ArcelorMittal

Notice of annual general meeting 2021

Contents

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-third annual general meeting (AGM) of the company will be held via electronic communication on Thursday, 20 May 2021 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 Computershare Investor Services Proprietary Limited (Computershare) to remotely host the AGM on an interactive electronic platform, in order to facilitate remote participation and voting by shareholders. Computershare 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 Friday, 9 April 2021. The administrative date on which an individual should ideally 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, 14 May 2021 (meeting record date). Therefore, the last day to trade to be registered as a shareholder in the company's register is Tuesday, 11 May 2021. 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.

Any shareholder (or a representative or proxy for a shareholder) who wishes to participate in and/or vote at the AGM by way of electronic communication, must either:

- **Register online using the online registration portal at www.smartagm.co.za, prior to the commencement of the AGM; or**
- **Complete the electronic participation application form available on page 12 and email Computershare at proxy@computershare.co.za by 9:00 on Tuesday, 18 May 2021 ("electronic participation date"), in order for such participation to be arranged for the shareholder and for the Transfer Secretaries to provide the shareholder with the details as to how to access the AGM by means of electronic communication.**

Shareholders may still register/apply to participate in and/or vote electronically at the AGM after the electronic participation date, provided, however, that such shareholders are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the AGM.

Computershare will assist shareholders with the requirements for electronic participation in, and/or voting at the AGM. Computershare is further obliged to validate (in correspondence with ArcelorMittal South Africa 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 ArcelorMittal South Africa, the JSE Limited and/or Computershare.

Neither the JSE Limited nor Computershare 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;
- 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 or letter of representation in advance of the AGM to Computershare.

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 2020 may be obtained from the website, http://arcelormittalsa.com, or a request may be sent to the company secretary (by email at the address: amsa@fluidrockgovernance.com). The reports set out below are available on https://www.arcelormittalsa.com/InvestorRelations/AnnualFinancialStatements.aspx

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 2.2): Re-election of directors

Messrs GS Gouws, R Karol and BE Aranha retire by rotation. Mr BE Aranha had retired from the board with effect from 31 March 2021 and will consequently not be available for re-election.

Resolved, by way of separate ordinary resolutions, to re-elect the following directors, who, 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 GS Gouws

2.2 Mr R Karol

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

Ordinary resolution number 3: election of director

Resolved that, as an ordinary resolution, to elect Mr B Davey as a director of the company subject to the provisions of the Memorandum of Incorporation (MoI) of the company.

The abridged curricula vitae (CV) of Mr Davey is attached to this notice.

Ordinary resolution number 4 (4.1 to 4.3): Appointment of audit and risk committee members

Members

Resolved that, by way of separate ordinary resolutions, 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:

4.1 Ms NP Mnxasana

4.2 Mr LC Cele

4.3 Mr NF Nicolau

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 5 (5.1 to 5.2): 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:

5.1 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 2020; and

5.2 the implementation report in relation to the remuneration policy, as set out in the remuneration report contained in the integrated annual report 2020.

The complete remuneration policy and the implementation report are included in the integrated annual report 2020 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 2021 and until otherwise determined by ArcelorMittal South Africa in a 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 in 2020 and the fee was reduced by 25% during the latter half of 2020. The recommendation is therefore an increase of 5% as set out in the table below:

	Annual retainer R	Attendance fee per meeting R
Chairperson (all-in annual fee)	1 614 816	None
Director	207 814	17 315
Audit and risk committee chairperson	–	44 238
Audit and risk committee member	–	22 276
Human resources, remuneration and nominations committee chairperson	–	40 838
Human resources, remuneration and nominations committee member	–	20 418
Transformation, social and ethics committee chairperson	–	40 838
Transformation, social and ethics committee member	–	20 418
Safety, health and environment committee chairperson	–	40 838
Safety, health and environment committee member	–	20 418
Any ad hoc or other committee appointed by the board (chairperson)	–	40 838
Any ad hoc or other committee appointed by the board (member)	–	20 418
Non-executive director serving as share trust committee chairperson	–	30 533
Non-executive director serving as share trust committee member	–	15 267

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 6: 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

15 April 2021

Board of directors' CVs

Mpho Makwana (50)

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)
- Invicta Holdings Ltd (independent non-executive director)

Profile

- Boardroom Alliance (Pty) Ltd, SAFCOL 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 (54)

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 (48)

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 (61)

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)

Monica Musonda (46)

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 (57)

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 (61)

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
- Member: Audit and risk 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 (64)

Independent non-executive director

- BCom, BCompt (Hons), CA(SA)

Appointed: 1 October 2013

ArcelorMittal South Africa board committees

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

JSE board positions

- ArcelorMittal South Africa Ltd
- Barloworld Ltd
- Blue Label Telecoms Ltd
- HBZ Bank Ltd
- Wescoal Ltd

Profile

- Previously a senior partner at SizweNtsalubaGobodo VSP audit and advisory firm
- Previously served as group audit and risk executive at Imperial Group

Raman Karol (45)

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

Board of directors' CVs continued

Lungile Constance Cele (67)

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

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*

Bradley Davey (56)

Non-executive director

- Mechanical Engineering Degree (McMaster University)
- B2B Marketing (University of Texas)
- Operations Management Program (Richard Ivey School of Business)
- ArcelorMittal Pioneer Program

Appointed: 1 April 2021

ArcelorMittal South Africa board committees:

- Member: Human resources, remuneration and nominations committee

Profile

Bradley Davey, executive vice-president Corporate Business Optimisation:

- Joined the group in 1990 as foreman in charge of the mechanical maintenance hot mill at Dofasco
- Appointed Vice President of sales and marketing in 2008
- Took up the role of Vice President commercial and NAFTA Automotive in 2014
- Became chief marketing officer auto for North America and head of marketing for non-auto market in North America, except USA in 2016
- Vice president of ArcelorMittal, chief executive officer North America since March 2018

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-third annual general meeting of the company (the AGM) to be held via electronic communication on Tuesday, 20 May 2021 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)

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 GS Gouws			
Ordinary resolution number 2.2: Re-election of Mr R Karol			
Ordinary resolution number 3: Election of Mr B Davey			
Ordinary resolution number 4.1: Appointment of Ms NP Mnxasana as audit and risk committee member			
Ordinary resolution number 4.2: Appointment of Ms LC Cele as audit and risk committee member			
Ordinary resolution number 4.3: Appointment of Mr NF Nicolau as audit and risk committee member			
Non-binding resolution number 5.1: Endorsement of remuneration policy			
Non-binding resolution number 5.2: Endorsement of the implementation report			

Continued overleaf

**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.*

Form of proxy continued

	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 6: Authority to implement resolutions passed at the annual general meeting			

Signed this day of 2021

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 9:00 on Tuesday, 18 May 2021. 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. I f 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 alterations made in this form of proxy must be initialled 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 9:00 on Tuesday, 18 May 2021; 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 9:00 on Tuesday, 18 May 2021. 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. Certificated 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

Any shareholder (or a representative or proxy for a shareholder) who wishes to participate in and/or vote at the AGM by way of electronic communication, must either:

- Register online using the online registration portal at www.smartagm.co.za, prior to the commencement of the AGM; or
- Complete the electronic participation application form available on page 12 and email Computershare at proxy@computershare.co.za by 9:00 on Tuesday, 18 May 2021 ("electronic participation date"), in order for the such participation to be arranged for the shareholder and for the Transfer Secretaries to provide the shareholder with the details as to how to access the AGM by means of electronic communication. Participants will be able to vote during the AGM through an electronic participation platform.

Each shareholder, who has complied with the requirements below, will be contacted on Wednesday, 19 May 2021 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 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 and Computershare 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 or Computershare, 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 Computershare at proxy@computershare.co.za.

Signature: ______________________________

Date: ______________________________

Analysis of ordinary shareholders

as at 31 December 2020

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	22 268	86.32	3 173 811	0.28
1 001 – 10 000	2 131	8.26	8 046 067	0.71
10 001 – 100 000	1 080	4.19	36 724 991	3.23
100 001 – 1 000 000	283	1.10	81 938 595	7.20
Over 1 000 000	36	0.14	1 008 176 361	88.59
Total	**25 798**	**100.00**	**1 138 059 825**	**100.00**

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Corporate holdings	3	0.01	771 535 624	67.79
Retirement benefit funds	14	0.05	39 014 201	3.43
Collective investment schemes and hedge funds	4	0.02	7 562 859	0.66
Retail shareholders, trusts and private companies	1 484	5.75	186 783 997	16.41
Other managed funds	17	0.07	94 649 793	8.32
Custodians, brokers and nominees	29	0.11	28 447 193	2.50
Unclassified holders (less than 10 000 shares)	24 247	93.99	10 066 158	0.88
Total	**25 798**	**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	9	0.04	771 721 765	67.81
Directors and associates	5	0.02	185 817	0.02
GS Gouws	1	–	292	–
JRD Modise	1	–	85 025	0.01
AD Maharaj	1	–	450	–
MP Makwana	1	–	50	–
NF Nicolau	1	–	100 000	0.01
ArcelorMittal South Africa Ltd	2	0.01	46 548	–
ArcelorMittal Holdings AG	2	0.01	771 489 400	67.79
Public shareholders	25 789	99.96	366 338 060	32.19
Total	**25 798**	**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 hares	Number of shares	% of issued capital
ArcelorMittal Holdings AG	771 489 400	67.79
Industrial Development Corporation	93 044 068	8.18
Amandla We Nsimbi (Pty) Ltd – A1 shares	243 240 276	–
The Isabelo Employee Share Trust – A2 shares	72 972 083	–
Total	**1 180 745 827**	**75.97**

Beneficial Shareholders in the A1 and A2 Register	A1 shares	A2 shares
Amandla We Nsimbi (Pty) Ltd	243 240 276	–
The Isabelo Employee Share Trust	–	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	6	0.02	773 136 810	67.94
South Africa	25 649	99.43	346 798 749	30.47
United States	19	0.07	9 260 697	0.81
United Kingdom	25	1.10	4 550 752	0.40
Luxembourg	1	–	2 271 428	0.20
Germany	3	0.01	687 736	0.06
Angola	1	–	452 830	0.04
Balance	94	0.37	900 823	0.08
Total	**25 798**	**100**	**1 138 059 825**	**100**

Share price performance

Opening price 2 January 2020	R1.35
Closing price 31 December 2020	R1.00
Closing high for period	R1.75
Closing low for period	R0.25
Number of shares in issue	1 138 059 825
Volume traded during period	330 729 660
Ratio of volume traded to shares issued (%)	29.06
Rand value traded during the period	131 332 995
Price/earnings ratio as at 31 December 2020	(0.57)
Earnings yield as at 31 December 2020 (%)	(1.75)
Dividend yield as at 31 December 2020 (%)	–
Market capitalisation at 31 December 2020	R1 138 059 825

Independent auditor's report on summarised consolidated financial statements

TO THE SHAREHOLDERS OF ARCELORMITTAL SOUTH AFRICA LIMITED

Opinion

The summarised consolidated financial statements of ArcelorMittal South Africa Limited, which comprise the summarised consolidated statement of financial position as at 31 December 2020, 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 Limited for the year ended 31 December 2020.

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 Limited, 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 9 April 2021. That report also includes:

- A Material Uncertainty Related to Going Concern Section that draws attention to Note 39 in the audited consolidated and separate financial statements. Note 39 of the audited consolidated financial statements indicates that ArcelorMittal South Africa Limited incurred a net loss after tax of R1 973 million during the year ended 31 December 2020. These events or conditions, along with other matters as set forth in Note 39 of the audited consolidated financial statements indicate that a material uncertainty exists that may cast significant doubt on ArcelorMittal South Africa Limited's ability to continue as a going concern. These matters are addressed in Note 25 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

15 April 2021
Deloitte & Touche
5 Magwa Crescent, Waterfall City

Summarised consolidated statement of comprehensive income

for the year ended 31 December 2020

	Notes	Year ended 31 December 2020 Rm	31 December 2019 Rm
Revenue		**24 643**	41 353
Raw materials and consumables used		**(12 840)**	(24 475)
Employee costs		**(3 457)**	(4 773)
Energy		**(3 598)**	(4 699)
Movement in inventories of finished goods and work-in-progress		**(1 203)**	(2 242)
Depreciation		**(546)**	(819)
Amortisation of intangible assets		**(10)**	(11)
Impairment of trade and other receivables		**(4)**	(15)
Other operating expenses		**(3 909)**	(6 678)
Loss from operations	6	**(924)**	(2 359)
Impairment reversal of other assets	7	**57**	79
Impairment of property, plant and equipment and intangible assets	8	**(125)**	(1 480)
Impairment reversal of property, plant and equipment	9	**29**	–
Finance and investment income	10	**112**	101
Finance costs	11	**(1 235)**	(1 070)
Fair value adjustments on investment property		**(118)**	72
Reclassification of foreign currency differences on liquidation of foreign investment	12	**280**	–
Income/(loss) from equity-accounted investments (net of tax)		**13**	(17)
Loss before tax		**(1 911)**	(4 674)
Income tax (expense)/credit	13	**(62)**	70
Loss for the year		**(1 973)**	(4 604)
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss:			
Fair value adjustment on equity instruments (net of tax)		**(29)**	(26)
Revaluation of property, plant and equipment	14	**30**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(36)**	–
Cash flow hedge – effective portion of changes in fair value (net of tax)		**(202)**	120
Reclassification of cash flow hedges to profit or loss (net of tax)		**66**	(27)
Reclassification of foreign currency differences on liquidation of foreign investment	12	**(280)**	–
Share of other comprehensive income of equity-accounted investments		**3**	–
Other comprehensive (loss)/income for the year		**(448)**	67
Total comprehensive loss for the year		**(2 421)**	(4 537)
Loss attributable to:			
Owners of the company		**(1 973)**	(4 604)
Total comprehensive loss attributable to:			
Owners of the company		**(2 421)**	(4 537)
Loss per share (cents)			
– Basic		**(180)**	(419)
– Diluted		**(180)**	(419)

Summarised consolidated statement of financial position

as at 31 December 2020

	Notes	31 December 2020 Rm	As at 31 December 2019 Restated Rm	31 December 2018 Restated Rm
Assets				
Non-current assets				
Property, plant and equipment		**7 675**	7 966	8 987
Investment properties	17	**983**	1 080	1 008
Intangible assets		**72**	70	73
Equity-accounted investments		**205**	268	220
Investments in subsidiaries		**–**	–	–
Investments held by environmental trust		**378**	348	332
Non-current receivables		**9**	22	10
Other financial assets		**11**	40	66
Total non-current assets		**9 333**	9 794	10 696
Current assets				
Inventories		**7 348**	8 700	12 179
Trade and other receivables		**1 623**	2 837	3 972
Taxation		**–**	21	132
Asset held for sale	18	**135**	–	–
Other financial assets		**30**	193	56
Cash, bank balances and restricted cash	19	**3 340**	1 988	2 525
Total current assets		**12 476**	13 739	18 864
Total assets		**21 809**	23 533	29 560
Equity and liabilities				
Equity				
Stated capital		**4 537**	4 537	4 537
Reserves		**(3 715)**	(3 568)	(3 659)
Retained income/(accumulated loss)		**1 522**	3 508	8 083
Total equity		**2 344**	4 477	8 961
Non-current liabilities				
Lease obligations		**44**	74	46
Provisions		**1 832**	1 761	1 774
Borrowings	20	**4 514**	4 208	2 700
Other financial liabilities		**–**	300	544
Trade and other payables		**283**	373	572
Total non-current liabilities		**6 673**	6 716	5 636
Current liabilities				
Trade and other payables		**8 420**	9 391	13 779
Taxation		**106**	93	91
Other financial liabilities		**1 017**	600	372
Borrowings	**20**	**2 450**	1 150	300
Lease obligations		**29**	26	15
Provisions		**770**	1 080	406
Total current liabilities		**12 792**	12 340	14 963
Total equity and liabilities		**21 809**	23 533	29 560

Summarised consolidated statement of cash flows

for the year ended 31 December 2020

		Year ended	
	Note	31 December 2020 Rm	31 December 2019 Restated* Rm
Cash flows from operating activities		**622**	129
Cash generated from operations	21	**867**	243
Interest income		**111**	101
Finance cost		**(380)**	(345)
Income tax received		**24**	130
Cash flows from investing activities		**(505)**	(1 479)
Investment to maintain and expand operations		**(509)**	(1 491)
Proceeds on disposal or scrapping of assets		**4**	–
Dividend income from investment		**–**	12
Cash flows from financing activities		**1 257**	810
Net borrowings raised		**1 300**	850
Lease obligation repaid		**(35)**	(37)
Settlement on Management share Trust/long-term incentive plan		**(8)**	(3)
Increase/(decrease) in cash, cash equivalents and restricted cash		**1 374**	(540)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash		**(22)**	3
Cash, cash equivalents and restricted cash at beginning of the year		**1 988**	2 525
Cash, cash equivalents and restricted cash at end of the year		**3 340**	1 988

** Amounts previously classified as realised foreign exchange movements were reclassified to cash from operations, refer to note 21.*

Summarised consolidated statement of changes in equity

for the year ended 31 December 2020

	Stated capital Rm	Treasury share equity reserve Rm	Other reserves Rm	Retained earnings Rm	Total Rm
Year ended 31 December 2018 (Restated)					
Balance as at 1 January 2018 – restated	4 537	(3 918)	4 281	4 134	9 034
As previously reported	4 537	(3 918)	4 281	3 158	8 058
Change in accounting policy – fair value adjustment of investment properties	–	–	–	976	976
Total comprehensive profit/(loss) – restated	–	–	(1 475)	1 394	(81)
As previously reported	–	–	(1 475)	1 370	(105)
Change in accounting policy – fair value adjustment of investment properties	–	–	–	24	24
Share-based payment reserve	–	–	10	–	10
Settlement of long-term incentive plan	–	–	(2)	–	(2)
Transfer between reserves	–	(1)	(2 554)	2 555	–
Balance as at 31 December 2018 (Restated)	4 537	(3 919)	260	8 083	8 961
Year ended 31 December 2019 (Restated)					
Balance as at 1 January 2019 – restated	4 537	(3 919)	260	8 083	8 961
As previously reported	4 537	(3 919)	260	7 083	7 961
Change in accounting policy – fair value adjustment of investment properties	–	–	–	1 000	1 000
Total comprehensive income/(loss) – restated	–	–	67	(4 604)	(4 537)
As previously reported	–	–	67	(4 676)	(4 609)
Change in accounting policy – fair value adjustment of investment properties	–	–	–	72	72
Share-based payment reserve	–	–	56	–	56
Settlement of long-term incentive plan	–	–	(3)	–	(3)
Transfer between reserves	–	–	(29)	29	–
Balance as at 31 December 2019 (Restated)	4 537	(3 919)	351	3 508	4 477
Year ended 31 December 2020					
Balance as at 1 January 2020 – restated	**4 537**	**(3 919)**	**351**	**3 508**	**4 477**
As previously reported	**4 537**	**(3 919)**	**351**	**2 436**	**3 405**
Change in accounting policy –fair value adjustment of investment properties	**–**	**–**	**–**	**1 072**	**1 072**
Total comprehensive loss	**–**	**–**	**(448)**	**(1 973)**	**(2 421)**
Share-based payment reserve	**–**	**–**	**35**	**–**	**35**
Settlement of long-term incentive plan	**–**	**–**	**(8)**	**–**	**(8)**
Measurement of borrowings at amortised cost	**–**	**–**	**261**	**–**	**261**
Transfer between reserves	**–**	**1 854**	**(1 841)**	**(13)**	**–**
Balance as at 31 December 2020	**4 537**	**(2 065)**	**(1 650)**	**1 522**	**2 344**

Notes to the summarised consolidated financial statements

for the year ended 31 December 2020

1. Corporate information

ArcelorMittal South Africa Limited is a public company incorporated and domiciled in the Republic of South Africa and listed on the JSE Limited. These condensed consolidated financial statements for the year ended 31 December 2020 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 were prepared in accordance with the requirements of the Companies Act of South Africa as applicable to summarised financial statements. The 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 SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. It also contains, at a minimum, the information required by IAS 34 *Interim Financial Reporting*.

The summarised consolidated financial statements were prepared under the supervision of Mr AD Maharaj CA(SA), the chief financial officer.

The auditor's conclusion, which contains a paragraph on material uncertainty relating to going concern, does not necessarily report on all of the information contained in this announcement. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the group's auditors. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should read the auditor's conclusion together with the accompanying financial information contained in this announcement.

3. Accounting policies

The accounting policies and methods of computation applied in the preparation of the summarised consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous summarised consolidated financial statements, except for the change in accounting policy relating to investment properties.

As part of the review of the group's property portfolio in light of its revised strategic focus, certain properties were identified which had historically been classified as investment property, measured using the cost model, but were incorrectly included in the property, plant and equipment line item in the statement of financial position. Further, previous financial statements lacked disclosures required by IAS 40 for these properties measured under the cost model.

3. Accounting policies continued

3.1 Prior period error

In assessing the level of significance of the prior period error for the purposes of the related financial statement presentation, management considered guidance in IAS 8. This analysis indicated that, given that the cost model was applied under both IAS 16 and IAS 40, this incorrect classification had no impact on the consolidated results of operations, or on basic or diluted earnings per share for the year ended 31 December 2019 and 31 December 2018.

In light of the above, the group has corrected the classification of these properties in the statement of financial position. The impact of the restatement on statement of financial position is shown in the table below:

	Previously reported 31 December 2018 Rm	Impact Rm	Restated amount 31 December 2018 Rm	Previously reported 31 December 2019 Rm	Impact Rm	Restated amount 31 December 2019 Rm
Assets						
Non-current assets						
Property, plant and equipment	8 995	(8)	8 987	7 974	(8)	7 966
Investment property	–	8	8	–	8	8
Total	8 995	–	8 995	7 974	–	7 974

The fair value of these investment properties at 31 December 2019 totalled R1 080 million (31 December 2018: R1 008 million).

3.2 Change in accounting policy

During the current year, ArcelorMittal South Africa voluntarily changed its accounting policy related to the measurement of investment property. The group now applies the fair value model, under which investment property is subsequently measured at its fair value. Prior to this change in policy, the group applied the cost model to measure investment property.

After the decision in 2019 to cease production at the Saldanha Works, ArcelorMittal South Africa undertook a phased strategic asset footprint review to evaluate various potential uses of its property portfolio, the results of which suggested that a greater focus should be placed on the active management of properties to derive value either through rental or development for future sale. The strategic rationale supporting the intensified focus on the property portfolio corresponds with the significant increase in the portion of the group's portfolio that has been decommissioned and is no longer employed for production purposes. Given the results of this review, management have concluded that the fair value model for investment property is a more appropriate measurement basis than the previously applied cost model, providing relevant and more reliable information to users of the financial statements, aligned to both the current market value and use of its investment property portfolio.

3. **Accounting policies** continued

3.2 Change in accounting policy

The impact on each line item of the financial statements is shown in the table below:

	As previously reported		Adjustment		Restated	
	31 December 2017 Rm	31 December 2018 Rm	31 December 2017 Rm	31 December 2018 Rm	31 December 2017 Rm	31 December 2018 Rm
Statement of comprehensive income						
Fair value adjustment on investment properties	–	–	–	24	–	24
Income tax*	–	–	–	–	–	–
Net (loss)/profit	(5 128)	1 370	–	24	(5 128)	(1 394)
Statement of financial position						
Investment properties	–	–	984	1 008	984	1 008
Total assets	31 196	28 560	976	1 000	32 172	29 560
Deferred tax*	–	–	–	–	–	–
Retained earnings	3 158	7 083	976	1 000	4 134	8 083

	As previously reported		Adjustment		Restated	As at
	31 December 2019 Rm	31 December 2020 Rm	31 December 2019 Rm	31 December 2020 Rm	31 December 2019 Rm	31 December 2020 Rm
Statement of comprehensive income						
Fair value adjustment on investment properties	–	**–**	72	**(117)**	72	**(117)**
Income tax*	–	**–**	–	**–**	–	**–**
Net loss	(4 676)	**(1 809)**	72	**(117)**	(4 604)	**(1 926)**
Statement of financial position						
Investment properties	–	**–**	1 080	**963**	1 080	**963**
Total assets	22 461	**854**	1 072	**955**	23 533	**21 809**
Deferred tax*	–	**–**	–	**–**	–	**–**
Retained earnings	2 436	**567**	1 072	**955**	3 508	**1 522**

** Income tax and deferred tax, the group has an unrecognised deferred tax asset*

The impact on earnings per share and diluted earnings per share for the year ended 31 December 2020 is negative 10.7 cents (31 December 2019: 6.6 cents and 31 December 2018: 2.2 cents). The impact on headline earnings per share for the period ended 31 December 2020 is 0.0 cents (31 December 2019 and 31 December 2018: 0.0 cents).

4. Significant judgement, estimates and assumptions

The preparation of the financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from these estimates. Judgements, estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which they were revised and in any further periods affected.

Key judgements, estimates and assumptions which have the most significant effect on the financial statements include:

- Valuation of investment properties - refer to note 16, the fair value measurement note
- Impairment assessment of property, plant and equipment – refer to note 8, the impairment of property, plant and equipment note
- Expected credit loss assessment
  The exposure to credit risk is insured and mainly underwritten by the Credit Guarantee Insurance Corporation of South Africa. The insurance excess ranges from 0% to 10%. The credit limits of customers were monitored and adjusted where applicable throughout the period. Goods were dispatched to customers in line with the approved credit limits. The assessment of expected credit losses was reperformed as at 31 December 2020 and the impairment loss on trade and other receivables increased with R4 million compared to December 2019.
- Going concern basis – refer to note 25, the going concern note.

5. Segment report

Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the Company 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 and Saldanha Works
- Long steel products consisting of Newcastle Works, Vereeniging Works and the decommissioned Maputo Works
- Coke and Chemicals undertaking the processing and marketing of by-products 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 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
- Investments in other assets
- 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.

5. **Segment report** continued

	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
For the year ended 31 December 2020						
Revenue						
– External customers	15 441	7 320	1 882	–	–	24 643
– Intersegment customers	689	1 477	35	–	(2 201)	–
Total revenue	16 130	8 797	1 917	–	(2 201)	24 643
Revenue to external customers distributed as:						
Local	14 207	5 578	1 882	–	–	21 667
Export	1 234	1 742	–	–	–	2 976
– Africa	1 176	1 484	–	–	–	2 660
– Asia	58	108	–	–	–	166
– Other	–	150	–	–	–	150
Total	15 441	7 320	1 882	–	–	24 643
Results						
Earnings before interest, tax, depreciation and amortisation and exceptional items	414	(683)	295	12	(1)	37
Depreciation and amortisation	(272)	(190)	(69)	(25)	–	(556)
Retrenchment packages	(25)	(20)	(25)	(64)	–	(134)
Inventory adjustment to net realisable value	(102)	(169)	–	–	–	(271)
Profit/(loss) from operations	15	(1 062)	201	(77)	(1)	(924)
Net impairments	29	–	(125)	626	(569)	(39)
Finance and investment income	14	5	1	92	–	112
Finance costs	(66)	(21)	(2)	(1 146)	–	(1 235)
Reclassification of foreign currency differences on liquidation of foreign investment	–	–	–	280	–	280
Fair value adjustment on investment properties	(3)	14	–	(129)	–	(118)
Profit after tax from equity-accounted investments	–	–	–	13	–	13
(Loss)/profit before taxation	(11)	(1 064)	75	(341)	(570)	(1 911)
Income taxation expense	(12)	–	–	(50)	–	(62)
(Loss)/profit for the year	(23)	(1 064)	75	(391)	(570)	(1 973)
Additions to non-current assets	317	75	8	6	–	406
Segment assets (excluding investments in equity-accounted entities)	10 033	5 506	1 130	5 305	(370)	21 604
Investments in equity-accounted entities	–	–	–	205	–	205
Segment liabilities	4 425	2 363	180	12 854	(357)	19 465
Cash generated from/(utilised in) operations	1 460	(242)	391	(742)	–	867
Capital expenditure	403	86	13	7	–	509
Number of employees at the end of the year	3 878	2 193	218	846	–	7 135

	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
5. Segment report continued						
For the year ended 31 December 2019 – restated						
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
Exports	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 and exceptional item	(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)
Fair value adjustment on investment properties	–	(4)	–	76	–	72
Loss after tax from equity-accounted investments	–	–	–	(17)	–	(17)
(Loss)/profit before taxation	(2 431)	(2 165)	166	(929)	685	(4 674)
Income taxation credit	–	–	–	70	–	70
Profit/(loss) for the year	(2 431)	(2 165)	166	(859)	685	(4 604)
Additions to non-current assets	1 012	169	14	9	–	1 204
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	(1 320)	–	243
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

5. **Segment report** continued

5.1 Revenue from major products

The group's revenue from its major products sold to external customers was:

	Year ended 31 December 2020 Rm	Year ended 31 December 2019 Rm
Flat steel products	**15 441**	26 927
– Hot rolled	**8 901**	17 209
– Uncoated	**2 609**	3 990
– Coated	**3 931**	5 728
Long steel products	**7 320**	13 179
– Merchant bars	**4 855**	8 184
– Wire rod	**2 030**	4 240
– Seamless tubular products	**435**	755
Coke and Chemicals	**1 882**	1 247
– Coke and tar	**1 716**	1 154
– Other	**166**	93
Total consolidated revenue	**24 643**	41 353

5.2 Geographical information

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

5.3 Information about major customers

	Flat steel products Rm	Long steel products Rm	Total revenue Rm	% of group revenue
2020				
Revenue of major customers				
– Macsteel Services Centres SA (Pty) Ltd	**2 465**	**1 369**	**3 834**	**15.56**
– Allied Steelrode (Pty) Ltd	**1 933**	**129**	**2 062**	**8.37**
– Macsteel International Trading BV	**292**	**1 037**	**1 329**	**5.39**
Total	**4 690**	**2 535**	**7 225**	**29.32**
2019				
Revenue of major customers				
– Macsteel International Trading BV	4 204	3 323	7 527	18.20
– Macsteel Services Centres SA (Pty) Ltd	4 068	1 608	5 676	13.73
Total	8 272	4 931	13 203	31.93

		Year ended	
		31 December 2020 Rm	31 December 2019 Rm
6.	**Loss from operations**		
	Loss from operations has been arrived at after charging:		
	Amortisation	**(10)**	(11)
	Depreciation	**(546)**	(819)
	Employee costs		
	Salaries and wages	**(2 997)**	(3 823)
	Termination benefits	**(134)**	(376)
	Pension and medical costs	**(292)**	(518)
	Share-based payment expense	**(35)**	(56)
	Loss on disposal or scrapping of property, plant and equipment	**(8)**	(14)
	Railage and transport	**(688)**	(1 304)
	Repairs and maintenance	**(1 547)**	(2 750)
	Research and development	**(53)**	(173)
	Reversal/(write down) of write-down of inventory to net realisable value	**215**	(94)
	Auditor's remuneration		
	Audit fees	**(9)**	(14)
	Other services and expenses	**(2)**	(2)
	Allowance for impairment recognised on trade receivables	**(4)**	(15)
	Other allowances on trade receivables	**(54)**	4
	Allowance for impairment on other receivables	**(24)**	(24)

		Year ended	
		31 December 2020 Rm	31 December 2019 Rm
7.	**Impairment reversal of other assets**		
	Impairment reversal of investment	**57**	79

The impairment reversal of R57 million for 2020 relates to a reversal of R53 million of a previously accounted impairment of the equity-accounted investment Coza Mining (Pty) Ltd following the announcement of the sale of the investment to Afrimat on 17 August 2020. R4 million relates to loans advanced to Microsteel Ltd that is considered recoverable following the liquidation process of the company.

The R79 million recognised in 2019 relates to loans advanced to Coza Mining (Pty) Ltd that was previously impaired.

		Year ended	
		31 December 2020 Rm	31 December 2019 Rm
8.	**Impairment of property, plant and equipment**		
	Impairment of property, plant and equipment	**125**	1 480

The coke battery at Pretoria Works that was part of the Coke and Chemical business, was impaired by R125 million following the decision to cold idle the coke battery.

The 2019 impairment amount of R1 480 million comprise of the impairment of the property, plant and equipment at the Newcastle Works to the value of R1 087 million, the tin plant at Vanderbijlpark Works to the value of R99 million and an amount of R294 million was recognised in respect of Saldanha Works following the decision to wind-down steel operations and placing the operation on care and maintenance.

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.

The value in use for all the cash-generating units was higher than the carrying amounts.

8. Impairment of property, plant and equipment continued

The following major assumptions were used:

	Vanderbijlpark 2020 Rm	Newcastle 2020 Rm	Gauteng operations 2020 Rm	Coke and Chemicals 2020 Rm
Major assumptions				
Total Post-tax WACC/discount rate (%USD-based)**	13.04	13.35	12.42	13.04
Growth rate (%USD-based)	2	2	2	2
Exchange rate range (R/USD)*	15.50 – 16.94	15.50 – 16.94	15.50 – 16.94	15.50 – 16.94
Steel sales price range (average USD/t)*	628 – 685	563 – 581	796 - 821	23 – 28
Sales volume range (kt)*	1 959 – 2 469	927 – 1 067	135 – 197	1 615 – 1 670

Coke and chemicals: price and volumes quoted relate to tar for 2020.

* *Lowest to highest range over period of 2021 to 2025 (2019: 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.*

	Year ended 31 December 2020 Rm	Year ended 31 December 2019 Rm
9. Impairment reversal of property, plant and equipment		
Impairment reversal of property, plant and equipment	29	–

The reversal is the result of the transfer of the property at Saldanha Works from property, plant and equipment to investment property. In previous years the property, plant and equipment of Saldanha Works was impaired.

	Year ended 31 December 2020 Rm	Year ended 31 December 2019 Rm
10. Finance and investment income		
Finance income		
Bank deposits and other interest income	112	101

		Year ended	
		31 December 2020 Rm	31 December 2019 Rm
11.	**Finance costs**		
	Interest expense on bank overdrafts and loans	300	863
	Interest expense on lease obligations	10	13
	Net foreign exchange losses/(gains) on financing activities	415	(128)
	Discount rate adjustment of the non-current provisions	147	1
	Unwinding of discounting effect on borrowings, provisions and financial liabilities	316	321
	Total	1 188	1 070

		Year ended	
		31 December 2020 Rm	31 December 2019 Rm
12.	**Reclassification of foreign currency translation differences**		
	Reclassification of foreign currency translation differences	280	–

ArcelorMittal Investment BV, a 100%-owned subsidiary, registered in the Netherlands with a functional currency of US dollars, was deregistered during the year. Due to the deregistration, the balance in the foreign currency translation reserve had to be reclassified through profit and loss.

13. Taxation

Although the corporate tax rate is 28 percent, the actual average tax rate for the group was negative 1%.

The group only recognises deferred income tax assets on carried forward tax losses to the extent 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.

14. Revaluation of property, plant and equipment

The property of Saldanha Works and more specifically the Distribution Centre and Conference Centre were transferred from property, plant and equipment to investment property following the wind down of Saldanha. These properties are held for long term capital appreciation and to earn rental income.

15. Loss per share

Basic loss per share is calculated by dividing loss attributable to the owners of the company by the weighted average number of ordinary shares, after taking the effects of the vesting of the treasury shares to the employee share ownership plan into account. Where appropriate adjustments are made in calculating diluted loss, headline and diluted headline loss per share.

	Year ended 31 December 2020	Year ended 31 December 2019 Restated
Weighted average number of shares	**1 098 828 738**	1 098 828 738
Weighted average number of diluted shares	**1 098 828 738**	1 098 828 738
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 attributable to the owners of the company per share		
Basic		
Loss attributable to owners of the company (Rm)	**(1 973)**	(4 604)
Weighted average number of shares	**1 098 828 738**	1 098 828 738
Basic loss per share (cents)	**(180)**	(419)
Diluted		
Loss attributable to owners of the company (Rm)	**(1 973)**	(4 604)
Weighted average number of diluted shares	**1 098 828 738**	1 098 828 738
Diluted loss per share (cents)	**(180)**	(419)
Headline loss per share		
The calculation for headline loss per share is based on the basic loss per share calculation, reconciled as follows:		
Gross		
Loss before tax (Rm)	**(1 911)**	(4 674)
Add: Impairment charges of property, plant and equipment (Rm)	**125**	1 480
Less: Impairment reversal of investments in joint ventures and associates (Rm)	**(4)**	(79)
Less: Impairment reversal of property, plant and equipment (Rm)	**(29)**	–
Add: Loss on disposal or scrapping of plant, property and equipment (Rm)	**8**	14
Add/(loss): Fair value adjustment on investment properties (Rm)	**118**	(72)
Less: Reclassification of foreign currency differences on liquidation of foreign investment (Rm)	**(280)**	–
Headline loss before tax (Rm)	**(1 973)**	(3 331)

15. Loss per share continued

	Year ended 31 December 2020	31 December 2019 Restated
Net of tax		
Loss attributable to owners of the company (Rm)	**(1 973)**	(4 604)
Add: Impairment charges of property, plant and equipment (Rm)	**125**	1 480
Less: Impairment reversal of investments in joint ventures and associates (Rm)	**(4)**	(79)
Less: Impairment reversal of property, plant and equipment (Rm)	**(29)**	–
Add: Loss on disposal or scrapping of property, plant and equipment (Rm)	**6**	10
Add/(loss): Fair value adjustment on investment properties (Rm)	**118**	(72)
Less: Reclassification of foreign currency differences on liquidation of foreign investment (Rm)	**(280)**	–
Headline loss net of tax (Rm)	**(2 037)**	(3 265)
Basic		
Headline loss (Rm)	**(2 037)**	(3 265)
Weighted average number of shares	**1 098 828 738**	1 098 828 738
Basic headline loss per share (cents)	**(185)**	(297)
Diluted		
Headline loss (Rm)	**(2 037)**	(3 265)
Weighted average number of diluted shares	**1 098 828 738**	1 098 828 738
Diluted headline loss per share (cents)	**(185)**	(297)

16. Fair value measurements

	31 December 2020 Rm	31 December 2019 Restated Rm	Fair value hierarchy	Classification
Assets				
Investment properties	**983**	1 080	Level 3	FVTPL
Hedging instruments designated for hedge accounting	**–**	189	Level 2	FVTOCI
Other forward exchange contracts	**30**	4	Level 2	FVTPL
Equity securities	**12**	40	Level 1	FVTOCI
Equity securities	**378**	348	Level 1	FVTPL
Liabilities				
Other forward exchange contracts	**20**	–	Level 2	FVTPL

FVTPL – Fair value through profit or loss.
FVTOCI – Fair value through other comprehensive income.
Valuation techniques

Level 1: Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.	Observable market data
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 (i.e. as prices) or indirectly (i.e. derived from prices).	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

16. Fair value measurements continued

Level 3: Inputs for the assets or liability are not based on observable market data (unobservable inputs)

The valuation policy adopted by management is to revalue investment property externally at financial year-end and internally for interim reporting purposes. The investment properties can be divided between industrial sector and residential vacant land sector.

The fair value of the property in the industrial sector was determined adopting the income capitalisation method or the depreciable replacement cost approach.

The income capitalisation method requires a market-derived projection of economic net annual income for the property, which is then capitalised into perpetuity using a market-related capitalisation rate to determine the market value estimate.

Gross market rentals have been applied to the accommodation elements and then normal landlord outgoings were deducted and a management fee to arrive at a net annual income figure.

The following key assumptions were applied:
- Expense ratio 17.2% – 36.4%
- Vacancy provision 5% – 7.5%
- Capitalisation rate 12.5% – 15%

A 2,5% increase or decrease in the vacancy provision will impact the fair value by R1,8 million. A 1% increase or decrease in the capitalisation rate will impact the fair value by R33,9 million.

The depreciable replacement cost approach is based on the economic theory of substitution and it involves comparing the asset being valued with another.

The fair value of properties in the residential vacant land sector has been determined by applying the market approach, which is based on comparing the subject assets with identical or similar assets for which price information is available, such as a comparison with market sales transactions in the same, or closely similar, type of asset within an appropriate time horizon.

In assessing the value of the farm, the sales comparison approach was followed, whereby comparable sales were researched together with asking current prices in the surrounding areas. The market value for the improvements on the farm was determined by using the depreciated replacement cost method of valuation.

		Year ended	
		31 December 2020 Rm	31 December 2019 Restated Rm
17.	**Investment properties**		
	Balance at beginning of the year	**1 080**	1 008
	Fair value adjustment	**(118)**	72
	Transfer from property, plant and equipment	**59**	–
	Exchange rate movement	**(38)**	–
	Balance at end of the year	**983**	1 080

The valuation policy adopted by management is to revalue investment property externally at financial year-end and internally for interim reporting purposes as detailed in the change in accounting policy note, note 3.2. Refer to note 16 for detail on the fair value measurements.

		Year ended	
		31 December 2020 Rm	31 December 2019 Rm
18.	**Asset held for sale**		
	Investment in Coza Mining (Pty) Ltd	**135**	-

The disposal of the 25% interest in Coza Mining (Pty) Ltd through its wholly-owned subsidiary, Oakwood Trading (Pty) Ltd to Afrimat Limited was announced on 17 August 2020.

The investment is recognised as an asset held for sale as at 31 December 2020 due to certain transaction conditions that were outstanding at year-end. Payment of the purchase consideration will fall due when all the mining rights for all the property have been obtained together with approval of the sale transaction in terms of section 11 of the Mineral and Petroleum Resources Development Act by the Minister of the Department of Mineral Resources and Energy.

19. Cash, bank balances and restricted cash

At 31 December 2020, the group had restricted cash of R816 million (2019: R1 134 million). This consists of R501 million (2019: R823 million) regarding the True Sales Receivables (TSR) facility, R302 million (2019: R311 million) for the environmental rehabilitation obligations and a guarantee of R13 million in respect of Coza Mining (Pty) Ltd.

Eligible inventories and receivables are provided as securities for the borrowing base finance facility to the extent of the draw down. At 31 December 2020 the balance of the borrowing base finance facility was R2 450 million (2019: R1 150 million) with R2 050 million (2019: R3 350 million) still available.

Bank accounts of R695 million (2019: R600 million) were ceded in favour of the borrowing base finance facility.

	Year ended 31 December 2020 Rm	Year ended 31 December 2019 Rm
20. Borrowings		
Banks	**2 450**	1 150
Loan from Holding Company	**4 514**	4 208
Total	**6 964**	5 358
Non-current	**4 514**	4 208
Current	**2 450**	1 150
Total	**6 964**	5 358

The bank loan relates to the borrowing base finance facility with various financial institutions. The loan from the Holding Company increased by R306 million as a result of capitalised accrued interest of R342 million, the capitalisation of intercompany payables of R178 million and decreased by R214 million as a result of the measurement of the loan at amortised cost.

	Year ended 31 December 2020 Rm	Year ended 31 December 2019 Rm
21. Cash generated from operations		
Loss from operations	**(924)**	(2 359)
Adjusted for:		
– Depreciation and amortisation of intangible assets	**556**	830
– Unrealised profit on sales to joint ventures	**1**	1
– Share option and participation costs	**34**	56
– Non-cash movement in provisions and financial liabilities	**(126)**	184
– (Reversal of write-down)/write-down of inventory to net realisable value	**(212)**	94
– Movement in trade and other receivable allowances	**27**	36
– Reconditionable spares usage	**1**	–
– Loss on disposal or scrapping of property	**8**	14
– Fair value adjustment on environmental trust	**(30)**	(16)
– Realised foreign exchange movements	**(289)**	(180)
– Other cash movements		
– Decrease in inventories	**1 555**	3 415
– Decrease in trade and other receivables	**1 196**	1 208
– Decrease in trade and other payables	**(614)**	(2 876)
– Utilisation of provisions	**(241)**	(138)
– Changes in financial liabilities or assets	**(35)**	(84)
– Other payables raised, released and utilised relating to employees	**(40)**	58
Cash generated from operations	**867**	243

	Year ended	
	31 December 2020 Rm	31 December 2019 Rm
22. Commitments		
Capital expenditure commitments on property, plant and equipment		
Capital expenditure authorised and contracted for	**1 063**	1 099
Capital expenditure authorised but not contracted for	**994**	2 727

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.

Included in the capital expenditure above is an amount of R991 million (2019: R977 million) to address emissions at Vanderbijlpark Works over the next two years.

23. Related party transactions

The group is controlled by ArcelorMittal Holdings AG, which effectively owns 69% (December 2019: 69%) of the group's shares. At 31 December 2020, the outstanding ArcelorMittal Holdings AG loan amounted to R4 514 million (2019: R4 208 million). The interest expense for the year was R263 million (2019: R287 million).

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

24. Subsequent events

On 24 February 2021, the Minister of Finance announced a change in corporate income tax rates from 28% to 27%, applicable to companies. This change is effective for companies with years of assessment commencing on or after 1 April 2022. Deferred tax balances are reflected at 28% as the rate which was substantively enacted at 31 December 2020. The estimated impact of the rate change is R760 million decrease in deferred tax asset for group and R622 million decrease for company.

The directors are not aware of any further matters or circumstances arising since the 31 December 2020 to the date of this report that would significantly affect the operations, the results or financial position of the group.

25. Going concern

2020 proved to be an exceptionally difficult year with unprecedented challenges. The work done to minimise the impact of Covid-19 on the business was invaluable in at least two respects: firstly, adapting operations to keep our employees and service providers safe; and secondly, fundamentally resizing the cost structure of the Company in response to lower production and sales volumes.

For the year ended 31 December 2020, the net loss after tax of R1 973 million is R2 631 million lower than the loss of R4 604 million reported in 2019. The loss of R1 926 million is mainly attributable to:
- 48% lower liquid steel production of 2,3 million tonnes and 47% lower sales volumes of 2,2 million
- 40% reduction in revenue to R24 643 million
- 10% reduction in the Raw Material Basket
- Business Transformation Programme that delivered R1 544 million of EBITDA improvements, and
- R2 531 million (33%) reduction in total fixed costs

At 31 December 2020, the group was in compliance with all covenants as it pertains to the borrowing-based facility. The balance of the borrowing-based facility was R2 450 million (31 December 2019: R1 150 million). The group continues to work closely with all lenders to ensure the required facilities remains in place.

ArcelorMittal Holding AG continues to demonstrate their support though its sub-ordinated group loan.

In July 2020, AMSA announced together with the interim results announcement for the six months ended 30 June 2020, the following strategic focus areas:
- Progress on the Strategic asset footprint with Saldanha Works having been successfully placed in care and maintenance;
- The accelerated implementation of its *OneOrganisation* single operating model initiative in response to the pandemic. *OneOrganisation* aims to:
  - simplify and de-clutter management mechanisms;
  - adopt a common information technology infrastructure for planning, scheduling and production; and
  - improve the customer service experience through a more flexible sales and marketing organisation;
- Progress to establish a logistics hub using the available land and infrastructure of the Saldanha Works. This is consistent with previously announced strategic intent to both develop its core properties and dispose of its non-core assets
- Although taking longer than intended due to complexities relating to the pandemic, the project to seek a co-investor for the commercial market coke business continues; and
- The business is making progress in identifying opportunities to improve the cost structure of certain strategic raw materials, while monetising its by-products streams through joint venture arrangements.

The Saldanha plant will remain under care and maintenance until a sustainable input cost solution can be developed, however, alternative value-adding and job creation options are being pursued. The establishment of a back-of-port logistics hub using the ancillary land and equipment at Saldanha Works is being considered.

The *OneOrganisation* operating model and the large-scale labour reorganisation initiatives were completed between December 2020 and January 2021.

The significant fixed cost reduction programme continues to yield substantial results, with a R2 500 million reduction in fixed costs in 2020. All fixed cost elements were targeted to rescale the cost structure of the business to the anticipated lower normalised volume.

25. Going concern continued

The search for a co-investor for the commercial market coke business has been postponed due to funding challenges.

On 17 August 2020 an announcement of the disposal of the Company's 25% interest in Coza Mining (Pty) Ltd and the conclusion of an iron ore supply agreement with Afrimat Demaneng (Pty) Ltd was made, demonstrating the strategic intent to improve the cost structure of certain raw material.

For the 2021 year and to ensure future sustainability of the company, the following planned strategic initiatives will continue to be addressed:

- The Business Transformation Programme (BTP) that added R3 600 million of improvements since the programme started in the second half of 2018, will continue and the specific focus for 2021, will be to address customer centricity, maintenance and reliability, and the energy and logistics transformation programmes
- The variabilisation of fixed cost will continue to be a key focus area going forward
- Monetisation of by-products is advancing with the aim to add value to the company's blast furnace slag. Similar partnering opportunities are being investigated for steel slag
- Although taking longer than intended due to the pandemic, the disposal of key non-core properties is expected to gain traction in the first half of 2021
- Efforts to secure alternative longer-term sources of other raw materials are expanded. The second phase of beneficiation of discarded material is planned at Thabazimbi iron ore mine in 2021

As at 31 December 2020 current liabilities exceed current assets by R316 million (2019: current liabilities exceed current assets by R1 369 million). Working capital and especially inventory levels were at the lowest level ever, impacting the solvency ratio negatively. Over the year, the company has released R1 902 million cash from working capital.

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 into account the continued business transformation programme that has proved to realise cost savings over the past two years of R3 600 million. Further business transformation focus areas have been identified for 2021 to reduce controllable costs even further. The rising international steel prices, together with an increase in global and local demand have been modelled together with an increase in the crude steel availability with the restart of the second blast furnace at Vanderbijlpark and the electric arc furnace at Vereeniging, that will continue to operate for the foreseeable future in support of long steel supply. Sensitivities have been applied to the cash flow forecasts taking in account the impact of a change in volumes produced and sold, steel prices and the volatility in the Rand/US Dollar exchange rate.

Assumptions and events, specifically COVID-19 and exchange rate volatility, described above inherently represents a material uncertainty on the timing and impact on the cash flows and a significant variation may cast doubt on the ability of the group and company to continue as a going concern.

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 above, the Directors conclude that the going concern assumption is appropriate in the preparation of the group and company financial statements.

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
Registration number: 2016/093836/07
Unit 5, First Floor Right
Berkley Office Park
8 Bauhinia Street
Highveld Technopark
Centurion, 0169

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 depositary
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

A printed copy of the ArcelorMittal South Africa Annual report can be requested, by sending e mail to veronique.fernandes@arcelormittal.com

Bastion

ArcelorMittal South Africa Corporate Office

Delfos Boulevard, Vanderbijlpark
Telephone: +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

http://www.youtube.com//arcelormittal

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