



28 November 2023

MEDIA RELEASE

WIND DOWN OF THE BROADER LONG STEEL PRODUCTS OPERATIONS AT ARCELORMITTAL SOUTH AFRICA LIMITED.

Johannesburg, Tuesday 28 November 2023; ArcelorMittal South Africa said today that it will be embarking on a process that contemplates the wind down of the Company's longs business, subject to a due diligence and consultation process. This will affect the Newcastle Works, and the Vereeniging Works. It excludes the coke batteries at Newcastle which will remain operative, producing metallurgical coke for use at the Vanderbijlpark Works, and for sale of commercial market coke to the ferro-alloy industry.

The Company has adopted a variety of interventions over the last few years to secure its long-term sustainability, including aggressive cost-cutting activities, increased raw material cost savings, asset footprint modifications, and numerous other productivity initiatives.

Despite these best efforts, the initiatives were unable to counteract the cumulative effect of the following:

- A slowing economy and a difficult trading environment: As a result of South Africa's low GDP growth, the country's apparent steel consumption (ASC) has decreased by 20% in the last seven years, reaching levels of around 4,0 million tonnes, reflecting low market demand in key steel-consuming sectors, limited infrastructure spend, and project delays, resulting in market overcapacity and overall weaker business confidence.
- National limits outside the Company's control: high transport and logistics costs, as well as escalating energy prices, compounded by well-publicised logistics failures and their cost impact, as well as the country's ongoing electricity challenges.
- Scrap advantage over iron ore: The implementation of a preferential pricing system for scrap, a 20% export duty, and, more recently, a ban on scrap exports has given steel production via electric arc furnaces an 'artificial' competitive advantage over steel manufacturers beneficiating iron-ore to produce steel.

These structural market issues are beyond ArcelorMittal South Africa's control and do not appear capable of being resolved in the foreseeable future.

The Company will therefore initiate a consultation process in accordance with Section 189(3) of the Labour Relations Act 66 of 1995 at the appropriate time. A significant



restructuring is being considered, with potentially 3 500 employees (own and contracted) being affected and every effort will be made to manage down the number of jobs affected. The conclusion and number of affected posts will be finalised within a detailed wind down implementation plan that is being developed.

Throughout the wind down process, ArcelorMittal South Africa will engage with its customers and suppliers through an orderly and well-considered process to minimise the disruptions to their business, as far as reasonably possible. The Company continues to engage directly with government.

The importance of the various affected operations to the respective regional and local economies in which they operate, and in particular the Newcastle Works, is well understood and hence the decision is not taken lightly.

ArcelorMittal South Africa CEO Kobus Verster stated, *“The ArcelorMittal South Africa Board and Management have reached this point after having exhausted all possible options. As difficult as these circumstances are, we have a duty to ensure that the business remains sustainable in the long term, in the interests of the Company and its stakeholders. The remaining business, after the wind down, will be on a more sustainable financial footing and able to invest the appropriate capital in product development and available growth prospects”*.

ArcelorMittal South Africa will host a virtual media briefing tomorrow (Wednesday 29 November 2023) at 10h00. To attend this briefing please register [here](#).

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Tami Didiza, Group Executive Stakeholder Engagement and Communications at ArcelorMittal South Africa on (016) 889 4523.

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