



ArcelorMittal

Annual Financial Results

for the twelve months ended December 2008



Introduction and Overview

Nonkululeko Nyembezi-Heita, CEO

Vision



To be the preferred
supplier of steel solutions
for the development of
Sub-Saharan Africa

Overview (2008 vs 2007)

Earnings increased to R9.5bn

- Earnings per share of 2 128c up 65%
- EBITDA margin of 34%

Total steel shipments

- Despatches down 13%
- Domestic sales constitute 86% of total sales

Cost pressures continue

- Raw material cost increased by +57%
- Cost of steel sales increased +47%

Operations

- Liquid steel production down 9%
- Corex/Midrex and BF N5 relines completed
- All operations stable

Key Result Drivers



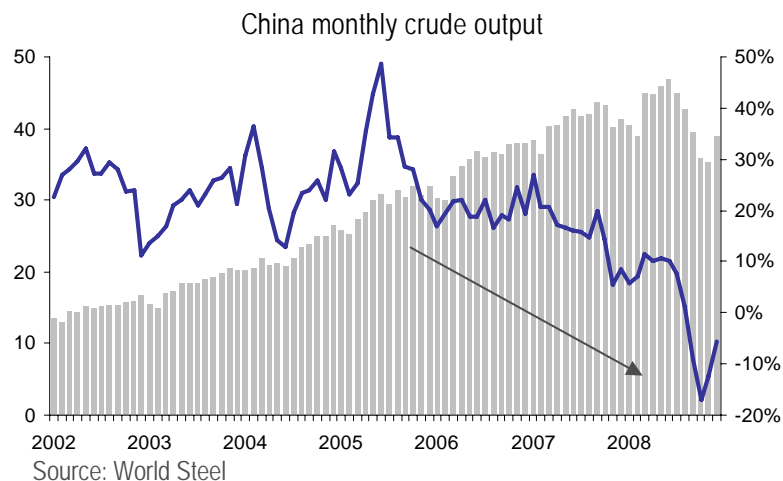
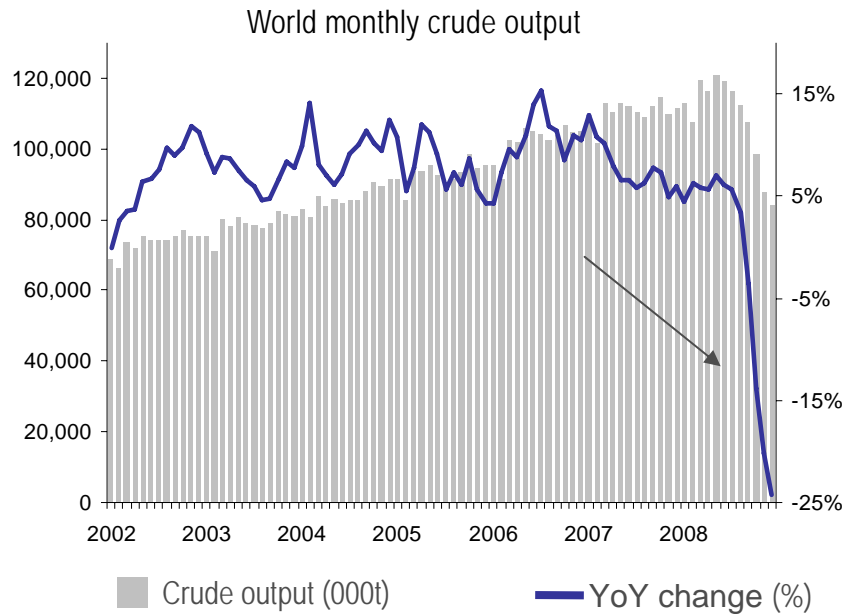
	Q4'08 vs Q3'08	2008 vs 2007
Flat carbon steel product prices	-8%	+61%
Long carbon steel product prices	+2%	+63%
Liquid steel production	-54%	-9%
Total sales volume	-37%	-13%
Export sales volume	+14%	-49%
Domestic sales volume	-44%	-1%
HRC Rand cash cost per tonne	+24%	+59%
Billet Rand cash cost per tonne	+34%	+65%
Labour productivity	-54%	-11%
ZAR movement (average rate)	-28%	-17%



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Environment and steel markets

Global Environment – Global Steel Market Trends



- World production declined 1.2% (-16mt) to 1 330mt
 - Biggest YoY drop came in December with output slipping 24% (35% excl China)
 - Excluding China world output shrunk 3.3% (-28mt)
- World consumption of steel slipped 0.6%
- Quarterly rate of change in crude steel output
 - Q4'08 vs Q3'08 = -25%
 - Q4'08 vs Q4'07 = -35%

Global Environment – General Market Trends



- World economic growth in 2008 decreased substantially to 3.4% from 5.2% in 2007 (IMF World Economic Outlook – Jan 09)
- Emerging markets grew by 6.3% (2007: 8.3%)
- Chinese economy grew by 9% in 2008 compared to 13% in 2007 despite measures to cool it down
- Steel output in China hit 502 million tons last year, up 2.6% on 2007
- Steel production in Europe and North America declined by 5.5% each

Global Environment – Input Cost Trends

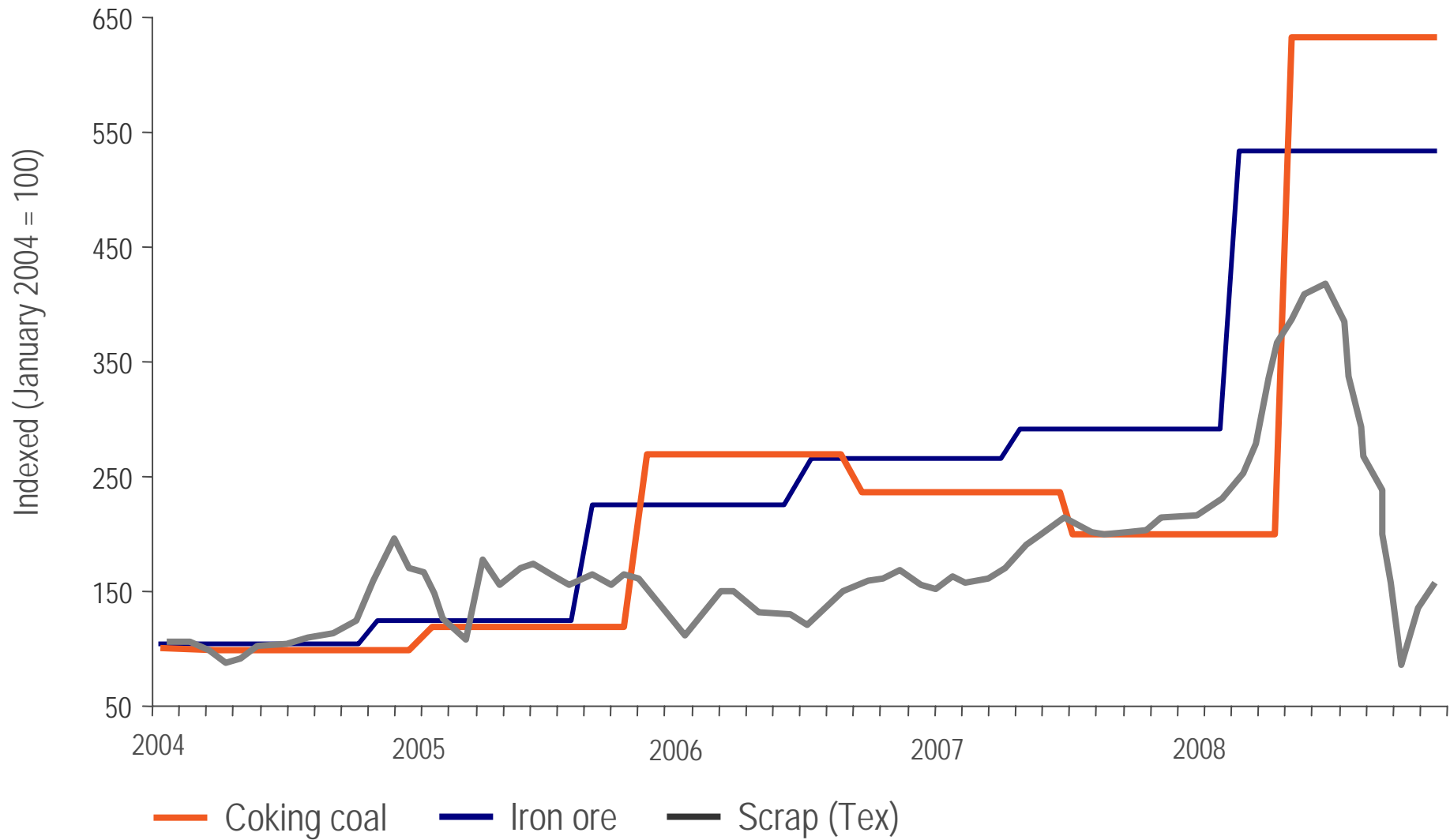


- Average 2008 international iron ore spot prices increased 85% to US\$278/t
- International spot coking coal prices increased 218% in 2008 to US\$305/t
- Sharp increase in scrap prices in 2008 which peaked at US\$735/t and 2008 average was US\$492/t (+37%)
- Price fluctuations during 2008:

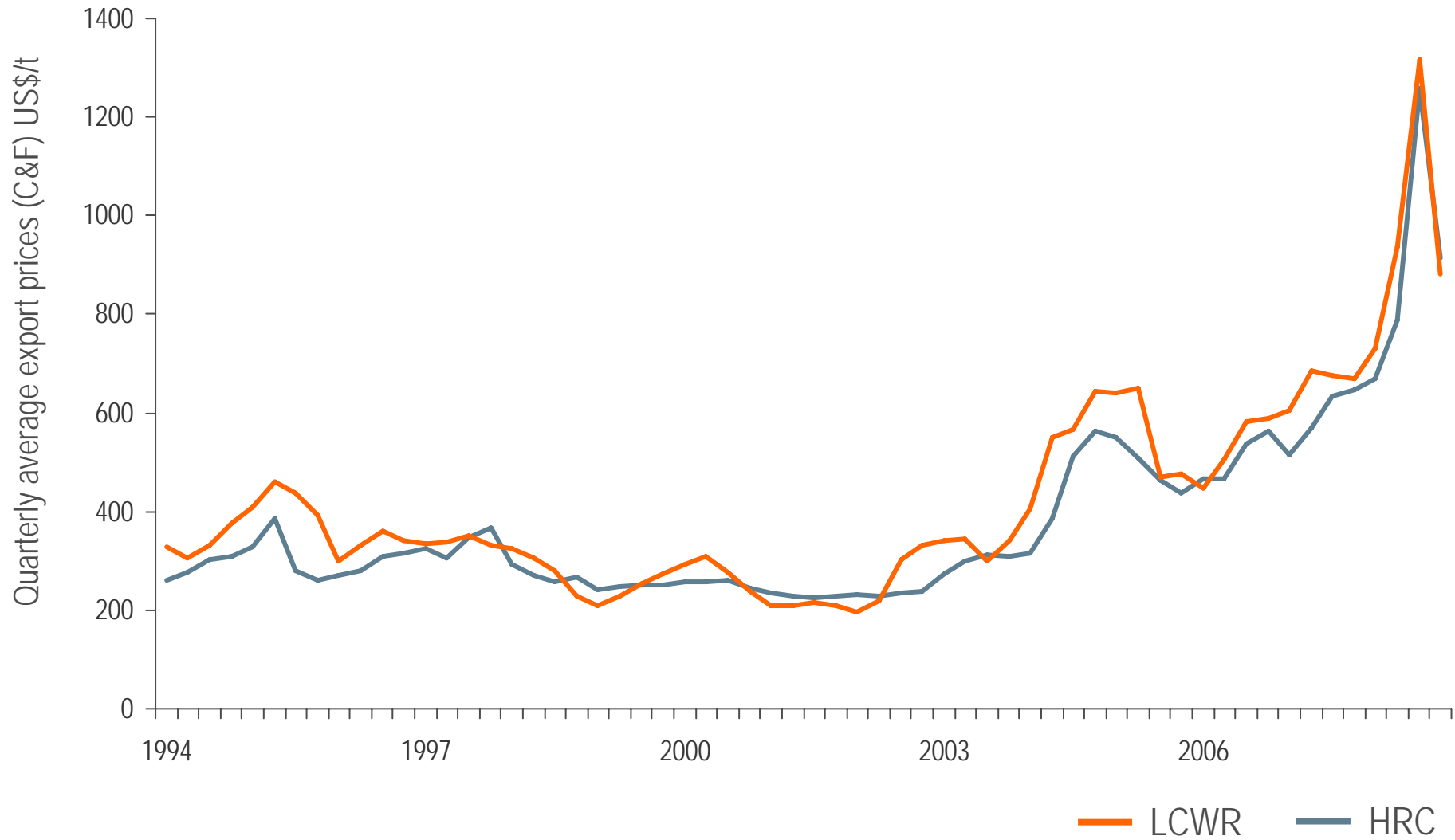
Commodity (international contract values)	Year on Year change (FOB)			High/Low 2008 (C&F)		Quarterly change (C&F)		
	2007 US\$/t	2008 US\$/t	% change	High US\$/t	Low US\$/t	Q3'08 US\$/t	Q4'08 US\$/t	% change
Iron ore fines	\$55*	\$94*	+71%	\$206	\$65	\$152	\$70	-54%
Iron ore lump	\$67*	\$131*	+96%	\$267	\$82	\$193	\$81	-58%
Coking coal	\$96	\$305	+218%	\$720	\$300	\$305	\$305	n/c
Scrap	\$359	\$492	+37%	\$735	\$150	\$527	\$213	-60%

* Based on 65% Fe; Source: AME Report; CRU Monitor; Steel Making Raw Materials

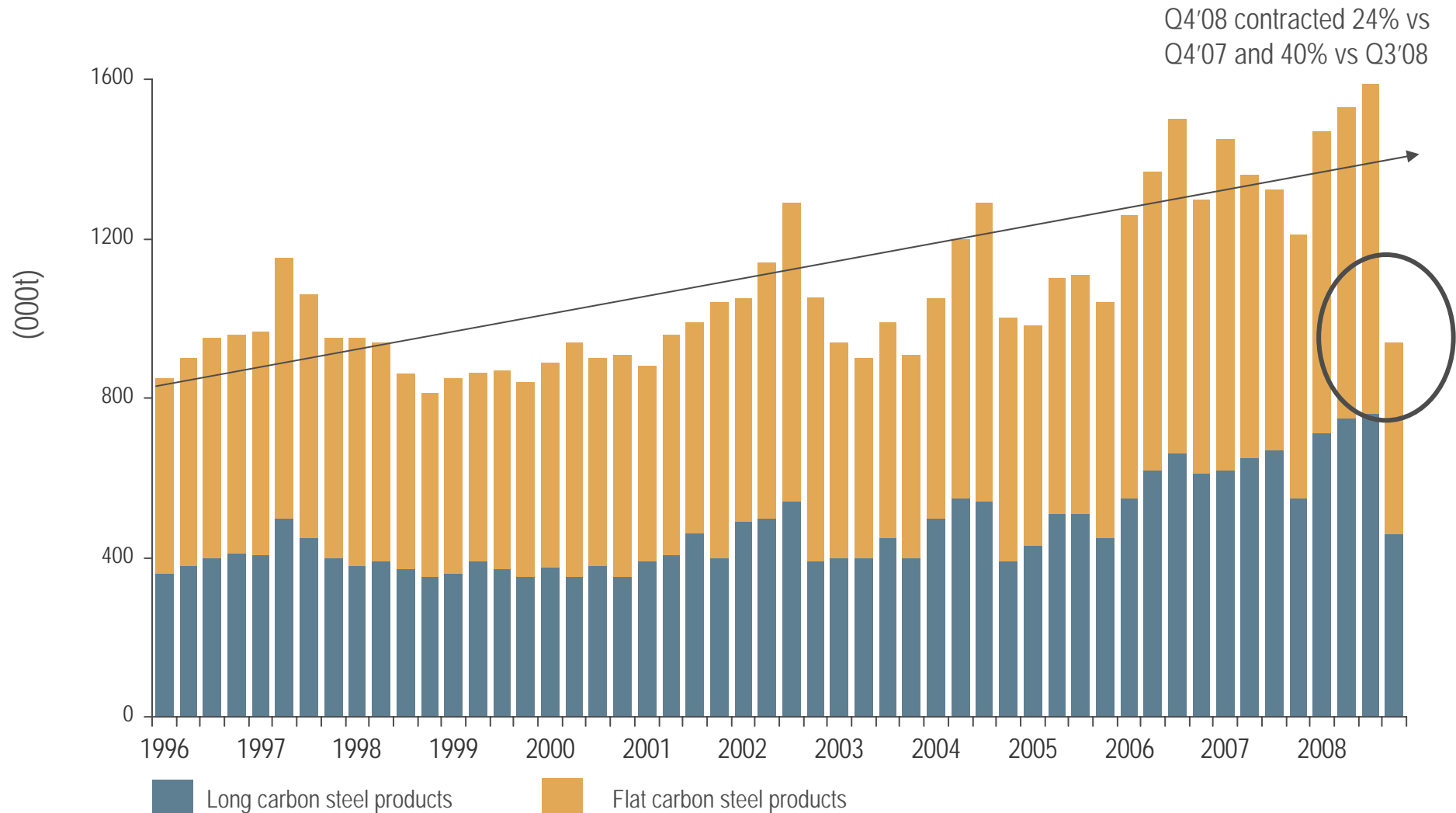
Global Environment – Benchmark Prices



Global Environment – Export Prices

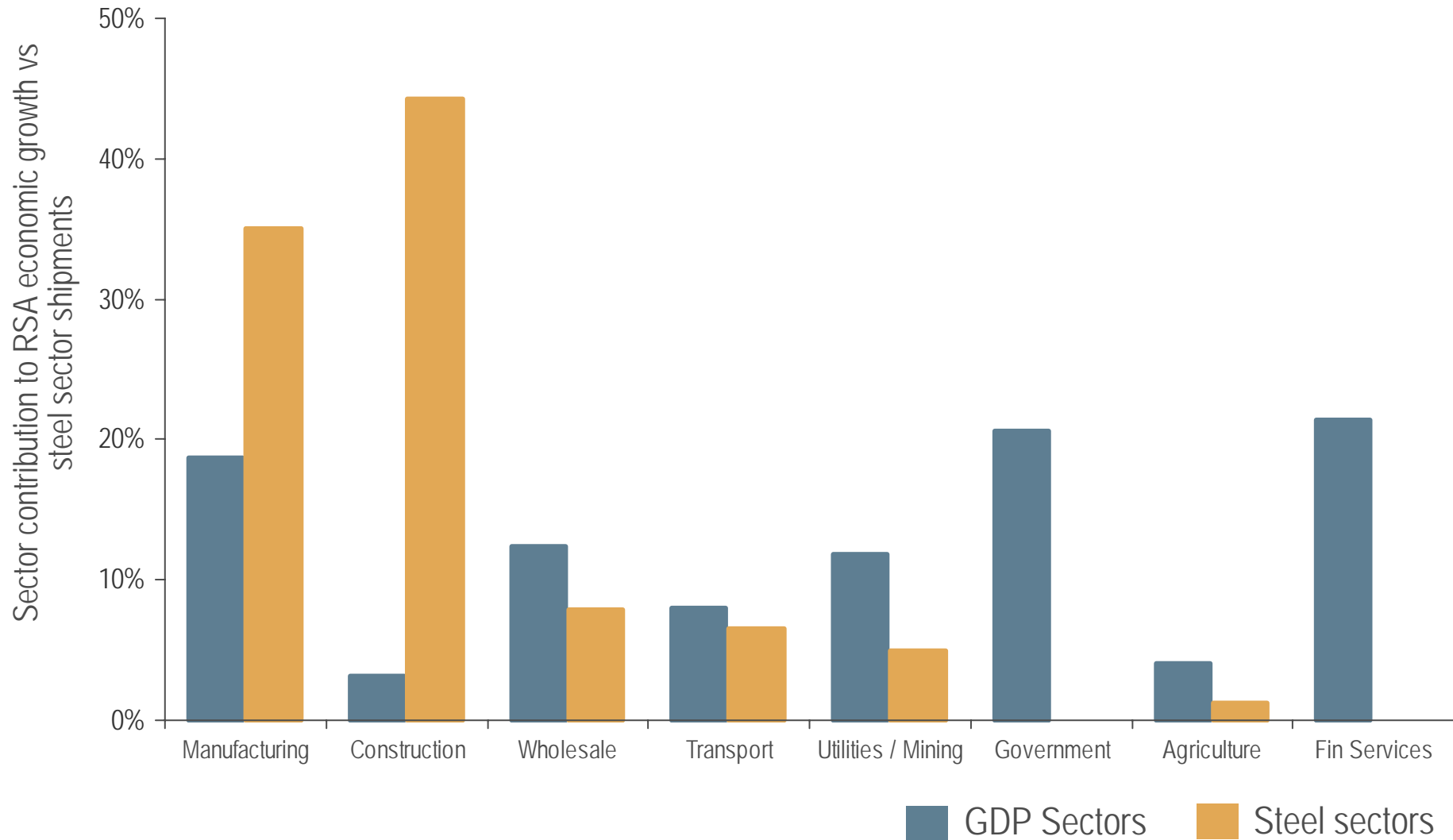


Domestic Market – Quarterly Shipments

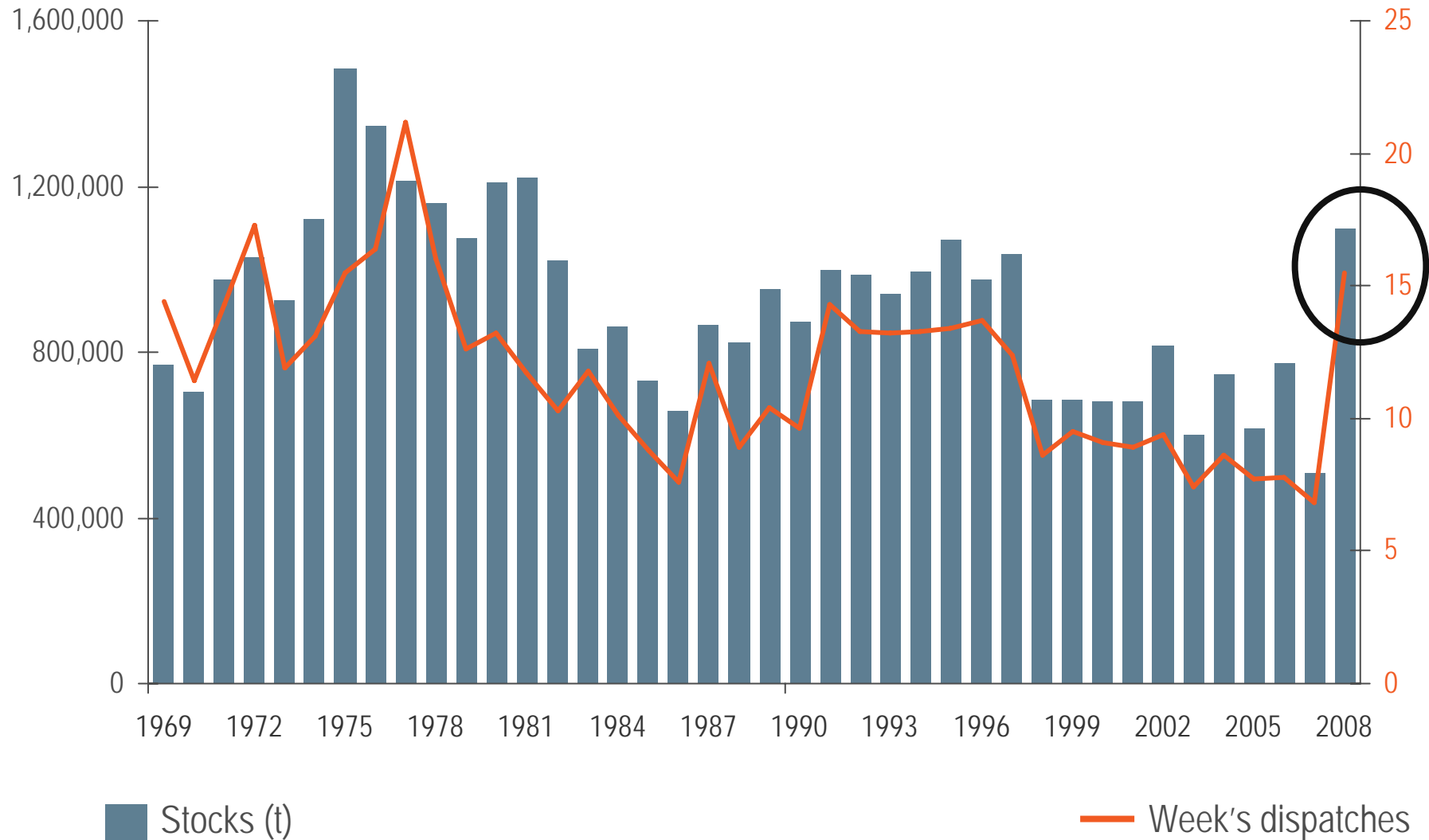


Source : SAISI up to Q3'08; ArcelorMittal South Africa estimates for Q4'08

Domestic Environment – Shipments to Industries

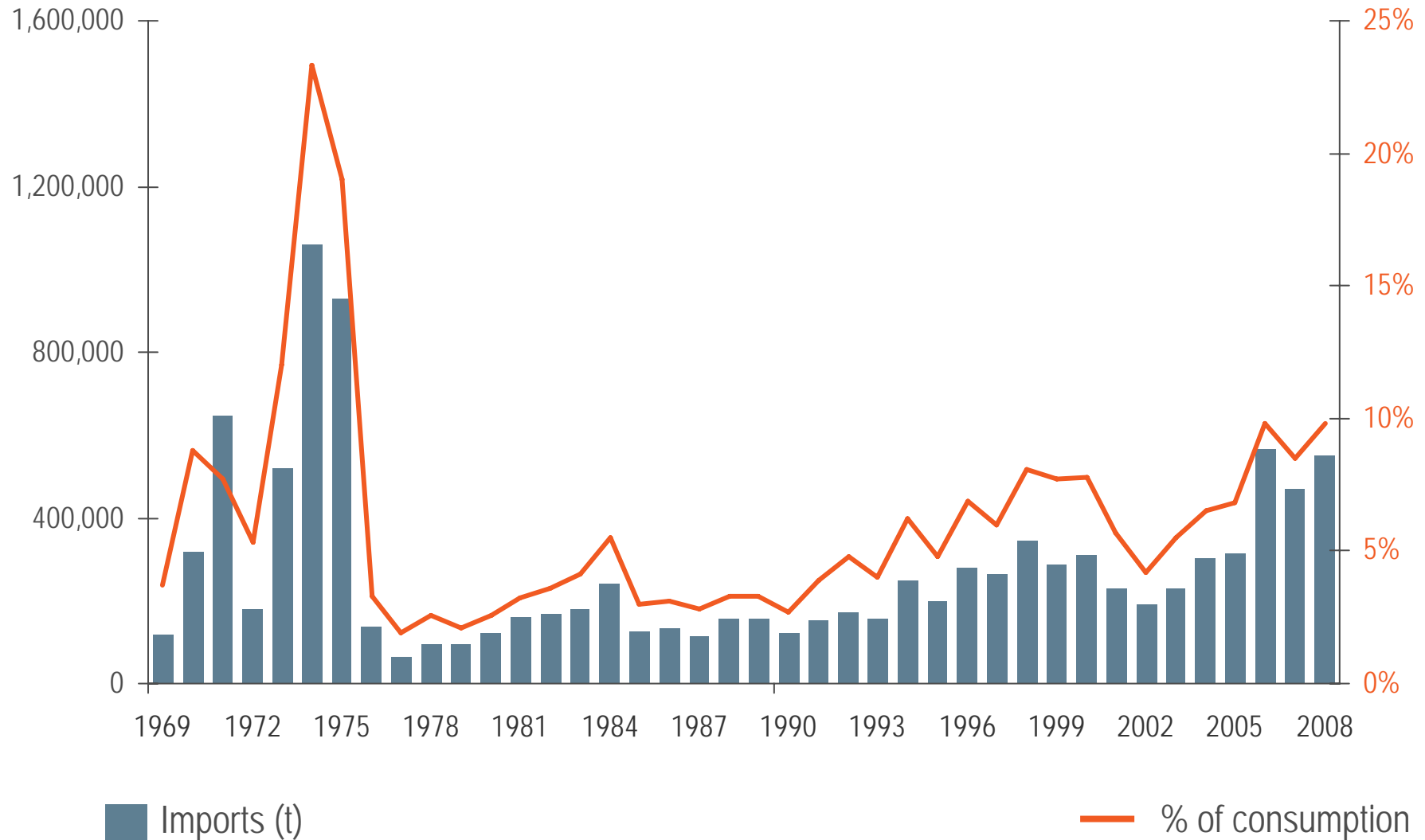


Domestic Market – Inventory Levels



Source : SAISI up to Q3'08; ArcelorMittal South Africa estimates for Q4'08

Domestic Market – Imports



Source : SAISI up to Q3'08; ArcelorMittal South Africa estimates for Q4'08

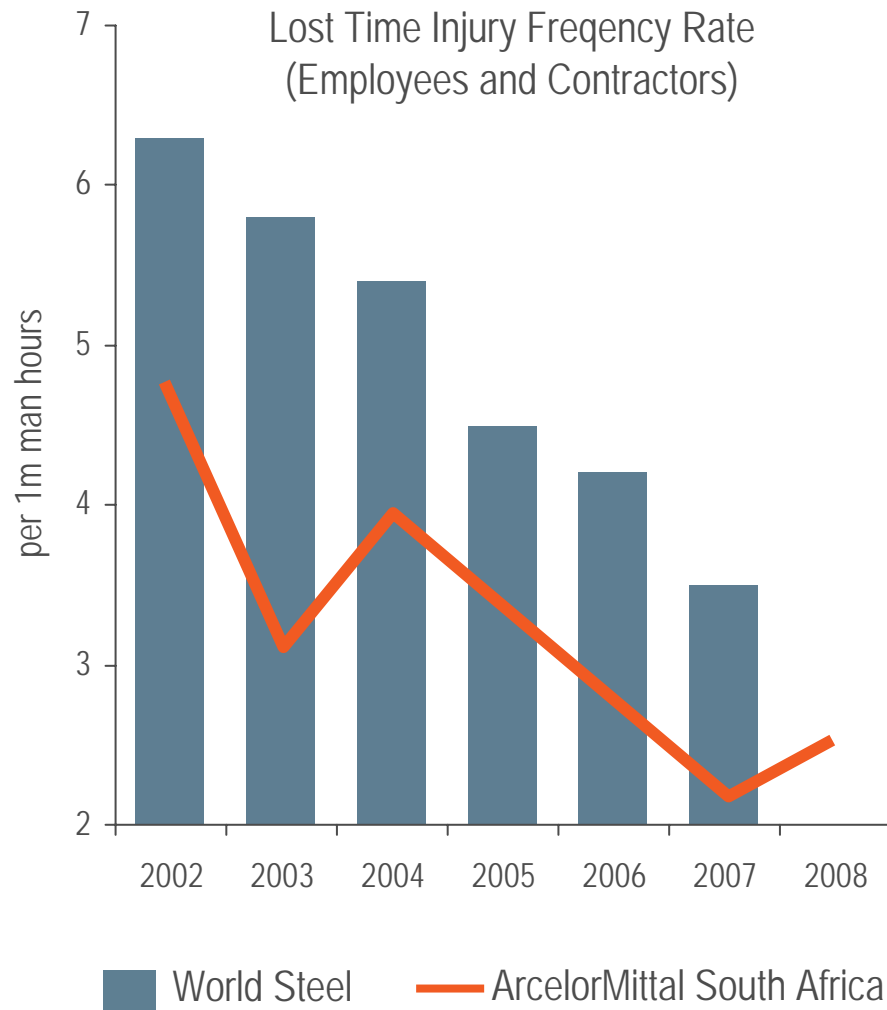


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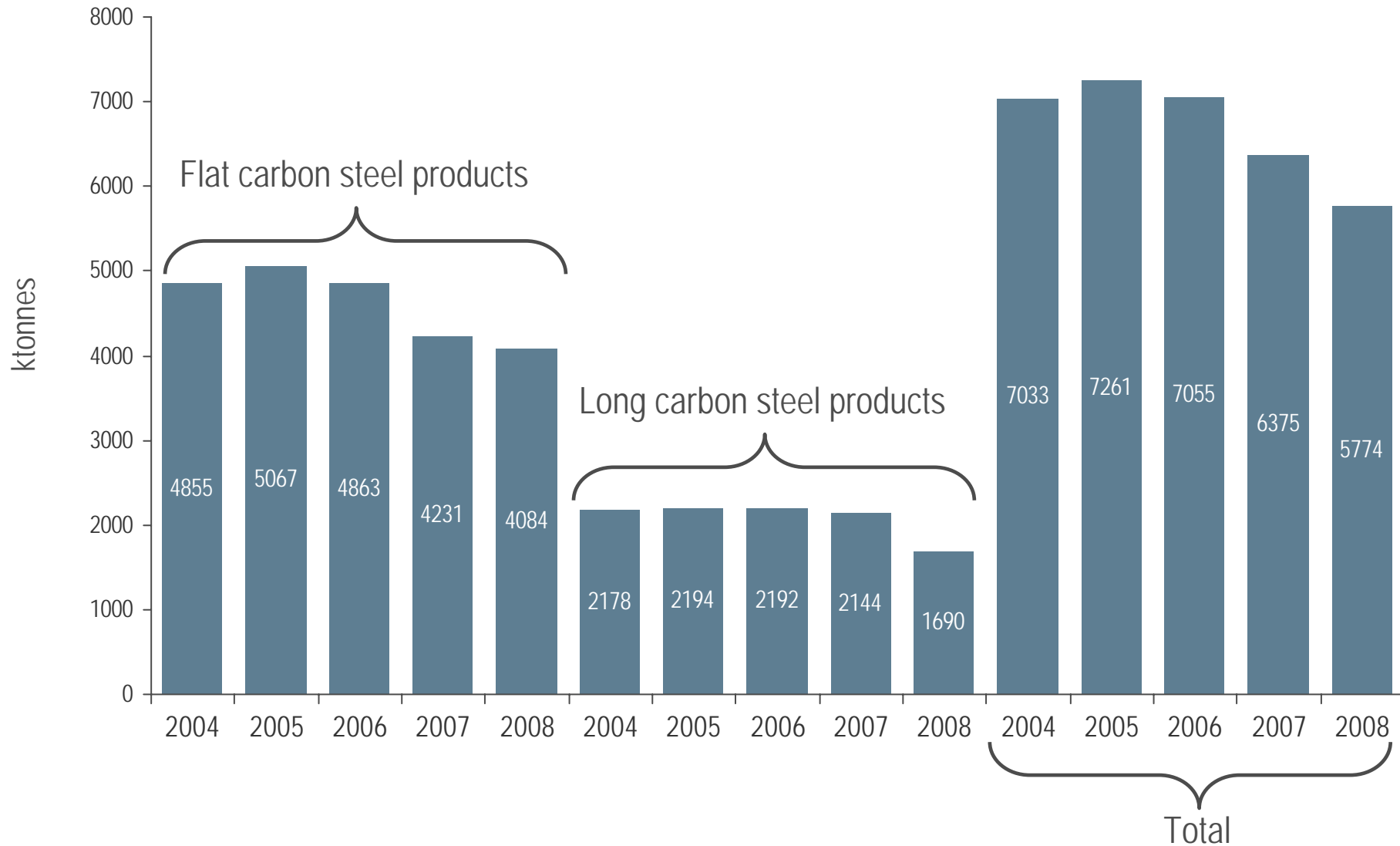
Physical results for 2008

Safety Remains our Priority

- Two fatalities in Sep 2008 at Saldanha Works
- From 2007 – mid-2008 achieved 14 months without fatality
 - Vanderbijlpark Works - 3m LTI free man hours
 - Newcastle Works - 2m LTI free man hours
 - Saldanha Works - 2m LTI free man hours
 - Vereeniging Works - 1m LTI free man hours
- Launch of the 'Journey to Zero' project



Liquid Steel Production

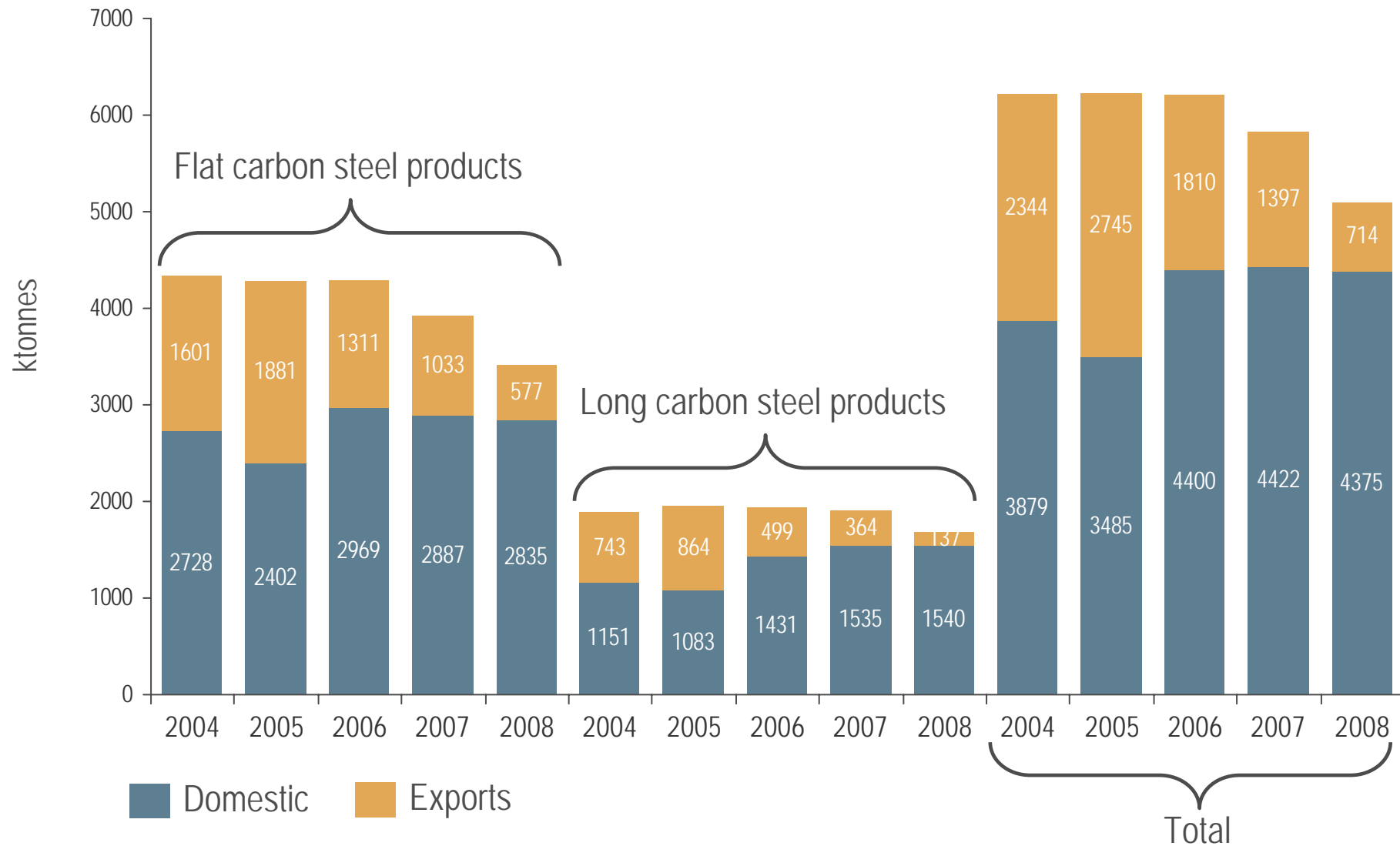


Liquid Steel Production

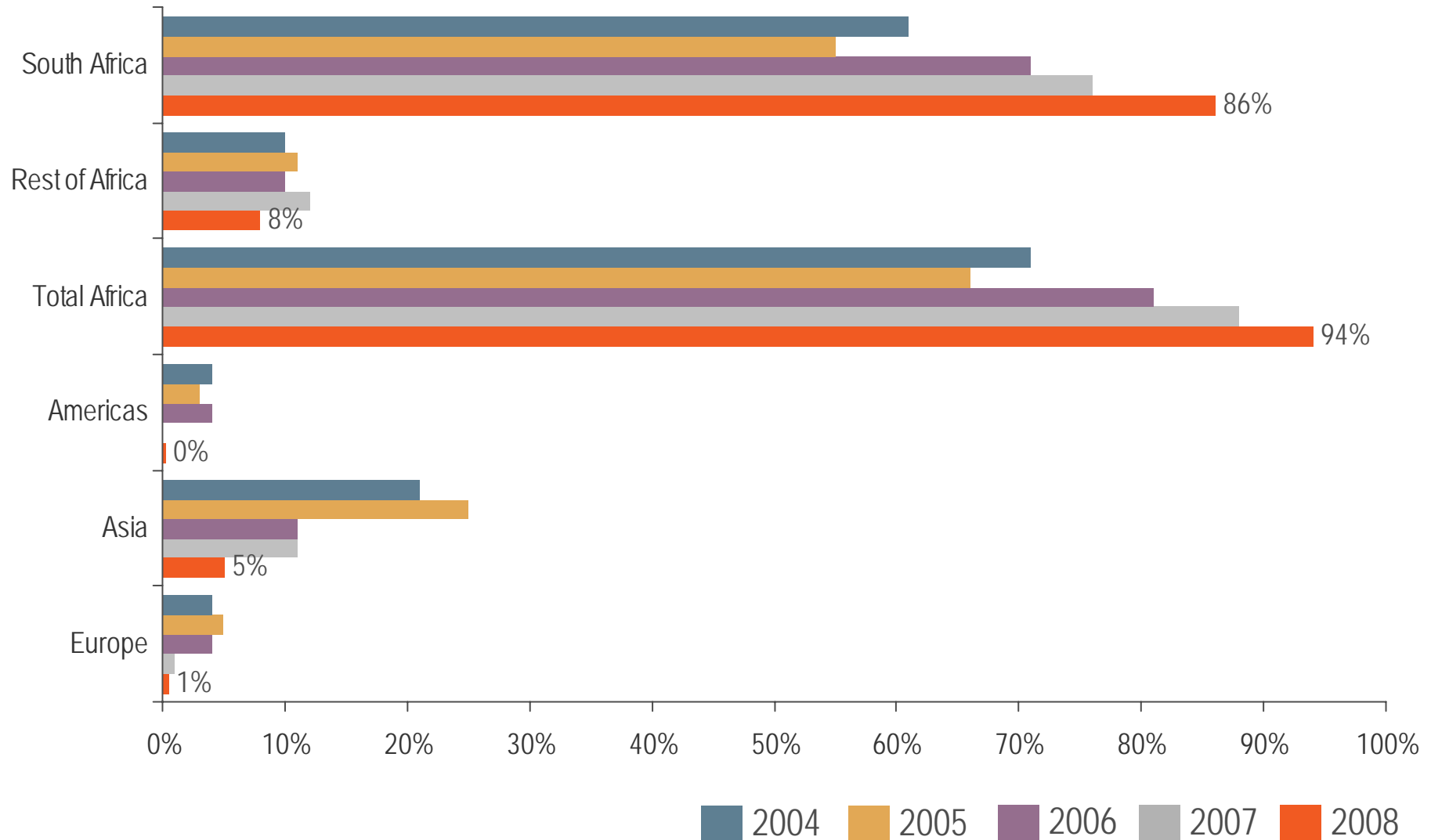


	ktonne
2007 liquid steel output	6 375
Vanderbijlpark – BFD reline in 2007	+660
Saldanha – Corex/Midrex reline	-135
Newcastle- N5 Mini-reline	-255
Electricity	-150
Market conditions	-721
2008 liquid steel output	5 774

Shipment Volumes



Geographic Shipments



Investment Programme



Rm

Major projects completed (and ongoing) in 2008

Vanderbijlpark Works

- New direct reduction kilns 5 & 6
- Sinter plant off-gas treatment

Saldanha Works

- Corex / Midrex reline completed

Newcastle Works

- Evaporator crystalliser & RO plant upgrade (2009)
- Blast Furnace "N5" mini-reline completed
- Sinter plant rebuild

Vereeniging Works

- EAF dust extraction (2010)

Other

Total Expenditure in 2008

2008

806

224

415

114

273

1 832



Finance

Kobus Verster, Executive Director Finance

Headline Earnings 2007 - 2008



Rm	2007	2008	% change
Revenue	29 301	39 914	+36%
Profit from operations	7 703	12 159	+58%
Gains & Losses on forex & financial instruments	-131	637	+586%
Interest income	442	318	-28%
Finance costs	-117	-238	+103%
Income from investments	4	3	-25%
Tax	-2 455	-3 865	+57%
Equity earnings*	270	331	+23%
Net deficit on disposal or scrapping of assets*	25	28	+12%
Impairment*		111	
Headline earnings	5 741	9 484	+65%
- in US\$m	813	1 148	+41%

*After tax

Headline Earnings Q3 '08 – Q4 '08



Rm	Q3'08	Q4'08	% change
Revenue	13 349	8 162	-39%
Profit from operations	5 190	1 614	-69%
Gains & Losses on forex & financial instruments	111	149	+34%
Interest income	44	132	+200%
Finance costs	-160	-51	-68%
Income from investments	1	1	
Tax	-1 620	-576	-64%
Equity earnings*	188	-249	-232%
Net deficit on disposal or scrapping of assets*	18	5	-72%
Impairment*		111	
Headline earnings	3 772	1 136	-70%
- in US\$m	485	114	-76%

*After tax

Profit from operations 2007 - 2008



Rm	2007	2008	% change
Flat carbon steel products	4 827	7 007	+45%
Long carbon steel products	2 652	3 672	+38%
Coke & Chemicals	727	1 743	+140%
Corporate & Other	-503	-263	+48%
Profit from operations	7 703	12 159	+58%

Operating costs



Rm	2007	2008	% change
Raw materials & consumables	12 162	16 712	+37%
Employee costs	2 210	2 598	+18%
Energy	1 364	1 474	+8%
Other operating expenses	4 763	5 528	+16%
Depreciation & amortisation	1 099	1 322	+20%
Impairment charges		121	
Total operating costs	21 598	27 755	+ 29%

Cash Flow



Rm	2007	2008
Cash flow from operations	9 024	14 072
Working capital	-605	-3 333
Capex	-1 852	-1 832
Net interest and Investment income	477	276
Investments	-16	
Tax	-2 209	-3 087
Dividends	-1 948	-2 398
Net cash flow	2 871	3 698
Capital reduction	-6 352	
Net cash flow after capital reduction	-3 481	3 698
Net cash	3 972	8 378

Working capital movement



Rm

2007

2008

Inventories

-41

-4 010

Finished products

-47

-168

Work-in-progress

362

-1 683

Raw materials

-283

-2 016

Plant spares & stores

-73

-143

Receivables

-118

254

Payables

-288

607

Utilisation of provisions

-158

-184

-605

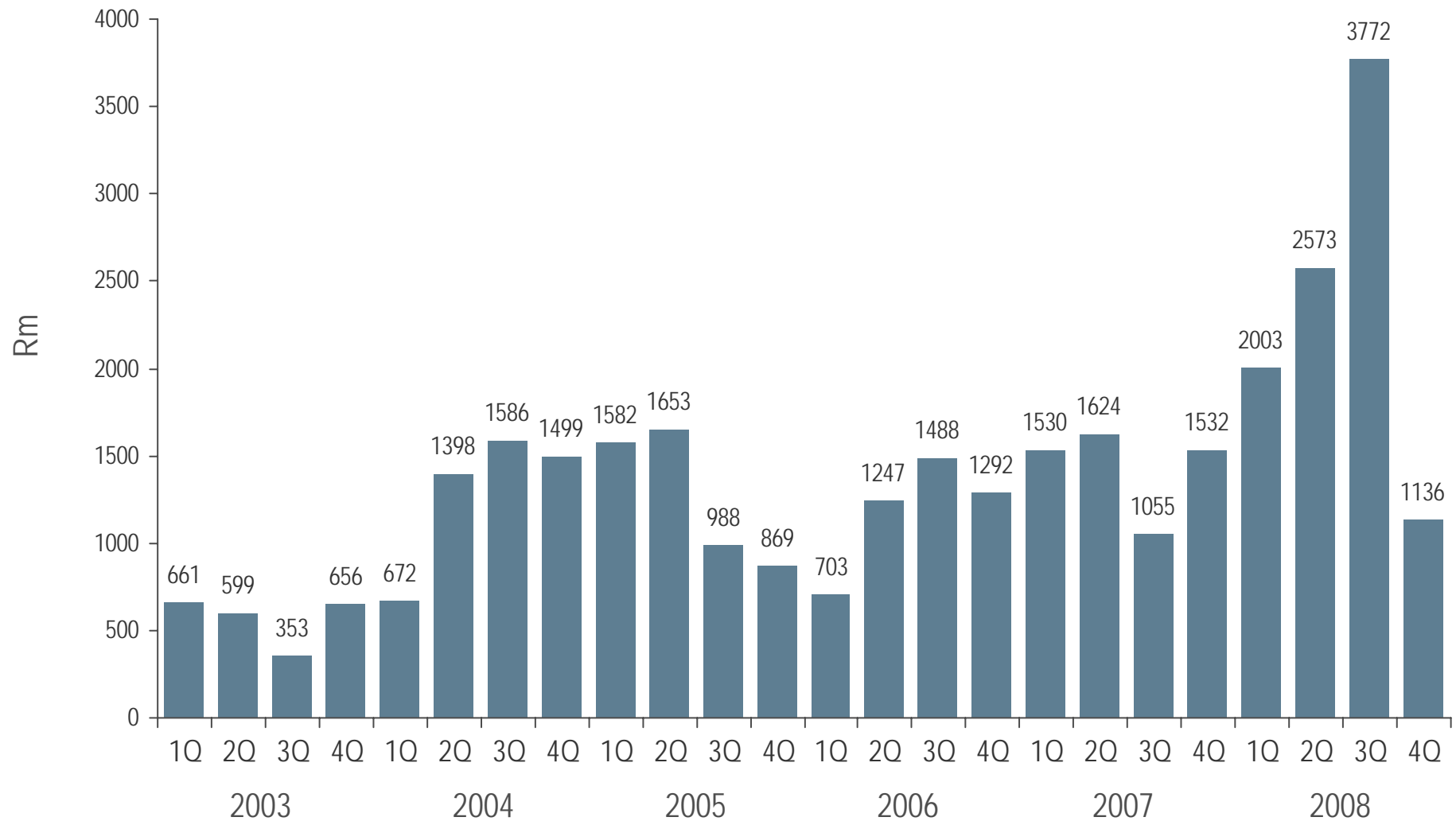
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Financial Ratios

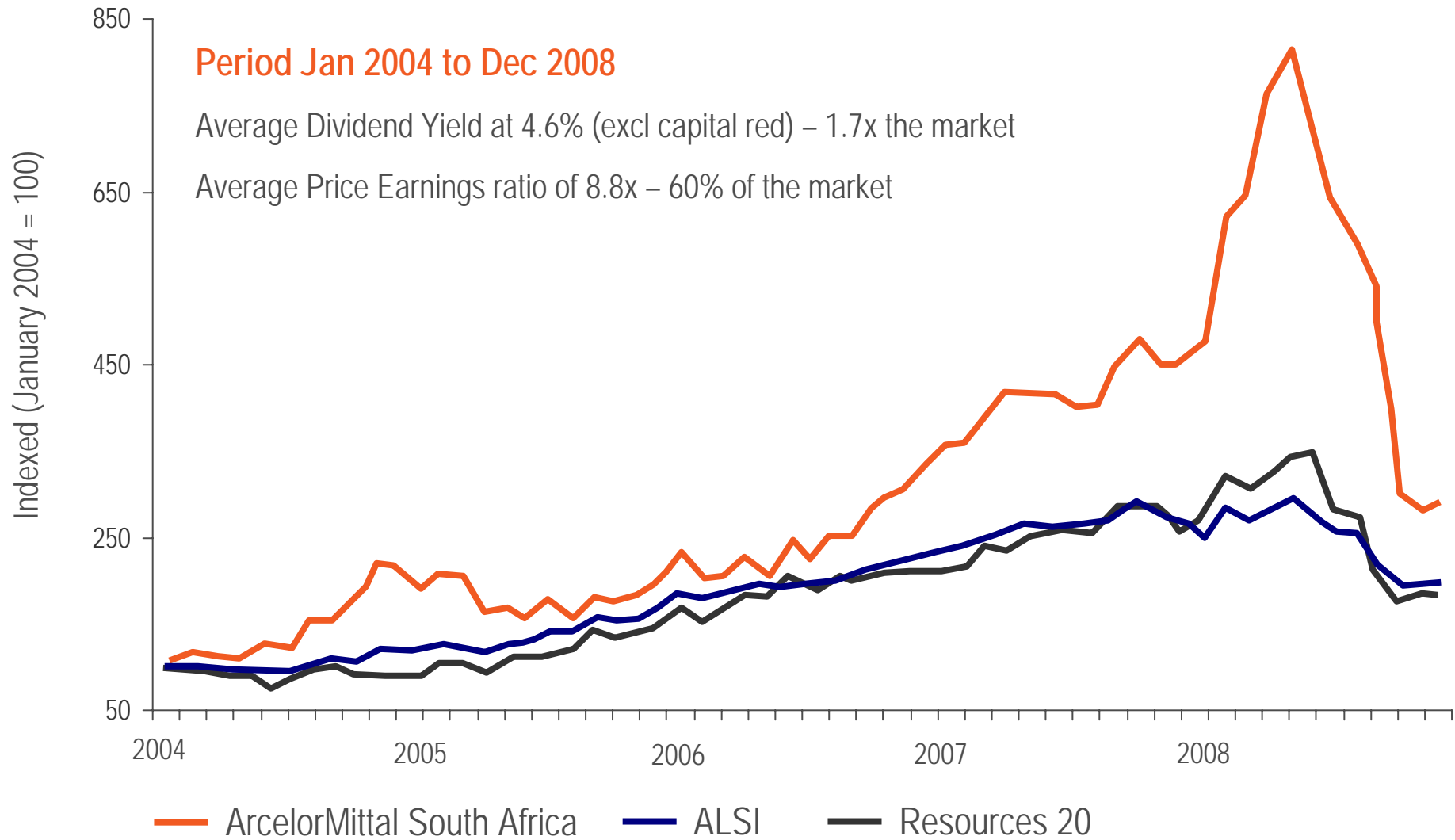


	2007	2008
Operating margin	26%	30%
EBITDA margin	30%	34%
Revenue / invested capital (times)	1.5	1.8
Return on equity (annualised)	26%	39%
Net cash / equity	19%	30%

Quarterly Headline Earnings Trend



Share Performance



Dividend



- Dividend policy
 - Distributing one third of headline earnings
- Dividend declared

Period	Interim 6 months to June 2008	Final 6 months to December 2008	Total 12 months to December 2008
Earnings per share	1 027 cps	1 101 cps	2 128 cps
Dividends per share	342 cps	365 cps	707 cps
Dividend cover	3.0	3.0	3.0
Payment date	1 September 2008	16 March 2009	-



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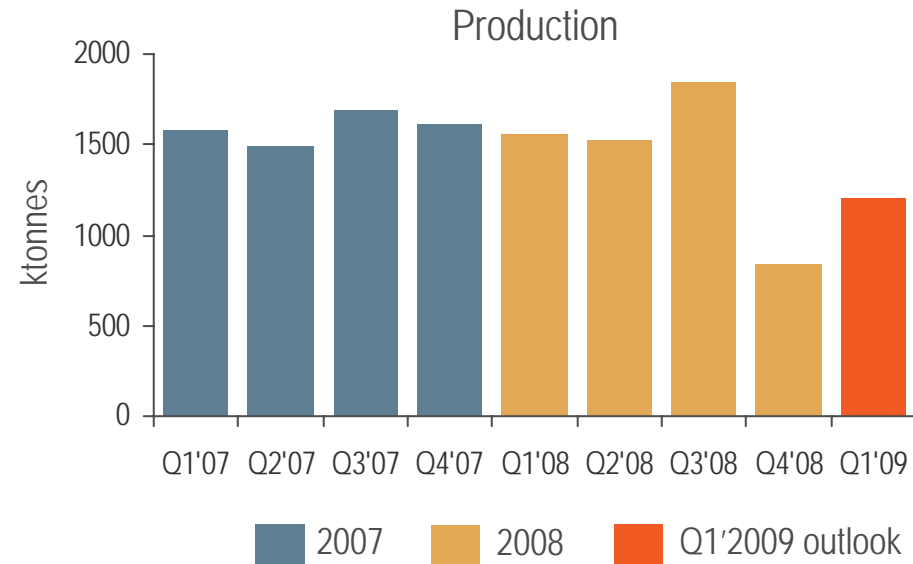
Industrial Plan and Other Developments

Nonkululeko Nyembezi-Heita

Industrial Plan



- Alignment of production to demand
- Production and shipment Q1'09 forecasts slightly higher than Q4'08 levels
- Cost evolution
 - Fixed cost reduction of 40% (excl labour)
 - Labour cost reduction of 10%
 - Benefit from lower raw material costs
 - General expenses reduced by 50%
 - Working capital management
- Adjustment of strategic growth plan to market conditions



Investment Programme



- Change in economic landscape resulted in a re-evaluation of our growth strategy and hence a delay in the roll-out of some projects:
 - BF N6, Galvanising line, Colour line
- Employee safety is crucial and related projects will continue
- Environmental projects are underway
 - Electric Arc Furnace dust extraction at Vereeniging Works
 - New disposal waste sites
 - Effluent treatment projects at Newcastle Works

Additional focus areas



- Iron ore arbitration
- BBBE
- Electricity supply
- Corporate Responsibility
 - Schools
 - Science centres

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Outlook

Outlook for Q1'09



- Business environment
 - Steel demand is expected to remain under pressure
 - Though output levels have improved market dictates a lower production utilisation – retain flexibility to match market changes
 - International prices remain uncertain
 - Positive impact of lower coal prices on costs will be delayed beyond Q1
 - Overall market visibility remains uncertain
- Earnings
 - Earnings to be substantially lower compared to Q4'08
 - Impacted by exchange rate movements



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Thank you

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