

ArcelorMittal

Safe
Sustainable
Steel

Annual Financial Results

for the twelve months ended 31 December 2009



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Introduction and overview

Nonkululeko Nyembezi-Heita, CEO

Overview (2009 vs 2008)

Headline loss of R440m

- Headline loss per share of 104c
- EBITDA margin of 6% down from 34% in 2008
- Adverse impact of strong rand

Total steel shipments

- Dispatches down 12%
- Average realised prices down by 26%
- Domestic sales constituted 69% of total sales

Cost pressures continue

- Raw material cost per tonne decreased by 31%
- Cost of steel sales increased by 8%
- Impacted by lower production volumes

Operations

- Liquid steel production down 8%
- Capacity utilisation decreased from 76% to 66%

Key result drivers



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Q4'09 vs Q3'09

2009 vs 2008

Flat carbon steel product prices	+2%	-23%
Long carbon steel product prices	+2%	-31%
Liquid steel production	+15%	-8%
Total sales volume	-7%	-12%
Export sales volume	-20%	96%
Domestic sales volume	-1%	-30%
HRC Rand cash cost per tonne	-6%	+1%
Billet Rand cash cost per tonne	+1%	-9%
Labour productivity	+14%	-1%
ZAR movement (average rate)	-4%	+2%



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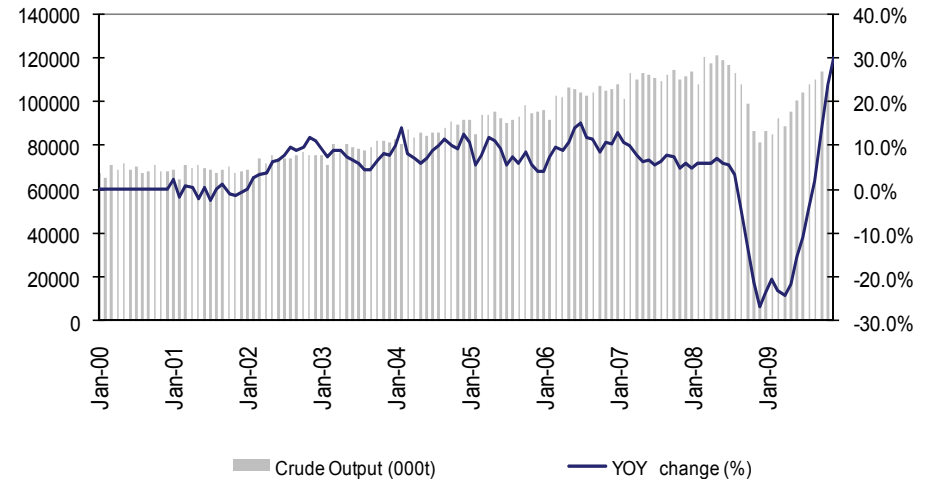
Environment and steel markets

- World economic growth in 2009 decreased substantially by -1.1% from 3% in 2008, but positive growth of 3.2% is expected in 2010
- Emerging markets grew by 1.7% in 2009 (2008: 6%), increasing to an expected 5.1% in 2010
- Chinese economy surged by 8.7% in 2009 compared to 9% in 2008, while a growth rate of over 9% is forecasted for 2010
- World Bank forecast sub-Saharan African growth rate of 3.8% for 2010 from 0.9% in 2009. For South Africa the respective figures are 2% and -2.2% in 2009

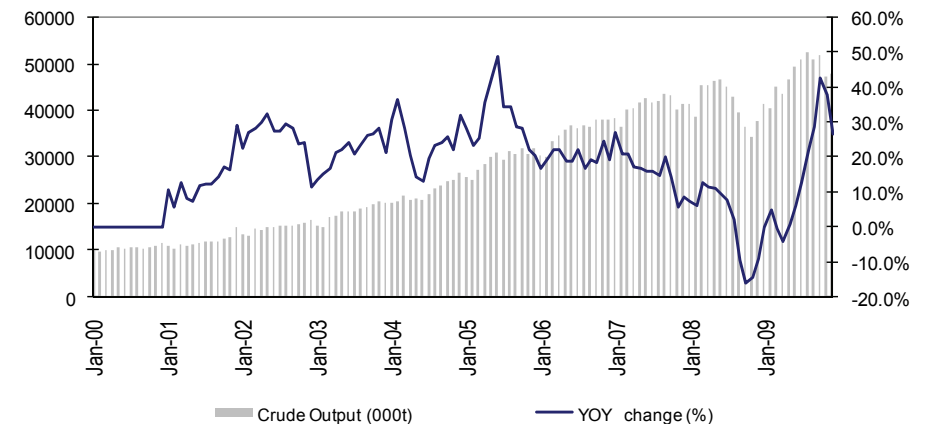
Global environment – steel market trends

- 2009 world crude steel output declined 8% to 1.2 billion tonnes, reflecting an 8.5% fall in global demand last year
- Production in the EU fell by 30%, North America 34% and Japan 26%
- Africa's total steel production declined by 11% to 15.2 million tonnes
- China's production was up 13.5% to 568 million tonnes accounting for 47% of global output
- Quarterly rate of change in crude output
 - Q4'09 vs Q3'09 = +2%
 - Q4'09 vs Q4'08 = +22%
- Q4 global capacity utilisation level: 74%

World Monthly Crude Steel Output



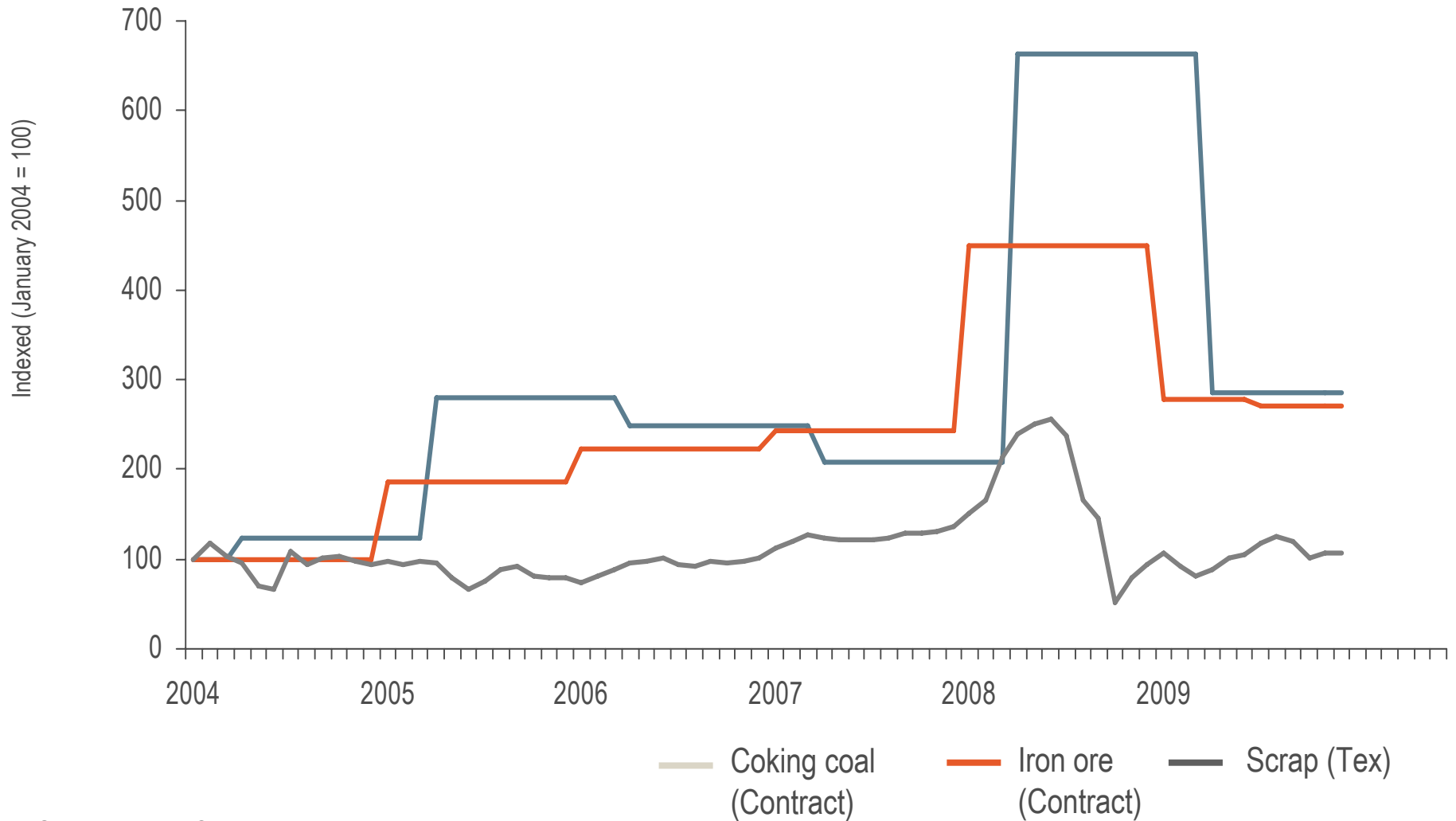
China Monthly Crude Steel Output



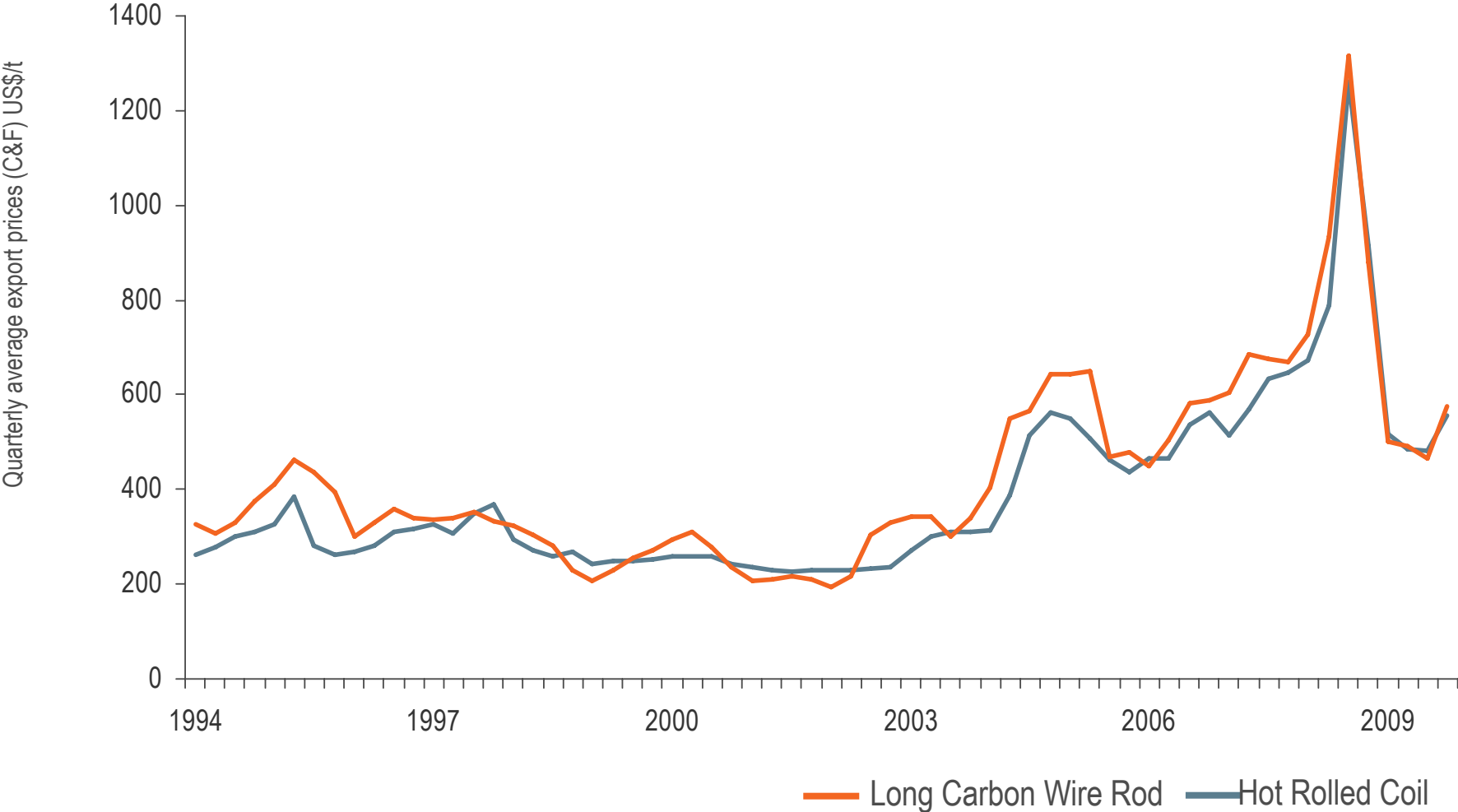
Global environment – input cost trends

- Average 2009 international iron ore spot prices decreased by 46% from 2008 benchmark levels
- International coking coal spot prices declined by 66% in 2009
- Our coking coal contract price was 57% lower – implemented in Q3 2009
- Scrap prices fell on average by 39% from 2008 levels
- Alloy prices decreased during 2009 with Tin slipping by 27%
- Crude oil prices were on average 37% lower when compared with 2008

Global environment – benchmark prices

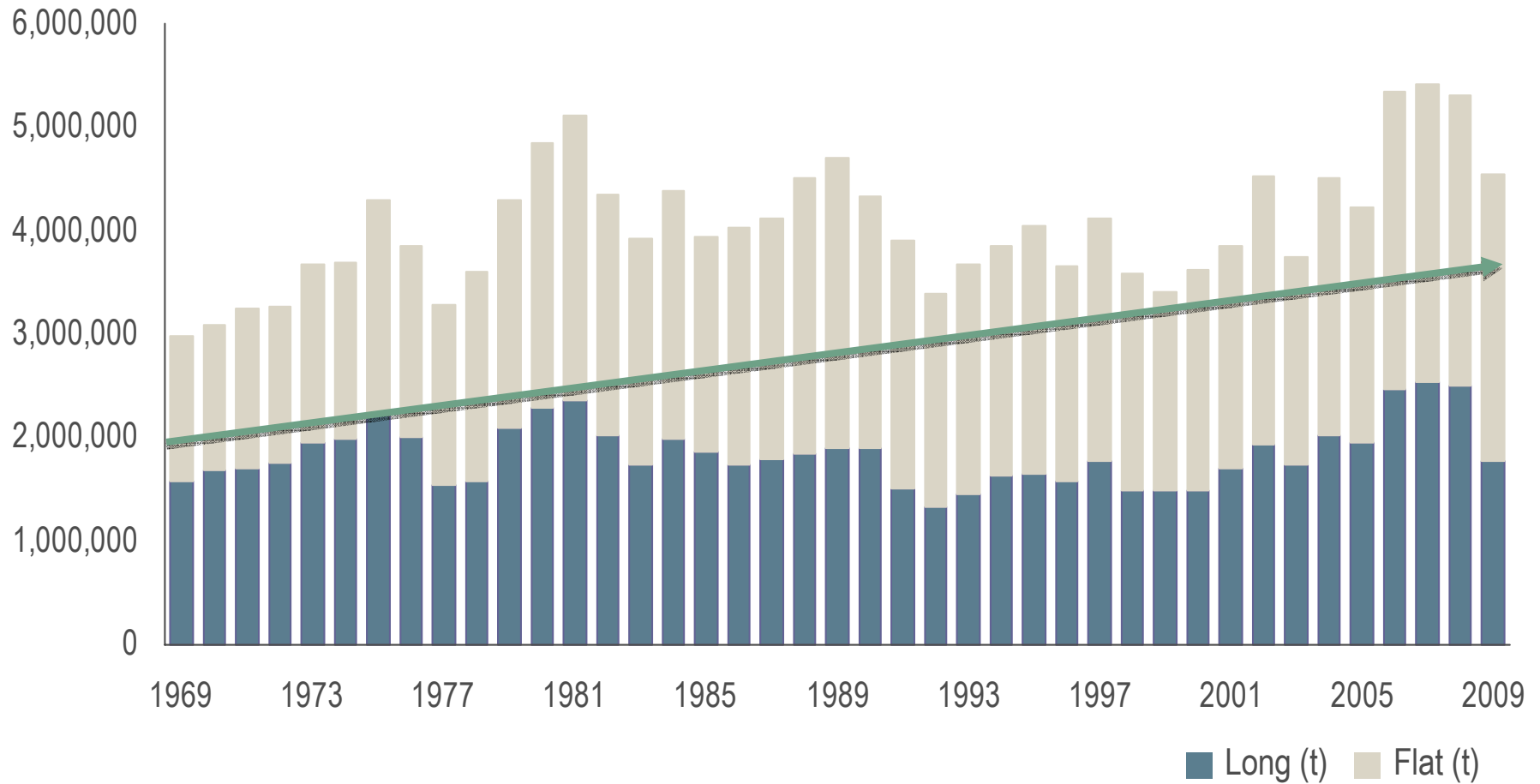


Global environment – export prices

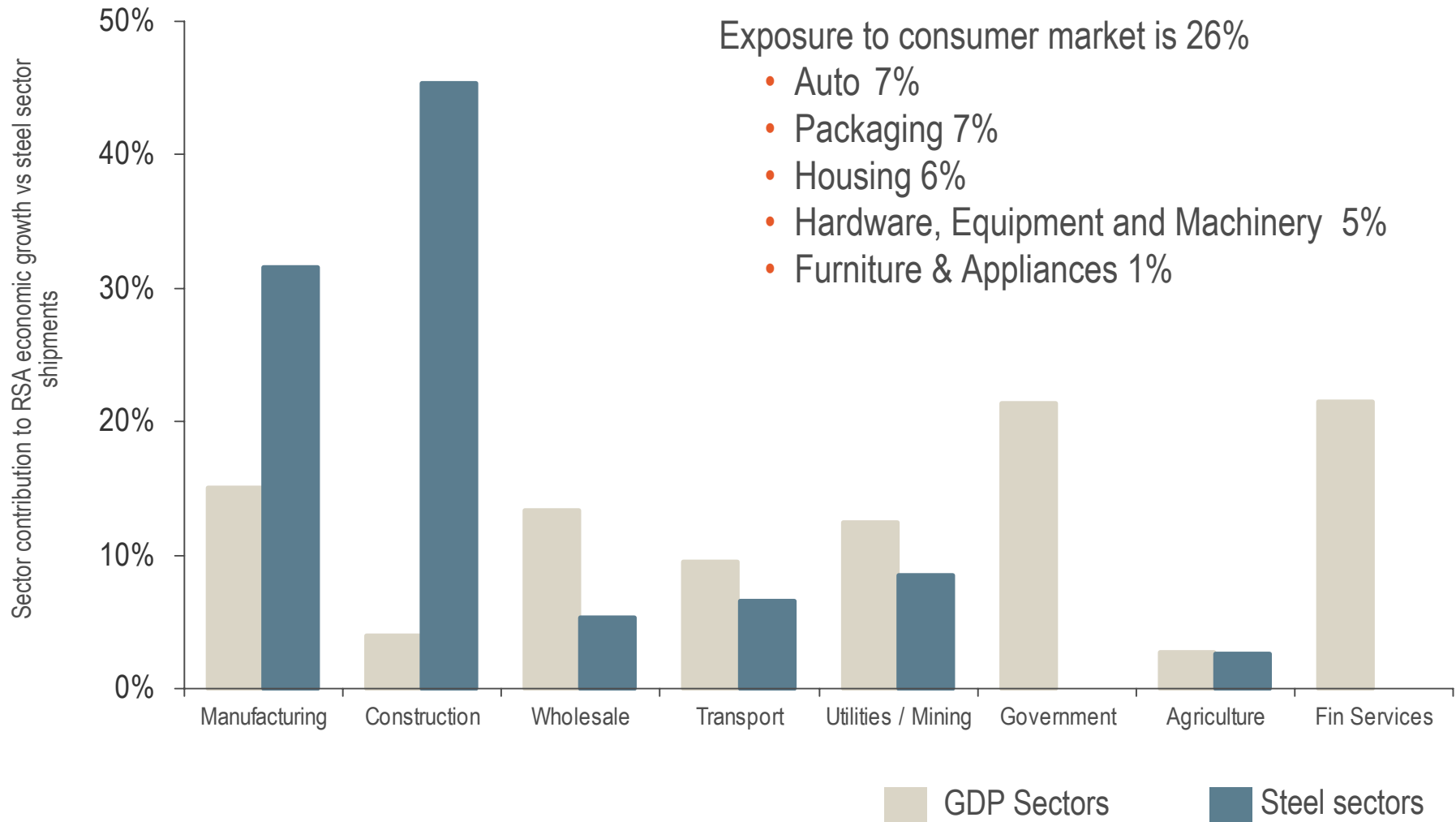


Source: ArcelorMittal

Domestic market – shipments



Domestic environment – shipments to industries



Steel usage in South Africa's infrastructure programme



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Tonnes

Eskom power stations (Medupi, Kusile)

2007-2015

1 902 000

2010 Soccer World Cup Stadiums

100 000

Gautrain

15 000

SA National Roads Agency (national roads)

39 000

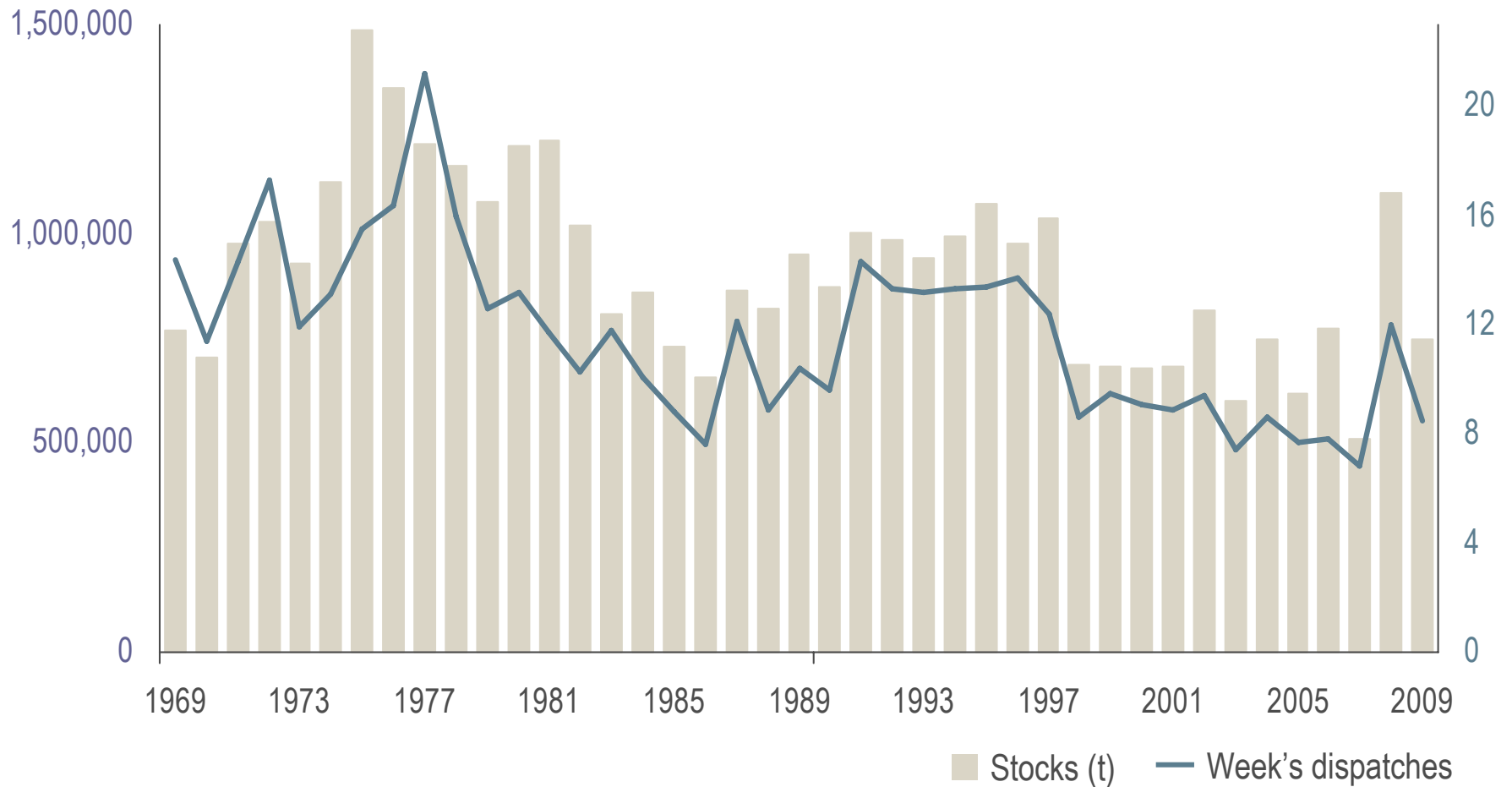
Transnet (rail transport)

254 000

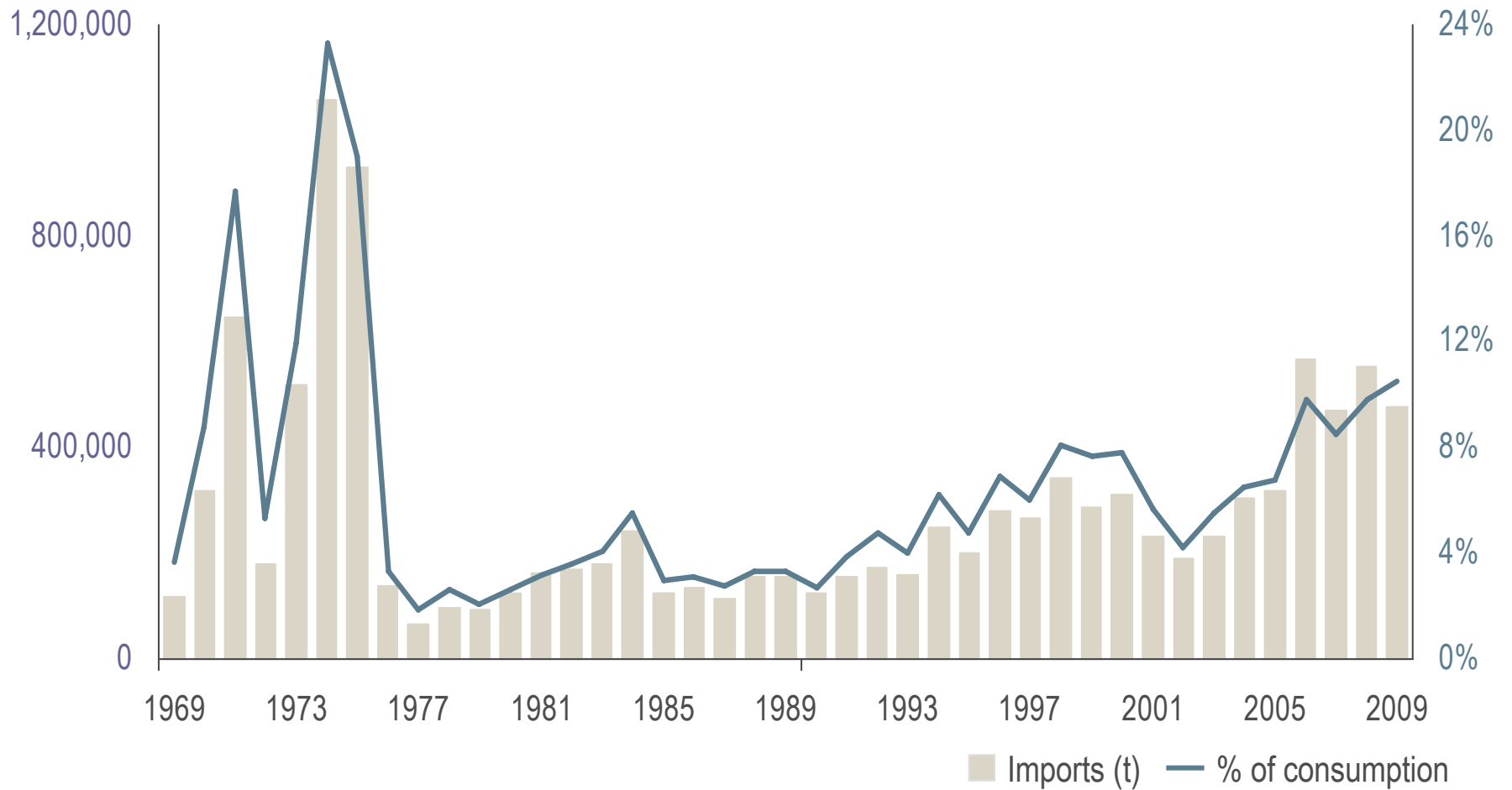
Dept of Water Affairs (dams)

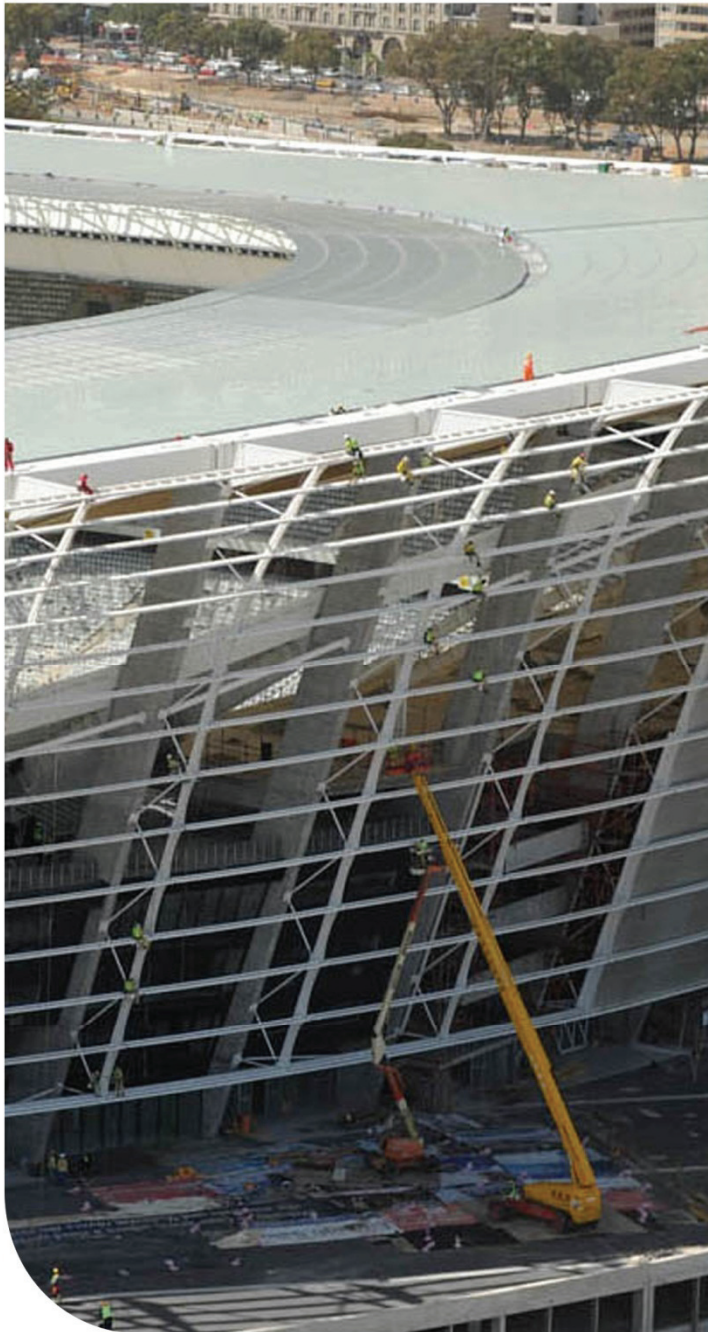
231 000

Domestic market – inventory levels



Domestic market – imports





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Physical results for 2009

Safety remains our priority

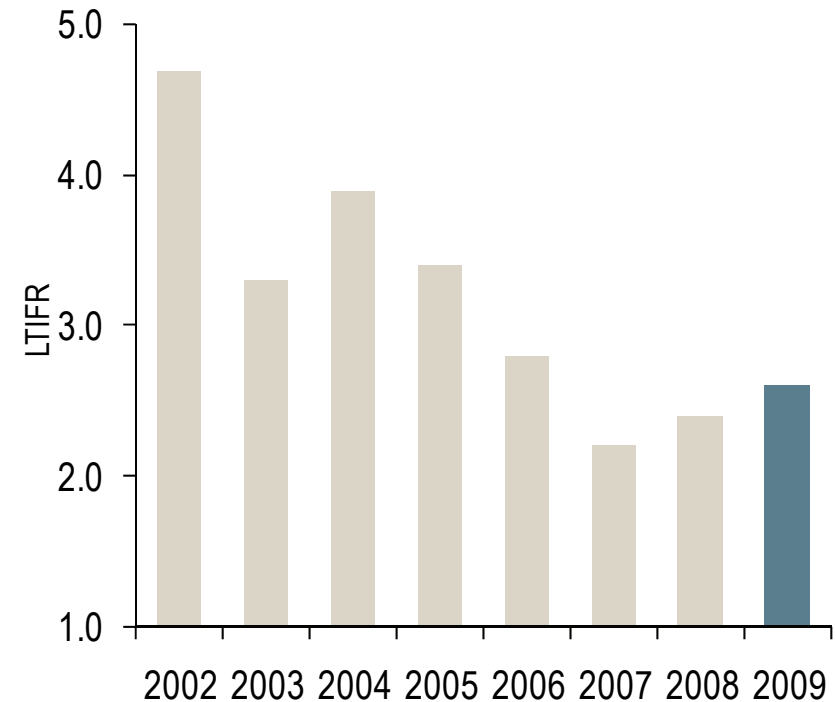
Safety performance has deteriorated

- 5 fatalities
- 8% deterioration in lost time injury frequency rate when compared to 2008

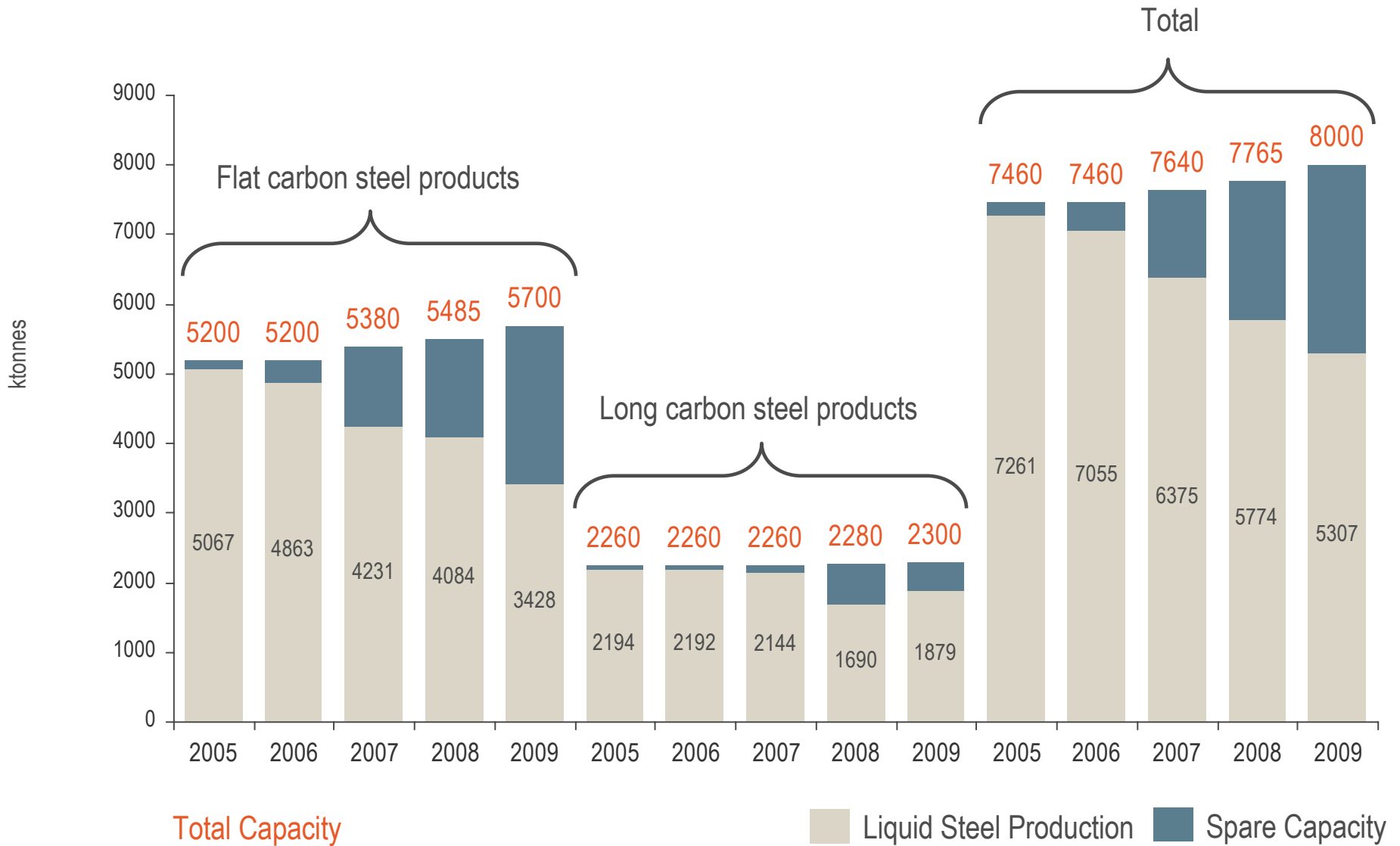
Highlights

- World class safety performance at Saldanha Works (LTIFR = 0.8)
- Signing of Joint Health & Safety Agreement with trade unions
- Progress made in implementing our Journey to Zero initiative

Lost Time Injury Frequency Rate
(Employees and Contractors)



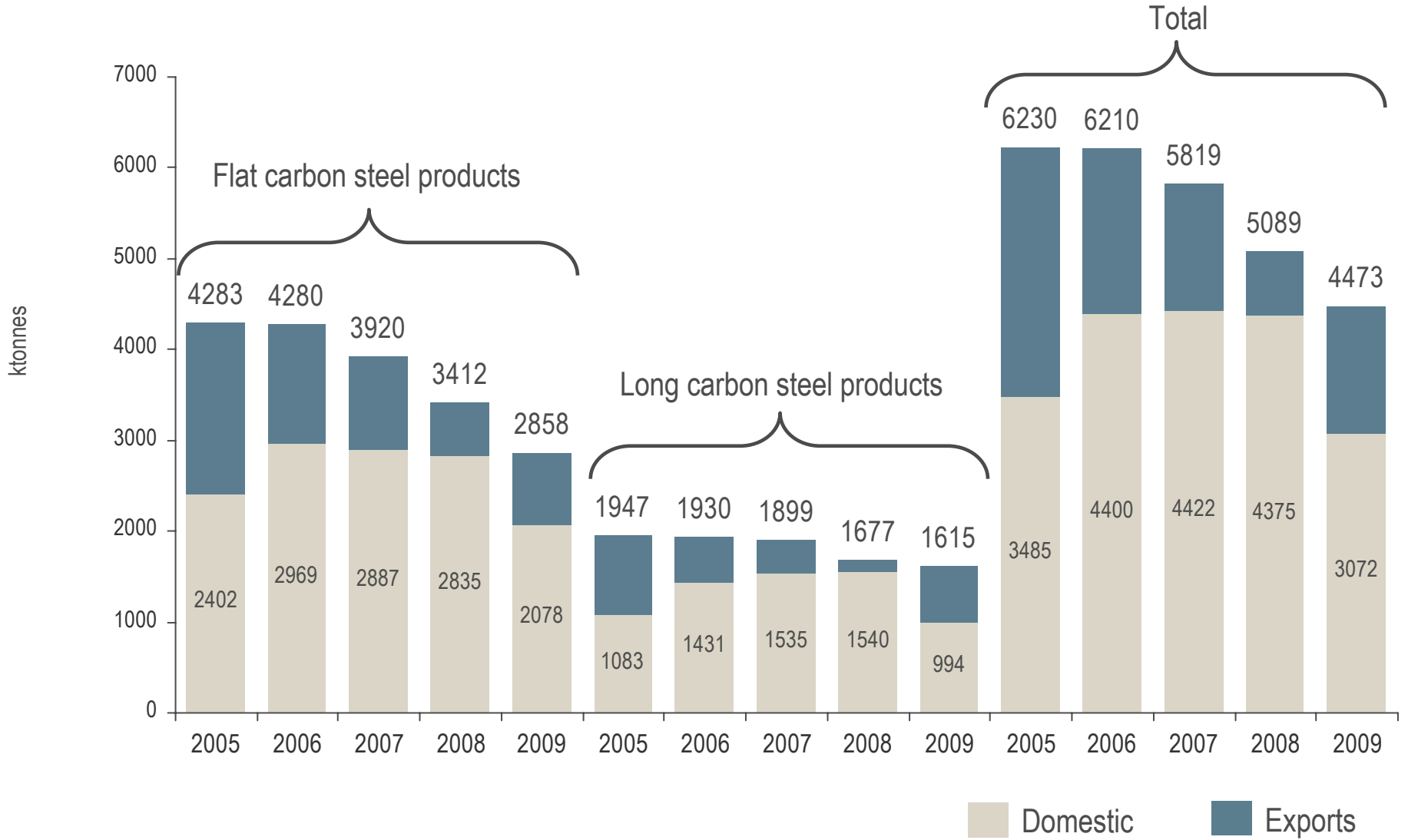
Liquid steel production & capacity



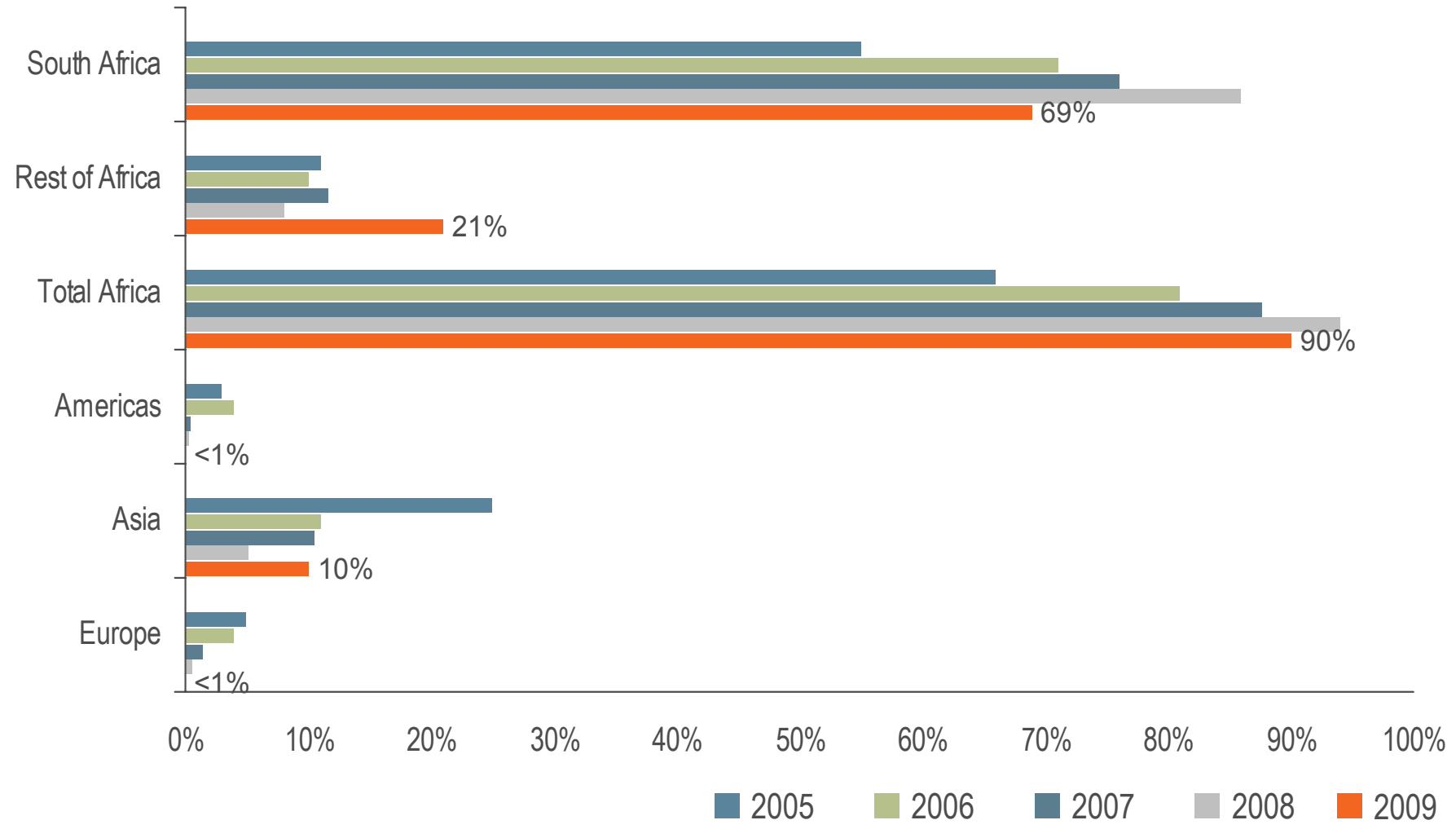
Shipment volumes



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Geographic shipments



Investment programme

Rm

Major projects completed (and ongoing) in 2009

Vanderbijlpark Works

New direct reduction kilns 5 & 6 – completed

Sinter Off-gas treatment plant

Coke oven gas and water cleaning project

Refurbished Tin line structure

Saldanha Works

Newcastle Works

Zero effluent discharge project

Construction waste site cells

Vereeniging Works

EAF Dust extraction – completed

Crane replacement and gantry upgrade at Steel making – completed

Other

Total Expenditure in 2009

2009

574

56

108

163

13

914



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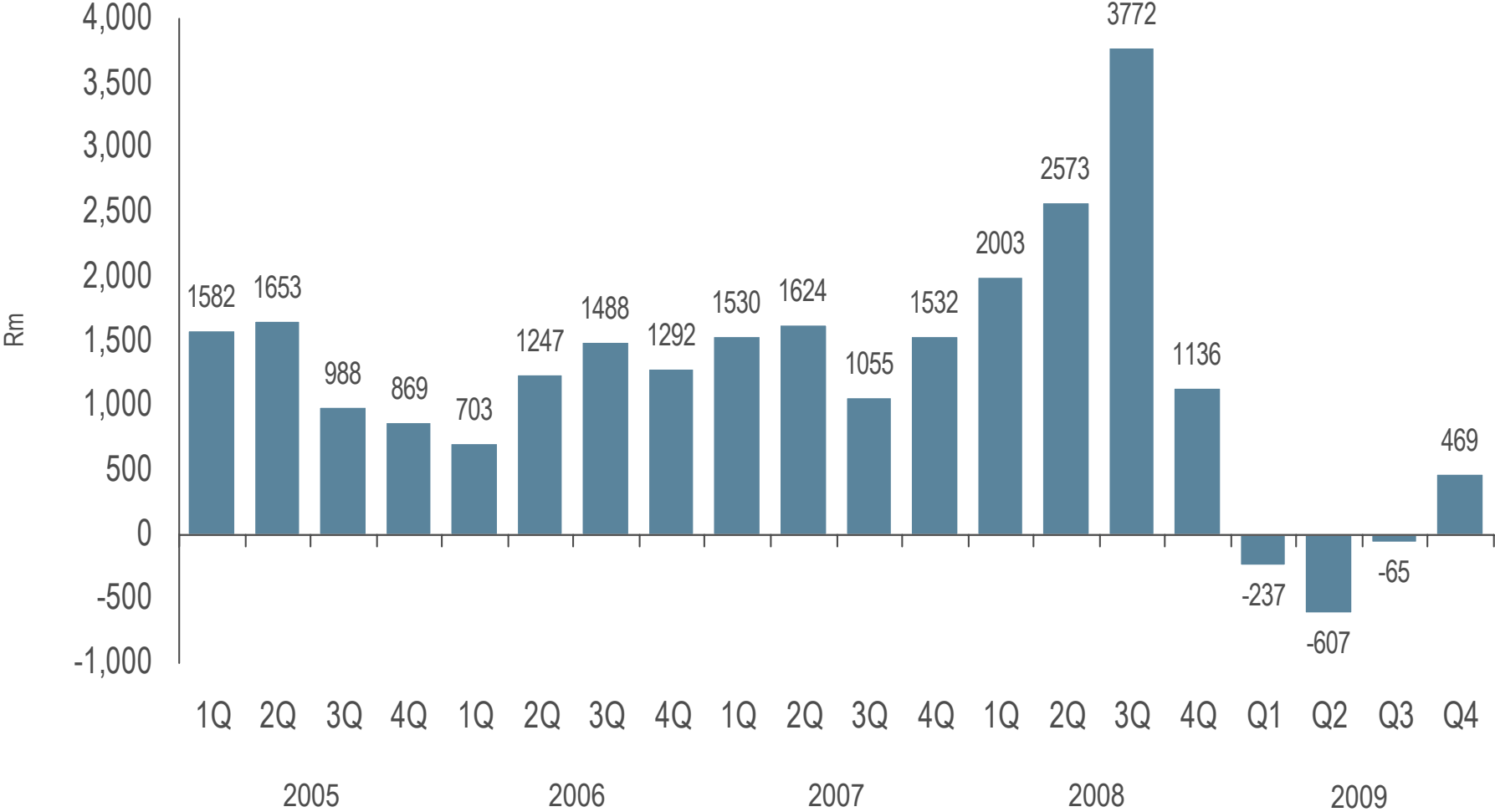
Finance

Kobus Verster, CFO

Headline earnings

Rm	2008	2009
Revenue	39 914	25 598
Profit from operations	12 159	229
Gains/(losses) on forex & financial instruments	637	-813
Interest income	318	199
Finance costs	-238	-276
Income from investments	3	3
Tax	-3 865	-35
Equity earnings*	331	206
Net deficit on disposal or scrapping of assets*	28	21
Impairment*	111	26
Headline earnings/(loss)	9 484	-440
- in US\$m	1 148	-52

Quarterly headline earnings trend



EBITDA from segments

Rm	2008	2009			
		Q1	Q2	Q3	Q4
	Q4				
Flat carbon steel products	1 139	-46	-52	-59	538
Long carbon steel products	771	54	57	200	280
Coke & Chemicals	300	28	95	179	254
Corporate & Other	-133	83	37	42	-143
Total EBITDA	2 077	119	137	362	929
EBITDA Margin %	28	2	2	5	14

Operating costs



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Rm	2008	2009
Raw materials & consumables	16 712	15 299
Employee costs	2 598	2 640
Energy	1 474	2 062
Other operating expenses	5 528	4 050
Depreciation & amortisation	1 322	1 292
Impairment charges	121	26
Total operating costs	27 755	25 369

Cash flow

Rm	2008	2009
Cash generated from operations	14 130	1 290
Working capital	-3 391	2 886
Capex	-1 832	-914
Net interest and Investment income	276	170
Investments		-524
Tax	-3 087	-934
Dividends	-2 398	-1 627
Repayment of borrowings and finance lease	-121	-149
Net cash flow before share repurchase and forex	3 577	198
Repurchase of share		-3 918
Effect of foreign exchange rate changes on cash	818	-361
Net cash flow	4 395	-4 081
Cash	8 429	4 348

Working capital movement

Rm	2008	2009
Inventories	-4 067	+2 911
Finished products	-194	-32
Work-in-progress	-1 688	+1 083
Raw materials	-2 016	+1 851
Plant spares & stores	-169	+9
Receivables	253	-18
Payables	607	112
Utilisation of provisions	-184	-119
	-3 391	2 886

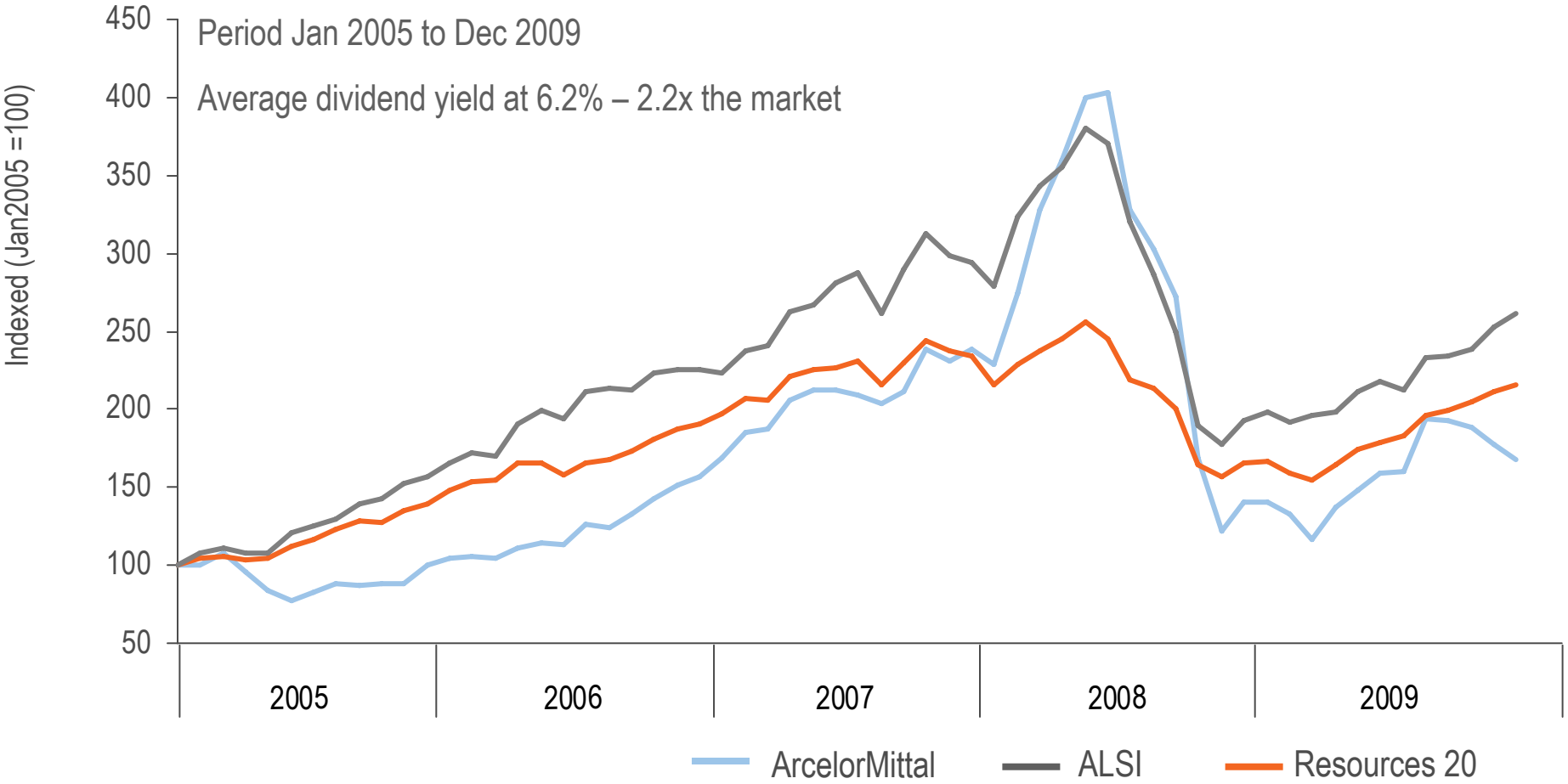
Financial ratios



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	2008	2009
Operating margin	30%	1%
EBITDA margin	34%	6%
Revenue / invested capital (times)	1.8	1.1
Return on equity (annualised)	39%	-2%
Net cash/equity	29%	18%

Share performance



Dividend

- Dividend policy:
 - Distributing one third of headline earnings
 - Headline loss for the year – no dividend declared



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Investment programme and
other developments

Nonkululeko Nyembezi-Heita, CEO

- The economic downturn and new opportunities resulted in a re-evaluation of our growth strategy
 - Delay in roll-out of some projects
 - Reinstatement of power generation projects
 - Maintenance spending will be increased
- A successful outcome of our bid for Zisco will impact on the growth strategy for long products

- Environmental projects will continue to be a high priority
 - Various atmosphere emission abatement projects at Vanderbijlpark
 - Secondary fume extraction at the Electric Arc Furnace
 - Construction of a new sinter bag house facility at the sinter plant
 - Environmental projects at Newcastle
 - Basic Oxygen Furnace slag disposal facility
 - Slag Bay containment
 - Zero-effluent discharge project



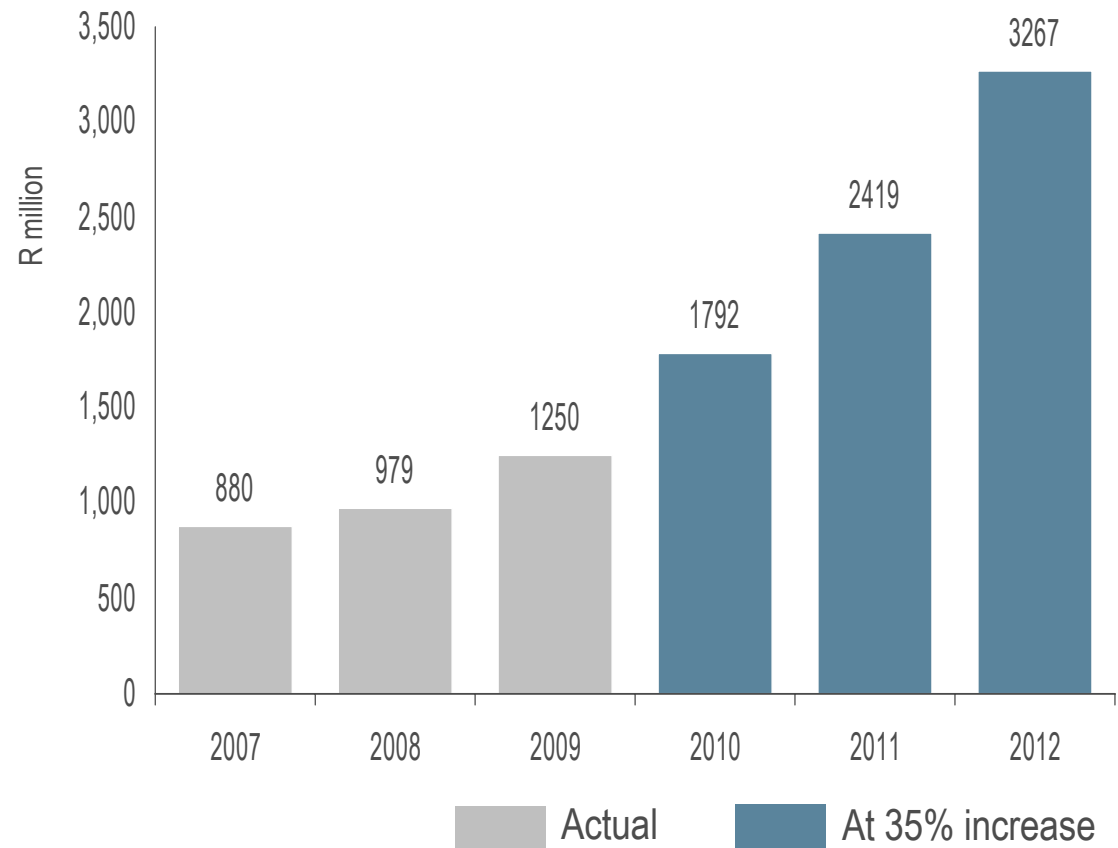
Vereeniging's new dust extraction unit



Additional focus areas

- Iron ore supply
- Electricity
 - Tariffs
 - Supply
- Competition tribunal

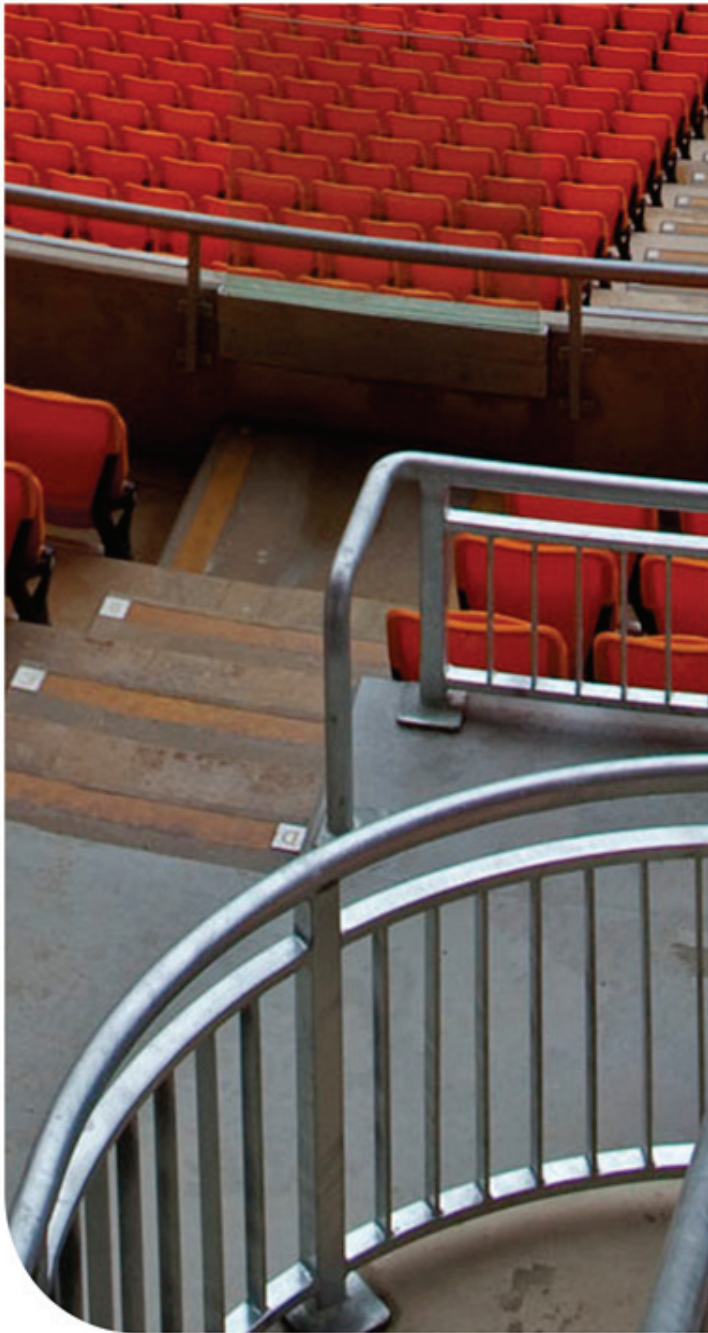
Power costs for ArcelorMittal South Africa
Impact of proposed 35% tariff hike



Corporate responsibility

- Corporate responsibility
 - School development programme
 - Science centres





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Outlook

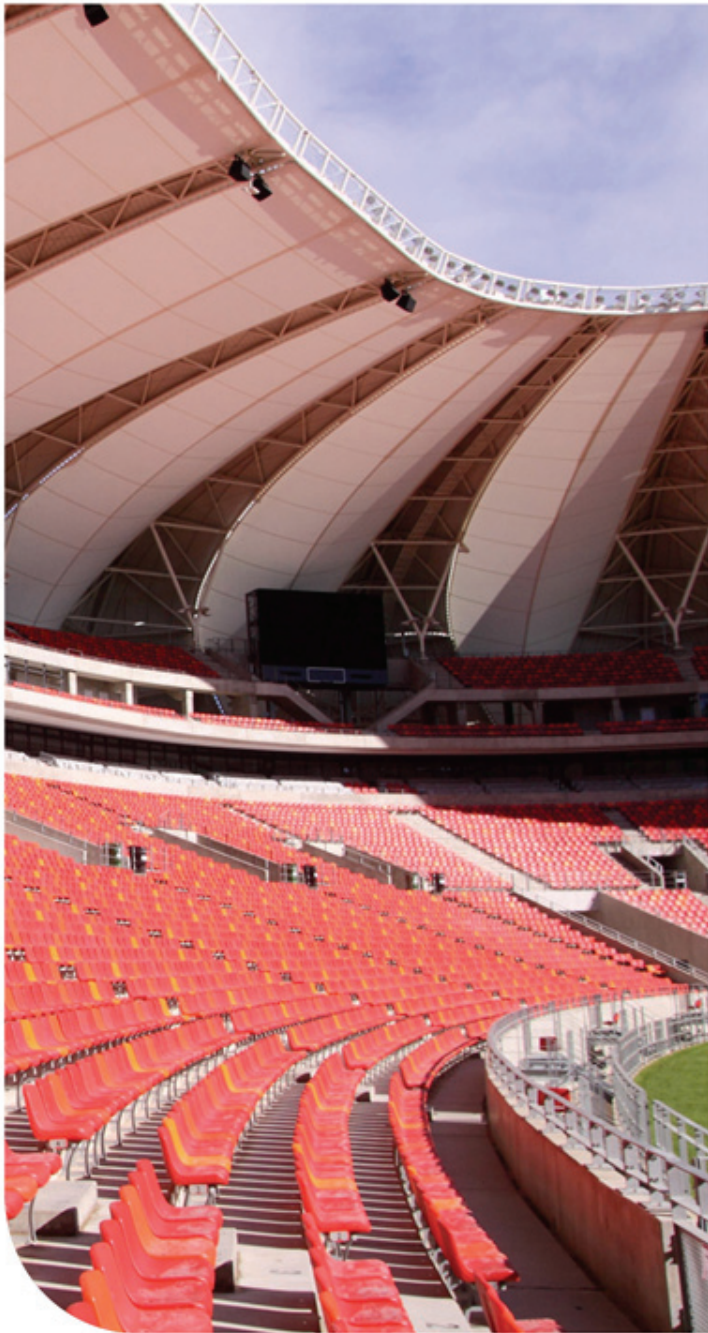
2010 growth forecast for key sectors



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	GDP Growth
Manufacturing	4.8%
Building & Construction	11.7%
Transport	3.3%
Automotive	1.3%
Packaging	13.6%
South Africa's GDP	2.5%

- Business environment
 - Improved domestic and international demand and also prices for steel
 - Higher capacity utilisation
 - Prices for coal, scrap, alloys and iron ore expected to increase
- Earnings
 - Earnings to improve compared to Q4'09
 - Impacted by exchange rate movements

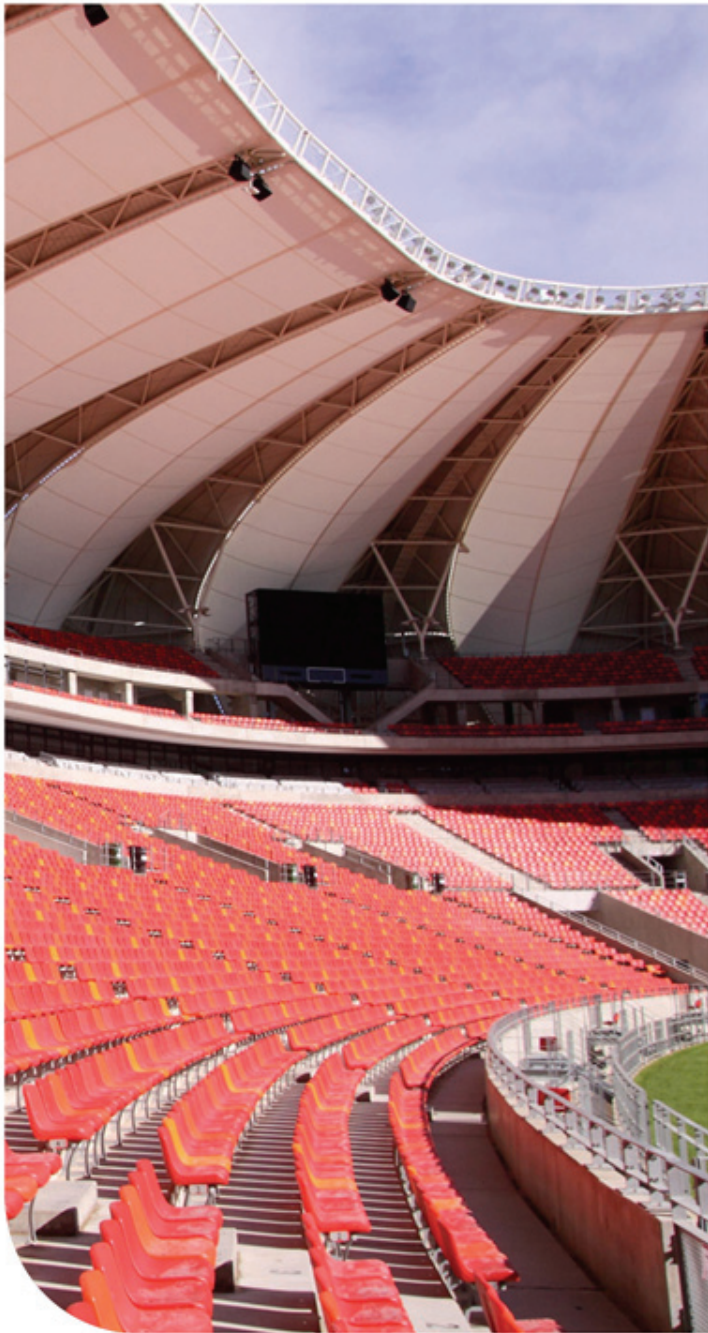


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Thank you

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