelorMittal South Africa Limited, the country's largest steel producer, today announced its financial results for the year ended 31 December 2024, revealing some of the most significant challenges the company has faced since the 2008/09 financial crisis.

In terms of market conditions, steel imports into South Africa reached their highest recorded levels, accounting for 33.6 percent of the country's Apparent Steel Consumption. This represents a significant challenge for domestic producers, although import volumes showed some decrease in the second half of 2024.

The Company's performance was significantly impacted by unfavourable international steel-to-raw material price spreads and increased competition from subsidised imports. Total steel sales volumes decreased by 6 percent to 2.3 million tonnes, while revenue declined by 7 percent to R38.6 billion compared to the previous year.

The Company reported a headline loss of R5.1 billion and an attributable loss of R5.8 billion reflecting the severe pressures facing the South African steel industry

The attributable loss included R1.8 billion in extraordinary charges relating to the wind down and impairment of the Longs Business.

The EBITDA loss from operations of R1,8 billion (compared to a R56 million profit in 2023) included a R1,1 billion loss arising from the Longs Business, and a further R670 million loss which arose from the abnormal chilled hearth conditions with affected the two blast furnaces in the Flat Business in the second quarter of the year.

Net borrowings prior to the capitalisation of accrued interest and fees (R1,4 billion) payable to the ArcelorMittal group, were flat for the last three quarters at R3,8 billion. After the capitalisation, net borrowings rose to R5,1 billion.

In a notable development, the planned wind down into care and maintenance of the company's Longs Business, initially scheduled to start at the end of January 2025, has been delayed by approximately one month. This extension, supported by a R380 million shareholder loan from the Industrial Development Corporation (IDC), will enable the fulfilment of outstanding orders, particularly for automotive and seamless tube customers, while discussions continue with the South African Government regarding the future of this business division.

Chief Executive Officer, Kobus Verster, commented: "The South African steel industry is at a critical juncture, facing unprecedented challenges from global market dynamics and trade practices, as well as domestic policy issues. We are actively engaging with the Government and key stakeholders to implement urgent interventions needed to address the decline in this strategic sector and reposition it for growth."

Despite these challenges, the Company has maintained its commitment to operational improvements through its Value Plan, which delivered R910 million in benefits during 2024. The company also reported improved asset utilisation in its Flats Business during the second half of 2024, with crude steel production levels increasing by 12 percent.

The Company continues to advance the bankability of its high-payback investment portfolio, which includes addressing its balance sheet resilience through a potential recapitalisation.

The Company's strategy for the next five years focuses on four key pillars: safety as the primary priority, strengthening core business operations, executing high-payback projects, and positioning for future growth through high-quality products and value-added markets.

Certain of the projects included in the high-payback investment portfolio, include:

- A 1.5 million tonne electric arc furnace at Vanderbijlpark
- Blast furnace gas recovery plant to increase electricity self-generation
- A new galvanizing and Magnelis line to introduce superior coating technology for the Southern African market
- Optigal® for organic coated products, targeting import replacement

These projects are key to localisation, import replacement, cost savings and volume growth in key sectors such as automotive, appliances, and renewables.

On the environmental and social front, ArcelorMittal South Africa reported notable improvements in air quality management, with significant reductions in sulphur dioxide emissions and particulate matter levels at its Vanderbijlpark facility. The company's community initiatives reached over 27,000 learners through its science centres and provided daily meals to more than 2,900 community members through its Thusong Project.

Looking ahead to the first half of 2025, the company does not anticipate meaningful improvement in market conditions. Key focus areas will include:

- Advancing discussions with the South African Government regarding the Longs Business.
- Improving the sustainability of the Flats Business and market coke operations.
- Restructuring fixed costs.
- Developing the company's high-payback investment portfolio.

The Company has received continued support from the ArcelorMittal group, with the shareholder loan increasing to R5.1 billion rand and now fully subordinated. Additionally, the IDC has restructured an outstanding R950 million secured short-term loan, extending the final settlement date to September 2026.

"While we face significant challenges, we remain committed to implementing our strategic initiatives and working closely with all stakeholders to ensure the long-term sustainability of our operations," added Verster. "The support from our parent company and the IDC demonstrates confidence in our ability to navigate through these challenging times."

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#### **Results Presentation and Media Briefing:**

The presentation will be delivered via Microsoft Teams on: 06 February 2024 at 10:00. The presentation will be followed by a media roundtable.

RSVP by emailing [veronique.fernandes@arcelormittal.com](mailto:veronique.fernandes@arcelormittal.com)

**The links to the events will be provided on acceptance of this invitation.**

The recorded version of the presentation, as well as the media roundtable, will be available to view after the event on the company's website at [www.arcelormittal.com/southafrica/](http://www.arcelormittal.com/southafrica/)

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