

# news release

## ArcelorMittal South Africa Demonstrates Resilience Amid Challenges in First Half of 2024

JOHANNESBURG, 01 August 2024 - ArcelorMittal South Africa, the country's leading steel producer, today announced its financial results for the six months ended 30 June 2024, showcasing the company's resilience in the face of challenging market conditions and operational issues.

### Key Highlights

- Longs Business continues operations, preserving 3,500 direct jobs and 80,000 across the value chain
- EBITDA loss of R221 million, an improvement from R443 million loss in H2 2023
- Fixed costs reduced by R132 million to R3,417 million despite inflationary pressures
- Successful management of operational challenges at Vanderbijlpark blast furnaces
- Advancement of high-payback projects portfolio to enhance future sustainability and growth

### Financial Performance

While the company reported a headline loss of R1,110 million, this represents an improvement from the R1,442 million loss in the preceding six months. The results were impacted by difficult trading conditions and operational interruptions at the Vanderbijlpark blast furnaces. However, the company's focus on cash management has yielded benefits, maintaining net borrowings at R3,793 million, a controlled increase from R3,215 million at the end of 2023.

### Operational Resilience

Despite challenges, including chilled hearth conditions at the Vanderbijlpark blast furnaces in April and May, the company demonstrated operational agility. Management's swift response minimised supply disruptions to customers and implemented cost-saving measures. The decision to continue operations of the Long steel products business underscores the company's commitment to the Southern African steel industry.

### Sustainability and Growth Initiatives

ArcelorMittal South Africa continues to advance its high-payback investment portfolio, focusing on projects that will drive future earnings growth, cost savings, and decarbonization efforts. The company is actively supporting localization initiatives in energy, logistics, infrastructure, and automotive sectors, positioning itself for growth opportunities arising from national development programs and the Africa Continental Free Trade Agreement.

### Environmental and Social Responsibility

The company has made significant strides in environmental management, achieving 100% ISO 14001 certification for all operations. Notable improvements include significant progress in reducing emissions. Particulate emissions reduced by 34%, with Vanderbijlpark having achieved a 67% reduction since 2008. The company has refurbished and further extended its Zero Effluent Discharge treatment plants and is advancing its Decarbonisation Roadmap.

ArcelorMittal South Africa also continues to invest in community development, particularly in education and skills training, impacting over 27,000 learners and creating job opportunities for unemployed youth.

### Market Outlook

While global and local steel markets remain challenging, ArcelorMittal South Africa sees potential for gradual recovery in the second half of 2024. The company expects to return to profitability, supported by operational improvements, increased production volumes, and potential positive shifts in market dynamics.

"Our first-half results reflect the resilience of our business model and the effectiveness of our management strategies in navigating a complex operating environment," said Kobus Verster, Chief Executive Officer. "While challenges persist, we are confident in our ability to capitalize on emerging opportunities and drive sustainable growth for the benefit of all our stakeholders."

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