



ArcelorMittal

FINANCIAL RESULTS

for the six months ended
30 June 2023



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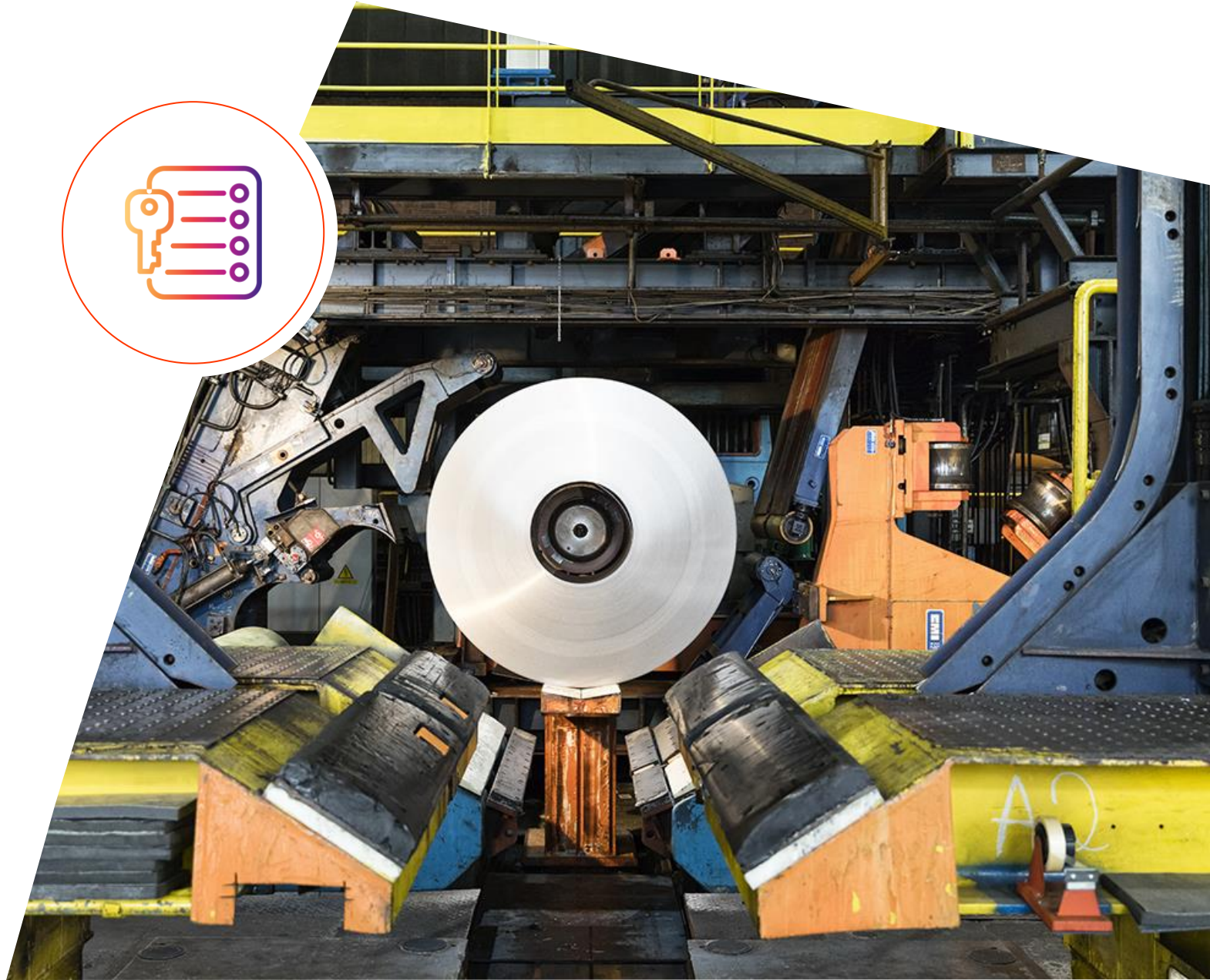
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Key messages and salient features

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OVERVIEW AND SALIENT FEATURES

INTERNATIONAL

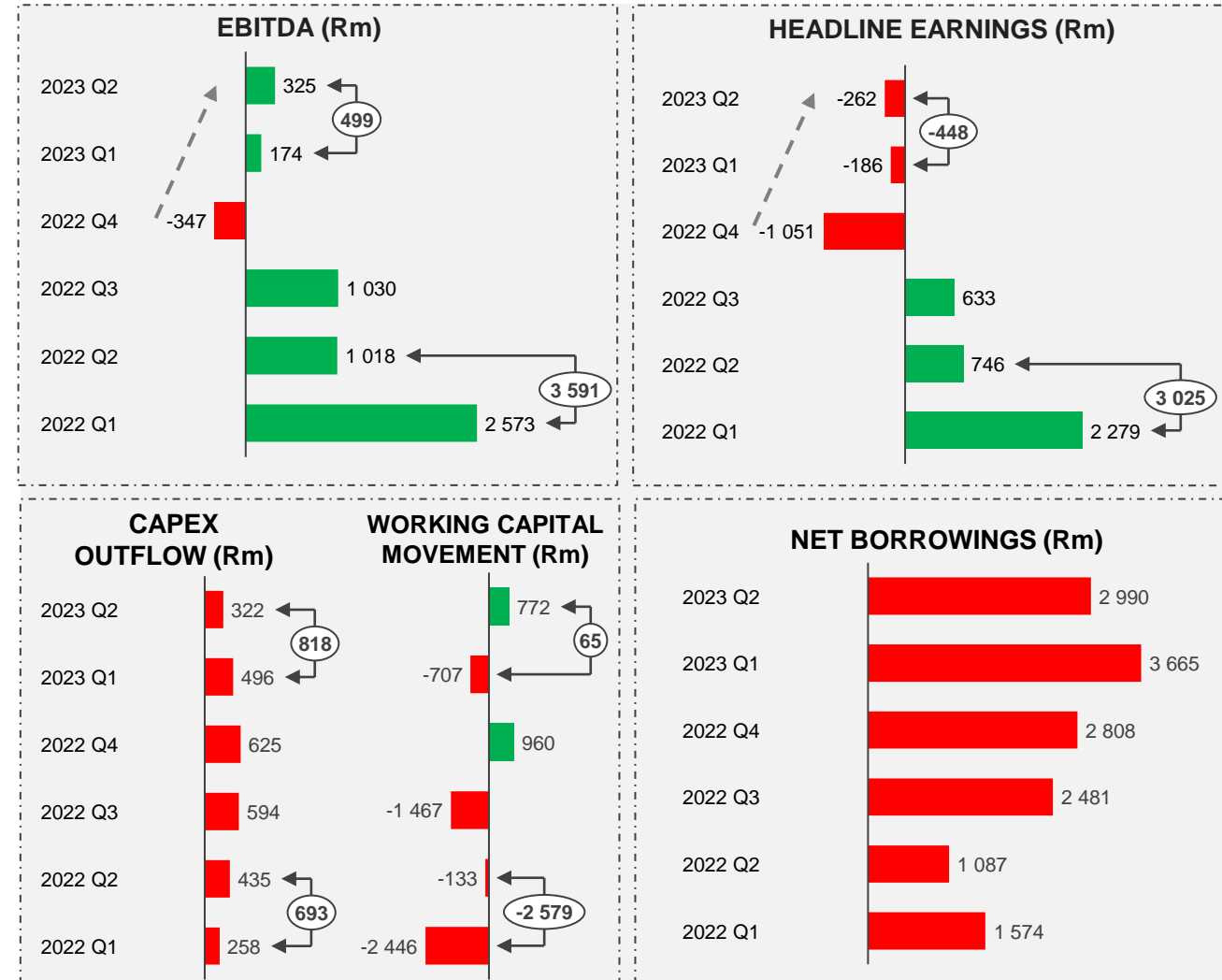
- Tailwinds: de-stocking ended and lower energy prices
- Improved price environment was short-lived

DOMESTIC

- Headwinds: electricity loadshedding, high inflation, high interest rates, and low growth negatively impacting key steel consuming sectors
- Muted steel demand
 - Falling international commodity demand
 - Weak economic sentiment
- Local prices followed international price trends
- Medium- and longer term investment case remains intact
- Renewable energy and regional infrastructure projects expected to support steel demand

ARCELORMITTAL SOUTH AFRICA

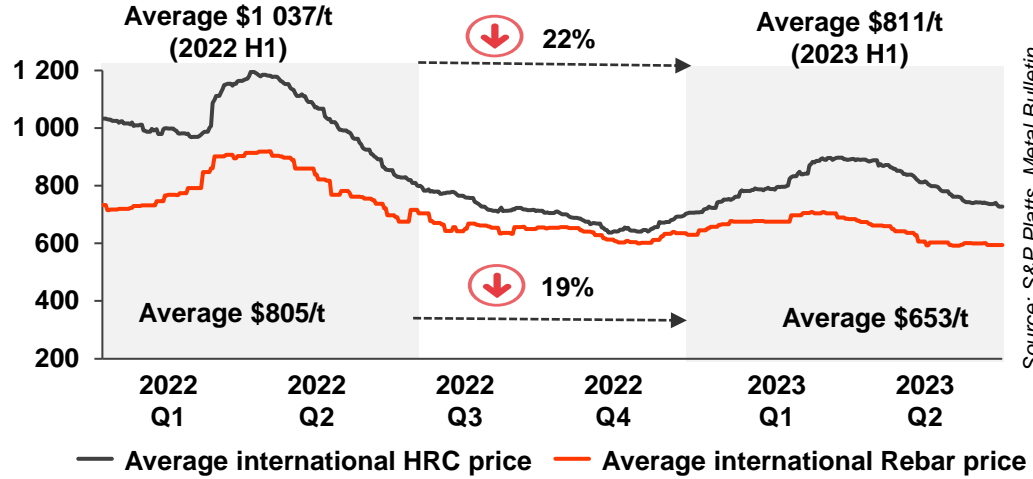
- Sales volumes up 3% to 1,2 million (crude steel production up 29% to 1,4 million)
- Realised rand steel prices down 8% (down 22% in dollar terms)
- Raw material basket (RMB) up 2% (rand terms) (international RMB down 13% in rand terms)
- Value Plan added R1 007 million (2022 H1: R577 million)
- Fixed cost up 3% to R3 549 million
- EBITDA down 86% at R499 million
- Headline loss of R448 million
- Net borrowings of R2 990 million (2022 H2: R2 808 million)



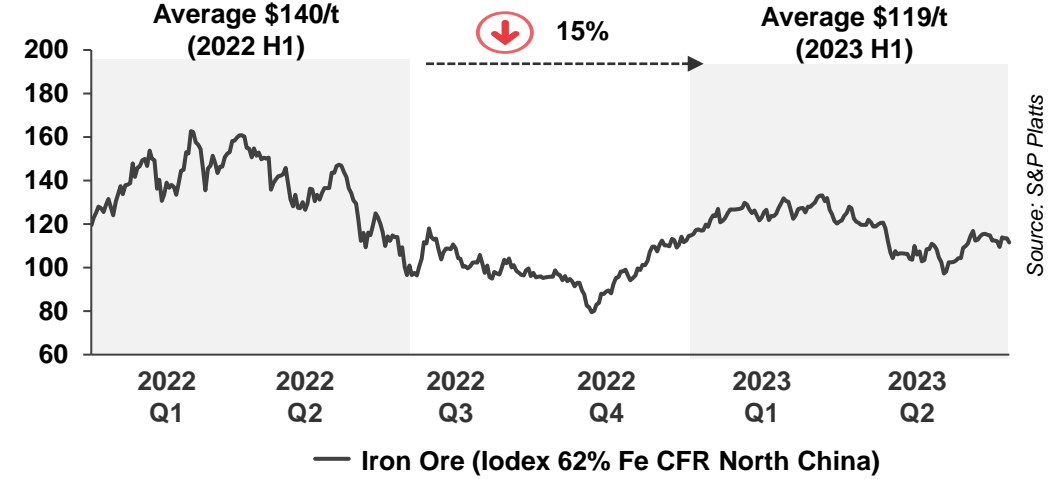
OVERVIEW AND SALIENT FEATURES (cont.)



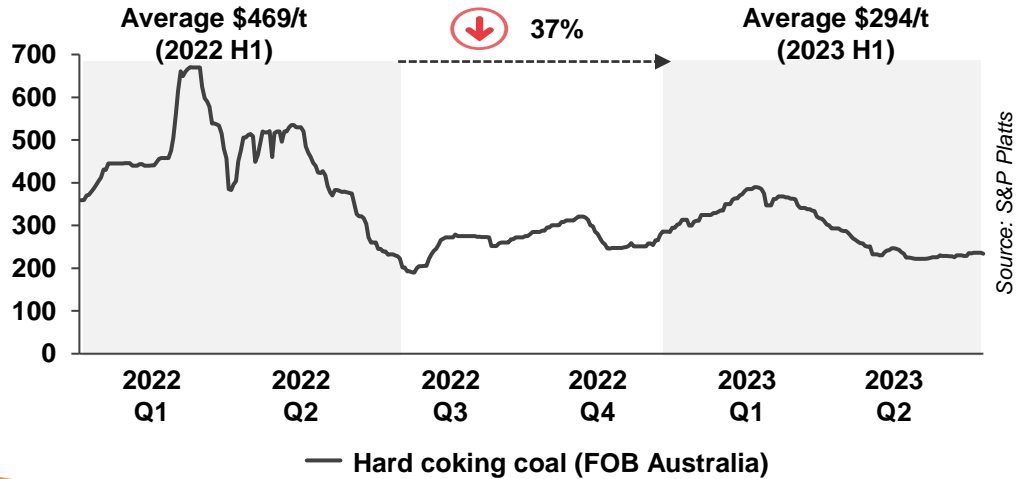
INTERNATIONAL HRC¹ AND REBAR² (\$/t)



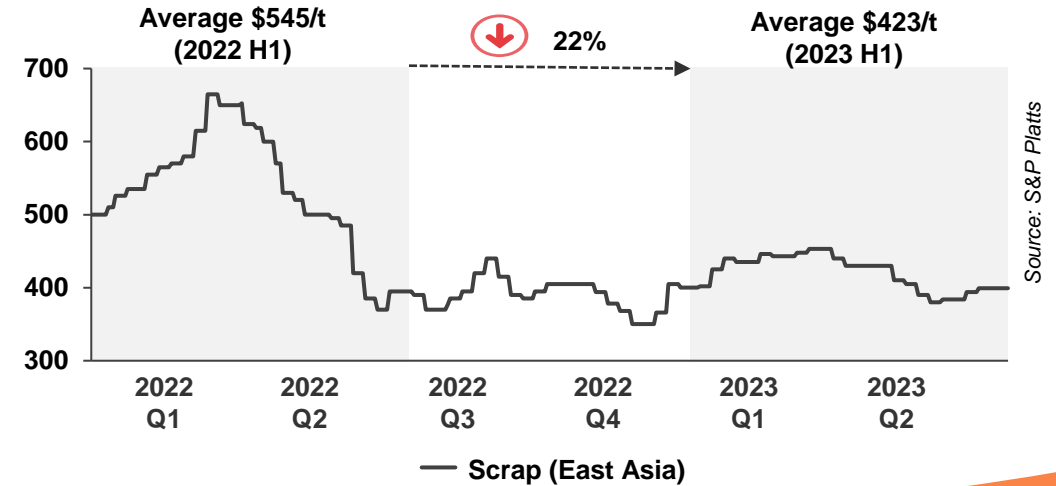
INTERNATIONAL IRON ORE (\$/t)



INTERNATIONAL HARD COKING COAL (\$/t)



INTERNATIONAL SCRAP (\$/t)



¹HRC: Hot Rolled Coil. Average domestic price between N. Europe, Japan, Midwest, China, Turkey, India and Russia

² Rebar: Average price between China FOB and Turkey FOB

SAFETY, ENVIRONMENTAL, SOCIAL AND GOVERNANCE



SAFETY

- Safety is highest priority
- Committed to Zero Harm
- Regrettably one fatality
- Safety culture survey completed (Bradley Curve)
 - On average, assessed as Independent¹
 - Need to quickly progress those plants assessed as Reactive² and Dependent³



Total number of injuries

2023 H1: 116
2022 H1: 82



Lost-time injury frequency rate (LTIFR)

2023 H1: 0,72
2022 H1: 0,71



Total injury frequency rate (TIFR)

2023 H1: 7,58
2022 H1: 5,78

1. Take responsibility and believe they can make a difference with actions
2. Don't take responsibility and believe accidents will happen
3. View safety as following rules

SAFETY, ENVIRONMENTAL, SOCIAL AND GOVERNANCE (cont.)

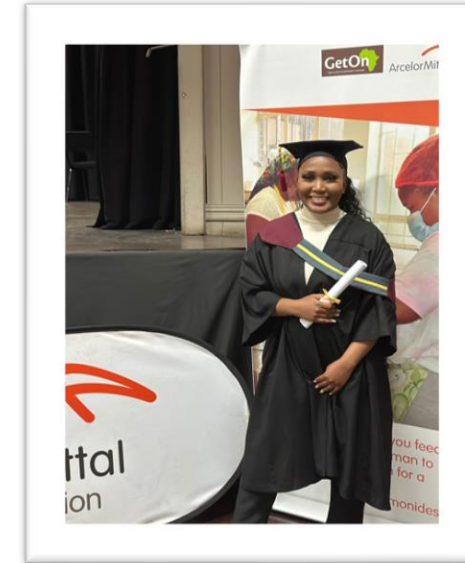


B-BBEE OWNERSHIP TRANSACTION RESTRUCTURE

- 2016 Transaction has not yielded envisaged results
- Meaningful future value unlikely
- Modified B-BBEE Transaction will improve value through
 - Repriced shares
 - A more favourable notional loan
 - The write-off of most of the previous notional loan
- Shareholder meeting planned for 2023 Q4

SOCIO-ECONOMIC FOOTPRINT

- Science Centres in Sebokeng, Madadeni and Saldanha: empowered 5,693 students, enriched teaching methodologies of 216 educators and enhanced the academic environment of 108 schools
- STEM awareness outreach aided over 15,900 individuals through more than 380 sessions
- Thusong Projects provide daily nutritious meals to over 2,900 individuals in need, through 90 dedicated NPOs
- GetOn Foundation in the Vaal
 - Provide vocation-specific training for local communities, especially unemployed youth
 - In June 2023, celebrated the graduation of 258 trainees
- More than 700 people in various training programmes with the majority in artisan and production learnerships
- Successful partnership with Emfuleni municipality extended to repair infrastructure





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Operations and market review

Kobus Verster



STEEL ENVIRONMENT - GLOBAL



CRUDE STEEL PRODUCTION

- Global production down by 1% to 947 million tonnes¹
- China's production up by 1% to 538 million tonnes, with market share at 57% (2022 H1: 55%)
- Europe's² production down by 11% to 88 million tonnes and North America 4% to 55 million tonnes
- Russian production up by 1% to 37 million tonnes with Turkey down 16% to 16 million tonnes
- India's production up by 7% to 68 million tonnes
- Africa's production up by 4% to 8 million tonnes: Egypt down to 5 million tonnes (-1%) and South Africa's production up by 14% to 2,4 million tonnes

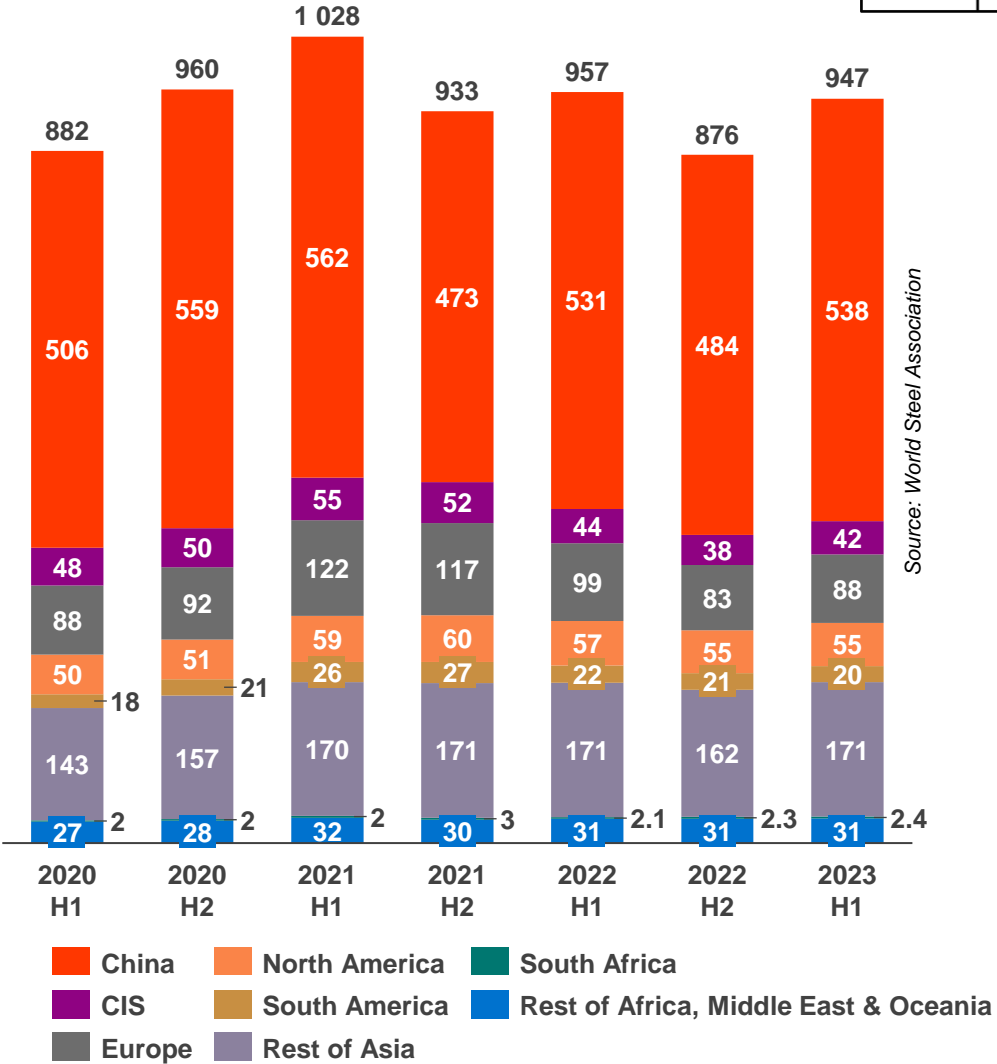
SALES PRICES

- International hot rolled coil prices down by 22% and rebar down 19% in dollar terms

INPUT COSTS

- International raw material basket (RMB³) down by 26% in dollar terms
 - Coking coal⁴ down 37% (42% weighting in RMB (2022 H1: 49%))
 - Scrap⁴ down 22% (15% weighting in RMB (2022 H1: 14%))
 - Iron ore⁴ down 15% (43% weighting in RMB (2022 H1: 37%))

GLOBAL CRUDE STEEL PRODUCTION (million tonnes)



¹ Source: World Steel Association
² Europe including Turkey

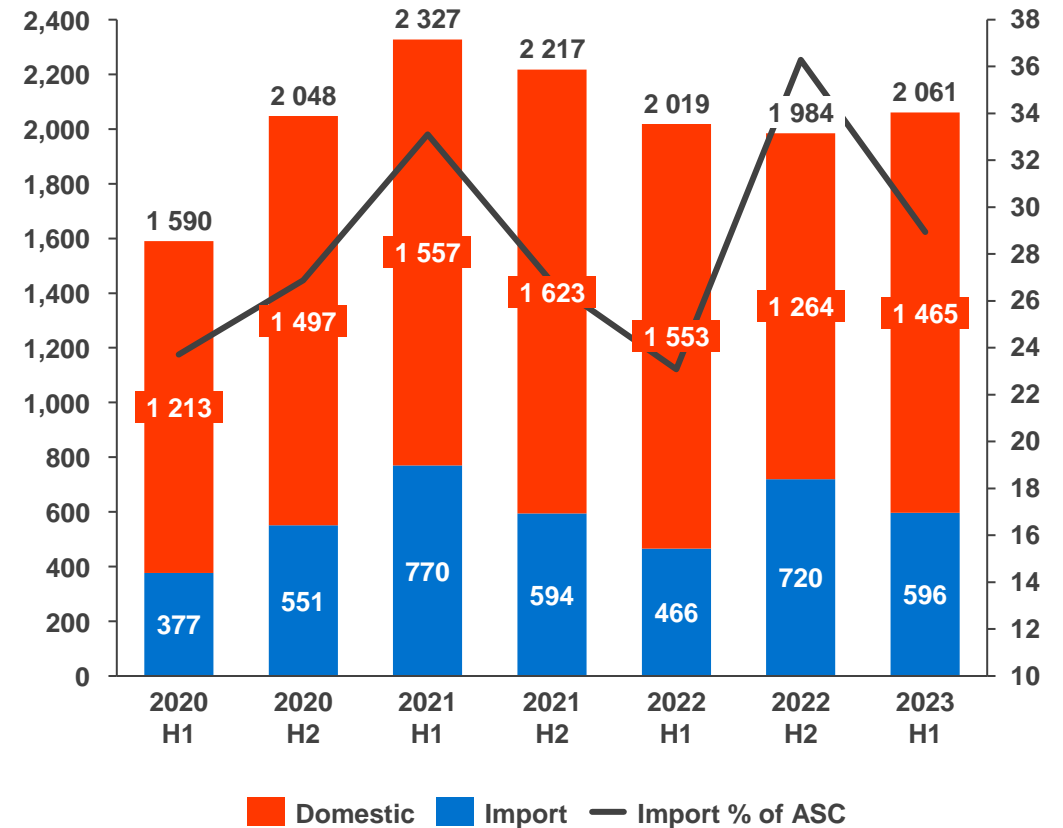
³ RMB is composed of iron ore, coking coal and scrap
⁴ Absolute change (not weighted within RMB)

STEEL ENVIRONMENT - SOUTH AFRICA



- 2023 GDP growth rate forecasted at 0.4%. Sub-Saharan African markets forecasted at 3.5%
- 2% increase in Apparent Steel Consumption¹ (ASC) to 2,1 million tonnes against 2022 H1
- Steel consumers, fabricators and manufacturers faced stagnant domestic and export demand amidst weaker price environment
- Steel demand influenced by
 - Mixed growth² in key steel consuming sectors
 - Manufacturing: +1.0%
 - Machinery and Equipment: +1.0%
 - Mining: -1.1%
 - Construction: 0%
- Steel imports³ decreased to 596 000 tonnes in 2023 H1 after a surge in 2022 H2
 - 44% of steel imports not manufactured locally imported mainly from China and Europe
- Additional focus needed to improve the demand situation including the fast-tracking of infrastructure projects and increased local manufacturing - Steel Masterplan proposals

APPARENT STEEL CONSUMPTION ('000 tonnes)



¹ Source: ArcelorMittal South Africa estimates (Jan-May actuals, June forecast)

² Year-on-year percentage sectoral growth forecast change

³ Source: South African Revenue Services

STEEL ENVIRONMENT - ARCELORMITTAL SOUTH AFRICA



VOLUMES

- 29% increase in crude steel production to 1,4 million tonnes
- 3% increase in sales volumes to 1,2 million tonnes
- 6% decrease in local sales volumes to 1,0 million tonnes
- 68% increase in export¹ sales volumes to 230 000 tonnes

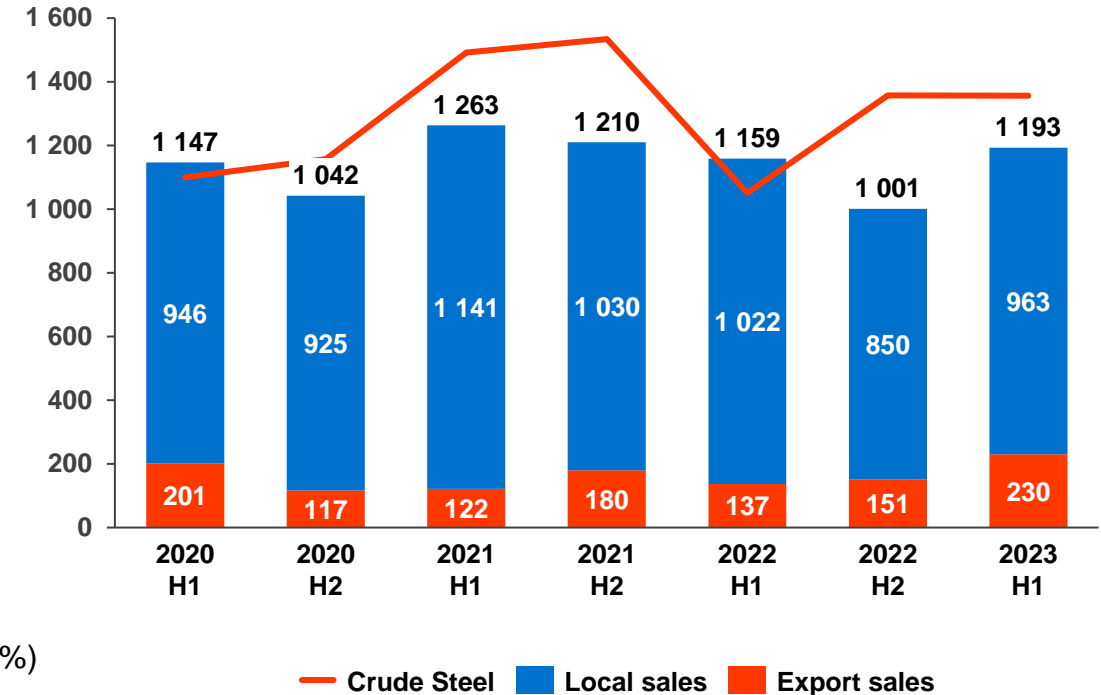
SALES PRICE

- 22% decrease in overall realised dollar steel price
- 8% decrease in realised rand prices due to weakening of the average ZAR/USD exchange rate by 18%
- R91 million value-added export and strategic rebate assistance provided to downstream industry (2022 H1: R126 million)

INPUT COSTS

- RMB constitutes 48% (2022 H1: 43%) of cash cost per tonne², up 2% versus International RMB down 13%, mainly due to higher coal and coke costs
- Consumables and auxiliaries constitutes 31% of cash cost per tonne (2022 H1: 31%)
 - Electricity tariffs increased by 14%
 - Dollar-denominated commodity-indexed consumables decreased by 12%
- Fixed cost constitutes 22% of cash cost per tonne (2022 H1: 26%)
 - Increased by R101 million (3%) against 2022 H1, mainly due to labour increases

SALES AND PRODUCTION VOLUMES ('000 tonnes)



¹ Export sales volumes = Bluewater and Africa overland volumes

² Based on crude steel production

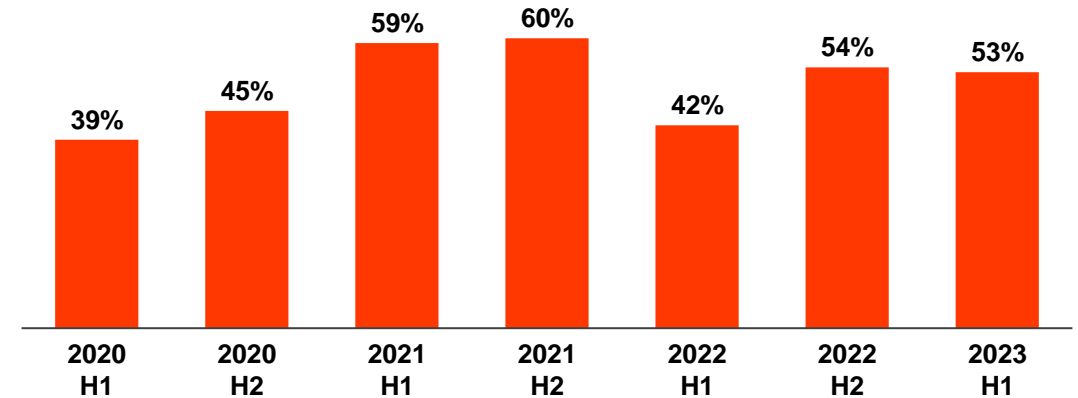
OPERATING ENVIRONMENT - ARCELORMITTAL SOUTH AFRICA



STEEL OPERATIONS

- Capacity utilisation of 53% (2022 H1: 42%)
 - Delayed restart of one idled blast furnace at Vanderbijlpark Works due to poor market demand
 - Hot blast stove restoration programme underway on second Vanderbijlpark Works' blast furnace
 - Newcastle Works' blast furnace performed well. Extreme rain conditions (resulting in flooding) disrupted production
 - A highly disruptive stop-start operating practice necessitated by electricity load curtailment
 - Planned Northern Cape rail maintenance well-managed with TFR
 - Current capacity utilisation is 70%
- Focus on
 - Programmes to improve reliability at steel plants and below-target production at billet and plate mills
 - Despite load curtailment, building and maintaining operating rhythm
 - Continue ramping up of heavy structural mill production at Emalahleni (AMRAS)
- Commercial coke production down 85% to 9 000 tonnes (2022 H1: 60 000 tonnes) due to the continuation of the restoration of the coke batteries
- Sales volumes down 83% to 20 000 tonnes (2022 H1: 120 000 tonnes)
- Commercial coke production and sales recovery expected from 2025

PLANT CAPACITY UTILISATION (%)



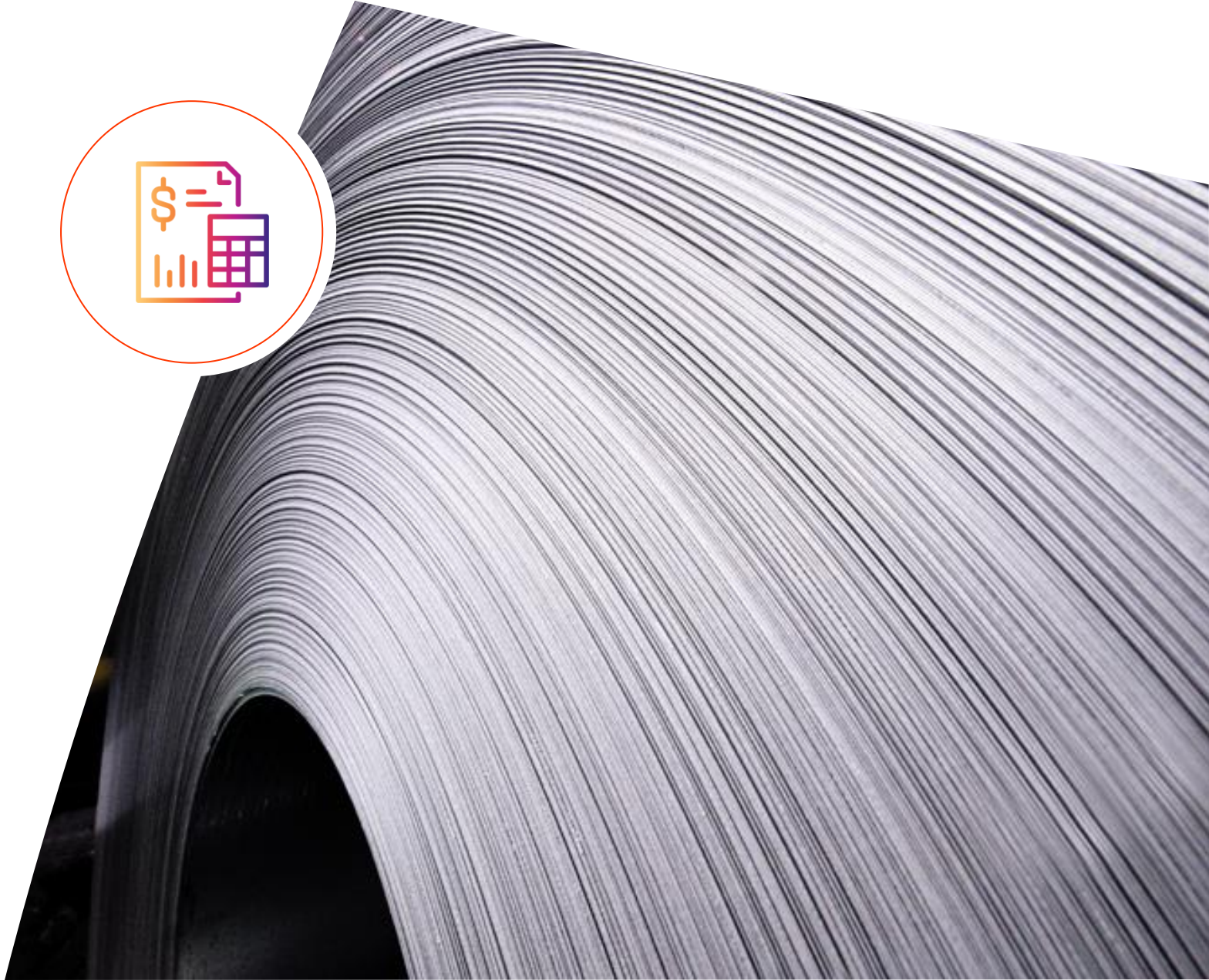


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Financial review and capital allocation

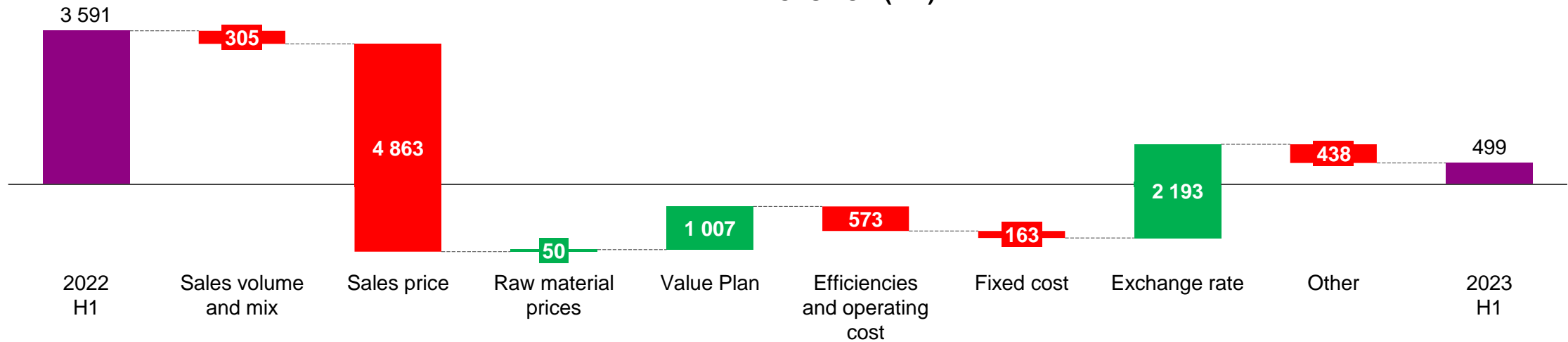
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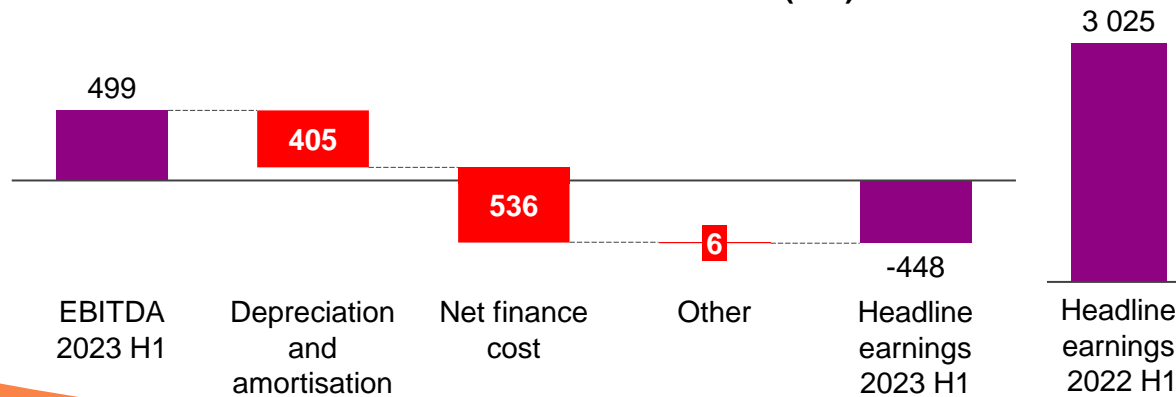
FINANCIAL RESULTS - FINANCIAL PERFORMANCE



EBITDA EVOLUTION (Rm)



EBITDA TO HEADLINE EARNINGS (Rm)



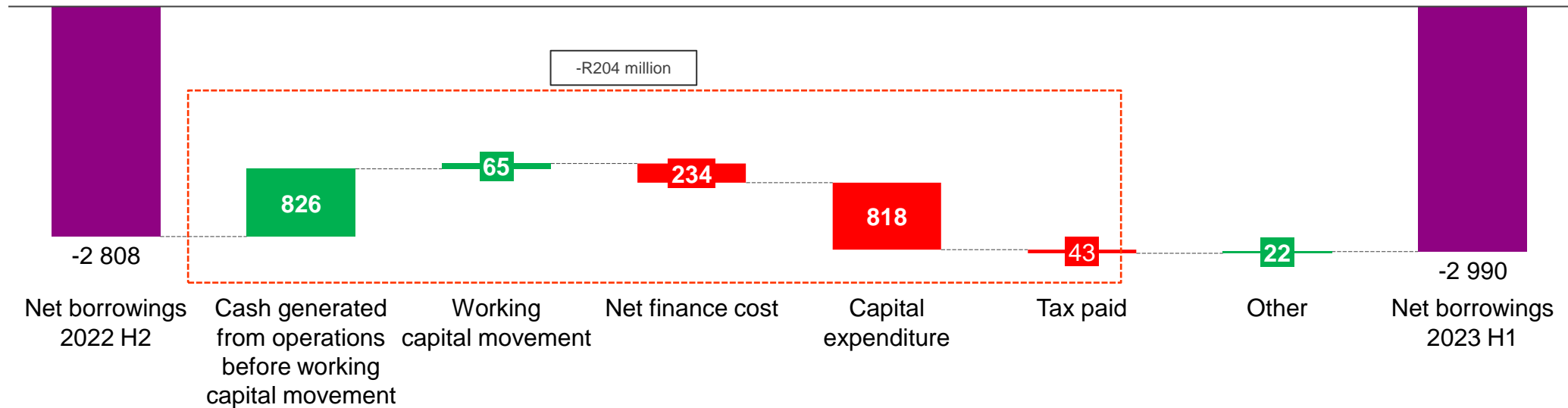
EBITDA per segment (Rm)	2023 H1	2022 H1
Steel operations	460	3 460
Non-steel operations	75	443
Corporate	(36)	(312)
Total	499	3 591

FINANCIAL RESULTS - NET BORROWINGS



- Working capital lower by R65 million due to higher payables of R2 745 million partly offset by higher inventories of R1 377 million, higher receivables of R1 221 million and utilisation of provisions -R82 million
- Free cash flow negative at R204 million (2022 H1: R177 million inflow)

NET BORROWINGS BRIDGE (Rm)



CAPITAL ALLOCATION

- Committed to continued and responsible investment in the asset base
- Maintenance investments to preserve and increase asset capacity
 - Coke battery rebuild and repairs to maintain coke-making capacity (R87 million)
 - Coke making infrastructure rebuild and repairs (R58 million)
 - Structures and infrastructure programme (R18 million)
 - Plate mill main drive upgrade (R8 million)
- Environmental coke oven gas cleaning plant (R136 million)
- Capital expenditure to expand product range and improved quality offering to customers
 - Upgrades on the rolling mills and galvanising lines to replace imports in the automotive and appliance industry
 - Plate mill upgrade campaign for capability and volumes improvement for supply into the renewable energy and mining industry
 - Best-in-class corrosion protection coatings – Optigal®
 - Future projects in line with decarbonisation strategy: Vanderbijlpark electrical arc furnace, 200 MW Solar plant at Vanderbijlpark



CAPITAL ALLOCATION (Rm)

	2023 H1	2022 H1
Maintenance	269	390
Mid-life campaign restoration of Newcastle blast furnace ¹	6	173
Environmental	171	179
Mill Rolls	95	60
Expansion	12	53
Other	29	
Total	582	855

Reliability
pays for
everything...

¹ Total R473 million. 2023: R6 million; 2022: R334 million; 2021: R133 million



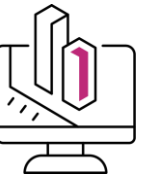
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Sustainability and growth

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STRATEGIC INITIATIVES AND GROWTH OPPORTUNITIES



FOCUS FOR 2023 AND FORESEEABLE FUTURE



Reposition

Reposition as the champion of South Africa's manufacturing backbone



Restructure

Ensure international cost competitiveness



Revitalise

Revitalise balance sheet to improve sustainability, enhance flexibility and agility

Responding effectively to the challenging market conditions whilst remaining **focused** on its **long-term objectives**

ASSET FOOTPRINT

General

- Committed to a flexible operating approach for plants based on order book, adjusting fixed cost levels and assertive cash management

Flats - Vanderbijlpark

- Definitive feasibility study for a 1,7 million tonne electric arc furnace progressed. Important component of Decarbonisation Roadmap

Longs - Newcastle, Vereeniging Pretoria and Emalaheni

- Longs Optimisation Programme started: focused on footprint optimisation, mill efficiencies, customer profitability, logistics and energy
- Production volumes of the Pretoria small section mill transferred to Newcastle
- Cost, volume and mix improvements necessary to earn investment

FIXED COST

- Reaching a three-year wage agreement beneficial for Company and its employees
- Engaging labour regarding productivity
- Concerning trend - significant increase in security cost to safeguard facilities and logistics routes

RENEWABLE ENERGY

- Good progress made on finalising the funding for the 200MW Solar Energy Plant at Vanderbijlpark

LOCALISATION AND IMPORT REPLACEMENT

- Fast-tracking of investment in
 - Steels for renewable energy projects
 - Extended automotive applications

STRATEGIC RAW MATERIALS

- Work continues to strengthen supply chains for scrap and iron (especially given electric arc furnace investment)
- Scrap and iron ore are of strategic importance in the decarbonisation of steel
- Vital that iron ore is available to local producers at competitive pricing like the preferential pricing system (PPS) for scrap

STRONG BALANCE SHEET FOR STRATEGIC CONTINUITY

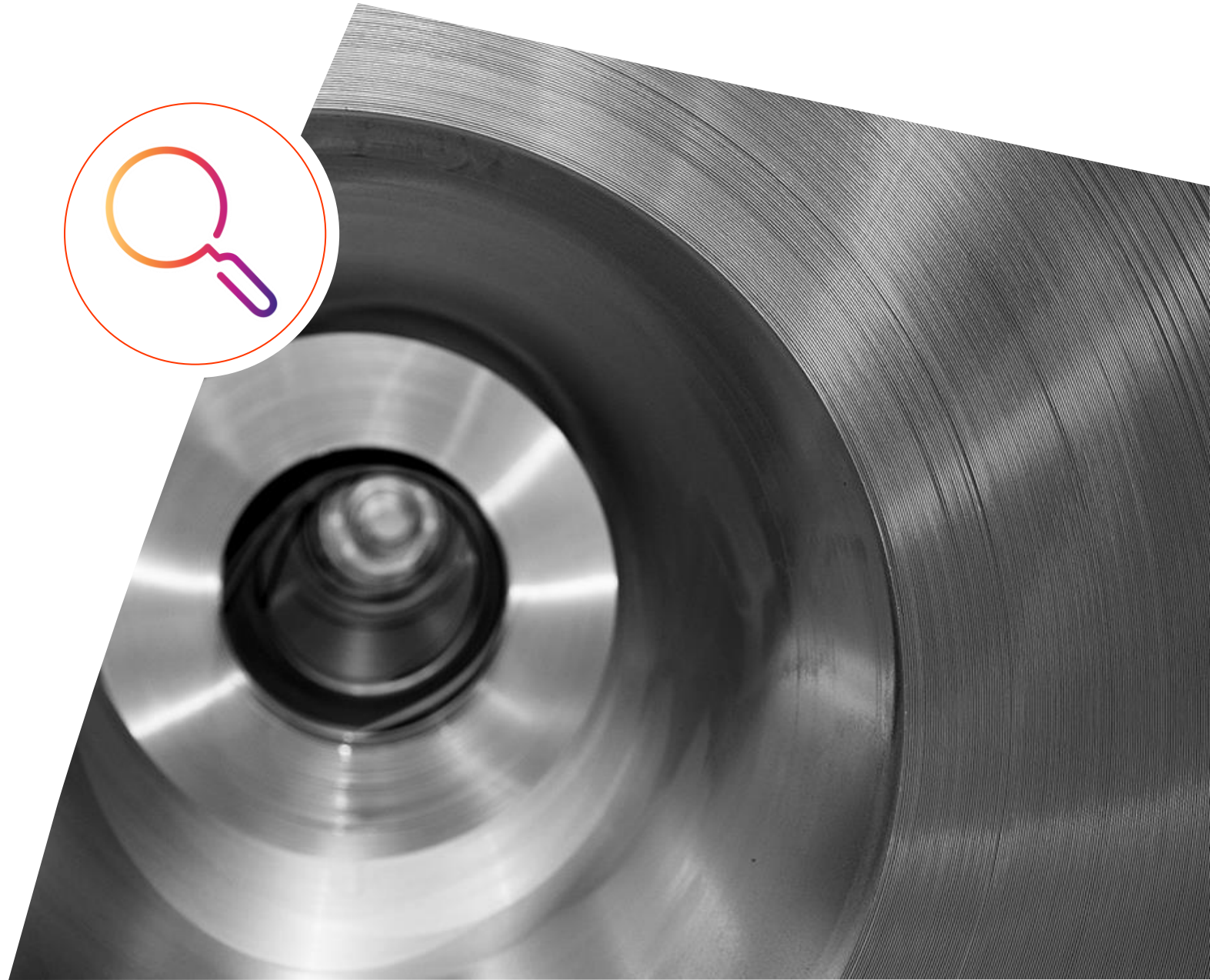
- Reducing the net borrowings position to a more comfortable level is a key focus area
- Fundamental to secure a suitable funding structure to target growth opportunities and improve the quality of earnings



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Conclusion and outlook

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OUTLOOK - 2023 H2



- Safety remains ArcelorMittal South Africa's highest priority
- Internationally, the World Steel Association expects a 2,2% increase in steel demand
- Chinese GDP growth will continue to play a role in international steel demand and pricing trends
- According to the South African Reserve Bank, 2023 GDP is expected at 0,4%
- Steel demand is expected to improve as economic indicators strengthen. Inflation is moving back towards the target range of between 3-6% which should lessen the pressure on interest rates and assist with lifting consumer confidence
- Renewable energy and regional infrastructure projects expected to support steel demand
- Exchange rates will continue to have an impact as will rail service and electricity reliability
- ArcelorMittal South Africa is positioned to navigate the immediate and near-term challenging market conditions while remaining focused on its medium- to longer term objectives



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Appendix



HEADLINE EARNINGS (Rm)



	2023 H1	2022 H1
Revenue	21 045	22 176
EBITDA	499	3 591
Depreciation and amortisation	(405)	(356)
Profit from operations	94	3 235
Net finance cost	(536)	(250)
Share of profit after tax from equity-accounted investments	28	36
Fair value adjustment on investment properties	95	51
Income tax charge	(40)	
Profit after tax	(359)	3 072
Add back loss on disposal of assets (net of tax)	6	4
Fair value adjustments on investment properties	(95)	(51)
Headline earnings	(448)	3 025
US\$m	(25)	196

STATEMENT OF FINANCIAL POSITION (Rm)



	2023 H1	2022 H1
Non-current assets	11 318	10 061
Property, plant and equipment	9 839	8 587
Investment properties	697	731
Intangible assets	64	53
Equity-accounted investments	275	259
Investments held by Environmental Trusts	421	407
Deferred Tax	3	
Other receivables	4	15
Other financial assets	15	9
Current assets	21 377	20 598
Inventories	13 094	12 250
Trade and other receivables	4 734	4 177
Other financial assets	39	48
Cash and bank balances	3 510	4 123
Investment property held for sale	231	76
Total assets	32 926	30 735

	2023 H1	2022 H1
Shareholders Equity	11 341	12 143
Stated capital	4 537	4 537
Non-distributable reserves	(3 523)	(3 540)
Retained income	10 327	11 146
Non-current liabilities	5 561	4 656
Lease obligations	160	65
Provisions	1 775	1 613
Borrowings	2 700	2 700
Trade and other payables	273	278
Other financial liabilities	653	
Current liabilities	16 024	13 936
Trade and other payables	11 039	9 321
Taxation payable	112	112
Other financial liabilities	99	1 095
Borrowings	3 800	2 510
Lease obligations	29	22
Provisions	945	876
Total equity and liabilities	32 926	30 735

CASH FLOW (Rm)



	2023 H1	2022 H1
Cash generated from operations before movement in working capital	826	3 681
Movement in working capital *	65	(2 579)
Cash generated from operations	891	1 102
Capital expenditure	(818)	(693)
Net finance cost	(234)	(232)
Income tax payment	(43)	
Lease obligations repaid	(13)	(17)
Borrowings raised/ (repaid)	300	(700)
Others	1	1
(Decrease)/Increase in cash	84	(539)
Effect of forex rate change on cash	34	10
Net (decrease)/increase in cash and cash equivalents	118	(529)
Cash and bank balances	3 510	4 123
Borrowings (current and non-current)	(6 500)	(5 210)
Net borrowings	(2 990)	(1 087)

Movement in working capital *	2023 H1	2022 H1
Inventories	(1 377)	(87)
Receivables	(1 221)	(1 462)
Payables	2 745	(934)
Other	(82)	(96)
Total	65	(2 579)

FINANCIAL RESULTS- Reconciliation of profit from operations to earnings before interest, tax, depreciation and amortisation (Rm)



	2023 H1	2022 H1
Profit from operations	94	3 235
Adjusted for:		
Depreciation	397	351
Amortisation of intangible assets	8	5
Earnings before interest, tax, depreciation and amortization	499	3 591

DIVISIONAL EBITDA (Rm)



	2023 H1	2022 H1
Steel operations (Rm)	460	3 460
EBITDA margin %	2,2	16,6
Net realised price R/t	15 929	17 243
Non-steel operations	75	443
EBITDA margin %	16,3	33,5
Corporate	(36)	(312)
Total EBITDA	499	3 591
EBITDA margin %	2,4	16,2

OUR VALUE CREATION MODEL

INPUTS

Natural capital

Raw materials consumed (kilotonne)

	2023 H1	2022 H1
Iron ore	2 206	1 578
Coal	1 112	1 066
Purchased scrap	45	79
Fluxes	465	445

Energy

	2023 H1	2022 H1
Electricity purchased (TWh)	0,8	0,8

Human and intellectual capital

	2023 H1	2022 H1
Employees*	6 492	6 330
Hired labour	365	607
Service contractors	2 443	2 609

* Permanently employed (including fixed term contractors)

Financial capital

	2023 H1	2022 H1
Equity	R11 341m	R12 143m
Borrowings	R6 500m	R5 210m

Human capital

Employees, contractors

	2023 H1	2022 H1
Safety: LTIFR	0,72	0,71
Safety: Fatalities	1	0

OUR WORKING BUSINESS MODEL

We produce iron and steel, commercial coke and useful by-products in processes that sustain hundreds of thousands of jobs.



OUTPUTS AND OUTCOMES

Financial capital

Shareholders, investors, employees

	2023 H1	2022 H1
Revenue	R21 045m	R22 176m
EBITDA	R499m	R3 591m
Profit from operations	R94m	R3 235m
EBITDA margin	2,4%	16,2%
Headline earning per share	-40c	271c
Headline earnings	-R448m	R3 025m

Social capital

Local communities, suppliers and HDSA businesses

	2023 H1	2022 H1
Socio-economic development	R9,3m	R7,3m
Procurement spend (<i>excluding energy</i>)	R12,0m	R12,3m
Taxes contributed	R106m	R748m
Procurement – QSE and EME	R817m	R975m

Manufactured capital

Customers

	2023 H1	2022 H1
Steel products sold	1 193kt	1 159kt
Domestic market	963kt	1 022kt
Export market	230kt	137kt
Coke and Chemicals		
Commercial Market coke	20kt	120kt
Tar	13kt	14kt