



ArcelorMittal

Notice of annual general meeting 2020

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NOTICE OF ANNUAL GENERAL MEETING

ARCELORMITTAL SOUTH AFRICA LTD

(Incorporated in the Republic of South Africa)
(Registration number: 1989/002164/06)
JSE code: ACL ISIN: ZAE000134961
(ArcelorMittal South Africa or the company)

Important information regarding attendance at the annual general meeting

Notice of annual general meeting

Notice is hereby given that the thirty-second annual general meeting (AGM) of the company will be held via electronic communication on Tuesday, 30 June 2020 at 09:00 to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out on the following pages and to deal with such other business as may be lawfully dealt with at the meeting.

ELECTRONIC PARTICIPATION

The company has appointed The Meeting Specialists Proprietary Limited (TMS) to remotely host the AGM on an interactive electronic platform, in order to facilitate remote participation and voting by shareholders. TMS will also act as scrutineers.

ATTENDANCE AND VOTING – LOGISTICAL ARRANGEMENTS

The record date for shareholders to be entitled to receive notice of this meeting is Monday, 25 May 2020. The date on which an individual must be registered as a shareholder in the company's register for the purposes of being entitled to participate in and vote at the meeting is Friday, 26 June 2020 (meeting record date). Therefore, the last day to trade to be registered as a shareholder in the company's register is Tuesday, 23 June 2020. If you are a registered shareholder as at the meeting record date, you may participate electronically in the meeting. Alternatively, you may appoint a proxy (who need not be a shareholder of the company) to represent you at the meeting. Any appointment of a proxy may be effected by using the attached form of proxy, and in order for the proxy to be effective and valid, it must be completed and delivered in accordance with the instructions contained therein.

Shareholders who wish to electronically participate in and/or vote at AGM are required to complete the electronic participation application form available on page 12 and email same to TMS at proxy@tmsmeetings.co.za and contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 09:00 on Friday, 26 June 2020.

TMS will assist shareholders with the requirements for electronic participation in, and/or voting at the AGM. TMS is further obliged to validate (in correspondence with ArcelorMittal South Africa and, in particular, the Transfer Secretary, Computershare Investor Services Proprietary Limited (Computershare) and shareholders' CSDPs) each such shareholder's entitlement to participate in and/or vote at the AGM, before providing it with the necessary means to access the AGM and/or the associated voting platform.

Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the JSE Limited, Computershare and/or TMS.

None of the JSE Limited, Computershare or TMS can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder from participating in and/or voting at the AGM.

If you are a beneficial shareholder and not a registered shareholder as at the meeting record date:

- ◆ and wish to participate electronically in the meeting, you must obtain the necessary authority to represent the registered holder of your shares from your central securities depository participant (CSDP) or broker;

Notice of annual general meeting continued

- ◆ and do not wish to participate electronically in the meeting but would like your vote to be recorded at the meeting, you should contact the registered holder of your shares through your CSDP or broker and furnish them with your voting instructions; and
- ◆ you must not complete the attached form of proxy.

Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the AGM. Shareholders are strongly encouraged to submit votes by proxy in advance of the AGM to Computershare.

Kindly ensure that TMS is copied when submitting all completed proxy forms and/or letters of representation to Computershare.

Please forward all relevant information to the below mentioned:

The Meeting Specialist Proprietary Limited

JSE Building

One Exchange Square

2 Gwen Lane

Sandown

South Africa

2196

Attention: Michael Wenner, Farhana Adam or Izzy van Schoor

Tel: +27 11 520 7950/1/2

Email: michael.wenner@tmsmeetings.co.za

Email: farhana.adam@tmsmeetings.co.za

Email: izzy.vanschoor@tmsmeetings.co.za

Email: proxy@tmsmeetings.co.za

NOTICE OF PERCENTAGE OF VOTING RIGHTS

In order for an ordinary resolution and a special resolution to be approved by shareholders, it must be supported by more than 50% and at least 75%, respectively, of the voting rights exercised on the resolution by shareholders participating in or represented by proxy at the meeting.

This notice of AGM includes the attached form of proxy and electronic participation application form.

DIRECTIONS FOR OBTAINING A COPY OF THE COMPLETE ANNUAL FINANCIAL STATEMENTS

The complete annual financial statements for the year ended 31 December 2019 may be obtained from the website, <http://southafrica.arcelormittal.com>, or a request may be sent to the company secretary (by email at the address: amanda.radouane@arcelormittal.com). The reports set out below are available on <http://www.arcelormittal-reports.com/reports/integrated-2019/downloads.php>.

Agenda items include the following presentations and proposed resolutions:

1. Presentation to shareholders of:

- 1.1 Consolidated annual financial statements of the company and its subsidiaries.
- 1.2 Directors' report.
- 1.3 Independent auditor's report.
- 1.4 Audit and risk committee chairperson's report.
- 1.5 Human resources, remuneration and nomination committee chairperson's report.
- 1.6 Transformation, social and ethics committee chairperson's report.

ORDINARY RESOLUTION NUMBER 1: REAPPOINTMENT OF AUDITORS

Resolved, as an ordinary resolution, to reappoint, on recommendation of the audit and risk committee, Deloitte & Touche as the independent registered auditor of the company, and that Mr Sudheer Rajcoomar be noted as the individual determined by Deloitte & Touche to be responsible for performing the functions of the auditor and who will undertake the audit of the company for the ensuing year, for the period until the next AGM of the company.

ORDINARY RESOLUTION NUMBER 2 (2.1 TO 2.4): RE-ELECTION OF DIRECTORS

Resolved that, by way of separate ordinary resolutions, to re-elect the following directors, who retire by rotation and, being eligible, offer themselves for re-election as directors of the company, subject to the provisions of the Memorandum of Incorporation (Moi) of the company:

- 2.1 Mr JRD Modise
- 2.2 Ms NP Mnxasana
- 2.3 Ms KMM Musonda
- 2.4 Mr NF Nicolau

The abridged curricula vitae (CVs) of all directors, including the directors retiring by rotation are attached to this notice.

ORDINARY RESOLUTION NUMBER 3 (3.1 TO 3.3): APPOINTMENT OF AUDIT AND RISK COMMITTEE MEMBERS

Resolved that, by way of separate ordinary resolutions and subject to the passing of ordinary resolutions 2.1 and 2.2, the following directors be and are hereby appointed as members of the audit and risk committee, from the conclusion of the AGM at which this resolution is passed until the conclusion of the next AGM of the company:

- 3.1 Ms LC Cele
- 3.2 Mr JRD Modise
- 3.3 Ms NP Mnxasana

The board is satisfied that all the directors are suitably skilled and experienced independent non-executive directors and collectively have the appropriate experience and qualifications to fulfil their audit and risk committee obligations as set out in section 94 of the Companies Act 71 of 2008, as amended (the Companies Act).

The abridged CVs of the directors to be appointed as members of the audit and risk committee are attached to this notice.

ORDINARY RESOLUTION NUMBER 4 (4.1 TO 4.2): SEPARATE NON-BINDING ADVISORY ENDORSEMENTS OF THE ARCELORMITTAL SOUTH AFRICA REMUNERATION POLICY AND IMPLEMENTATION REPORT

Resolved that, as ordinary resolutions, the shareholders hereby endorse, through separate non-binding advisory votes:

- 4.1 the company's remuneration policy (excluding the remuneration of non-executive directors for their services as directors and members of the board or board committees) as set out in the remuneration report contained in the integrated annual report 2019; and
- 4.2 the implementation report in relation to the remuneration policy, as set out in the remuneration report contained in the integrated annual report 2019.

The complete remuneration policy and the implementation report are included in the integrated annual report 2019 which can be accessed via the company's website.

Percentage of voting rights required to pass these resolutions: As these are not matters that require to be resolved or approved by shareholders, no minimum voting threshold is required. Nevertheless, for record purposes, the minimum percentage of voting rights to adopt these resolutions as non-binding advisory votes is 50% plus one vote of the voting rights exercised. Should 25% or more of the votes cast be against these resolutions, the company undertakes to engage with dissenting shareholders as to the reasons why and to appropriately address legitimate and reasonable objections and concerns raised.

SPECIAL RESOLUTION NUMBER 1 (1.1 TO 1.14): NON-EXECUTIVE DIRECTORS' FEES

Resolved that, by way of separate special resolutions, the annual fees payable to the non-executive directors of the company with effect from 1 June 2020 and until otherwise determined by ArcelorMittal South Africa in a

Notice of annual general meeting continued

general meeting, be approved as set out in the table below. It should be noted that, in taking into account the current challenges being faced by the company, the directors have recommended no increase in directors' fees, as set out in the table below:

	Annual retainer R	Attendance fee per meeting R
Chairperson (all in annual fee)	1 537 920	None
Director	197 918	16 490
Audit and risk committee chairperson	–	42 131
Audit and risk committee member	–	21 215
Human resources, remuneration and nominations committee chairperson	–	38 893
Human resources, remuneration and nominations committee member	–	19 446
Transformation, social and ethics committee chairperson	–	38 893
Transformation, social and ethics committee member	–	19 446
Safety, health and environment committee chairperson	–	38 893
Safety, health and environment committee member	–	19 446
Any ad hoc or other committee appointed by the board (chairperson)	–	38 893
Any ad hoc or other committee appointed by the board (member)	–	19 446
Non-executive director serving as share trust committee chairperson	–	29 079
Non-executive director serving as share trust committee member	–	14 540

Reason for and effect of this resolution

The reason for and effect of this resolution is to grant the company the authority to pay remuneration to its directors for their services as directors.

SPECIAL RESOLUTION NUMBER 2: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANY

Resolved that, by way of a special resolution, the board may authorise the company (for a period of two years from the date on which this resolution is passed) to generally provide any direct or indirect financial assistance, in the manner contemplated in, and subject to, the provisions of sections 44 and 45 of the Companies Act, to a related or inter-related company or corporation or to a member of a related or inter-related corporation, pursuant to the authority hereby conferred upon the board for these purposes.

Reason for and effect of this special resolution

The reason for this special resolution is that, from time to time, the company may be required to provide financial assistance to subsidiaries and other related companies within the group. The effect of this special resolution is that the company will be authorised to provide financial assistance to subsidiaries and other related parties within the group, subject to compliance with the relevant statutory requirements.

ORDINARY RESOLUTION NUMBER 5: AUTHORITY TO IMPLEMENT RESOLUTIONS PASSED AT THE AGM

Resolved that, as an ordinary resolution, any director or company secretary of the company be authorised to do all such things, perform all acts and sign all such documentation as may be required to give effect to the ordinary and special resolutions adopted at this AGM.

By order of the board

Company secretary

27 May 2020

Board of directors' CVs

MPHO MAKWANA (49)

Independent non-executive chairperson

- ◆ BAdmin (Hons) (University of Zululand and University of Pretoria)
- ◆ Postgraduate diploma (Retailing Management) (University of Stirling)

Appointed: 5 February 2013

ArcelorMittal South Africa board committees

- ◆ Chairperson: Nominations committee (forming part of the human resources, remuneration and nominations committee)
- ◆ Member: Transformation, social and ethics committee

JSE board positions

- ◆ ArcelorMittal South Africa Ltd
- ◆ Nedbank Group Ltd (independent non-executive director)
- ◆ Nedbank Ltd (independent non-executive director)

Profile

- ◆ Non-executive chairperson of Illovo Sugar South Africa (Pty) Ltd, Boardroom Alliance (Pty) Ltd, SAFCOL SOC Ltd, LEDA SOC Ltd; Investing in African Mining Indaba advisory board
- ◆ Non-executive director of BioTherm Energy (Pty) Ltd, Winners Circle (Pty) Ltd and LRMG (Pty) Ltd
- ◆ Trustee of Nelson Mandela Children's Fund and the Canon Collins Educational and Legal Assistant Trust

KOBUS VERSTER (53)

Chief executive officer (CEO) and executive director

- ◆ BCom (Hons) (Economics) (University of Pretoria)
- ◆ MBL (Unisa)
- ◆ Executive Management Programme (University of Virginia, USA)

Appointed: 1 February 2018

ArcelorMittal South Africa board committees

- ◆ Member: Safety, health and environment committee
- ◆ Member: Transformation, social and ethics committee
- ◆ Standing invitee: Audit and risk committee
- ◆ Standing invitee: Human resources, remuneration and nominations committee

JSE board positions

- ◆ ArcelorMittal South Africa Ltd

Profile

- ◆ Previously an executive director and the CEO of Aveng Ltd
- ◆ Previously an executive director and the chief financial officer (CFO) of ArcelorMittal South Africa Ltd
- ◆ Held various senior roles in financial management, including general manager (corporate finance and treasury) before appointment as CFO at ArcelorMittal

DESMOND MAHARAJ (47)

CFO and executive director

- ◆ Master's in Finance, CA(SA)

Appointed: 1 October 2018

ArcelorMittal South Africa board committees

- ◆ Standing invitee: Audit and risk committee
- ◆ Standing invitee: ArcelorMittal South Africa Management Share Fund Trust

JSE board positions

- ◆ ArcelorMittal South Africa Ltd

Profile

- ◆ Previously the country head for Zambia at Dangote Industries Ltd (listed on the Nigerian Stock Exchange)
- ◆ Previously the group financial manager and CFO at Eskom Enterprises
- ◆ Previously the general manager at Lafarge Holcim and several other senior positions in the cement and energy sectors (general financial and finance)

Board of directors' CVs *continued*

GERT GOUWS (60)

Non-executive director

- ◆ BCom (Law), BCom (Hons)
- ◆ CA(SA), FCMA, CGMA, Advanced Management Programme (Instead)

Appointed: 1 November 2017

ArcelorMittal South Africa board committees

- ◆ Member: Safety, health and environment committee
- ◆ Member: Human resources, remuneration and nominations committee

JSE board positions

- ◆ ArcelorMittal South Africa Ltd

Profile

- ◆ Previously divisional executive: mining, new and related industries and alternate director of the Industrial Development Corporation of South Africa Ltd (IDC) (until March 2019). Prior roles at the IDC included CFO and chief operating officer (COO)
- ◆ Director of various IDC investee companies
- ◆ Fellow of the Chartered Institute of Management Accountants (UK)

JACOB MODISE (53)

Independent non-executive director

- ◆ BCom and BAcc (University of the Witwatersrand)
- ◆ CA(SA), MBA, WBS, AMP (Harvard)

Appointed: 1 October 2013

ArcelorMittal South Africa committees

- ◆ Chairperson: Audit and risk committee
- ◆ Member: Human resources, remuneration and nominations committee
- ◆ Member: Transformation, social and ethics committee

JSE board positions

- ◆ ArcelorMittal South Africa Ltd

Profile

- ◆ Founder and executive chairperson of Batsomi Investment Holdings and its subsidiaries
- ◆ Chairperson of the National Energy Regulator of South Africa (NERSA)
- ◆ Trustee of the Nelson Mandela Children's Fund
- ◆ Previously group financial director and COO of Johnnic Holdings Ltd and CEO of the Road Accident Fund (RAF)
- ◆ Past non-executive director of Altron, ARB, MTN, MCell, M-Net, SuperSport, Premier Foods, Land Bank, Eskom, Caxton and others
- ◆ Served on various professional bodies and academic institutions including IRBA, SAICA and Wits Business School
- ◆ Held senior finance positions at Eskom, Teljoy, JCI and Deloitte

MONICA MUSONDA (45)

Independent non-executive director

- ◆ LLB (with merit) (University of Zambia)
- ◆ LLM in Commercial Law and Finance (with merit) (University of London - Queen Mary College)

Appointed: 12 June 2017

ArcelorMittal South Africa board committees

- ◆ Member: Transformation, social and ethics committee

JSE board positions

- ◆ ArcelorMittal South Africa Ltd

Profile

- ◆ African Debt and Equity Capital Markets Legal Expert. Previously held senior positions in private legal practice at Clifford Chance and Edward Nathan Sonnenbergs as well as in-house corporate counsel at International Finance Corporation and Dangote Group respectively. Founder and CEO of Java Foods, leading nutritious food manufacturer
- ◆ Non-executive director on the boards of Airtel Networks Zambia Plc (chairperson), Zambia Breweries Plc (chairperson), Dangote Industries Zambia Ltd

- ◆ Member of the lead group and global advisory board for Scaling Up Nutrition Business Network
- ◆ Recipient of the 2017 African Agribusiness Entrepreneur of the Year Award
- ◆ World Economic Forum Young Global Leader and an Archbishop Desmond Tutu Leadership Fellow

NOLUTHANDO GOSA (56)

Non-executive director

- ◆ MBA (University of New Brunswick, Canada)
- ◆ Graduate diploma in Business Administration (Wilfrid Laurier University, Canada)
- ◆ BA Communications (Hons) (University of Fort Hare)

Appointed: 1 December 2016

ArcelorMittal South Africa board committees

- ◆ Chairperson: Transformation, social and ethics committee

JSE board positions

- ◆ ArcelorMittal South Africa Ltd

Profile

- ◆ Chair and co-founder of Likamva Resources (ArcelorMittal South Africa's broad-based black economic empowerment (B-BBEE) partner and 12% shareholder)
- ◆ Independent non-executive chairperson, Solugrowth Business Processing
- ◆ CEO and founder of Akhona Group
- ◆ Non-executive director of Southern Africa – Canada Chamber of Commerce
- ◆ Member of the advisory board of the Mining Indaba

NEVILLE NICOLAU (66)

Independent non-executive director

- ◆ BTech (Mining Engineering) (University of Johannesburg)
- ◆ MBA (University of Cape Town)

Appointed: 10 September 2015

ArcelorMittal South Africa board committees

- ◆ Chairperson: Safety, health and environment committee
- ◆ Member: Human resources, remuneration and nominations committee
- ◆ Member: Transformation, social and ethics committee

JSE board positions

- ◆ ArcelorMittal South Africa Ltd

Profile

- ◆ Previously the CEO and executive director of Basil Read Holdings Ltd
- ◆ Previously the CEO and executive director of Anglo American Platinum
- ◆ Previously the COO and executive director of AngloGold Ashanti
- ◆ Previously the technical director at AngloGold's South American Operations

NOMAVUSO MNXASANA (63)

Independent non-executive director

- ◆ BCom, BCompt (Hons), CA(SA)

Appointed: 1 October 2013

ArcelorMittal South Africa board committees

- ◆ Chairperson: Human resources, remuneration and nominations committee
- ◆ Member: Audit and risk committee
- ◆ Member: Transformation, social and ethics committee
- ◆ Member: Safety, health and environment committee

JSE board positions

- ◆ ArcelorMittal South Africa Ltd
- ◆ Barloworld Ltd
- ◆ Wescoal Ltd

Profile

- ◆ Board member of IDC
- ◆ Previously a senior partner at SizweNtsalubaGobodo VSP audit and advisory firm
- ◆ Previously served as group audit and risk executive at Imperial Group

Board of directors' CVs *continued*

RAMAN KAROL (44)

Non-executive director

- ◆ CA (India)
- ◆ MBA (Finance) (Rotterdam School of Management)

Appointed: 1 December 2018

ArcelorMittal South Africa committees

- ◆ Member: Human resources, remuneration and nominations committee
- ◆ Member: Transformation, social and ethics committee
- ◆ Standing invitee: Audit and risk committee

JSE board positions

- ◆ ArcelorMittal South Africa Ltd

Profile

- ◆ Vice-president, head of group accounting and performance management at ArcelorMittal group, Luxembourg
- ◆ Member of ArcelorMittal group's corporate finance and tax committee (CFTC)
- ◆ Board member of ArcelorMittal Shipping

LUNGILE CONSTANCE CELE (66)

Independent non-executive director

- ◆ BCom (University of Fort Hare)
- ◆ Postgraduate diploma in Taxation (University of Natal)
- ◆ Executive Leadership Development Programme (ADLMEI, Cambridge, USA)
- ◆ Master of Accountancy (MAcc) (University of KwaZulu-Natal)

Appointed: 4 January 2016

ArcelorMittal South Africa board committees

- ◆ Member: Safety, health and environment committee
- ◆ Member: Audit and risk committee

JSE board positions

- ◆ ArcelorMittal South Africa Ltd
- ◆ Combined Motors Holdings Ltd
- ◆ Efficient Group Ltd

Profile

- ◆ Founder and former CEO of Tax Solutions CC (prior to merger with Garach Incorporated)
- ◆ Director on various boards, including Avbob Mutual Society
- ◆ Recipient of the Shoprite/Checkers/SABC 3 SA Woman of the Year Award (business category) in 1999
- ◆ Recipient of Durban City Council's Mayor's Awards for Excellence in 1999
- ◆ Contributed a chapter on "Women and tax" in the book *South African Women Today*

BRIAN ARANHA (64)

Non-executive director

- ◆ Bachelor of Applied Science (University of Toronto)
- ◆ Executive Development Programme (Queens University)

Appointed: 31 March 2018

ArcelorMittal South Africa board committees:

- ◆ Member: Human resources, remuneration and nominations committee
- ◆ Member: Transformation, social and ethics committee

Profile

Brian Aranha, executive vice-president, responsible for several corporate functions:

- ◆ Strategy, technology, research and development, commercial coordination, global automotive, communications and capital goods as well as certain joint ventures in China and Saudi Arabia
- ◆ He joined Dofasco in 1979 and held various diverse positions until 2003 when he was appointed vice-president: commercial
- ◆ Following the integration into ArcelorMittal in 2007, held various positions in Europe and NAFTA before assuming his current role in 2016

Form of proxy

ARCELORMITTAL SOUTH AFRICA LTD

(Incorporated in the Republic of South Africa)

(Registration number: 1989/002164/06)

JSE code: ACL ISIN: ZAE000134961

(the company)

To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only.

For use in respect of the thirty-second annual general meeting of the company (the AGM) to be held via electronic communication on Tuesday, 30 June 2020 at 09:00. Ordinary shareholders who have dematerialised their shares with a central securities depository participant (CSDP) or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to participate electronically in the AGM, or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (full name in block letters)

of (address)

Telephone (work)

(home)

being the registered owner(s) of

ordinary shares in the company

hereby appoint

or failing him/her

the chairperson of the AGM, as my/our proxy to act for me/us and on my/our behalf at the AGM which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the ordinary and special resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions:

**Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.*

Number of votes

	For*	Against*	Abstain*
Ordinary resolution number 1: Reappointment of auditors			
Ordinary resolution number 2.1: Re-election of Mr JRD Modise			
Ordinary resolution number 2.2: Re-election of Ms NP Mnxasana			
Ordinary resolution number 2.3: Re-election of Ms KMM Musonda			
Ordinary resolution number 2.4: Re-election of Mr NF Nicolau			
Ordinary resolution number 3.1: Appointment of Ms LC Cele as audit and risk committee member			
Ordinary resolution number 3.2: Appointment of Mr JRD Modise as audit and risk committee member			
Ordinary resolution number 3.3: Appointment of Ms NP Mnxasana as audit and risk committee member			
Non-binding resolution number 4.1: Endorsement of remuneration policy			
Non-binding resolution number 4.2: Endorsement of the implementation report			

Continued overleaf

Form of proxy *continued*

**Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.*

	Number of votes		
	For*	Against*	Abstain*
Special resolution number 1: Approval of non-executive directors' fees			
1.1 Chairperson (all-in annual fee)			
1.2 Director (annual retainer and attendance per board meeting)			
1.3 Audit and risk committee chairperson			
1.4 Audit and risk committee member			
1.5 Human resources, remuneration and nominations committee chairperson			
1.6 Human resources, remuneration and nominations committee member			
1.7 Transformation, social and ethics committee chairperson			
1.8 Transformation, social and ethics committee member			
1.9 Safety, health and environment committee chairperson			
1.10 Safety, health and environment committee member			
1.11 Any ad hoc or other committee appointed by the board (chairperson)			
1.12 Any ad hoc or other committee appointed by the board (member)			
1.13 Non-executive director serving as share trust committee chairperson			
1.14 Non-executive director serving as share trust committee member			
Special resolution number 2: Financial assistance to related or inter-related company			
Ordinary resolution number 5: Authority to implement resolutions passed at the annual general meeting			

Signed this _____ day of _____ 2020

Signature _____

Assisted by (if applicable): _____

Instructions and notes to the form of proxy

1. For effective administration, this form of proxy should be received at the company's transfer secretaries' office, Computershare Investor Services (Pty) Ltd, 15 Biermann Avenue, Rosebank, 2196, or via email at proxy@computershare.co.za by no later than 09:00 on Friday, 26 June 2020. If a shareholder does not wish to deliver this form of proxy to that address, it may also be posted, at the risk of the shareholder, to Computershare Investor Services (Pty) Ltd, Private Bag X9000, Saxonwold, 2132.
2. This form is for use by registered shareholders who wish to appoint another person (a proxy) to represent them at the meeting. If duly authorised, companies and other corporate bodies who are registered shareholders may appoint a proxy using this form, or may appoint a representative in accordance with point 12 below. Other shareholders should not use this form. All beneficial shareholders who have dematerialised their shares through a CSDP or broker must provide the CSDP or broker with their voting instruction. Alternatively, if they wish to participate electronically in the meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial shareholder and the CSDP or broker.
3. This proxy shall apply to all ordinary shares registered in the name of the shareholder who signs this form of proxy at the meeting record date, unless a lesser number of shares are inserted.
4. A shareholder may appoint one person of his own choice as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the company. If the name of the proxy is not inserted, the chairperson of the meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this form of proxy may delegate the authority given to him in this form of proxy by delivering to the company, in the manner required by these instructions, a further form of proxy which has been completed in a manner consistent with the authority given to the proxy in this form of proxy.
5. Unless revoked, the appointment of a proxy in terms of this form of proxy remains valid until the end of the meeting, even if the meeting or part thereof is postponed or adjourned.
6. If:
 - 6.1 a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
 - 6.2 the shareholder gives contradictory instructions in relation to any matter; or
 - 6.3 any additional resolution/s which are properly put before the meeting; or
 - 6.4 any resolution listed in the form of proxy is modified or amended, then the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the proxy shall comply with those instructions.
7. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this form of proxy will not be effective, unless:
 - 7.1 it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
 - 7.2 the company has already received a certified copy of that authority.
8. The chairperson of the meeting may, in his discretion, accept or reject any form of proxy or other written appointment of a proxy which is received by the chairperson prior to the time when the meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairperson shall not accept any such appointment of a proxy unless the chairperson is satisfied that it reflects the intention of the shareholder appointing the proxy.
9. Any alternations made in this form of proxy must be initialised by the authorised signatory(ies).
10. This form of proxy is revoked if the shareholder who granted the proxy:
 - 10.1 gives written notice of such revocation to the company, so that it is received by the company by not later than 09:00 on Friday, 26 June 2020; or
 - 10.2 subsequently appoints another proxy for the meeting; or
 - 10.3 participates in the meeting himself in person.
11. All notices which a shareholder is entitled to receive in relation to the company shall continue to be sent to that shareholder and shall not be sent to the proxy.
12. If duly authorised, companies and other corporate bodies who are shareholders of the company having shares registered in their own names may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. That notice will not be effective at the meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received at the company's transfer secretaries' office, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, by not later than 09:00 on Friday, 26 June 2020. If a shareholder does not wish to deliver that notice to that address, it may also be posted, at the risk of the shareholder, to Computershare Investor Services (Pty) Ltd, Private Bag X9000, Saxonwold, 2132. Certified and/or own-name dematerialised shareholders may also utilise the email address: proxy@computershare.co.za.
13. The completion and lodging of this form of proxy does not preclude the relevant shareholder from participating electronically in the AGM and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.
14. The chairperson of the AGM may accept or reject any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.

Transfer secretaries' office

Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

Electronic participation in AGM

Shareholders or their proxies who wish to participate in the AGM via electronic communication (participants), must deliver the electronic participation application form to TMS via email to proxy@tmsmeetings.co.za by no later than 09:00 on Friday, 26 June 2020.

Participants will be able to vote during the AGM through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the AGM, must provide TMS with the information requested below.

Each shareholder, who has complied with the requirements below, will be contacted between Friday, 26 and Monday, 29 June 2020 via email/mobile with a unique link to allow them to participate in the virtual meeting. The cost of the participant's phone call or data usage will be at his/her own expense and will be billed separately by his/her own telephone service provider.

The cut-off time, for administrative purposes, to participate in the meeting will be 09:00 on Friday, 26 June 2020.

The participant's unique link will be forwarded to the email/cell number provided in the electronic participation application form below.

Electronic participation application form

Name and surname (if applicable) of shareholder

Name and surname of shareholder representative (if applicable)

ID number (or registration number)

Email address

Cell number

Telephone number

Name of CSDP or broker

(If shares are held in dematerialised format)

SCA number or broker account number

Number of shares

Signature

Date

Terms and conditions for participation at the annual general meeting via electronic communication

1. The cost of dialling in using a telecommunication line/webcast/web-streaming to participate in the AGM is for the expense of the participant and will be billed separately by the participant's own telephone service provider.
2. The participant acknowledges that the telecommunication lines/webcast/web-streaming are provided by a third party and indemnifies the company, the JSE Limited and TMS against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the company, the JSE Limited and/or TMS, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/web-streaming or any defect in it or from total or partial failure of the telecommunication lines/webcast/web-streaming and connections linking the telecommunication lines/webcast/web-streaming to the AGM.
3. Participants will be able to vote during the AGM through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the AGM, must act in accordance with the requirements set out above.
4. Once the participant has received the link, the onus to safeguard this information remains with the participant.
5. The application will only be deemed successful if the electronic participation application form has been completed and fully signed by the participant and emailed to TMS at proxy@tmsmeetings.co.za.

Signature: _____

Date: _____

Analysis of ordinary shareholders

as at 31 December 2019

SHAREHOLDER SPREAD	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	19 878	91.29	2 781 407	0.24
1 001 – 10 000	1 251	5.75	4 657 465	0.41
10 001 – 100 000	495	2.27	15 927 074	1.40
100 001 – 1 000 000	117	0.54	35 497 252	3.12
Over 1 000 000	33	0.15	1 079 196 627	94.83
Total	21 774	100.00	1 138 059 825	100.00

SHAREHOLDER SPREAD	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 100 shares	6 898	31.68	307 132	0.03
101 – 1 000 shares	12 980	59.61	2 474 275	0.22
1 001 – 50 000 shares	1 660	7.62	14 238 354	1.25
50 001 – 100 000 shares	86	0.39	6 346 185	0.56
100 001 – 10 000 000 shares	142	0.65	108 782 986	9.56
10 000 001 and more shares	8	0.04	1 005 910 893	88.39
Total	21 774	100.00	1 138 059 825	100.00

DISTRIBUTION OF SHAREHOLDERS	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance companies	9	0.04	3 436 458	0.30
Close corporations	69	0.32	562 436	0.05
Collective investment schemes	26	0.12	66 854 750	5.87
Control accounts	1	0.00	184	0.00
Custodians	61	0.28	30 733 442	2.70
Foundations and charitable funds	12	0.06	6 839	0.00
Insurance companies	2	0.01	5 465	0.00
Investment partnerships	23	0.11	528 917	0.05
Managed funds	4	0.02	49 457	0.00
Medical aid funds	2	0.01	5 436	0.00
Organs of state	3	0.01	41 965 524	3.69
Private companies	179	0.82	31 881 460	2.80
Public companies	7	0.03	771 490 203	67.79
Public entities	1	0.00	93 044 068	8.18
Register imbalance	1	0.00	11	0.00
Retail shareholders	21 051	96.68	39 785 636	3.50
Retirement benefit funds	20	0.09	26 885 173	2.36
Scrip lending	5	0.02	1 381 473	0.12
Stockbrokers and nominees	32	0.15	3 037 331	0.27
Treasury	1	0.00	324	0.00
Trusts	255	1.17	5 297 620	0.47
Unclaimed scrip	9	0.04	4 399	0.00
Share schemes	1	0.00	21 103 219	1.85
Total	21 774	100.00	1 138 059 825	100.00

NOTICE OF ANNUAL GENERAL MEETING

DISTRIBUTION OF SHAREHOLDERS	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Corporate holdings	2	0.01	771 489 400	67.79
Retirement benefit funds	21	0.10	68 838 169	6.05
Collective investment schemes and hedge funds	15	0.07	66 827 985	5.87
Retail shareholders, trusts and private companies	599	2.75	91 866 037	8.07
Other managed funds	9	0.04	94 970 197	8.34
Custodians, brokers and nominees	45	0.21	33 732 790	2.96
Unclassified holders (less than 10 000 shares)	21 075	96.79	6 898 872	0.61
Assurance and insurance companies	8	0.04	3 436 375	0.30
Total	21 774	100.00	1 138 059 825	100.00

SHAREHOLDER TYPE	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	8	0.04	771 675 541	67.81
Directors and associates				
Mr JRD Modise	1	0.00	85 025	0.01
Mr AD Maharaj	1	0.00	450	0.00
Mr PM Makwana	1	0.00	50	0.00
Mr E Gouws	1	0.00	292	0.00
Mr NF Nicolau	1	0.00	100 000	0.01
ArcelorMittal South Africa Ltd	1	0.00	324	0.00
ArcelorMittal Holdings AG	2	0.01	771 489 400	67.79
Public shareholders	21 766	99.96	366 384 284	32.19
Total	21 774	100.00	1 138 059 825	100.00

FUND MANAGERS WITH A HOLDING IN 5% OR MORE OF THE ISSUED SHARES	Number of shares	% of issued capital
Investec Asset Management	70 306 132	6.18
Total	70 306 132	6.18

BENEFICIAL SHAREHOLDERS WITH A HOLDING IN 5% OR MORE OF THE ISSUED SHARES	Number of shares	% of issued capital
ArcelorMittal Holdings AG	771 489 724	67.79
Industrial Development Corporation	93 044 068	8.18
Amandla We Nsimbe (Pty) Ltd – A1 shares	243 240 276	–
The Isabelo Employee Share Trust – A2 shares	72 972 083	–
Total	1 180 746 151	75.97

Analysis of ordinary shareholders *continued*

as at 31 December 2019

BENEFICIAL SHAREHOLDERS IN THE A1 AND A2 REGISTER	A1 shares	A2 shares
Amandla We Nsimbe (Pty) Ltd	243 240 276	0
The Isabelo Employee Share Trust	0	72 972 083
Total	243 240 276	72 972 083

GEOGRAPHICAL HOLDING BY OWNER	Number of shareholdings	% of total shareholdings	Number of shares	% of shares in issue
Switzerland	5	0.02	772 423 791	67.87
South Africa	21 631	99.34	335 261 682	29.46
United States	23	0.11	14 495 804	1.27
United Kingdom	36	0.17	13 783 825	1.21
Luxembourg	1	0.00	1 178 249	0.10
United Arab Emirates	2	0.01	384 808	0.03
Belgium	4	0.02	212 725	0.02
Balance	72	0.33	318 941	0.03
Total	21 774	100.00	1 138 059 825	100.00
Total number of shareholdings	21 774			
Total number of shares in issue			1 138 059 825	

SHARE PRICE PERFORMANCE

Opening price 2 January 2019	R3.35
Closing price 31 December 2019	R1.19
Closing high for period	R4.07
Closing low for period	R1.19
Number of shares in issue	1 138 059 825
Volume traded during period	71 697 559
Ratio of volume traded to shares issued	6.30%
Rand value traded during the period	208 666 721
Price/earnings ratio as at 31 December 2019	4.58%
Earnings yield as at 31 December 2019	21.85%
Dividend yield as at 31 December 2019	–
Market capitalisation at 31 December 2019	R1 354 291 192

NOTICE OF ANNUAL GENERAL MEETING

NON-PUBLIC BREAKDOWN

27 December 2019

– Directors of the company or any of its subsidiaries

1 138 059 825

Beneficial holders >10%	Count	Holding	%
ArcelorMittal Holdings AG			
ArcelorMittal Holdings AG	1	696 178 083	61.17
ArcelorMittal Holdings AG	1	75 311 317	6.62
	2	771 489 400	67.79

Treasury

ArcelorMittal South Africa Ltd	1	324	0.00
	1	324	0.00

Directors

Mr JRD Modise	1	85 025	0.01
Mr AD Maharaj	1	450	0.00
Mr PM Makwana	1	50	0.00
Mr E Gouws	1	292	0.00
Mr NF Nicolau	1	100 000	0.01
	5	185 817	0.02
	8	771 675 541	67.81

Independent auditor's report on summarised consolidated financial statements

TO THE SHAREHOLDERS OF ARCELORMITTAL SOUTH AFRICA LTD

Opinion

The summarised consolidated financial statements of ArcelorMittal South Africa Ltd, which comprise the summarised consolidated statement of financial position as at 31 December 2019, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of ArcelorMittal South Africa Ltd for the year ended 31 December 2019.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of ArcelorMittal South Africa Ltd, in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summarised consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 2 April 2020. That report also includes:

- ◆ A material uncertainty related to going concern section that draws attention to note 38 in the audited consolidated and separate financial statements. Note 38 of the audited consolidated financial statements indicates that ArcelorMittal South Africa Ltd incurred a net loss after tax of R4 676 million during the year ended 31 December 2019 and, as of that date, ArcelorMittal South Africa Ltd company's current assets exceeded its current liabilities by R1 399 million. These events or conditions, along with other matters as set forth in note 38 of the audited consolidated financial statements indicate that a material uncertainty exists that may cast significant doubt on ArcelorMittal South Africa Ltd's ability to continue as a going concern. These matters are addressed in note 19 of the summarised consolidated financial statements.
- ◆ An emphasis of matter: impact of COVID-19 pandemic section that draws attention to note 37 of the audited consolidated and separate financial statements, which describes the uncertainties related to the possible effects of the COVID-19 outbreak on the group and its inability to quantify its possible future impact. These matters are addressed in note 18 of the summarised consolidated financial statements.
- ◆ The communication of other key audit matters as reported in the auditor's report of the audited consolidated financial statements.

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte & Touche

Deloitte & Touche

Registered Auditors
Per: SI Rajcoomar
Partner
27 May 2020

Deloitte & Touche
5 Magwa Crescent, Waterfall City

Summarised consolidated statement of comprehensive income

for the year ended 31 December 2019

	Notes	Year ended	
		31 December 2019 Rm	31 December 2018 Rm
Revenue		41 353	45 274
Raw materials and consumables used		(24 475)	(25 965)
Employee costs		(4 773)	(4 493)
Energy		(4 699)	(4 262)
Movement in inventories of finished goods and work in progress		(2 242)	574
Depreciation		(819)	(817)
Amortisation of intangible assets		(11)	(14)
Impairment of trade and other receivables		(15)	(25)
Other operating expenses		(6 678)	(7 495)
(Loss)/profit from operations	5	(2 359)	2 777
Impairment reversal/(impairment) of other assets		79	(10)
Impairment of property, plant and equipment and intangible assets	6	(1 480)	–
Finance and investment income	7	101	387
Finance costs	8	(1 070)	(2 400)
(Loss)/income from equity-accounted investments (net of tax)		(17)	138
Fair value adjustment on investment held for sale			(1 652)
Reclassification of foreign currency differences on sale of foreign investment			2 067
(Loss)/profit before tax		(4 746)	1 307
Income tax credit		70	63
(Loss)/profit for the year		(4 676)	1 370
Other comprehensive (loss)/profit			
<i>Items that will not be reclassified to profit or loss:</i>			
Equity investments at fair value through other comprehensive income (FVOCI) – net change in fair value (net of tax)		(26)	11
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		–	513
Reclassification of foreign currency differences on sale of foreign investment		–	(2 067)
Cash flow hedge – effective portion of changes in fair value (net of tax)		120	92
Cash flow hedges – reclassified to profit and loss (net of tax)		(27)	(49)
Share of other comprehensive income of equity-accounted investments		–	25
Total comprehensive loss for the year		(4 609)	(105)
(Loss)/profit attributable to:			
Owners of the company		(4 676)	1 370
Total comprehensive loss attributable to:			
Owners of the company		(4 609)	(105)
(Loss)/profit per share (cents)			
– Basic		(428)	125
– Diluted		(428)	125

Summarised consolidated statement of financial position

as at 31 December 2019

		As at	
		31 December 2019	31 December 2018
		Rm	Rm
	Notes		
ASSETS			
Non-current assets		8 722	9 696
Property, plant and equipment		7 974	8 995
Intangible assets		70	73
Equity-accounted investments		268	220
Investment held by environmental trust		348	332
Non-current receivable		22	10
Other financial assets		40	66
Current assets		13 739	18 864
Inventories		8 700	12 179
Trade and other receivables		2 837	3 972
Taxation		21	132
Other financial assets		193	56
Cash, bank balances and restricted cash	12	1 988	2 525
Total assets		22 461	28 560
EQUITY AND LIABILITIES			
Shareholders' equity		3 405	7 961
Stated capital		4 537	4 537
Non-distributable reserves		(3 568)	(3 659)
Retained income		2 436	7 083
Non-current liabilities		6 716	5 636
Borrowings	13	4 208	2 700
Trade and other payables		373	572
Finance lease obligations		74	46
Provisions		1 761	1 774
Other financial liabilities		300	544
Current liabilities		12 340	14 963
Trade and other payables		9 391	13 779
Borrowings	13	1 150	300
Finance lease obligations		26	15
Current provisions		1 080	406
Taxation payable		93	91
Other financial liabilities		600	372
Total equity and liabilities		22 461	28 560

Summarised consolidated statement of cash flows

for the year ended 31 December 2019

	Note	Year ended	
		31 December 2019 Rm	31 December 2018 Rm
Cash flows from operating activities		129	887
Cash generated from operations	14	423	2 282
Interest income		101	93
Finance cost		(345)	(574)
Income tax received/(paid)		130	(2)
Realised foreign exchange movement		(180)	(912)
Cash flows from investing activities		(1 479)	1 984
Investment to maintain and expand operations		(1 491)	(1 256)
Proceeds on disposal of investment in associates and joint ventures		-	3 221
Proceeds on disposal or scrapping of assets		-	12
Dividend income from investment		12	7
Cash flows from financing activities		810	(3 487)
Borrowings raised/(repaid)		850	(3 400)
Finance lease obligation repaid		(37)	(85)
Cash settlement on long-term incentive plan		(3)	(2)
Decrease in cash, cash equivalents and restricted cash		(540)	(616)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash		3	3
Cash, cash equivalents and restricted cash at the beginning of the year		2 525	3 138
Cash, cash equivalents and restricted cash at the end of the year		1 988	2 525

Summarised consolidated statement of changes in equity for the year ended 31 December 2019

	Stated capital Rm	Treasury share equity reserve Rm	Other reserves Rm	Retained earnings Rm	Total Rm
Balance as at 1 January 2018	4 537	(3 918)	4 281	3 158	8 058
Total comprehensive loss	–	–	(1 475)	1 370	(105)
Settlement of long-term incentive plan	–	–	(2)	–	(2)
Share-based payment expense	–	–	10	–	10
Transfer between reserves	–	(1)	(2 554)	2 555	–
Balance as at 31 December 2018	4 537	(3 919)	260	7 083	7 961
Balance as at 1 January 2019	4 537	(3 919)	260	7 083	7 961
Total comprehensive loss	–	–	67	(4 676)	(4 609)
Settlement of long-term incentive plan	–	–	(3)	–	(3)
Share-based payment expense	–	–	56	–	56
Transfer of equity-accounted earnings	–	–	(29)	29	–
Balance as at 31 December 2019	4 537	(3 919)	351	2 436	3 405

Notes to the summarised consolidated financial statements for the year ended 31 December 2019

1. CORPORATE INFORMATION

ArcelorMittal South Africa Ltd is a public company domiciled in the Republic of South Africa and listed on the JSE Ltd. These summarised consolidated financial statements for the year ended 31 December 2019 comprise the company and its subsidiaries (together referred to as the group). The group is one of the largest steel producers on the African continent.

2. BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 31 December 2019 were prepared in accordance with the requirements of the Companies Act of South Africa as applicable to summarised financial statements. These summarised consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the information required by IAS 34 *Interim Financial Reporting*.

These summarised consolidated financial statements do not include all the information required for full consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with IFRS and the Companies Act of South Africa.

Deloitte & Touche has issued an unqualified audit opinion with a material uncertainty relating to going concern and an emphasis of matter regarding the impact of the COVID-19 pandemic on this summarised consolidated financial statements and on the consolidated financial statements. The auditor's report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain full understanding of the nature of the auditor's work, a full set of audited consolidated annual financial statements and the audit opinion are available for inspection from the company secretary at the registered office of the company, and has been published on the company's website [www.https://www.arcelormittalsa.com/InvestorRelations/AnnualFinancialStatements.aspx](https://www.arcelormittalsa.com/InvestorRelations/AnnualFinancialStatements.aspx). The summarised consolidated financial statements and consolidated financial statements were prepared under the supervision of Mr AD Maharaj CA(SA), the group's CFO.

Notes to the summarised consolidated financial statements continued for the year ended 31 December 2019

3. ACCOUNTING POLICIES

The accounting policies and methods of computation applied in the presentation of the summarised consolidated financial statements of the group are consistent with those applied for the year ended 31 December 2018 apart from IFRS 16 *Leases* (replaced IAS 17 *Leases*; IFRIC 4 *Determining Whether an Arrangement Contains a Lease*; SIC 15 *Operating Leases – Incentives*; and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*) that was applied from 1 January 2019. Due to the transition methods chosen by the group in applying these standards, comparative information has not been restated to reflect the requirements of the new standards. The effect of initially applying these standards did not have a significant impact on the group's summarised consolidated financial statements.

On adoption of IFRS 16 *Leases*, the group recognised lease liabilities and right-of-use assets in relation to leases which were previously classified as operating leases under the principles of IAS 17 *Leases*. These liabilities and assets were measured at the present value of the remaining lease payments, discounted using the group's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate used to measure the lease liabilities on 1 January 2019 was 8.2%.

The impact of the change in the accounting policy on the statement of financial position on 1 January 2019 was as follows:

- ◆ Increase in right-of-use assets by R62 million
- ◆ Increase in lease liabilities by R62 million

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- ◆ The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- ◆ The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases shorter than 12 months. Low-value assets are assets that are below the group's capitalisation threshold.

4. SEGMENT REPORT

Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision-maker (CODM), in order to allocate resources to the segment and to assess its performance. Segments are identified based on major product categories. These segments offer different products and are managed separately because they require different investment and marketing strategies.

The group's reportable segments are:

- ◆ Flat steel products consisting of Vanderbijlpark Works, Saldanha Works and ArcelorMittal South Africa Distribution
- ◆ Long steel products consisting of Newcastle Works, Vereeniging Works and the decommissioned Maputo Works
- ◆ Coke and Chemicals undertaking the processing and marketing of byproducts and the production and marketing of commercial grade coking coal
- ◆ Corporate and other, consisting of sales and marketing functions, procurement and logistics activities, shared services, centres of excellence, the decommissioned Pretoria Works site, available-for-sale investments and the results of the non-trading consolidated subsidiaries and consolidated structured entities segment's profit/(loss) from operations represents the profit/(loss) earned/(incurred) by each segment without the allocation of after-tax profits of equity-accounted investments, net interest income, income from investments and income tax expenses

All assets and liabilities are allocated to the operating segments, other than for the following items that are allocated exclusively to the corporate and other segment, reflecting the manner in which resource allocation is measured.

Assets not allocated to operating segments:

- ◆ Results of consolidated subsidiaries and consolidated structured entities, other than for Saldanha Works which is a subsidiary allocated to the flat steel products segment
- ◆ Investments in equity-accounted entities
- ◆ Available-for-sale investments
- ◆ Cash and cash equivalents
- ◆ Income tax, capital gains tax and value added tax-related assets, as applicable

Liabilities not allocated to operating segments are income tax, capital gains tax and value added tax-related liabilities, as applicable.

Notes to the summarised consolidated financial statements continued

for the year ended 31 December 2019

	Flat steel products Rm	Long steel products Rm	Coke and Chemicals Rm	Corporate and other Rm	Adjustments and eliminations Rm	Total reconciling to the consolidated amounts Rm
4. SEGMENT REPORT continued						
For the year ended 31 December 2019						
Revenue						
– External customers	26 927	13 179	1 247	–	–	41 353
– Intersegment customers	782	1 420	63	–	(2 265)	–
Total revenue	27 709	14 599	1 310	–	(2 265)	41 353
Revenue to external customers distributed as:						
Local	21 783	8 856	1 247	–	–	31 886
Export	5 144	4 323	–	–	–	9 467
– Africa	4 590	3 791	–	–	–	8 381
– Asia	554	241	–	–	–	795
– Other	–	291	–	–	–	291
Total	26 927	13 179	1 247	–	–	41 353
Results						
Earnings before interest, tax, depreciation and amortisation	(574)	(369)	250	62	(1)	(632)
Depreciation and amortisation	(435)	(297)	(70)	(28)	–	(830)
Saldanha wind down cost	(396)	–	–	–	–	(396)
Retrenchment packages	(138)	(33)	(1)	(62)	–	(234)
Inventory adjustment to net realisable value	(131)	(136)	–	–	–	(267)
(Loss)/profit from operations	(1 674)	(835)	179	(28)	(1)	(2 359)
Net impairments	(476)	(1 087)	–	(524)	686	(1 401)
Finance and investment income	34	6	–	61	–	101
Finance costs	(315)	(245)	(13)	(497)	–	(1 070)
Loss after tax from equity-accounted investments	–	–	–	(17)	–	(17)
(Loss)/profit before taxation	(2 431)	(2 161)	167	(1 006)	685	(4 746)
Income taxation credit	–	–	–	70	–	70
(Loss)/profit for the year	(2 431)	(2 161)	167	(936)	685	(4 676)
Segment assets (excluding investments in equity-accounted entities)	11 865	6 113	1 431	3 055	(271)	22 193
Investments in equity-accounted entities	–	–	–	268	–	268
Segment liabilities	5 188	2 141	172	11 823	(268)	19 056
Cash generated from/(utilised in) operations	1 204	321	38	(1 140)	–	423
Capital expenditure	1 223	217	18	33	–	1 491
Number of employees at the end of the year	4 644	2 377	240	1 118	–	8 379

NOTICE OF ANNUAL GENERAL MEETING

	Flat steel products Rm	Long steel products Rm	Coke and Chemicals Rm	Corporate and other Rm	Adjustments and eliminations Rm	Total reconciling to the consolidated amounts Rm
4. SEGMENT REPORT continued						
For the year ended 31 December 2018						
Revenue						
– External customers	31 012	12 919	1 343	–	–	45 274
– Intersegment customers	907	1 986	33	–	(2 926)	–
Total revenue	31 919	14 905	1 376	–	(2 926)	45 274
Revenue to external customers distributed as:						
Local	23 621	10 312	1 343	–	–	35 276
Exports	7 391	2 607	–	–	–	9 998
– Africa	6 062	1 905	–	–	–	7 967
– Asia	1 139	286	–	–	–	1 425
– Other	190	416	–	–	–	606
Total	31 012	12 919	1 343	–	–	45 274
Results						
Earnings before interest, tax, depreciation and amortisation	2 670	808	370	(243)	3	3 608
Depreciation and amortisation	(393)	(334)	(82)	(22)	–	(831)
Profit/(loss) from operations	2 277	474	288	(265)	3	2 777
Gain on sale of investment	–	–	–	2 452	(2 037)	415
Impairments	–	–	–	(72)	62	(10)
Finance and investment income	12	2	–	373	–	387
Finance costs	(255)	(213)	(8)	(1 817)	(107)	(2 400)
Income after tax from equity-accounted investments	–	–	–	138	–	138
Profit/(loss) before taxation	2 034	263	280	809	(2 079)	1 307
Income taxation (expense)/credit	(9)	–	–	72	–	63
Profit/(loss) for the year	2 025	263	280	881	(2 079)	1 370
Segment assets (excluding investments in equity-accounted entities)	15 208	8 631	1 287	3 966	(752)	28 340
Investments in equity-accounted entities	–	–	–	220	–	220
Segment liabilities	6 361	2 564	174	11 872	(372)	20 599
Cash generated from operations	1 889	82	255	56	–	2 282
Capital expenditure	785	363	25	83	–	1 256
Number of employees at the end of the year	4 834	2 497	249	1 257	–	8 837

Notes to the summarised consolidated financial statements continued

for the year ended 31 December 2019

		2019 Rm	2018 Rm
4.	SEGMENT REPORT <small>continued</small>		
4.1	Revenue from major products and services		
	The group's revenue from its major products sold to external customers was:		
	Flat steel products	26 927	31 012
	– Hot rolled	17 209	21 848
	– Uncoated	3 990	2 981
	– Coated	5 728	6 183
	Long steel products	13 179	12 919
	– Merchant bars	8 184	7 833
	– Wire rod	4 240	4 232
	– Seamless tubular products	755	854
	Coke and Chemicals	1 247	1 343
	– Coke and tar	1 154	1 269
	– Other	93	74
	Total consolidated revenue	41 353	45 274

4.2 Geographical information

The group operates principally in South Africa. Export sales are primarily sold into sub-Saharan Africa and Asia.

4.3 Information about major customers

	Flat steel products Rm	Long steel products Rm	Total revenue Rm	% of group revenue
2019				
Revenue of major customers				
– Macsteel Services Centres SA (Pty) Ltd	4 068	1 608	5 676	13.73
– Macsteel International Trading BV	4 204	3 323	7 527	18.20
Total	8 272	4 931	13 203	31.93
2018				
Revenue of major customers				
– Macsteel Services Centres SA (Pty) Ltd	3 948	1 843	5 791	12.79
– Macsteel International Trading BV	5 829	1 739	7 568	16.72
Total	9 777	3 582	13 359	29.50

	2019 Rm	2018 Rm
5. (LOSS)/PROFIT FROM OPERATIONS		
(Loss)/profit from operations has been arrived at after charging:		
Amortisation	(11)	(14)
Depreciation	(819)	(817)
Employee costs		
Salaries and wages	(3 823)	(3 977)
Termination benefits	(376)	(19)
Pension and medical costs	(518)	(487)
Share-based payment expense	(56)	(10)
Loss on disposal or scrapping of property, plant and equipment	(14)	(4)
Operating lease rentals		
Buildings	(2)	(4)
Plant, machinery and equipment	(143)	(263)
Vehicles	(22)	(31)
Railage and transport	(1 304)	(1 394)
Repairs and maintenance	(2 750)	(3 003)
Research and development	(173)	(175)
(Write-down)/reversal of write-down of inventory to net realisable value	(94)	140
Auditor's remuneration		
Audit fees	(14)	(15)
Other services and expenses	(2)	(1)
Allowance for impairment recognised on trade receivables	(15)	(25)
Other allowances on trade receivables	4	(10)
Allowance for impairment on other receivables	(24)	(21)

Notes to the summarised consolidated financial statements continued

for the year ended 31 December 2019

	2019 Rm	2018 Rm
6. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT		
Impairment of property, plant and equipment	1 480	–

The company performed a review for indications of impairment of its property, plant and equipment at 31 December 2019. Following this review, it was necessary to perform an impairment test and the results of the impairment test concluded the impairment of Newcastle Works amounting to R1 087 million. The impairment of Newcastle was as a result of the strengthening of the rand against the US dollar (USD) to USD/R14.12 at year-end and lower domestic volumes.

In November 2019 the decision was taken to wind down steel operations at Saldanha Works and place the operation on care and maintenance. Saldanha Works was fully impaired to the value of R294 million.

The tin plant at Vanderbijlpark Works was also impaired to the value of R99 million.

Basis of the impairment model

A discounted cash flow model is used with an explicit forecast period for five years. These cash flows are USD-based. To determine the terminal value, the Gordon growth model is used and year five is taken in perpetuity.

	Vanderbijlpark 2019 Rm	Newcastle 2019 Rm	Gauteng operations 2019 Rm	Coke and Chemicals 2019 Rm
Major assumptions				
Total post-tax weighted average cost of capital (WACC)/discount rate (% USD-based)***	11.94	12.25	11.47	11.94
Growth rate (% USD-based)	2	2	2	2
Exchange rate range (R/USD)*	14.65 – 16.32	14.65 – 16.32	14.65 – 16.32	14.65 – 16.32
Steel sales price range (average USD/t)**	620 – 637	535 – 573	789 – 818	236 – 270
Sales volume range (kt)**	2 346 – 2 497	1 016 – 1 469	193 – 198	290 – 469

* LSP is split between Newcastle and Vereeniging as separate CGUs from 2018.

** Lowest to highest range over 2020 to 2024.

*** While a pre-tax WACC/discount rate is required per IAS 36 Impairment of Assets, the standard also accepts that discounting post-tax cash flows at a post-tax discount rate and discounting pre-tax cash flows at a pre-tax discount rate should give the same result, as long as the pre-tax discount rate is the post-tax discount rate adjusted to reflect the specific amount and timing of the future tax cash flows. Such consideration has been applied in determining the discounted post-tax cash flows.

	2019 Rm	2018 Rm
7. FINANCE AND INVESTMENT INCOME		
Finance income		
Bank deposits and other interest income	101	93
Discount rate adjustment of provisions and financial instruments	–	285
Investment income		
Interest received from jointly controlled entities	–	9
Dividends	–	–
Total	101	387

	2019 Rm	2018 Rm
8. FINANCE COSTS		
Interest expense on loans	(863)	(976)
Interest expense on finance lease obligations	(13)	(15)
Net foreign exchange gains/(losses) on financing activities	128	(1 112)
Discount rate adjustment of provisions and financial liabilities	(1)	–
Unwinding of discounting effect on provisions and financial liabilities	(321)	(297)
Total	(1 070)	(2 400)

Notes to the summarised consolidated financial statements continued

for the year ended 31 December 2019

9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/profit per share is calculated by dividing (loss)/profit attributable to the owners of the company by the weighted average number of ordinary shares, after taking the effects of the rights issue and the B-BBEE transaction into account. Where appropriate, adjustments are made in calculating diluted (loss)/profit, headline and diluted headline (loss)/earnings per share.

	2019	2018
Weighted average number of shares	1 093 509 570	1 093 509 570
Weighted average number of diluted shares	1 093 509 570	1 093 509 570
Weighted average number of diluted shares are calculated by adjusting the weighted average number of ordinary shares with additional ordinary shares held by third parties that would have been outstanding assuming the conversion of all outstanding share options representing dilutive potential ordinary shares. Based on the current share price of ArcelorMittal South Africa, the B-BBEE transaction does not have a dilutive impact on the shareholding. No other outstanding shares had a dilutive impact.		
(Loss)/profit attributable to the owners of the company per share		
Basic		
(Loss)/profit attributable to owners of the company (Rm)	(4 676)	1 370
Weighted average number of shares	1 093 509 570	1 093 509 570
Basic (loss)/profit per share (cents)	(428)	125
Diluted		
(Loss)/profit attributable to owners of the company (Rm)	(4 676)	1 370
Weighted average number of diluted shares	1 093 509 570	1 093 509 570
Diluted (loss)/profit per share (cents)	(428)	125
Headline (loss)/earnings per share		
The calculation for headline (loss)/earnings per share is based on the basic (loss)/profit per share calculation, reconciled as follows:		
Gross		
(Loss)/profit before tax (Rm)	(4 746)	1 307
Add: Impairment charges of property, plant and equipment (Rm)	1 480	–
Add: (Impairment reversal)/impairment of investments in joint ventures and associates (Rm)	(79)	10
Add: Loss on disposal or scrapping of plant, property and equipment (Rm)	14	4
Less: Fair value adjustment on disposal of assets (Rm)	–	1 652
Less: Reclassification of foreign currency differences on sale of foreign investment (Rm)	–	(2 067)
Headline (loss)/earnings before tax (Rm)	(3 331)	906

9. (LOSS)/EARNINGS PER SHARE continued

	2019	2018
Net of tax		
(Loss)/profit attributable to owners of the company (Rm)	(4 676)	1 370
Add: Impairment charges of property, plant and equipment (Rm)	1 480	–
Add: (Impairment reversal)/impairment of investments in joint ventures and associates (Rm)	(79)	10
Add: Loss on disposal or scrapping of property, plant and equipment (Rm)	10	3
Add: Fair value adjustment on disposal of assets (Rm)	–	1 652
Less: Reclassification of foreign currency differences on sale of foreign investment (Rm)	–	(2 067)
Headline (loss)/earnings net of tax (Rm)	(3 265)	968
Basic		
Headline (loss)/earnings (Rm)	(3 265)	968
Weighted average number of shares	1 093 509 570	1 093 509 570
Basic headline (loss)/earnings per share (cents)	(299)	89
Diluted		
Headline (loss)/earnings (Rm)	(3 265)	968
Weighted average number of diluted shares	1 093 509 570	1 093 509 570
Diluted headline (loss)/earnings per share (cents)	(299)	89

Notes to the summarised consolidated financial statements continued

for the year ended 31 December 2019

10. FAIR VALUE MEASUREMENTS

Certain of the group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined, particularly the valuation techniques and inputs used.

Financial instruments		Fair values as at period ended		Fair value hierarchy
		31 December 2019	31 December 2018	
Classification under IFRS 9		Rm	Rm	
Financial assets				
Equity securities	Equity instruments – fair value through profit or loss (FVTPL)	348	332	Level 1
Equity securities	Equity instruments – FVOCI	40	66	Level 1
Forward exchange contracts used for hedging	Fair value – hedging instrument	75	53	Level 2
Other forward exchange contracts	Mandatorily at FVTPL	118	3	Level 2
Financial liabilities				
Forward exchange contracts used for hedging	Fair value – hedging instrument	–	10	Level 2
Other forward exchange contracts	Mandatorily at FVTPL	–	6	Level 2

Level 1: Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

11. TAXATION

Although the corporate tax rate is 28%, the actual average tax rate for the group was positive 15%. The positive tax rate was as a result of an income tax receivable due to various positive settlements with the South African Revenue Service during 2019. The settlements relate to disputes in respect of the 2007, 2010, 2011 and 2012 years of assessments.

The group only recognises deferred income tax assets on carried forward tax losses to the extent that there are sufficient estimated future taxable profits and/or taxable temporary differences. However, based on the considerations presented, management believes it is premature to conclude at this stage that it is more likely than not for sufficient future taxable profits to be available against which the full proposed deferred tax asset can be utilised.

12. CASH, BANK BALANCES AND RESTRICTED CASH

At 31 December 2019, the group had restricted cash of R1 134 million (2018: R1 485 million). This consists of R823 million (2018: R883 million) regarding the true sales receivables (TSR) facility and R311 million (2018: R602 million) for the environmental rehabilitation obligations.

Eligible inventories and receivables are provided as securities for the borrowing-based facility to the extent of the draw down. At 31 December 2019, the balance of the borrowing-based facility was R1 150 million (2018: R300 million) with R3 350 million (2018: R4 200 million) still available.

Bank accounts of R600 million (2018: R282 million) were ceded in favour of the borrowing-based facility and TSR facilities.

	2019 Rm	2018 Rm
13. BORROWINGS		
Banks	1 150	300
Loan from holding company	4 208	2 700
Total	5 358	3 000
Non-current	4 208	2 700
Current	1 150	300
Total	5 358	3 000

The bank loan relates to the borrowing-based facility with various financial institutions. The loan from the holding company increased by R1 508 million as a result of capitalised accrued interest of R478 million and the capitalisation of intercompany payables of R1 030 million. The loan from the holding company is subordinated to the borrowing-based facility. Interest is payable on the initial loan of R2 700 million and the capitalised interest of R478 million at a market-related rate. No interest will be charged on the amount of R1 030 million that was capitalised.

Notes to the summarised consolidated financial statements continued
for the year ended 31 December 2019

	2019 Rm	2018 Rm
14. CASH GENERATED FROM/(UTILISED IN) OPERATIONS		
(Loss)/profit from operations	(2 359)	2 777
Adjusted for:		
– Depreciation and amortisation of intangible assets	830	831
– Unrealised profit on sales to joint ventures	1	(3)
– Share option and participation costs	56	10
– Non-cash movement in provisions and financial liabilities	184	(125)
– Write-down/(reversal of write-down) of inventory to net realisable value	94	(140)
– Movement in trade and other receivable allowances	36	46
– Reconditionable spares usage	–	5
– Loss on disposal or scrapping of property	14	4
– Fair value adjustment on environmental trust	(16)	–
– Other cash movements		
– Decrease/(increase) in inventories	3 415	(520)
– Decrease/(increase) in trade and other receivables	1 208	(1 005)
– (Decrease)/increase in trade and other payables	(2 876)	497
– Utilisation of provisions	(138)	(35)
– Changes in financial liabilities or assets	(84)	(142)
– Other payables raised, released and utilised relating to employees	58	82
Cash generated from operations	423	2 282
	2019 Rm	2018 Rm
15. COMMITMENTS		
Capital expenditure commitments on property, plant and equipment		
Capital expenditure authorised and contracted for	1 099	655
Capital expenditure authorised but not contracted for	2 727	2 459
Total	3 826	3 114
Operating lease commitments		
Plant, equipment, vehicles and buildings		
The future minimum payments under non-cancellable standalone and embedded operating leases are:		
Due in 2019	–	98
Due in 2020	71	63
Total	71	161

15. COMMITMENTS continued

Capital commitments

In accordance with the Competition Commission settlement agreement concluded in 2016, ArcelorMittal South Africa is committed to spend capital expenditure on qualifying projects of R4 600 million over five years subject to it being affordable and feasible (resulting from economic market conditions as referred to in the agreement). In total, R2 716 million (2018: R2 171 million) has been invested in various projects to date.

It should be noted that ArcelorMittal South Africa would have exceeded its capital commitments had it not been for the revised asset strategy in certain areas and the placement of Saldanha Steel under care and maintenance – in other words, had the company not have to adapt to deal with the adverse economic market and financial circumstances, which are beyond our control.

Included in the capital expenditure above is an amount of R977 million (2018: R677 million) to address emissions at Vanderbijlpark Works over the next two years.

16. RELATED PARTY TRANSACTIONS

The group is controlled by ArcelorMittal Holdings AG, which effectively owns 69% (December 2018: 69%) of the group's shares. At 31 December 2019, the outstanding ArcelorMittal Holdings AG loan amounted to R4 208 million (2018: R2 700 million). The loan increased by R1 508 million as a result of the capitalisation of accrued interest of R478 million and the capitalisation of intercompany payables of R1 030 million. The interest expense for the year was R287 million (2018: R272 million).

The company and its subsidiaries entered into sale and purchase transactions with joint ventures in the ordinary course of business. These transactions were concluded at arm's length.

Notes to the summarised consolidated financial statements continued

for the year ended 31 December 2019

17. WIND DOWN OF SALDANHA WORKS

The accounting impact of Saldanha Works that is being wind down to a state of care and maintenance is as follows:

	2019 Rm	2018 Rm
INCOME AND EXPENSES		
Revenue	7 598	8 654
Expenses	(8 486)	(8 092)
(Loss)/profit from operations before impairment and other expenses	(888)	562
Impairment	(294)	–
Wind-down cost	(396)	–
(Loss)/profit from operations	(1 578)	562
Finance and investment income	1	1
Finance cost	(40)	(50)
(Loss)/profit before taxation	(1 617)	513
Income taxation expense	–	(9)
Net (loss)/profit for the year	(1 617)	504
ASSETS AND LIABILITIES		
Assets		
Property, plant and equipment	–	224
Holding company variable loan	2 552	3 107
Inventories	679	1 269
Trade and other receivables	147	592
Liabilities		
Holding company fixed loan	(7 654)	(7 654)
Finance lease obligation	(46)	(59)
Provisions	(434)	(25)
Trade and other payables	(924)	(1 448)
Taxation	(95)	(95)

18. SUBSEQUENT EVENTS

Subsequent to year-end, there is widespread local and global uncertainty associated with the COVID-19 pandemic. We are closely monitoring the situation and adapting the business as required. The safety and wellbeing of our employees is paramount and will remain our first priority.

On 15 March 2020 a national state of disaster was declared in South Africa due to the COVID-19 pandemic and subsequently, on 23 March 2020 the Honourable President Ramaphosa called on all South African citizens and businesses to adhere to a nationwide lockdown for 21 days, effective from midnight on Thursday, 26 March to midnight on 16 April 2020. While this will have a considerable impact on society, our economy and on our business, the group is doing what is required to support the lockdown and ensure the safety of employees.

This means that aside from employees required for the continued operation of essential equipment, including furnaces and coke batteries as contemplated in the announcement by the Minister of Trade and Industry, the offices and operations across the country will be closed during this period.

In response, the group has assessed, and continues to regularly monitor, the following additional steps in considering the impact on the group's operations at this time. These include:

- ◆ Assessment of the potential operational disruption and the safeguarding of our assets
- ◆ Considered legal and contractual ramifications
- ◆ Assessment of liquidity and working capital requirements to ensure cash preservation
- ◆ Access to cash through the borrowing-based facility which still remains in place

There will be a negative impact on production volumes and sales volumes, which will have an impact on our results of operation and cash flows for the 31 December 2020 financial year. Certain line items on the statement of financial position may also be impacted, including but not limited to carrying value of property, plant and equipment, inventory, receivables and environmental rehabilitation provisions. The extent to which this impacts our results will depend on future developments, which are highly uncertain and cannot be predicted at this time.

19. GOING CONCERN

The 2019 financial year represented the most challenging year since the global financial crisis for the world steel industry, and an exceptionally difficult year for the South African economy and the group. The correlation between steel prices and raw material costs has broken down. The size of the dislocation between steel prices and raw material cost is very unusual, and although recently, raw material prices have moderated a little, but the dislocation continues.

Despite the cash preservation initiatives and the cost reduction projects, the group recognised a net loss after tax of R4 676 million (2018: profit of R1 370 million) for the year ended 31 December 2019 and, as at that date, current assets exceed current liabilities by R1 399 million (2018: R3 901 million). Further, the group continued to invest in key priority capital projects that appropriately maintain and modernise the production asset base.

As stated previously, the group is very vulnerable to the exchange rate, and the strengthening in the rand against the US dollar has had a negative impact on financial performance. Further, the valuation of property, plant and equipment resulted in an impairment of R1 480 million which had no cash flow impact. As required by IFRS the impairment assessment is performed at spot rate as at the end of the financial year which specifically impacted the Newcastle cash-generating unit.

The directors have prepared cash flow forecasts for a period of 12 months after year-end based on the most recent forecast. The forecast takes in account the continued business transformation programme that has proved to realise cost savings over the past two years of R2 300 million.

Notes to the summarised consolidated financial statements continued for the year ended 31 December 2019

19. GOING CONCERN continued

The borrowing-based facility was successfully renewed, and further following the orderly wind down of Saldanha Works the level of the tangible net worth covenant was reset. As at 31 December 2019, the group is in compliance with all covenants. At 31 December 2019, the balance of the borrowing-based facility was R1 150 million (2018: R300 million) drawn. The group continues to work closely with all lenders to ensure the required facilities remain in place.

ArcelorMittal Holding AG continues to demonstrate its support by increasing the loan by R1 508 million with the capitalisation of accrued interest and intercompany payables. The capitalised interest, intercompany payables and the intercompany loan have been fully subordinated.

Shareholders are advised that factors which are outside the control of management have a significant impact on the business, specifically, the market demand, supply chain interruptions and commodity and steel prices. The volatility in the rand/US dollar exchange rate remains an uncontrollable factor that will have an impact on the business.

Further, and as noted in note 18, the unpredictable effects of the COVID-19 pandemic and national lockdown is casting uncertainty over our ability to produce planned volumes as well as how the world and local steel markets will respond to the pandemic. In response, the group has assessed and continues to regularly monitor the following additional steps in considering the impact on the group's operations. These include:

- ◆ Assessment of the potential operational disruption and the safeguarding of our assets
- ◆ Considered legal and contractual ramifications
- ◆ Assessment of liquidity and working capital requirements to ensure cash preservation
- ◆ Access to cash through the borrowing-based facility which still remains in place

Should the cash flows be negatively impacted by the above, there remains a material uncertainty that may cast significant doubt regarding the ability of ArcelorMittal South Africa to continue as a going concern, without appropriate additional cost containment measures and interventions such as further business transformation focus areas which have been identified to reduce controllable costs even further as well as the continued support from the holding company.

The areas that have been identified in the business transformation programme are the reduction of sub-contractor services and the re-configuration of the operating model of the business by:

- (i) simplifying and de-cluttering management mechanism,
- (ii) adopting common planning, scheduling and production systems, and information technology infrastructure, and
- (iii) improving the customer service experience by a more flexible sales and marketing organisation.

The directors are not aware of any other matters or circumstances that the group faces and concluded that there are no other matters that may impact the group's ability to continue as a going concern.

Based on the group's 12-month funding plan and taking banking facilities into consideration, together with the continued support from the holding company ArcelorMittal Holdings AG, the board believes that the group has sufficient funds to pay debts as they become due over the next 12 months, and therefore will remain a going concern.

Corporate information

Company registration

ArcelorMittal South Africa Ltd
Registration number: 1989/002164/06
Share code: ACL
ISIN: ZAE000134961

Registered office

Vanderbijlpark Works
Main Building
Delfos Boulevard
Vanderbijlpark, 1911

Postal address

PO Box 2
Vanderbijlpark, 1900
Telephone: +27 (0) 16 889 9111
Facsimile: +27 (0) 16 889 2079

Internet address

<http://southafrica.arcelormittal.com>

Company secretary

FluidRock Co Sec (Pty) Ltd appointed with effect from 1 March 2020

FluidRock Co Sec (Pty) Ltd
Registration number: 2016/093836/07
Monument Office Park, Suite 5-201,
79 Steenbok Avenue
Monument Park, 0181

Sponsor

Absa Bank Ltd (acting through its corporate and investment banking division)
Alice Lane North
15 Alice Lane, Sandton, 2196
Telephone: +27 (0) 11 895 6843
Email: equitysponsor@absacapital.com

Auditors

Deloitte & Touche
5 Magwa Crescent
Waterfall City, 2090
Telephone: +27 (0) 11 806 5000

Transfer secretaries

Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank
Private Bag X9000, Saxonwold, 2132
Telephone: +27 0861 100 950
Facsimile: +27 (0) 11 688 5217
Email: web.queries@computershare.co.za

United States ADR depository

The Bank of New York Mellon
ADR Department
101 Barclay Street, 22nd Floor, New York,
NY 10286
United States of America
Website: www.bnymellon.com



ArcelorMittal

ArcelorMittal South Africa Corporate Office

Delfos Boulevard, Vanderbijlpark

Phone: +27 (0) 16 889 9111

Facsimile: +27 (0) 16 889 2079

GPS coordinates: E 27° 48' 19.6" S 26° 40' 22.3"

<https://www.arcelormittalsa.com>

<https://www.arcelormittalsa.com/InvestorRelations/IntegratedAnnualReports.aspx>



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<https://www.linkedin.com/company/arcelormittal-south-africa/>