Unaudited operational information for the quarter ended 30 September 2017

Salient features

- LTIFR weakened from 0.09 to 0.13 at the end of Q3 2017
- Difficult trading conditions in the domestic market
- Volatility in the rand/US dollar exchange rate continues to impact the business significantly
- Refurbishment of coke batteries at Newcastle Works completed in Q3 2017
- Liquid steel production up 11%
- Local sales up 6%
- Export sales up 49%
- Implementation of safeguards on hot rolled coil and plate since 11 August 2017
- 10% duties on heavy sections

ArcelorMittal South Africa Limited
(Incorporated in the Republic of South Africa)
(Registration number 1989/002164/06)
Share code: ACL ISIN: ZAE 000134961
(ArcelorMittal South Africa, the company or the group)

Operational information

		Quarter ended					Nine months	Year
		30 Sept 2017	30 Jun 2017	% change	30 Sept 2016	% change	**30 Sept 2017**	31 Dec 2016
Liquid steel production	000 tonnes	**1 240**	1 175	5.5	1 115	11.2	**3 614**	4 771
Flat steel products	000 tonnes	**914**	836	9.3	712	28.4	**2 563**	3 221
Long steel products	000 tonnes	**326**	339	(3.8)	403	(19.1)	**1 051**	1 550
Capacity utilisation	%	**81**	78	3.8	73	11.0	**80**	78
Flat steel products	%	**87**	80	8.7	68	27.9	**82**	77
Long steel products	%	**68**	72	(5.6)	84	(19.0)	**76**	81
Steel sales								
Local	000 tonnes	**863**	774	11.5	814	6.0	**2 492**	3 275
Flat steel products	000 tonnes	**613**	547	12.1	518	18.3	**1 780**	2 097
Long steel products	000 tonnes	**250**	227	10.1	296	(15.5)	**712**	1 178
Export	000 tonnes	**202**	271	(25.5)	136	48.5	**720**	812
Flat steel products	000 tonnes	**127**	171	(25.7)	105	21.0	**466**	639
Long steel products	000 tonnes	**75**	100	(25.0)	31	141.9	**254**	173
Total	000 tonnes	**1 065**	1 045	1.9	950	12.1	**3 212**	4 087
Flat steel products	000 tonnes	**740**	718	3.1	623	18.8	**2 246**	2 736
Long steel products	000 tonnes	**325**	327	(0.6)	327	(0.6)	**966**	1 351
Coke and Chemicals								
Commercial coke produced	000 tonnes	**47**	52	(9.6)	44	6.8	**147**	251
Commercial coke sales	000 tonnes	**49**	46	6.5	46	6.5	**141**	324
Tar sales	000 tonnes	**20**	19	5.3	19	5.3	**59**	75

Commentary

This analysis is for Q3 2017 compared to Q3 2016.

Safety

Safety remains our number one priority. Lost time injury frequency rate (LTIFR) weakened from 0.09 to 0.13.

Production

Liquid steel production was 125 000 tonnes (11.2%) higher, mainly due to higher production at Saldanha Works as a result of the mini-reline in Q3 2016. This has been partly offset by lower production at Newcastle Works following a cutback in production as a result of high input costs and poor market conditions. The capacity utilisation for Q3 2017 increased to 81% compared to 73% in the comparable period.

Sales

Local

Local sales were 49 000 tonnes (6.0%) higher, mainly due to higher local demand for flat products as a result of the implementation of safeguards on hot rolled coil since the beginning of August. Long product sales decreased by 15.5% following strong competition from scrap producers in relation to manufacturers using raw materials in their production process.

Imports declined by 142kt as a result of safeguards, weaker local market and high stock levels.

Export

Export sales increased by 66 000 tonnes (48.5%). Flat products was higher by 22 000 tonnes and long steel products by 44 000 tonnes. The strong international demand was however muted by the strengthening of the average rand/US dollar exchange rate for most of the quarter.

Commercial coke

Commercial coke sales were 3 000 tonnes (6.5%) higher. The refurbishment of its coke batteries at Newcastle Works was completed in Q3 2017 which had the effect of limiting the amount of coke available for blast furnace production and for sale to the commercial coke industry. During the repair of the coke batteries, the company imported metallurgical coke in order to supplement shortfalls.

Outlook for Q4

Local sales will continue to be under pressure due to tough trading conditions, mainly as a result of lower steel demand due to poor economic conditions but it is expected to be slightly higher in Q4 2017 due to lower imports. Export sales will also be higher due to better international prices.

ArcelorMittal South Africa remains firmly of the opinion that a solution is required to protect the downstream industry from cheap finished and semi-finished products that continue to be imported into the country. We continue to engage government and the downstream industry on the implementation of safeguards and initiatives to stimulate local demand.

A sustainable solution is needed for the high increases anticipated in electricity and rail costs in South Africa, which will significantly impact the viability of some of our plants going forward. The general impact of these increases on the national economy is also a concern.

The volatility in the rand/US dollar exchange rate will continue to have an impact on our financial results.

By order of the board
23 October 2017

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

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