

Mittal Steel South Africa Limited

Unaudited Group Earnings and Physical Information

for the quarter ended 30 September 2006

MITTAL



"Creating the most admired steel institution"

FINANCIAL RESULTS

Headline earnings for the quarter of R1 470 million increased by 20% compared to the previous quarter and by 49% compared to the corresponding period last year, driven by higher domestic sales, higher sales prices and a weaker Rand/US Dollar exchange rate. This was partially offset by lower export volumes and an increase in input material costs.

MARKET REVIEW

International

Export volumes for the quarter declined by 30% compared to the previous quarter and by 54% compared to the corresponding period last year due to an increase in domestic sales volumes. Export prices realised during the past quarter were significantly higher compared to both the previous quarter and the corresponding period last year. This was mainly due to higher international prices and the lower volumes available for exports which created the opportunity to withdraw from less attractive markets. Prices during the third quarter last year were also depressed as a result of a de-stocking effect.

Domestic

Domestic demand during the quarter was very strong and increased by 11% compared to the previous quarter and by 43% compared to the corresponding period last year, driven by an increase in demand from the building and construction, automotive and packaging sectors while the recent weakening of the Rand against the US Dollar stimulated demand from export orientated industries.

PRODUCTION

Liquid steel production for the quarter decreased by 5% compared to the previous quarter and by 3% compared to the corresponding period last year, mainly due to a cut-back in production necessitated by a lack of iron ore due to delivery problems by way of rail transport.

COST

Cash cost per ton of hot rolled coil for the quarter increased by 5,9% compared to the previous quarter and by 10,6% compared to the corresponding period last year while billets increased by 7,3% and 8,6% respectively. The increases were mainly driven by a substantial increase in the cost of imported and domestic coal, scrap, iron ore and lower production volumes.

The cost of galvanised material increased by 12,6% compared to the previous quarter and by 38,8% compared to the corresponding period last year due to higher zinc prices of 24,4% and 187,8% respectively.

CONTINGENT LIABILITIES

Subsequent to the appeal that was lodged with SARS against the disallowance of the deductibility of the payment made in terms of the BAA, SARS has set a date to commence with the Alternative Dispute Resolution (ADR) process on 1 December 2006. A contingent liability of R403 million plus interest thereon exists and no provision has been made in this regard.

In the case at the Competition Tribunal on alleged excessive pricing brought by the gold miners, Harmony and DRD Gold, final dates for the closing arguments are scheduled for the end of November 2006 with a ruling expected early next year. We maintain our view, based on advice from senior counsel, that no significant exposure exists in this regard. No provision has been raised and no contingent liability quantified.

OUTLOOK

Towards the end of October 2006 we experienced an unfortunate event at our Vanderbijlpark plant where a fire caused substantial damage to both slab casters that use liquid steel from the Basic Oxygen Furnaces as source material. The damage to one caster took nine days to repair while the other caster, with more extensive damage, will take approximately four weeks to repair. The loss of slab production through this route is estimated at 106 000 tons. Contingency plans have been put in place to minimise the impact of the incident by increasing production through the Electric Arc Furnace route, importation of slabs and the re-direction of Saldanha Steel exports to the domestic market. An insurance claim will be lodged as soon as all the required information is available.

Despite the incident on the casters, the results for quarter four are expected to remain relatively strong, supported by high local demand, strong prices and improved iron ore supply. However, the movement in the Rand/US Dollar exchange rate will always have a major impact.

GROUP INCOME STATEMENT

	Quarter ended		Year ended	
	30 September 2006	30 September 2005	30 June 2006	31 December 2005
	Rm	Rm	Rm	Rm
Revenue	7 234	6 170	6 257	24 296
Flat Steel Products	5 108	4 188	4 201	16 628
Long Steel Products	2 062	1 844	1 981	7 216
Coke & Chemicals	264	264	217	1 056
Inter Group	(200)	(126)	(142)	(604)
Operating profit	1 945	1 598	1 206	6 866
Flat Steel Products	1 370	1 042	646	4 491
Long Steel Products	568	490	502	2 108
Coke & Chemicals	47	86	35	301
Corporate & Other	(40)	(20)	23	(34)
Gains/(losses) on foreign exchange and financial instruments	314	(128)	485	245
Net financing income	43	24	87	2
Income from investments	1	2	1	5
Profit/(loss) from equity accounted investments before tax	(38)	60	(33)	295
Taxation	(795)	(569)	(518)	(2 345)
Profit from ordinary activities	1 470	987	1 228	5 068
Profit attributable to:				
• Ordinary shareholders	1 470	987	1 228	5 068
Additional information				
Profit attributable to ordinary shareholders	1 470	987	1 228	5 068
Adjusted for:				
• Goodwill impairment				11
Headline earnings	1 470	987	1 228	5 079
Performance per ordinary share				
Attributable earnings per share (cents)	330	221	275	1 137
Headline earnings per share (cents)	330	221	275	1 139

PHYSICAL INFORMATION

	Quarter ended		Year ended	
	30 September 2006	30 September 2005	30 June 2006	31 December 2005
'000 tonnes				
Flat Steel Products				
Liquid steel production	1 217	1 276	1 287	5 067
Sales	1 108	1 165	1 125	4 283
Long Steel Products				
Liquid steel production	546	543	578	2 194
Sales	488	504	508	1 947
Total				
Liquid steel production	1 763	1 819	1 865	7 261
Sales	1 596	1 669	1 633	6 230
• Local	1 219	855	1 095	3 485
• Export	377	814	538	2 745
• Local sales as % of total sales	76	51	67	56

Registered Office

Mittal Steel South Africa
Room N3-5, Main Building
Delfos Boulevard
Vanderbijlpark, 1911

Transfer Secretaries

Computershare Investor Services
2004 (Pty) Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Directors: Dr K Ngqula (*Chairman*), EM Reato (*Chief Executive Officer*), DK Chugh*, Dr SE Jonah KBE*†, S Maheshwari*, JJA Mashaba, LN Mittal*, Dr KDK Mokhele*, M Mukherjee*, MJN Njeke*, HJ Verster.
* Non-executive • Citizen of India † Citizen of Ghana.

Company Secretary: Xoliswa Motswai

Mittal Steel South Africa Limited

Registration number 1989/002164/06
Share code: MLA ISIN: ZAE 000064044
("the Company" or "the Group")

FORWARD-LOOKING STATEMENTS

Certain Statements in this release that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors, that could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results).